



New opportunities for sustainable development  
and growth through the reuse of existing  
buildings

Consultation





New opportunities for sustainable  
development and growth through the  
reuse of existing buildings

Consultation

© Crown copyright, 2012

*Copyright in the typographical arrangement rests with the Crown.*

You may re-use this information (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or e-mail: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

This document/publication is also available on our website at [www.communities.gov.uk](http://www.communities.gov.uk)

Any enquiries regarding this document/publication should be sent to us at:

Department for Communities and Local Government  
Eland House  
Bressenden Place  
London  
SW1E 5DU  
Telephone: 030 3444 0000

July, 2012

ISBN: 978-1-4098-3562-2

# Contents

Introduction	2
The consultation process and how to respond	4
Policy background	6
Legal background	6
Policy context and the collection of views	8
Proposals for change	9
Benefits and impacts from our proposals	15
Consultation questions – response form	16
Consultation information	24
Annex 1: Consultation Stage Impact Assessment	25

# Introduction

1. The Government is reforming the planning system to support sustainable development. Our reforms will ensure that the planning system is less bureaucratic and is more responsive to the changing demands of society and businesses.
2. We are creating a planning system which responds more effectively to market signals, where decisions are taken at the right level and where communities receive the economic benefits of wider growth.
3. The Use Classes Order is a deregulatory device which allows change of use between land uses that have similar impacts, without applying for planning permission. In the Growth Review the Government committed to undertake work to review how the change of use is handled within the planning system.
4. This work led by the Department of Communities and Local Government and the Department for Business, Innovation and Skills showed broad consensus that the handling of change of use should remain as part of the planning system and gave strong support for the deregulation achieved through the Use Classes Order. It was recognised that this was a well established regime that gave great certainty which was important when planning development.
5. The work identified however that there were opportunities to support sustainable development and growth through encouraging the reuse of empty and redundant existing buildings where the original use was no longer required or appropriate. To this end, and in response to the comments made during the review, the Government is proposing action in four areas:
  - To create permitted development rights to assist change of use from existing buildings used for agricultural purposes to uses supporting rural growth;
  - To increase the thresholds for permitted development rights for change of use between B1 (business/office) and B8 (warehouse) classes and from B2 (industry) to B1 and B8.
  - To introduce a permitted development right to allow the temporary use for two years, where the use is low impact, without the need for planning permission.
  - To provide C1 (hotels, boarding and guest houses) permitted development rights to convert to C3 (dwelling houses) without the need for planning permission.

- To consider if any updates or amendments are needed to the existing descriptions within the use classes order.
6. The changes proposed in this consultation document offer an opportunity to contribute to sustainable development by making best use of the existing building that make up the fabric of our communities. These proposals will also help bring empty and redundant buildings back into productive use, promote brownfield regeneration, help build more homes, support our local high streets and secure jobs in the rural economy.

# The consultation process and how to respond

<b>Topic of this consultation:</b>	New opportunities for sustainable development and growth through the reuse of existing buildings.
<b>Scope of this consultation:</b>	The consultation seeks views on the Government's proposals to amend the Town and Country Planning (General Permitted Development) Order 1995 (as amended) to grant permitted development rights to allow greater change of use for building used for agricultural purposes, commercial purposes and temporary uses.
<b>Geographical scope:</b>	These proposals relate to England only.
<b>Impact Assessment:</b>	A consultation stage impact assessment is attached to this consultation document.

## Basic information

<b>To:</b>	This is a public consultation and it is open to anyone to respond. We would particularly welcome views from: <ul style="list-style-type: none"> <li>• Local planning authorities</li> <li>• Developers</li> <li>• Farmers</li> <li>• Community representatives</li> </ul>
<b>Body/bodies responsible for the consultation:</b>	Department for Communities and Local Government (Planning Development Management Division).
<b>Duration:</b>	The consultation is published on 3 July 2012 and ends on 11 September 2012. This is a 10 week period.
<b>Enquiries:</b>	Saima Williams Tel. 0303 44 42058 E-mail: <a href="mailto:saima.williams@communities.gsi.gov.uk">saima.williams@communities.gsi.gov.uk</a>
<b>How to respond:</b>	By e-mail to: <a href="mailto:Deregulate.planning@communities.gsi.gov.uk">Deregulate.planning@communities.gsi.gov.uk</a>  A downloadable questionnaire form, which can be emailed to us, will be available on our website at

	<p><a href="http://www.communities.gov.uk/consultations">www.communities.gov.uk/consultations</a>.</p> <p>Alternatively, paper communications should be sent to:  Saima Williams  Consultation Team (Wider change of use)  Planning Development Management Division  Department for Communities and Local Government  1/J3, Eland House  Bressenden Place  London SW1E 5DU</p>
<b>Additional ways to become involved:</b>	If you require this material in an alternative format, please contact us.
<b>After the consultation:</b>	The Department for Communities and Local Government will publish its response to the consultation as soon as is possible following the close of consultation.

## Background

<b>Getting to this stage:</b>	The current framework for change of use in planning is contained in the Town and Country Planning (Use Classes) Order 1987 (as amended) and the Town and Country Planning (General Permitted Development) Order 1995 (as amended).
<b>Previous engagement:</b>	An Issues Paper was published on how Change of Use is handled in the planning system on 25 June 2011.



# Policy Background

7. In vibrant communities there will be a need and an appetite for sustainable development to support overall growth. This will include allowing buildings to change their use where this is beneficial and as such the planning system provides an opportunity to ensure that any change is appropriate and does not adversely impact on the local area.
8. Many changes of use of land and buildings do require planning applications as they are considered to be “development”. It was recognised this could be a burden on business in terms of time and cost and was sometimes of little value if the change of use did not impact adversely on the neighbourhood.
9. It is almost 10 years since the last substantial review of the approach to change of use, therefore the work to review the regime provided a timely opportunity to consider whether there are other factors, such as more people working from home, possible temporary uses of buildings, changes in shopping habits and new industries which need to be better reflected in the consideration of land use impacts that form the basis for the Use Classes Order. It provides an opportunity to stand back and consider the operation, impact and effectiveness for all parties of the current approach to dealing with change of use and consider alternatives.

# Legal Background

10. Under the Town and Country Planning Act 1990, development control extends not only to building work but also to changes in the use of buildings or land. Planning permission is usually required for material changes of use. What constitutes a material change of use is a matter of fact and degree, to be determined in each case by the local planning authority.
11. Certain uses are so similar in planning land use terms that to require planning permission to change would be unnecessarily burdensome. To relieve the planning system of such unnecessary applications, the legislation excludes from the definition of development any change where both the existing and the proposed use fall within the same class within the Town and Country Planning (Use Classes) Order 1987 (as amended).
12. Uses fall within four main categories:
  - Class A covers shops and other retail premises such as restaurants and bank branches;

- Class B covers offices, workshops, factories and warehouses;
- Class C covers residential uses;
- Class D covers non-residential institutions and assembly and leisure uses.

There are subsets within each class. In addition there are also uses that are sui generis i.e. in a class of their own.

