amr

authority monitoring report

2015-2016

Non-Residential Development

planning and
building control

Brighton & Hove
City Council

Brighton & Hove City Council

Authority Monitoring Report 2015/16

Non-Residential Development

Contents

1. Permitted Change of Use Development

The majority of floorspace data in this section originates through data gathered from the planning application process. This is currently the most accurate way of discerning changes in floorspace, there are, however, changes which do not require planning permission, and as a consequence may not be counted in these figures. Changes to permitted development rights came into force in April 2015[1], these are summarised in Table 1. Some changes of use are subject to a prior approval procedure with the Local Planning Authority and can be monitored as a prior approval application is required. Retail healthchecks of shopping centres can also identify changes which may not have been identified by the planning process.

Table 1: Permitted Change of Use Development after April 2015

From Use Class	To Use Class	Flexible Use Class[2]
A1 (Shops)	**A2/A3***(no more than 150 m²), **D2*** (no more than 200 m²), **C3*** (residential) (no more than 150 m²)	**A2/A3/B1** (no more than 150 m²)
A2 (professional and financial services)	**A1** (when display window at ground level), **A3*/C3*** (no more than 150 m²), **D2*** (no more than 200 m²)	**A1/A3/B1** (no more than 150 m²)
A3 (restaurants and cafes)	**A1/A2**	**A1/A2/B1** (no more than 150 m²)
A4 (drinking establishments)	**A1/A2/A3**	
A5 (hot food takeaways)	**A1/A2/A3**	
B1 (B1a Offices, B1b Research & Development, B1c Light Industry)	**B8** (no more than 500 m²), **C3** (B1a only)*	**A1/A2/A3** (no more than 150 m²)
B2 (general industrial)	**B1**, **B8** (no more than 500 m²)	
B8 (storage and distribution)	**B1**, **C3** (no more than 500 m² expires 15th April 2018)	
SG (Agricultural Building)	**C3*** (no more than 500 m² expires 15th April 2018)	**A1/A2/A3/B1/B8/C1/ D2*** (no more than 500 m²)
SG (Amusement Arcade)	**C3*** (no more than 150 m²)	
SG (Betting Office/Pay day loan)	**A1** (when display window ground floor level), **A2**, **A3***/**C3*** (no more than 150 m²), **D2*** (no more than 200 m²)	
SG Casinos	**A3*** (no more than 150 m²), **D2** (assembly and leisure)	
B1/C1/C2/D2/SG (Agricultural Building)	**State funded School or registered nursery***	
*Prior Approval Required		

The Town and Country Planning Order 2015

The most recent updates to permitted change of use legislation came into force on 6 April 2016; the effects of these changes will be reflected in the 2016/17 monitoring year. They include making permanent the permitted change of use from offices to

[1] The Town and Country Planning (General Permitted Development) (England) Order 2015
[2] Only for a period of two years

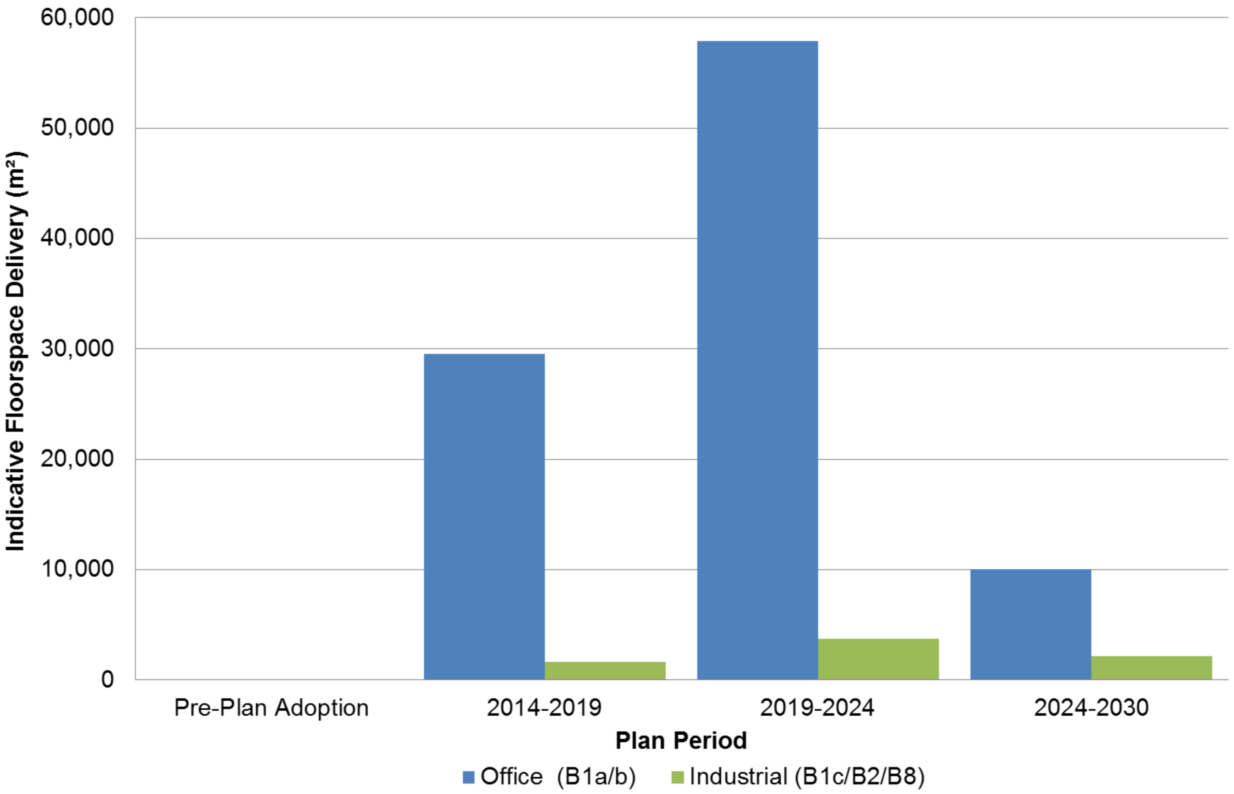
residential and altering the deadline so that those developments[3] must now be completed within three years of the prior approval date rather than residential use needing to have begun by 30th May 2016. There is an Article 4 direction to remove these permitted development rights and planning permission is required for a change from office to residential in three parts of the city;

- Central Brighton, New England Quarter and London Road Area
- Edward Street Quarter, Edward Street, Brighton
- City Park, The Droveway, Hove

2. Business Development

The following section summarises the development of employment floorspace in the city in 2015/16. Use classes for employment floorspace include B1a (Offices), B1b (Research & Development), B1c (Light Industry), B2 (general industrial) and B8 (storage and distribution) The protection of employment sites and premises and the development of new high quality employment space are fundamental to the economic wellbeing of the city to allow businesses to prosper and grow. The City Council endeavours to safeguard employment floorspace that is not genuinely redundant through the application of Development Area, Special Area and city-wide City Plan planning policies as well as retained policies in the Local Plan, while monitoring the impact of permitted development rights.

