

VACANT GROUND FLOORS IN NEW MIXED-USE DEVELOPMENT

December 2016

A report for the

GREATER LONDON AUTHORITY

by

Maccreeanor Lavington, Gort Scott, Graham Harrington, Deloitte Real Estate

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INTRODUCTION

Many new mixed-use developments in London have made positive contributions to town centres, there are indications that some new housing-led mixed-use developments built in the last 10-15 years have detracted from the success of town centres and high streets, due to vacant ground floor units. Very little London-wide evidence exists on the extent of any such problem.

Some vacancy of non-residential units is to be expected. Indeed, this is part of the normal economic churn of property and businesses, and take-up rates are often used as an indicator to the strength of the market. There is no agreed definition of when vacancy is not 'normal' and becomes a long-term problem, and it may well vary from context to context. However, it appears to be common in new developments in particular. For the purposes of this study, vacancy exceeding 12 months from completion has been taken as an indication of underlying problems in a new mixed-use development. These may require remedial action to resolve, including the reduction of asking rents.

This report documents research into the subject, and proposes recommendations and strategies for avoiding and dealing with vacancy of non-residential ground floor space in new mixed-use development. In doing so it seeks to broaden and improve understanding of why such ground floor conditions occur and suggest mechanisms to limit vacancy and increase the frequency of development that makes a positive contribution to the high street environment.

The findings set out in this report draw upon and develop the recommendations of the Accommodating Growth in Town Centres (AGiTC) report, July 2014, which informed the Town Centres Supplementary Planning Guidance (SPG), July 2014, and are intended to help inform the review of the London Plan, and whether any additional policy or practical guidance could be beneficial.

The research methodology used to establish the extent of ground floor vacancy and its causes comprised four key elements:

- A survey, in the form of an online questionnaire, of key stakeholders;
- Reviewing case studies of long-term vacancy;
- Discussions with commercial agents; and
- Research in to borough policies.

The team sought to utilise GIS datasets to understand the scale and extent of the problem. However, datasets of adequate quality were not available which allowed the correlation of the locations of vacant non-residential units with recent mixed-use development. Collecting this data was beyond the scope of this study.

QUESTIONNAIRE

The objectives for the questionnaire were to:

- Seek to establish the extent of the perceived problem of long-term vacant non-residential ground floor space in recent mixed-use developments both in and outside of town centres.
- Understand to what extent it is a problem, and improve the understanding of the key factors that lead to this condition and possible solutions; and
- Help identify case studies of long-term vacancy and/or uses that have undermined the health of a town centre/high street or detracted from a vision for its future that can be investigated in detail.

The online questionnaire was developed in collaboration with the GLA Intelligence Team and delivered by SurveyGizmo between the 18 December 2015 and 5 February 2016, a seven-week period. Participants were invited to provide details of their role and contact details to enable follow-up discussions.

A link to the questionnaire was e-mailed to 97 invitees, listed in Appendix 1 and summarised below:

- All 33 Borough Chief Planners;
- 25 Developers;
- 29 London Business Improvement District managers;
- 4 Planning/Retail consultants; and
- 6 Letting Agents.

The questionnaire was formed of 12 questions, listed below. It focused on four themes – Planning and Related Matters; Physical Context; Unit Design; and Economic Factors.

- Q1. Do you think there is a problem of long-term vacancy of ground floor units in recent mixed-use buildings in or near town centres, or on high streets?
- Q2. Please give reasons for your answer to question 1, above.
- Q3. How prevalent is long-term vacancy (12 months or more) in new-builds (built in last 5-10 years)?
- Q4. Please share any statistics you have on long-term vacancy (12 months or more)
- Q5. Are there particular town centres or high streets that you know of, where such vacancy is a particular problem? Please give specific examples.
- Q6. In your experience, how relevant are the below Planning and related factors?
- Q7. In your experience, how relevant are the below Physical Context and locational factors?
- Q8. In your experience, how relevant are the below Unit Design factors?
- Q9. In your experience, how relevant are the below Economic factors?
- Q10. Is there a problem of ground floor frontages in recent town centre buildings being occupied by uses that undermine the health of a town centre or high street? This refers to uses that undermine high streets and town centres, not vacancy.
- Q11. If you answered 'yes' to the above question 10, please provide examples of where the use of ground floor frontage(s) has undermined the health of a town centre / high street.

Q12. Do you have any specific suggestions for tackling long-term vacancy and/or ensuring that frontages are used in ways that make a positive contribution to the health of a town centre or high street?

Most questions allowed for a scaled response - 'major problem' to 'not a problem'/'don't know' and 'very relevant' to 'irrelevant'/'don't know'. All questions provided opportunities for participants to add to the identified factors that could contribute to vacancy and/or add their own comments. Participants were also encouraged to share information or highlight examples.

Of the 97 invitees, a total of 33 completed the questionnaire in full, a full participation rate of 34%. However, a number of invitees partially completed the questionnaire, with the numbers of responses varying between questions.

The answers to the key questions relating to the extent of perceived problems of vacancy and uses that undermine the town centre are summarised in Appendix 2.

QUESTIONNAIRE ANALYSIS

Of those who responded, around 70% considered there to be a problem – with most considering it to be a minor problem. Those who considered that there was a problem identified a variety of reasons.

Around 87% perceived long-term vacancy to be fairly or very common in new-builds (Question 3). This question and question 5 elicited a number of examples of areas or schemes where vacancy was seen as a problem. Whilst no clear pattern can be seen from the low response rates, these examples were investigated as case studies.

Questions 6 to 9 asked respondents to identify the relevance of 35 separate factors under a number of headings. A total of 18 factors were identified by 55% or more of respondents as being either 'very relevant' or 'relevant'. This reveals that a wide range of factors, either alone or working in combination, are perceived to result in long-term vacancy in new-builds. These are:

PLANNING AND RELATED MATTERS

- Ground floor space is built mainly as a way of getting consent for housing (96%)
- Planning policy promoted mixed-use development that leads to the delivery of non-residential floorspace in unviable locations (78%)
- Restrictions imposed by planning conditions (such as opening hours, ventilation, servicing etc.) (61%)

PHYSICAL CONTEXT

- Poorly located, low footfall (86%)
- Stand-alone units, lack of critical mass to generate footfall (86%)
- Poor quality public realm, busy, unpleasant streets (65%)
- Active frontage broken by parking, bin stores, residential entrances etc. (65%)
- Nature of neighbouring units (64%)
- Poor access from streets (64%)

UNIT DESIGN

- Compromised servicing arrangements for units (77%)
- Unit size, shape or proportion unfavourable for prospective occupiers (76%)
- Compromises due to residential cores, bin stores, structural columns (73%)

ECONOMIC ISSUES

- Low level of demand from occupier/wider issues within the town centre (83%)
- Residential developers not seeing non-residential units as an investment (69%)
- High expectations of rent compared with surrounding rents (61%)
- Perception that leases to certain businesses will affect residential values (56%)
- Commercial agents not motivated to market retail/non-retail space (56%)
- Non-residential space being built with the expectation that it can be converted to housing in the future (56%)

INTERVIEWS WITH COMMERCIAL AGENTS

The consultant team followed up the questionnaire with telephone interviews with the following commercial agents, whose comments are summarised below:

- Stirling Ackroyd;
- Kalmars;
- Acorn; and
- Cube Developments

These interviews were conducted February to March 2016.

Commercial agents suggest there is a shortage of supply of commercial space at the moment, and do not perceive a major problem with vacant ground floor units remaining vacant for long periods.

The issue is considered to be largely related to the market, and most agents had experienced high vacancy rates during the recession, and were able to comment on issues surrounding properties that were more difficult to let.

All sites must be considered on their merits and potential, and there is no single solution to making a successful ground floor unit. It will be a combination of design, location, and pricing.

The developer must understand the market, and the requirements of potential tenants and occupiers, specific to the project and location. If not, they must seek advice of local agents in this matter. This is clearly not happening frequently, especially with developers (and designers) who specialise in residential development.

Agents suggest that residential developers, who do not understand their potential commercial tenants, have no commercial motivation to make the ground floors a success, as they are often included in the viability appraisal as a cost to the scheme. Consequently, they are not particularly concerned about these spaces remaining vacant.

Agents noted that Planning Authorities sometimes give consent for poorly designed ground floors with low ceiling heights, constrained by service runs from residential, and inappropriate amenities such as outdoor space, lobby space, and visitor parking.

There was a general consensus that if the price is right then any property can be let – not necessarily sold – if the market is performing poorly.

There were numerous suggestions that marketing at an inflated value, and consequential long term vacancy, was being used tactically by some developers to convert ground floors to residential, and that this may have been the intention from the outset.

STIRLING ACKROYD

Profile: Stirling Ackroyd is a large estate agency operating across London but with particular expertise in Hackney and city fringes.

The agent does not see a problem with vacancy at the moment in Hackney, Tower Hamlets, Southwark, or Bermondsey. However, where properties are harder to let, “it is 100% about design”. Nevertheless, developers are now starting to consider that commercial property has value and are starting to consider design issues more seriously.

An example where Stirling Ackroyd were involved to mitigate previous poor decisions about a development was: A2 Dominion, Wharf Road N1, built by Unite in 2010, which had 50,000 sqft of commercial space, but 80% of which was below ground as either lower ground or basement. It was impossible to sell. This situation was allowed in the planning consent and accepted as part of the requirement for commercial floor area. But it was not useful or meaningful commercial floor space, as there was almost no natural light, and only 2.7m floor to ceiling height, which is not acceptable to businesses. Stirling Ackroyd advised the developer to break out the ground floor slab and make the ground floor taller and let more light in – they needed at least 3m floor to ceiling, preferably more. Then they were able to sell them.

Other sites have been unsuccessful because developers have not thought about access points, security issues or the potential for lobby areas, having only considered square footage of floor space in the planning stages. Stirling Ackroyd has been able to advise on minor building works to make the spaces more useful, after which they were “snapped up”. An example of this is Mare Street, E8 4RB, where a somewhat isolated location with relatively poor public realm, was offered as shell and core. The agent clarified that location is not a problem per se, but if businesses are not attracted by the location, it is necessary to provide other attractions or benefits. In this case, the building design and quality were poor, with service runs through the commercial spaces, and the units were offered as shell and core. A better design, with service cores in the right place, and sold as a turn-key property with decent fit-out, would have been easy to rent or sell, in their opinion.

In conclusion, the success of ground floor units depends on particular conditions, and it is not possible to generalise about what the potential problems are. They said, “you need to know your market and care about it”. In Hackney, the market at the moment is a lot of creative and media businesses, and developers need to know what those businesses want. In some areas, a poor quality building will sell because people are interested purely for the location. But in an area where people are not buying the location, developers and planners have to be much more careful about the design and the level of finish.

Finally, if the location is really unappealing, or “isn’t there yet”, then premises can be let instead of sold. He cited Hackney Wick / Fish Island as an example. The agent’s view was that there will always be someone who will rent in London – but the rent must be adjusted accordingly. The commercial market is then built up incrementally through low rents, and within a few years, those properties can start to be marketed for sale.

ACORN

Profile: Acorn is one of the UKs largest estate agents and they operate a Commercial and Development division that focuses on London and the South East.

Acorn does not find long-term vacancy to be an issue at the moment. However, they understand the condition from the past and from other agents.

Acorn's view is that location is critical, and that in some occasions developers were being asked to deliver specific types of ground floor use in unsuitable locations. Nevertheless, even in these circumstances, their view is that, if the price is right, they would be lettable. Location of non-residential space is particularly an issue where industrial land is being released in places that are often fairly inaccessible, and Planning Policy can insist on the provision of commercial ground floor uses.

Acorn have also seen circumstances where developers had not included the commercial uses into the financial modelling, but simply seen it as a development cost. Where residential developers profit is driven by the residential component, they do not care about selling or renting the ground floors, even if it sits empty for ages. That may be one reason that units might continue to be marketed at too high a price, even when the property is not getting much interest.

Acorn suggest residential developers are not motivated to understand their commercial users. They do not know who their end user is likely to be and are not inclined to find out. Therefore, they will not spend money on fit-out. Acorn sees the lack of fit-out as a real deterrent to a lot of occupiers, as there will be a £200,000 or more up-front cost and risk.

KALMARS

Profile: Kalmars is a large estate agent covering much of South and South East London, including outer London.

The agent thought there may be issues much further out of Central London, but they do not find a problem with vacancy at the moment. The agent has been working in the area for the last 13 years, and he acknowledged there was vacancy in the past, especially during the recession that caused higher levels of vacancy from 2008-2012. The reason places could not be let was primarily poor location (not close to transport connections especially tubes) but they also acknowledged that the design of some new build ground floors was “pretty bad, with services coming through from upstairs, or low ceilings”. It was also harder to sell or rent properties that were shell and core, but developers didn’t want to fit them out. The reasons were varied, however, the message was that ultimately if the price was right then anything could be let or sold.

At the moment, in this agent’s experience, there is not enough commercial property on the market and consequently people will consider anything, even if it is really bad. In cases where it is really bad, the price is just a little lower. From his perspective how long a property lies empty is all about the strength of the market not inherent problems with the property or location.

