

## Proposed Article 4 Direction for changes of use from offices to residential

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## Purpose of Report

1. The purpose of this report is to set out the process and timetable for preparing an Article 4 Direction, which will amend the present 'permitted development rights' that currently allow the owner of a property currently used as offices (B1a) to change to residential (C3) use without requiring planning permission. At present the landowner or agent can make a 'prior approval' application to exercise these rights.
2. The Article 4 Direction will effectively withdraw these 'permitted development rights' making it necessary for the landowner to seek planning permission.
3. This report explains the City Council's reasons for carrying out an Article 4 Direction, why it is expedient to take this approach; the process and timetable involved; the consultation that will be undertaken; the advice given by the Secretary of State; where and how this proposed Article 4 Direction will be applied; the potential compensation risks associated with its implementation; and when it will be confirmed.

## Background

4. The Town and Country Planning (General Permitted Development) (Amendment) Order 2013 (Part 3 Class J) introduced these new 'permitted development rights' on 30<sup>th</sup> May 2013. Whilst a notification application for prior approval is required to be made to the Local Planning Authority this new legislation does now allow an office building (B1a) to change its use to a dwelling house (C3) without requiring planning permission. These rights are however automatically granted providing it complies with the following criteria:
  - takes place within the 3 years, before 30<sup>th</sup> May 2016;
  - had to be last used as an office on 30<sup>th</sup> May 2013; (or last known use prior to then)
  - is not a site 'exempted' by Government;
  - not a safety hazard area; military explosive storage area; or a listed building or scheduled monument.
5. If these criteria are satisfied then prior approval has to be granted providing it can be clearly shown by the applicant that there are no transport / highway impacts; land contamination and or flooding risks on the site.
6. So as can be seen the opportunities to refuse a prior approval are very limited and in many cases will rely mainly on the applicant needing to clearly prove an existing office (B1a) use and then that there are no transport / highway impacts; land contamination and or whether or not the site lies in a high flood risk zone.

7. An updated assessment was undertaken in February 2014, which showed that there had been some prior approval applications received on ten employment sites. Whilst some of these sites were subject to more than one prior approval applications the present position is that a total of nine sites have now been approved; which amounts in total to some 10,386 m<sup>2</sup> (111,800 ft<sup>2</sup>). Only one site at Canterbury House, 393 Cowley Road has been refused for some 2,426 m<sup>2</sup> (26,115 ft<sup>2</sup>).
8. The applications received so far suggest a worrying trend since these include a number of important sites that make a significant contribution to the City's employment land supply. The reasons for these applications being made appear to be varied and cover a range of different sized buildings both large office blocks and smaller starter / serviced units.

#### Process, timetable and consultation

9. A report was presented to the internal officer group the Physical Regeneration and Economic Development Board (PRED) in November 2013. The matter was discussed in detail and the view taken was that officers should proceed towards an Article 4 Direction subject to leading Labour Member approval. Members have supported this approach in principle.
10. Officers have discussed the process of preparing this document with the Head of Legal who have confirmed that the first stage in the process of making an Article 4 Direction is the preparation of a report, which could then be confirmed and 'signed off' by the Head of City Development under officer delegation. This report sets out the background information and provides the necessary context for the authorisation of work to commence on the Article 4 Direction.
11. The second key stage requires consultation to be undertaken with Statutory Consultees, key stakeholders, commercial and residential agents and those potentially effected for having an interest in this Article 4 Direction. A Consultation Plan will therefore be prepared and set out in the form of a Public Involvement Project Brief, which will be submitted for approval to the Public Involvement Board on 26<sup>th</sup> February 2014. The aim being for the consultation process to start early in March and last for two months in total.
12. As part of the Consultation process advertisements formally stating the City Council's decision to introduce an Article 4 Direction will be placed in the local press (Oxford Times) together with at least two site notices and notice formally served on the County Council and Secretary of State. The Article 4 can then be confirmed 28 days later, although it will not come into force until 12 months from the date of its confirmation to avoid risk for any associated compensation costs; in the case of future refusals of planning permission.

13. The Article 4 Direction is proposed to be applied to all the Key Protected Employment Sites in Oxford. These include both large sites such as the Business Park and Science Park together with small and medium sized sites.
14. On completion of the Consultation period the responses will be summarised and a report prepared to be submitted to the Area Committees who need to consider the representations raised and then decide whether to 'confirm' the Article 4 Direction.

