

Public Examination of the Lewisham Development Management Local Plan

London Borough of Lewisham response to the Inspector's initial query regarding DM9: Mixed Use Employment Locations

1.1 *MELs receive extensive policy guidance in Core Strategy Policy 4 and the Site Allocations Local Plan. What actual policy value is added by policy DM9? Does the additional policy content impose a burden by making it necessary to seek for policy on MELs over 3 plans? Does policy thereby become over-complicated and introduce potential for inconsistency?*

1.2 *Do the requirements of DM9(3) concerning standards of internal fit-out go beyond what is necessary when future occupiers are unknown?*

1.3 *Are the forthright terms of DM9(4) consistent with the overall thrust of MEL policy which is predicated on redevelopment of industrial areas to achieve mixed use development with at least 20% B use? Could part 4 unnecessarily delay or prevent out worn areas from being re-used?*

(Note a complete list of all the Inspector's initial questions are on the Examination website and can be accessed via the following link:

<http://www.lewisham.gov.uk/myservices/planning/policy/LDF/development-policies/Documents/DMLPInitialQueries.pdf>)

Planning Policy - 13 January 2014

Council Response

1.1 **Point 1.1.** The inclusion of DM Policy 9 reflects the structure of the Local Development Framework (LDF) in Lewisham. The Core Strategy, Site Allocations and Development Management Local Plans were started, and in the case of the Core Strategy, completed prior to the new guidance set out in the National Planning Policy Framework. Lewisham, therefore has three planning policy documents that are very different in aim and intention.

1.2 The policies for Mixed Use Employment Locations in the Core Strategy focused very much on the comprehensive redevelopment of these sites, in line with the strategic focus of the document, to ensure the regeneration of the Deptford/New Cross Area. They set out general parameters for the development but make no specific provision for future changes of use. The allocations in the Lewisham Site Allocations Local Plan, for the smaller Mixed Use Employment Locations provide basic detail as to constraints on development, the basic capacity of the site for development, and such issues as flood risk and impacts on Listed Buildings.

- 1.3 DM Policy 9 Mixed use employment locations is intended to deal with different issues from the policies in the other two documents. The aim of DM Policy 9 is to manage the future development of Mixed Use Employment Locations once planning permission for comprehensive redevelopment has been granted under the remit of Core Strategy Policy 5 Mixed use employment locations and the Core Strategy Strategic Site Allocation Policies.
- 1.4 As these sites are central to the place making strategy of the Council, as set out in the Lewisham Core Strategy, the aim of the DM Policy 9 Mixed Use Employment Locations in the Development Management Local Plan is to ensure that these communities of mixed uses are maintained for the lifetime of the Plan until 2026.
- 1.5 As stated in the introductory paragraph 2.85 'the aim of this policy is to set out how the mix and proportion of B Use Classes will be maintained', and paragraph 2.86 states that 'The policy deals with how a development may change over time with applications for changes of use considered in the context of the Core Strategy aims for these sites'.
- 1.6 The policy clarifies the position of the Council in relation to future changes of use on these sites. It is intended to maintain the aims of the strategic spatial policies and implement the vision of the Core Strategy to create mixed use communities on these sites, and to give time for them to be consolidated and established as viable mixed use locations. In the Council's view a proportion of Uses within the B Use Class will support the functioning of these areas, will enable them to be viable in the future, and will support the economy of Lewisham as a whole. The provision of B Use Class premises on these sites are intended to support the needs of local businesses as identified in the Lewisham Employment Land Study 2008 (ELS) ([Submission Library Ref CSD2.6](#)). Chapter 4 of the ELS provides an extensive discussion of the Lewisham land and property market in relation to employment uses.
- 1.7 However, the Council now considers that greater clarity would be achieved if additional text were added and suggests the following change to paragraph 2.85 in the introductory paragraphs to the policy, new text are **underlined in bold:**
- 'The aim of this policy is to set out how the mix and proportion of B Use Classes will be maintained in Mixed Use Employment Locations (MELS) **in terms of the planning permissions for comprehensive redevelopment granted on these locations in accordance with Core Strategy Policy 5 and relevant Core Strategy Strategic Site Allocations.** '
1. 8 The Council considers that the suggested text changes clarify the intent of DM Policy 9. The policy adds to the existing policies by managing the future development of MELs. With this reading the Council does not consider DM Policy 9 imposes a burden or over complicates the policy position.