However, the agent also said that there are non-market forces at play, where developers may frequently hold out at a high rental or sale price, to then subsequently generate a case for conversion to residential, which would have been their intention all along. They were not willing to give examples of such practice.

CUBE DEVELOPMENTS

Profile: Cube Developments is a property company that specialises in purchasing ground floor units in mixed use developments, fitting them out in an appropriate manner, and marketing them to appropriate businesses.

Cube Developments' aim is primarily to buy ground floor units from developers. Ideally, they will buy multiple units (or all of the) ground floor units in the same development. They then find tenants for them, negotiating appropriate agreements. Sometimes the company will make minor modifications to the unit. They will often consider change of use applications to allow more appropriate uses for the specific location, building or facility.

Cube suggests every scheme has to be considered on its merits. If the wrong type of space, without the right amenities or considerations (e.g. visitor parking/ outdoor space/ planning use class) is delivered in the wrong location, and is badly designed, then it will be difficult to let. Examples of bad design include columns in front of doors, or down pipes in inconvenient locations, or low ceiling heights.

Cube has seen the market change dramatically recently, such that they are now competing with owner-occupier businesses to purchase units. In the past, ground floor shell units (most of the units Cube buy are shell and core) would not have been an attractive proposition because of the risks associated with fit-out cost, and renting a shell and core property with all the work needed was not desirable. These units would not have been attractive to owner-occupiers, as it was more difficult to get a mortgage. More recently mortgage companies have been happier to lend to businesses for these kinds of properties, and there is a large market of owner-occupiers who want to buy.

Cube advised that there are a lot of logical considerations that do not get addressed by developers of ground floor units. The agent cited an example of a planned nursery / crèche without adequate outdoor space, or another example of offices far from public transport with no visitor parking. One example was an A3 unit that was vacant for 10 years: Cube bought it and got Change of Use to D1 and it was let immediately to a medical tenant, and they could have let it "ten times over". Getting it right involves understanding the market and many residential developers simply do not. As a consequence, Cube work with developers at earlier stages to inform the ground floor use.

Once the project has been built, Cube says that it is often too late to make meaningful physical modifications. In these cases, if the unit doesn't let, the developer may wait, and keep it vacant, then apply for change of use to residential.

Cube has seen non-residential values get closer to residential values in recent years, though the gap still exists. They have seen that rental and capital values have both gone up. This is seen as a consequence of demand, rather than the building or offer improving in any way.

Cube's view is that if there is another crash or economic slow-down, the ground floor units of new build residential developments will likely be the first to suffer, specifically because of their shell and core condition and because renting businesses do not want to go for units that need significant capital investment. Cube will give tenants a rent free period, e.g. 6 months, to compensate for concerns over shell and core. Tenants will often expect some kind of capital contribution for basic fit-out.

CASE STUDIES

The consultant team sought to identify 5-10 case studies that could be used to investigate factors that contribute to vacancy and to learn lessons to help minimise these conditions. In doing so, the aim was to identify case studies that were in:

- Town centre locations;
- Out of centre high street locations; and
- Representing different areas of London - Inner and Outer London, north, east, south and west London.

In December 2015, GLA officers ran a query of the London Development Database (LDD) to identify mixed-use residential and non-residential development. The query was based on development either in or outside of designated town centres, completed in the last five years, combining residential (C3 Use Class) of 10 residential units or more with non-residential uses (regardless of amount). The query identified a total of 495 results. Of these, 117 were in designated town centres and 378 were in other locations (not necessarily on high streets). This list was appended to the questionnaire invite to Borough Chief Planners, to remind them of recent mixed-use developments in their area.

A long-list of potential case studies was drawn up taking account of the following:

- LDD pool of recent mixed-use developments (referred to above);
- Suggestions from the questionnaire responses;
- Identification of case studies that are both in and outside of town centres; and
- Knowledge within the client and consultant teams.

The long-list of 53 potential case studies was sorted into genres representing principal factors or lessons that can be learnt from them - planning & related matters, physical context, unit design and economic. The list of potential case studies was considered against the questionnaire sub-topics to identify key, and recurring, issues. Representative case studies across a geographic spread covering the principal criteria and key issues were identified for further research. These are highlighted in yellow on the long list overleaf.

Case Study research was conducted in March 2016.

Address	Town Centre / Place	Location type	Vacancy type	Notes / Suspected key (visible) issues [there may be unseen economic issues]	Planning Application Reference	Year / Developer / Agent
London Road, IG11, Barking (ASDA)	Barking	Town Centre fringe	some vacant	This a complex development with housing and a large ASDA store. However, the small retail units are oddly shaped, and frontage broken up by various delivery entrances, loading bays, bin stores etc. The location had around 20 shops before redevelopment, although they were cheaper units. There ought to be demand, despite the fringe location.	05/00933/FUL 06/00268/FUL	Bouygues
Arts Depot, 2 Nether Street, N12 0EL	North Finchley	in Town Centre	some vacant	A complex scheme with housing above bus station and ALDI and other uses, however there are poor delivery and entrance arrangements and blank frontage is not very well handled		
Erith High Street (Former Odeon site)	Erith Town Centre	Town Centre fringe	long term vacant	see CASE STUDY		
Fold Apartments, 110 Station Rd, DA15 7AE	Sidcup	in Town Centre	long term vacant	Empty since completion about 2-3 years ago. The units are an odd shape, despite being right next to the station.		2013
Hornby Court, White Hart Lane, NW10 2AZ (corner of Church Road A407)	Church End	Residential Area	long term vacant	Mostly housing, but corner site still vacant, has a large commercial unit on the corner beneath residential that has never been occupied.		Paradigm Housing / Mathesons
former Black Horse pub - corner of Lower Addiscombe Lane and 4 Blackhorse Lane	Addiscombe	in Town Centre	eventually occupied	Now occupied by pet shop and tuition centre, but were vacant for over two years. This may have been due to economic issues combined with design, and an ambitious rent request.		

Address	Town Centre / Place	Location type	Vacancy type	Notes / Suspected key (visible) issues [there may be unseen economic issues]	Planning Application Reference	Year / Developer / Agent
corner of (226-230) Brighton Road and Lion Green Road	Coulsdon	in Town Centre	eventually occupied	Now occupied (bike shop and beauty salon) but were vacant for over two years. This may have been due to economic issues combined with design, and an ambitious rent request.		
Exchange Square, 6 Scarbrook Rd, CR0 1UH	Croydon	Town Centre fringe	long term vacant	Entire scheme ground floor units have never been occupied		James Commercial
244 Ponders End High Street	Ponders End	in Town Centre	occupied	Had a ground floor occupier (pharmacy) from early on, Now furniture shop and a halal butchers. Developer appears to have had contact with potential tenants early on.		2012
Southbury Road, adjacent to station	(Ponders End)	Main Road	eventually occupied	The scheme is not in a designated town centre, and somewhat peripheral location despite proximity to a station. The scheme was built in 2011 and was vacant for 2 or 3 years, now occupied by a gym and solicitors.		2011
23-47 Mare Street, E8 4RP	(Mare Street)	High Street	eventually occupied in part	See CASE STUDY	2005/1035	
86-100 Mare Street	(Mare Street)	High Street	long term vacant	Erection of six storey building to provide 973m2 of class B8 (Storage or distribution) and 29 residential units together with altered vehicle access and demolition of existing buildings	2006/0206	
197-199 Mare Street	(Mare Street)	High Street	long term vacant	3-4 storey building consisting of ground floor A1 retail (190sqm) first floor B1 office and 8 residential units on first, second and third floors including refuse stores and cycle stores. An ambitious rent may have been requested.	2009/2798	
17 Lymington Avenue, N22	Wood Green	Town Centre fringe	occupied	This could be considered a peripheral location off the main high street, but it has been occupied by a private tuition centre and an independent food shop. The success here may have been due to contact with potential occupiers before completion		
Hayes High Point Village	Hayes	Town Centre fringe	some vacant	It has a Tesco express and a soft play café, however units between station and main town centre overlooking canal are still vacant. In addition to the residential led design, the spaces may have had rigid use classes approved, which may have been only recently relaxed.		Berkeley Homes
92-104 High Street, West Drayton	Yiewsley & West Drayton	in Town Centre	eventually occupied	Now occupied by an Iceland, a bakery, and a charity shop. Located on a busy stretch of high street, initial rental expectations may have been too high relative to the area.	5918/ AAP/ 2005/ 3476	2013
121 High Street, West Drayton	Yiewsley & West Drayton	in Town Centre	eventually occupied	Now occupied by a Subway, two estate agents, and two units that appear to be moving in. Located on a busy stretch of high street. Initial rental expectations may have been too high relative to the area.		2013
Islington Green	Angel	in Town Centre	long term vacant	Long term vacant, despite being in a prominent location, suggests unit design issues are at play		
Stroud Green Road	Finsbury Park	in Town Centre	eventually occupied	Long term vacant and boarded up, recently occupied for first time		
Stroud Green Road	Finsbury Park	in Town Centre	vacant but relatively recent	Recently completed, marketed, but empty		Watkin Jones Group
Old Street	(Old Street)	Main Road	long term vacant	Unite scheme – boarded up long term, issues unclear		Unite
next to 93 Camberwell Station Road / Warner Road	(Camberwell)	Local Centre	vacant but relatively recent	Although this scheme has only been completed for a year or so, the ground is poorly finished. It may have been provided due to policy seeking retention of employment after redeveloping an industrial site		
362 "The Viaduct" Coldharbour Lane, SW9 8PL	(Brixton)	Town Centre fringe	long term vacant	Timber boarding, may be car parking behind, lack of fit-out, location set back from road, policy seeking retention of employment (industrial to office)		
38 Northbourne Road / Clapham Park Road	(Clapham)	High Street	long term vacant	The front has been vacant for the past 3-4 years. Some of the units to the side are residential anticipating limited footfall.		
Loampit Vale	Lewisham Town Centre	Town Centre fringe	vacant but relatively recent	see CASE STUDY	DC/09/71246	2015 /Barratt London / Mason Owen
Durnsford Road and Plough Lane, SW19 8HA	(Wimbledon)	Residential Area	long term vacant	Boarded up units, interspersed with ventilation grills and residential units, however primarily not located in a town centre or high street		
St. Luke's Square, off Silvertown Way, E16	(Canning Town)	Residential Area	long term vacant - converted	See CASE STUDY built out and then stood empty for 4 years prior to being converted to poor quality residential. This may have been as a result of policy requiring job retention.	06/00054/ LTGDC, 10/023008 14/03021	2009 / Robert Mullholland &Co / King Sturge
Rathbone Street, Canning Town	Canning Town	Residential Area	long term vacant	Appears to have been designed with a supermarket in mind that did not come		
160-188 Stratford High St, E15 2LS	(Stratford)	Main Road	long term vacant	Policy seeking retention of employment (industrial to office) size of unit not suitable for car showroom type retail uses	08/00973/ LTGDC	
28 Warton Road, E15 2JU	(Stratford)	Main Road	long term vacant	Compromised frontage with bin store, plant, and garage		
236 Stratford High Street, E15 2JA	(Stratford)	Main Road	long term vacant	Policy seeking retention of employment (industrial to office) size of unit not suitable for car showroom type retail uses		