## The need for an Article 4 Direction

15. The City Council did apply to the Secretary of State for 'exemption' from the 'permitted development rights', which now form Part 3 Class J of the Town and Country Planning (General Permitted Development) (Amendment) Order 2013, and came into force on 30<sup>th</sup> May 2013; but were unsuccessful.
16. The City Council's case for 'exemption' is set out in Appendix 1, which summarises the potential impact of these changes highlighting existing circumstances in Oxford, such as restricted land supply, high house prices and land values. The demand for employment premises the limited amount of office sites on the market and the important role played by the protected employment sites all remain a concern to the City's ability to meet the economic growth needs of Oxford. The policy approach within the City has for a number of years through the Development Plan system supported a 'balanced approach' to the use of employment land; which has been responsive to both employment and housing needs.
17. The Government recently confirmed and 'signed off' the Oxford and Oxfordshire City Deal bid, which requires Oxford to fulfill its agreement to bring forward new projects and infrastructure to deliver economic growth. It is already clear from the analysis undertaken that some protected employment sites have as feared already been subject to 'prior approval' applications that have been approved. If this trend continues and indeed further larger sites are lost to other uses there is a genuine concern that there will be a knock-on effect on the smaller and medium sized sites that supply much needed services. The provision of an adequate supply of employment sites has a vital role to play in implementing both the City Deal and Oxford's Economic Growth Strategy. Indeed the delivery of these proposals can only properly be secured by "ensuring that sufficient land of the right type is available in the right places and at the right time to support economic growth and innovation."
18. The new 'permitted development rights' now allow an office building (B1a) to change its use to a dwelling house (C3) without requiring planning permission. These rights are however automatically granted providing it complies with some set criteria. Subject to these criteria being satisfied then 'prior approval' has to be granted providing it can be clearly shown by the applicant that there

are no transport / highway impacts; land contamination and or flooding risks on the site.

19. An updated assessment was undertaken in February 2014 which showed that there had been some ten employment sites where prior approval applications had been submitted. Whilst some of these sites were subject to more than one prior approval application the present position is that a total on nine sites have now been approved; which amounts in total to some 10,386 m<sup>2</sup> (111,800 ft<sup>2</sup>). Only one site at Canterbury House, 393 Cowley Road has been refused for some 2,426 m<sup>2</sup> (26,115 ft<sup>2</sup>). This clearly shows that the City Council's original concerns, expressed in their 'exemption' case have now been realized.
20. The applications received so far suggest a worrying trend since these include a number of important sites that make a significant contribution to the City's employment land supply. The reasons for these applications being made appear to be varied and cover a range of different sized buildings both large office blocks and smaller starter / serviced units.

#### **Large office blocks**

21. The following examples are of large office buildings that were allocated in the Core Strategy as key protected employment sites.
22. **Grehan House** (1,281 m<sup>2</sup>) is a large office block near the Oxford Business Park, which has been on the market for a while but has remained vacant. Despite this there has been interest from a range of potential users, but no sole office occupiers have come forward. To a degree however this does reflect the office market, which during recent years has experienced limited demand in Oxford. Those office users wishing to come to the city or move within it have chosen other properties of a higher standard in preference to those that may require some new investment / refurbishment. It is however a protected employment site, which had been subject to a recent application for a mixed B1 / D1 use, which was approved on a temporary basis; subject to appropriate planning conditions. The expectation is that a permanent office user could be found at the end of this short-temporary period. Prior approval has now been granted for conversion to residential.
23. Another example is **Broadfield House**, Between Towns Road, Cowley (4,028 m<sup>2</sup>) which is another even larger office building formerly occupied by the Potato Marketing Board that had only relatively recently become available. It has over recent times been substantially refurbished to a high standard and is situated in a good location, with adequate parking spaces facilities on site, and lies within the Cowley Primary District Shopping centre. Although no new occupier had been secured in the short-term, this office building does represent a significant loss to the stock of office accommodation, which is of a high standard. Prior approval has now been granted for conversion to residential units.

### Service office / start-up units

24. Two 'prior approval' applications have been received for buildings that have either been used as serviced offices or newly completed developments. Firstly **Innovation House** (2,508 m<sup>2</sup>) in Mill Street, was formerly the home of Oxford Innovation, but more recently occupied by Pure Offices for 'serviced offices'. This site was the subject of a recent successful appeal, which determined that the site should not be converted to student use. Prior approval has however now been granted for the conversion of this property to residential use.
25. Secondly **Canterbury House**, 393 Cowley Road (Bus Depot) (2,426 m<sup>2</sup>) site is one of the few new opportunities for starter / grow on units within the City, which is currently on the market and is under offer. This site comprises two starter blocks now completed and built out to 'shell' only together with planning permission for a 'grow-on' building, where no construction work has started. Whilst one prior approval application has already been refused a second application was submitted. This also gave rise to concerns on the grounds that the buildings had not been occupied as offices and that a condition was attached to the original application that required it to be used as start-units / serviced office accommodation . Prior approval has now been refused.

### Spatial dimension

26. Of the ten sites where prior approval applications have been submitted there are three in the Cowley Road District Area and two in Cowley / Blackbird Leys area. Two further applications were received in both Headington and the City centre District areas; and one in the North area of the City.
27. The applications in the City centre highlight a recent trend that is particularly concerning and has implications both spatially and on existing businesses. The earlier 'prior approval' applications submitted generally included vacant office accommodation; but more recently applications have been received on office buildings that are currently occupied. These two applications includes Sun Alliance House, New Inn Hall Street (1,200 m<sup>2</sup>), which is above O'Neils PH fronting George Street and would offer office accommodation in reasonable condition; together with premises on the upper floors at 28-31 Little Clarendon Street (1,200 m<sup>2</sup>). Whilst some residential uses within the City centre would add to the vitality and mix of uses, there is a concern already expressed in the Oxfordshire Innovation Engine Report by SQW that the City centre needs to provide good quality office accommodation to encourage those services that support the knowledge economy.
28. The overall loss of all these employment sites is very concerning in relation to the delivery of both the employment policies within the Core Strategy and the recently approved Economic Growth Strategy. Element Three of the strategy in particular emphasises the importance of 'ensuring a sufficient supply of employment land;' and Element Two recognises the need to support existing and new businesses in Oxford.

