Local Development Framework

SUBMISSION DOCUMENT
CORE EVIDENCE BASE:
Live-Work Report

Improving the quality of life for everyone living and working in the borough

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London Borough of Tower Hamlets
Live-Work Report

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Prepared by the London Borough of Tower Hamlets to inform the Local Development Framework.
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1. **Introduction**

1.1. The purpose of this report is to inform the Council’s planning policy approach to live-work proposals, and to provide a clear evidence base for the emerging policy framework for live-work within the revised development plan process.

1.2. The Tower Hamlets UDP sets out the Council’s strategic and detailed spatial development policy, and is designed to be relevant to all developments requiring planning permission. The current UDP was adopted in 1998 and designed to cover a period up to 2008. However, significant changes in the wider policy context and in local circumstances mean it has become important to review the Plan. The result of this review will be a new development plan intended to cover a period up to 2016. The emerging UDP went on Deposit in May to July 2004.

1.3. The 1st Deposit Draft UDP sets out the Council’s approach to supporting mixed-use and combined living and working spaces in the Borough. This report evaluates this emerging framework by:

- examining the concept and rationale behind live-work;
- assessing the wider policy context for live-work;
- reviewing live-work developments in Tower Hamlets;
- considering the land-use issues involved in implementing live-work; and
- assessing the current and future policy response.

1.4. The report also reviews initial objections to the relevant draft policies contained within the 1st Deposit Draft UDP.
2. Background

2.1. Live-work can be defined as “the provision of segregated living and working accommodation in a single, self-contained unit”. It is distinct from working from home as it involves the provision of purpose-designed workspace, and it does not fall within a specific use class under the Town and Country Planning (Use Classes Order) 1987. It is therefore sui generis.

2.2. The live-work concept can be traced back to the traditional cottage industries but is more closely linked with post-industrial warehouse redevelopment, particularly in parts of the United States. The concept has grown rapidly in the United Kingdom and has been particularly popular in the redevelopment of parts of East London, including Tower Hamlets.

2.3. Live-work is widely seen as a valuable tool for promoting inner-city regeneration and has become associated with the development of particular sectors such as the creative industries and IT. It is also closely linked with a more general trend towards increased levels of home-working.

2.4. Live-work offers a number of benefits linked to this dual role of driving regeneration and encouraging working from home. These include:

a) Reducing car use and traffic levels: By combining work and home in a single location, live-work can help to reduce traffic levels. This has environmental and socio-economic benefits and contributes to the Government’s aims of reducing traffic levels and related pollution problems

b) Encouraging efficient use of land: Live-work minimises land used up by separate living and working accommodation and is particularly suited to the redevelopment of brownfield sites. The designs and layouts associated with live-work units are also typically suited to the re-use of former industrial buildings, which can help to bring vacant buildings back into use

c) Reducing business start up costs: The provision of a combined living and working space reduces capital and overhead costs for prospective businesses. It can therefore offer a key development opportunity for entrepreneurs who could not otherwise afford to maintain separate residential and business premises. These reduced costs make live-work particularly suitable for certain types of businesses, typically small and entrepreneurial firms with minimal start up capital

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1 Draft Supplementary Planning Guidance Note: Live/Work, LB Tower Hamlets 2001
2 Dwell, T. 2000 Living at Work: A New Policy Framework for Modern Home Workers
d) **Driving economic regeneration**: Live-work units can make an important contribution to regenerating local economies by encouraging commercial development and the growth of business clusters. Live-work can also play an important role in driving the growth of creative industries by promoting the exchange of ideas and products between small creative businesses (e.g. Sheffield Cultural Industries Quarter)

e) **Encouraging mixed-use**: Live-work developments help to encourage a mix of uses in urban areas. This can encourage a local sense of community and, by generating activity throughout the day, improves security and community safety. Live-work developments therefore help to avoid the problems associated with commercial quarters with no evening economy and of residential areas with no daytime population

f) **Supporting flexible working**: Live-work developments can play a key role in promoting flexible working. This offers two main advantages. Firstly, it can increase access to employment for groups that would otherwise face difficulties in either working standard hours or having to travel to work. Secondly, working flexible hours in a combined live-work space closely reflects the way in which certain sectors naturally operate, particularly the creative and cultural industries.

