Lewisham Article 4 Direction - Commercial, business and service use (Use Class E) to residential use (Use Class C3).

Evidence paper

June 2022

LEWISHAM ARTICLE 4 DIRECTION - COMMERCIAL, BUSINESS AND SERVICE USE (USE CLASS E) TO RESIDENTIAL USE (USE CLASS C3).

Contents

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1. INTRODUCTION

1.1 The purpose of this report is to set out the rationale for the introduction of a non-immediate Article 4 Direction by the London Borough of Lewisham (Lewisham Council) that removes permitted development rights for change of use from commercial, business and service use (Use Class E) to residential use (Use Class C3), as allowed under Class MA, of Part 3, of Schedule 2 of The Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended) (the GPDO 2015).

1.2 The areas covered by the Article 4 Direction which covers town centres, employment and industrial locations are set out in **Appendix 1** of this report.

1.3 The Article 4 Direction would mean that such specified changes of use would require planning permission and hence will be assessed against relevant policies in the development plan, including Lewisham Local Plan and London Plan.

1.4 As a result the Council will be in a stronger position to manage the provision of retail, commercial, community and business floorspace through the planning process, within the key town centre, industrial and employment locations.

1.5 The Council will also be able to take into account the full range of planning considerations, where changes of use to residential are deemed acceptable in principle, including the provision of affordable housing.

1.6 The report is structures as follows:

- Section 2 of this sets out the background to Article 4 Direction
- Section 3 of this report sets out an overview of the relevant policies supporting the success of town centres, industrial and employment sites at the national, regional and local level.
- Section 4 of this report sets out the areas covered by Article 4 Direction and rationale.
- Section 5 of this report reviews the strategic and local evidence around the value and importance of town centres, industrial and employment sites including the broad trends in the office, industrial and retail markets leading up to the Covid-19 pandemic.
- Section 6 of this report discusses the impacts of the Covid-19 pandemic on the office, industrial and retail markets.
- Section 7 of this report discusses the potential impacts and implications of the permitted development right on town centres and designated employment locations, having regard to the capacities for growth supporting Local Plan and the London Plan policies.
- Section 8 provides a conclusion
- Appendix 1: Geographical Locations of Article 4 Direction
- Appendix 2: LB Lewisham Economic Recovery Priority Areas

2. BACKGROUND

2.1 Changes to the Use Classes Order came into effect in September 2020. This amalgamated many uses which were formally contained in Class A1-A3 (retail), Class B1 (offices, research and development and light industrial) and Class D (leisure and community) into a new Class E and new Class F. Changes of use between any of the uses listed in Class E (ranging from certain retail, employment, health, leisure and education uses) no longer constitute development. Class E now contains the following provisions:

- E(a) Display or retail sale of goods, other than hot food
- E(b) Sale of food and drink for consumption (mostly) on the premises
- E(c) Provision of:
  - E(c)(i) Financial services,
  - E(c)(ii) Professional services (other than health or medical services), or
  - E(c)(iii) Other appropriate services in a commercial, business or service locality
- E(d) Indoor sport, recreation or fitness (not involving motorised vehicles or firearms)
- E(e) Provision of medical or health services (except the use of premises attached to the residence of the consultant or practitioner)
- E(f) Creche, day nursery or day centre (not including a residential use)
- E(g) Uses which can be carried out in a residential area without detriment to its amenity:
  - E(g)(i) Offices to carry out any operational or administrative functions,
  - E(g)(ii) Research and development of products or processes
  - E(g)(iii) Industrial processes

2.2 Under the Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended), some changes of use are deemed permitted development. This allows certain uses to change to other uses without the need for planning approval.

2.3 On 31st March 2021, the government introduced the Town and Country (General Permitted Development)(England)(Amendment) Order 2021 which as of 1st August 2021 introduced new permitted development rights allowing for changes of use from commercial, business and service use (Use Class E) to residential use (Use Class C3) without the need for planning permission. A number of caveats are included within this legislation, including:

- A size limit whereby the right only applies to sites that would result in the loss of no more than 1,500sqm of Class E floorspace
- That existing Article 4 Directions will continue to have effect until 31st July 2022
- A vacancy test, meaning that the right only applies to premises that have been vacant for 3 months before the Prior Approval application
- That the right does not apply to listed buildings
- That the building must have been in Class E use for at least 2 years before benefiting from the right

2.4 Where Permitted Development Rights do apply, proposals will be subject to a prior approval application, where a very limited number of matters can be considered, including:

- Transport impacts
- Contamination risk of the building
- Flood risk
- Impact of noise from commercial premises on intended occupiers
- Provision of adequate natural light to all habitable rooms
- In conservation areas – consideration of the impact of the loss of the ground floor commercial, business and Services use on the area's character and sustainability
- Impact of intended occupiers of introducing residential use to an area important for industrial and waste uses
- Impact of the loss of health centres and registered nurseries on the provision of such local services

2.5 Article 4 Directions can be used to withdraw permitted development rights across a defined area. This power is set out in the Article 4 of the Town and Country Planning (General Permitted Development) (England) Order 2015 (as amended).

2.6 On 1 July 2021, the government published a written ministerial statement which sets out measures to ensure that Article 4 Directions are used in a highly targeted way to protect high street areas. A new paragraph 53 has been added to the National Planning Policy Framework (NPPF) (2021) on the use of Article 4 Directions.

2.7 The NPPF (2021) paragraph 53 states that:

2.8 *The use of Article 4 Directions to remove national permitted development rights should:*

- *where they relate to change from non-residential use to residential use, be limited to situations where an Article 4 Direction is necessary to avoid wholly unacceptable adverse impacts (this could include the loss of the essential core of a primary shopping area which would seriously undermine its vitality and viability, but would be very unlikely to extend to the whole of a town centre).*
- *in other cases, be limited to situations where an Article 4 Direction is necessary to protect local amenity or the well-being of the area (this could include the use of Article 4 Directions to require planning permission for the demolition of local facilities).*
- *in all cases, be based on robust evidence, and apply to the smallest geographical area possible.*

2.9 Similarly, planning conditions should not be used to restrict national permitted development rights unless there is clear justification to do so.

3. PLANNING POLICY BASIS

3.1 This proposed Article 4 Direction is supported by national, regional and local policies that support the designation of town centres and employment sites, and that protect specific uses. These policies are listed and discussed below.

3.2 NATIONAL PLANNING POLICY FRAMEWORK (NPPF) (2021)

Achieving Sustainable Development

3.3 Paragraph 8 of the NPPF sets out three overarching objectives to achieve sustainable development:

- *an economic objective – to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure;*

- *a social objective – to support strong, vibrant and healthy communities, by ensuring that a sufficient number and range of homes can be provided to meet the needs of present and future generations; and by fostering well-designed, beautiful and safe places, with accessible services and open spaces that reflect current and future needs and support communities' health, social and cultural well-being; and*

- *an environmental objective – to protect and enhance our natural, built and historic environment; including making effective use of land, improving biodiversity, using natural resources prudently, minimising waste and pollution, and mitigating and adapting to climate change, including moving to a low carbon economy.*

3.4 **Section 3: Plan-making** paragraph 20 states that:

- *Strategic policies should set out an overall strategy for the pattern, scale and design quality of places, and make sufficient provision for:*
- *Housing (including affordable housing), employment, retail, leisure and other commercial development*

Employment and offices

3.5 **Section 6: Building a strong, competitive economy** paragraph 81 states:

3.6 Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development.

Ensuring the vitality of town centres

3.7 **Section 7: Ensuring the vitality of town centres** paragraph 86 places great emphasis on supporting town centres. It expects local plan policies to:

a) define a network and hierarchy of town centres and promote their long-term vitality and viability – by allowing them to grow and diversify in a way that can respond to rapid changes in the retail and leisure industries, allows a suitable mix of uses (including housing) and reflects their distinctive characters;
b) define the extent of town centres and primary shopping areas, and make clear the range of uses permitted in such locations, as part of a positive strategy for the future of each centre;
c) retain and enhance existing markets and, where appropriate, re-introduce or create new ones;
d) allocate a range of suitable sites in town centres to meet the scale and type of development likely to be needed, looking at least ten years ahead. Meeting anticipated needs for retail, leisure, office and other main town centre uses over this period should not be compromised by limited site availability.

3.8 The NPPF paragraph 87 also supports the town centre first approach and the sequential test and impact assessment that support it. Main town centre uses should be located in town centres, then in edge of centre locations; and only if suitable sites are not available (or expected to become available within a reasonable period) should out of centre sites be considered.

Promoting safe and healthy communities requires

3.9 **Section 8: Promoting safe and healthy communities** paragraph 93 includes an expectation that planning policies and decisions will:

a) plan positively for the provision and use of shared spaces, community facilities (such as local shops, meeting places, sports venues, open space, cultural buildings, public houses and places of worship) and other local services to enhance the sustainability of communities and residential environments;
b) take into account and support the delivery of local strategies to improve health, social and cultural well-being for all sections of the community;
c) guard against the unnecessary loss of valued facilities and services, particularly where this would reduce the community's ability to meet its day-to-day needs;
d) ensure that established shops, facilities and services are able to develop and modernise, and are retained for the benefit of the community; and e) ensure an integrated approach to considering the location of housing, economic uses and community facilities and services.

Promoting sustainable transport

3.10 **Section 9: Promoting sustainable transport** paragraph 104 expects transport issues to be considered from the earliest stages of plan-making, so that:

a) *the potential impacts of development on transport networks can be addressed;*
b) *opportunities from existing or proposed transport infrastructure, and changing transport technology and usage, are realised – for example in relation to the scale, location or density of development that can be accommodated;*
c) *opportunities to promote walking, cycling and public transport use are identified and pursued;*
d) *the environmental impacts of traffic and transport infrastructure can be identified, assessed and taken into account – including appropriate opportunities for avoiding and mitigating any adverse effects, and for net environmental gains; and*
e) *patterns of movement, streets, parking and other transport considerations are integral to the design of schemes, and contribute to making high quality places.*

3.11 LONDON PLAN (2021)

Offices

3.12 **Policy E1 Offices** supports improvements to the quality, flexibility and adaptability of office space of different sizes (for micro, small, medium-sized and larger enterprises) through new office provision, refurbishment and mixed-use development. It also supports the consolidation and – where feasible – extension of office markets outside of the above listed areas in other town centre locations and locally-oriented town centre office provision to meet local needs.

3.13 Policy E1 also supports the retention of existing viable office floorspace in locations outside the nationally-significant office locations, supporting borough Article 4 directions to remove permitted development rights where appropriate, facilitating the redevelopment, renewal and re-provision of office space where viable and releasing surplus office capacity to other uses.

3.14 The supporting text for Policy E1 provides more detail regarding the expected changes to and expansion of office floorspace. Office employment projections suggest an increase of 619,300 jobs, from 1.98 million in 2016 to 2.60 million in 2041, a rise of 31 percent. This could translate to demand for between 4.7 and 6.1 million sqm of office floorspace over the period 2016 to 2041. It is important that the planning process does not compromise potential growth and so Table 6.1 provides a broad monitoring benchmark which needs to be set against other drivers such as development trends, employment densities, rents, take-up and vacancy.

3.15 **Policy E2 Providing suitable business space** expects boroughs to include policies in local Development Plan Documents that support the provision, and where appropriate, protection of a range of B Use Class business space, in terms of type, use and size, at an appropriate range of rents, to meet the needs of micro, small and medium-sized enterprises and to support firms wishing to start-up or expand. The supporting text for policy E2 explains that the provision of a sufficient supply of business space of different types, uses and sizes will ensure that workspace is available for occupation by SMEs and businesses wishing to start- up or expand. It will also help to ensure that workspace is available at an appropriate range of rents. Smaller occupiers and creative businesses are particularly vulnerable and sensitive even to small fluctuations in costs. To support a diverse economy, it is important that cost pressures do not squeeze out smaller businesses, particularly in fringe locations around central London, but also across the capital as a whole. There is evidence that the conversion of occupied or partially-occupied offices to residential use, through permitted development rights, is having a particular impact on secondary space in outer London and on the fringes of the CAZ.

3.16 **Policy E4 Land for industry, logistics and services** to support London's economic function requires a sufficient supply of land and premises in different parts of London to meet current and future demands for industrial and related functions to be provided and maintained, taking into account strategic and local employment land reviews, industrial land audits and the potential for intensification, co-location and substitution. This should make provision for the varied operational requirements:

1) light and general industry (Use Classes B1c and B2)

8) flexible hybrid space to accommodate services that support the wider London economy and population

9) low-cost industrial and related space for micro, small and medium-sized enterprises

10) research and development of industrial and related products or processes

3.17 Policy E4 expects the retention, enhancement and provision of additional industrial capacity across designated and undesignated industrial sites to be planned, monitored and managed. Any release of industrial land in order to manage issues of long-term vacancy and to achieve wider planning 7 objectives, including the delivery of strategic infrastructure, should be facilitated through the processes of industrial intensification, co-location and substitution set out in Policy E7 and supported by Policy E5.

3.18 The supporting text for Policy E4 states that London depends on a wide range of industrial, logistics and related uses that are essential to the functioning of its economy and for servicing the needs of its growing population, as well as contributing towards employment opportunities for Londoners. This includes a diverse range of activities such as food and drink preparation, creative industry production and maker spaces, vehicle maintenance and repair, building trades, construction, waste management including recycling, transport functions, utilities infrastructure, emerging activities (such as data centres, renewable energy generation and clean technology) and an efficient storage and distribution system which can respond to business and consumer demands.