Chart 1: Indicative Delivery Trajectory for Employment Land



NLP Analysis 2013

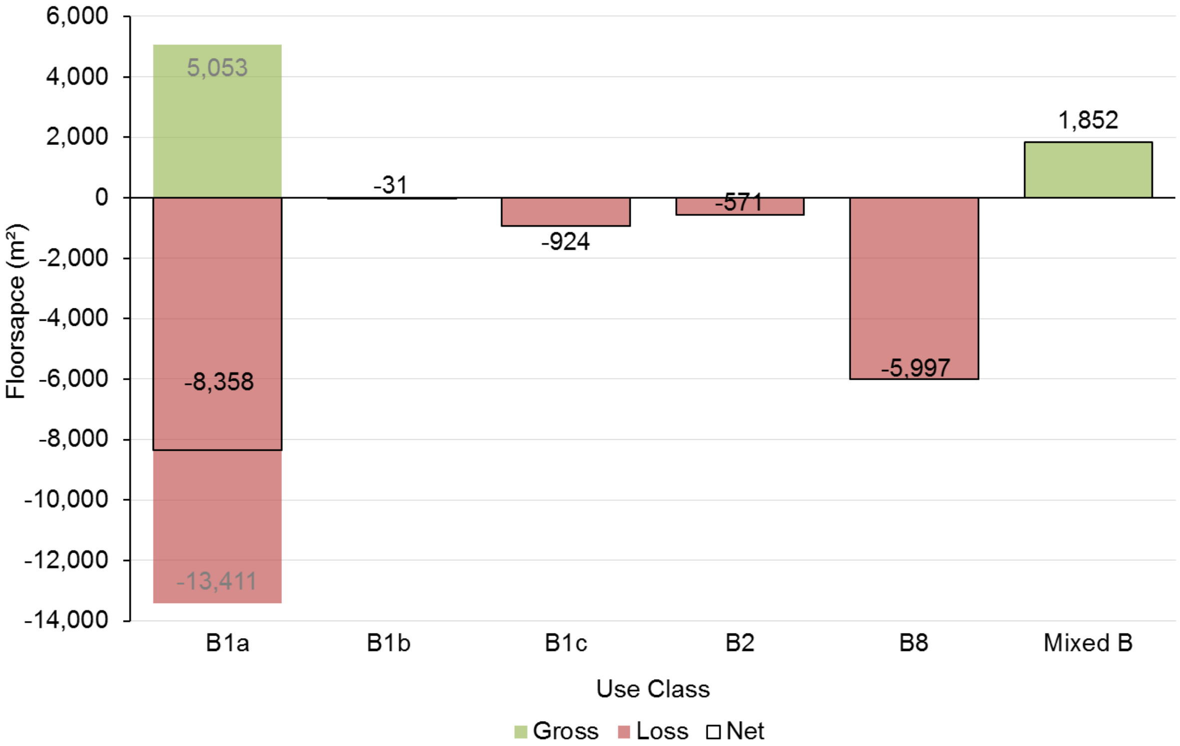
[3] Assessed after 6 April 2016

The supply of employment land and premises is limited in the city. Policy CP3 'Employment Land' of the City Plan Part One[4]; adopted in March 2016, sets out a framework to safeguard and upgrade current employment sites in the city and create new employment floorspace through the regeneration of key sites. The Authority Monitoring Report (AMR) will continue to monitor changes in business floorspace and assess the performance of relevant policies. An indicative Employment Land Supply Trajectory[5] has been prepared which will guide the monitoring of new employment floorspace delivery over the City Plan period to 2030. Monitoring of office delivery to date for the period 2014-2019 indicates that only c.10,000m² of the projected 29,559 m² office is due to be delivered[6] by 2019. This shortfall could increase if the office sites identified in City Plan Part One do not deliver all their identified office space allocation.

2.1 Completions

There was a net loss of 14,029 m² employment floorspace in 2015/16 with the creation of 6,943 m² of floorspace exceeded by a 20,972 m² loss. This included a net loss of office floorspace as the 5,053 m² of office space created in the city was nullified by the loss of 13,411m²; creating a considerable net loss of 8,358m² in 2015/16 (Chart 2).

Chart 2: Gains, Losses and Net Change of Employment floorspace 2015/16



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[4] Brighton and Hove City Plan Part One (March 2016)
[5] Brighton & Hove City Council Emplyment Land Supply Delivery Trajectory, NLP 2013
[6] Figure includes Sussex Innovation Brighton, Brighton Station (the construction will commence in early 2017), City View, Brighton Station site (nearing completion) and Circus Street (office element due to be completed by 2019).

There were ten completed developments with a net gain of office space. Only one development created over 1,000 m² of space; the office development at Block K on the Brighton Station site; creating 3,554 m² of office space. There were 31 developments with a net loss of office space, although three developments account for almost half of the office space lost;

- A change of use from 3,568 m² office space to education use by the University of Brighton at 154-155 Edward Street, Brighton.
- 2,331 m² of office space was converted to a residential use at Priory House, Bartholomew Square, Brighton through a prior approval change of use application.
- A 1,044m² loss of office space at Martello House, Portland Road, via a prior approval change of use application.