29. There are also very real concerns about the type of accommodation created; the suitability of their location for housing and the standard of amenity provided for these residents. It is clear however from this brief review that the new residential units will comprise 1 and 2 bed small units and small studio apartments. It appears likely that some 70% of the applications would be for small 1-bed units, the majority of which fall short of the adopted standards some as small as 19 square metres; furthermore they do not offer a 'balanced mix of dwellings'.
30. In some cases, the location of these new residential units would offer a very poor environment; such as for example Grehan House adjacent to a busy and heavily trafficked road junction. The property fronts Garsington Road and lies next to the main roundabout on the Eastern by-pass that serves BMW; Oxford Business Park; and Tesco's. As such future residents could experience both noise and air pollution problems. The new residential units have a poor environment to live in. The units generally have limited internal space standards; and often no outdoor amenity space or balconies.
31. In this context Oxford City Council as the Local Planning Authority consider that the loss of these key protected employment sites, will cause significant harm to local amenity and the proper planning of the area. The City Council has an adopted Core Strategy (Nov 2011) that seeks to promote economic prosperity for Oxford and supports a policy of 'managed economic growth'. The role played by the protected employment sites in Policy CS31 is essential to the delivery of the economic growth of the City, their loss would undermine the Council's effectiveness in implementing this policy approach. In addition the Oxford Strategic Partnership (OSP) recently approved the Oxford Economic Growth Strategy, which amongst other key recommendations sought to 'ensure an adequate employment land supply' together with the need to 'support existing businesses within the City'. The Key Protected Employment Sites are an essential part of the infrastructure necessary to deliver economic growth.
32. The City Council therefore take the view that it is '**expedient**' to implement an Article 4 Direction to make it necessary for the change of use of offices (B1a) to residential, on the protected employment sites, which should not be carried out unless permission is granted for it on application. Whilst the key protected employment sites represent a significant amount of Oxford's existing employment land supply the approach being taken is 'targeted'; site specific and fully justified. It does not however include all employment sites or other key commercial locations, such as the City centre and District centres and therefore does not represent a 'blanket' approach.

## Role of the Secretary of State

33. The Secretary of State advises that directions should only be made in those exceptional circumstances where evidence suggests that the exercise of



permitted development rights would harm local amenity or the proper planning of the area and that, the potential harm that the direction is intended to address should be clearly identified. He goes on to advise that the Council might want to consider whether the PD rights would:

- Undermine the visual amenity of the area or damage the historic environment;
- Undermine local objectives to create or maintain mixed communities;
- Lead to the subdivision of agricultural land other than for purposes reasonably necessary for agriculture, or to the loss of agricultural land;
- Lead to an intensification of development in close proximity to a military or aviation safeguarding zone;
- Have a direct and significant adverse effect on a flood risk area, flood defences and their access, the permeability of ground, and management of surface water or flood risk;
- Lead to an intensification of development or use in areas affected by coastal erosion.

34. The Secretary of State also advises that there should be a particularly strong justification for the withdrawal of PD rights relating to:
- A wide area (e.g. those covering the entire area of a local planning authority, National Park or Area of Outstanding Natural Beauty).
  - Agriculture and forestry development. Article 4 directions related to agriculture and forestry will need to demonstrate that permitted development rights pose a serious threat to areas of exceptional beauty or topography.
  - Cases where prior approval powers are available to control permitted development;
  - Blanket directions aimed at imposing full planning controls over a wide range of telecommunications development;
  - Leisure plots and uses;
  - The installation of microgeneration equipment.
35. The approval of the Secretary of State is not required for a direction made under article 4(1) relating only to development permitted by any of Parts 1 to 4 or Part 31 of Schedule 2, if the relevant authority consider the development would be prejudicial to the proper planning of their area or constitute a threat to the amenities of their area.
36. It is important to be aware that the Secretary of State does however have the power to make a direction modifying or cancelling most article 4 directions at any point.
37. Oxford City Council, as the local planning authority for the area, consider that for the reasons presented in this report, the exercise of the 'permitted development rights' allowing the change of use from offices (B1a) to residential (C3) could result in the potential loss of the Key Protected Employment Sites, which would be prejudicial to the proper planning of the area and constitute a threat to the amenities of the area.

38. In these circumstances officers take the view that the statutory criterion is met and the Council has the power to make an Article 4 Direction withdrawing 'Part 3 J of the General Development Order, relating to the change of use of offices(B1a) to residential (C3) on the Key Protected Employment Sites identified in the adopted Core Strategy and listed in Appendix 1.

