

PLANNING

Winter 2016

nSite

The latest Planning & Development news from Carter Jonas

IN THIS ISSUE...

IN CONVERSATION
WITH PHILIP BARNES

BREXIT
THE IMPACT OF THE LEAVE VOTE

INFRASTRUCTURE
THE KEY TO UNLOCKING HOUSING GROWTH

PERMITTED DEVELOPMENT
RESEARCH CONDUCTED BY CARTER JONAS ON PDR

WELCOME

WELCOME TO InSite...

This second edition of Planning InSite is a bumper edition – perhaps a reflection of the significant changes that have occurred in the last six months.

Since our previous edition, we've experienced the turmoil of the EU referendum, the slow progress (and renaming) of the Neighbourhood Planning Bill and new measures to expedite Local Plan preparation. Changes in political leadership are beginning to have an impact on the planning industry, as is explored both in Mark Hall-Digweed's piece on infrastructure planning and Andrew Morgan's commentary on Starter Homes. An interview with Philip Barnes, Group Land & Planning Director at Barratt plc identifies potential solutions to the housing crisis and Christopher Turner gives us an interesting insight into rural planning.

Despite the political upheaval, Carter Jonas' work across the UK continues to grow: a small selection of our recent successes are included in our regional round-up.

We hope you find this issue an interesting and topical read.

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Carter Jonas LLP is a leading UK property consultancy working across commercial property, planning, development, residential sales and lettings, rural and national infrastructure. With a network of 36 offices across the UK, we employ more than 700 people. We are renowned for the quality of our service, the expertise of our people and the simply better advice we offer our clients

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N ews

The big stories shaping our industry

STORMY PASSAGE PREDICTED FOR NEIGHBOURHOOD PLANNING BILL

LABOUR MPS BID TO DERAIL PLAN TO LIMIT USE OF CONDITIONS

Labour MPs are seeking to block Neighbourhood Planning Bill provisions that would prohibit pre-commencement conditions from being imposed without the prior written agreement of the applicant. The Neighbourhood Planning Bill, published in September, expands on government plans to ensure that pre-commencement conditions are only imposed by councils where they are absolutely necessary. A consultation published alongside the Bill says that, while conditions can help to achieve sustainable development, ministers are concerned that “too many overly restrictive and unnecessary conditions are routinely attached” to permissions.

An amendment tabled by Labour MPs would remove

a subsection of the Bill stipulating that permission cannot be granted subject to a pre-commencement condition without the written agreement of the applicant to the terms of the condition, and that the amendment would “ensure that local authorities are still able to make necessary pre-commencement conditions on developers”.

A further Labour amendment would require that all councils have a local development plan in place by December 2017 so that “Neighbourhood Plans can be made in line with the strategic aims of Local Plans”, and that local authorities would give weight to Neighbourhood Plans at “key stages along the process and not just at the post-referendum stage”.



FUTURE FOR PLANNING CONSENTS ON UNALLOCATED SITES

OXFORDSHIRE COUNCIL APPROVES HOMES ON UNALLOCATED SITE

A planning committee has voted in favour of a mixed-use development including up to 257 new homes, a 62-room hotel and up to 3,270 square metres of new office space on an unallocated site in Witney, Oxfordshire.

While the site was not allocated in the Council's adopted development plan, it had been proposed by the developer in response to a call for new housing sites and was deemed necessary to help meet the Council's housing shortfall. Previously a planning inspector had warned that the Council was unable to demonstrate a five-year supply of housing land in its current draft local plan.

GARDEN VILLAGE FERVOUR

51 EXPRESSIONS OF INTEREST IN GARDEN VILLAGE PLAN

The DCLG has received 51 expressions of interest from councils considering taking forward 'garden village' proposals. In March, the department published a prospectus that invited applications from local planning authorities to develop garden villages of between 1,500 and 10,000 homes. It expected to support up to 12 such projects.

“the department published a prospectus that invited applications from local planning authorities to develop garden villages”

The DCLG also announced £1 million in government funding for garden villages in addition to the £6 million funding already available.

“the site was not allocated in the Council's adopted development plan, it had been proposed by the developer in response to a call for new housing sites”

Planning officers said that the site had the potential to be brought forward quickly because it had no land assembly issues but it had potential to bring new jobs to the town.



FUTURE LOCAL PLANNING TO BE LESS LOCAL?

GOVERNMENT SEEKS POWER TO DIRECT JOINT PLAN-MAKING

New powers allowing the Secretary of State to give a direction requiring two or more town halls to prepare a joint Local Plan and to invite a county council to prepare a Local Plan where a district council in its area has failed to do so are contained in government amendments to the Neighbourhood Planning Bill.

The planning minister Gavin Barwell has said that the provisions were not powers that he anticipated using frequently but that, “their existence will focus minds and ensure that we get plans in place”.

Further amendments tabled by the minister would require a local planning authority to, “identify the strategic priorities for development and use of land in the authority’s area and to set out policies to address these in their development plan documents”; enable the Secretary of State to set data standards for local development schemes and documents, “requiring these documents or the data they contain to comply with specified technical specifications”, and enable regulations to require a local planning authority to review local development documents at prescribed times.

BREXIT BACKTRACKING

HOW THE VOTE TO LEAVE
THE EU IS IMPACTING
LOCAL PLAN PREPARATION

Councils are coming under growing pressure to review their housing numbers following the Brexit vote, despite consultants claiming that Brexit will not result in a requirement for fewer homes.