Address	Town Centre / Place	Location type	Vacancy type	Notes / Suspected key (visible) issues [there may be unseen economic issues]	Planning Application Reference	Year / Developer / Agent
261 Stratford High Street, E15 2LR	(Stratford)	Main Road	long term vacant	Policy seeking retention of employment (industrial to office) size of unit not suitable for car showroom type retail uses		
58 Abbey Street (corner of Tower Bridge Road)	(Bermondsey)	Residential Area	long term vacant	Oddly shaped site and unit, in a standalone location outside a cluster	06-AP-1376	Brewster Leech
12 Queen's Road, SE15 2PT (corner Asylum Road)	(Peckham)	Local Centre	long term vacant	Next to Southbury Road station on Southbury Road, near Ponders End, but not really in a designated town centre This was built before 2012 and was vacant at around 2012/3 time, google now shows it has a gym and a solicitors		London & Brighton / Kalmars
610 Old Kent Road (corner of Peckham Park Road)	(Old Kent Road)	High Street	long term vacant	Initially, they may have been seeking a supermarket type occupier, but haven't been able to drum up any interest as there are already supermarkets in the area. It has since had glazing installed, suggesting there may be a change of strategy and businesses are moving on		2009
458 Old Kent Rd, SE1 5AH (corner of Glengall Rd)	(Old Kent Road)	Main Road	long term vacant	A long row of vacant units that runs the length of the new build.		
16 Westmoreland Rd, SE17 2AY	Walworth Road	Town Centre fringe	long term vacant	A vacant unit next to the showroom of the Aylesbury scheme. May lack a critical mass of other units thereby limited footfall.		Currell
Strata	Elephant & Castle	in Town Centre	long term vacant	The ground floor of Strata (the bit next to the reception) appears to be compromised space, and an isolated site which doesn't receive much footfall. However, an estate agent has taken space in the former showroom.		
Units 1, 12 and 13, 85 Crampton Street, SE17 3BQ	(Elephant & Castle)	Residential Area	some vacant	Proposal: Change of use of ground floor units, 1, 12 and 13 from office (B1a) to create 4 residential flats (2x2 bedroom) (Use Class C3).	10-AP-2903 11-AP-4326 14-AP-1420	
Bermondsey Spa	(Bermondsey / CAZ fringe)	Residential Area	eventually occupied	Had vacancies for over 3 years and are finally let		
Lamb Walk, SE1 3TT (corner of Morocco Street)	Bermondsey High Street	Residential Area	vacant but relatively recent	Fairly new development, looks more like office is intended on the ground floor		
Canada Water plaza - site A	Canada Water	in Town Centre	some vacant	Vacant units facing the new plaza, although this is not a typical high street, and low footfall may change with future residents.	05/AP/2538	
Centrale, Saxon House, London Rd, Wallington SM6 7HW	Hackbridge	Town Centre fringe	long term vacant	This appears to be designed for ground floor retail, but behind the empty shopfront there is a tiny space constrained by stairwells and storage.		
35 Woodseer St (corner of Spital St)	(Brick Lane area)	Residential Area	long term vacant	Ground floor has shutters, not clear if intended to be non-resi, there may be an intention to convert to residential use		
Goodman Fields, Leman Street, E1 8EY	Aldgate / CAZ	Main Road	long term vacant	Boarded up units have had artwork applied.		Berkeley Homes
Blithehale Court, 10 Witan Street E2 6FG	Cambridge Heath Road	High Street	some vacant	Boarded units, and a pizza hut		Unite
150 Mile End Road, E1 4UW	(Stepney Green)	High Street	some vacant	Tuition centre and boarded up ground floor		
block at Morris Road / Fawe Street, Rifle Street	(Poplar)	Residential Area	long term vacant	This scheme replaced an old factory with 122 residential units and 1,530sqm of A1-A5, B1 or D1 uses on the ground and mezzanine floors. The new commercial space was required in line with a policy of no net loss of employment. The space was completed to shell and core. Following evidence supplied by the applicant that there had been no take up following the marketing of the space for non-residential use, an application to convert the mezzanine portion of the scheme to 9 housing units was granted and completed in 2014. A double unit on the ground floor has been let to an estate agent, although the remainder of the space remains boarded up.		2009
120-124 Tooting High Street	Tooting - Colliers Wood	High Street	long term vacant	See CASE STUDY	2004/4832	2011 / Rosemont Investments
126-132 Tooting High Street	Tooting - Colliers Wood	High Street	long term vacant	See CASE STUDY	2003/5128	2010 / George Wimpy
181- 207 Tooting High Street	Tooting - Colliers Wood	High Street	vacant but relatively recent	See CASE STUDY	2010/1702	2015 / Crest Nicholson / Savills
158-162 Tooting High Street	Tooting - Colliers Wood	High Street	occupied	See CASE STUDY	2011/4549	2014 / Medix
144 Tooting High Street	Tooting - Colliers Wood	High Street	long term vacant	See CASE STUDY	2002/3220	2004 / Fosse Investments

TOOTING HIGH STREET (WANDSWORTH)



These five schemes form an interesting case study, given that they share a similar environment (all facing the same stretch of Tooting High Street), planning policy framework and commercial and residential market (although this has changed over time). Some schemes have been occupied while others have not, allowing some of the factors resulting in vacancy to be controlled out of the analysis.

Although these schemes are outside of the designated town centre, there appears to be a high level of demand along the High Street, with a wide range of businesses occupying older ground floor units in Victorian and older buildings. There is also a relatively high level of footfall along the High Street.



120-124 Tooting High Street in the foreground, and 126-132 Tooting High Street immediately adjacent beyond have both been fully boarded up on the ground floor since completion in 2011 and 2010, despite being adjacent to operational units on either side.

120-124 and 126-132 Tooting High Street, completed in 2011 and 2010 respectively, are adjacent schemes, which continue to have vacant ground floors to date, despite being closest to the designated town centre. Reviewing the drawings, there appears to be a poor relationship with housing at the rear of ground floor units, with no rear external space or servicing area. The boarding of the units suggests they do not have basic fit-out, lacking glazing (weather proof shell). 126-132 has floor to ceiling highest of 2.6m and some of the proportion of units appear to lend themselves to being converted into residential units.

120-124 Tooting High Street: plan and section



126-132 Tooting High Street: plan and section





181-207 Tooting High Street

181-207 Tooting High Street is a large development which replaced a car showroom and a single storey Carpet-right store. It was completed in 2015, and although there are a few vacant units, it has mostly been occupied by a gym, a builders' merchant, and a flooring retailer. Each of these businesses occupy large areas of floorspace (as the previous uses of the site did), and demonstrate the demand from businesses that tend to require more floorspace. These are often not provided on stretches of High Streets and are forced to take up space in industrial areas, where larger units can be found. The plans show the provision for larger unit sizes, and the flexibility to combine smaller units into larger ones, because they are not interrupted by residential lobbies and cores. Residential access is to the side and rear.

The experience and business model adopted by the developer appear to have been important factors in the success of the ground floors. The non-residential space was ascribed a positive value in terms of development viability, and commercial tenants were sought, even if they were relatively small businesses.

181-207 Tooting High Street: plans and section





158-162 Tooting High Street

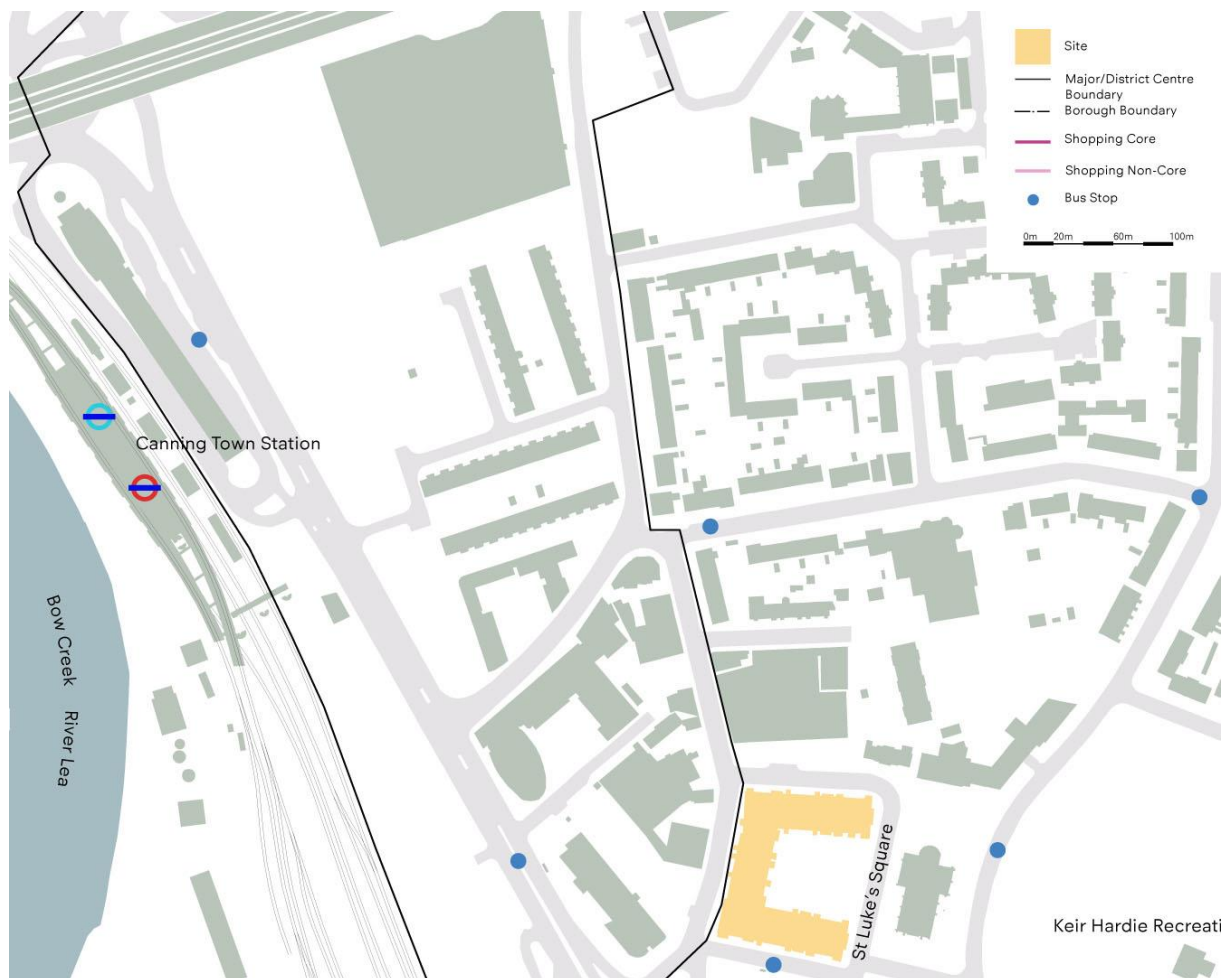
158-162 Tooting High Street development replaced a furniture store with MOT garage at the rear, with housing and a GP surgery and pharmacy on the ground floor. The scheme was completed by an investor developer specialising in primary health care and leasing modern space to medical practices. Therefore the pre-let was important to the successful occupancy of the ground and first floors with no void period upon completion.



144 Tooting High Street

144 Tooting High Street was completed around 2014. The ground floor unit may have been vacant for a short period, but it was quickly occupied by a tile retailer. This is likely to have been due to a large enough clear unit provided on the ground floor, uninterrupted by residential access, which is to the side, combined with an understanding of the market and a similar neighbouring use. The smaller investor-developer may have been more interested in receiving an income from the ground floor than others.

ST. LUKE'S SQUARE, CANNING TOWN, NEWHAM



In 2006, the London Thames Gateway Development Corporation (LTGDC) granted permission for a mixed-use development comprising ground and mezzanine level commercial units (approx. 4,410sqm) and 162 residential units. This was a departure from Newham's UDP and the then draft Lower Lea Valley OAPF, as the site was in a Principal Employment Area. The GLA sought the inclusion of space for B1c light industrial use.

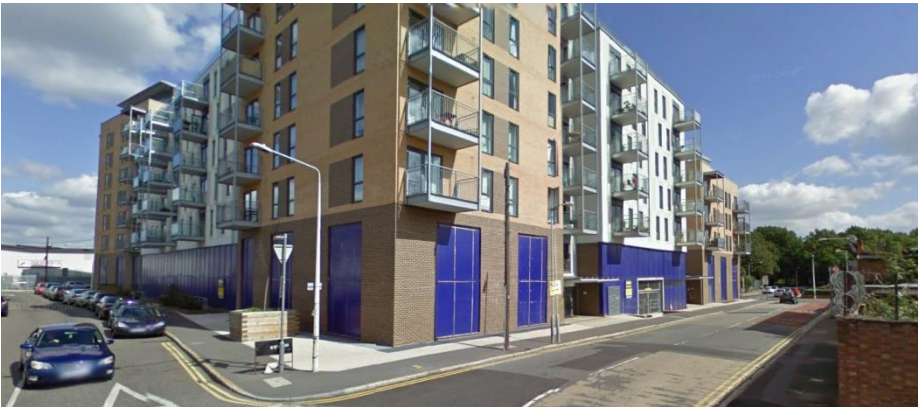
The site is on the edge of a town centre designation, however there is little footfall or town centre activity, and the space was intended to meet industrial demand in the area. However, the typology and lack of servicing and yard space meant the space was unoccupied since the building was completed in 2009, despite marketing. The plans and images show the nature of the courtyard is not appropriate to service the units, and how they appear to have been designed with residential in mind.

The lack of sufficient footfall and critical mass would have also made retail or office uses difficult to attract to this location, and in 2011 Newham granted permission for the conversion of the mezzanine units to 35 residential units. In December 2015 permission was granted for the conversion of the ground floor units to a further 22 residential units.

In this case planning practice and developer intentions resulted in a large amount of non-residential space of a type which is not appropriate for potential users, in an area with a low level of footfall or transport connections to attract other businesses.