3.19 **Policy E5 Strategic Industrial Locations (SIL)** requires that Strategic Industrial Locations should be managed proactively through a plan-led process to sustain them as London's largest concentrations of industrial, logistics and related capacity for uses that support the functioning of London's economy. The policy requires the Borough's Development Plans to develop local policies to protect and intensify the function of SILs and enhance their attractiveness and competitiveness (including improvements to access, public transport, digital connectivity and other related infrastructure.

3.20 The supporting text for Policy E5 explains that London's SILs are the capital's main reservoir of land for industrial, logistics and related uses. SILs are given strategic protection because they are critical to the effective functioning of London's economy. They are important in supporting strategic logistics operations serving the capital as well as providing relatively low-cost industrial space for SMEs.

3.21 **Policy E6 Locally Significant Industrial Sites (LSIS)** Policy E6 expect local authorities to designate and define boundaries for LSIS based on evidence in local employment land reviews.

3.22 **Policy E8 Sector growth opportunities and clusters** promotes a diverse range of employment opportunities for Londoners in different sectors. It expects the evolution of London's diverse sectors to be supported, ensuring the availability of suitable workspaces including:

1) *start-up, incubation and accelerator space for micro, small and medium-sized enterprises flexible workspaces such as co-working space and serviced offices*
2) *conventional space for expanding businesses to grow or move on*
3) *laboratory space and theatre, television and film studio capacity*
4) *affordable workspace in defined circumstances.*

Town Centres

3.23 **Policy SD6 Town centres and high streets** expects the vitality and viability of London's varied town centres to be promoted and enhanced by:

1) *encouraging strong, resilient, accessible and inclusive hubs with a diverse range of uses that meet the needs of Londoners, including main town centre uses, night-time economy, civic, community, social and residential uses.*
2) *Identifying locations for mixed-use or housing-led intensification to optimise residential growth potential, securing a high-quality environment and complementing local character and heritage assets.*
3) *delivering sustainable access to a competitive range of services and activities by walking, cycling and public transport*
4) *strengthening the role of town centres as the main focus for Londoners' sense of place and local identity in the capital*
5) *ensuring town centres are the primary locations for commercial activity beyond theCAZ and important contributors to the local as well as London-wide economy*
6) *supporting the role of town centres in building sustainable, healthy and walkable neighbourhoods with the Healthy Streets Approach embedded in their development and management*

3.24 **Policy SD7 Town centres: development principles and Development Plan Documents** provides further guidance to support town centre first development policy as sets out in the NPPF:

1) *assessing the need for main town centre uses, taking into account capacity and forecast of future need*
2) *allocating sites to accommodate identified need within town centres, considering site suitability, availability and viability. If suitable and viable town centre sites are not available, boroughs should allocate appropriate edge-of-centre sites that are, or can be, well integrated with the existing centre, local walking and cycling networks, and public transport*
3) *reviewing town centre boundaries where necessary*
4) *setting out policies, boundaries and site allocations for future potential town centres to accommodate identified deficiencies in capacities*

3.25 **Policy SD9 Town centres: Local Partnerships and implementation provides** guidance on the establishment of partnership approaches to manage change in town centres. It also encourages boroughs to introduce targeted Article 4 directions where appropriate and justified to remove permitted development rights for office, light industrial and retail to residential in order to sustain town centre vitality and viability and to maintain flexibility for more comprehensive approaches to town centre housing and mixed-use intensification.

3.26 LB LEWISHAM LOCAL PLAN

3.27 **Adopted Core Strategy (2011)**

3.28 The Lewisham Core Strategy sets out the vision, objectives, strategy and policies that will guide public and private sector investment to manage development and regeneration in the borough over the next 15 years. The Core Strategy is the key planning document in the Lewisham Local Development Framework (LDF).

3.29 **Policy 2 Spatial Policy Regeneration and Growth Areas** support the creation of a more sustainable borough by being the prime location for new development comprising at least……, 100,000 square metres of new and reconfigured employment floorspace (light industry, workshops, offices), and 62,000 square metres of new retail floorspace by 2026. In addition, it requires Lewisham Town Centre to:

- *accommodate up to 40,000 square metres of additional retail floorspace and 4,300 square metres of additional leisure floorspace by 2026*
- *accommodate up to 1,500 additional new homes by 2016 and a further 1,100 additional new homes by 2026*
- *contain a Local Employment Location (LEL) at Molesworth Street*
- *borough to be one of preferred locations for new office development*

3.30 Contain a strategic development site, the Lewisham Gateway, which will act as a catalyst for regeneration of the town centre**.** Catford Town Centre will:

- *be designated as a Major town centre with new development seeking to maintain and enhance its status, to secure its physical regeneration and ensure its continued contribution to the local night-time economy.*
- *accommodate up to 22,000 square metres of additional retail floorspace by 2026*
- *be one of the borough's preferred locations for new office development.*

3.31 Deptford, Deptford Creekside, New Cross/New Cross Gate area will:

- *Support a vibrant network of town centres with Deptford and New Cross/New Cross Gate designated as District town centres, the location for major new retail and leisure development within this area, including their contribution to the local night-time economy.*
- *Contain Local Employment Locations (LELs) at Evelyn Street, Lewisham Way and Lower Creekside in order to provide local employment opportunities and, in the case of Lower Creekside (Deptford), to ensure the retention of the creative industries.*

3.32 **Spatial Policy 3 District Hubs** states that District Hubs will be reinforced as places which will sustain a diversity of uses and activities appropriate to each hub's function and location. District Hubs are key places which support the development of a sustainable borough, capitalising on the availability of services, facilities and public transport.

3.33 **Spatial Policy 4 Local Hubs Local requires** Individual Local Hubs to be managed to enhance their identity and distinctiveness in order to achieve an overall upgrade in urban quality and amenity**.**

3.34 **Spatial Policy 5 Areas of Stability and Managed Change** will provide quality living environments supported by a network of local services and facilities by ensuring the retention and protection of shopping areas that contribute to local day-to-day retail needs and employment. Again, to maintain a Strategic Industrial Location (SIL) at Bromley Road and support locally significant employment areas scattered throughout the area including maintaining Local Employment Locations (LELs) at Blackheath Hill, Manor Lane, Malham Road, Willow Way and Worsley Bridge Road.

3.35 **Core Strategy Policy 3 Strategic Industrial Locations and Local Employment Locations** require the Council to protect the Strategic Industrial Locations (SILs) for uses within the B Use Class (B1c, B8 and where appropriate B2 industry) to provide land for activities that support the continued functioning of London as a whole. Furthermore, Policy 3 requires the council to protect the Local Employment Locations (LELs) for a range of uses within the B Use Class (B1, B8 and where appropriate B2 industry) and also appropriate sui generis uses, to support the functioning of the local economy.

3.36 **Core Strategy Policy 4** requires the Council to provide a comprehensive redevelopment of the Mixed Use Employment Locations to provide:

- *employment uses within the B Use Class amounting to at least 20% of the built floorspace of any development as appropriate to the site and its wider context.*

3.37 **Core Strategy Policy 5: Other employment locations** states that Employment land within town centres, which has the potential to contribute to a Major town centre, District Hub, a Local Hub, or other cluster of commercial and business uses, should be recommended for retention in employment use.

3.38 **Core Strategy Policy 6** sets out the hierarchy of centres for Lewisham Borough as:

Major town centres	District centres	Neighbourhood Local Centre	Out of centre
Lewisham	Blackheath	Brockley Cross	Bell Green
Catford	Deptford	Crofton Park	Ravensbourne Retail Park, Bromley Road
	Downham	Downham Way	
	Forest Hill	Grove Park	
	Lee Green	Lewisham Way	
	New Cross and New Cross Gate		
	Sydenham		

3.39 **Strategic Site Allocation 5** requires a comprehensive phased approach to the redevelopment of this site in line with an approved masterplan to provide at least 20% of the built floorspace developed on the site for a mix of business space (B1(c), B2, B8 as appropriate to the site and its wider context.

3.40 **Lewisham's Development Management Local Plan (2014)**

3.41 **DM Policy 1 Presumption in favour of sustainable development** requires development proposals to reflect the presumption in favour of sustainable development contained in the National Planning Policy Framework. It will work proactively with applicants to find solutions which mean that proposals secure development that improves the economic, social and environmental conditions in the borough.

3.42 **DM Policy 9 Mixed use employment locations (MEL)** expects applications for changes of use of B Use Class floorspace delivered as part of the comprehensive redevelopment of these sites promoted in the Core Strategy, to ensure that these sites continue to meet the Core Strategy aims for high density mixed use development that contributes to the local economy and provides a range of local employment opportunities, including lower cost accommodation suitable for starter businesses.

3.43 **DM Policy 10 Local Employment Locations (LEL)** requires the Council to support uses within the B Use Class and appropriate sui generis uses, within a Local Employment Location. In addition, it reiterated that planning permission for the change of use of a building from business use to residential use, or other uses such as day nurseries, churches and other community facilities will not be granted due to the effect the proposal would have on the continued commercial functioning of the area as a whole and their incompatibility with the uses on the LEL. The supporting text states that the Lewisham Employment Land Study (ELS) supports the provision of the types of buildings offered by LELs which provide business units capable of being used by a wide variety of firms in growth sectors of the economy including small and medium enterprises (SMEs).

3.44 **DM Policy 11 Other employment locations states** that Council will seek to retain employment uses (B Use Class) on sites and buildings in Town Centres, and Local Hubs where they are considered capable of continuing to contribute to and support clusters of business and retail uses, and where the use is compatible with the surrounding built context.

3.45 **DM Policy 13 Location of main town centre uses** requires that the location of main town centre uses needs to be in accordance with Core Strategy Policy 6. For major retail development (over 1,000 square metres), priority location should be major and district centres then edge of centre sites followed only then by out-of-centre sites in locations that are accessible by public transport, walking and cycling and are well connected to the town centre.

3.46 **DM Policy 14 District centres shopping frontages** states that within the primary shopping frontages of the Blackheath, Deptford, Downham, Forest Hill, Lee Green and Sydenham district centres (as shown on the Policies Map), the Council will only consider a change of use involving the loss at ground floor level of shops (Class A1).

3.47 In addition, within the secondary shopping frontages of Blackheath, Deptford, Downham, Forest Hill, Lee Green, New Cross/New Cross Gate and Sydenham district town centres (as shown on the Policies Map) the Council will only consider a change of use involving the loss at ground floor level of shops (Class A1) where the proposal would meet criteria sets out in Policy 14. In the supporting text, it highlights that the Council recognises that in order for town centres to be successful and competitive they must provide customer choice and a diverse retail offer.

3.48 **DM Policy 15 Neighbourhood local centres states** that within the designated neighbourhood local centres of Brockley Cross, Crofton Park, Downham Way, Grove Park and Lewisham Way, the Council will require the retention of Class A1 shops, to support the provision of essential daily goods and services, and ensure a range of uses consistent with the local character to contribute to its vitality and viability for shoppers.

3.49 **Corporate Strategy 2018–2022**

3.50 The Council's Local Plan has been informed by LB Lewisham's Corporate Strategy which is going through revision. The corporate priorities are:

1. **Open Lewisham:** Lewisham is a welcoming place of safety for all where we celebrate the diversity that strengthens us;
2. **Tackling the housing crisis:** Everyone has a decent home that is secure and affordable
3. **Giving children and young people the best start in life**. Every child has access to an outstanding and inspiring education and is given the support they need to keep them safe, well and able to achieve their full potential.
4. **Building an inclusive local economy.** Everyone can access high-quality job opportunities, with decent pay and security in our thriving and inclusive local economy.
5. **Delivering and defending: health, social care and support**. Ensuring everyone receives the health, mental health, social care and support services they need.
6. **Making Lewisham greener**. Everyone enjoys our green spaces and benefits from a healthy environment as we work to protect and improve our local environment.
7. **Building safer communities**. Every resident feels safe and secure living here as we work together towards a borough free from the fear of crime.

3.51 **Lewisham's Emerging Local Plan (2020)**

3.52 Lewisham's Local Plan sets out a shared vision for the future of the Borough along with the planning and investment framework to deliver this vision through to 2040. The main objective of the plan is to achieve 'An Open Lewisham as part of an Open London'. This reflects our commitment to ensure that Lewisham is a welcoming place of safety for all, and where the diversity of the Borough is celebrated. The prosperity of our local neighbourhoods, and the communities of people within them, is essential to ensuring equality of opportunity and for everyone to enjoy a good quality of life.

Strategic objectives

3.53 A thriving local economy that tackles inequalities:

- *Strengthen Lewisham's role in the wider London economy by expanding the local business base, through steering investment to town centres and other employment hubs and supporting the growth of sectors in which the Borough maintains or is poised to perform a key role, including the cultural, creative and digital industries.*

- *Increase the number and variety of local jobs and business opportunities, by making the best use of employment land and providing suitable space to support businesses of all sizes, along with securing affordable workspace and workplace training opportunities.*
- *Ensure town and local centres remain the focus for community activity and harness their unique attributes to support growth, including in retail, business and cultural activities – with a thriving evening and night-time economy – through investment to secure Lewisham centre's future role as a regionally important Metropolitan centre, to deliver regeneration in Catford Major centre and to support the vitality of town centres elsewhere.*

<u>Economy and Culture</u>

3.54 **Policy EC1 A thriving and inclusive local economy** safeguards and make provision for vibrant and attractive employment locations, including town centres, that accommodate a wide range of uses and workspaces which are well-suited to the needs of modern business;

3.55 **Policy EC2 Protecting employment sites and delivering new workspace** directs the provision of 21,800 square metres of net additional employment floorspace (Use Class B1) in the Borough up to 2038.