- 2.1 Point 1.2:** The Council does not consider that the requirements for internal fit-out of B Use Class properties are onerous. The Council has requested buildings that are flexibly specified to meet the needs of occupiers with different space requirements. It is anticipated that much of the B Use Class space provided on these sites will be suited to Small and Medium Enterprises whose requirements are for a basic fit out rather than for specially designed premises. DM Policy 9 specifically states in point 3 that 'New proposals will need to be provided with an internal fit out to an appropriate level...'. The justificatory text also states in paragraph 2.89 that 'flexibly specified buildings are considered essential to ensure the long term sustainabilityand will allow the reconfiguration of internal space to suite new occupiers with different space requirements'. The justification to the policy in paragraph 2.89 does not go into particular detail as to the level of fit out that will be required. Policy DM9 relates to the delivery of large mixed use schemes and so maintains flexibility of provision. The requirement for internal fit out of new small business units is intended to be considered in terms of the overall viability and build-costs of a scheme which will include provision of affordable housing. The policy advises developers that the costs of a certain level of fit out will need to be taken into account when considering the overall viability of a development in relation to the costs of providing affordable housing.
- 2.2 The ELS (page 43 para 4.8) notes that the dominant occupier type in B Use Class premises in the borough was 'the small, owner-managed business providing goods and services to local demand. Examples include building supplies; motor parts and repairs; electrical goods and contracting; plumbing services, shop fitting and so forth'. Para 4.39 goes on to note that 'there were a large number of companies – also small and owner managed – who seem to serve a wider market. Examples include couriers, designers, facilities contractors, food businesses, importers/exporters, office suppliers, printers and removal firms'. The section then continues the discussion by saying (para 4.40) 'Most of the businesses observed could be described in some sense as 'industrial'- either general or light. However, there was a significant proportion for whom an industrial description would convey the wrong impression of their activities. Art products and materials, design services, fabric supplies and design, furniture supplies, graphics firms, media services, musical instrument repair, security services and technology consulting and services illustrate the range of activities. In a few cases these firms occupied office space, but more generally they occupied light industrial premises ... classed as B1 and therefore would not conflict with neighbouring uses, including residential uses..... what binds these companies together is a need for simple cost-effective premises'. (para 4.41). The small size of firms occupying premises in Lewisham is also discussed in Chapter 3 of the ELS, with the conclusion to the chapter in paras 3.50 – 3.55 providing a good summary.
- 2.3 The ELS in paragraph 4.50 states that 'One of the most significant issues for Lewisham's commercial property market is the apparently insatiable demand for new housing..... residential development can outbid industrial values by a factor of

two or three....without intervention, continuing pressure for residential development will further denude Lewisham's stock of commercial property'. The Council is concerned that the pressure for residential development will 'force out' B Use Classes in these locations if early occupation of the premises is not ensured.

- 2.4 A further issue for the Lewisham economy is its small size. As paras 3.50 – 3.55 in Chapter 3 of the ELS notes the 'borough has some particular advantages such as 'good public transport communication, and a good representation in a number of growing sectors'. However Lewisham has a number of disadvantages including 'few local employment opportunities and a small number of businesses for a borough of its size'. The Core Strategy strategic site allocations and the associated policies promoting mixed use and retaining mixed use development, including a proportion of B Use Classes, on these former industrial sites are considered vital in seeking to take advantage of 'the expected continuing growth of London's business economy, together with the associated expansion in service industries, culture, leisure and education, should generate opportunities for off centre locations, such as Lewisham, to accommodate the myriad businesses serving these main drivers of the London economy.'
- 2.5 By requiring a fit out of premises to a basic level with the provision of basic facilities to enable immediate functioning of a business, without the need for costly fit-outs which are necessary when space is delivered to shell and core, the Council intends to support the provision of affordable premises for the sort of businesses that predominate in the borough. The Council has had experience in a number of cases where the cost of a fit out for premises, for the type of businesses within Lewisham has prohibited end users from taking on B Use Class space. This requirement is also already included in the Lewisham Planning Obligations Supplementary Planning Document. ([Submission Library Ref CSD 2.46](#)) It is also the experience of the Council that, while the intention is to avoid inflexibility for future users, it is easier to re-let a property after initial occupation than it is to find an occupier for one that appears semi-derelict soon after it has been built. By avoiding steep costs to start with, accommodation is more attractive to new and developing SMEs. These considerations form part of the process of delivering an appropriate amount of successful non-residential floorspace on these former industrial locations, which will have been subsidised by the high density of housing allowed on these sites by the Strategic Site Allocations in the Core Strategy, and the Site Allocations Local Plan.
- 2.6 A high profile example was the case of Buildings A and C in the Renaissance Development Loampit Vale SE13. The ground floors of these buildings were granted permission for flexible uses in Use Classes A1/A2, and B1 uses restricted to creative industries. They were fitted out to shell and core and have no glazing/shopfronts provided. (Planning Permission Ref DC/09/71246 can be found at <http://planning.lewisham.gov.uk/online-applications/applicationDetails.do?activeTab=documents&keyVal= LEWIS DCAP>