St Luke's Square, 2015



2011 with vacant B1c spaces

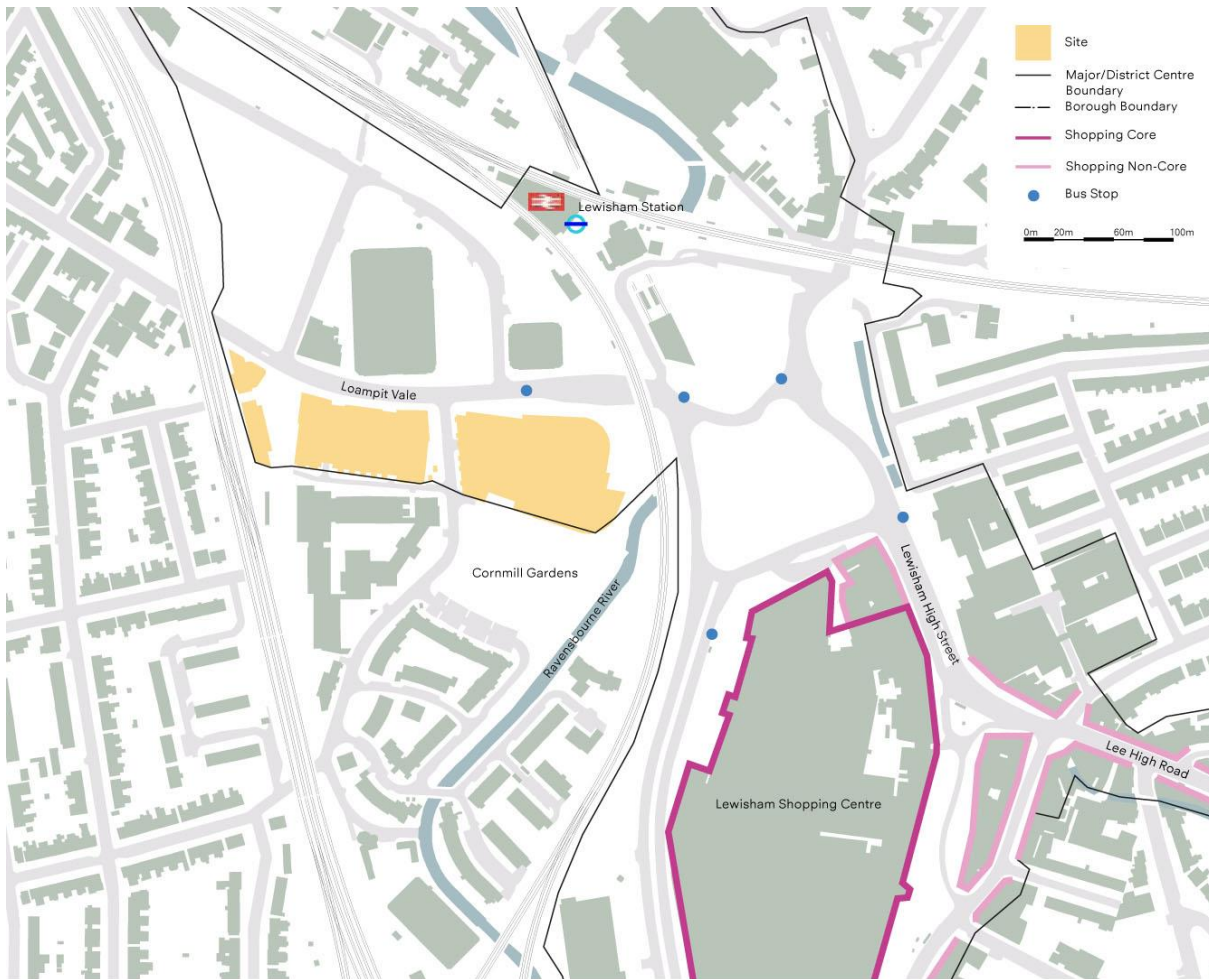


2011 courtyard with B1c uses

St Luke's Square: ground floor plan on the left, converted mezzanine plan on the right



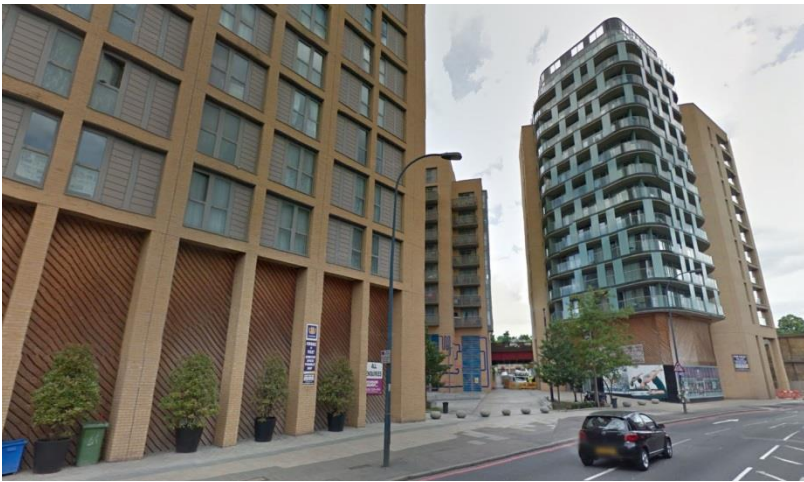
LOAMPIT VALE, LEWISHAM



Loampit Vale is a joint venture development between LB Lewisham and Barratt comprising a new leisure centre, approx. 1,850sqm of A1/A2/B1 space and 788 residential units. The development was built out in phases between 2011 and 2015. The Section 106 Agreement requires the ground and first floors of Buildings A and C (approx. 33% of the A1/A2/B1 space) to be provided as ‘creative industry’ space before any residential units in Building E are first occupied and for Barratt to grant the Council a long lease for this space, so that it can manage it as a creative industry hub (unless there is no demand).

The plans show the irregular shape of the space at building A. The other spaces are fairly shallow (7-9m in Buildings C and D1), because they accommodate residential cores, bin stores and cycle stores within the footprint of the tower buildings. The positioning of these units do not take advantage of potential footfall generated to the leisure centre, which could act as an “anchor” tenant. The commercial units can only be serviced from the front, and they do not appear to have completed exterior wall (only timber boarding), making them less attractive for certain sectors and small businesses. Despite similar issues, one of the other buildings in the scheme includes a Sainsbury’s Local. The restrictive ‘creative industries’ use applied in the planning obligation appears to have been too specific without a clear idea of demand and management approaches for this kind of space.

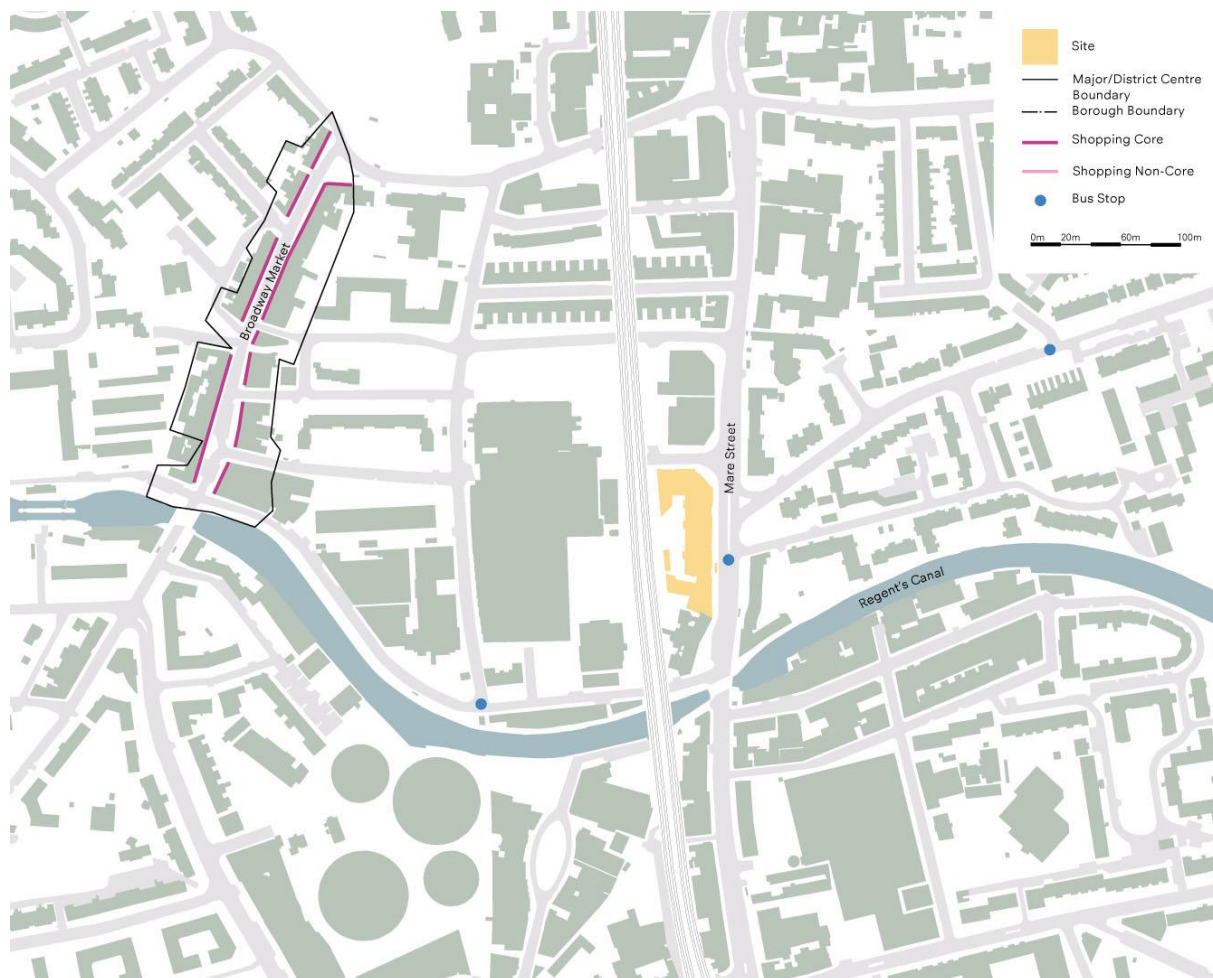
In April 2015, planning permission (DC/15/91065) was granted for the change of use of the unit fronting Loampit Vale to the ground floor of Block C to a children’s tuition centre, which appears to have now occupied the space.



Loampit Vale, Buildings A and C



23 - 47 MARE STREET, HACKNEY



This scheme by a developer and a Housing Trust, for 5, 6 and 7 storey buildings, providing 106 new homes and 1100sqm of B1 floorspace and 192sqm of A1 retail, was consented in April 2006 (2005/2510). The ground floor units replace employment uses that were on the site previously. The scheme was within a Defined Employment Area (DEA) and the ground floor units were marketed from 2008/9.

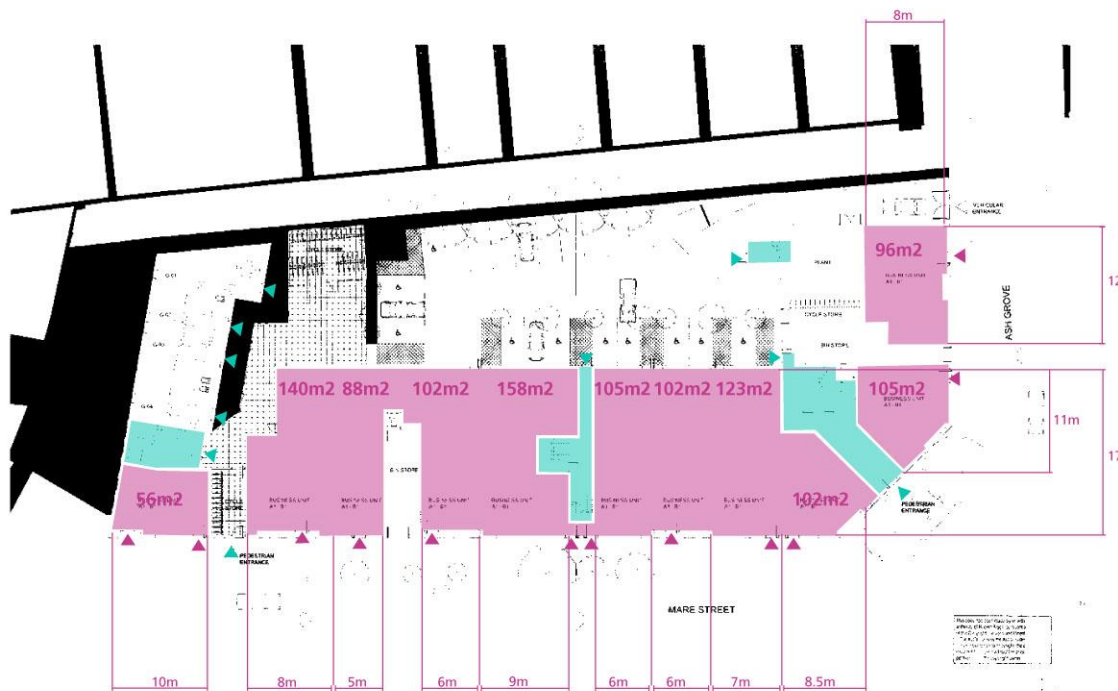
The majority of ground floor units remained vacant for a number of years. The space was marketed just as the recession was about to bite, and companies were downsizing and releasing office space, availability outweighed demand. The location of the development on a busy road with a continuous range of uses in older buildings, despite being outside a formal town centre designation, would have benefitted a range of uses, although the area was not established as an office location at the time.

The size and proportions of the units would have made them appropriate for small businesses, but the units were initially provided as shell only. Small businesses would tend to want to be able to move in relatively quickly and not take the time and risk of carrying out building works including external glazing/walls and building regulations. The detailed design of units also meant that exposed down-pipes and services penetrated from residential above in inconvenient locations.