There were a total of 22 completions on sites with prior approval for the change of use from office to residential, in the monitoring year, contributing 7,725 m² to the net loss of office floorspace;

- The loss of office floorspace at Priory House accounted for 30 percent of office space lost through 'prior approval change of use' in 2015/16.
- The remaining 21 developments led to a loss of -5,393 m² including the loss at Martello House as well 700 m² at 11-12 Marlborough lace and 675 m² at 84-86 Denmark Villas.
- 'Prior approval change of use' applications account for 58 percent of the gross loss of office space and 92 percent of the net loss of office space.

The impact of prior approval applications is examined further; later in this report.

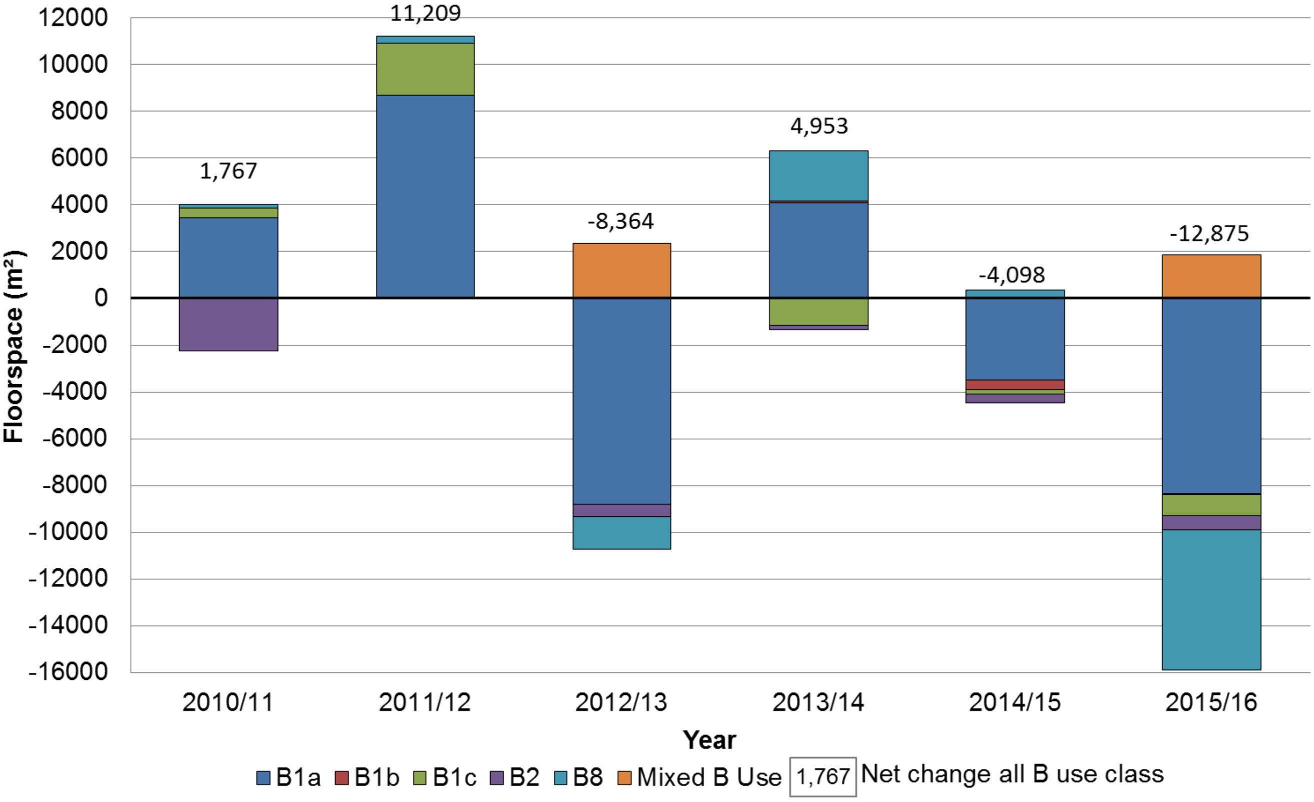
All classes of employment use experienced a net loss in floorspace in 2015/16. In addition to the net loss of office space there was an overall net loss of 4,145 m² non-office employment floorspace. The largest net loss of non-office floorspace was 5,997 m² of storage and distribution space, although 1,852 m² of this became a mix of light industry and storage and distribution use at Units 3 & 4, Clarks Industrial Site; converting 2,180 m² of storage and distribution space. 3,502 m² of storage and distribution and 520m² light industry space was replaced by housing and office space at the Former Infinity Foods Site, Portslade. There was a net reduction of 924 m² light industrial floorspace; which does not include the mixed use site at Clarks Industrial Estate. There was also a reduction in 571 m² of general industrial floorspace; 364 m² of which was replaced by a new primary school at The Droveway, Hove.

Chart 3 outlines the changes in employment floorspace since 2010/11. The data for 2011/12 takes into account the net gain of floorspace from the Amex office development once the original Amex building has also been demolished, as per the S106 agreement. Demolition commenced in 2015/16. Since 2010/11 there has been a net loss of 8,563 m² in employment floorspace through planning permissions. The net gain over the five year period to 2014/15, reported in the 2014/15 AMR, has been surpassed by the losses recorded in 2015/16.

There have been net losses of employment floorspace in three of the past six years and gains in the other three, although the last two monitoring years have both experienced net losses. 2015/16 experienced the greatest loss in employment floorspace and surpasses the combined losses experienced in 2014/15 and

2012/13. Overall; there has been a net loss of 4,470 m² office space since 2010/11, including a net loss of 7,900 m² over the past five years. There has also been a significant loss of 3,900 m² general industry and 4,452 m² storage space since 2010/11. There has, however been a net gain in mixed employment uses of 4,224m² over the same period and a small gain of light industry space, although this has experienced net losses over the past three years.

Chart 3: Employment Floorspace change, by type 2010/11 – 2015/16



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Because of the losses in the employment floorspace in 2015/16 the trend of a reducing five year net development rate, due to a lack of employment land supply being offered in the city, has continued and the development rate now represents an average annual loss of floorspace over the past five years. The net five year annual development rate for the period 2011/12 to 2015/16 displays an average net loss of 2,065 m² a change from the 1,093 m² annual increase that was recorded for the period 2010/11 to 2014/15, although this does also reflect how the development rate can be affected by any significant annual change in floorspace. The net yearly development rate for office space since 2011/12 represents a net loss of 1,427 m² per year for the period 2011/12 to 2015/16, it had been a 778 m² gain per year for the period 2010/11 to 2014/15. It is likely that the gains in modern high quality office floor space in the central Brighton and adjacent areas will continue to be negated by losses outside the Article 4 direction areas through permitted development rights.