[R 56410](#)). The premises have been extensively marketed, and offered on good terms for the rent, and have been vacant since 2011. Potential end users confirmed that the cost of fit out prevented them from taking on the space. In response to this the unit at Building A has been released from the creative industries restriction and is proposed to be let to an A1 retail occupier. The funds from this would be used to subsidise the fit out of Building C so it can be used by creative occupiers. Since a level of fit out has been offered, interest in the units has increased.

- 2.7 A further example were commercial units A & B at Besson House, The Courtyard, 3 Besson Street, London, SE14 5AE (2 units). The units were granted permission for flexible A1/A2/B1(a) use and were constructed to a shell standard with no shopfront or external wall to the front. The units have had 'temporary' wooden boards on the front elevation since they were constructed in 2006, 7 years ago, and have not been occupied. The units are currently being converted to flats. The Applicant's change of use submission contains a report stating one of the reasons that the units could not be let was due to lack of fit out. This can be found at: http://planning.lewisham.gov.uk/online-applications/files/7377FACF15D59ADD47DD6DC17F772452/pdf/DC_12_81380_FT-DESIGN_AND_ACCESS_STATEMENT_REV_A_APPENDIX_B-197404.pdf
- 2.8 There are a number of other examples of smaller ground floor commercial units (retail and office / B1) which have been left as shell and core and have remained vacant. This has occurred for example at the Brockley Tea Factory in SE4, and the Hither Green development on Nightingale Road, SE13.
- 2.9 The Council has recently negotiated the high quality fit-out of newly provided B1(c) units on the Faircharm Estate which is on the Creekside Local Employment Location.
- 2.10 The Council considers that by requiring a basic flexible fit out for smaller businesses these problems will be reduced, encourage new occupiers and will support the aims of the Core Strategy. This fit-out is expected to ensure that the new units are attractive to small businesses especially in the creative sector. This will support the cluster of creative industries in Deptford and Deptford Creekside as discussed in the Lewisham Core Strategy paragraph 6.32 and 7.29-30. ([Submission Library Reference CSD 1.5](#)). This approach can be seen on the Committee decision item for the Faircharm Estate, to be found at http://planning.lewisham.gov.uk/online-applications/files/7C76968B92A5D4C00F48D0C84584E49C/pdf/DC_12_82000_X-221323.pdf
- 2.11 The Council's Annual Monitoring Report (AMR) 2012/2013 ([Submission Library Ref. CSD 1.7](#)) Appendix 5 page 138, reports on the progress of development on the larger MELs that were allocated in the Core Strategy. It will be noted from the monitoring information that 20% of the floorspace has not been provided in B Use

Class and other employment generating floorspace in the A and D use classes has been granted permission to make up the amount of employment generating space. This information was also reported in the Annual Monitoring Reports in 2009-10 and 2010-11 ([Submission Library Refs: CSD 1.7a and 1.7b](#)). DM Policy 9 responds to the monitoring information by seeking to maintain the amount of B Use Class-floorspace granted permission to support the Core Strategy aims for these sites.

- 3.1 **Point 1.3:** The Council accepts that point 4 is not clear in that it is not apparent from the wording of the policy that the intention is to deal with applications to change the use of B Use Class buildings that were granted permission in line with the aims of comprehensive redevelopment promoted by the Core Strategy, and thereby maintain the proportion of non-residential uses in these developments. The intention is not to restrain changes of use to of the 'worn-out' floorspace identified as a problem for these sites in the Core Strategy.
- 3.2 The Council proposes the following changes to DM Policy 9 (new text shown **underlined in bold**) as a result of the above discussion:

DM Policy 9

Mixed use employment locations

1. The Council will require applications for change 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....'
2. New development or proposals for a change of use **in floorspace delivered as part of the Comprehensive redevelopment of these sites promoted by the Core Strategy,** should ensure that a variety of uses continues to be provided.....
4. Proposals for changes of use of non residential floorspace to residential use **delivered as part of the comprehensive redevelopment of these sites promoted by the Core Strategy** will not be considered appropriate on MELs due to the need to ensure that the balance of uses on the site is retained.