2.5. Live-work units are typically occupied by certain commercial uses, reflecting the benefits outlined above and the suitability of these sectors to operate in residential areas. Occupants have therefore tended to be small, often sole-trader organisations which benefit from reduced start up costs and which generate minimal noise and other disturbance.

2.6. Live-work also has a natural connection with the craft and creative industries and those sectors where technology has promoted the growth and popularity of home-working, such as Information Technology (IT).
3. **Planning Policy Context**

3.1. Live-work units do not fall within a specified use class within the Town and Country Planning (Use Classes Order) 1987. They have typically been considered a “sui generis” (‘of its own kind’) use, and there has subsequently been a lack of clarity over specific planning guidance for live-work developments at all policy levels. The corporate approach in Tower Hamlets to date has been to classify live-work as a sui generis use.

**National Policy Context**

3.2. There are currently no specific national planning policy guidelines for live-work developments. However, several PPGs and other Government material contain information and guidance that is relevant for the consideration of live-work developments.

3.3. PPG1, PPG 6 and PPG 13 identify mixed-use and high density development as a major policy objective for the Government. This is reinforced by the findings and recommendations of the Urban Taskforce and the content of the Urban White Paper

3.4. While mixed-use refers more specifically to the proximity of separate and different uses, live-work brings many of the same benefits such as reducing the need to travel, promoting economic development, increasing accessibility to employment, and ensuring the vitality of local communities. Live-work can also contribute to ensuring high density development and the efficient use of urban land.

3.5. PPG4 highlights the benefits of working from home and suggests that this is likely to increase. However, the guidance suggests that the growth in home-working can be accommodated for a large part (and particularly during the ‘incubator’ stage) by working from home (i.e. C3 use class). It does not make specific reference to live-work in terms of purpose-designed segregated units.

3.6. Live-work also received its first explicit Government backing in the form of a speech given by Richard McCarthy, the ODPM’s Sustainable Communities Director, at the inaugural Live Work Network seminar in 2004. He stated that: “We think that live/work is something to be supported. It fits into affordability and sustainable communities agendas... Live/work has a role to play, we want to see what that is”.

3.7. However, it remains the case that at present there is no explicit national guidance regarding the implementation of live-work.

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3.8. The regional planning framework for Tower Hamlets is outlined in the Mayor’s London Plan. In line with national policy the plan emphasises strong support for high-density mixed-use development and the re-use of brownfield land.

3.9. The Plan makes a number of references to live-work. It notes that: “as employment uses become increasingly compatible with residential environments, there may be growing opportunities for local activities, including homeworking and live/work spaces”.

3.10. The Plan also acknowledges the role that flexible live-work space can play in supporting the creative industries, and in particular the role they play in helping to generate ‘cultural quarters’.

3.11. The new homes and affordable housing targets set out with the London Plan also have important implications for live-work. This is particularly the case in Tower Hamlets and the wider Thames Gateway sub-region, which have been identified as major areas of growth.

3.12. The London Plan aims for the provision of 30,000 new homes a year across the capital, with the strategic target that 50 per cent of these should be affordable.

3.13. The GLA have recently issued draft Supplementary Planning Guidance for Housing Provision (GLA: December 2004). It notes that “live-work units represent a sustainable form of urban living”.

3.14. However, it also states that live-work units have frequently been developed on what would otherwise be protected business-use land. According to the GLA “this has raised tensions not just with business space policy but also with business/residential tax rating, car parking standards and, for the occupiers, with perceived constraints on re-sale values and opportunities”.

3.15. In terms of advice offered to local authorities in addressing these issues the GLA propose that “proposals for future development should be considered carefully in the context of strategic and local business/industrial space policy, especially the criteria which guide the release of small industrial sites”. The draft Housing Provision SPG also advises that “conditions and planning agreements to secure live-work (including those affecting parking) should provide a disincentive towards ‘pure’ residential occupation”.

**Tower Hamlets Policy Context – Current Adopted UDP / Draft SPG**

3.16. The Council’s current adopted UDP (1998) expresses general support for the provision of live-work in the Borough. It states that:
EMP8 – Encouraging Small Business Growth

Subject to the other policies and proposals of this plan, the growth and development of new or expanding businesses will be encouraged by:

5. Looking favourably, where permission is required, on applications for home-working and craft workshop or live/work schemes within new housing schemes provided there is no loss of amenity to nearby residents through traffic generation, servicing, or the process involved.