It recently emerged that Craven District Council in Yorkshire is delaying its Local Plan preparation process, in part to ensure that it can factor in the latest “post-Brexit” data. This follows Guildford Borough Council deciding, in the face of concerted local opposition to its housing plans, to review its strategic housing market assessment in the light of the leave vote. Furthermore, the CPRE is calling for post-Brexit reviews of housing numbers in Oxfordshire.

However, the assumption that a post-Brexit UK that accepts fewer immigrants will therefore need to build fewer houses is given short shrift by planning professionals. As no Brexit deal has been struck, there is no basis on which to make new predictions. And furthermore existing housing projections already factor in a 45 per cent reduction in net immigration to 185,000 per annum by 2021. With half of immigration coming from outside the EU, even a dramatic drop in EU migration would not reduce household growth assumptions.

TALENT POOL FOR LONDON COUNCILS

A SCHEME TO POOL EXTRA PLANNING CAPACITY
IN LONDON COULD REDUCE SKILLS SHORTAGES

A scheme to secure extra planning capacity to be shared across London planning departments is to be progressed to alleviate skills shortages in the capital.

The scheme, being progressed through the GLA’s London Place Agency initiative, would involve providing a bigger pool of talent within the authority’s regeneration team which boroughs could call on if they are preparing Local Plans or dealing with major planning applications, calling on a range of organisations to help fund the scheme.

A DCLG spokesperson said that the government would continue to consider the case for more resources in the planning system but that financial constraints still remain.

“The scheme, being progressed through the GLA’s London Place Agency initiative, would involve providing a bigger pool of talent within the authority’s regeneration team...”



THE LAST SIX MONTHS AT CARTER JONAS

The Carter Jonas Planning & Development team has worked on some exciting and interesting clients over the past six months. Our portfolio of clients and projects shows the diversity in which our teams are able to adapt to no matter the challenge. Here's a glimpse of these projects...

THREE SIXTY DEVELOPMENTS FOR THREESIXTY DEVELOPMENTS

CLIENT: THREESIXTY DEVELOPMENTS
LOCATION: CAMBRIDGE

Threesixty Developments instructed Carter Jonas' Cambridge team following the refusal of a planning application for 202 student rooms known as the 'Hub' development. Carter Jonas appealed the refused application and simultaneously submitted a second application for a less dense, 195 student room scheme. Following extensive consultation, this received strong officer support.

However, prior to the application being determined, the 'Hub' scheme was allowed on appeal and the second scheme, which was less commercially beneficial, was withdrawn.

Carter Jonas then submitted a Section 73 application on the initial scheme to secure some required design changes for buildability reasons and to safeguard Threesixty's position. With the benefit of the appeal decision, Carter Jonas then submitted a fourth application - a hybrid proposal, which retained the scale and massing of the initial 'Hub' scheme, but followed the more sympathetic design of the withdrawn application. As a result of its considered and imaginative approach, Carter Jonas was successful in gaining no fewer than three planning consents, which ultimately resulted in an improved design and a greater number of student

rooms than the developer had expected, thus enhancing the value of the development.

PLANNING SUCCESS TO NEW HOME SALES

CLIENT: SHEILA FIELD/
AMBERSTONE DEVELOPMENTS
LOCATION: WETHERBY

The Harrogate team was successful in achieving planning permission for seven four bedroom houses in the popular market town of Wetherby with no affordable housing requirement and a reduced tariff payment. This followed the withdrawal of an application for 13 residential apartments on the 0.56 acre site. Based on the former Great North Road, the site comprised a house with extensive garages and outbuildings to the rear.

Following submission of

“Carter Jonas was approached by Amberstone Developments, with a view to purchasing the site and consequently made some changes to the planning application”

the revised application, Carter Jonas was approached by Amberstone Developments, with a view to purchasing the site and consequently made some changes to the planning application. The local planning authority granted planning consent and accepted that much of the existing residential and ancillary floorspace could be discounted against CIL tariffs.

Following this achievement, Carter Jonas was appointed

to find a new house for the landowner and to market and sell the new homes for Amberstone.

LONDON SQUARE EXTENDS INTO ESSEX

CLIENT: LONDON SQUARE
LOCATION: CHIGWELL

Carter Jonas' London team has obtained a further planning success for the awarding-winning residential developer London Square.

The site was a challenging one, not only due to its location within the green belt but because of complex viability negotiations, the potential for great crested newts and an objection from a celebrity neighbour. However, after receiving more than three years of planning and viability advice from Carter Jonas's London team, planning permission was granted by Epping Forest District Council to develop 43

“The site was a challenging one, not only due to its location within the green belt but because of complex viability negotiations”

houses at Chigwell Grange.

This is London Square's first development in Essex. However, Carter Jonas has already succeeded in having a neighbouring site removed from the green belt following Local Plan representations, and we anticipate that other planning successes for London Square will follow.

OXFORD TEAM DELIVERS ISLAND HOMES

CLIENT: WADHAM COLLEGE, OXFORD
LOCATION: ISLE OF WIGHT (THROUGH CARTER JONAS' OXFORD OFFICE)

Carter Jonas successfully secured outline planning consent for 70 homes with associated open space and attenuation ponds on a 3.59 hectares site in Ryde.