13. Part 3 of Schedule 2 to the Town and Country Planning (General Permitted Development) Order 1995 (as amended) grants a general permission for specified changes of use between some use classes in the Use Classes Order. It achieves this by classifying certain changes between the use classes as permitted development i.e. planning applications are not required.
14. Change of use can be a contentious issue locally. Therefore there is scope for local planning authorities both to go beyond, and to restrict, the operation of the national use classes order and its associated permitted development. Local development orders and the forthcoming neighbourhood development orders<sup>1</sup> allow local authorities to extend the types of permitted development that do not require a planning application. To restrict national permitted development rights, local planning authorities can issue an Article 4 direction. Both measures need to be tested through local consultation.

---

<sup>1</sup> Details of Neighbourhood Development Orders are set out in the Localism Act 2011.

# Policy context and the collection of views

15. The existing Use Classes Order and associated permitted development rights could be seen as “a presumption in favour of change of use” where the land use impacts are considered sufficiently similar. This means that a change of use can be established in advance of a planning application for associated physical development being submitted to the local planning authority. This removes uncertainty for the applicant in relation to change of use, with the local planning authority only required to consider the merits of the physical development.
16. The review of how change of use is handled in the planning system wanted to understand if there was a strong body of evidence that suggested the Order had unjustified negative impacts on sustainable development and how these impacts on growth could be prevented.
17. The review therefore sought to collect views and evidence from a range of organisations and individuals about the current system and possible deregulatory and pro-growth changes. A general call for evidence with the publication of an issues paper was made in July 2011. This was supported by a series of roundtable discussions with key partners from developers, business organisations and community and environmental organisations. Where specifically requested individual meetings were held with other organisations or individuals. The call for evidence closed in September 2011.
18. The feedback was extremely positive. The call for evidence started from first principles asking
  - whether changes of use should continue to be considered as development and regulated through the planning system? and
  - whether the UCO was the most effective tool for deregulating the existing requirement to apply for planning permission for change of use or whether there was an alternative or better approach?
19. **The overwhelming message was that change of use should be handled in the planning system and that the Use Classes Order remained fit for purpose and an effective tool.**
20. In the context of sustainable development, the certainty of treatment of change of use, how it relates to local and neighbourhood plan making, and supports national planning policy was considered very important.
21. External partner organisations, who attended the roundtable discussions stressed that the current system was well understood, tried and tested with established case law, and provided certainty to users. It was suggested that making radical changes to the current system would

create uncertainty and delay for business, increase costs, and impact negatively on growth.

22. These general messages about the current system were repeated in the responses received to the call for evidence. Local authority responses saw that there was no case to be made for fundamental change and that the use classes order as currently constituted provided the necessary tools to manage change of use at the appropriate level. Individual responses did raise local concerns which were often related to the scope for greater regulation.

## Proposals for Change

23. The recent Review of the High Street conducted by Mary Portas also recognised the use class order as an effective deregulatory tool that has the potential to go further to support town centres. In our Response to the Review, we announced our intention to increase permitted development rights to double the existing allowance from one to two residential units that can be created above shops without the need to apply for planning permission; this change will help to promote regeneration and increase housing-supply, and the increased resident population will help to support existing shops.
24. We also consulted in 2010 on options for introducing permitted development rights for schools. While none of the options were taken forward at the time we remain keen to support the development of new schools through the planning system.
25. Alongside the support for the Use Classes Order, there was also recognition that steps had been taken over the years to simplify the order and ensure that it best reflected the impacts on others of land use. The existing breakdown between retail (A), commercial (B), residential (C), non-residential institutions and assembly and leisure uses (D) uses were seen as rational and working effectively. Those activities classed as sui generis were largely recognised as uses where there should be the opportunity for planning authority and community influence over any change.
26. Discussions did raise areas where there was potential to go further than the existing regime and consider whether it was possible to increase the scope for permitted development. There are five areas which are explored further in this consultation paper and where changes are proposed and views sought.

## Re-use of existing and redundant agricultural buildings

27. We believe there are opportunities that could arise for diversification and sustainable economic growth in rural areas if more existing and redundant agricultural buildings were re-used for other commercial uses where there is no longer an agricultural need. Currently, such buildings require planning permission for any change of use.
28. We have looked at possible options that could allow such changes to be made. Agriculture and the use of existing agricultural buildings are not development in terms of planning legislation. Therefore it would be inconsistent to create a use class for agricultural buildings which allowed for wider uses beyond agriculture.
29. However it would be possible to provide a permitted development right that allowed conversion of existing buildings used for agriculture to be used for other purposes. These uses could be specified. There are already permitted development rights for the construction of new buildings for agricultural use. To prevent proliferation of new buildings being constructed with the intention of conversion to commercial uses, it is proposed that this recommendation, if it were brought forward, would apply only to agricultural buildings already in existence on the date this consultation is published. However we are also seeking views on whether there should be a threshold of a building constructed after this consultation document has been published having the same permitted development rights provided it has been in agricultural use for 10 years. This proposal supports the wider proposals of the Rural Economy Growth Review.
30. It is proposed that the changes of use of buildings for agriculture that would be permitted would be to other relatively low impact business uses (e.g. workshops, offices, storage, food processing, cafes, leisure). They would be implemented without a requirement for submitting a planning application providing opportunities for other rural business to expand and grow in these existing premises.
31. Acceptable changes of use would need to be carefully defined to avoid high-impact development occurring without the opportunity for local consideration, to ensure no unintended reduction in the flexibility already afforded to farm businesses and to avoid giving an unfair competitive advantage. The proposal would also exclude statutorily designated explosive safeguarding zones.
32. Specifically, views are sought on the proposed range of permitted development rights that would be appropriate and beneficial. These are activities that currently fall into:

- Class A1 (shops), A2 (financial and professional services), and A3 (restaurants and cafes),
  - Class B1 (Business) and B8 (storage and distribution),
  - Class C1 (Hotels)
  - Class D2 (Assembly and Leisure).
33. The objective is to allow change of use with the minimum need for planning permissions. However the legislation requires that account is taken of material planning considerations in the grant of deemed planning permission. Therefore the Secretary of State will want to be satisfied that the planning impacts of any change of use will be sufficiently minor in granting an unconditional permitted development right. Where the risk of impact is likely to be greater a prior approval may be necessary. An alternative could be to use thresholds or limitations on the scope of the permitted development right given.
34. The Government recognises that development in the countryside requires sensitivity and result in different impacts to urban development. This is why the consultation also seeks a view on whether any permitted development rights should be subject to a prior approval process requiring notification to the local planning authority or have defined thresholds and limitations.

**Question 1**

Do you think there should be permitted development rights for buildings used for agricultural purposes to change use to:

- Class A1 (shops), A2 (financial and professional services), and A3 (restaurants and cafes),
- Class B1 (Business) and B8 (storage and distribution),
- Class C1 (Hotels)
- Class D2 (Assembly and Leisure)?

**Question 2**

Should thresholds and limitations be applied to reduce the potential impact of any permitted change of use?

**Question 3**

Are there circumstances that would justify a prior approval process to allow the local planning authority to consider potential impacts?

## Increases in permitted development rights for changes between B1, B2 and B8 uses

35. Currently, permitted development rights exist to allow limited changes of use between B1 uses (including offices, high technology and light industry) and B8 (storage and distribution). They also provide for change from B2 uses (general industry) to B1 and B8 uses. The current size limit for permitted development is 235m<sup>2</sup>. This is relatively modest and has not changed for some time.
36. Many businesses reshape their operations and reconfigure how they use their buildings in response to changing demand and technological innovation. An increase in the size limits for change of use would therefore provide more flexibility to business in the use of their premises without significant impacts. Given this is for change of use and not new development it should be of minimal impact. As an initial new limit for consultation, we could propose the limit be doubled to 470m<sup>2</sup>, and seek views on the desirability of larger or more modest increases in the size limits.