3.17. The development of live-work units also has important implications for a number of other policies in the current adopted UDP. Of particular importance are ‘EMP2 – Loss of Employment Floorspace’ and ‘HSG3 – Affordable Housing’, which aim respectively to retain employment generating uses and to ensure the provision of affordable housing in the Borough.

3.18. The presence of residential units in employment areas also raises issues regarding local amenity and infrastructure. Live-work therefore also links with ‘EMP5 – Compatibility with Existing Industrial Uses’ and various other residential amenity policies.

3.19. The Council has a set of standard conditions relating to live-work developments. These are reproduced in full at appendix one, and seek to ensuring the continued use of units for both residential and commercial usage and to restricting commercial usage to the B1 use class. The conditions therefore link with the formal policies of retaining existing employment uses and protecting the amenity of adjacent residents.

3.20. To enforce the continued use of a unit as a commercial and residential premises, permissions typically state a percentage split of floor space (60% work, 40% live) and include legal agreements for access for inspection. The standard conditions also require written proof of business use to be provided annually.

3.21. The Council also produced a draft SPG on live-work which went to public consultation in 2001 but was never formally adopted by Council. The SPG has been incorrectly regarded as indicative of the Council’s development control approach to live-work, and in some cases informs the Council’s approach to applications. Recent approvals in Tower Hamlets (e.g. Stour Wharf: PA/04/00078) have made reference to compliance with criteria contained with the draft SPG, including:

- 60% work / 40% live floorspace split;
- Workspace in excess of 50 sq. metres;
- Total floorspace minimum of 90 sq. metres;

iv Hurford Salvi Carr 2002 Live/Work Research Paper
3.22. The draft SPG also makes provision for affordable housing obligations to be placed on live-work developments of 15 or more units. It is recommended that in line with the adopted UDP, 25% of units on such developments should be affordable live-work units. Provision for off-site contributions based on the percentage residential element of developments is also made. However, it appears that affordable housing obligations have generally not been enforced as part of planning consents in the Borough (see section 6).

**Tower Hamlets Policy Context – 1st Deposit Draft UDP**

3.23. The 1st Deposit Draft UDP represents a shift in Council policy away from live-work as defined above. The new policy framework instead seeks to promote working from home (as permissible within the C3 use class) and mixed-use buildings that do not involve composites of business and residential within the same self contained unit. Key policies are:

**EMP7: Working from Home**

The Council will permit small-scale business uses to operate from a residential premises, provided that:

a) there would be no detriment to the local environment including the amenity of neighbours;

b) the business is carried out by the residents of the premises; and

c) there would be continued residential occupation of the residential premises concerned and it will still be used principally as a private residence.

Where proposals do not meet the requirements of Part 1 above, composites of business and residential space in the same self-contained unit will be resisted.

The Council recognises that some small-scale business activities are in-keeping with a residential setting, and would not be economically viable if conducted in a totally business setting. Many small businesses or the self employed start working from home using a small section of the house (e.g. the study) at the initial stages of business development. Dependant upon the scale of the development permission from the Council may not be needed.

Categories of businesses, which may fit the above criteria (depending on their scale), include for example: office activity: consulting, writing,
computer programming, tutoring, telephone answering and drafting; and
dine arts: painting, sculpturing, model making, crafts and weaving and
photography.

Where approval is required conditions may be imposed to ensure the
continued residential occupation of the individual residential premises
concerned.

Where proposals for small-scale businesses to be conducted from
residential premises meet one or more of the following criteria, they will
be deemed to fall under the B1 Business use class, and will be assessed
as such

- that they are primarily business focused in that the dwelling would be
  ancillary to the business needs and/or they receive numerous clients;
- they present external evidence of the activity including a separate
  entrance or the parking of a vehicle;
- equipment or processes used for the activity will create noise,
  vibration, glare, smell, fumes, hazardous waste, electrical
  interference, soot, ash, dust, grit or the like;
- they generate more vehicular movement than would normally be
  associated with the dwelling location; and/or,
- there is a loss of residential accommodation as a result of the
  business.