Ryde is one of the Isle of Wight's Key Regeneration Areas and so the Council is looking to encourage regeneration and development within and adjoining the settlement. The draft Ryde Area Action Plan allocated the site for up to 70 new homes, and Carter Jonas ensured the emerging policy requirements were fully addressed by the outline application.

Carter Jonas was responsible for overseeing the consultation team, liaising with officers and managing a comprehensive stakeholder engagement programme which included a public exhibition and a question and answer session with the town council. Challenges included designing a scheme that worked well with the local topography and landscape, managing complex site boundaries and delivering an appropriate access.

Carter Jonas has been retained by Wadham College to dispose of the site to a developer, who will then secure detailed planning consent and build-out the attractive scheme, with a selection of two, three and four bedroom homes aimed at meeting local housing needs. ■



THE INTERVIEW: HITTING THE HOUSING TARGET



Philip Barnes is Group Land & Planning Director at Barratt plc, the UK's largest housebuilder. In the past five years, Barratt increased its output by over 50% and completed no fewer than 17,319 homes in Financial Year 2016. But the UK has a huge housing shortage. With the Government determined to see 1 million homes built by 2020, what can be done to speed up the rate of delivery?

FIRSTLY, CONGRATULATIONS ON A BUMPER YEAR. HOW IS IT THAT BARRATT HAS SUCCEEDED IN DELIVERING SO MANY HOMES, APPARENTLY AGAINST THE ODDS?

The fundamentals for housebuilding are strong and have been for many years. The main components that matter for the industry are land supply, customer demand and interest rates. With structural undersupply and low interest rates - which are set to remain low - the basic requirements for a healthy housing market are in place.

AND YET THE UK IS FACING A SHORTAGE OF HOMES. WHY ARE OTHER HOUSEBUILDERS NOT EMBRACING THE FAVOURABLE MARKET?

The problem is that there are too few housebuilders - in relation to need, we're a pretty small market. This is particularly true of small housebuilders and housing associations. We need small-scale developers who are prepared to develop the small sites which are frequently available, but there are so many complexities in the planning system that all too often smaller housebuilders and housing associations don't take up the challenge.

The planning process remains too complicated for small business, it takes too long to get planning consent and it's also very expensive – planning costs can amount to as much as £50,000 for a medium-sized site and residential development is always speculative, so it can be difficult to raise the finance required.

Another problem is pre-commencement conditions. The government is trying to make these proportionate, but the problem often lies with local authorities which sometimes attach inappropriate or unnecessary conditions. In this respect, the planning system needs to be simplified and we would much welcome the government's efforts in this regard.

DO YOU WELCOME THE GOVERNMENT'S INITIATIVES THROUGH THE HOUSING AND PLANNING ACT TO SPEED UP THE RATE AT WHICH LOCAL PLANS ARE APPROVED?

We support all efforts to speed up the Local Planning process, particularly the recommendations put forward by the Local Plans Expert Group recently in its Report to the Communities Secretary in March.

Allocations through Local Plans are at the root of the housing delivery problem: in the areas where the need is greatest we often face the most difficulties in getting sites allocated and plans adopted. In the South East, for example, demand is high but issues such as green belt, AONBs, national parks, and ecological areas mean that

local authorities claim they don't have the capacity to release land for development. Barratt has 20,000 units currently allocated in draft Local Plans where we would like to build now but we can't apply for planning permission until the Local Plans are adopted.

If the government is serious about delivering a million homes, it needs to ensure that the Local Plan system doesn't just bring about a million allocations, but an additional 20% buffer to allow for the various problems that will invariably stand in the way of some sites delivering homes.

CHANGES TO PERMITTED DEVELOPMENT, THE BROWNFIELD REGISTER AND PLANNING IN PRINCIPLE HAVE BEEN PUT IN PLACE TO MAKE IT EASIER FOR THE HOUSEBUILDING SECTOR TO DELIVER NEW HOMES. HAVE RECENT INITIATIVES HAD ANY BENEFIT, OR HAVE THEY SIMPLY COMPLICATED THE SYSTEM FURTHER?

The Brownfield Register is a good idea which has the potential to identify lots of sites for small builders and enables them to gain planning consent through Permission in Principle, avoiding the complexities of the planning system. If managed well by local authorities this could be a real benefit. But some of those brownfield registers I've seen so far have been disappointing – they're not the detailed search of all sites that is required.

One thing Barratt believes in very strongly is early stage consultation. We are

very focussed on the quality of our design and working in partnership with local communities has helped us through the planning process, and also enabled us to deliver better sites, more tailored to individual communities.

There's scope for greater creativity. The housebuilding market needs more players of different types. We've worked with commercial developers and housing associations very successfully in the past and there's scope to work creatively together in the future.

We already deliver over 3,000 homes for housing associations each year but hope we can develop more partnerships with housing associations, and other developers taking up the opportunity. Because they have 'patient capital', housing associations are able to raise money cheaply, secured against the homes that they have – in a way in which most housebuilder can't. This can be used for early infrastructure investment which tackles one of the early hurdles faced by housebuilders.

SO ARE YOU OPTIMISTIC FOR THE FUTURE?