## Where it will apply and how

39. The Article 4 Direction will apply solely to the Town and Country Planning (General Permitted Development) (Amendment) Order 2013 (Part 3 Class J), which introduced these new 'permitted development rights' on 30<sup>th</sup> May 2013. These rights allow an office building (B1a) to change its use to a dwelling house (C3) without requiring planning permission.
40. The application of the Article 4 Direction will require landowners and developers to apply for full planning permission for a change of use of an office (B1a) building to a dwelling house (C3) but will however only relate to the Key Protected Employment Sites, specified in the adopted Core Strategy and listed in Appendix 1. It will therefore not be a 'blanket' order but be targeted and site specific.
41. Officers are of the view that the City Council should make an Article 4 Direction (not with immediate effect) to remove the 'permitted development rights' stated above with effect from 12 months after the making of that direction, subject to consultation and that direction being confirmed. Confirmation will be made by the City Council taking into account any representations received.
42. The Secretary of State will be formally notified of the decision to make an Article 4 Direction and kept informed of progress, but is not required to confirm the direction although the SOS has the power to modify or cancel the direction at any point.

## Risks and implications

43. The most significant risk for a Local Planning Authority (LPA) associated with the preparation of an Article 4 Direction is the potential liability for compensation. In procedural terms there are two approaches to their preparation, which include the non-immediate directions (permitted development rights are only withdrawn upon confirmation of the direction by the LPA following consultation); and immediate directions (where permitted development rights are withdrawn with immediate effect, but must be confirmed by the LPA following local consultation within six months, or else the direction will lapse).
44. In discussion with the Head of Legal, officers advise that the potential compensation liability is such that a non-immediate direction should be followed for the removal of 'permitted development rights' referred to in this report with the effect that from 12 months from the making of the Article 4 Direction and subject to consultation the direction being confirmed. This approach, which has

been taken up by a number of other LPA's and is considered to be the most risk averse and are advised that it should significantly reduce the risk of compensation claims.

45. Whilst the Secretary of State (SOS) does not in this case need to confirm the Article 4 Direction, the SOS does have the power to make a direction modifying or cancelling most article 4 directions at any point. The Planning Minister has recently confirmed his view that to date some eight LPA's have issued Article 4 Directions, some applying across entire the entire authority and others applying to specific areas. His department has written to Islington and Broxbourne to request that they consider reducing the extent of their Article 4 directions so that they are "more targeted." The Minister stated that "Ministers are minded to cancel Article 4 Directions which seek to re-impose unjustified or blanket regulation, given the clearly stated public policy goal of liberalizing the planning rules and helping provide more homes." The City Council as Local Planning Authority consider that the evidence presented in this report shows that there is a growing trend towards the loss of employment sites including key protected sites and therefore feel that an Article 4 Direction is fully justified. The proposed Article 4 Direction is however not a 'blanket' approach response but is specifically targeted to apply only to the Key Protected Employment sites.
46. In relation to the Equalities impact, consideration has been given to the public sector equality duty imposed by Section 149 of the Equalities Act 2010. Having paid due regard to meet the objectives of that duty and of the proposed Article 4 Direction the view is taken that the duty is met.
47. The financial implications have in part been discussed in relation to the potential impacts of implementing the Article 4 and compensation issues. The overall costs of making the Direction are confined largely to staff resources and associated printing required.

## Confirmation

48. The confirmation of the Article 4 Direction is subject to consultation and then dependent on whether any objections are received. In the absence of any objections it is possible for it to be confirmed as an Officer Delegated decision. If however objections are received then a summary of the representations will be prepared together with an accompanying report, this will then be presented to the Area Committees who will consider the representations made and then decide whether to confirm the Article 4 Direction.
49. Subject to the confirmation of the Article 4 Direction it would come into force 12 months after the decision was taken to issue this direction.

## Appendix 1

Supporting case for 'exemption' from proposed changes to PD rights from offices to residential

22<sup>nd</sup> February 2013

Michael Crofton-Briggs: Head of City Development

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www.oxford.gov.uk



**This statement on behalf of Oxford City Council seeks an 'exemption' to the proposed changes to permitted development rights for changes of use from B1a (offices) to C3 residential. The City Council considers that there are 'exceptional circumstances' in Oxford and that these changes will result in (b) substantial adverse economic consequences that are not offset by the positive benefits the new rights would bring.**

### Proposal

1. The City Council considers that the protected employment sites within Oxford, which include strategically important sites such as the Business Park, Science Park and a range of smaller sites should be 'exempt' from the proposed changes. It is considered that these sites together make an important contribution to Oxford's economy and if lost to residential use could seriously threaten the city's future economic growth.