**EMP8: New Build Residential / Employment Mixed-Use Proposals**

1. New mixed-use buildings containing residential and employment
uses that do not involve composites of business and residential
within the same self contained unit, will be favourably considered
where identified in Area Action Frameworks and Schedule A, where
access issues can be resolved.

2. Proposals in other locations will be assessed on the following criteria:

a) The scheme is designed to take the full range of B1 uses including
light industry, have separate servicing, have adequate floor loading,
are of a sufficient size and will meet employment parking and
servicing standards;
b) the proposal does not result in a net loss of purpose built
employment and/or residential units;
c) it is located in an area with good public transport and close proximity
shops and services;
d) the appearance of the building relates to the character of the
surrounding area;
e) the concentration and existing level of approvals for similar mixed-
use schemes in the area;
f) the impact of the proposal on the operation of any B2-B8 premises in
the vicinity; and
g) other policies contained in this Plan.
3. Loss of employment, and the employment needs of the surrounding community, will be taken into account when assessing proposals on sites containing any employment uses.

Where the Council considers permitting industrial or commercial developments in residential areas, the Council will consider the use of planning conditions and/or planning obligations to safeguard local amenity, where they would be an appropriate means of preventing potential harm.

1.1. The 1st Deposit Draft UDP is intended to support provision for combining living and working either through the C3 use class (i.e. working from home) or in mixed-use developments combining separate but proximate B1 and C3 units.

3.24. Other relevant UDP policies include HSG4 ‘Affordable Housing Target’, EMP1 ‘Promoting Economic Growth and Employment Opportunities’, EMP2 ‘Mixed-Use Development’ and various others relating to amenity and social infrastructure.
4. **Live-Work in Tower Hamlets**

4.1. In 2001 there were approximately 479 live/work units on 64 developments in Tower Hamlets\(^\text{1}\). A review of listed completions provided by Tower Hamlets Building Control suggests that a further 18 approved live-work developments were completed from 2001 to 2005, comprising an approximate total of 80 units.

![Live-Work Applications in Tower Hamlets: 1998-2004](Fig. 1.1 (Source: LBTH Development Control))

4.2. This data suggests that the Borough currently has in excess of 550 completed live-work units. Tower Hamlets Building Control also have 153 approved units on 33 sites listed as not yet completed or commenced.

4.3. In terms of permissions granted rather than completions, approximately 81 applications relating to live-work were received between 1998 and 2004, comprising a total of 351 units. Of these approximately 130 units and 45 applications involved a change of use.

4.4. The vast majority of relevant changes of use applications involved a change of use to live-work. Where specified these mostly involved a change of use from B1 to live-work usage. Only 2 of the 47 relevant changes of use involved a change from live-work to residential.

4.5. The number of applications received peaked in 2000, after a rapid increase from 1998 onward. However, from 2000 to 2004 the number of applications received has decreased significantly. Figure 1.1 shows the pattern of total live-work applications over the last six years.

4.6. The majority of applications for new developments were for projects one to five units in size (72%). 13% of applications were for developments of between six and ten units, and 15% for developments of more than ten units.

\(^{1}\) Draft Supplementary Planning Guidance Note: Live/Work, LB Tower Hamlets 2001
4.7. The vast majority of live-work developments in the Borough are located in the Fish Island or City Fringe areas. Specific examples include Roach Works, Crown Wharf Iron Works and 417 Wick Lane in Fish Island, Bacon Street and Jacks Place in the City Fringe area.

4.8. A map of recent planning approvals (figure 1.2) demonstrates this general pattern, with concentrations of applications to the far west boundary and north-east of the Borough. Larger developments tend to be concentrated in the north-east with the cluster near the City Fringe area containing a higher number of generally smaller developments.

4.9. Fish Island is located to the far north-east of the Borough and has a historical role as a major centre of industrial employment. Following the decline of the traditional manufacturing industries the area now predominantly accommodates warehouses and small industry, and it has become a major target for regeneration. Live-work developments have played a role in the recent renewal of the area and were actively encouraged during the 1990's. Live-work schemes around Fish Island tend to be larger and to comprise 50+ units.

4.10. The City Fringe area in the west of the Borough is characterised by an artisan rather than industrial history, and this is reflected by the smaller live-work developments which have clustered in the area. These tend to comprise less than 5 units and are particularly associated with the creative and cultural industries.