### **Question 4**

Do you agree that the size thresholds for change of use should be increased?

### **Question 5**

If so, is 470m<sup>2</sup> the correct threshold, or should the increase in the limit be larger or more modest?

## Temporary Use of Buildings

37. Across Government we are supporting new businesses and enterprise and we want to free up the planning system to play its role in this. It has been suggested that some new business ideas are inhibited as seeking planning permission for change of use sometimes means a commercial opportunity is missed. Also some new businesses will only really be certain of their use class after being able to test the market and refine their business model.
38. To open up premises to new businesses and allow redundant buildings to be brought back into use we are consulting on a proposal to allow temporary uses of certain existing buildings (retail and other A classes, offices (B1) and non residential institutions and assembly and leisure uses (D1 and D2)). This would be for certain specified new uses for a period of 2 years. To prevent inappropriate temporary use, it is proposed that a local authority notification requirement would provide an opportunity to validate uses and allow subsequent monitoring of the

temporary uses.

39. At the end of the temporary use period, the planning permission for the use of the building would revert to its initial use unless a planning application was submitted and approved. Uses that might be appropriate temporary uses are likely to be within use classes A1, A2, A3 and B1.

**Question 6**

Do you think there should be permitted development rights to allow for the temporary use of buildings currently within the A, B1 and D1 and D2 use classes for a range of other specified uses for two years?

**Question 7**

If you agree with the proposal what uses do you think should be allowed on a temporary basis?

## Hotels to Houses

40. Comments and views received for the issues paper acknowledged that the C class is a mixture with business and service uses in C1 (hotels, boarding and guest houses) and C2 (residential institutions e.g. hospitals, nursing homes, prisons, military barracks) and domestic uses in C3 (dwellinghouse) and C4 (HMO). It was also recognised that local and neighbourhood plans will contain specific local policies in respect of the future strategy for each of the different C uses going forward.
41. However it was acknowledged that in support of the priority to secure the provision of new homes, the C1 Class was likely to contain properties that had either once been family homes or were suitable for conversion to residential accommodation.
42. Furthermore it has been suggested that there are premises in the C1 use class that no longer provide viable holiday accommodation. This may be for a range of reasons from changing trends in holidays to the desire for accommodation which has a more contemporary offer for its guests. Often such properties will be found in urban areas with existing good transport, health and school infrastructure. In some traditional holiday areas there are already strategies in place to enable change of use and in doing so creating new residential neighbourhoods. Allowing the conversion of hotels to residential use could trigger activity offering new opportunities to the house building industry and offering skilled developers and families the opportunity to enhance their neighbourhoods.
43. There is a recognition that the type of buildings suitable for change of use and residential conversion without the need for any additional development, that would require planning permission, are likely to be the smaller premises. However, this proposal would encourage local



authorities to think more creatively about the hotel stock in their area and plan accordingly for where they want to see growth or contraction happen. Where there is need for local control to safeguard holiday accommodation in main holiday and business areas, article 4 directions could be applied to remove the permitted development rights.

**Question 8**

Do you think there should be permitted development rights to allow hotels to change to residential use without the need for a planning permission?

**Question 9**

Should thresholds and limitations be applied to reduce the potential impact of any permitted change of use?

**Question 10**

Are there circumstances that would justify a prior approval process to allow the local authority to consider potential impacts?

## Updating definitions within the Use Classes Order

44. The Use Classes Order groups uses with similar planning impacts into classes. Over time these have been amended. During the review it was suggested that some uses had changed and no longer fitted comfortably in their existing classes. The review also pointed out that new uses had emerged which while not specifically covered by any of the descriptions in the Order, could possibly fall within a particular class. For example some suggestions included: that manicure parlours/nail bars; computer repair centres and small scale horticultural outlets should fall under class A1. Updating these definitions would remove the need for change of use applications in certain circumstances, and therefore strengthen the effectiveness of the Order as a deregulatory tool that helps support, for example, businesses and high streets.
45. It was acknowledged that local planning authorities will usually take a balanced approach on whether the change of use is material and a planning application is required. However we would be interested in whether there are uses currently omitted from the descriptions within the Use Classes Order, which should be included or whether there is a case for amendment.

**Question 11**

Are you aware of any updates or amendments needed to the descriptions currently included for the existing Use Classes?

**Question 12**

If yes, what is the amendment, and what is the justification?

## **Benefits and impacts from our proposals**

46. The planning system, including the Use Classes Order, plays an important role in ensuring that development which comes forward is delivered in suitable locations, in a manner that benefits local communities and that any adverse impacts, including the loss of a diversity of uses within a local area, are successfully mitigated.
47. The system offers people affected by a development proposal, and others with an interest, the opportunity to register any concerns and generally participate in the development process, through the public consultation that accompanies planning applications. Neighbourhood planning will strengthen the scope for communities to influence development in their areas.
48. The opportunity for engagement is very important and therefore the proposals set out in this consultation seek to strike a balance between the consultation and the potential benefits of freeing up the process for changing use to secure sustainable development
49. The Government's aim is to ensure that the opportunity for a good quality proposal to be delayed is minimised where the impact can be properly managed or mitigated. It has been an important consideration in bringing forward proposals that they should not risk creating adverse impacts requiring a burdensome process to be devised to ensure mitigation.
50. We believe that the proposals outlined will provide **new opportunities for sustainable development and growth through the reuse of existing buildings.**
51. The Government believes that these changes should be made nationally in England. However, we are proposing that the following types of development should be excluded from the permitted development right because they raise issues requiring further consideration:
  - listed buildings and scheduled monuments
  - safety hazard zones
  - development where an environmental impact assessment is required
  - development on land affected by contamination.

# Consultation questions - response form

We are seeking your views to the following questions on the proposals to support sustainable development and growth through encouraging the reuse of empty and redundant existing buildings where the original use was no longer required or appropriate.

## How to respond:

**The closing date for responses is 11 September 2012.**

This response form is saved separately on the DCLG website.

Responses should be sent preferably by email:

Email responses to: [Deregulate.planning@communities.gsi.gov.uk](mailto:Deregulate.planning@communities.gsi.gov.uk)

Written responses to:

Saima Williams  
Consultation Team (Wider change of use)  
Planning Development Management Division  
Department for Communities and Local Government  
1/J3, Eland House  
Bressenden Place  
London SW1E 5DU

## About you

### i) Your details:

Name:	
Position:	
Name of organisation (if applicable):	
Address:	
Email:	
Telephone number:	

### ii) Are the views expressed on this consultation an official response from the organisation you represent or your own personal views?

- Organisational response
- Personal views

### iii) Please tick the box which best describes you or your organisation:

- District Council
- Metropolitan district council
- London borough council
- Unitary authority/county council/county borough council
- Parish council
- Community council
- Non-Departmental Public Body (NDPB)
- Planner
- Professional trade association

- Land owner
- Private developer/house builder
- Developer association
- Voluntary sector/charity
- Other

(please comment):	
-------------------	--

**iv) What is your main area of expertise or interest in this work  
(please tick one box)?**

- Chief Executive
- Planner
- Developer
- Surveyor
- Member of professional or trade association
- Councillor
- Planning policy/implementation
- Environmental protection
- Other

(please comment):	
-------------------	--

Would you be happy for us to contact you again in relation to this questionnaire?