3.56 **Policy EC3 Location and design of new workspace** expects proposals for new employment development should be directed to sites in Lewisham's employment land hierarchy, as set out in Policy EC2 (Protecting employment sites and delivering new workspace).

3.57 **Policy EC4 Providing suitable business space and affordable workspace** requires development proposals incorporating business space should ensure that provision is made for suitable types and sizes of units, at an appropriate range of rents, particularly to meet the needs of micro, small and medium sized businesses, including start-ups. Also, Policy EC4 expects new major commercial development, including major mixed-use development incorporating commercial floorspace, will be required to provide at least 10% of new employment floorspace as affordable workspace. This should be provided on site wherever feasible. Further details will be set out in the Council's Planning Obligations Supplementary Planning Document.

3.58 **Policy EC5 Locally Significant Industrial Sites (LSIS) – formerly LEL** explains that Locally Significant Industrial Sites will be protected for a range of Class B Uses (B1, B2 and B8) along with appropriate Sui Generis uses, with priority being given to Class B1 uses. Development proposals should ensure that there is no net loss of industrial capacity within these locations, and seek to deliver net gains wherever possible.

3.59 **Policy EC6 Mixed-use Employment Locations (MEL)** explains that comprehensive redevelopment of Mixed Use Employment Locations will be supported in order to facilitate their renewal and regeneration and to secure provision of new modern workspace. All development within MELs must be delivered in accordance with relevant site allocation policies and a site wide masterplan. Development proposals will be expected to provide demonstrable improvements in the overall physical and environmental quality of the MEL, and ensure that new development is well integrated with adjoining and neighbouring land uses.

3.60 **Policy EC7 Non-designated employment sites** supports Non-designated employment sites and state that it makes an important contribution to Lewisham's local economy by providing workspace for businesses and job opportunities. Development proposals should not result in the net loss of viable industrial capacity on these sites.

3.61 **Policy EC9 Workplace training and job opportunities** support objectives for delivering an inclusive local economy, new development is encouraged to actively source local business, recruit local workers and make available job and training opportunities to Lewisham residents. Development proposals involving a net loss of employment floorspace in designated employment locations and non-designated employment sites will be resisted, unless such loss is part of a plan-led process of employment land consolidation. Where new development results in a net loss of employment floorspace, contributions will be sought towards local employment and training initiatives, to be secured through conditions or planning contributions. The supporting text explains that high unemployment levels, low incomes and deprivation persist in parts of the Borough because of certain barriers to employment that people experience, most notably the lack of skills that are required in the jobs market.

<u>Town Centre</u>

3.62 **Policy EC10 Town centres at the heart of our communities** explains that the town centres are at the heart of Lewisham's communities and focal points for retail, commercial, cultural, leisure and civic activities. Town centres are expected to be managed positively in order to ensure they are attractive and vibrant places that are resilient and adaptable to future challenges, particularly those presented by new technology and changes in consumer behaviour. The long-term vitality and viability of Lewisham's town centres will be secured by focussing future growth and investment within and around them, particularly to optimise the use of land and to strengthen connections to surrounding neighbourhoods.

3.63 **Policy EC11 Town centre network and hierarchy** expects all new development to support and reinforce Lewisham's town centre network and hierarchy. Proposals will be required to demonstrate how they will enhance town centre vitality and viability, commensurate with the role and function of the centre. Policy EC11 expects development proposals for main town centre uses to be directed to centres within Lewisham's town centre hierarchy. They should also support the appropriate distribution of these uses in order to meet the Borough's future need for **5,300 net additional square metres of retail floorspace** over the ten year period 2020-2030.

3.64 **Policy EC12 Location of new town centre development** explains that a 'town centres first' approach should be applied when considering the location of new retail, commercial, leisure and cultural uses (i.e. main town centre uses). The policy states that within Major, District and Local Centres development proposals for new retail, commercial, leisure and cultural uses will be supported where they:

- *Are compatible with the scale, role, function and character of the centre and its catchment;*
- *Sustain and enhance the vitality and viability of the centre; and*
- *Respond positively to the delivery of the spatial strategy for the Borough*

3.65 **Policy EC 13 Optimising the use of town centre land and floorspace** explains that development proposals should optimise the use of land and floorspace within town centres by delivering new mixed-use schemes on individual sites and through comprehensive redevelopment of multiple sites where appropriate. The supporting text for Policy EC13 affirms that Lewisham's town centres are managed positively in order to secure their long term vitality and viability. This means making them more adaptable and resilient to change, as well as maximising the use of land within them to support continued commercial role of centres and facilitate their diversification.

3.66 **Policy EC14 Major and District Centres** expects all new development within Major and District centres must support the vitality and viability of the town centres and make a positive contribution to their local character. Development proposals will be required to submit a statement to demonstrate how the use is appropriate to its location and will provide for a beneficial mix of uses within the town centre.

3.67 **Policy EC15 Local Centres** require all new development within Local Centres to support the vitality and viability of the centres and make a positive contribution to their local character. The supporting text for Policy EC15 explains that Local Centres complement Lewisham's larger Major and District Centres. They play an important role in providing a range of shops and services that meet the day-to-day needs of residents and others within the Borough. Local centres are particularly important for less mobile members of the community, including the elderly and people with mobility issues, who may be not be able to visit larger town centres on a regular basis.

4. AREAS COVERED BY ARTICLE 4 DIRECTION

4.1 This section sets out specific locations covered by the Article 4 Direction (shown in **Appendix 1**) the rationale for those areas selected and demonstrates how it fulfils NPPF requirements.

4.2 The section establishes their role in the strategic provision of town centre uses, office and industrial floorspace within the borough and across London, as well as identifying where these locations serve specific communities.

4.3 Article 4 of the GPDO 2015 allows local planning authorities to consult with their local communities about whether to withdraw particular permitted development rights over a specified area.

4.4 Paragraph 53 of the National Planning Policy Framework (NPPF) 2021 sets out that the use of Article 4 Directions to remove national permitted development rights should:

- *where they relate to change from non-residential use to residential use - be limited to situations where an Article 4 Direction is necessary to avoid wholly unacceptable adverse impacts (this could include the loss of the essential core of a primary shopping area which would seriously undermine its vitality and viability, but would be very unlikely to extend to the whole of a town centre).*
- *in other cases, be limited to situations where an Article 4 Direction is necessary to protect local amenity or the well-being of the area (this could include the use of Article 4 directions to require planning permission for the demolition of local facilities)*
- *in all cases, be based on robust evidence, and apply to the smallest geographical area possible*

4.5 Paragraph 038 of the Planning Practice Guidance section titled '"When is it appropriate to use article 4 directions?"' sets out that the NPPF advises that all Article 4 Directions should be applied in a measured and targeted way and that they should be based on robust evidence, and apply to the smallest geographical area possible.

4.6 It also sets out that where an Article 4 Direction relates to a change from non-residential use to residential use, it should be limited to situations where an Article 4 Direction is necessary to avoid wholly unacceptable adverse impacts. In other cases, article 4 directions should be limited to situations where it is necessary to protect local amenity or the well-being of the area.

4.7 The potential harm that the article 4 direction is intended to address will need to be clearly identified, and there will need to be a particularly strong justification for the withdrawal of permitted development rights relating to:

- a wide area (eg those covering a large proportion of or the entire area of a local planning authority, National Park or Area of Outstanding National Beauty)
- an area extending beyond the essential core of a primary shopping area
- agriculture and forestry development. Article 4 directions related to agriculture and forestry will need to demonstrate that permitted development rights pose a serious threat to areas or landscapes of exceptional beauty
- cases where prior approval powers are available to control permitted development
- the installation of microgeneration equipment

4.8 TOWN CENTRES

4.9 LB Lewisham has two Major Centres– Lewisham and Catford – and 7 District Centres. Major Centres and District Centres are designated through the London Plan, which also establishes their positions in the London town centre hierarchy with respect to growth in retail, office, residential and night time economy uses.

4.10 LB Lewisham also has 12 local centres (formally neighbourhood local centres) and 80 shopping parades. These are smaller-scale clusters of retail and other uses that primarily serve their local communities and ensure that all residents have access to their day-to-day needs in locations that are convenient and accessible. This section will discuss the Major Centres, District Centres and Local Centres in detail.

4.11 The town centre boundaries are tightly drawn to cover only land uses that will be subject to the Article 4 Direction. **See Appendix 1 of this report.**

Major town centres

4.12 Lewisham Town centre

4.13 Lewisham town centre is designated as a Major Town Centre in the 2021 London Plan. It is undergoing significant transformation and offers the potential to be reclassified as a Metropolitan centre in the future, as indicated within the London Plan. It is a designated opportunity area and currently has an adopted Town Centre Local Plan to guide future development. The continued transformation of the centre includes the re-provision of town centre and employment uses integrated with residential. The town centre already benefits from excellent public transport links, with Lewisham Town Centre Station identified as a 'strategic interchange' in the London Mayor's transport strategy.

4.14 Lewisham town centre is the highest-order comparison goods shopping destination in the Borough, and the 2017 London Borough of Lewisham Retail Capacity Study identified it to be performing well both qualitatively and quantitatively. In addition, the household survey found that 77% of shoppers visit the centre for comparison goods shopping, and non-food floorspace in the town centre trades at £12,960 per sq.m, representing a strong trading performance.

4.15 The retail offer is largely driven by lower-to-mid market retailers with a number of strong footfall driving 'anchor' stores including M&S, TK Maxx and Primark. The Sainsbury's store within Lewisham Shopping Centre is an important anchor and trades at above company average levels. The street market is an additional key attractor, playing an important role in attracting footfall and enhancing the diversity of the centre.

4.16 Catford Town Centre

4.17 Lewisham's emerging Local Plan seeks to deliver a comprehensive regeneration of Catford major centre as a strategic priority. Catford will continue to play an important complementary role to Lewisham as the principal civic centre in the Borough, supported by its unique cultural offer along with opportunities to deliver additional housing, town centre and employment uses and transformational public realm improvements.

4.18 The council has prepared the Catford Town Centre Framework (Framework) to set a future framework and implementation programme for redevelopment of the centre. The Framework was endorsed by the council in July 2021. Catford is extremely well connected by public transport and performs an important function as a major town centre and civic heart of the borough as well as providing for local shopping needs.

4.19 The Framework highlights that the delivery of the Bakerloo Line Extension in the early 2030s will offer a step change in Catford's connectivity to central London and to the north of the borough, and support plans for housing delivery, economic growth and diversification. As Lewisham Council's civic hub, Catford provides access to key services as well as local employment. Given its infrastructure, accessibility and facilities, Catford town centre has been identified as a location for major growth, including a significant number of new homes, to meet Lewisham's and London's housing need.

4.20 Lewisham Retail Capacity Study Update (2019) and the London Plan (2021) classified Catford as a Major Town Centre. Catford has a different role and function to Lewisham town centre, with an offer more focussed on meeting day-to-day rather than higher-order shopping needs. The key retail anchors in the Catford town centre include Tesco, Aldi, Lidl, Argos, Boots, Iceland and Poundland, and the quality of the overall retail offer is predominantly orientated towards the lower value end of the market. The centre also has an important leisure function (owing to the presence of the Broadway Theatre) and civic function (LBL offices, Town Hall and Civic Suite). The Lewisham Retail Study (2019) Update anticipated that a major new residential quarter adjacent to Catford and Catford Bridge stations, known as Catford Green, will offer potential additional footfall and spend in Catford town centre from the new residential population. This will further enhanced the vitality and viability of the Catford town centre. In addition, the Lewisham's Retail Study update (2019) sets out up to 2,600 sq.m net additional comparison goods floorspace in Catford by 2033.

<u>District Centres</u>

4.21 The Major town centres of Lewisham and Catford are supported by a network of seven district centres. According to Lewisham's Emerging Local Plan (2021), the district centres are well connected and serving several local communities. Typically, they provide convenience retail with some comparison retail at a smaller scale alongside culture and leisure (e.g. café, restaurants and swimming baths), services (e.g. banks) and local office functions. Some centres, however, have developed specialist shopping functions such as independent boutique shopping for instance. At the same time, others are known for their role within the creative sector or having a lively night-time economy.

4.22 The Lewisham Retail Capacity Study Update (2019) provides an overview of the district centres as follows:

- **Blackheath** is a strong-performing district centre, with a particularly strong focus on food and drink, and upmarket comparison goods retailing. The centre is attractive and well maintained, benefiting from its setting on the edge of Greenwich Park. There is little scope for outward expansion of the centre, and the absence of any convenience goods shopping provision represents a key qualitative gap.

- **Deptford** has a close functional and geographical relationship with New Cross/New Cross Gate, but has a more varied offer which is better able to meet local/day-to-day shopping needs. The centre is an important hub for the creative industries in south east London, through the concentration of art galleries and studio spaces around Creekside and facilities such as the Albany Centre and the community-run Deptford Cinema.

- **Downham** is a small district centre which plays a more limited role and function compared to the other district centres in the Borough, both in terms of its diversity and uses and the extent of its catchment area. Nevertheless, it is able to meet a range of local convenience shopping and retail services needs.

- **Forest Hill** is a strong-performing district centre, with a strong convenience function anchored by a large Sainsbury's supermarket, as well as a developing independent comparison goods quarter along Dartmouth Road. The Horniman Museum and Gardens to the north of the centre are an important cultural draw.