### Oxford's economy

2. Oxford is a national asset and is essential to the future of the UK economy. The city contributes £4.7bn<sup>1</sup> to the UK economy and has the fifth highest GVA per capita of all the UK cities – significantly higher than the national average. It is the engine of Oxfordshire's economy with the highest levels of business growth. Recent independent research<sup>2</sup> (The MJ) assessed the performance of local economies. The analysis of 325 local authority areas assessed their performance according to five key indicators. Oxford city came first in the top ten cities both for growth in business stock and for business and enterprise. This shows the resilience of Oxford's economy to generate growth through the challenging economic conditions experienced from 2008 to 2011.

### Policy context

#### National advice

3. National planning advice<sup>3</sup> (NPPF) requires local authorities to fulfill their economic role by contributing to building a strong, responsive and competitive economy by "ensuring that sufficient land of the right type is available in the right places and at the right time to support economic growth and innovation." Local authorities therefore need to 'set out a clear economic vision'; 'identify strategic sites for local and inward investment opportunities'; support existing and emerging business

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<sup>1</sup>Centre for Cities (2009) and ONS (2011) Mid-Year Population Estimates

<sup>2</sup>The MJ and Local Futures: An investment guide to England. No.1 Economic performance (31<sup>st</sup> January 2013)

<sup>3</sup>National Planning Policy Framework (NPPF): CLG (March 2012)

sectors; and promote networks and clusters of knowledge driven, creative or high technology industries.

### Local Plan policies

4. The adopted Oxford Local Plan 2016<sup>4</sup> together with the recently adopted Core Strategy<sup>5</sup> has supported sustainable employment growth, building on Oxford's key economic strengths. A suite of policies, known as the 'cascade approach', used a set criteria to protect a range of key employment sites for either their existing use or for redevelopment and modernisation. The non-protected employment sites were encouraged to be modernised for alternative employment uses; but subject to satisfying certain criteria could be released for other uses such as residential development.

5. The policy approach to the economy and the provision of employment land has been taken forward in the Core Strategy which promotes 'managed economic growth'. This policy seeks to secure the long-term future of its key sectors, whilst taking account of land supply constraints, and the need to improve the balance between jobs and housing supply. In the context of Oxford this means growth that is appropriately located in Oxford to take advantage of the city's strengths, such as spin-out companies from the universities and hospitals and medical / scientific research, rather than growth that could be located in any UK city.

6. This balanced approach to safeguard key employment sites but allow the release of non-protected sites was fully tested and supported by the independent Inspectors at the two Local Plan Inquiries. Infact the employment policies in the Core Strategy were tested by two Inspectors during a lengthy examination where the balance between housing and employment was the key strategic issue. The Inspectors found that the strategy was sound and struck the right balance between competing uses.

7. These policies have been successfully delivered through a balanced approach to the use of employment land; which has been responsive to both employment and housing needs. Given the shortage of land in Oxford this has required the protection of a range of key employment sites, such as the Business Park and the Science Park; which aims to safeguard existing businesses but allow for their modernisation and expansion.

8. The selection of these key protected employment sites has been robustly tested by an Employment Land Study undertaken by consultants Nathaniel Lichfield. It comprises a range of key strategic sites together with some small and medium sites. There are however a number of other employment sites throughout the city, some of which are offices, which are not-protected. These can subject to criteria being satisfied, such as the marketing of employment sites, be released for other uses including residential development.

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<sup>4</sup>Oxford Local Plan 2016: Oxford City Council adopted November 2005

<sup>5</sup>Oxford Core Strategy 2026: Oxford City Council adopted March 2011

## Partnership working

### Economic Growth Strategy

9. The City Council has sought to take a proactive approach to Oxford's economy by working in partnership with key partners, stakeholders and business. The Oxford Strategic Partnership (OSP) commissioned consultants (Shared Intelligence) to develop an Economic Growth Strategy<sup>6</sup>. This study has analysed the city's strengths and weakness and through active engagement with all interested parties has developed a clear vision for the future, which at its heart seeks to avoid 'complacency' but build on Oxford's strengths to ensure the city continues to make its contribution to the national economy.

10. Of the eleven key recommendations there are three in particular that are essential to the delivery of Oxford's economic success. These seek to: expand the knowledge economy and promote new start-ups; support the growth of existing employers; and ensure a sufficient supply of employment land. The Economic Growth Strategy has been approved by the Oxford Strategic Partnership (OSP) and an Action Plan setting out how and when the key recommendations and actions emerging from the strategy are to be implemented will be approved by Full Council in April 2013. Some of these key actions will also form part of the new Corporate Plan for the City.

### Oxford and Oxfordshire City Deal

11. The Oxford and Oxfordshire City Deal<sup>7</sup> is a partnership of business, research institutions, the Local Authorities and the Local Enterprise Partnership. The bid to Government for funding towards infrastructure projects that will unlock future economic growth has been successful, and was formally announced on the 18<sup>th</sup> February 2013. It seeks to create a new partnership that will deliver transformational change at a scale that matches the opportunity and addresses the barriers to growth.