Yes  No

## ii) Questions

Please refer to the relevant parts of the consultation document for narrative relating to each question.

**Question 1: Do you think there should be permitted development rights for buildings used for agricultural purposes to change use to:**

- Class A1 (shops), A2 (financial and professional services), and A3 (restaurants and cafes),
- Class B1 (Business) and B8 (storage and distribution),
- Class C1 (Hotels)
- Class D2 (Assembly and Leisure)

Yes  No

Comments

**Question 2: Should thresholds and limitations be applied to reduce the potential impact of any permitted change of use?**

Yes  No

Comments

**Question 3: Are there circumstances that would justify a prior approval process to allow the local planning authority to consider potential impacts?**

Yes  No

Comments

**Question 4: Do you agree that the size thresholds for change of use should be increased?**

Yes  No

Comments

**Question 5: If so, is 470m<sup>2</sup> the correct threshold, or should the increase in the limit be larger or more modest?**

Yes  No

Comments

**Question 6: Do you think there should be permitted development rights to allow for the temporary use of buildings currently within the A, B1 and D1 and D2 use classes for a range of other specified uses for two years?**

Yes  No

Comments

**Question 7: If you agree with the proposal what uses do you think should be allowed on a temporary basis?**

Comments

**Question 8: Do you think there should be permitted development rights to allow hotels to change to residential use without the need for a planning permission?**

Yes  No

Comments

**Question 9: Should thresholds and limitations be applied to reduce the potential impact of any permitted change of use?**

Yes  No

Comments



**Question 10: Are there circumstances that would justify a prior approval process to allow the local authority to consider potential impacts?**

Yes  No

Comments

**Question 11: Are you aware of any updates or amendments needed to the descriptions currently included for the existing Use Classes?**

Yes  No

Comments

**Question 12: If yes, what is the amendment, and what is the justification?**

Comments

**Question: Impact Assessment**

**Do you have any comments on the assumptions and analysis set out in the consultation stage Impact Assessment? (See Annex 1)**

**See also the further specific questions within that Impact Assessment**

Yes  No

Comments

**Thank you for your comments.**

# Consultation criteria

## About this consultation

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004). If you want the information that you provide to be treated as confidential, please be aware that under the Freedom of Information Act 2000, there is a statutory code of practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department for Communities and Local Government will process your personal data in accordance with the Data Protection Act 1998 and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. Individual responses will not be acknowledged unless specifically requested. Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

If you have any queries or complaints regarding the consultation process, please contact:

DCLG Consultation Co-ordinator

Zone 6/H10 Eland House

London SW1E 5DU

email: [consultationcoordinator@communities.gsi.gov.uk](mailto:consultationcoordinator@communities.gsi.gov.uk)

# Annex 1 - Consultation stage impact assessment

<b>Title:</b> New opportunities for sustainable development and growth through the reuse of existing buildings <b>IA No:</b> <b>Lead department or agency:</b> DCLG <b>Other departments or agencies:</b> BIS	<b>Impact Assessment (IA)</b>
	<b>Date:</b> 20/03/2012
	<b>Stage:</b> Consultation
	<b>Source of intervention:</b> Domestic
	<b>Type of measure:</b> Secondary legislation
<b>Contact for enquiries:</b> Saima Williams 0303 4442058	
<b>Summary: Intervention and Options</b>	<b>RPC Opinion:</b> AMBER

Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as One-Out?
£3.49m	£3.4m	-£0.39m	Yes   OUT

**What is the problem under consideration? Why is government intervention necessary?**

The Government believes that a responsive planning system is vital to deliver the sustainable development needed swiftly and smoothly. Securing a change of use should not be an obstacle to creating prosperity; for example bringing empty and underused buildings back into use, providing a suitable environment for business start-ups, supporting job creation and contributing to the provision of new homes. Therefore the Government commenced a review of how change of use is handled in the planning system as part of its Plan for Growth to see if the process for managing change of use was proportionate and able to support sustainable development.

**What are the policy objectives and the intended effects?**

The Government wants sustained development to take place without unnecessary change of use burdens so that strong and vibrant communities are created. The purpose of this consultation exercise is to see whether the existing planning framework for change of use, contained in the Use Classes Order and General Permitted Development Order, would benefit from further reform and deregulation to better support sustainable development. The aim of this policy process is to establish a system for change of use, which is light touch where appropriate, while also ensuring local planning authorities and the public have the opportunity to influence decisions that will impact on the local area.

**What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)**

(0) Do nothing (baseline)

(1) Our preferred option is to make changes to the existing Use Classes Order and associated permitted development rights to:

(a) Create permitted development rights to assist change of use from buildings used for agricultural purposes to uses supporting rural economy and job creation.

(b) Increase the thresholds for permitted development rights for change of use between B1 and B8 classes and from B2 to B1 and B8.

(c) Allow the use of buildings in all Class A uses, Class B1, Class D1 and D2 for certain other uses on a temporary time limited basis.

(d) Allow C1 (hotels) to change to C3 (dwellinghouses).

<b>Will the policy be reviewed?</b> It will be reviewed. <b>If applicable, set review date:</b> 04/2019					
Does implementation go beyond minimum EU requirements?			N/A		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		Micro Yes	< 20 Yes	Small Yes	Medium Yes
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)		Traded: 0		Non-traded: 0	

***I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.***

Signed by the responsible Minister: \_\_\_\_\_ Date: \_\_\_\_\_

# Summary: Analysis & Evidence

# Policy Option 1

Description: All preferred options (a-d)

## FULL ECONOMIC ASSESSMENT

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 0.68m	High: 10.64	Best Estimate: 3.49

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	-	0	0
High	-	0.31	2.54
Best Estimate	-	0.11	0.91

### Description and scale of key monetised costs by 'main affected groups'

The relaxation of planning rules is expected to cost local authorities £0-£2.54m (best estimate £0.91m) in forgone fee income. However these costs are likely to be more than offset by the reduction in activities required to process and determine these applications.

### Other key non-monetised costs by 'main affected groups'

There is some risk of neighbour disputes arising, or requests to councils for enforcement action against, change of use occurring outside the planning system.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	-	0.09	0.68
High	-	1.59	13.18
Best Estimate	-	0.54	4.4

### Description and scale of key monetised benefits by 'main affected groups'

Savings to businesses from avoiding planning application fees and other costs associated with obtaining permission for change of use are estimated at £0.68 - £10.38m (best estimate £3.4m). Savings to local planning authorities from no longer processing as many applications for change of use are estimated at £0-£2.8m (central estimate £1m).

### Other key non-monetised benefits by 'main affected groups'

As noted there will be wider costs and benefits which this Impact Assessment does not currently capture. This potentially includes the economic benefit of more buildings changing to more productive uses.

### Key assumptions/sensitivities/risks

Discount rate (%)

3.5

The modelling uses the number and costs of applications for each development type using categories listed in the Land Use Change Statistics. It is assumed that a site level change as shown in Land Use Change Statistics is comparable to a planning application, with the average rate of changes taking place over the 10 year period up to 2008 remaining constant. The average mean cost of £1,250 for preparing and submitting a change of use planning application has been used.

## BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:	In scope of OIOO?	Measure qualifies as
Costs: 0	Yes	OUT
Benefits: 0.39m		
Net: 0.39m		

## Evidence Base (for summary sheets)

### Problem under consideration

The Government believes that an effective planning system is vital to supporting sustainable development, and wants to ensure it is a responsive and not restrictive tool, which offers flexibility, contributes to the economic recovery, and equally contributes to strong and vibrant communities. It therefore wishes to identify and remove those planning measures that are unnecessary barriers.

The planning system controls not only development but also changes in the use of buildings or land. Planning permission is usually required for anything that is considered to be a 'material' change of use.

Certain uses of buildings and land are, however, considered so similar in land use planning terms that to require planning permission to change use is seen as an unnecessary burden. Secondary legislation (the Use Classes Order) therefore defines broad classes of use for buildings and provides that a change of use is not "development" where the former use and the new use are both within the same use class.

Uses fall within four main categories:

- Class A** covers shops and other retail premises such as restaurants and bank branches;
- Class B** covers offices, workshops, factories and warehouses;
- Class C** covers residential uses;
- Class D** covers non-residential institutions and assembly and leisure uses.

There are subsets within each class. There are also uses that are described as sui generis, meaning that they are in a class of their own. These are set out in detail in an annex.

In addition, other legislation gives a general planning permission for specified changes of use between some use classes in the Use Classes Order. It does this by classifying certain changes of use between the use classes as permitted development.

The last review of how change of use is handled in the planning system culminated in the 2005 changes to the Use Classes Order. Given the priority for delivering economic growth it was considered timely to revisit the issue and a review of how change of use is handled in the planning system was announced as part of the Government's Growth Review. The first stage was to collect views and evidence from a range of organisations and individuals about the current system and possible deregulatory and pro-growth changes. Roundtable discussions with key partners including developers, business organisations and community and environmental organisations were held in June 2011.

These were followed by a more general call for evidence with the publication of an issues paper in July 2011 and individual meetings with other organisations or individuals where these were specifically requested.

The review specifically explored whether change of use development should be managed in the planning system, and if so, whether it could be better managed to ensure the process was conducive to sustainable development. This consultation follows the findings of that review and is an opportunity for the Government to take views on a set of proposals that it believes could improve the efficiency of the planning system.

## **Rationale for intervention**

Change of use of buildings is a routine occurrence. In many cases the change will have no material impact on the local area. However the planning regime recognises that there will be circumstances where the change will impact in terms of land use impact and as such a planning application would be required. An objective of government is to ensure that the threshold of where planning permission is required is set at the right level to minimise administrative burdens, and that where permission is required, it can be obtained, where appropriate, in the easiest way possible.

Change of use can be an important contributor to prosperity and support strong and vibrant communities. An effective approach to change of use better enables business start-ups, the expansion and diversification of industries and institutions, job creation, efficient service delivery and the provision of homes.

Change of use planning applications could be a burden on business in terms of time and cost and be of little value if the change of use does not impact on the neighbourhood. To reduce most of the burdens, there are two deregulatory planning tools:

- the Use Classes Order which defines broad classes of use for buildings and land and provides that a change of use is not "development" where the former use and the new use are both within the same use class and therefore does not require planning permission; and
- the General Permitted Development Order, which goes further by allowing change between certain use classes, in defined circumstances, without the need for a planning application

The purpose of this consultation exercise is to invite views on particular areas where we believe there is scope for further reducing burdens by making changes to the Use Classes Order and General Permitted Development Order in order to support growth. The consultation is designed to canvas views on and help refine a set of reform proposals as part of an exercise to assist Government in determining the best course of action.

## **Policy objective**

The policy objective of this consultation is to explore whether there are elements of the current system for handling change of use within the planning system, which could be changed so that it further supports sustainable development. The consultation document contains a set of proposals that the Government believes could offer greater movement between uses, where appropriate, and so stimulate economic activity.

The Government wishes to hear the views of consultees on this matter. It is consulting on whether to retain the current system (Option 0), or alternatively, whether to reform the system (Option 1). The reform Option 1 contains four separate strands and it is possible either to implement all or only some of these strands as part of the reform package. The reform strands are not mutually exclusive.

## Description of options

**Option 0. Do nothing (baseline).** No changes would be made to the existing policy or legislation.

**Option 1.** The preferred option is to make changes to the existing Use Classes Order and associated permitted development rights to:

- **(a) Create permitted development rights to assist change of use from buildings used for agricultural purposes.**

The purpose of this option is to enable changes of use from buildings currently used for agricultural purposes to other purposes so that rural communities have more opportunity and incentive to diversify their operations and thereby contribute towards rural prosperity and job creation. This would enable changes of use from agriculture to other relatively-low impact business uses (e.g. offices, food processing, cafes, bed & breakfast, leisure uses, storage) to be implemented without a requirement for submitting a planning application providing opportunities for other rural business to expand and grow in other premises.

Acceptable changes of use will need to be carefully defined to avoid high-impact development occurring without the opportunity for local consideration, to ensure no unintended reduction in the flexibility already afforded to farm businesses and to avoid giving an unfair competitive advantage.

Agricultural uses are defined in s336(1) of the Town and Country Planning Act 1990. To support rural economy and job creation and in support of the Government's Rural Economy Growth Review, the Government is consulting upon giving permitted development rights for buildings used for agricultural purposes (as defined in the Town and Country Planning Act 1990) to convert (wholly or in part) to alternative uses that could help to start up and grow businesses, which can drive the rural economy, such as small businesses and light commercial operations. **The uses would not have to be as broad as a use class and could be for particular activities.** Specifically, views will be sought on the range of permitted development rights that would be appropriate and beneficial. It is likely these will be activities that currently fall into:

- Class A1, A2, and A3,
- Class B1 and B8,
- Class C1
- Class D2.

There are already permitted development rights for the construction of new buildings for agricultural use. Therefore to prevent new buildings being constructed with the sole intention of conversion to commercial uses it is proposed that these permitted development rights would apply only to agricultural buildings in existence at the time the consultation is published or constructed after the consultation has begun and in agricultural use for 10 years.

We will also consult on whether any permitted development rights should be subject to thresholds and limitations or the developer notifying the local planning authority about the impact of the proposed use upon local amenity.

**(b). Increase the thresholds for permitted development rights for change of use between B1 and B8 classes and from B2 to B1 and B8.**

The purpose of this option is to offer more flexibility for changes of use between the B classes to support the effective use of commercial premises and so provide a positive measure to support sustainable development. Currently, permitted development rights exist to allow limited changes of use between B1 uses (including offices, high technology and light industry) B8



(storage and distribution and from B2 uses (general industry) to both B1 and B8. The current size limit for permitted development is 235m<sup>2</sup>. These limits have been in place for some time without review. An increase in the limit would ensure the flexibility, which can be vital where quick response change is necessary to support business growth. As this is for change of use rather than construction of a new building the impact should not be significant. The Government is inviting views on the following proposal:

- To double the existing permitted development limits to 470sqm for changes currently permitted within the B classes

**(c) Allow the use of buildings in all Class A uses, Class B1, Class D1 and D2 for certain other uses on a temporary basis for two years.**

This option is designed to create the opportunity for providing accommodation for new and start-up businesses and contribute to retaining the viability and vitality of town centres by allowing the temporary use of certain buildings in order to make better use of vacant or redundant buildings. To retain an active high street, the Government proposes that the temporary use of certain existing buildings by a specified set of uses should be allowed for two years. We would also consult on the time limit for which the temporary time period should apply.