- **Lee Green** is waiting for the long-planned redevelopment of the Leegate Centre to come forward, which should in turn act as a catalyst for the wider regeneration of the centre. The in-centre Sainsbury's store nevertheless performs well and is a strong retail anchor.

- **New Cross Gate - Consolidated** is a bustling and diverse centre. There is a need for the physical appearance of the centre to be enhanced, as well as improvements to the movement of pedestrians through the centre. 10% of the units in the centre are occupied by hot food takeaways, double LBL's target identified its Core Strategy. New Cross Gate Retail Park represents a major opportunity for intensification.

- **Sydenham** is a strong performing centre with a good retail and leisure mix, including two strong-performing foodstores. There is potential for the centre to develop closer linkages with nearby Kirkdale, which is home to a more upmarket/specialist retail offer. As a district centre it plays important role in serving local communities by providing links to basic infrastructure to reduce car journeys in the local areas.

4.23 A threshold approach will be applied in Sydenham District Centre, with the expectation that Class A1 uses will form the majority of uses in the Primary Shopping Area. Sydenham town centre is unique amongst the Borough's District Centres in that it has a very high level of shops, with a comparatively lower level of services. The Council's latest surveys show that Class A1 uses comprise roughly three-quarters of total units across the centre, and more than half of units in the Primary Shopping Area. This suggests that the centre is performing a key role in supporting this southern part of the

Borough with shopping provision. The council will continue to support this role, whilst providing flexibility for other complementary uses to come forward.

Local Centres

4.24 Local centres are small centres found within various areas serving the surrounding neighbourhood while complementing Lewisham's larger major and district centres. They tend to consist of a small cluster of shops typically offering convenience retail (e.g. small supermarket up to around 500sqm) and services (e.g. pharmacy and hairdressers), as well as some restaurants and cafes, and in most cases a 'community anchor' attracting visitors. Overall, the 'local centres play an essential role in providing a range of shops and services that meet the day to day needs of residents while also offering a place for to meet and socialise nearby.

4.25 According to Lewisham Retail Capacity Study Update (2019), local centres found within various areas of Lewisham have decent transport links and serves the surrounding neighbourhood and complement the larger major and district centres. They consist of a small cluster of shops typically offering convenience retail (e.g. small supermarket up to around 500sqm) and services (e.g. Pharmacy and Hairdressers) together with a community anchor (e.g. Public House, Church or Cinema) attracting visitors.

4.26 The local centres includes: Bellingham, Brockley Cross, Crofton Park, Downham Way, Hither Green Lane, Honour Oak / Brockley Rise, Grove Park, Kirkdale, Ladywell, Lee Station, Lewisham Way, New Cross Road and Staplehurst Road.

4.27 Introduction of residential development into town centres can be beneficial if effectively planned and managed in a sustainable way. To address this issues, the council has been preparing Frameworks and masterplans covering our town centres to guide this process. Piecemeal and unplanned residential development through PD rights into thriving town centres will lead to incoherent street frontages. This will impact on the vitality and viability of the town centres.

STRATEGIC INDUSTRIAL LOCATIONS AND LOCALLY SIGNIFICANT INDUSTRIAL SITES (SIL/LSIS)

4.28 As highlighted through the Mayor of London's strategic evidence in Section 6 of this report, London's industrial capacity will be impacted by Class E to residential PD rights both directly, through the loss of light industrial and creative production uses that fall within Class E, and indirectly, through the introduction of residential uses in industrial areas which can compromise the integrity or effectiveness of these locations in accommodating industrial-type activities and their ability to operate on a 24-hour basis.

4.29 Over the period 2001 to 2015, more than 1,300 hectares of industrial land was released to other uses and this far exceeded previously established London Plan monitoring benchmarks. Research for the GLA indicates that there will be positive net demand for industrial land in London over the period 2016 to 2041, mostly driven by strong demand for logistics to service growth in London's economy and population. In addition, the GLA demand assessment shows that in 2015, 185 hectares of industrial land already had planning permission to change to non-industrial use and a further 653 hectares were earmarked for potential release in Opportunity Area Planning Frameworks, Local Plans and Housing Zones.

4.30 Data from the London Industrial Land Supply report showed that between 2006-15 total industrial land in Lewisham declined from 155.4ha to 110.6ha a reduction of 44.8ha or 28.8%. Excluding non-industrial land there was a reduction of 39.3ha or 26.8%. The rate of decline averaged -3.4% p.a. over this period, which was faster than the average for London as a whole of -1.3% p.a.

4.31 In Lewisham, planned release of surplus industrial land was adopted through the existing Local Plan within the Core Strategy (2011). Drawing on evidence within the London Plan at the time, the London Industrial Land Release Benchmarks (2007) indicated that the total of built-on industrial land in Lewisham fell from 106 ha in 2001 to 90 ha in 2006, a fall of 15%. According to the benchmarks within the report, Lewisham could lose 49 ha of industrial land over the period 2006 to 2026, 54% of its total.

4.32 Thus the Core Strategy (2011) saw the planned release of SIL, transforming surplus SIL into Mixed Use Employment Land (MEL) for comprehensive redevelopment. These include sites such as Surrey Canal Triangle, Cannon Wharf, Marine Wharf and Convoys Wharf.

4.33 However Lewisham has also been subjected to significant losses in other industrial locations with the biggest loss of industrial land from non-designated sites, which saw a reduction, in the period of 2010-15 of 18.4 ha or 34.2% and on Local Strategic Industrial Sites (LSIS), a reduction of 3.4ha or 17.8% during the same period.

4.34 As a result of this planned and unplanned loss of employment land within the borough and the continued loss elsewhere in London, demand for industrial land within Lewisham is now high and growing. The London Plan (2021) states that Lewisham should now protect all remaining SIL (after the planned release outlined in the Core Strategy (2011)) and the LB Lewisham Employment Land Review (2019) also forecasts a need for 21,800 sqm of net additional employment floorspace in the Borough up to 2038.

4.35 The Council's Employment Land Study (2019), found that there is strong demand for industrial space in the borough from a mix of sectors, including traditional industrial, trade counter, last mile distribution and storage. Also, the borough is seeing demand from those seeking to relocate from regeneration areas such as Old Kent Road and a strong freehold market.

4.36 The Council's 2019 Employment Land Study also highlights that there are a total of 2,300 jobs on Strategic Industrial Locations (SILs), 2,500 on Local Employment Locations (LELs) and 1,700 on Mixed-Use Employment Locations (MELs). SILs account for 3.6% of total employment in Lewisham, LELs account for 3.9%, and MELs account for 2.5%. So, in total 10% of jobs in Lewisham are accommodated on 'employment land'.

SILs account for 20% of industrial jobs in the borough and between them SILs, LELs, and MELs accommodate 30% of industrial jobs.

4.37 Any loss of Strategic Industrial Locations (SIL) and Locally Significant Industrial Sites (LSIS) through PD rights could compromise the ability to meet this need across the Borough and affect the sustainability of industrial locations. The Employment study confirms the need to protect SIL and LSIS over the long-term and sites have therefore been safeguarded in line with Local Plan Policy EC2 (Protecting employment sites and delivering new workspace).

4.38 The new permitted development rights could result in significant harm to the industrial and commercial locations. Therefore, this could have negative impacts on the industrial and commercial activities through the loss of industrial and commercial and industrial floorspace. As such it is important that the council protects these sites against future losses across the Borough through the proposed Article 4 Direction.

4.39 The Borough's designated industrial areas comprises two Strategic Industrial Locations (SIL) and thirteen Locally Significant Industrial Sites (LSIS). The full extent of all 15 areas, as shown in **Appendix 1** of this report are covered by the Direction.

MIXED-USE EMPLOYMENT LOCATION (MEL)

4.40 Mixed-Use Employment Location (MELs) are important to the achievement of the Local Plan objectives and have significant potential to deliver new modern workspace and other supporting non-residential uses within the Borough. The Council is seeking to ensure that development on MELs maximise the amount of new employment floorspace provided by the redevelopment of sites. Through the use of the masterplan process, applicants are expected to provide evidence that efforts made to maximise provision of employment capacity.

4.41 MELs are identified in the Council's adopted Core Strategy (2011) and comprise of sites which through the release of surplus industrial land were allocated for comprehensive redevelopment. These include:

- Convoys Wharf
- Surrey Canal Triangle
- Oxestalls Road
- Plough Way – comprising of Plough Way and Canon Wharf
- Arklow Road
- Childers Street
- Grinstead Road
- Sun and Kent Wharf
- Thanet Wharf

4.42 Many of these sites have come forward for redevelopment and are either constructed, on-site and/or have planning permissions approved. The redevelopment on these sites has brought forward comprehensive mixed-use development comprising of a range of uses including residential, employment, retail, leisure and community uses. Nevertheless, monitoring information indicates that the 20 per cent requirement of employment floorspace as per Core Strategy Policy 4 has not always been achieved on committed sites.

4.43 The Lewisham Employment Land Study (2019) highlighted that MEL locations should continue to be protected for employment generating uses. As a result, Policy EC2 (Protecting employment sites and delivering new workspace) in the emerging Local Plan, provides a policy framework to protect MELs. This policy contributes to the delivery of the council's spatial strategy. In particular, to support the creation and enhancement of inclusive, well-connected, mixed and liveable neighbourhoods in the Deptford, New Cross and Evelyn areas.

4.44 The new permitted development rights could have substantial impact on the MEL through unplanned loss of Class E floorspace. Therefore, it is critical that the council protects these sites against future losses through the Article 4 Direction.

4.45 Areas defined as Mixed-Use Employment Location (MEL) will be subject to Article 4 Direction. This is set out in **Appendix 1 of this report.**

5. ADDITIONAL EVIDENCE

TOWN CENTRES (MAJOR CENTRES, DISTRICT CENTRES AND LOCAL CENTRES)

5.1 The London Plan sets out that the vitality and viability of London's varied town centres should be promoted and enhanced by encouraging a diverse range of uses that meet the needs of Londoners and encourages the strengthening the role of town centres as a main focus for Londoners' sense of place and local identity in the capital. In recognition of their strategic importance Policy SD9(D) states that "Boroughs should […] introduce targeted Article 4 Directions where appropriate and justified to remove permitted development rights for office, light industrial and retail to residential in order to sustain town centre vitality and viability and to maintain flexibility for more comprehensive approaches to town centre housing and mixed-use intensification".

5.2 The need to protect town centres is clearly highlighted by the strategic evidence published by the Mayor of London that highlights that the absence of targeted Article 4 Directions, could undermine the adaptation of London's town centres and high streets as vibrant, successful locations for a range of business, culture, civic and community activities complemented by well-planned housing and mixed-use development. It is therefore essential that these actions are not undermined by PD rights in order to ensure that the social and economic functions of London’s vibrant high streets and town centres are sustained and to support London’s economic and social recovery.

5.3 At the local level, the town centres and high streets fulfil a number of important functions in their communities. The role of retail and businesses more broadly should not be discounted – they typically provide most or all of the day-to-day needs of their communities and provide the majority of the local employment in most neighbourhoods. Town centres act as hubs for social services, both formal (e.g. GP surgeries, Job centres) and informal (e.g. community networks of support). They provide space in which people from different backgrounds can and often must interact in ways that are constructive and non-confrontational. One of the functions of a city is to expose its residents to difference, and town centres are the settings in which that exposure occurs. They also provide safe spaces for marginalised people to access their daily needs, to socialise and to occupy the public realm.

5.4 The most recent Lewisham Retail Study (2019) suggests that the functions of the town centres are all interconnected; they each rely on the critical mass of people drawn by all the other functions in order to work. This is why the concept of vitality is so important to town centres – it means maintaining that critical mass of people to keep all the functions of the town centre healthy.

5.5 The new Class MA permitted development right, allowing units in commercial uses (Class E) to change to residential use (Class C3) without the need for a planning application and assessment by the LPA, poses threat to the vitality of town centres. There is high risks of eliminating the critical mass in retailing (especially the small, independent shops that most support town centres) and other commercial uses that acts as the most significant attractor, bringing people into the town centre and ensuring that all the other functions can continue.

5.6 The Article Direction covers Lewisham’s Town Centre Network and Hierarchy (Major town centres, District town centres and Local centres) as shown in the **Appendix 1** of this report.