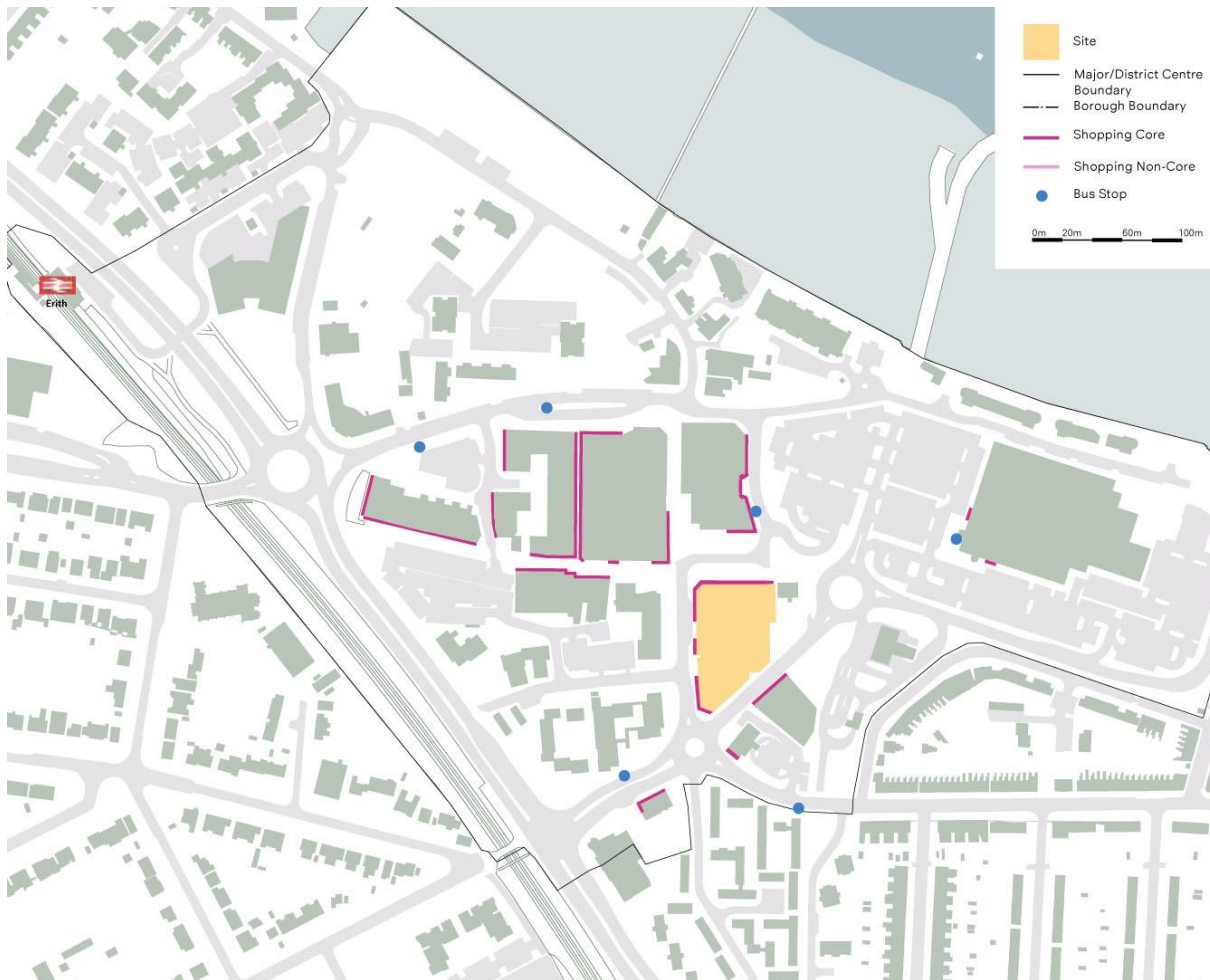
Initially there was no flexibility in ground floor use. A trial fit-out was carried out in 2009 and generated interest in A2 (professional service) use, which was not one of the consented uses. In 2011 (after 3 years of vacancy), a planning application was granted (2011/0482)

to allow flexible use to either B1 or A1 or A2, with no more than 200sqm of A1 (retail). A removal company and a Sainsbury's Local had taken up a significant part of the space by 2014. A printer, a dentist, and an osteopath followed one unit still being marketed by 2016.

In this case negative issues compounded each other. Had units been offered in good quality, habitable condition, with flexible uses, they may have been taken up quicker despite the recession.



ERITH HIGH STREET, ERITH, BEXLEY

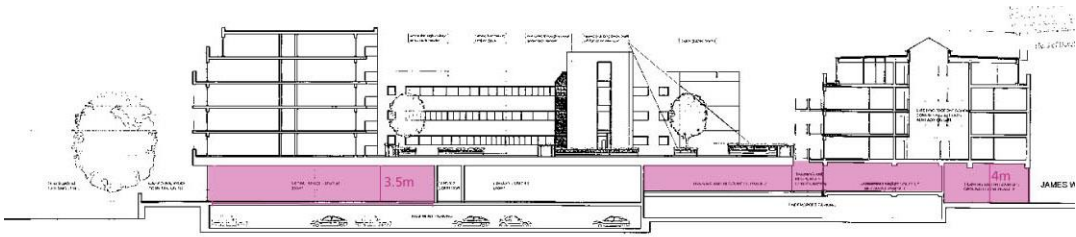


This is a redevelopment of part of the former Odeon site in Erith town centre. The planning application was submitted in 2004 on behalf of Hexagon Housing Association, comprising three A1-A3 retail units, a community library, training and resources, and residential above. The three ground floor retail units have remained unoccupied since the building's completion in 2008.

The site sits at a strategic point where Erith High Street meets Pier Road, over the road from the town's shopping centre. However, the physical context is poor and footfall past the site is limited. Footfall is partly afflicted by large areas of surface car parking, and the open service courtyard for the shopping centre, which the site directly overlooks. The design of the space directly in front of the retail units accommodates a change in level of a few metres using an urban staircase, which further hinders the site's association with passing footfall and interaction with the wider public realm.

The units are offered as shell and core, and the internal ceiling heights are 3.5m. The units are 25m deep, which will likely prove excessively deep when taken together with their width and ceiling height. This limits their ability to be further subdivided.

A better ratio of width to depth to height of retail units would improve flexibility. Poor detailing of pipework at the façade of the retail units further inhibits their attractiveness. A reasonably good location is hindered by the wider strategy of the town centre urban design, and is further inhibited by a poor resolution to level changes in front of the site.



BOROUGH POLICY REVIEW

Research for this report investigated the adopted and emerging policies in all 33 boroughs to identify examples of relevant planning policies that seek to secure shops or workspaces as part of mixed-use development.

All boroughs have policies that seek to safeguard the vitality and viability of town centres. Most have policies that seek to manage the provision of non-retail uses at ground level, particularly in non-prime locations, with various degrees of acceptability of ground floor residential use.

Other kinds of policies that may be relevant to the issue of vacant ground floors in mixed use schemes are organised in themes below.

SIZE AND PROVISION OF UNITS

Camden's draft Local Plan (March 2015) includes Policy TC5 on small and independent shops, which is focused on large retail schemes:

The Council will promote the provision of small shop premises suitable for small and independent businesses. We will:

- a) expect large retail developments to include a proportion of smaller units;
- b) attach conditions to planning permissions for retail developments to remove their ability to combine units into larger premises, where appropriate; and
- c) encourage the occupation of shops by independent businesses and the provision of affordable premises.

Hackney's Development Management Local Plan (adopted July 2015) includes Policy DM8 on small and independent shops, which takes a broader view including large housing-led developments and the redevelopment of shop units:

Small shop units (generally 80sq.m gross internal floorspace or less) suitable for small and independent retailers will be sought by the Council throughout the Borough by:

- (i) Requiring proposals of 1000sq.m gross internal floorspace or more in the A Use Classes in its Town Centres to incorporate small shop premises, equivalent to at least 10% of the total amount of proposed gross internal retail floorspace, and encouraging their occupation by small or independent retailers, particularly for essential services as set out in paragraph 4.3.4;
- (ii) Requiring proposals for the redevelopment of small shop units to incorporate adequate re-provision of small units, particularly for essential services;
- (iii) Requiring proposals for major housing developments or other major development schemes to incorporate small shop units where there is no accessible provision of essential daily goods available within a short walking distance (within 400m); and
- (iv) Where appropriate, attaching conditions to prevent the future amalgamation of units into larger premises.

The Council will prevent the amalgamation of individual shop units incorporating A Use Classes which would:

- (i) Involve the loss of existing affordable viable small independent shop units secured through planning obligation providing essential services;
- (ii) Not be appropriate to the scale, character and function of the centre, taking into account existing shops and consents for shops; and
- (iii) Cause unacceptable adverse impacts on the historic environment and/or amenity.

Lambeth's Local Plan (adopted September 2015) includes Policy ED6 (Town Centres) similarly requires the re-provision of small shop units:

(e) Major redevelopment proposals will be required to re-provide on affordable terms any small shop premises that would be lost and ensure that these are available at the same time as the main elements of the development, subject to viability. This will be secured through conditions or, where appropriate, planning obligations.

6.27. The London Small Shops Study (June 2010) defines a 'small shop' as being one of around 80sqm gross internal floorspace or less, occupied by an independent retail or service outlet which has nine units or less (as per the Goad definition). Re-provision of small shop premises 'on affordable terms' means at less than market rents.

Lambeth's Local Plan also includes Policy ED2 (Business, industrial and storage uses

outside Key Industrial Business Areas):

In order to maintain a stock of sites and premises in business use across the borough (in addition to KIBAs):

- (c) Mixed-use development including housing, work-live or other mix of compatible uses will be supported where the existing quantity of B class floorspace is replaced or increased. Where mixed-used development is proposed the commercial and residential elements of the development should be made available for occupation at the same time.
- (d) Where small business units are provided as part of a mixed-use scheme, these should incorporate a range of unit sizes and types to meet local business needs, be well designed and flexible, and be fully fitted out to turn-key standard. Opportunities for long term management of the units by a company specialising in the management of space for small businesses should be fully explored.

Southwark's new Local Plan Preferred Option (October 2015) includes Policy DM26 (Small business units):

In Regeneration Areas:

1. Development should retain small business units except where there is no demand for business use.
2. Planning permission will be granted for small business units where these incorporate a range of unit size and types and are well designed and flexible. Opportunities for long term management of the units by a company specialising in the management of space for small businesses should be fully explored. Furthermore there should be consideration of the feasibility of clustering non-residential uses in single use buildings (horizontal mixed use) and a full fit out.
3. Where SMEs are at risk of displacement from a development there should be full consideration of the feasibility of providing affordable and suitable space for occupiers in the completed development.

Small and medium enterprises (SMEs) are vulnerable to displacement by other uses and therefore need protection. They are the majority of businesses in Southwark providing jobs for local people and opportunities for business start-ups and self-employment. It is important that units are flexible and designed to meet the needs of local businesses. The management of small business units by specialist companies will help ensure the success and long term retention of the space.

Both Lambeth and Southwark consider a broader range of business uses, and the re-provision of suitably sized units in new mixed-use development. Both policies also mention that there may be a need to manage the units for small businesses in the long term.

FIT-OUT

Both Lambeth and Southwark policies above mention the need for the fit-out of business space.

Lewisham and Croydon have policies that seek to secure the fit-out of units beyond shell and core by the developer, to ensure they are cheaper for tenants to move in and occupy.

Lewisham's Development Management Local Plan (adopted November 2014) includes policies DM9, DM10 and DM 11 requiring all new business and retail premises to provide the internal fit-out of the space to make them more attractive for letting. This is despite some concerns raised by the Inspector at the Examination in Public. The most relevant is Policy DM11 (Other employment locations - Sites in Town Centres, Local Hubs and other clusters of commercial and/or retail uses - All Sites), and an extract is set out below:

DM11.7. New build business and retail premises should be provided with an internal fit-out to an appropriate standard to attract new occupiers and ensure long term sustainable development and provide a proportion of lower cost accommodation suitable for start-up businesses

Interestingly, a similar proposed requirement in Wandsworth's Local Plan failed at Examination; with the Inspector concluding that such a provision would tie the hands of developers and would limit flexibility. Wandsworth's submission version Local Plan (examined in 2015) included draft Policy DMI 4 (Provision of flexible employment floorspace).

Where proposals include an element of B1a (office) floorspace it should be fitted out beyond shell and core, designed to provide a good quality accommodation and to enable flexible occupation. Typical features that enable this are:

- i. clear and flexible floor plate space with few supporting columns;
- ii. large amounts of natural light. Windowless and basement offices should be avoided;
- iii. availability of a range of unit sizes ranging from 50 sq ms up to 2,000 sqm;
- iv. realistic rents;
- v. flexible leasing arrangements taking account of the Code for Leasing and Business Premises in England and Wales 2007; and
- vi. building management - developers are encouraged to come forward with development partners for the management of flexible employment floorspace prior to submitting an application

The Inspector's Report took issue with the inclusion of the requirement for such space to be fitted out beyond shell and core and the deletion of this requirement was a condition of finding the plan sound. An extract from the Inspector's Report (paragraph 78) is set out below:

The provision that office developments be fitted out "beyond shell and core" is intended to assist smaller firms in taking up floorspace immediately and without financial implications. However, any internal specification could be designed in an adaptable manner and there is no first-hand evidence that the absence of such provision has caused difficulties. On the other hand, prescribing that those measures be taken would tie the hands of developers and would limit flexibility contrary to the aims of the policy and of the NPPF. This provision is not justified in Wandsworth and should be omitted.