2.2 Commencements

Developments under construction at the end of the monitoring year do not promise any better an outlook for the delivery of employment floorspace as there will be a net loss in 2,518 m² of employment space when all commenced developments are completed. There was, however, a net increase in 3,395 m² of office floorspace under construction at the end of 2015/16; due to construction of developments which will lead to a gross gain of 9,129 m² through 12 applications and a loss of 5,734 m² floorspace through 20 applications. The demolition of the original American Express office building began in 2015/16. Demolition was a condition of the Section 106 agreement on completion of the new American Express office building, as a consequence the loss of floorspace from the demolition has already been taken into account when calculating the net gain of space from the new development in 2011/12.

The development at Circus Street started on site in the monitoring year and promises 4,114 m² of office space; the largest gain of all office floorspace under construction in the city. 2,460 m² is also under construction on Site J of the Brighton Station Site. There are 13 commenced sites subject to prior approval for a loss of office space and will account for a 4,432 m² loss of floorspace; the largest of which is through the change of use of 2,123 m² office space to 22 residential units at 157-159 Preston Road, Brighton. Commencements on sites with a change in non-office employment floorspace will lead to a loss in employment floorspace including 3,651 m² in general industry and 1,430 m² of storage space.

2.3 Decisions

There were 42 planning applications approved in 2015/16 in which a change in employment floorspace was proposed. These would lead to an overall loss in floorspace if all developments permitted, were completed. A net loss of 8,244 m² of employment floorspace was permitted; this is in addition to the 22,448m² loss permitted in 2014/15 and suggests that the losses described by both completed and commenced developments in the monitoring year are likely to continue in the near future.

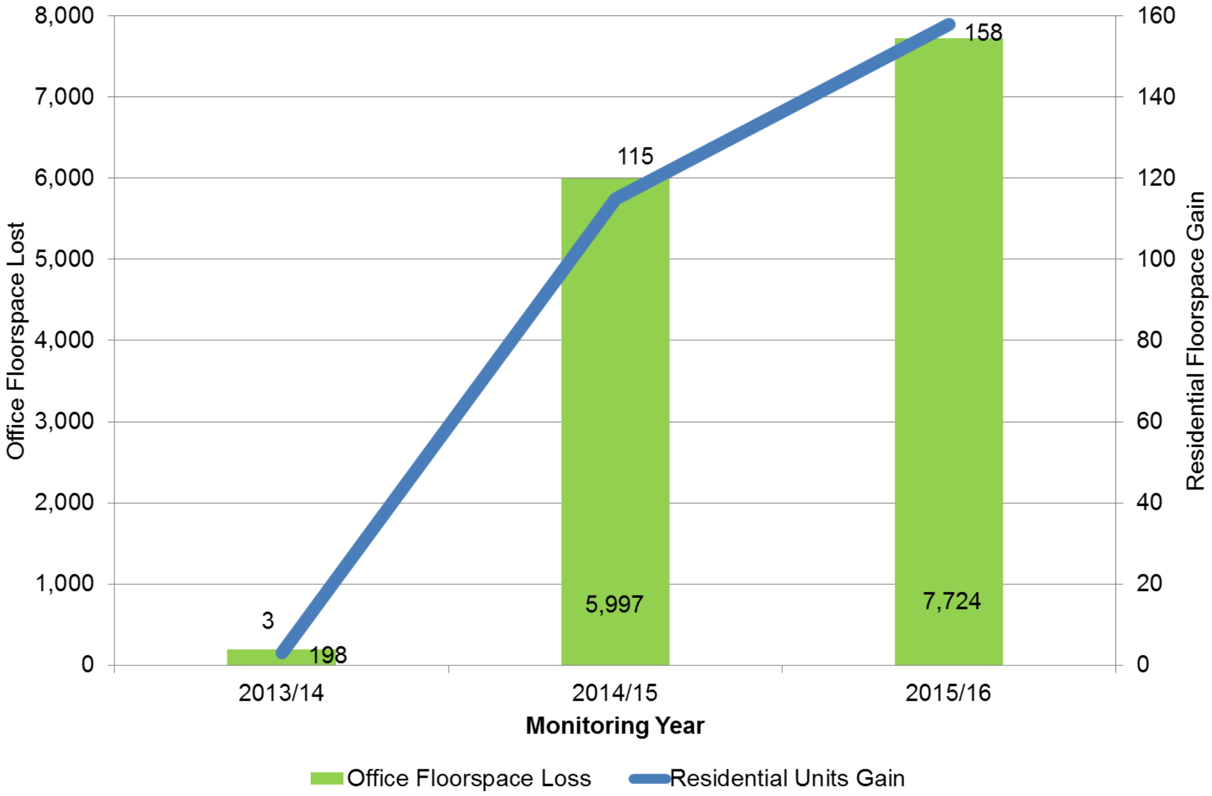
Of those permitted in the monitoring year sites which were also completed lead to a net loss of 1,182 m² employment floorspace; one third of the net loss permitted was either commenced or completed. There was a net loss of 6,313m² office space permitted in 2015/16; 6,129m² of which was due to prior approval applications for the change of use from office to residential. It included a prior approval at Russell House, Russell Mews, Brighton in which 3,000 m² was approved for the change of use to residential. There was a gross gain of 1,272 m² office space permitted. A net loss of 3,380 m² in storage and distribution floorspace was also permitted; although 2,180 m² of this space was converted into 1,852 m² mixed use light industry and storage space at Units 3 & 4 Clarks Industrial Site, Hove.

2.4 Prior Approval Change of Use Offices to Residential

The government introduced changes to permitted development rights on 30 May 2013 which allows for offices to be converted to residential use without the need for planning permission. The new permitted development right was made permanent in April 2016.