<u>Residential Value Exceeds the Value of Class E</u>

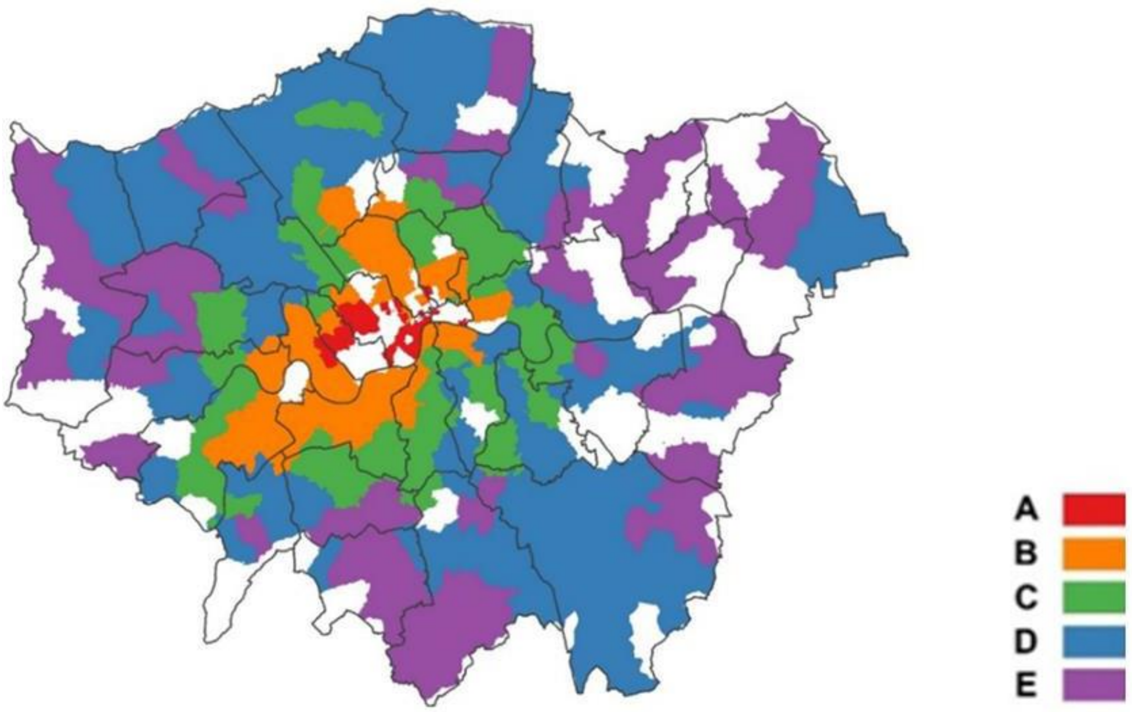
5.7 The GLA Article 4 Direction evidence report (2021) highlighted that, the difference between the value of offices, retail and light industrial properties relative to residential use in London, is such that the new Class E to residential permitted development rights could see a significant loss of commercial uses to residential. This could result in significant negative impacts on the CAZ and NIOD, other strategically important office locations, town centres, high streets and industrial areas.

5.8 This section presents more detailed evidence on the value of property in residential use and assesses these against values in the new business, commercial and service use (Class E) including offices, retail and light industrial use in different parts of London.

5.9 The London Plan Viability Study (LPVS) (2017) and Addendum Report (2018) provide a technical evidence on average capital values in residential use in different parts of the London. A recent report from Molior (2021) recorded an average residential capital value of £863 per square foot (£9,289 per square metre) for new build transactions between January 2020 and March 2021. Using the Molior data disaggregated at borough level, the GLA has calculated the corresponding average capital values for residential value bands A to E as shown below.

Residential Value

5.10 Indicative value for residential



Figure/Table 1 Indicative average capital values in residential use in 2017 by valueband (£ per square metre) derived from the London Plan Viability Study

	A	B	C	D	E
Jul-17	£20,000	£12,000	£8,250	£6,250	£4,250

Source: GLA analysis of Three Dragons

Table 2 Indicative average capital values in residential use in 2020/21 by value band (£ per square metre) derived from Molior data

	A	B	C	D	E
Jan 2020 to March 2021	£21,648	£12,113	£9,179	£6,670	£5,343

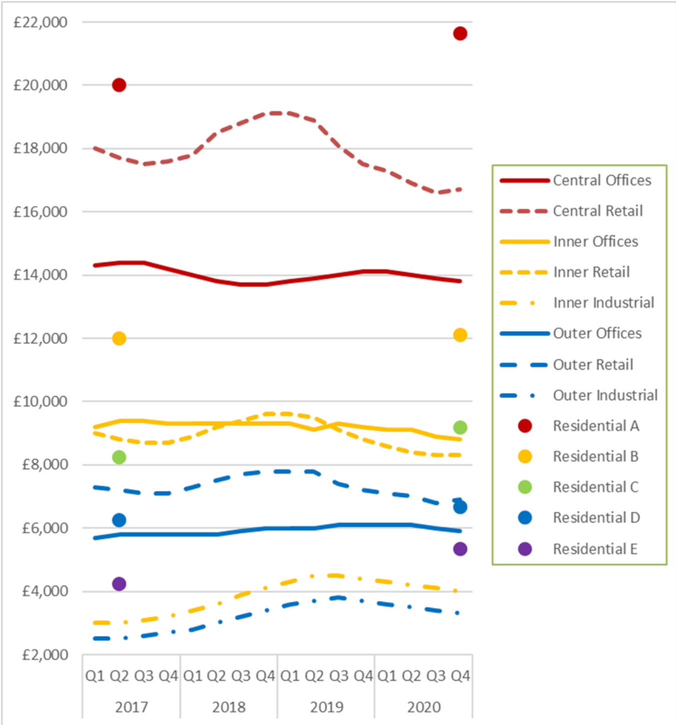
Source: GLA analysis of Molior London. Residential Development Research. Quarterly Analysis, April 2021 (one significant outlier scheme in Value Band A excluded)

5.11 Over the next five years, residential capital values are forecast to increase. Table 2 below presents a range of forecasts from agent research and indicates residential values are projected to increase on average by around 3 per cent per annum over the period 2021 to 2025.

Table 3: Summary of agent forecasts for growth in residential capital values, 2021–2025

Research	Date	Region	2021	2022	2023	2024	2025	Average
CBRE	Q3 2020	UK	1.0%	3.0%	4.5%	4.3%	--	**3.2%**
Savills	Mar-21	All Prime London	2.5%	6.0%	3.5%	2.0%	3.0%	**3.4%**
JLL	Nov-20	Greater London	0.0%	2.5%	5.0%	6.5%	5.0%	**3.8%**
Knight Frank	Jan-21	Greater London	1.0%	2.0%	3.0%	3.0%	4.0%	**2.6%**

Commercial values



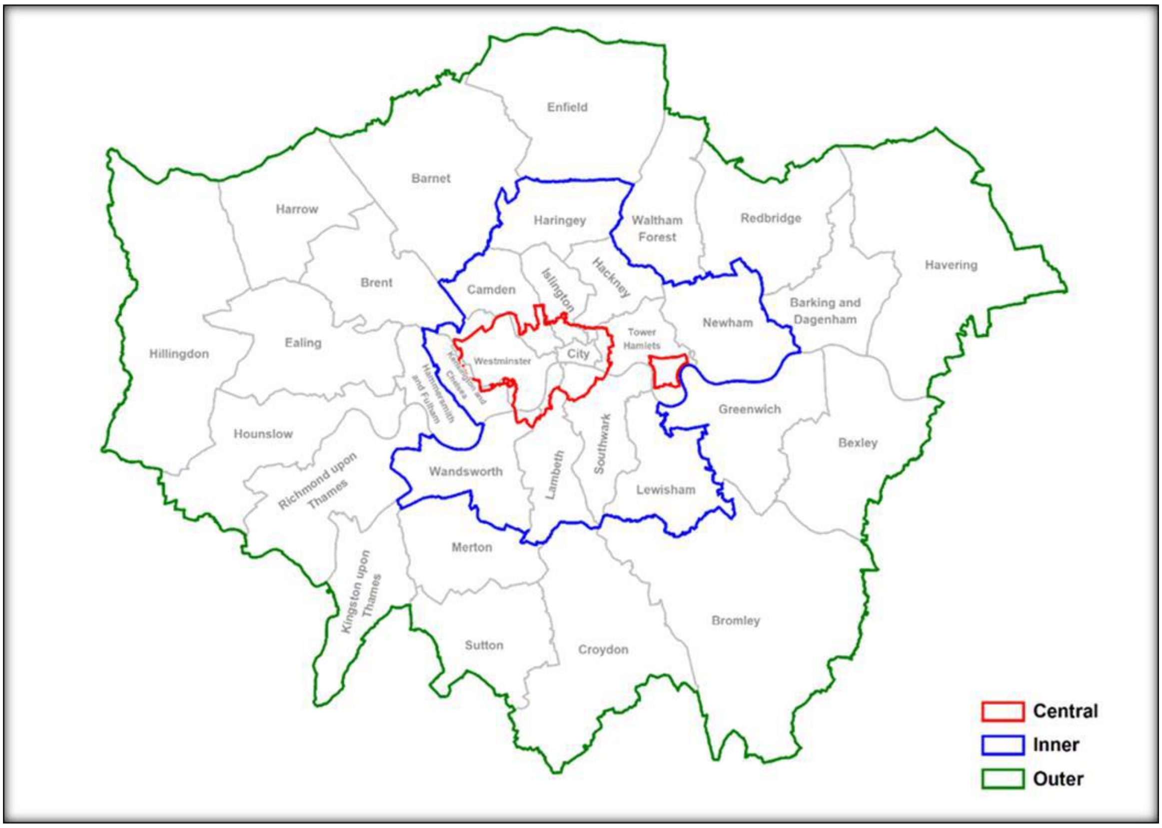
5.12 Figure 2: .Indicative comparison of average capital values in residential and non-residential use by value band (£ per square metre)

Sources: GLA analysis of Three Dragons (2017) and Molior data (2020/21) for residential values.
GLA analysis of CoStar market rent and yield data for commercial values (2017-2020).

5.13 Figure 2 presents an indicative comparison of average capital values in residential and non-residential use by value band over the period 2017 to 2020. This indicates that the value of residential capital value is more than non-residential capital value.

5.14 The GLA Article 4 Direction evidence report (2021) indicates that in broad terms, average residential values exceed average office, retail and industrial values in most parts of London.

Source: Three Dragons



5.15 Overall, the GLA evidence report on Article 4 Direction (2021) concluded that, the difference between the value of offices, retail and light industrial properties relative to residential use in London, is such that the new Class E to residential permitted development rights could see a significant loss of commercial uses to residential. The differential in value in residential use compared to commercial uses is such that PDR will impact all areas of London, including vibrant commercial areas, and not just areas of low commercial value.

HIGH STREETS AND TOWN CENTRES

Employment & entrepreneurship

5.16 The GLA's High Streets for All report identifies a range of functions and roles that town centres and high streets support in their local communities. The first of these that the report addresses is employment. 45% of businesses outside of central London are located on a high street; and 1.45 million people work within 200m of a high street, and this number is increasing. The report recognises that high streets play a particularly significant role in providing flexible employment and opportunities for workers who may be excluded from other forms of employment.

5.17 A report by the All-Party Parliamentary Small Shops Group (APSSG) found that, in 2005, 61% of all retail employees in the UK were women. The report argues that retail employment provides a degree of flexibility and accessibility that is less common in other sectors. Women are significantly more likely than men to have caring responsibilities that can restrict their access to the waged labour market; the flexibility of the retail sector and the accessibility of town centres can allow workers to balance their caring responsibilities alongside their employment.

5.18 Retailing also offers low barriers of entry for entrepreneurs and, as a result, provides an opportunity for self-employment for migrants to the UK. The APSSG report links that opportunity to the high rates of small business ownership on high streets among BME people.

5.19 The new Class MA permitted development right would have the effect of reducing the overall stock of these units, reducing their availability and increasing the cost due to lack of supply. The alternative use value presented by conversion to residential use would also drive up rents as landlords seek the highest return.

5.20 These businesses are important to the overall economy of LB Lewisham and to the provision of economic opportunities for new immigrants, as well as employment opportunities for those who face barriers to other forms of employment. Therefore, the retention of commercial units in town centres that can accommodate those businesses is of overriding importance and justifies the withdrawal of permitted development rights in the identified areas.

5.21 In addition, the creative industries are a thriving part of Lewisham's economy and culture, especially in the north of the borough. Key sectors within Lewisham include music, visual and performing arts, and design.

5.22 According to the latest release from the Office for National Statistics, Lewisham's creative industries contribute over £300 million to the local economy and create 3,512 jobs. Again, Lewisham is one of six Creative Enterprise Zones in London, which aim to provide investment and support to the creative industry.

5.23 The majority of the creative industry is made up of small and medium enterprises. However, there are a few larger institutions: Goldsmiths University, Trinity Laban, the Horniman Museum and the Migration Museum.

Lewisham Creative Industries	**Count**	**Employment**	**Turnover (£000's)**
Advertising and Marketing	170	261	34,660
Film TV	380	504	38,057
Computer services	975	1,272	107,178
Architecture	65	158	8,039
Design	230	304	25,473

Publishing	75	120	8,249
Music and Arts	390	619	55,942
Telecommunication	30	73	8,739
Finance	80	128	11,971
Insurance	25	73	5,780
Total	**2,420**	**3,512**	**304,088**

ONS, Creative industries in London boroughs, 15 March 2019

5.24 Likewise, Lewisham was awarded the London Borough of Culture for 2021 on 11 February 2020. Due to the COVID-19 pandemic this award has been delayed to 2022.

5.25 The new Class MA permitted development right, allowing units in industrial uses (Class E) to change to residential use (Class C3) without the need for a planning application and assessment by the LPA, poses threat to the small and medium enterprises.

Social and economic interaction & integration

5.26 Policy SD6 of the London Plan (2021) sets out the Mayor's approach to town centres across London, with the LP making it clear that the vitality and viability of London's town centres should be promoted and enhanced by 'encouraging strong, resilient, accessible and inclusive hubs with a diverse range of uses that meet the needs of Londoners, including main town centre uses, night-time economy, civic, community, social infrastructure and residential development uses.' The role of town centres as a focal point for Londoners' sense of place and local identity should also be strengthened to promote its vitality.

5.27 Town centres also provide a social benefit. They act as forums for casual social interaction, reducing loneliness and allowing people to meet and interact with those different from them, increasing social integration. This function of town centres has become increasingly prominent in academic research and policy, particularly as the impacts of social isolation have become better understood.

5.28 Suzanne Hall's (2012) study of Walworth Road demonstrates that the social value of high streets lies in the "mixing, touching base and updating [that] emerges out of small-scale intimacies or relationships." A Connected Society, highlights the important role that planning plays in encouraging social integration and combating loneliness. It points to the importance of providing spaces where neighbours can meet in both formal and informal ways.