The government has said it will release a White Paper at the end of November which will include radical measures in terms of getting houses built. We don't yet know what it will contain but this in itself – combined with the already favourable market conditions and the likelihood of Local Plans being approved at a faster rate in the future – is grounds for optimism. ■



INFRASTRUCTURE: THE KEY TO UNLOCKING HOUSING GROWTH

Infrastructure and housing are intrinsically linked and yet historically, have often been considered in isolation. Twenty years ago the work of my residential colleagues at Carter Jonas was considered far removed from the work of the infrastructure team. Now of course, housing investment, be it of the single consumer buying a flat or house or developers and investors considering the construction of hundreds of homes, is often motivated by examination of the infrastructure requirements...

What are the local schools like? How long will people travel to work? Is there sufficient capacity in the network to deal with the homes I'm building? If not, what is it going to cost me to make it so? But the links between housing and infrastructure go well beyond the functional requirements of homeowners.

There are two distinct typologies of infrastructure projects:

- national infrastructure, created to help the UK improve (HS2, superfast broadband, etc) or adapt (e.g. lower carbon energy generation)
- local infrastructure, created to deliver for the changing needs and demands of the population (schools, hospitals, clinics, etc)

When considered in the context of housing development, we too often focus on the latter - local infrastructure - and how it impacts development delivery and the end product. Instead, what if we were to consider national infrastructure projects as drivers for housing development? Should we not be harnessing them as a catalyst of the kind of residential development that the UK needs? In other words what if we looked at these large infrastructure investments as the start of something? Many people talk about Olympic legacy but what if we started targeting planning and ultimately measuring infrastructure legacy?

Hinckley Point C is estimated to create 25,000 temporary and permanent jobs. It has the potential to drastically alter the residential landscape of the surrounding areas. If the right partnerships are forged and the necessary consents adopted, could Hinckley be used to develop a new town or urban extension? And if so, how many houses might that deliver? And beyond the houses, could it be used as a platform to encourage business growth or new business into the area? If we see infrastructure projects as a driver for growth as well as a requirement of growth, the returns, both economic and social, could be monumental.

... **“we should consider national infrastructure projects as drivers for housing”** ...

As an example, by 2020 the offshore wind industry could be worth £75bn and support up to 70,000 jobs in the UK. When Siemens announced its plans for its wind turbine blade factory in Alexandra Dock, Hull, it was hailed as a key milestone in the progress of the offshore wind industry in the UK. Siemens also estimated that it would create 1,000 direct jobs and many more during the construction phase and in the supply chain. Alexandra Dock also is afforded Enterprise Zone status. This allows renewable energy sector businesses locating

in the area to benefit from a package of measures to make setting up business easier and will encourage inward investment and job creation. The offshore wind industry, a national infrastructure stream, has the ability in part to drive the regeneration of north east coastal towns and cities.

But how can we achieve more of this? How will we ensure that we are driving the greatest value from national infrastructure projects and releasing their potential to unlock growth whilst also solving associated problems like national housing numbers?

After all, just as four walls do not make a home, neither does a number of homes built in one place make a successful community. How can infrastructure, often associated with disruption and blighted landscapes be used to create viable communities?

We all know the statistics; we need to build 250,000 new homes a year to keep up with demand. At the same time the pipeline of essential infrastructure projects continues to grow. Can we afford to overlook these projects as a means to build more homes? After all in our eyes both are dependent on each other. ■

Mark Hall-Digweed is the Head of Carter Jonas' national Infrastructure team and office head of Carter Jonas in Birmingham.

THE BIG QUESTION: BREXIT

The EU Referendum on 23 June sent shock waves across the country, impacting everything from political leadership to house purchases.

Nearly six months later, Planning InSite has spoken to the four property professionals who offered us their views before the vote, and discovered how the result has affected them.

NICK TAYLOR

HEAD OF PLANNING
CARTER JONAS

Nick is a Chartered Town Planner and Development Surveyor with over 25 years' experience, gained across the residential, commercial, retail and industrial sectors for corporate, institutional and private landowners and developers.

"Immediately after the vote we experienced a number of clients taking the opportunity over the summer period to consider the implications of Brexit, but none of our projects stopped or slowed.

"There was also the backdrop of the slightly odd and hysterical reaction of the market to the housebuilding sector and the steep drop in the share price of a number of the leading housebuilders. No one could readily understand why the residential sector should have been targeted as being more at risk than any other, and so we waited to see what would happen.

"Coming back in September, the only change that we noticed is that all clients were a bit more circumspect about expenditure, but all of our residential projects continued and new ones have started. The general view is that the world has not and will not end and there remains an acute need for more housing. We continue to seek allocations and planning permissions for our clients in residential development.

"There is an interesting trend emerging whereby

some LPAs are rumoured to be using Brexit as an excuse to cut housing forecasts, and hence allocations required in development plans. However, there is absolutely no evidence to support this. It seems to be desperation on the part of a number of authorities to make difficult decisions and we expect them to come unstuck very quickly."

CHRIS GOLDSMITH

MANAGING DIRECTOR
TURNSTONE ESTATES

Chris launched Turnstone Estates in 1989. He has since combined his complementary skills in financial services, development and portfolio management to great effect, steering the company through the vicissitudes of the market to its present enviable position.

"Our first concern on the news of the Brexit result was for the investment market, and the jury's still out on that one. Initially the investment market was hit hard, with several retail property funds closing as is well trailed and nervousness spreading from there. Thankfully most of those funds have reopened, and the combination of low interest rates and bond yields coupled with a weakened pound are starting to add some stability to the market.