During the monitoring period 1st June 2013 and 31st March 2016 the council has received 143 prior approval applications for the change of use from office to residential; 98 of which were approved. These applications represent a potential loss of an estimated 44,943 m² of office floorspace and a potential gain of an estimated 748 residential units. Of those approved applications 45 percent (44 approvals) have been completed since the permitted development rights were introduced; leading to a loss of 13,919m² of office space for a gain of 276 residential units. There are a further 13 commenced applications and 30 approved applications yet to be started.

Chart 4: Permitted Development Office to Residential Completions 2013/14 to 2015/16



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There were 29 prior approval applications received in 2015/16 of which fifteen were approved for a potential loss of 6,111 m² office space for a gain of 112 residential units. This is in comparison to 36 approved from 58 applications for a potential loss of 9,924 m² office space in 2013/14 and 47 approved from 56 applications for a potential loss of 28,909 m² office space in 2014/15. There were 22 prior approval applications, for the change of use from office to residential, completed in the monitoring year which added 158 new units to the housing stock at the expense of 7,724m² of office space

Despite contributing an additional 276 residential units to the city's housing stock these permitted development rights also creates challenges for the city. Differences in the value of office and residential space in combination with differences between demand and availability of sites can potentially lead to viable office space being converted without planning permission. Both occupied and vacant office space can be lost to permitted development which creates the potential for the loss of needed office accommodation and the related consequences of this. Levels of vacant office space are at their lowest for 10 years[7].

[7] South East Office Focus, Q3 2016 Stiles Harold Williams

Housing schemes are the most viable in the city and, outside the prime office area achieving viability for large commercial development is challenging. This is reflected by the limited amount of office space being developed and is exacerbated by losses of office space from the permitted development change of use to residential[8]. However demand for office space remains strong, interest in office investments remains strong, achieved office rental levels have steadily increased and there are examples of speculative office development[9]. Brighton & Hove is one of a number of cities identified as having the greatest opportunity for investment in the office market over the next five years[10].

The City Council has no power to ensure the residential units permitted meet basic standards and the quality of this housing provision cannot be controlled leading to the risk that below standard quality housing stock is being created. In addition to this there have been 15 developments, of ten units or more, approved, since the permitted development rights were introduced, to provide 448 units which could have permitted at least 174 units of affordable housing for the city if they had been approved through the planning process, this is in the context of 394 affordable housing units having been created since 2013/14.

These challenges are similar to those being experienced by Local Authorities in London[11].

2.5 Prior Approval Change of Use Storage and Distribution to Residential

New Permitted Development rights to convert existing storage and distribution buildings into dwellings came into force in April 2015 on buildings of up to 500 m². Any change of use from storage and distribution to residential must be completed before the 15 April 2018. In 2015/16 there were eight applications for this change of use made, all of which were refused and four appeals were dismissed. The change of use is restricted to premises whose sole use was a storage or distribution centre on 19 March 2014 and the building must have been used as a storage or distribution centre for at least four years before any development begins. None of the applications submitted in the monitoring year could sufficiently demonstrate this.

[8] Brighton & Hove Combined Policy Viability Study Update; BNP Paribas for Brighton & Hove City Council (September 2014)
[9] South East Office Focus, Q3 2016 Stiles Harold Williams and 'Focus South East: Brighton – 'Getting back in the water', Estates Gazette 18 July 2015.
[10] The New Geography of Office Demand, Where next in the UK Jones Lang LaSalle, 2015
[11] The Impact of Permitted Development Rights for Office to Residential Conversions; London Councils (August 2015)

3. Shops, Services, Food and Drink Developments

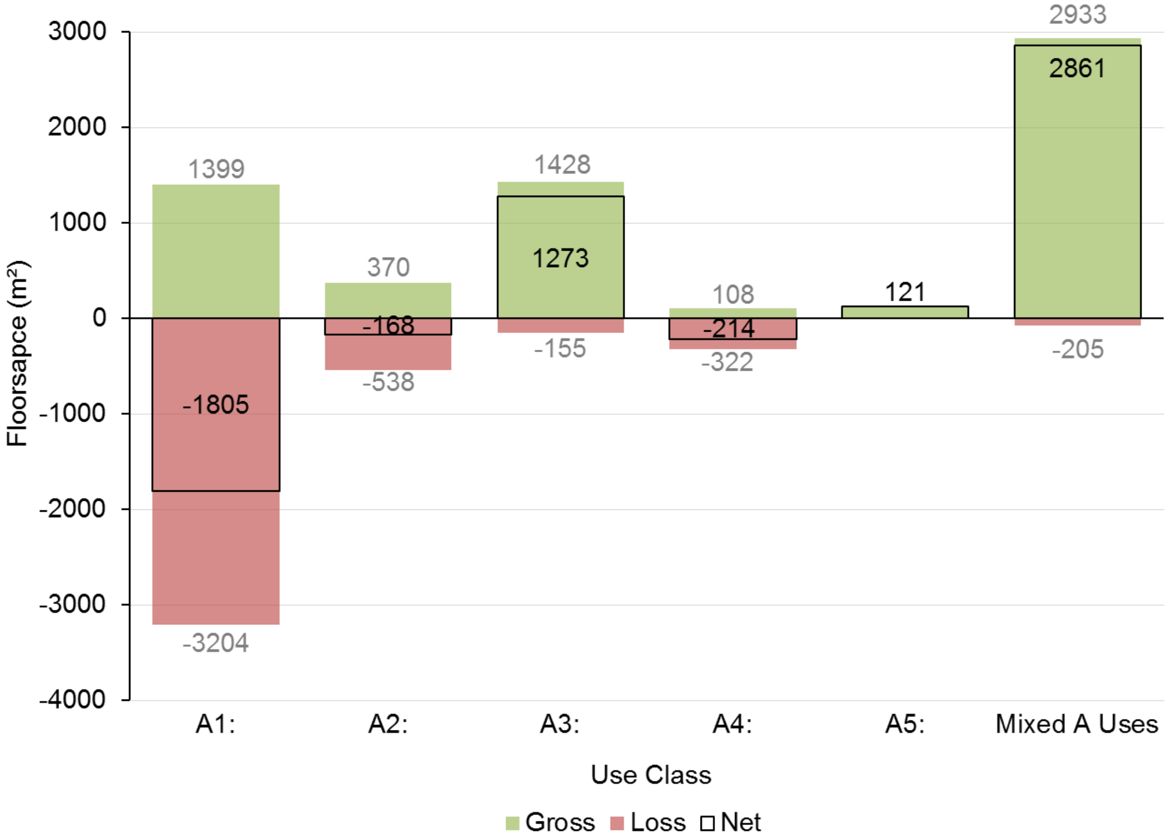
The following section will summarise the development of retail and non retail 'A use class' floorspace in the city in 2015/16. The use class for retail floorspace is A1 (Shops) and non-retail A use classes include the use classes; A2 (Financial and professional services), A3 (Restaurants and cafés), A4 (Drinking establishments) and A5 (Hot food takeaways).