5.29 As the research on town centres (in particular, Hall 2012) demonstrates, small shops and other small businesses often function as hubs that allow for the type of informal social interaction that leads to stronger neighbour relationships.

5.30 Retailing and other businesses also support the social integration function of public spaces – they draw people out of their homes and into the public realm. This is such a key consideration that it is one of the primary objectives of the national planning policy as shown in the NPPF: “a social objective – to support strong, vibrant and healthy communities, […] by fostering a well-designed and safe built environment, with accessible services and open spaces that reflect current and future needs and support communities’ health, social and cultural well-being”.

5.31 As both the government’s strategy to combat loneliness and the existing research on town centres shows, healthy town centres and high streets are paramount to supporting communities’ social well-being. The High Streets for All report shows that the town centres and high streets benefits are felt mostly by those who are marginalised or face barriers to participation in some parts of society. For example, the report explains that disabled people face barriers to mobility, including inaccessible stations, which limit their range of movement around the city.

5.32 Socially and economically disadvantage people rely heavily on their local town centres both to meet their day-to-day needs and to provide a forum for social interaction, both planned and unplanned. High streets and town centres also play a particularly important role for job seekers and those on low incomes. The cost of transport – either public or private – can be prohibitive for those on low incomes, and they may not have time available to travel longer distances. The mental health impacts resulting from the Covid 19 pandemic are only beginning to be understood. It will be imperative that all avenues and opportunities for social interaction are supported in the coming years to mitigate the isolation and loneliness impacts of the pandemic

5.33 We Made That and LSE Cities were commissioned by the GLA to analyse the social value of London’s high streets – i.e. their importance in economic, social and environmental terms (either singularly or combined). The study identified ten key findings:

- High streets are significant and growing places of employment – 47% of businesses outside central London are on a high street; 1.45m employees’ work on within 200metres of a high street – this number is growing.
- High streets offer local and accessible economic opportunities for an inclusive London
- High streets promote community and cultural exchange. Survey work undertaken in support of the report identified that 45% of users’ primary high street use was non-retail related.
- High streets are important gathering spaces for marginalised and under-represented groups.
- High streets provide crucial social infrastructure and social services.
- Nearly 70% of London’s high streets do not fall within a town centre boundary, meaning that they have no formal policy designation and are therefore vulnerable to development pressures.
- High streets provide a range of work spaces which can meet the needs of newly-formed and long-standing businesses.

- High street businesses struggle to operate (nearly 70% of small businesses find rent to be unaffordable) and participate in ‘collective efforts’ e.g. collaborating with each other or the local community due to pressures such as rent, sales, competition and time commitments.
- High streets are local, walkable destinations and important points of connectivity, with 63% of survey respondents saying they walk to their local high street.
- Perceptions of urban change are perceived acutely on London’s high streets.

5.34 As shown, town centres and high streets are, for many, the primary venues for social interaction and the development of social networks.

5.35 Therefore, if the new Class MA permitted development right is allow in the town centres and high streets will undermine the vitality and viability of the town centre and its important role to foster social interaction and the development of social network.

Accessibility & sustainability

5.36 The town centres provide a primary function of meeting residents’ daily needs ranging from shopping, social interaction point to offering jobs, night-time economy, civic and community uses.

5.37 By ensuring that the town centre services are located in accessible locations by foot and public transport will provide the town centres and high streets to play an important role in supporting sustainable transport.

5.38 All-Party Parliamentary Small Shops Group (APSSG) report highlights the risk of ‘food deserts’ emerging where town centres are in decline.

5.39 The APSSG report highlight that the impacts of food deserts are most likely to be felt by the elderly or those with young children, who are least mobile and most likely to suffer poor health as a result of malnutrition.

5.40 Therefore, it is important that the roles played by our town centres and high streets are protected to maintain its vitality and viability for the future generation.

Trends – London and national

5.41 In 2017 the GLA carried town centre health check as an evidence to the 2021 London Plan. The results from the health check found that there is increasing diversification in many town centres as they adapt to a reduction in comparison retail floorspace. There has been increasing polarisation, with the proportions of comparison retail rising in the international and metropolitan centres and the largest major centres.

5.42 In other centres, leisure uses are making up an increasing proportion of units. It found that the vacancy rate for town centre units was around 6%, which is considered healthy to ensure that there is sufficient flexibility in the market. Also as part of the London Plan evidence base, Experian carried out a study of the demand for new comparison retail floorspace across London. It found that there was capacity for roughly 1.2 million sqm, after subtracting floor space going through the planning process. It also identified a polarising trend whereby comparison retail is concentrating in the largest centres and declining in the smaller centres. The Experian study also looked at the impacts of e-commerce on comparison retailing. While it found that the proportion of comparison retailing occurring online was increasing, with particular impact on fashion and footwear shops, there are indications that e-commerce has a natural plateau. Books and record shops were some of the earliest businesses to be affected by ecommerce, and they saw significant reductions in unit number in the previous plan periods. However, their numbers have been stable or increasing for the past several years, suggesting that e-commerce in these sectors has reached a natural plateau and that physical shops are able to provide a service that appeals to customers.

5.43 In 2019, the House of Commons Housing, Communities and Local Government Committee carried out a study of the changes taking place in town centres across the UK. This was carried out in response to numerous reports of retailers failing, and it looked at how changes can be managed and how town centres can be strengthened. It finds that the most significant costs for retailers and other town centre businesses are business rates and rents. Online retailers are able to undercut high street retailers by paying significantly lower rents and business rates due to their more efficient use of floorspace and the locations of their warehouses – typically in lower value locations.

5.44 The report encourages local authorities and town centre communities to develop a shared vision of their area that would sit alongside the Local Plan and would be able to adapt to changes in the economy.

5.45 It advocates for greater community input into changes in town centres to reinforce the sense of ownership residents, business operators and town centre uses feel over their town centre. It recognises that permitted development rights can alienate local residents and business operators, who have no say in changes that can be substantial.

5.46 The report identifies several cases where stakeholders, including the local planning authority, worked together to address the loss of a retail business – particularly in the case of larger department stores. In Lewisham, the council is working closely with a number of landowners in our town centres and elsewhere to bring forward comprehensive redevelopment of large stores into compact, mixed use schemes that complement and strengthen our town centre.

<u>Trends – LB Lewisham</u>

5.47 The 2019 Town Centre Retail Capacity Study, which provided evidence for the emerging Local Plan (2021), demonstrates that all of the designated town centres in the Borough of Lewisham are healthy. For example, the Retail Capacity Study states that the Lewisham town centre is the highest-order comparison goods shopping destination in the Borough, and the 2017 Study identified it to be performing well both qualitatively and quantitatively. Similarly, Catford has key retail anchors in the centre include Tesco, Aldi, Lidl, Argos, Boots and Iceland, and quality of the overall retail offer and has an important leisure function (owing to the presence of the Broadway Theatre) and civic function (LBL offices).

5.48 The study identified the following quantitative need for additional class A1 retail floorspace in the Borough:

- Comparison goods: between 10,200 sq.m net and 17,100 sq.m net additional floorspace by 2026, increasing to (indicatively) between 28,800 sq.m net and 35,600 sq.m net additional floorspace by 2033.
- Convenience goods: between 9,300 sq.m net and 11,900 sq.m net additional floorspace by 2026, increasing to (indicatively) between 10,100 sq.m net and 12,700 sq.m net additional floorspace by 2033.

5.49 Recent data from the ONS confirms the extent to which online platforms now form part of the population's shopping habits in 2018:

- 90% of households now have Internet access, an increase from 83% in 2013 and 65% in 2008.
- 86% of adults use the Internet every day. Daily internet usage has more than doubled since 2008.
- 78% use mobile phones/smartphones to access the Internet. In certain age groups this figure is substantially higher: in the 25-34 year old age group, the figure is 99%; for 16-24 year olds it is 98%; and for 35-44 year olds it is 96%.
- 78% of adults have bought goods or services online in the last 12 months, up 1 percentage point since 2017 and 25 percentage points since 2008.
- 95% of adults in the 16-24 year old age group shop online, and 96% of adults in the 25-34 year old age group shop online. By contrast, only 48% of those over 65 years shop online – however this age group has shown the largest increase in online shopping uptake, increasing from 16% in 2008.

5.50 In Lewisham Borough in the 2017 Study showed that the Borough's major centres had remained largely resilient.

5.51 Since 2017, the market for 'Click & Collect' services has continued to advance, as efficient delivery options become an expected norm for consumers. Delivery windows are shortening, with retailers such as Next now offering one hour delivery in certain areas. Most major retailers have also partnered with courier companies such as DPD and Collect+ to offer click & collect facilities at an ever-growing network of other collection points such as local newsagents, post offices or Amazon lockers.

5.52 The 2017 Retail study identified the increasing role which commercial leisure is playing in the vitality and viability of town centres, as the nature of retail and high street shopping continues to evolve. In many new town centre schemes, leisure has replaced retail as the 'anchor' tenant to a scheme.

5.53 For comparison goods, Experian forecast that existing retail floorspace will improve its sales density by 2.2% per annum over the period 2021-25 and 2.5% per annum thereafter. New floorspace will improve its sales density by 1.8% per annum and 1.5% per cent per annum over the periods 2021-25 and 2025 onwards respectively.

5.54 The Lewisham Retail Study Update 2019 suggested comparison goods retail sales floorspace within the Borough was 93,225 sq.m net. The 2021 turnover of £573.23 million suggests a relatively high average sales density of over £6,700 per sq.m net. These figures suggest comparison good sales floorspace within the Borough is trading healthily despite difficult current market conditions.

5.55 The 2021 Retail Impact Assessment Town Centre Trends Report (2021), Convenience goods expenditure available to facilities within Lewisham Borough is expected to increase from £633.1 million in 2021 to over £728.01 million in 2040.

5.56 Overall, the 2021 Retail Study demonstrated that all the borough’s town centres could expect to experience growth in retail businesses.

5.57 The new PD right will impact on the vitality and viability of the town centre if not properly managed through Article 4 Direction

STRATEGIC INDUSTRIAL LOCATIONS AND LOCALLY SIGNIFICANT INDUSTRIAL SITES

5.58 The Mayor of London 2021 Strategic Evidence on Article 4 Direction highlighted that London depends on a wide range of industrial, logistics and related uses that are essential to the functioning of its economy and for servicing the needs of its growing population, as well as contributing towards employment opportunities for Londoners. This includes a diverse range of activities such as food and drink preparation, creative industry production, maintenance and repair, storage and distribution, waste management, utilities, transport functions and a range of emerging activities such as data centres, renewable energy generation and clean technology.

5.59 Over the period 2001 to 2015, more than 1,300 hectares of industrial land was released to other uses and this far exceeded previously established London Plan monitoring benchmarks. Research for the GLA indicates that there will be positive net demand for industrial land in London over the period 2016 to 2041, mostly driven by strong demand for logistics to service growth in London's economy and population. In addition, the GLA demand assessment shows that in 2015, 185 hectares of industrial land already had planning permission to change to non-industrial use and a further 653 hectares were earmarked for potential release in Opportunity Area Planning Frameworks, Local Plans and Housing Zones.

5.60 London's 2021 strategic evidence on Article 4 Direction report emphasised that the London's industrial capacity can be impacted by Class E to residential

5.61 PD rights both directly, through the loss of light industrial and creative production uses that fall within Class E, and indirectly, through the introduction of residential uses in industrial areas which can compromise the integrity or effectiveness of these locations in accommodating industrial-type activities and their ability to operate on a 24-hour basis. In addition, the council is unable to secure affordable housing in such industrial sites due viability issues.

5.62 The strategic evidence indicates there may be particular justification for the use of Article 4 Directions to safeguard these areas. Examples of the circumstances where Article 4 Directions might be particularly appropriate include where it is necessary to mitigate against the negative impacts of Class E to residential PD rights on plan-led approaches to industrial intensification and co-location.

5.63 Furthermore, Policy E4 (G) states that "Boroughs should ensure that the need to retain sufficient industrial and logistics capacity is not undermined by permitted development rights by introducing Article 4 Directions where appropriate".

5.64 The LB Lewisham Employment Land Review (2019) forecast need for 21,800 sqm of net additional floorspace (Use Class B1) in the Borough up to 2038. Any loss of Strategic Industrial Locations (SIL) and Locally Significant Industrial Sites (LSIS) through PD rights could compromise the ability to help meet this need across the Borough and affect the sustainability of industrial locations. The Employment study confirms the need to protect SIL and LSIS over the long-term and sites have therefore been safeguarded in line with Local Plan Policy EC2 (Protecting employment sites and delivering new workspace).

5.65 In addition, the 2019 Employment Land Study found that, in Lewisham, there are a total of 2,300 jobs on SILs, 2,500 on LSIS and 1,700 on Mixed-Use Employment Locations (MELs).

5.66 The Borough’s designated industrial areas comprises two Strategic Industrial Locations (SIL) and thirteen Locally Significant Industrial Sites (LSIS). The full extent of all 15 areas, as shown in **Appendix 1** of this report are covered by the Direction.

DEPRIVATION AND UNEMPLOYMENT

5.67 A study by Volterra Partners LLP (March 2021) on unemployment in London commissioned by London Councils reinforces the level of unemployment across London. This was revealed through forecasts for London’s unemployment and its disaggregation among subgroups of residents. Unemployment levels are projected to be particularly high for younger (16-24) and older (50+) demographics and amongst Black, Asian and Minority Ethnic (BAME) groups in London. The youth and BAME group has been adversely impacted by the pandemic.