12. The City Deal recognises that one of the key barriers to growth is a shortage of small and medium sized accommodation for our knowledge based enterprises. It confirms that our incubator centres are full (and have waiting lists), including: Oxford Innovation (4 centres:c10,000sqm), Diagnox (the only commercial incubator laboratory: 450 sqm), and the University (10,000 sqm) and Magdalen (3,000 sqm) Science Parks. There is only limited development capacity that remains for larger enterprises at Magdalen Science Park (25,000 sqm).

13. The City needs to be able to make its contribution to the provision of these small and medium sized businesses, which will come not just from the Oxford Business Park and Science Park but from the modernisation of Oxford's exiting employment land supply. This is likely take place through the re-use of existing buildings, such as offices and the redevelopment of employment sites.

14. This new approach to collaboration will aim to accelerate the growth of the city region's knowledge based economy by creating a new 'knowledge economy spine', based on a network of centres supported by new enterprise and innovation

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<sup>6</sup>Oxford Economic Growth Strategy: Oxford Strategic Partnership (Draft August 12, approved OSP January 2013)

<sup>7</sup>Oxford and Oxfordshire City Deal: Submitted to Gvt (BIS) Jan 13; approved Feb 2013

centres. It will therefore aim to deliver more accommodation for small and medium sized businesses, to allow more start-ups to emerge and existing businesses to grow. These centres will link together the areas identified for future economic growth by the Local Enterprise Partnership centred on Oxford, Bicester and Science Vale.

## Impacts of proposed changes

### Land supply

15. Oxford as the 'economic engine of the City region'<sup>8</sup> needs to be allowed to fulfill its role in delivering economic growth. The protected employment sites within the city, including the Business Park and Science Park together with a range of small and medium sized sites will play a vital role in providing the employment land supply necessary to deliver this growth. If these sites are lost to residential use, this could seriously put at risk the ability of Oxford to fulfill its important role in 'transforming growth through the knowledge economy' that the City Deal aims to deliver.

### House prices

16. If an exemption to the proposed changes is not allowed the impact for Oxford will be significant and has the real prospect of undermining future economic growth. House prices in Oxford<sup>9</sup> are, on average, 8.8 times greater than annual incomes. This ratio is significantly higher than the South East average. Land values for residential therefore are significantly higher than those for employment / office use. The gap between these two values is even greater at the moment, with the office market rather more depressed due to the present economic conditions; however there needs to be an adequate supply of premises as the economy and confidence increases.

17. The City Council through the Core Strategy and Sites and Housing DPD have sought to allocate further employment sites to accommodate Oxford's future growth, however it is clear that the City do not have the opportunities to increase the employment land supply to compensate for any losses of existing stock. The very real danger then is that once offices are converted to residential they will be gone forever.

18. Further evidence to support this contention is set out in the significant amount of research on house prices and correspondingly land values that has been undertaken in Oxford to support the Community Infrastructure Levy; which was undertaken by consultants Jones, Lang La Salle. In relation to housing 'The Affordable Housing Viability Study (June 2010)<sup>10</sup>' is particularly relevant and highlights the fact that 'the average house price in Oxford at around **£354,500**, is more than twice the national average of £167,000. It is also significantly higher than the Oxfordshire average of £239,000 and the south-east average of £212,000. The study goes on to conclude that these facts show 'the essential strength of the housing market in Oxford compared to sub-regional and regional averages.'

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<sup>8</sup>Oxford Economic Growth Strategy: OSP paragraph 1.2

<sup>9</sup>Oxford Core Strategy 2026: Oxford City Council, Spatial portrait

<sup>10</sup>The Affordable Housing Viability Study (June 2010) prepared by Jones, Lang La Salle (para 3.10)



## Land values

19. Evidence of land values across the country are provided by the Property Market Report 2011 (Valuation Office)<sup>11</sup>; which shows that the residential development land value in Oxford to be £4,000,000 per hectare (**£1,620,000 per acre**). This is significantly higher than for other areas of the South East such as Reading (£2,750,000); Southampton (£1,700,000) and Medway Towns (£1,400,000). Oxford's residential land value is higher even than some of the London Boroughs such as Romford. In fact of all the 27 UK cities listed only the outer London Boroughs of Enfield (£4,150,000); Croydon (4,700,000); and Ealing (£4,800,000) are higher.

20. These land values have been confirmed by recent work undertaken by consultants Jones, Lang La Salle, in explaining their methodology for the viability testing analysis confirmed in para. 14.10 that "in calculating the purchase price for each of the sites we have looked at the mean value<sup>12</sup> for land with residential consent within the City was **£1,620,000** per acre (£4,002,965 per ha); which is almost three times the land value for offices. (source: [www.voa.gov.uk](http://www.voa.gov.uk)). By comparison the consultants concluded that offices tend to attract land values of around **£550,000 - £650,000** per acre. The difference in Oxford is clearly considerable and will inevitably have an impact on the type of development that the market would wish to see, which will favour residential but at the expense of offices. From this evidence the prospects are that given the choice between these two alternative uses the market for residential is a great deal stronger than offices.