Retail need to 2030 has been estimated at 58,313m² of comparison floorspace and 2,967m² of convenience retail. New retail development will be directed to the city's existing retail centres in particular the Brighton Centre to consolidate and enhance its role as a regional shopping centre

3.1 Completions

There was a net increase of 2,068m² in all shop, services and food and drink floorspace in 2015/16, primarily due to a net increase in 2,861m² of floorspace with a mixed A use. There was a 1,273 m² net gain in restaurant and café floorspace as well as a 121 m² net gain of hot food takeaway floorspace. There was, however, a loss of 1,805 m² in retail floorspace which is in contrast to, and offsets, to some extent, the gains recorded in 2014/15; which had the largest net gain of retail floorspace recorded in the past ten years. There was also a net loss of 168 m² in financial and professional services and 214 m² in drinking establishment floorspace.

Chart 5: Change in floorspace of A1 retail and non-retail A use classes



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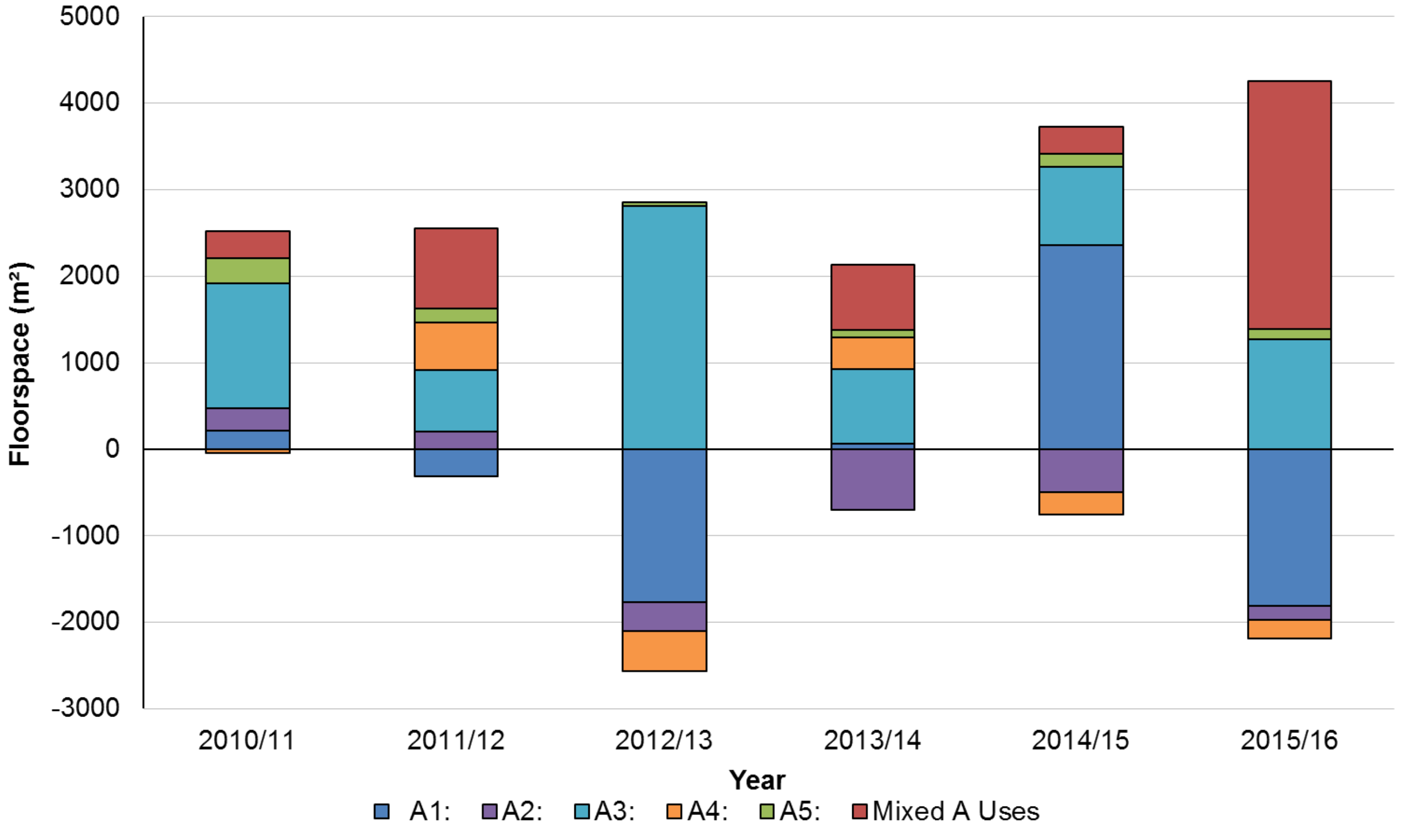
The increase in the amount of floorspace with a mix of A uses is primarily due to the completion of the first phase of the Outer Harbour development at Brighton Marina.

The approved uses for the seven units on the site were for any shop, services or food and drink developments (use A1-A5), only restaurants have occupied these units since completion, however, so the floorspace could also be seen as additional A3 floorspace. This would increase the amount of restaurant floorspace completed in the monitoring year to 3,773 m². No major retail developments were completed in 2015/16. The largest increase in A1 floorspace was through the change of use of the basement and ground floor of Lyndean House, Queens Road, Brighton in which 563 m² of office floorspace was converted to retail. A further 328 m² was gained by the extension of units 11-13 at the Churchill Square Shopping Centre. The redevelopment of the first floor of 25-28 St James's Street for residential led to an 880 m² loss of retail floorspace. Overall; there was a loss of 821 m² retail space to restaurant uses in the monitoring year; which represents over 45 percent of the loss of retail space. The largest of these was a 345 m² change of use at 165 Hangleton Way, Hove and a 307 m² change of use at 1-2 Regent Street, Brighton.