5.68 Uncontrolled loss of commercial, business and service use (Use Class E) through permitted development rights will undermine the Council’s ability to implement its strategy. The loss of business space will limit the scope for business start-up and expansion, restrict potential job retention and creation in the borough and therefore reduce potential employment opportunities for Lewisham’s residents. This is likely to adversely affect key economic sectors within Lewisham such as the creative industries, retail and light industry which in turn is likely to stymie economic growth and recovery within Lewisham. It is also likely to have a disproportionate impact on our younger population and our BAME communities as outlined above.

5.69 Harm will not just arise from the loss of individual premises, affecting the overall stock and premises available in the borough but is likely to result in a cumulative loss of multiple premises within key employment locations and town centres. Where several premises are lost within a geographical area in an uncontrolled way this is likely to undermine the core function of employment locations and town centres.

HOUSING DELIVERY IN LEWISHAM

5.70 Lewisham has a good record of housing delivery over many years, with over 11,713 net additional homes completed between 2011/12 and 2019/20. This is almost 216 more than the 11,497 homes required through the London Plan targets for the borough over this period. Despite a significant reduction in housing delivery over the Covid 19 pandemic period due to construction on major sites stopping, housing delivery is expected to return to normal with a number of large sites under construction and a good pipeline of approved applications.

5.71 Lewisham also has an up to date housing trajectory and five year housing land supply in its emerging revised Local Plan.

5.72 Lewisham therefore does not need to relinquish essential land for industry, jobs, businesses and town centre uses in an uncontrolled way in order to meet its housing requirement. To do so would cause unacceptable impacts on sustainable development within the borough and compromise the viability of our employment areas and town centres.

6. IMPACTS AND IMPLICATIONS OF PERMITTED DEVELOPMENT

6.1 Lewisham has already seen unplanned and piecemeal loss of employment space including offices and industrial land throughout the borough through previous permitted development rights introduced in 2013.

6.2 Over a period of 7 years from 2013-14 to 2019-20 the Council has had to approve the loss of 25,808m2 of employment floorspace and 1,468m2 of retail floorspace through permitted development rights.

6.3 Overall, 160 applications have gained approval to develop since May 2013. Thus, they have been “granted” or are “not required” to seek Prior Approval. 67 applications have now been completed. Office to residential prior approvals are the most common with 114 were Office Prior Approvals, followed by retail to residential prior approvals with 36 , then 6 Workshop Prior Approval, 3 for Commercial to Residential Prior Approval and 1 for Storage and Warehouse Prior Approval.

6.4 Table 5 provides an estimate of the minimum quantities arising from Prior Approvals:

Type of change	Minimum quantity approved	Of which quantity has been completed
Employment Floorspace m2	Loss of 25,808	Loss of 19,555

Retail Floorspace m2	Loss of 1,468	Loss of 1101

6.5 Table 6 outlines the loss of floorpsace per year through Prior Approval completions:

Year	Loss of employment floorspace m2	Loss of retail floorspace m2
2014	677	0
2015	9370	42
2016	2724	629
2017	794	82
2018	3694	210
2019	551	51
2020	1745	87
	19555	**1101**

6.6 In that context, the impact of PDR on the office, industrial and retail sectors have been significant. It has been responsible for the vast majority of the increased rate of loss of office floorspace since 2013-14 to 2019-20.

6.7 Whilst PDR has helped to remove excess or inappropriate floorspace in some areas and to contribute to housing needs to a small degree, the scale of loss, and the inability to avoid the loss of good quality and in-demand employment floorspace, is creating serious imbalances between supply and demand in the market.

6.8 There are various examples of good quality, well located and in-demand office floorspace being lost to residential uses through PDR conversions across Lewisham. This includes cases of existing good covenant tenants being given notice to leave in order to convert the premises to residential use via permitted development.

6.9 Furthermore, PDR employment floorspace loss is set to arise as a result of PDR approvals which are yet to be implemented. These outstanding PDR employment space to residential conversions are significant of the total amount of floorspace lost via PDR over the period 2013-14 and 2019-20, so will denude the employment floorspace stock further.

AUTHORITY MONITORING REPORT (AMR) (2022)

Non-residential floorspace

6.10 The Council's Authority Monitoring Report (2022) highlights that between the monitoring periods of 2020-21 Lewisham loss non-residential floorspace as follows:

- A net loss of 3,768m2 of employment (B) floorspace.
- A net loss of 4,49m2 sui generis floorspace.

6.11 Whilst the approvals made during 2020-21 will not lead to a substantial net change, it is already apparent that approvals made since the end of the monitoring year (April 2021 onwards) will result in significant change of non-residential floorspace in the future. To date, five sites have been approved, each with a net change of more than 1,000m2 and four sites have been approved for smaller scale changes which will be updated in the next AMR.

6.12 There are also a range of pre-applications taking place on major sites that will lead to further net change in non-residential floorspace in the future.

Permitted Development and Prior Approvals

6.13 According to the AMR (2022), two sites were approved during 2020-21 as prior approvals, with a total loss of 735m2 of employment floorspace) to residential development. This constitutes 351m2 of office floorspace at Duke House, 84-86a Rushey Green will be converted into six residential units and 384m2 of light industrial floorspace at 12a Eton Grove will make way for ten residential units. This has been continues trend from the previous years.

6.14 The continued loss of employment floorspace through the permitted development / prior approval process is a particular concern. The introduction of PD rights will allow for certain types of buildings to be extended upwards and for vacant / freestanding commercial buildings to be demolished, to be replaced with newly built homes. These have the potential to impact on the mix and type of land uses within town centres and on employment land, and it could lead to a proliferation of changes to existing roofscapes.

6.15 Therefore, the new PD right will increase the loss of viable employment sites in the Borough if not effectively managed through Article 4 Direction

QUALITY OF HOMES BUILT UNDER PD RIGHTS

6.16 MHCLG report (2020) research into quality standard of homes delivered through PD rights highlighted that, all the local planning officers interviewed had concerns about PD rights, usually most acutely in concern to the quality of developments that were being produced through it, in particular in relation to office-to-residential conversion. In the majority of LPAs, such PD was seen as a significant issue locally. PD had been seen as a high profile issue in Manchester and Richmond from its introduction and was becoming a growing issue for authorities in Enfield and Waverley, with local councillors driving work on Article 4 Directions.

6.17 The report mentioned concerns raised by some LPA’s in relation to the loss of employment space in Manchester, Richmond and Waverley, two LPA relied on small, town centre type office space for much of their employment land and such buildings were seen as particularly vulnerable to conversion. Other concerns raised in the report includes:

- Poor design and housing standards on PD buildings
- Inappropriate locations for PD’s
- Exterior appearance of buildings and lack of ability to have them meet the local vernacular and concerns over the insulation and energy performance of some PD conversions.
- A number of interviewees expressed concern in relation to the future occupiers of PD conversions, and management issues with them.
- There were fairly frequent concerns about loss of potential Section 106 contributions, particularly affordable housing, which cannot be gained from PD schemes.
- Generally low awareness about Building Regulations compliance in relation to PD conversions.
- The handling of prior approvals was reported to have become increasingly complex for LPAs. The GPDO was felt to be complicated and so difficult for a range of stakeholders to understand compared to the much longer established system of full planning permission.

6.18 These concerns seem to be reinforced by a comprehensive study by the Royal Institution of Chartered Surveyors (RICS) in 2018 researching the implications of Office to Residential Permitted Development Rights. The research highlighted a lack of regulation of permitted development rights was resulting in the construction of poor quality housing. It looked at five Local Authorities with high rates of permitted development schemes from office to residential and of the 568 buildings visited only 30% of the homes delivered met minimum national space standards, many had no amenity space, were poorly designed, badly constructed and were in poor locations for residential amenities.

6.19 The report also highlights that since permitted development is not subject to Section 106 contributions, Local Authorities had no method of securing necessary works to mitigate the impact of the development and have also lost significant amounts of affordable housing through this process.

7. PANDEMIC IMPACTS

7.1 As part of the Council’s efforts to reduce the impact of the Pandemic on the economy of Lewisham, the Council’s Economic Development Team presented a Council’s Economic Recovery Priority Areas briefing paper to the Mayor and Cabinet in autumn 2021 which outlines some of the council’s priority areas to revamp Lewisham’s economy. The priorities for economic growth, recovery and renewal are as follows:

- More local jobs
  - Growth from existing employers
  - Attract new employers
  - Start-up and scale-ups
- Increased local spending
  - Increase footfall and spend in town centres
  - Increase visitor economy
  - Increase local supply chains
- Strong partnerships and infrastructure
  - Transport and digital connectivity
  - Community involvement
  - Affordable and available workspace
- Tackle unemployment and inequalities
  - Youth employment and training
  - All age training and job brokerage
  - Living wage and in-work progression

7.2 The Strategy has been prepared in the context of high deprivation and inequalities with the borough and an acknowledgement that some of the worst affected sectors of the national economy such as the creative and cultural industries are incredibly important to Lewisham as a borough. It has also been prepared acknowledging that, economically, young people have been disproportionately affected by the pandemic and that the number of young people aged 18-24 claiming Universal Credit or Job Seeker's Allowance is increasing within the borough.

Office Locations

7.3 Local businesses are likely to be facing considerably pressure as a result of the pandemic, including lost working time and a reduction in consumer demand. As a result, they will be less able to compete for high office rents with larger companies relocating from more central locations. While the pandemic may result in a moderate reduction in rents resulting from slightly higher vacancy rates, this is not guaranteed, and it will be important to protect the existing office locations in key locations in the Borough. Therefore, there is a strong case for targeted Article 4 Directions to remove Class E to residential PDR and ensure that the economic functions of key office locations in the Borough are sustained to support the economic recovery following the pandemic.

Industrial Locations

7.4 The pandemic has had a very different impact on industrial sites to that on office locations and town centres. Prior to the pandemic, London was already facing a deficit of industrial land, with demand exceeding supply in most boroughs.

7.5 The nature of the activities carried out in industrial locations mean that they, by and large, cannot be carried out from home, unlike many office-based jobs. And unlike most town centre uses, many industrial activities carried on during the lockdowns. Exacerbating these trends, some specific industrial uses expanded rapidly during the pandemic.

7.6 Online shopping required an expansion of logistics and warehousing uses, and a rapid increase in cooked food delivery led to the expansion of 'ghost kitchens' – kitchens that only supply deliveries. In addition, there was some anecdotal evidence before the pandemic of an increase in warehousing as businesses sought to withstand any disruptions to their supply chains caused by the UK's exiting the European Union.

Town Centres

7.7 According to GLA evidence report on Article 4 Direction, Town centres and high streets are at the heart of one of the nine 'missions' that comprise the London Recovery Programme, designed to address the economic, social and health impacts of the pandemic, to restore confidence in the city, minimise the impact on the most vulnerable communities and rebuild the city's economy and society.

7.8 The GLA evidence report found that, Metropolitan and Major town centres were impacted to a greater degree on average, in part due to their greater reliance on worker and visitor spend and because they typically capture London resident spend from wide catchment areas.

7.9 By contrast the smaller District town centres and local high streets beyond town centres witnessed a lower reduction in year-on-year retail transactions during each period of lockdown and recovered more strongly as each subsequent period of lockdown was eased. This reflects how people began to connect even more with their local town centres and high streets during the pandemic.

7.10 The GLA report illustrate that as each period of lockdown was lifted or eased, Londoners began to return in increasing numbers to the larger town centres as well as the smaller centres and high streets. This is a very positive and encouraging sign.

7.11 It suggests that town centres and high streets in London, with the right support and with concerted national, London-level and local action, are well placed to recover from the impacts of the pandemic. Targeted Article 4 Directions can help to ensure that these actions are not undermined by Class E to residential permitted development.

8. CONCLUSION

8.1 This report demonstrates that the Article 4 Direction proposed by the Council is essential to mitigate the adverse impacts of PD rights and to ensure an inclusive diverse and sustainable local economy.

8.2 The report also demonstrates that the Article 4 Direction meets the requirements of the legislation, national planning policy and national planning practice guidance.

8.3 The commercial data supplied by the GLA, as well as LB Lewisham's Employment Land Review, demonstrates that the values of residential uses exceed those for nearly all commercial uses in nearly all locations. This means that, even with the limitations posed by the Prior Approvals process, commercial uses in all locations are under threat by this permitted development right. In order to ensure that the borough can maintain a sufficient supply of land and floorspace to meet its objectively assessed needs for office, industrial and town centre uses, it is necessary to introduce an Article 4 Direction to remove Class E to residential permitted development rights in all designated industrial, employment, and town centre locations.

8.4 The Covid-19 pandemic has had a substantial impact on the way in which people interact with their environment, from changes in working and shopping to changes in how people socialise and interact with one another. The medium to long term effects of the pandemic on the urban environment are unknown at this point and the permitted development right introduces a new level of uncertainty for businesses that may be facing significant losses. It is imperative at this point to protect premises for all types of businesses, and this further justifies the introduction of an Article 4 Direction covering all of the borough's designated employment locations and town centres (major, district and local centres).