"We had a couple deals exchanged just before the vote which included Brexit clauses in favour of the purchasers/funders which were conditional upon a remain vote. The clauses were implemented following

the results but the deals concerned eventually went through satisfactorily.

“From an occupier side we’ve seen less of an impact. In the East of England the market is buoyant and more dependent upon normal supply and demand issues. The Brexit decision is part of the general noise of the property market. Other parts of the occupier market are still in harmony and are, at present, drowning out the Brexit commotion.”

ROB HALL

DEPUTY MANAGING DIRECTOR
HILL RESIDENTIAL

Rob is a Chartered Surveyor with a wide range of experience having worked on projects in the consultancy and housebuilding sector. He has a background in Agency and Development, and has worked extensively in London and the Eastern Region.

“Immediately following the referendum decision we had to take stock and adapt to a potentially very different market.

“Initially some of the projects we hadn’t yet committed to were put on hold. Some have commenced now, and we expect that all will progress eventually. In some cases the developments have been split into smaller phases. For example, we have let packages in smaller parcels to minimise risk.

“In London and Cambridge where we do the majority of our developments, the markets are investment-driven and so suffered from shaken

investor confidence and these markets remain more uncertain. In Cambridge we’ve seen a 5% fall in apartment values and nearer 10% fall in the price of new build houses.

“I don’t believe we’ve seen the full impact yet, as other markets won’t be affected until the wider economic effects are felt.

“The problem will be the economic background: the government has very little ability to manoeuvre because the economy and the population are highly geared and the very low interest rate means little opportunity for economic adjustment.”

TONY YIANNAKIS

PARTNER
QUIDNET CAPITAL PARTNERS LLP

Tony is Partner at Quidnet Capital Partners LLP and a Professional Associate of The Royal Institution of Chartered Surveyors. He has a wealth of experience in the real estate industry gained over the last 30 years. His strengths lie in sourcing, executing, financing and asset managing real estate investments.

“For many people the result was a bit of a shock as even up to the last days the indications were that the vote would be to remain. The vote to leave meant most activity was put on hold while everyone took stock and thought about what the implications might be.

“Our clients expressed a good deal of caution in the days following the result. Whilst many believe that longer term the UK will be a vibrant economy, the next

few years while we negotiate our way out of the EU will be uncertain.

“There was a lot of scaremongering especially by the Remain side in the run up to the vote. I am not too sure many people believed the worst of these predictions. The more measured view is that a vote to leave would have made investors more cautious, and it clearly has. Longer term, income is still attracting buyers, but investors have less appetite for risk and this is reflected in both pricing and the pool of buyers.

“Investor confidence, or the lack of it, is the key driver of the market and the vote has affected investor confidence and pricing, particularly for more complicated, riskier properties”

“The vote to leave has clearly resulted in much more caution about the future of the UK for the next few years. Investor confidence, or the lack of it, is the key driver of the market and the vote has affected investor confidence and pricing, particularly for more complicated, riskier properties.

“But the impact on our business hasn’t been as disastrous as the newspapers were suggesting immediately following the vote. On the occupational side, lettings are still being done. Whilst some tenants have tried, occasionally successfully, to negotiate better terms for themselves, lettings are continuing.” ■

Delivering diversity

& reaping the rewards

By Pip Prongué, managing director (south), Kier Property



A recent survey by YouGov on behalf of RICS suggests that 29% of young women wouldn't want to work in property, building and construction because they think it can be a sexist industry. Of the young people questioned, 41% of young women said they expect gender discrimination to hold them back in their careers, while 32% of young people questioned felt property was the least diverse sector, ahead of law and IT. Another RICS survey from earlier this year showed 77% of organisations that responded with leadership gender data reported less than 30% of their leadership is female.

This kind of data appears to show that our industry has an image problem and with a skills shortage expected as people leave the industry and aren't replaced by new talent, that's something we

need to change, by recruiting and retaining a diverse mix of individuals.

So what can the industry do to encourage more people to come and work with us?

I personally believe there are several elements that will be key if our strategy is to be a success.

“32% of young people questioned felt property was the least diverse sector, ahead of law and IT”

We need to make sure that we continue to promote leading people who are already working in senior positions in the property industry to communicate the message that the sector is a place where smart, talented individuals will learn and flourish.

We should be using our role models. With the support of some of our

industry partners, we should visit schools to talk about establishing a career in property, and empower pupils to think about the breadth of roles available, their own career path and the impact they could have on the future of the property landscape.

The Association of Women in Property is making great strides in this area, with a schools outreach programme that shows the opportunities available within the built environment and highlights some interesting historic projects, such as Waterloo Bridge, constructed by a team made up mostly of women during World War II.

For those already working in the sector, we need to celebrate and share success; to consider how we create valuable contacts to deliver peer-to-peer networking and mentoring opportunities, as well as encouraging women to talk about their experiences and achievements.

At Kier we've implemented a range of initiatives to encourage diversity within our own workforce and we have a dedicated team that focuses on strategy to establish diversity and inclusion under the brand Balanced Business Network. The starting point of this initiative has been to focus on gender and our achievements to date include equipping women with platforms to have a voice and opportunity to develop skills such as impact and influence, confidence, and resilience. The group has had successes in influencing enhanced

family friendly policies and improving the provision of female PPE.