To prevent inappropriate temporary use, it is proposed that a local authority notification requirement should be introduced to provide an opportunity to prevent inappropriate uses and allow subsequent monitoring of the temporary uses. At the end of the temporary use period, the planning permission for the use of the building would revert to its initial use unless a planning application was submitted and approved for a new use.

The consultation invites views on whether it would be appropriate and desirable to allow temporary uses without specific planning permission. The consultation would suggest the likely uses from which temporary use would be allowed would be:

- All A use classes
- Class B1
- Class D1
- Class D2.

Uses that could be considered appropriate temporary uses are likely to be within use classes A1, A3 and B1.

**(d) Allow C1 (hotels, boarding and guest houses) to change to C3 (dwellinghouses) without the need for a planning permission.**

This option seeks to provide greater freedom for uses under C1 (hotels, boarding and guest houses) by permitting development rights to convert to C3 (dwelling houses) without the need for planning permission.

The C1 class is likely to contain properties that had either once been family homes or are suitable for conversion to residential accommodation making it the most likely candidate for supporting the need to secure provision of new homes. Some of these premises no longer provide viable holiday accommodation and so their conversion to residential use could trigger activity offering new opportunities to the house building industry and offering skilled developers and families the opportunity to enhance their neighbourhoods. Some traditional holiday areas already have strategies in place to facilitate such changes of use and in so doing creating new residential neighbourhoods.

Where there is need for local control to safeguard holiday accommodation in main holiday and business areas, article 4 directions could be applied to remove the permitted development rights.

We will also consult on whether any permitted development rights should be subject to thresholds and limitations or the developer notifying the local planning authority about the impact of the proposed use upon local amenity.

## Monetised and non-monetised costs and benefits of each option (including administrative burden)

### For Option 1 strands (a), (b), (c) and (d)

- Applicants: Costs: There is no additional cost to the applicant from these options. Benefits: The applicant will benefit from not having to incur a cost on developing their scheme, preparing a planning application and submitting it.
- Local planning authorities: Costs: The local authority will have a reduction in income from the planning application fees. Benefits: There will be a reduced administrative cost on the local authority to provide a planning application processing service.

As context the tables below show the current trend of changes between different land use categories. Table 1 shows how much land, in hectares, changes between different land types. Table 2 shows how the number of records reporting change between different land types. The number of reported changes has been used as a proxy for application numbers. This is likely to be an under-estimate because some changes of use will not be recorded as a physical change. It should be noted that land use change statistics do not separately record the number of occasions on which hotels (distinct from other Institutional and Communal Accommodation) change to other uses. Figures on this category of change are therefore excluded from Table 1 and 2.

The cost of a planning application can vary for the applicant. The Arup report finds that the average cost of preparing and submitting a change of use planning application is around £1,245 and could vary between £290 and £3,370. The average mean of £1,250 has been taken as the best estimate. This includes administrative costs such as preparing the application and the fees paid.

One of the intended benefits of the policy is to facilitate additional changes of use as a result of reducing costs to applicants. Any increase as a result of the changes would support the policy objective to stimulate economic activity and to allow building and land to change to more productive uses.

**Table 1**

**Land Use Change - annual average amount of change, 1999 to 2008**

<i>hectares</i>							
Previous Use	Agricultural buildings <sup>1</sup>	Community buildings	Industry	Offices	Retail	Leisure and recreation	Storage and warehousing
Agricultural buildings	13	2	13	10	5	11	6
Community buildings	1	324	2	3	5	14	1
Industry	0	10	375	17	51	20	33
Offices	0	1	1	25	3	1	1
Retail	0	3	2	3	126	3	1
Leisure and recreation	3	64	7	3	9	160	5
Storage and warehousing	1	3	9	6	13	2	82
<b>Total</b>	<b>18</b>	<b>407</b>	<b>409</b>	<b>68</b>	<b>211</b>	<b>211</b>	<b>128</b>

<sup>1</sup> The Land Use Change Statistics definition may differ from that in the Town and Country Planning Act 1990

**Table 2****Land Use Change - annual average number of records, 1999 to 2008**

	<i>records</i>						
<b>Previous Use</b>	<b>Agricultural buildings<sup>1</sup></b>	<b>Community buildings</b>	<b>Industry</b>	<b>Offices</b>	<b>Retail</b>	<b>Leisure and recreation</b>	<b>Storage and warehousing</b>
Agricultural buildings	247	10	29	37	18	63	19
Community buildings	3	3265	6	13	18	61	2
Industry	4	25	2369	39	70	19	37
Offices	0	6	2	181	10	2	2
Retail	2	20	7	20	1502	10	5
Leisure and recreation	40	210	12	9	21	1754	6
Storage and warehousing	19	11	24	16	26	6	821
<b>Total</b>	<b>315</b>	<b>3548</b>	<b>2450</b>	<b>315</b>	<b>1664</b>	<b>1913</b>	<b>892</b>

<sup>1</sup> The Land Use Change Statistics definition may differ from that in the Town and Country Planning Act 1990

For estimating the costs incurred to the applicant when making the applications, a range of values has been used to illustrate the possible span of benefits which applicants may incur from the policy. On the basis of previous research, it is assumed that the cost to developers of preparing and submitting an application for change of use is between £290 and £3,370. A central estimate of £1,250 is used for calculating savings from reducing the instances where change of use applications must be submitted.<sup>1</sup>

These estimates include the cost of paying a planning fee to the local planning authority, where appropriate. These fees range from £0 at the lower end, £335 in the central estimate, to £825 as an upper estimate<sup>2</sup>.

### **Option 0: Do nothing (baseline)**

There are no new or additional costs and benefits associated with this option which would maintain the status quo. There are, however, ongoing costs to applicants of submitting change of use planning applications (compared to Option 1).

### **Option 1: The preferred option**

#### **Option: 1(a):**

Over 10 years the potential benefits to applicants associated with this option are estimated to be between £0.25m and £5.33m (best estimate £1.52m), depending on the extent of savings to applicants from not having to obtain planning permission. This option will not present any cost to the applicant.

On this basis, local authorities in England would lose a total of £0-£1.3m (central estimate £0.41m) in fee income but would gain from reduced cost of processing planning applications. In line with previous studies, we assume that the marginal cost to local authorities of deciding planning applications is 10% *greater* than the marginal benefit derived from fee income. Net savings to local authorities are therefore estimated at £0-£0.13m (central estimate £0.04m).

<sup>1</sup> Department for Communities and Local Government (July 2009), *Benchmarking the costs to applicants of submitting a planning application*, <http://www.communities.gov.uk/documents/planningandbuilding/pdf/benchmarkingcostsapplication.pdf>

<sup>2</sup> Department for Communities and Local Government (Feb 2010), *A Guide to the Fees for Planning Applications in England*, [http://www.planningportal.gov.uk/uploads/english\\_fees-feb\\_2010.pdf](http://www.planningportal.gov.uk/uploads/english_fees-feb_2010.pdf)

Overall net benefits are estimated at £0.25m - £5.46m (central estimate £1.56m). However, there may be external costs and benefits associated with the policy change which are not captured. The consultation process will allow any additional costs and benefits to be identified (including costs and benefits associated with any increase in the amount of change of use).