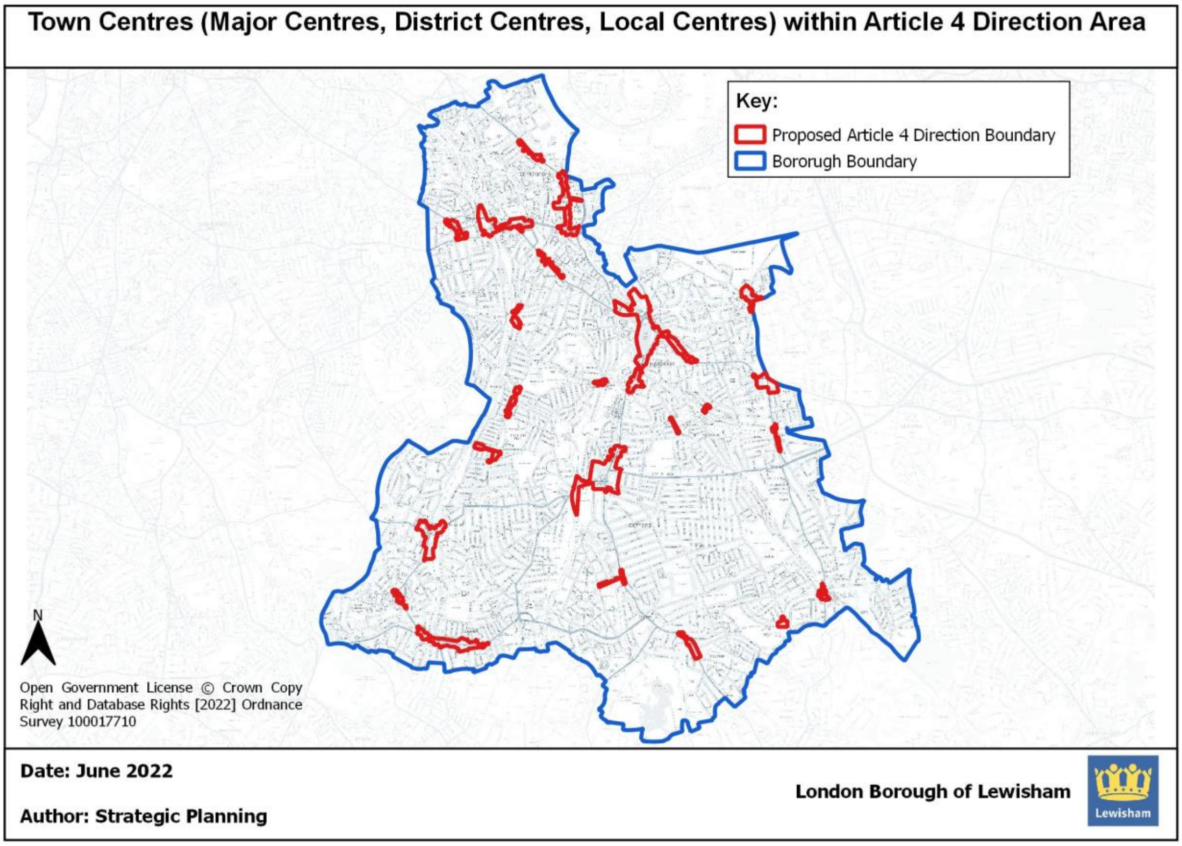
8.5 Overall, specific requirements of paragraph 53 of the NPPF (2021) have been met as the areas covered by the Article 4 Direction are considered necessary to protect in order to avoid wholly unacceptable adverse impacts which would seriously undermine the vitality and viability of these town centres, industrial and employment areas. The report references robust evidence prepared at both the regional (London) and borough level that shows the key roles all these locations play in contributing to the local economy and providing essential shops and services to the local communities.

8.6 In accordance with Paragraph 038 of the Planning Practice Guidance section titled "When is it appropriate to use article 4 directions?", the Direction has been applied in a measured and targeted way to the smallest geographical area possible. The report sets out the potential harm that could be caused by the permitted development rights to sustainability of the town centres, employment and industrial areas, and therefore their future ability to meet the wider strategic objectives of delivering additional employment and revitalising high streets.

APPENDICES

APPENDIX 1: GEOGRAPHICAL LOCATIONS OF ARTICLE 4 DIRECTION

APPENDIX 1A: Lewisham’s Town Centre Network and Hierarchy (Major town centres, District town centres and Local centres)



<u>Major Town Centre</u>

- Catford
- Lewisham

<u>District Town Centre</u>

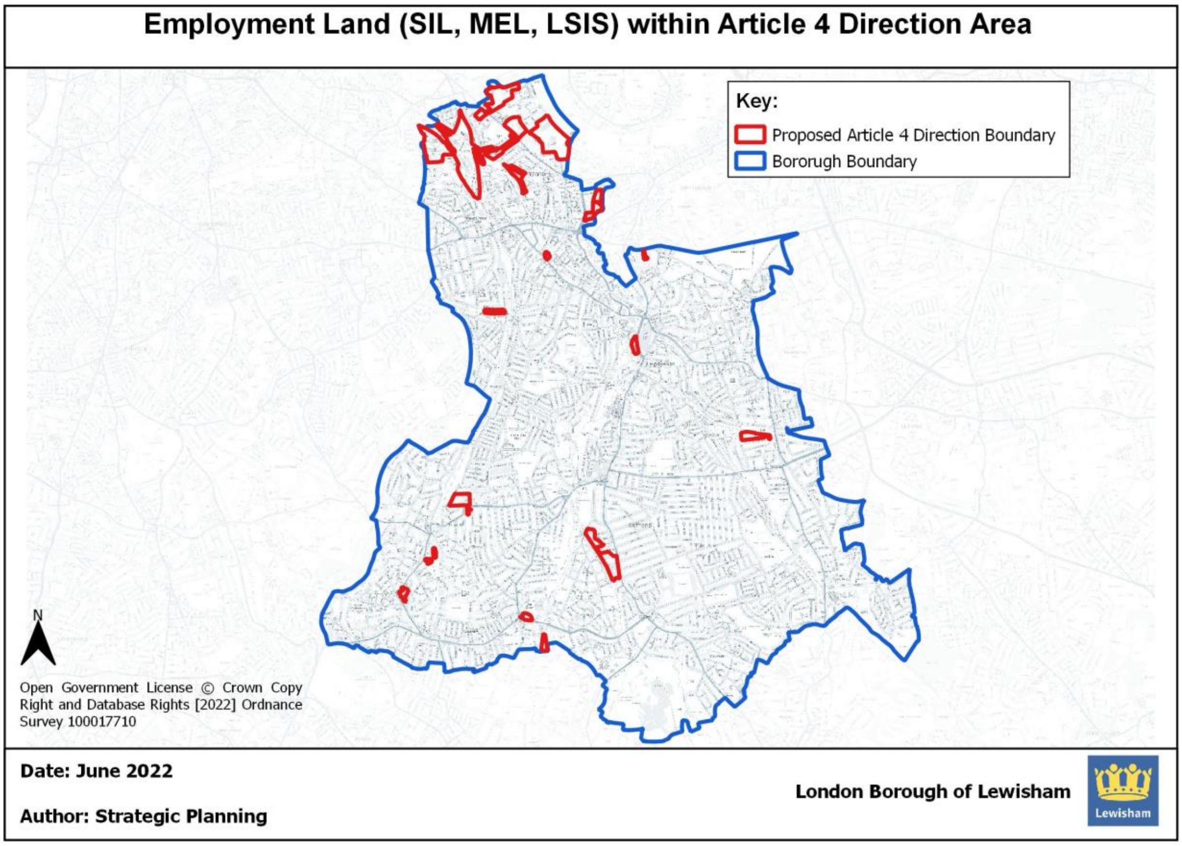
- Blackheath
- Deptford
- Downham
- Forest Hill
- Lee Green
- New Cross Gate – Consolidated

- Sydenham

Local Centre (formerly neighbourhood local centre)

- Bellingham,
- Brockley Cross
- Crofton Park
- Downham Way
- Hither Green Lane
- Honour Oak / Brockley Rise
- Grove Park
- Kirkdale
- Ladywell
- Lee Station
- Lewisham Way
- New Cross Road
- Staplehurst Road.

APPENDIX 1B: Strategic Industrial Locations and Locally Significant Industrial Sites



Strategic Industrial Locations (SIL)

- Bromley Road
- Surrey Canal Road (including Bermondsey Dive Under - new)

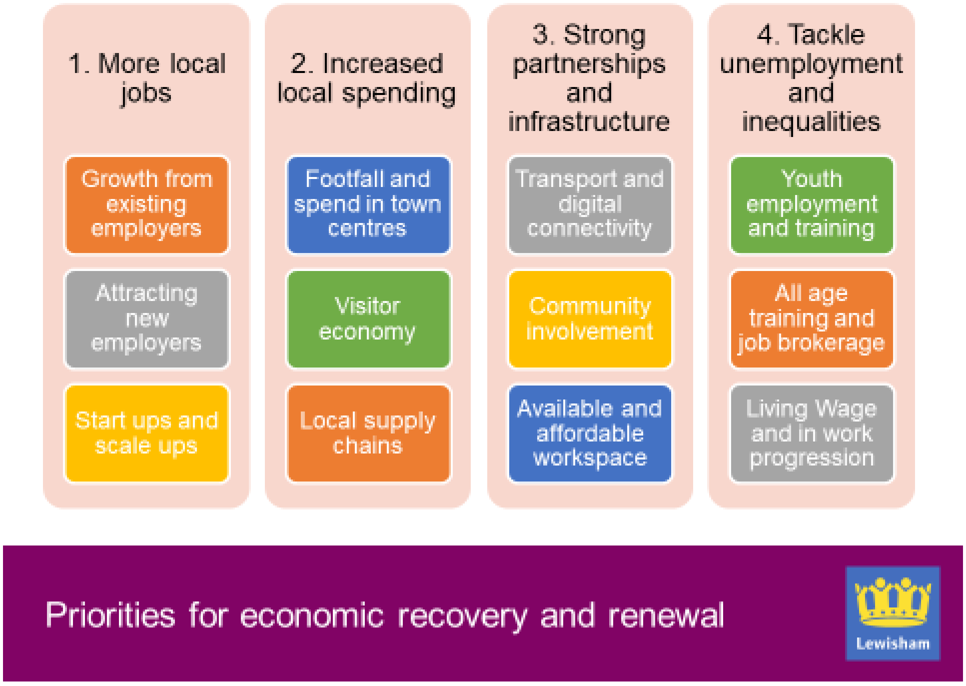
Locally Significant Industrial Sites (LSIS)

- Apollo Business Centre
- Bermondsey Dive Under
- Blackheath Hill
- Childers Street West
- Clyde Vale
- Endwell Road
- Evelyn Court
- Evelyn Street
- Lower Creekside
- Malham Road - (with 118 Stansted Road)
- Manor Lane
- Molesworth Street
- Perry Vale
- Stanton Square
- Trundles Road
- Willow Way
- Worsley Bridge Road

Mixed-Use Employment Land (MEL)

- Arklow Road
- Childers Street
- Convoys Wharf
- Grinstead Road
- Oxestalls Road
- Plough Way – comprising of Plough Way and Canon Wharf
- Sun and Kent Wharf
- Surrey Canal Triangle
- Thanet Wharf

APPENDIX 2: LB LEWISHAM ECONOMIC RECOVERY PRIORITY AREAS



	Growth from existing employers	Attract new employers	Start-ups and scale-ups
Long-term	•Sector-based accelerator programmes and spaces •Creative Enterprise Zone – hub and spoke •Single front door for business support	Focus on growth sectors: • Creative and cultural • Low carbon goods and services • Health and wellbeing • Food and drink	•Collaborative and supportive workspaces •Spaces to test new businesses •Accessible support and advice on starting a business
Next 12 months	•Business support programme (ARG) •CEZ Accreditation and update CDI Strategy •Account management (top 30) and CRM •Grants for growth builders and innovation	•Promotion linked to Borough of Culture •Refresh and maintain information given to London & Partners and on council-run investment site (Lewisham.London)	•SiLL programme •Sector-specific start-up advice notes •Online toolkits and use of London Growth Hub resources

1. More local jobs

Lewisham

	Footfall and spend in town centres	Visitor economy	Local supply chains
Long-term	• Expand offer beyond retail – culture, community, workspace • Attractive and welcoming public spaces • Meanwhile uses in empty properties	• Diverse evening and night time economy offer • Destination marketing e.g. Deptford, Blackheath • Riverside attractions	• Lewisham Deal commitments • Major developments • Business to Business • Diverse local social enterprises in supply chains
Next 12 months	• Lewisham High Street partnership • Catford public sector hub • Shop Safe, Shop Local • Lewisham market improvements • Pilot meanwhile use linked to Borough of Culture	• Local campaign for Let's Do London • Events and markets • Evening and night time actions plans • Cultural attractions map • Women's night safety charter implementation	• Lewisham Deal Meet The Buyer event • "Fit to Supply" business support • Single page for Lewisham Deal procurement opportunities • Construction supplier directory and mailing list

2. Increased local spending

	Transport and digital connectivity	Community involvement	Affordable and available workspace
Long-term	• Bakerloo Line extension • Protect and enhance existing transport links • High coverage of ultrafast full fibre broadband • No "not spots"	• Community wealth-building • Partnerships between communities, business, landlords and council to agree shared plans (Community Improvement Districts)	• New models of workspace (e.g. hybrid) • Secure commercial floorspace in Local Plan • Workspace Strategy • Strategic use of council property
Next 12 months	• Maintain lobbying for Bakerloo Line extension • Mapping of digital connectivity across the borough	• CEZ community engagement and "Creative Happenings" grant programme • Lewisham Business Awards • Lewisham Backs Business task group	• Promotion and matching of available local workspace • Develop Article 4 evidence • Create new affordable workspace through Stride programme and GLA Good Growth Funding (Cockpit Arts) • Pilot high street workspace for home-workers

3. Strong partnerships and infrastructure