Chart 6: Change in floorspace of A1 retail and non-retail A use classes 2010-2016



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There has been a net gain in restaurant floorspace in every year since 2010/11 and, if the restaurants opened in the mixed units at the Marina Outer harbour are taken into account, 2015/16 has had the highest increase in new restaurant floorspace in the same period. A loss in retail floorspace was recorded for the third time in six years in 2015/16 with the largest loss of retail floorspace since 2010/11. There has been a net loss of financial and professional service floorspace every year since 2012/13 although 2015/16 had a more moderate loss. Over the past six years there has been an overall net increase of 8,910m² in shop, services and food and drink floorspace, the majority of which has been through increases in restaurant, café and hot food takeaway floorspace. In contrast there has been a 2,486 m² loss in shops and financial and professional service floorspace; much of which is due to the losses incurred in 2015/16. There has, however, been an increase of 5,168 m² in mixed A use class floorspace which, although almost half is attributable to the restaurant units at the Marina Outer Harbour, may dampen the effect of the loss of retail, particularly if mixed uses of shop, services and food and drink uses with non-A use classes are also taken into account; of which there was a 282 m² increase in 2015/16.

3.2 Commencements

Once completed, the shops, services and food and drink developments which were under construction, but not completed, in the monitoring year, would lead to net a loss of 7,451 m² of floorspace. This predominantly consists of a potential 7,809m² loss of retail floorspace; of which a reduction of 7,361m² is through the loss of retail floorspace from the demolition of the existing buildings at Circus Street. There was 1,065 m² of restaurant and café floorspace being created at the end of 2015/16

3.3 Decisions

A 1,167m² net loss of shops, services and food and drink floorspace was permitted in 2015/16. The majority of this loss is due to the permission for a 3,370 m² net loss of shop and financial and professional service floorspace as well as a 807 m² loss in drinking establishment floorspace. A net gain of 2,247 m² restaurant and café and hot food takeaways was permitted which appears to reflect the trend of recent years. The largest loss of shop floorspace permitted was at 61-62 Western Road, Brighton, for the change of use from 840 m² of retail to a managed house in multiple occupation. The largest gain in restaurant and café space permitted was for the change of use to 660 m² of restaurant floorspace from retail floorspace at 51 Ship Street, Brighton; which supersedes a previously approved application on the site.

3.4 Prior Approval Change of Use Retail to Residential

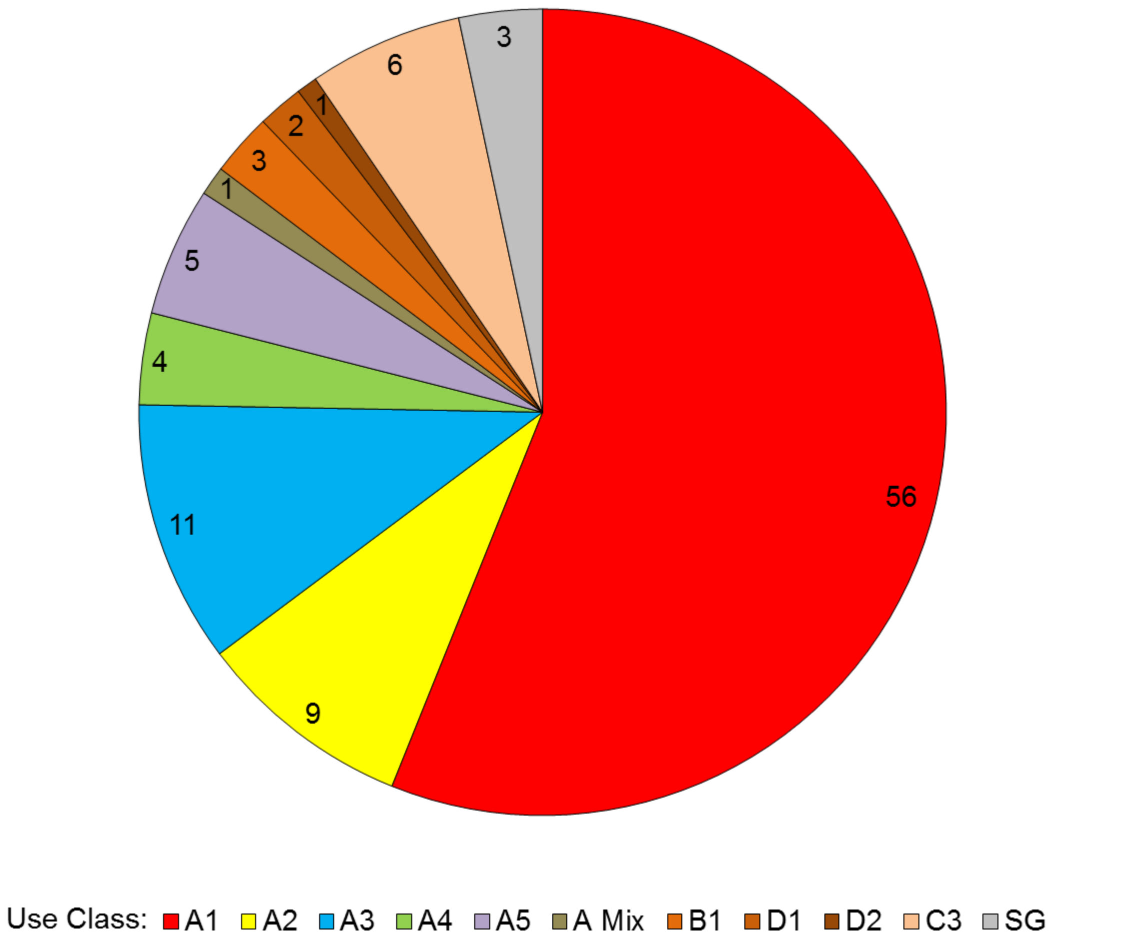
In addition to the permitted development rights for change of use from office to residential, permitted development rights to allow a change of use from retail or financial and professional services to residential, when the area of floor space does not exceed 150 square metres, also came into force in April 2014. There was a 236 m² loss of retail floorspace completed in 2015/16, due to permitted development to residential, through four developments.