## Demand for employment premises

21. The business community in Oxford and the sub-region through their recent 'business barometer' survey<sup>13</sup>, recognise that a shortage of suitable premises represents a significant barrier. For many businesses looking to expand this year, 'the prospect of finding suitable premises appears to be causing concern and in some case threatening growth.' The loss of a significant proportion of the existing supply of employment land will exacerbate the problem.

22. The Centre for cities research and policy institute considered the 'impact of office development on employment and city economies' in 'Making the Grade'. Oxford was defined as a 'buoyant city' with an economy that has performed well and with the potential for future growth. The research and analysis of trends suggests that "ensuring a supply of appropriate office space in UK cities will be an increasingly important factor for future economic growth." In their view "it is crucial that cities with the potential to support jobs and business growth are not restricted by a lack of suitable office space."

## Survey of vacant office premises

23. The City Council carried out a sample survey of vacant office accommodation<sup>14</sup> within the City in January 2013 that could potentially be under threat from these proposed changes. The findings of the survey showed that there are currently 12 sites in total with office sites available to let; based on advertisements in the local

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<sup>11</sup>Property Market Report 2011 (Valuation Office)

<sup>12</sup>The Affordably Housing Viability Study (June 2010) prepared by Jones, Lang La Salle (para 14.10)

<sup>13</sup>Withy King Business Barometer: Commercial Property Focus (Issue 4)

<sup>14</sup>Survey of Vacant Office Accommodation in Oxford (January 2013)



press used to inform our Business Register. These 12 sites in total amount to a combined floorspace of some **11,500sqm** (124,000 sqft); which has the potential to generate some **1,100** jobs.

24. The location of these sites comprise 6 (50%) on existing Business Parks; 4 (33%) are in locations outside business parks and existing centres; and 2 (17%) being within existing centres. The split between protected sites and non-protected sites is such that 7 are protected sites, which would account for **8,460sqm**, that would create some **850** jobs. The 5 non-protected sites would amount to a floorspace of 3,065 sqm and create some 300 jobs. It is therefore clear that of the sites currently on the market the majority are designated under adopted planning policies as key protected employment sites, which would be made vulnerable and could be lost.

### Importance of the protected employment sites

25. The protected key employment sites, (listed in Appendix 1), that are proposed for 'exemption' were assessed individually by Nathaniel Lichfield against various criteria, such as road and public transport access to services and labour supply and all performed well against these set criteria. A number of these sites do have an important inter-relationship with the Universities and Hospitals in terms of providing space for spin-out companies. Others provide an important range of services and uses that fulfil an important function for some of the larger sites, and help the local economy to deliver growth. If some of these larger sites are lost to other uses there is a genuine concern that there will be a knock-on effect on the smaller sites that supply these much needed services. The small and medium sites are important elements of Oxford's land supply and as such can be recycled and modernised to provide much needed floorspace for the new spin-out companies and grow-on space required within the City if future economic growth is to be realised.

### Concluding remarks

26. Oxford is a compact city of around 151,000 citizens, with over 30,000 students. Parts of Oxford are densely populated, yet 52% of the city's area is made up of open space. Oxford has a range of competing demands for the limited amount of land available for development. The Local Plan and in particular the adopted Core Strategy has sought to meet the future housing and employment needs of Oxford within the constraints of land availability and the need to protect the historic environment and contribute to sustainable development.

27. These policies have been successfully delivered through a balanced approach to the use of employment land; which has been responsive to both employment and housing needs. Given the shortage of land in Oxford this has required the protection of a range of key employment sites, such as the Business Park and the Science Park. This policy approach aims to safeguard existing businesses from other uses that have a higher land value, such as residential, but allow for the modernisation and expansion of these sites to create jobs and economic growth.

28. Continued partnership working through the implementation of the Economic Growth Strategy, together with the Oxford and Oxfordshire City Deal bid the City Council aim to promote Oxford's economy and deliver further growth. The provision of an adequate supply of employment sites has a vital role to play in implementing both these proposals, which can only properly be secured by "ensuring that

sufficient land of the right type is available in the right places and at the right time to support economic growth and innovation.”

## Appendices

Appendix 1 List of Key Protected Employment Sites (see below)

Appendix 2 Oxford and Oxfordshire City Deal Submission (included as an attachment)

Appendix 3 Survey of Barriers to Business: Withy King (included as an attachment)

Appendix 4 Making the Grade: The impact of office development on employment and city economies (Centre for cities) (included as an attachment)

Appendix 5 Survey details of vacant office accommodation in Oxford: Oxford City Council (see below)

Appendix 6 Land Values in Oxford (Property Market 2011) (included as an attachment)