It is true that there is no such thing as a free fit-out and any costs passed on to the developer may be factored into viability discussions, although the relative significance of a basic fit-out is likely to be marginal. Developers have also pointed out that many prospective tenants have their own fit-out requirements, and newly provided fittings may be removed. This could be avoided if fit-out support was required only once a space had been let to an occupier. For example, Croydon include provision for "fitting out of all ground floor units for the eventual end occupier". Such policies would appear to be a positive tool to avoid vacancy in appropriate locations.

FLEXIBLE & TEMPORARY USES

Harrow's Development Management Local Plan (July 2013) includes Policy DM39 (Vacant shops in town centres). This is a good example of policy allowing a more flexible approach to the use of ground floor premises where vacancy rates are relatively high.

- A. In town centres with a vacancy rate exceeding 20% over a continuous period of two or more years, the use of the ground floor premises that have been vacant and appropriately marketed for a period of one year will be permitted as follows:
 - a. Within the primary shopping frontages of district centres, use for retail, financial & professional activities, restaurant & cafes and take-aways; and
 - b. Within the secondary frontages of district centres and designated frontages within local centres, any use appropriate to a town centre and primarily for visiting members of the public.
- B. Proposals for the temporary use of ground floor premises that are vacant will be permitted whilst marketing is undertaken for a period of up to 5 years.

Vacant shop units in town centres are detrimental to their vitality and viability. Short term vacancies are a part of normal market activity and shops change hands and are refurbished for new traders, whilst economic cycle will lead to variability in the demand for town centre premises in the medium term. However, long term vacancies may be indicative of more significant, structural problems within the town centre. Moreover, sustained high levels of vacancy within a centre can trigger a negative downward spiral as overall footfall levels reduce, the amount of inactive or 'dead' frontages increase, and perceptions spread that the town centre is in decline.

Haringey's pre-submission version Development Management DPD (January 2016) includes Policy DM42 (Primary and Secondary Shopping Frontages). Part D of this

emerging policy supports temporary uses, and is set out below:

D. Within designated Primary and Secondary Shopping Frontages, the Council will give consideration to the granting of temporary permissions for meanwhile uses not compliant with A-C [policies in relation to the percentage of A2-A4 and other uses in Primary and Secondary Frontages and specific design features] where it can be demonstrated that the use will positively support the retail function of the town centre. The temporary use of a vacant ground floor unit will be supported where it can be demonstrated that the unit is being actively marketed.

- 6.40. National planning guidance states that local planning authorities should take full account of market signals when planning for town centres. Vacancy rates provide a useful indicator of market activity, which in turn reflects more broadly on town centre vitality and viability. Even healthy town centres will experience some level of vacancy, such as temporary vacancies that arise through the regular churn of shops and premises.
- 6.41. Recognising the need to respond to market signals, this policy sets out the Council's approach to managing development where vacancies are considered to pose a threat to a town centre's vitality and viability. Vacant shops can adversely impact on town centres, restricting the potential for visitor footfall and leaving inactive frontages which harm the townscape. The Council's priority is to bring vacant shops back into retail use, particularly within designated shopping frontages, where the impact on the health of the centre is most likely to be felt.
- 6.42. However, the temporary use of a vacant shop for a non-retail use will be supported, normally up to five years, whilst it is being marketed. This will help to ensure an active frontage in the town centre, encourage footfall and provide opportunities for short term economic activities, such as pop-up shops, which may not otherwise be attracted to such locations or premises. Town centre vacancy rates are monitored through the Authority Monitoring Report process. Applicants will be required to refer this and other information to demonstrate a proposal is policy compliant, along with evidence of an active marketing campaign
- 6.43. Economic cycles can also lead to fluctuations in the demand for town centre units. However sustained levels of high vacancy are likely to signal more significant structural issues within a town centre, thus justifying the approach for targeted strategic interventions. Where monitoring indicates a significant structural decline of a town centre, this will signal the need for a review of the existing policy position.

LOCAL DEVELOPMENT ORDERS

Whilst many boroughs have policies that allow for a range of non-residential uses at ground floor level outside of identified core/primary shopping frontages, Local Development Orders (LDOs) enable Boroughs to increase certainty for prospective non-residential occupiers by pro-actively granting planning permission for such uses.

LB Harrow has adopted an LDO for designated parts of North Harrow District Centre, which grants permission for any change of use of a ground floor unit to one of the use classes set out below:

- A1 (shops)
- A2 (financial and professional services)
- A3 (restaurants and cafes)
- B1(a) as an office other than a use within A2 (financial and professional services)
- D1 non-residential institutions specifically health centres, day nurseries, public halls and non-residential education and training centres – subject to a maximum of 150m²

In granting permission, the LDO restricts the hours of operation for uses to between 08:00 and 22:00 hours.

FLEXIBLE DESIGN

Croydon's proposed Local Plan Detailed Policies & Proposals (September 2016) includes Policy DM5 (Development in Croydon metropolitan Centre, District and Local Centres), which seeks to manage vacant non-residential ground floor uses in more peripheral locations, by ensuring they have occupiers and are fitted out, and that they are capable of

being converted to the same uses as the remainder of the building (most likely to be housing) if no end users have been found after two years.

DM5.1 The Council will ensure that the vitality and viability of Croydon Metropolitan Centre and the borough's District and Local Centres is maintained and increased by not permitting new developments or changes of use which would result in a net loss of ground floor Class A uses within Main Retail Frontages (unless it relates to the expansion of an existing community use).

DM5.3 Outside of Main and Secondary Retail Frontages, but within centres, proposals for mixed use developments will be required to either:

- a. Demonstrate that a specific end user will be occupying the ground floor unit upon completion; or
- b. Provide a free fitting out of all ground floor units for the eventual end occupier to ensure that the unit is capable of occupation and operation by the end user and ensure that the ground floor units are capable of conversion to the same use as the remainder of the building if after two years, subsequent to completion, no end user has been found for the ground floor unit.

5.9 Across the borough there are many examples of mixed use developments in town centres but outside of Main and Secondary Retail Frontages where the ground floor units have been left as an empty shell. The costs of fitting out these units to a standard that allows them to be used for their intended purpose can be prohibitive and the resultant boarded up units harm the vitality of the centre. To avoid this all mixed use developments within a town centre but outside of a designated frontage will be required to have either an end user for the unit (evidenced by a pre-let agreement or by the applicant being the end user) at the time of granting permission or to provide a free fitting out of the unit for the first occupier.

5.10 All speculative schemes in town centres but outside of Main and Secondary Retail Frontages will also be required to be designed in a way that would allow conversion of the ground floor unit to residential or the same use as the remainder of the building if not residential. In some cases the Council may enter a legal agreement with the applicant to ensure that the ground floor unit is let and if not then converted to the same use as the remainder of the building.

Whilst such an approach may be appropriate in particular locations, there is some concern that this anticipates and could actually facilitate change of use to housing rather than addressing the challenge of securing successful non-residential use at ground floor.

PROVIDING OFFICE SPACE LOST THROUGH PERMITTED DEVELOPMENT

The temporary permitted development rights for office to residential conversions were initially introduced in 2013 for a three-year period, which was due to expire in May 2016. The Town and Country Planning (General Permitted Development) (England) (Amendment) Order 2016 came in to force on 6 April 2016. This makes the permitted development rights permanent. The rights are subject to the same considerations for prior approval as the original temporary rights, with the addition of a noise assessment test for qualifying proposals. The April 2016 Order also makes permanent permitted development rights to convert A1 (Retail) and A2 (Financial and Professional), betting office, payday loan shops and launderette uses to residential.

Given the Government's decision to make permitted development rights allowing the conversion of offices and retail to residential permanent and the emerging evidence that there is unmet demand for B1 space in London, there is scope for the ground floors of mixed-use buildings in appropriate locations, high streets and areas outside of core/primary shopping frontages to help provide new B1 space. This could help compensate for the reduction in B1 space caused by permitted development rights and introduce viable and active ground floor uses that contribute to London's economic ecosystem.

CONCLUSIONS AND RECOMMENDATIONS

This section seeks to draw conclusions from the detailed research of the role, design, delivery and use of ground floor non-residential units in mixed-use schemes. Recommendations have been made for how to prevent vacancy problems with non-residential ground floor units in mixed-use buildings.

Drawing on the findings of the questionnaire, case studies, interviews with commercial agents and a review of borough policies, our overall conclusion is that long-term vacancy of ground floor spaces in new mixed-use developments can be a problem. The degree to which ground floor vacancy is a problem varies from case to case, and the recommendations set out here seek to help prevent this problem occurring. The reasons for long-term vacancy of ground floor units in new development are the result of a complex combination of factors. Whilst we have found examples where planning policy and detailed design have been factors, generally the more important factors appear to be around location and rental expectations.

Interventions include greater flexibility in terms of planning and acceptable non-residential uses, realistic rents, and design improvements, including partial or basic fit-out. It is also necessary to take a long-term view that spans economic cycles, as there are examples of ground floor units which are vacant upon completion, that eventually become occupied.

In addition to the recommendations set out in this report, we recommend a 'Good Practice' checklist that could be incorporated into Policy / Supplementary Guidance or published independently as a practical guide along with this report. This provides an opportunity to encourage the intelligent management of development. Planning officers should ask prospective applicants to demonstrate their knowledge of developing non-residential property at pre-application stage. If it appears that the applicant does not have the relevant understanding and/or approach for the particular emerging scheme or location, officers should suggest they seek the advice of a local commercial agent.

GLA GOOD PRACTICE CHECKLIST:

NON-RESIDENTIAL GROUND FLOORS IN MIXED-USE SCHEMES

This checklist should help planning officers and developers avoid long-term vacancy and maximise the contribution of non-residential ground floors in town centres and high streets. The checklist should help question, challenge and critique proposals at the pre-application stage. Consideration of these issues at the outset is crucial, alongside issues related to the housing elements of mixed-use proposals. Schemes should ensure there is a reasonable prospect of the non-residential space being occupied, and seek to maximise this prospect.

USE & DEMAND

- Understand the nature of demand by consulting local Commercial Agents, Business Improvement Districts, Town Teams, Town Centre Managers and Economic Development Officers
- Ensure the type, specification, and pricing of non-residential space meets and corresponds to segments of demand. For example, is the proposed space similar to existing occupied non-residential space? If not, is the proposed space likely to work in that location? For example, places with industrial businesses do not always make the best places for office based businesses.
- Ensure that restrictions on the use of the space, such as controlling the hours of operation or specifying sectors, do not overly limit the market of potential occupiers. Provide flexibility in these restrictions, if occupiers are not found by a certain date.
- Consider whether proposed uses and demand make a positive contribution to the town centre/high street.

LOCATION

Ensure the location is appropriate for proposed uses in relation to the wider town centre and similar uses.

- Current and expected footfall in the specific location should be high enough to support the proposed units, which is particularly important for retail uses.
- Consider whether uses in the immediate area will generate a critical mass of footfall, or whether standalone units can be avoided.
- Consider the proximity to other uses, for example whether units are part of a continuous frontage or detrimentally tucked around corners or interspersed with long stretches of inactive frontage.
- Consider public transport accessibility, which is likely to be important for office uses.

Consider whether ground floor residential front doors and gardens may be more appropriate in locations that do not meet the criteria above.

UNIT DESIGN

Review floor plans, sections & elevations to ensure proposed non-residential units are appropriately designed for potential occupiers, and secure changes to improve shortcomings where possible.

- Units should be a sensible, rational shape that is flexible and easy to occupy.
- Units should not be compromised by columns and/or risers, or excessive level changes.
- The locations of residential lobbies, bin or bicycle storage, meter cupboards etc. should not compromise the unit shape or street frontage, or continuity of street frontage.
- The space should be easily accessible and visible from the street. Avoid retail units that require steps and ramps to enter. Provide space for signage on the façade.
- The unit should have a reasonable depth to accommodate 'back-of-house' functions, as well as public facing activity – 15m is a good rule of thumb for high street retail.
- The unit should have an adequate floor to ceiling height – 3.3m is a rough minimum.
- The unit should be weathertight and be partially fitted-out such as with toilets, kitchenettes, heating and M&E services to make it commercially attractive to potential occupiers, before residential units are first occupied
- The units should have provision for ventilation, flues, and noise attenuation for restaurant / café uses. These should be designed into the residential riser spaces
- There should be provision for servicing, waste storage, and noise attenuation to allow for operation while minimising disturbance to any housing to the rear and above.
- The servicing and parking arrangements should be acceptable to a wide range of businesses and potential occupiers.

PRICING & MARKETING

Review surrounding rental values and demand with local commercial agents

- Consider vacancy levels in the area, both in existing stock and new developments
- Ask the applicant to describe the rents they expect to achieve, and to demonstrate that they are related to demand in the area through a market analysis report.
- Ask who would let and manage the space, and whether the applicant would be willing to sell/transfer the unit to a company that specialises in managing such units.
- Ask the applicant to provide a brief marketing plan describing how units will be marketed and when occupation is intended.
- Rent-free periods are common to get the space occupied initially; alternatively more specific fit-out may need to be part-funded by the owner of the unit.