Kier also signed up to be a corporate member of the WISE Campaign in May 2016. Through this membership Kier is using the WISE Ten Steps analytical tool to prioritise projects to improve diversity and inclusion. Kier is committed to achieving a balanced business, and recognises that diversity and inclusion is wider than gender, we will continue to identify opportunities to partner with charities and organisations that focus on wider diversity and inclusion initiatives both to attract diverse talent to consider pursuing a career within Kier and to support the advancement and development of the existing diverse talent within the business.

We are also developing a strategy with the LGBT (Lesbian, Gay, Bisexual, and Transgender) Construction Working Group. This collaborative industry group comprises over 10 construction and engineering businesses. Its aim is to work in partnership and share resources across our industry. At present we are focusing on how we can work as part of this group to change perception and to be more inclusive for employees who identify as LGBT.

I believe that we as Kier, and the wider industry, is already making some of the changes that are needed to encourage diversity. However, it is also important not to get tunnel vision when it

comes to gender diversity and to be inclusive across the board. If we want to attract more talent to the industry, we need to make sure we're meeting their needs, whatever they may be. Creating a flexible, agile workplace makes for a

“it is also important not to get tunnel vision when it comes to gender diversity and to be inclusive across the board”

happier, more productive workforce.

Ultimately, as we work with an exciting and diverse range of clients and partners across a variety of asset classes, our workforce should reflect that. We want to inspire a diverse range of people to come and work with us. The new ideas and innovation that these individuals will bring with them will only make our business stronger, ultimately breeding further success. ■

Pip Prongué, Kier Property's managing director (south) has over 17 years' experience in the property industry, with expertise in acquisition and development within the industrial, leisure, office and mixed use sectors. She has worked with Kier Property since 2005 when she joined the company as a development manager. In her current role Pip is responsible for delivering business strategy, maintaining responsibility for the investments business and delivering commercial developments across a range of asset classes.

The background of the image is a photograph of two buildings. On the left is a modern building with a curved glass facade, reflecting the sky and surrounding environment. On the right is a brick building with a curved facade, featuring a white classical column. The text is overlaid on a semi-transparent white rectangular area in the center.

THE RESEARCH:

**REGIONAL
DISPARITY IN
ATTITUDES TO
PERMITTED
DEVELOPMENT**



Carter Jonas' survey of 80 LPAs unearths some interesting views on PDRs*

The right to convert Class B1 (offices) to Class C (residential) using the prior approval process in England was first introduced on a trial basis in May 2013. The proposal was met with considerable opposition from local authorities, many of whom felt that important planning decisions affecting the supply of office accommodation and the provision of new homes would be taken out of their hands and sub-standard housing would be developed.

Although over 300 local planning authorities applied initially for some form of exemption under Article 4 of the General Permitted Development Order, only 17 were successful and there were some surprises as to which authorities had succeeded. The fact that the City of London achieved a blanket Article 4 direction came as no surprise, nor that 10 of the other authorities that succeeded were in London.

Three years on and despite vociferous lobbying for this prior approval to be dropped based on concerns about the

quality of the accommodation being provided - the smallest flat to be provided was proposed at just over 14 sq m in Croydon - and the loss of office space leading to rising office rents as the supply of office space tightened, the Town and Country Planning (General Permitted Development) (England) (Amendment) Order 2016 made the rights permanent.

Carter Jonas recently conducted a survey of 80 local planning authorities (LPAs) to ascertain their attitudes and responses to the permanent introduction of the prior approval process. Those surveyed included the largest English cities and towns and all 33 London boroughs.

“Over 70% London Boroughs stated that this was already a problem and anticipated the problem would worsen”

Our research revealed that in London, where the majority of change of use applications using the prior approval process have occurred, the rights are unsurprisingly least

*Figures correct as of summer 2016

popular: over 50% of London Boroughs stated that this was already a problem and that it was anticipated the problem would worsen, with the figure rising to 70% for central London.

The highest number of conversions to date have taken place in Richmond upon Thames which is as a result looking to extend the number of locations in which Article 4s will apply to restrict the prior approval process. Hammersmith & Fulham and Croydon (second and third highest respectively) are in the process of introducing an Article 4 - as are Ealing and Hounslow, while Brent and Harrow are considering introducing one in defined locations. As Richmond upon Thames has done, a number of the London authorities are considering extending the locations within their boroughs in which Article 4s

would apply to remove prior approval rights.

“Where the highest number of conversions are taking place the Council is looking to restrict the prior approval process”