3.5 Retail Health Check

To safeguard the vitality and viability of Local, District, Town and Regional centres a retail centre health check is carried out. This monitoring informs the application decision process to keep the correct balance of uses in each centre. The most recent series of health checks were undertaken over the period from the end of 2015 to the summer of 2016.

In the Regional, District and Town Centres 56 percent of all units are shop units, this is unchanged from the amount of retail in the same centres in 2014.The mix of use class in these centres has generally remained unchanged since the previous study.

Chart 7: Percentage Unit Mix in Regional, District and Town Retail Centres 2015/16



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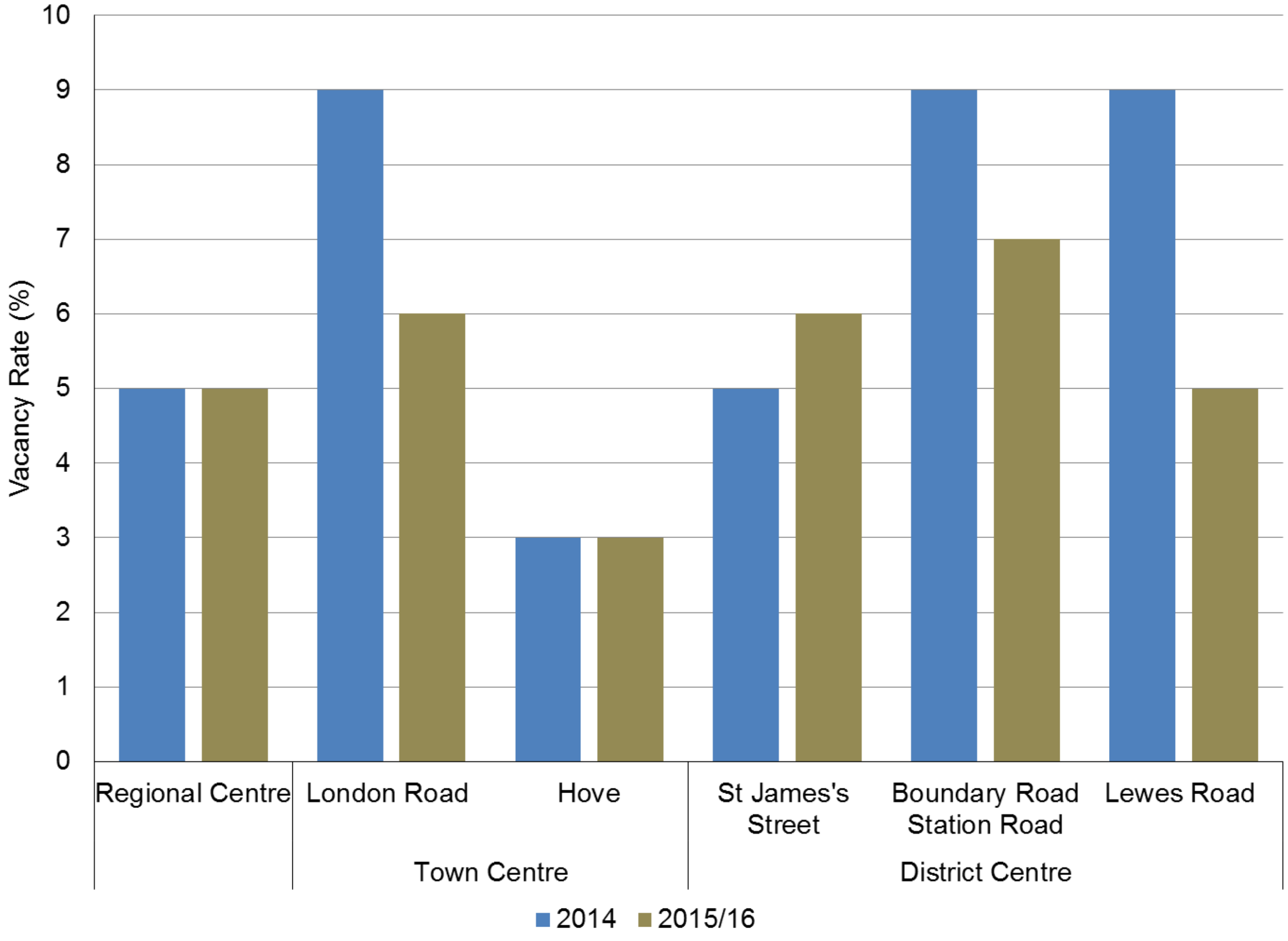
The combined vacancy rate of all Regional, District and Town Centres has reduced from an average of six percent to five percent, since 2014, the 134 vacant units recorded in 2014 reduced to 113 in 2015/16. This pattern is reflected in each retail centre (Chart 8), with the exception of St James's Street where the vacancy rate has risen from five percent to six percent. The largest fall in vacancy rate was recorded at London Road in which the 26 vacant units in 2014 has reduced to 16 in 2015/16. The recent redevelopment of the former Co-op department store and the Open Market on London Road are likely to be contributing factors to the recovery of this centre.

The mix of use classes in the local town centres is similar to that in the regional, district and town centres, although there are a slightly higher proportion of retail units (59 percent). There are also less restaurant units but this has been replaced by a higher proportion of hot food and takeaway units.

Chart 8: Vacancy Rates in Retail Centres 2014 and 2015/16



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3.6 Leisure and Cultural Developments

The monitoring year saw a significant net increase of D1 (Non-residential institutions) floorspace (7,680 m²); the majority of which was delivered through two developments; the change of use from 3,568 m² of office floorpsace to education floorspace, by the University of Brighton, at 154 - 155 Edward Street Brighton; to create 'The Centre for Research in Innovation Management (CENTRIM)' and the completion of a new Primary School with 2,902 m² education space at the former Hove Park Depot, The Droveway, Hove.

3.7 Hotel Development

A 56 bedroom hotel started being built on the site of the former ice rink at Queen Square, Brighton, in 2015/16. Progress on the 94 bedroom hotel on the Brighton Station Site J also continued in the monitoring year.

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