APPENDIX 1: QUESTIONNAIRE INVITEES

London Boroughs

Barking & Dagenham
Barnet
Bexley
Brent
Bromley
Camden
Croydon
City of London
Ealing
Enfield
Greenwich
Hackney
Hammersmith & Fulham
Haringey
Harrow
Havering
Hillingdon
Hounslow
Islington
Kensington & Chelsea
Kingston upon Thames
Lambeth
Lewisham
Merton
Newham
Redbridge
Richmond upon Thames
Southwark
Sutton
Tower Hamlets
Waltham Forest
Wandsworth
Westminster

Developers

Barratt London Berkeley
Bouygues
Countryside
Crest Nicholson Grainger
Igloo
London Newcastle
Redrow
U&I

G15 Housing Associations

A2 Dominion
Affinity Sutton
Amicus Horizon Catalyst
Housing Circle
East Thames Group
Family Mosaic
Genesis Housing Association
The Hyde Group
L&Q
Metropolitan
Network Housing Group
Notting Hill Housing
Peabody
Southern Housing Group

Business Improvement Districts

Angel
Argall Avenue (LBWF)
Better Bankside
Camden Town Unlimited
Croydon
E11 (LBWF)
Ealing Broadway
Fitzrovia Partnership
Garratt Business Park (Wandsworth)
Hainault Business Park
Hammersmith London
Heart of London Business Alliance (West End)
Ilford
Inmidtown (Holborn)
inStreatham
Kimpton Industrial Estate (Sutton)
Kingstonfirst
London Riverside New Bayswater
New West End Company (Oxford Street area)
Northbank (Aldwych area)
Orpington 1st
Paddington
Successful Sutton Team
London Bridge
Vauxhall One
Victoria
Waterloo Quarter
Business Alliance
Willow Lane (Trading Estate, Merton)

Planning/Retail consultants

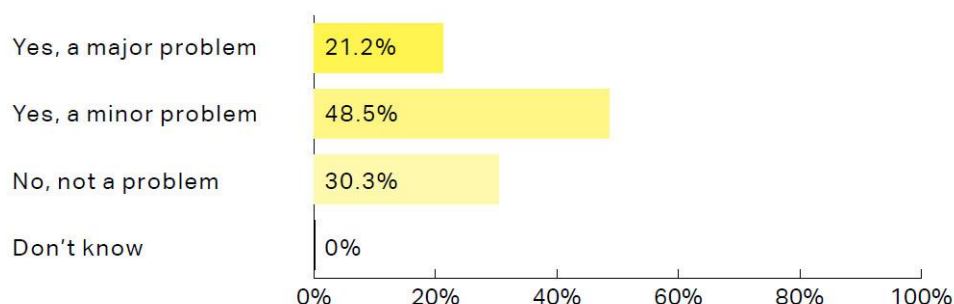
Peter Brett Associates
CBRE
GVA
Nathaniel Lichfield & Partners

Letting agents

Kalmars
Knight Frank
Krystal Commercial MMX
Retail Property
Stirling Ackroyd

APPENDIX 2: QUESTIONNAIRE RESULTS

Q1. Do you think there is a problem of long-term vacancy of ground floor units in recent mixed-use buildings in or near town centres, or on high streets?



Q2. Please give reasons for your answer to question 1, above.

> It is an issue within certain developments, some mixed-use buildings work well

> S106 requirements for commercial not always appropriate to location

> Schemes required to provide active frontages. Retail uses command the highest commercial rents in Merton. If schemes are permitted and retail, for policy reasons is not permitted, we usually come across the issue more often than not. The landlord usually will advertise the site, but make the site unattractive for potential purchasers - commanding unrealistic rents and creating units that are unattractive to the market. They will then submit a planning application after a period of time for change of use, from the commercial use to residential use. Up until recently, some of these sites were designed to be easily converted into residential use.

> It's somewhere between a major and a minor problem. There is variety in performance, and this is often related to the amount of mixed use space added and its location relative to other provision.

> Area differences Retail to residential PD Business Rates Retail interiors / design control Street Scene Redevelopment, Transport hubs High Street trends

> It may be a minor problem for the viability of the scheme (which may not rely on its sale or letting). It is, however, a bigger issue in terms of streetscape and the intent of bringing life to the street.

> Planners use commercial use classes as a device to retain some form of employment use but it is not always appropriate for all locations.

> It is our understanding that developers would rather not provide retail or mixed usage properties as this complicates their business models and arrangements. They would prefer a simpler build and sale model without the management costs required of a re-tail unit.

> It depends on the location. There are many instances of developments based on the periphery of town centres, or town centres that are already too large, where they struggle to let the ground floor commercial uses. In successful town centres and well located developments there is demand and the space will let.

> At any one time there are a handful of buildings in the borough with vacant ground floor units. In almost all cases they do eventually get let but often after several years.

> A number of developments that we have completed have had long term voids due to the planning authority not understanding the commercial market

> Most occupiers/tenants are attracted by high footfall

locations and in some cases ground floor units of mixed use buildings are not located in 'prime locations'. In particular, national and international brands may not be interested and when units are large, rent values are probably too high for independent businesses to take on.

> There are isolated instances of such units remaining vacant for long periods following completion, but it is not considered to be an entrenched problem. Where this does occur, policies are often flexible enough to allow change to other suitable uses which can broaden demand for such units.

> Variety of reasons; Lack of demand Wrong planning use for location. Extended voids exacerbate poor perception. Poor design and/or servicing - small secondary units should be fully fitted not shell and core No or inadequate marketing Concentration on residential element

> Changing shopping patterns and a lack of flexibility around use creating an out-mode planning approach to the use of these spaces

> Volume housing developers are set up and financed to build housing and sell on. They are not able or interested in the long-term place making benefits associated with high quality employment or active ground floor retail spaces and either sell the problem on, keep vacant to try and secure a later housing consent, or simply treat as a loss leader.

> Some of the problems with this are linked to the expectation that new businesses can afford the "commercial" rate and I think the second problem is that they are often very poorly marketed and this may be linked to trying to get an alternative planning consent

> Required by Councils when often not financially viable and /or in the wrong location

> Planners insist on 'active ground floor use, but often without detailed consideration to the site context and area characteristics. e.g. St Luke's in Newham

> Often policy led to replace loss of a pub for example but frequently wrong location to put retail; more thought is required per site on why retail is required when you may have local parades / high streets struggling with vacant units in close proximity; over supply of existing retail floor space but at times there is no common sense from LA's when looking at a redevelopment scheme; sometimes replacement is required at whim of planning committee;

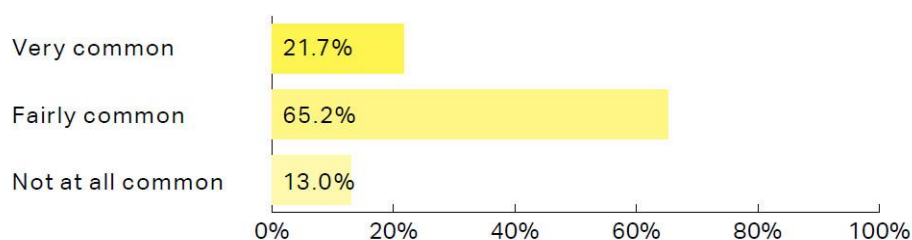
> Quite often some immediate locations suited for residential purposes are not appealing for commercial purposes. Quite often units are not the correct size for the market they need to appeal to.

COMMENTS SUGGESTING THERE IS NO PERCEIVED PROBLEM

> There have been very few mixed-use developments completed in or near town centres, or on high streets in the borough that have resulted in long term vacancies.
> Based on officers' knowledge and experience, we do not consider that this type of vacancy is a problem in Tower Hamlets.
> In the case of Kingston upon Thames, we have one of the highest occupancy rates in London - therefore when new property becomes available there is sufficient demand for the properties.
> We are perhaps fortunate in our Borough that we have little vacancy in our centres. This is perhaps more a reflection of the wealth of the Borough's catchment than any examples of good planning.

> The mixed-use developments that we have permitted with retail uses on the ground floor have generally been successful. In some cases, they have taken a long time to fill, but this has also been the case for some units in purpose built shopping developments.
> Currently operating at 1.7% vacancy rate for ground floor retail. Strong BID, terrifically attractive town centre with lots going on and good footfall from large office businesses during the week and loyal residential footfall at the weekend and evening.
> I can only respond in relation to my BID area - Baker Street and surrounds in central London where this is not a problem.

Q3. How prevalent is long-term vacancy (12 months or more) in new-builds (built in last 5-10 years)?



Q4. Please share any statistics you have on long-term vacancy (12 months or more)

No responses

Q5. Are there particular town centres or high streets that you know of, where such vacancy is a particular problem? Please give specific examples.

EXAMPLES

> St Lukes, off Silvertown Way - built out and then stood empty for 4 years prior to being converted to poor quality residential units.
> Plough Lane, Busehy Road, Wimbledon. This site is not in a town centre or high street.
> Black Horse pub in Addiscombe and a scheme on the corner of Brighton Road and Lion Green Road in Coulsdon. Both are now occupied but were vacant for over two years. We also have an entire scheme in Exchange Square where the ground floor units have never been occupied.
> Bermondsey Spa had vacancies for over 3 years and are finally let now.
> Lamb Walk Bermondsey, Fish Island, and many more
> Loampit Vale Lewisham
> Canada Water plaza - Canada Water site A planning

reference 05/AP/2538 - vacant units facing the new plaza very disappointing
> High Street Yiewsley (but this may change with Crossrail station under construction) LB Tower Hamlets - corner of Woodseer St / Spital Street
> Units 1, 12 and 13, 85 Crampton Street, London SE17 3BQ 10-AP-2903 11-AP-4326 14-AP-1420 Proposal: Change of use of ground floor units, 1,
> 12 and 13 from office (B1a) to create 4 residential flats (2x2 bedroom) (Use Class C3).
> Regeneration schemes which may take years to complete may have "meanwhile" uses on the ground floor pending longer term letting or disposal strategies (Portobello Square / Wornington Green North Kensington)
> The issue seems to be dependent on how hands-off a developer is regarding their planning requirements. During

the Olympic period Stratford High Street had a high vacancy rate on the ground levels when new developments went up.
 > Harlesden area has history of being hard to let. 1) Junction of Church Road and A407 in Harlesden/Neasden

has a large commercial unit on the corner beneath residential that has never been occupied. 2) Commercial unit on Harlesden high street under residential was let to a church as no other interest.

GENERAL COMMENTS

> Really dependent on the area. If the commercial space is in an appropriate area and of appropriate size then it is easy to let, but often consideration isn't given to the demand for the type of commercial space in a particular area or availability of parking etc. that will influence organisation's decisions to occupy.
 > No stats but schemes that we have been involved with some have struggled to be let; others have not (depends on location); and I am aware of sites where retail units have sat empty for several years but I am not sure if this is due to owner deliberately not seeking a tenant or the nature of the letting policy
 > We have a large unit which remained vacant for 7 years

and another one on a High Street in a prominent location for 3 years. Some of this might be slightly attributable to the recession in 2008 and also changing shopping patterns
 > Due to the relatively small number of commercial units developed by our organisation we have not had any units vacant for longer than 3-4 months at a time.
 > It is an intermittent problem. There is no one particular high street so blighted.
 > No but concern about redevelopments that will occur in Barking Town Centre over the next 5 years and the importance of getting uses on the ground floor and right sort of uses.

COMMENTS SUGGESTING THERE IS NO PERCEIVED PROBLEM

> I am not aware of any examples in this Borough of long term vacancy for new build mixed commercial/residential in our centres.

Q6. PLANNING AND RELATED MATTERS

In your experience, how relevant are the below Planning factors?

	Very relevant	Relevant	Neutral	Not that relevant	Irrelevant	Don't know
Planning policy promotes mixed-use development that leads to the delivery of non-residential floorspace in unviable locations	47.8%	30.4%	17.4%	0.0%	0.0%	4.3%
	11	7	4	0	0	1
The ground floor space is delivered mainly as a means of getting consent for housing above.	52.2%	43.5%	0.0%	4.3%	0.0%	0.0%
	12	10	0	1	0	0
Restrictions imposed by planning condition/ obligations (such as opening hours, ventilation, servicing etc.)	17.4%	43.5%	17.4%	17.4%	4.3%	0.0%
	4	10	4	4	1	0
Prioritisation of other policy objectives (e.g. affordable housing) leads to less money being spent on ground floor units.	8.7%	26.1%	21.7%	34.8%	8.7%	0.0%
	2	6	5	8	2	0
Further Planning Permission is required to occupy the space.	13.0%	21.7%	30.4%	21.7%	13.0%	0.0%
	3	5	7	5	3	0
Policy restricts the amount/number of certain uses in an area.	13.0%	21.7%	30.4%	21.7%	13.0%	0.0%
	3	5	7	5	3	0
Environmental health restrictions (noise, ventilation etc.)	17.4%	21.7%	26.1%	30.4%	4.3%	0.0%
	4	5	6	7	1	0
Licensing policy restricts the number and/or opening hours of bars and other uses.	13.0%	21.7%	30.4%	30.4%	4.3%	0.0%
	3	5	7	7	1	0

Q7. PHYSICAL CONTEXT, LOCATION

In your experience, how relevant are the below Physical Context factors?