The estimates are based on the assumption that between 74 and 137 (central estimate 106) fewer planning applications per year would be required as a result of the policy. Table 2 sets out how this relates to the number of sites currently changing from agricultural to retail, office & storage, warehousing, and leisure & recreation uses. The range reflects uncertainty around the extent to which leisure and recreation uses, which can range from museums to bowling alleys, might be included within the system for permitted development. The low estimate assumes this will never be the case, the high estimate assumes this will always be the case, whilst the central estimate is the midpoint (50% viz. 32 applications per annum fall under permitted development).

#### **Option 1(b):**

Permitted development rights are already available for developments with floor space below 235m<sup>2</sup>. It is estimated that there would be 39 fewer planning applications per annum (see Table 2) as a result of the policy. This is based on the illustrative assumption that one half the number of sites changing from office use and industry to offices plus storage and warehousing would fall within the new size threshold.

The potential benefits to applicants associated with this option are estimated to be between £0.13m and £1.52m (best estimate of £0.56m). This option will not present any cost to the applicant.

On this basis, local authorities in England would forgo between £0 and £0.37m (central estimate £0.15m) in planning fees. Assuming that fee income does not fully compensate planning authorities for the cost of processing applications, we estimate they could make a small net saving of £0-£.04m (central £0.02m) from reducing staff resources devoted to these matters.

Overall the option is estimated to generate net benefits of £0.13m - £1.56m (central estimate is £0.58m). However, there may be external costs and benefits associated with the policy change which are not captured. The consultation process will allow any additional costs and benefits to be identified (including costs and benefits associated with any increase in the amount of change of use).

#### **Option 1(c):**

The potential benefits to the applicant associated with this option are estimated to be between £0.3m and £3.54m (best estimate of £1.31m), depending on the scope for making savings by avoiding the need for planning applications. This option will not present any cost to the applicant.

On this basis, local authorities in England would forgo between £0 and £0.86m (central estimate £0.35m) in planning fees. Assuming that fee income does not fully compensate planning authorities for the cost of processing applications, we estimate they could make a small net saving of £0-£.09m (central £0.04m) from reducing staff resources devoted to these matters.

Overall the option is estimated to generate net benefits of £0.3m - £3.63m (central estimate is £1.35m). However, there may be external costs and benefits associated with the policy change which are not captured. The consultation process will allow any additional costs and benefits to be identified (including costs and benefits associated with any increase in the amount of change of use).

The estimates here are based on the assumption that there would be 91 less planning applications (see Table 2) as a result of the policy. This is based on the number of sites

changing from community buildings, offices, retail and leisure and recreation use to office and retail.

### Option 1(d):

Persons wishing to change C1 (hotels, boarding and guest houses) premises to C3 (dwelling houses) will benefit from this measure as they will no longer require planning permission. Local authorities will also benefit – from a consequential reduction in administrative activities – although this gain is largely expected to be offset by a reduction in fee income. It has not been possible to monetise the costs and benefits of this aspect of the policy owing to lack of data on the number of land use changes falling into this specific category. To this end the Impact Assessment is likely to underestimate the total net benefits of the preferred options.

### Questions for consultation:

- (i) Will removing the need for planning applications increase the level of change taking place?
- (ii) Would cost saving outweigh the savings to local authorities?
- (iii) What other costs and benefits are there likely to be in addition to the ones identified above?

### Rationale and evidence that justify the level of analysis used in the IA (proportionality approach)

This is a consultation stage Impact Assessment which seeks to set out the broad rationale for the proposed changes, and give a sense of the number of sites that could potentially make use of the proposed changes to the rules.

At this stage the Impact Assessment seeks views and evidence on the extent to which the proposed change may be used.

### Risks and assumptions

The options are modelled using the number and cost of applications for each development type by using categories used in Land Use Change Statistics as proxy indicators for Use Class Orders. The table below presents this in detail.

**Table 3**

Land Use Change Category	Use Class Order
Agricultural buildings (B)	Agricultural buildings
Retail (K)	Shops (A1), Restaurants and cafes (A3), Drinking Establishments (A4), Hot Food Takeaways (A5)
Offices (J)	Financial and Professional Services (A2) and Business (B1)
Storage and Warehousing (S)	Storage or distribution (B8)
Industry (I)	General Industry (B2)
Community Buildings (C)	Non-residential institutions (D1)
Leisure and recreational buildings (L) and Outdoor recreation (O)	Assembly and Leisure (D2)

It is assumed here that a site level change, as reported in Land Use Change Statistics, is comparable to a planning application (which is likely to be an underestimate). It is also assumed that the average rate of changes taking place over the 10 year period up to 2008 is going to remain constant over the full extent of the evaluation period.

The cost of a planning application can vary for the applicant. The Arup report finds that the average cost of a change of use planning application is around £1,245 and could vary between £290 and £3,370. The average mean of £1,250 has been taken as the best estimate. This includes administrative costs such as preparing the application and the fees paid.

A change of use planning application fee is £335 (this should be captured in the costs to applicants – though clearly the bottom end range, which at £290, does not fully). Local authorities may benefit by this policy due to the reduction in administrative costs required for the planning process as a result of having a lower level of planning applications, however this benefit may be offset by a decrease in fee income from planning applications. By assuming that planning application fees cover local planning authority administrative costs it can be concluded that the policy may have a neutral effect on local authorities and therefore it is assumed that there are no additional benefits or costs to local planning authorities arising from a reduced number of planning applications.

As already noted there will be wider costs and benefits which this IA does not currently capture. This potentially includes the economic benefit of more buildings changing to more productive uses.

### **Direct cost and benefits to business calculations (following One In One Out methodology)**

Option 1 with implementation of strands (a) to (d) offers the most benefit to the applicant. This policy option lowers the regulatory burden on businesses. The cost savings represent the sum of the administrative cost savings of no longer applying for planning permission and no longer paying an application fee. The overall benefit is estimated at £3.4m (£0.680m - £10.380m).

### **Wider impacts**

#### **Statutory equality duties**

The Government does not anticipate any negative impacts on specific protected groups as a result of its policy proposals. It will however use the consultation exercise to invite views on the impact of its policy proposals on different groups and make an assessment thereafter.

### **Economic impacts**

#### **COMPETITION AND SMALL FIRMS**

The Government believes that change of use development is an important component of securing sustainable development as it can enable business start-ups and growth, job creation and the expansion of services and operations. The changes proposed in this consultation document are designed to facilitate change of use development and so create more flexibility within the planning system.

By facilitating business start-ups and expansion, the reform proposals will enhance competition and opportunity for all businesses and will particularly benefit small firms. For example, option 1 (c) gives pop-up businesses a chance to be established and flourish in good business locations, while bolstering the overall vitality and diversity of town centres. Option 1(a) could provide valuable accommodation for start up businesses where accommodation in rural areas is in short supply.

Therefore, the Government believes that the consultation proposals will have a positive economic impact, which is the very driver for the reforms proposed.

## **Environmental impacts**

### **GREENHOUSE GAS ASSESSMENT AND WIDER ENVIRONMENTAL ISSUES**

The policy proposals relax planning controls, but there are inherent safeguards to protect the environmental impact of the changes. Firstly, the changes relate only to *change of use* development and not to new development. This means that development would occur only where there is already an established principle of development. For example, option 1 (b) provides for a different high street use to operate from a building and location with an established high street use.