## Appendix 1 List of Key Protected Employment Sites

1. Oxford Business Park
2. Oxford Science Park
3. Enterprise Centre, Standingford House, Cave Street
4. Blackwells Publishing, Marston Street
5. Magdalen Road and Newtec Place
6. University Press, Walton Street
7. Oxford Psychologists, Elsfeld Way
8. Summertown Pavilion 16-24 Middle Way
9. BMW Garsington Road
10. County Trading Estate, Watlington Road
11. Harrow Road Industrial Estate, Watlington Road
12. Fenchurch Court, Bobby Fryer Close
13. Chiltern Business Centre, Garsington Road
14. Nuffield Industrial Estate, Sandy Land West
15. Jordon Hill Business Park, Banbury Road
16. Blackwells, Hythe Bridge Street
17. Site at corner of Hayfield Road and Aristotle Lane
18. King Charles House, Park End Street
19. Osney Mead Industrial Estate
20. Macmillans, Between Towns Road
21. Quarry Motoring centre, Green Road
22. Warehouses off Kiln Lane, Shelley Close
23. Blanchfords Builders Yard, Windmill Road
24. Builders Yard Travis Perkins, Chapel Street
25. Telephone Exchange and offices St. Lukes Road / Between Towns Road
26. Printing works, Crescent Road
27. JH Cox Ltd Builders Yard, 108 Temple Road
28. Green Street Bindery, 9 Green Street
29. Dairy Depot, Old Abingdon Road
30. Car tyre and exhaust depot, 302 Abingdon Road
31. Storage building, 91-99 Botley Road
32. Builders yard, Lamarsh Road
33. Garage repair workshop, 2A off Hayfield Road
34. Telephone Repeater Station, Woodstock Road
35. Builders Yard, Southmoor Road
36. Tyre and Exhaust centre, 72 London Road
37. Hospath Industrial Estate, Peterley Rd / Pony Road
38. Drennan International Bacordo Court, 79-83 Temple Road
39. The Tyre Depot, Marsh Road
40. Powell's Timber Yard, 474 Cowley Road

## Appendix 5 Survey of vacant office accommodation in Jan 2013

### **Broadfield House, Between Towns Road**

Location: Primary District centre

Local Plan: Protected Employment site, in District centre

Type: 4 storey office building, high quality suitable for Headquarters.

Floorspace: 2,590 sqm

Jobs: 259

### **Willow Court**

Location: Business Park

Local Plan: Protected Employment site

Type: second floor offices, open plan lay-out

Floorspace: 760 sqm

Jobs: 76

### **East Point**

Location: Business Park

Local Plan: Protected Employment site

Type: refurbished office accommodation

Floorspace: up to 2,790 sqm

Jobs: 279

### **Sterling House**

Location: Oxford Business Park

Local Plan: Protected Employment site

Type: good quality office accommodation

Floorspace: 700 sqm

Jobs: 70

### **Trinity House**

Location: Oxford Business Park

Local Plan: Protected Employment site

Type: good quality office accommodation

Floorspace: 800 sqm

Jobs: 80

### **Seacourt Tower, Botley Road**

Location: Out of centre near Ring Road

Local Plan: Non-Protected

Type: good quality office accommodation

Floorspace: 440 sqm

Jobs: 44

### **Oxford Business Park**

Location: Oxford Business Park

Local Plan: Protected Employment site

Type: good quality open plan office accommodation

Floorspace: 560 sqm

Jobs: 56

**Cowley Bus Depot**

Location: main arterial road but out-of-centre

Local Plan: Non-protected site

Type: new office development / starter units

Floorspace: 685 sqm

Jobs: 68

**Marston Road**

Location: 1.5 miles from City centre

Local Plan: Non-Protected site

Type: refurbished open plan office accommodation

Floorspace: 210 sqm

Jobs: 21

**Park Central**

Location: City centre

Local Plan: Non-Protected and City centre location

Type: high quality office accommodation

Floorspace: 800 sqm

Jobs: 80

**Northbrook House, Science Park**

Location: Oxford Science Park

Local Plan: Protected site

Type: extensively refurbished high quality office accommodation

Floorspace: 700 sqm

Jobs: 70

**New Barclay House, Botley Road**

Location: on main arterial road, out-of-centre

Local Plan: Non-Protected site

Type: modern office accommodation to be refurbished

Floorspace: 930 sqm

Jobs: 93

## Appendix 2

Address	Ward	Loss of B1 floorspace	Decision
<b>Grehan House 190-196 Garsington Road</b>	Blackbird Leys	1,281 m <sup>2</sup>	Approved
<b>Hooper House 3 Collins Street</b>	St. Clements	412 m <sup>2</sup>	Approved
<b>Wadham Court 15 Edgeway Road</b>	Marston	356 m <sup>2</sup>	Approved
<b>Canterbury House 393 Cowley Road (Bus Depot)</b>	Cowley Marsh	2,426 m <sup>2</sup>	Refused
<b>Innovation House Mill Street</b>	Jericho and Osney	2,508 m <sup>2</sup>	Approved
<b>Broadfield House Between Towns Road</b>	Cowley	4,308 m <sup>2</sup>	Approved
<b>Sun Alliance House 52 New Inn Hall Street</b>	Carfax	1,200 m <sup>2</sup>	Approved
<b>Unit 7 42 Downside Road</b>	Quarry and Risinghurst	88 m <sup>2</sup>	Approved
<b>28-31 Little Clarendon Street</b>	North	448 m <sup>2</sup>	Approved
<b>54A Rectory Road</b>	St. Clements	65 m <sup>2</sup>	Approved

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