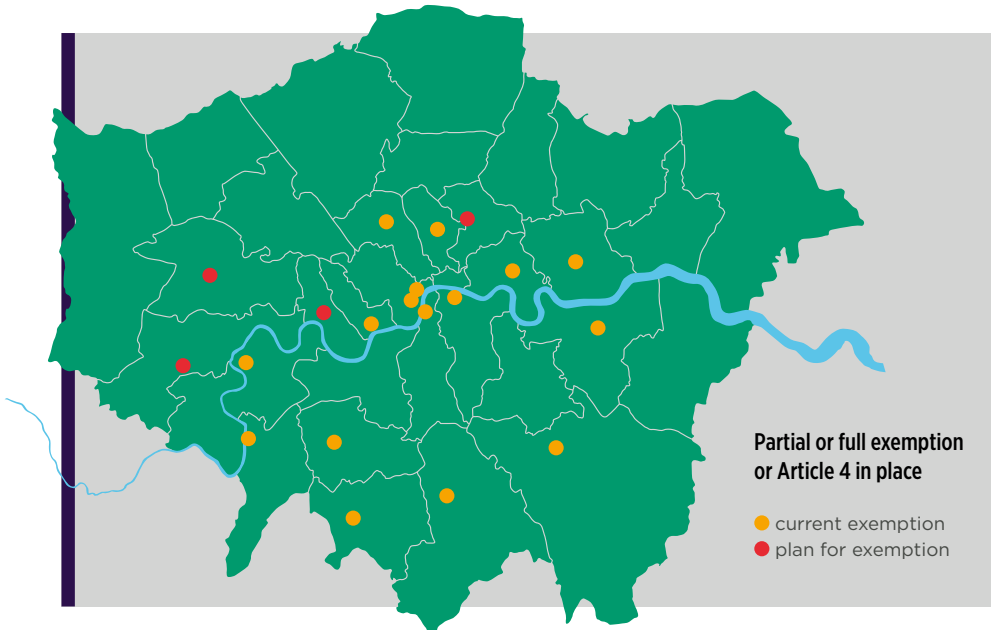
Change of use from office to residential - and the various additional change of use rights that have followed - was originally put in place as one of a number of solutions to address the housing crisis while making more efficient use of existing and under-used buildings. The central location of office blocks and their potential to be converted into apartments was a particular attraction in urban areas and it was anticipated that this process would be used with greatest frequency in London due to its acute housing problem.

However, with around half of all London boroughs having a partial or full exemption or Article 4 in place, those with the greatest potential to allow large-scale conversions of this nature are increasingly the least likely to allow it in the highly accessible locations that are best suited to this change.

“half of all London boroughs have a partial or full exemption or Article 4 in place”

Nick Taylor, Head of Planning at Carter Jonas comments on the resistance of London boroughs to permitted development rights:

“Since the Government announced that the prior approval process was being made permanent, we have found that an increasing number of LPAs in London



are looking at introducing Article 4 Directions to remove these rights to “ensure proper planning” in certain areas, both in terms of protecting offices and ensuring that an appropriate quality of residential accommodation is provided. We are now seeing authorities using Article 4 Directions in urban areas as a tool to move away from prior approvals and return to traditional planning applications with the greater degree of scrutiny that an assessment against planning policy and guidance allows.”

“Over 60% of other English local authorities are not concerned about increased permitted development rights”

So with such a disjuncture between those with potential to implement the right,

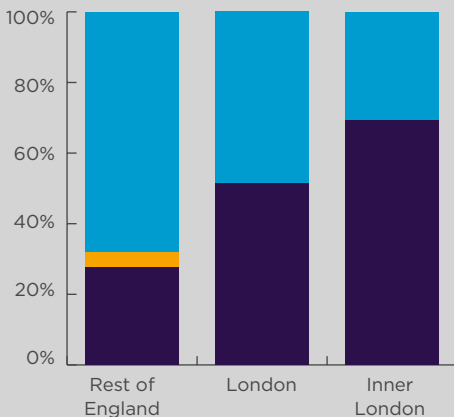
and those willing to do so, will the extension of this permitted development right significantly change our towns and cities? Nick Taylor believes that “Three years after the rights were first introduced, the likelihood is that those commercial schemes which were ripe for redevelopment into residential units have already implemented the change. We may see fewer coming forward in the future and those that do may be those with leases within the building providing the window of opportunity to make the change, and therefore the landlord has the ability to plan for this over the lifetime of a building’s occupancy.

“Ultimately the impact of the change will vary considerably across different locations, based on the relative supply and demand

of property for both housing and office use, and the value differential.

“The fact that this process is least popular among local authorities in the areas in which the take-up is greatest points to a disconnect between the aspirations of developers and the inclination within local authorities to retain more control over the planning process. With the rights now permanent, developers will need to pursue them with care, paying particular attention to concerns about the displacement of employment opportunities, especially in London. They will also need to monitor changes in the number of Article 4s within a particular borough because these may change over time, with Richmond upon Thames being an obvious example of an authority increasing the number of areas in which the restrictions apply.” ■

Are Permitted Development Rights (PDR) for Office to Residential Conversion a Problem?



Have Article 4 or Exemption



Will Introduce Article 4



An aerial photograph of a residential development site. The foreground shows a large, cleared area with construction equipment and materials, indicating active development. In the middle ground, several multi-story residential buildings are under construction, with some showing concrete frames and others with more complete structures. To the right, a cluster of completed houses with red roofs and brick facades is visible, surrounded by green lawns and parking areas. The background shows a suburban neighborhood with more houses and trees.

HAS THE STARTER HOMES TARGET CHANGED?

“The Government desires more private forms of housing that are genuinely affordable, rather than continued reliance on Section 106 ‘Affordable Housing’”

The Government is likely to backtrack on its Starter Homes for sale commitment by factoring rent-to-buy properties into its target. Andrew Morgan of DAC Beachcroft LLP explores how the industry would be affected by the change.