The policy changes have been designed to create flexibility while minimising adverse environmental impacts, so care has been taken to extend permitted development rights only to uses which the Government considers to be appropriate in their setting. For instance, option 1 (b) increases permitted developments between similar uses, where there is already an established principle of permitted development.

The Government recognises that option 1(a) carries more risks. This is because, subject to the new use that might occur, and in light of the sensitive nature of rural development, there is a risk that some adverse environmental impacts could emerge, for example an increase in transport activity. To safeguard against these risks, the Government proposes that the permitted development rights could be subject to a prior notification process whereby the local planning authority would be given the chance to assess the impact of the proposed development upon local amenity before the developer could activate their permitted development right. Where the local authority considered that the proposed change of use would have a significant adverse impact the developer could not then exercise the permitted development rights for that particular development. If they wished to pursue the development it would then be open to the developer to submit a full planning application.

## **Social impacts**

### **HEALTH AND WELLBEING**

It is anticipated that the Government's preferred policy option (option 1) will have beneficial impacts on health and wellbeing due to the economic benefits they will bring to communities. These will have a beneficial impact upon job creation and opportunity, service provision and overall prosperity.

### **HUMAN RIGHTS**

The Government does not anticipate that the changes proposed in this consultation will have a negative impact upon human rights, but will revisit this matter following the consultation when it considers again the Equality Impact Assessment.

### **JUSTICE SYSTEM**

The Government does not anticipate that its proposed reforms will have any impact upon the justice system.

### **RURAL PROOFING**

The Government's preferred option intends to bring sustainable development and opportunity across the country by facilitating development that can generate commercial activity, jobs and services.

The proposals are focused on changes of use of existing development and do not relate to new development, which might be of greater concern in rural locations. Option 1(a) is focused on rural areas. It is anticipated that it will enhance the quality of life in rural communities by helping people to expand their economic activities. In light of the sensitive nature of rural development the Government has suggested it may be appropriate to have a prior notification process to the

agricultural permitted development rights, as discussed under the environmental impacts section above.

### **Sustainable development**

It is anticipated that the Government's proposals will have a positive impact upon sustainable development. As discussed under the environmental impacts section, the proposals have inherent safeguards because they relate only to *change of use* development and not to *new* development. This means that development would occur only where there is already an established principle of development.

In respect of the sustainability of the proposed use, the consultation options have been carefully selected to allow only for changes of use where the new use would be appropriate and beneficial. For example, the extension of existing permitted development rights between the B classes (option 1(b)) or the ability of one high street use to temporarily replace another high street use (option 1(c)).

### **Monitoring**

The Government will seek to monitor over a period of 5 years the impact of any changes it implements following consultation, in particular to see if a relaxation of controls have led to an increase in the amount of change of use taking place and whether, for instance, more land is being developed for retail and other uses supportive of growth.



<b>SUMMARY GUIDE TO USE CLASSES ORDER AND PERMITTED CHANGES OF USE</b>		
<b>Use Classes Order 1987 including Amendments</b>	<b>Description</b>	<b>Conditions (See Note 1)</b>
A1 Shops	Shops, retail warehouses, hairdressers, undertakers, travel and ticket agencies, post offices, pet shops, sandwich bars, showrooms, domestic hire shops, funeral directors etc.	No permitted change except to mixed use as a shop and single flat (see note 2) and vice versa
A2	Financial and Professional Services Banks, building societies, estate and employment agencies, professional and financial services, betting offices	Permitted change to A1 where a ground floor display window exists. Also as above to a mixed use as a single flat and A2 use and vice versa (see note 2)
A3 Restaurants and Cafes	Restaurants, snack bars, cafes	Permitted change to A1 or A2
A4 Drinking Establishments	Pubs and bars	Permitted change to A1, A2, A3
A5 Hot Food Takeaways	Hot food takeaway	Permitted change to A1, A2, A3
B1 Business (a)	Offices, not within A2	Permitted change to B8 where no more than 235m <sup>2</sup>
(b)	Research and development, studios, laboratories, high technology	Permitted change to B8 where no more than 235m <sup>2</sup>
(c)	Light Industry	Permitted change to B8 where no more than 235m <sup>2</sup>
B2 General Industry (See Note 4)	General Industry	Permitted change to B1 or B8 B8 where no more than 235m <sup>2</sup>
B8 Storage or Distribution	Wholesale warehouses, repositories	Permitted change to B1 where no more than 235m <sup>2</sup>
C1 Hotels	Hotels, boarding and guest houses	No permitted change
C2 Residential Institutions	Residential schools and colleges, hospitals and convalescent/nursing homes	No permitted change
C2A Secure Residential Institution	Use for a provision of secure residential accommodation, including use as a prison, young offenders institution, detention centre, secure training centre, custody centre, short term holding centre, secure hospital, secure local authority accommodation or use as a military barracks	No permitted change
C3 Dwelling Houses	Use as a dwelling house (whether or not as a sole or main residence by: a) a single person, or by people forming a single household; b) not more than 6 residents living together as a single household where care is provided for residents: or c) not more than 6 residents living together as a single household where no care is provided (other than a use within C4)	Permitted change to C4
C4 Houses in Multiple Occupation	Use of a dwelling house by not more than 6 residents as a house of multiple occupation (see note 4).	Permitted change to C3
D1 Non-residential Institutions	Places of worship, church halls, clinics, health centres, crèches, day nurseries, consulting rooms, museums, public halls, libraries, art galleries, exhibition halls, law court, Non residential education and training centres	No permitted change
D2 Assembly and Leisure	Cinemas, music and concert halls, dance, sports halls, baths, skating rinks, gymnasiums. Other indoor and outdoor sports and leisure uses, bingo halls	No permitted change
Sui Generis (See Note 3)	Theatres, houses in multiple paying occupation, hostels providing no significant element of care, scrap yards. Petrol filling stations and shops selling and/or displaying motor vehicles. Retail warehouse clubs, nightclubs, launderettes, dry cleaners, taxi businesses, amusement centres Casinos	No permitted change  Permitted Change - Sui Generis to D2
<b>Notes:</b> Updated 14 October 2010		
<p>1. The Town and Country Planning (Use Classes) Order 1987 is the principal order which has been subject to a number of subsequent amendments. Changes within a specific class do not require planning permission provided that the use subsists, the planning permission exists and no restrictive condition is attached. The 2006 amendments moved casinos from D2 to Sui Generis, introduced C2A for secure residential institutions and law court as a D1 specified use. The 2010 amendments alter C3 and introduce a C4 use class. The Town and Country Planning (General Permitted Development) (Amendment) (No2) (England) Order 2010 (SI No 2134) introduced a permitted change from C3 to C4.</p> <p>2. Any operational development, such as effecting external appearance would, requires consent. Ground floor rooms with a shop window would need consent to change the whole or part of the ground floor for use as a single flat. For a further explanation see Town and Country Planning (General Permitted Development) Order 1995.</p> <p>3. Sui Generis is a use not within a specific class.</p> <p>4. Definition of a House in Multiple Occupation is as in Section 254 of the Housing Act 2004. Broadly this is when tenanted living accommodation is occupied as an only or main residence, where the occupiers are not related and share one or more basic amenity.</p>		