	Very relevant	Relevant	Neutral	Not relevant	Irrelevant	Don't know
Poorly located, low footfall areas (e.g. away from main high street).	60.9%	26.1%	8.7%	4.3%	0.0%	0.0%
	14	6	2	1	0	0
Poor quality public realm, busy, unpleasant streets.	26.1%	39.1%	13.0%	17.4%	4.3%	0.0%
	6	9	3	4	1	0
Stand-alone units, lack of critical mass or clustering to generate footfall.	43.5%	43.5%	4.3%	8.7%	0.0%	0.0%
	10	10	1	2	0	0
Active frontage broken by parking, bin stores, residential entrances etc.	26.1%	39.1%	21.7%	8.7%	4.3%	0.0%
	6	9	5	2	1	0
Nature of neighbouring units.	30.4%	34.8%	17.4%	13.0%	4.3%	0.0%
	7	8	4	3	1	0
Poor access from street for potential customers.	21.7%	43.5%	17.4%	17.4%	0.0%	0.0%
	5	10	4	4	0	0

Q8. UNIT DESIGN

In your experience, how relevant are the below Unit Design factors?

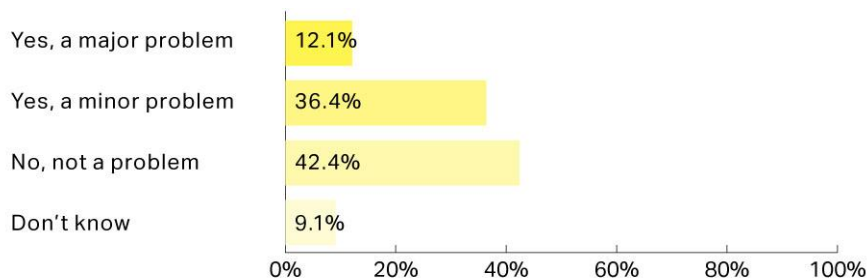
	Very relevant	Relevant	Neutral	Not that relevant	Irrelevant	Don't know
Low ceilings.	9.1%	27.3%	45.5%	13.6%	0.0%	4.5%
	2	6	10	3	0	1
Unit size, shape or proportion unfavourable for prospective occupiers.	23.8%	52.4%	14.3%	9.5%	0.0%	0.0%
	5	11	3	2	0	0
Interference/compromises associated with residential cores, bin stores, structural columns, etc.	22.7%	50.0%	9.1%	9.1%	0.0%	9.1%
	5	11	2	2	0	2
Compromised servicing arrangements for units.	18.2%	59.1%	9.1%	9.1%	0.0%	4.5%
	4	13	2	2	0	1
Building fabric is not suitable.	9.1%	27.3%	36.4%	18.2%	0.0%	9.1%
	2	6	8	4	0	2
Units not fitted-out resulting in increased entry cost for prospective occupiers.	23.8%	23.8%	9.5%	28.6%	9.5%	4.8%
	5	5	2	6	2	1
The need to get Building Regulations approval before occupying space.	0%	27.3%	27.3%	31.8%	4.5%	9.1%
	0	6	6	7	1	2
Lack of available customer car parking.	13.6%	22.7%	22.7%	31.8%	4.5%	4.5%
	3	5	5	7	1	1

Q9. ECONOMIC FACTORS

In your experience, how relevant are the below Economic factors?

	Very relevant	Relevant	Neutral	Not that relevant	Irrelevant	Don't know
Low level of demand from occupiers/wider issues with the town centre.	43.5%	39.1%	8.7%	4.3%	4.3%	0.0%
	10	9	2	1	1	0
Anchor tenants seeking to limit opportunities for competitors in the same development.	0.0%	39.1%	26.1%	21.7%	4.3%	8.7%
	0	9	6	5	1	2
Oversupply of space in the local area (including older stock at lower rents).	13.0%	39.1%	17.4%	26.1%	4.3%	0.0%
	3	9	4	6	1	0
High expectation of rent compared to surrounding rents (possibly due to newness).	21.7%	39.1%	17.4%	13.0%	4.3%	4.3%
	5	9	4	3	1	1
Lack of rent free or reduced rent periods relative to other available similar space.	13.0%	39.1%	21.7%	13.0%	8.7%	4.3%
	3	9	5	3	2	1
Lease arrangements (lease too long, short or expensive).	17.4%	34.8%	26.1%	8.7%	4.3%	8.7%
	4	8	6	2	1	2
Perception that leases to certain businesses (e.g. restaurants) will affect the ability of flat purchasers to obtain a mortgage, therefore reducing residential values.	8.7%	47.8%	8.7%	13.0%	8.7%	13.0%
	2	11	2	3	2	3
High rents (or covenant strength) expected, possibly so as not to devalue capital assets on balance sheet.	9.1%	36.4%	18.2%	18.2%	4.5%	13.6%
	2	8	4	4	1	3
Residential agents not familiar with marketing retail/ non-residential space.	4.3%	47.8%	8.7%	17.4%	13.0%	8.7%
	1	11	2	4	3	2
Commercial agents not motivated to market retail/ non-residential space.	13.0%	43.5%	13.0%	13.0%	4.3%	13.0%
	3	10	3	3	1	3
Residential developers not seeing the non-residential units as an investment and not prioritising the letting of non-residential space, once the housing above is sold.	30.4%	39.1%	17.4%	0.0%	4.3%	8.7%
	7	9	4	0	1	2
Non-residential space built with the expectation that it can be converted to housing in the future.	17.4%	39.1%	4.3%	21.7%	4.3%	13.0%
	4	9	1	5	1	3
Landlord liability for business rates does not exist if the space is not fitted-out or finished.	13.0%	39.1%	21.7%	13.0%	8.7%	4.3%
	3	9	5	3	2	1

Q10. Is there a problem of ground floor frontages in recent town centre buildings being occupied by uses that undermine the health of a town centre or high street? This refers to uses that undermine high streets and town centres, not vacancy.



Q11. If you answered 'yes' to the above question 10, please provide examples of where the use of ground floor frontage(s) has undermined the health of a town centre / high street.

EXAMPLES

> Empire Square, Long Lane, SE1
> One Valentine Place - conversion from retail to office has reduced active frontage and harmed the aspirations

of the Blackfriars Road SPD to promote animation and north south movement.

COMMENTS RELATED TO USES

> Low quality shops encouraged by low rents due to low demand.
> Temporary charity shops in Woolwich Town Centre
> Too many betting shop / fast food outlets generally
> Use of premises for banks or betting shops do not help the health of a town centre.
> Chicken shops - betting shops - loan shops
> Betting shops are often the only demand. Retail space converted to office use that does not provide an active

frontage and therefore undermines the purpose of the commercial ground floor.
> Too many betting shops and the threat of a retail bank not requiring change of use from prime retail footplate.
> New forms of retailing have continued to grow and offer an alternative approach, a demand for electronic linked items such as smart phones, personal computers and the internet have notably played a major part on the industry of retail.

GENERAL COMMENTS

> Occasional examples within the borough of new-build units exacerbating existing proliferations of "unhealthy" uses. For example, in a district town centre a flexible commercial consent resulted in a hot-food takeaway opening where there was an existing proliferation, and at a small neighbourhood centre where only around one third of units were A1 retail a second betting shop opened making use of a flexible consent which had included A2.
> Even though this is not a major issue in Kingston, on the odd occasion landlords opt for the most lucrative tenant vs the best proposition for the Town Centre and customer requirement.

> No. There are generally three issues which can undermine the health of a TC/high street in land use terms:

- (1) Uses inappropriate for the locality;
- (2) Vacancy; and

(3) Clustering/ overconcentration of uses LBI policies generally promote main TC uses as de-fined in the NPPF. There is no absolute rule on what type of uses would undermine the health of a centre; this is a location specific issue. More often than not, residential uses would be considered harmful where they are introduced in a ground floor frontage. LBI have a specific policy to prevent clustering / overconcentration of uses. Following on from the response to point 2, even where there is long-term vacancy of such units, and the policy is flexible to allow change to other uses, there is a requirement for new uses to avoid adverse impacts on vitality and viability of an area. Therefore, if a use is generally unsuitable, it will not necessarily be permitted even where it alleviates long-term vacancy (there is an issue of case-specific weight though).

Q12. Do you have any specific suggestions for tackling long-term vacancy and/or ensuring that frontages are used in ways that make a positive contribution to the health of a town centre or high street?

The following suggestions were given, which have been grouped under similar themes:

SUGGESTIONS RELATED TO DEMAND

> There should be proven demand for commercial units before a planning authority asks for them.
> Don't built it in the first place! Planners to be realistic.
> Town centre consolidation and realism in planning policy/decisions about demand for commercial uses.
> Get the quantities right. Where spaces are vacant it is because of lack of demand for them in the locations they are required by planning/provided. The approach to determining how much and where mixed use space is provided needs to revised to reflect the nature of demand by occupiers - whether independents or multiples or other community uses. A focus on how residential can be brought to the ground in higher density environments,

while presenting an attractive, active frontage to the street is required for those locations where mixed use cannot be supported. International examples of how streets can remain active with new residential can be used - Berlin, New York to name a few.
> Where there is evidence of long term vacancy, a more flexible policy approach to the acceptable uses allowed within these frontages could be considered.
> Much more emphasis on the planners to adhere to commercial marketing data and not from an idealistic perspective.
> Ensuring that commercial requirements for any S106 are appropriate for the specific area - greater

consideration on appropriate uses within the local market to ensure whatever provision is made can be successful

in that particular location.

SUGGESTIONS RELATED TO FIT-OUT

- > We have consulted upon a policy that would require developers to agree through S106 to a free fitting out of ground floor commercial units outside of designated frontages but within centres. We would also require them to be designed in such a way that if still vacant after two years they could be converted to residential use. Outside of designated centres stronger application of the sequential test for speculative units (including disaggregation and flexibility over size) should help to ensure fewer examples.
- > This is related to the planning consent and the necessity that if non-residential uses are asked for that there is an

insistence that the developer provided a bit more than just shell and core space so that it falls under the business rate regime because that will hopefully help to make the developer market the unit properly at a reasonable price. The alternative is that local authorities consider asking for the spaces to be transferred to them at a peppercorn rent in exchange for some compromises elsewhere.

- > Require developers under S106 to provide cash to be held in separate account to fund fit-out and return it only following occupancy. And have approved managers like Meanwhile Space who take lease and manage space and cash.

SUGGESTIONS RELATED TO RENTS/ RATES/ TAXES

- > Stepped rent schemes to encourage independent business and allow them to 'test' the market. Pop-up use for buildings that have been long term vacant, to allow start-ups or community groups access to lower cost space whilst drawing attention to the unit for potential longer term tenants.
- > The Government should give tax incentives for starter businesses taking up long term vacant retail units. Letting retail units go to residential is not the answer. There also needs to be provision that all new businesses maintain a window display to help vibrancy. And not solid roller

shutters.

- > Reduce business rates for meanwhile occupiers 2. Incentivise and assist developers work with meanwhile operators preventing squatting is a good incentive 3. Affordable retail captured through S106 to enable access to retail space for SME and local operators and force developers to let space before housing above is occupied.
- > Mixed use of space - partly community run partly commercial. Give opportunities for locals to use space for free.

SUGGESTIONS RELATED TO POP-UP SHOPS

- > Make it possible to use units as pop-up locations. If the owner/developer cannot find an occupier at the market rate, then make the land lord provide the space for local business opportunities for an aspiring start up.
- > Promotion of appropriate pop-up, meanwhile or

community short term uses coupled with planning policy and business rates relaxations to animate voids.

- > Promote short term uses such as pop-up shops or business.

OTHER IDEAS

- > Given the differential in values between residential and any other uses (particularly outside our larger centres) it is essential that a LPA has the necessary powers to allow control such changes of use. Removing the need for pp for a vacant commercial unit to a starter home could be catastrophic to the successful functioning of an area. Such uses create dead frontage. As well as the necessary powers LPAs need the correct policies in place to resist such changes of use.
- > Much wider planning uses for commercial elements of schemes. Ensuring developers have a tenant contracted before planning permission is consented.
- > There is no one answer to this. New units should be designed flexibly, and allow sub-division into different configurations to appeal to as wide a range of occupiers as possible. This should be coupled with robust policies which ensure that market demand for the permitted use should be robustly tested (e.g. through provision of marketing and vacancy evidence to a specific standard), where it is shown that there is no demand that does not mean that any use would be suitable. Residential uses in particular can cause wider impacts on character and function of retail areas.
- > If BIDs have the opportunity to approach Town Centres as an asset and work alongside landlords/property owners

to establish the best entire make-up of the centre, to match current and future customer requirements, similar to the approach taken by shopping centres. Kingstonfirst has a proposal to achieve this.

- > We do have a regeneration team with a town centre officer that seek to engage with building owners within priority regeneration areas to encourage use of vacant shops, for example seeking to get meanwhile uses in place whether that be pop-up shops or more community based activities.
- > Using the council's local plan to proactively encourage occupation of empty units in town centres and high streets and actively permitting change of use in certain localities. When new non-residential units are built in Merton, we have set design requirements to meet them attractive to occupants.