Housing and Planning Minister Gavin Barwell has indicated that the Government is likely to move away from its target of 200,000 Starter Homes for sale by 2020. The Minister's recent statements have confirmed that a rent-to-buy model, similar to the London Mayor's 'Living Rent' initiative is now also likely to feature in that total as a new form of starter home. The 'Living Rent' model is essentially designed to allow those on intermediate incomes to pay approximately a third of their income as rent so as to allow saving for future home ownership.

Whilst the Government could be accused of deviating from its original campaign pledge, based on a policy of rapidly boosting home ownership, the announcements are perhaps less of a watering down and instead a simple recognition that a discount on sale price is not a complete solution for all would be first time buyers. The Starter Homes legislation defines a first time buyer as being aged between 23 and 40 years – which creates huge variety in the market for a first home

in terms of buyers' financial circumstances and housing needs. Regardless of the 20% discount on open market value the price caps of £450,000 in Greater London and £250,000 elsewhere will be prohibitive for many that are unable to fund a sufficient deposit. Starter Homes for sale will therefore only address a certain cross-section of the housing market regardless of their supply.

Improving accessibility to the private rental sector is equally important to enable first-time buyers to save for their deposit – this responds to the difficulties around first home ownership earlier in the cycle. A wider definition of starter homes would also be in keeping with the Government's desire for more private forms of housing that are genuinely affordable, rather than continued reliance on Section 106 'Affordable Housing' delivered through housing associations. More affordable housing products for direct sale does however create uncertainties for developers who need to understand how those homes can be valued in their land investment and planning decisions.

In response to this, the DCLG will be publishing a White Paper later this year to provide much needed clarification of all of the Government's housing initiatives – including Starter Homes. Although a comprehensive approach is to be welcomed there is already frustration in the housing industry around delay to the Starter Homes Regulations, as without this, the primary legislation in the Housing and Planning Act 2016 cannot be fully implemented. Those regulations were originally expected this autumn following an extended period of technical consultation, but if, as now expected, Starter Homes are to become more than just the current discounted sale model then we can also anticipate changes to the primary legislation and yet further consultation on a rent model; all of which takes time.

Crucially, the White Paper needs to send a clear message to the industry that the Government will drive through the legal framework behind Starter Homes so as not to lose their momentum on the housing delivery agenda. ■



STRATEGY &
Creativity
IN RURAL PLANNING

Carter Jonas's Rural team works across the country in some of the most sensitive areas and for some of the most prestigious estates. Such circumstances would traditionally dictate a harsh anti-development stance, a strong defence of the status quo and therefore a challenging role for planning and development teams.

But as large country estates increasingly seek new commercial opportunities and as local authorities are under ever-greater pressure to deliver homes, we are finding quite the reverse. With some creative thinking and an enlightened approach the estates strategy, even in those circumstances where change of use is not typically encouraged, it can be permitted – indeed welcomed – by local authorities.

“the rural office market is becoming precarious due to limited rental growth and often insufficient broadband”

The West Woodhay Estate in the Berkshire Downs dates back to 1635. In the 1990s its current owner, Harry Henderson made significant improvements to the house and garden, returning much of it to its original 17th

century layout and invested in the conversion of redundant farm buildings to commercial office use. Twenty years later, the rural office market is becoming precarious due to limited rental growth and often insufficient broadband. Having converted other farm buildings into residential units, West Woodhay Estate tasked Carter Jonas with reviewing the use of the buildings for residential use as part of a broader estate strategy. Our team researched likely rental values, returns and costs for the use of the buildings as let cottages. We applied for planning consent to convert three offices and were successful in doing so. The area was exempt from permitted development rights and so the likelihood of permission being granted might have seemed remote, but was accepted by the local authority nonetheless. As the major part of the conversion had already

been completed, costs for amending the use were reasonable. The rental return for residential use taking into account the relative ease of letting residential space and reduced void periods, meant change of use was clearly the best option.

A similar strategy was implemented by Carter Jonas at the 17th century Rooksnest Estate, again in Berkshire. Similarly the location, an AONB, was exempt from permitted development rights. Carter Jonas was asked to assist with the long term plan for a redundant farm yard. Over time several buildings had been converted to storage, but a traditional stable building which was unsuitable as storage remained. Carter Jonas gave advice on the potential uses, returns and costs. A deal was agreed with a potential tenant and the conversion works were completed with the specific tenant in mind, while keeping the building versatile



1

1&2 Before: A sensitive conversion can retain the character of the original building

3&4 After: Light and open modern office space providing diverse income on the Rooksnest Estate



2



3



4

for future lets. Retrospective planning permission for change of use was then obtained. Converting the building gave support to spending money on what was otherwise a liability in terms of cost and now provides additional income from an asset which was previously not performing. The now completed range of commercial buildings on this site means that the Estate has a variety of types and sizes, allowing tenants to vary with the market.

Increasingly the planning system surprises and delights us by rising – albeit sometimes inconsistently – to the challenges that it poses and allowing changes that might not have been expected previously. Despite economic gloom and an increasingly complex planning landscape, we have found that in estate management a clear focus, a constructive relationship with local authority planning teams, a strategic and sometimes creative approach can pay dividends. ■

Christopher Turner is based in Winchester, carrying out management and professional services for private clients. He specialises in the management of rural estates, providing strategic and day to day management in Berkshire, Hampshire and Wiltshire. Chris also carries out professional work ranging from sales, purchases, lettings and valuations of country properties as well as advising on planning applications and entry into countryside grants for farmers.

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