4.11. Live-work is well-suited to the redevelopment of former employment sites and buildings (i.e. those with high ceilings, generous floor space, large windows, etc.), but is also an increasingly popular option for new build developments. Both types of development have been evident in Tower Hamlets.

4.12. As it is not formally classed as a B1 business or C3 residential use, live-work has provided a viable means of part-residential development in employment zones in Tower Hamlet. The vast majority of live-work developments in the Borough are located in employment or mixed-use land-use zones.

4.13. Live-work units in Tower Hamlets attract certain types of commercial occupancy. A market analysis of businesses occupying units in East London, carried out by Hadleigh Cooper Associates (1999)vi, indicates six main sectoral uses:

- Fashion
- Computing and information technology
- Consultancy
- Design
- Art and craft

vi Hadleigh Cooper Associates 1999 Live:Work
Medical and therapeutic work

4.14. Limited specific data on the pricing of live-work units exists, but indicative figures are available for some developments in and around the Borough:

- Various, Roach Works, E3: from £220,000
- Various, Crown Wharf, E3: from £220,000
- Two-bed, 417 Wick Lane, E3: £224,995
- Two-bed, Hackney Road, E2: £260,000
- Two-bed, Boundary Street, E2: £325,000
- Duplex, Spa Heights, EC1: £475,000
- 2-bed Duplex, Brick Lane, E1: £475,000

This brief review suggests that average price for live-work units around Tower Hamlets are fairly high, and generally comparable to pure residential properties.

4.15. The lowest listings at £220,000 tend to be for smaller premises, and property agents Hurford Salvi Carr suggest that actual prices for similarly sized units (1000 sq.ft) have risen to £260,000 since 2003 (Hurford Salvi Carr Residential Review 2003).

4.16. In comparative terms, Hurford Salvi Carr give an indicative price of £246,000 for one-bed pure residential properties in the City and Docklands area, while data from HM Land Registry indicates an average price for flats in Tower Hamlets of around £254,000 (HM Land Registry 2004).

4.17. Live-work has also been very popular in other parts of East London, particularly in the neighbouring boroughs of Hackney and the Corporation of London, and in the London Boroughs of Southwark and Islington.
Figure 1.2
Source: LBTH Development Control

Legend
Live Work Applications
Number of Units
- 1 - 2
- 3 - 6
- 7 - 11
- 12 - 30
- 31 - 59
5. Land-Use Issues

5.1. Outlined below are the land-use issues which have emerged with the growth of live-work units across Tower Hamlets and East London more widely. They represent the key considerations which lie behind the shift in the local planning policy framework for live-work reflected in the 1st Deposit Draft UDP.

**Loss of Employment Floorspace**

5.2. Due to considerations of residential amenity and the nature of the use, live-work developments tend to be permitted in employment or mixed land-use zones. This is the case with all of the major live-work developments in Tower Hamlets and a number, especially around Fish Island, are located in industrial employment zones.

5.3. Given that a percentage of floorspace in any live-work unit is residential, this can lead to a potential loss of employment floorspace which would otherwise be 'protected' within the local planning framework.

5.4. Previous permissions in employment zones in Tower Hamlets have been granted with the view that live-work can act as a positive regeneration tool, especially in areas with high levels of vacant commercial space. Where live-work units remain of a principally commercial nature and are helping to support start up businesses, they can help to stimulate economic development in otherwise derelict employment zones.

5.5. However, the potential loss of employment floorspace is a serious issue in Tower Hamlets for two main reasons:

i) Live-work units do not generate significant additional employment, as they tend to accommodate small, often sole-trader businesses. Expansion of live-work premises to accommodate a significant number of employees is generally precluded by considerations of residential amenity.

ii) There is increasing evidence that live-work units are being used for purely residential purposes. Standard conditions attached to consents for live-work in Tower Hamlets include an obligation to use the property for both live and work purposes, but this has proved difficult to enforce. More details on this issue are provided below.

5.6. Employment floorspace is also indirectly affected through the impact of rising land and property prices. As noted above, property prices for live-work developments tend to rise in line with the residential market, and are therefore generally higher than prices for commercial or industrial units.
5.7. This suggests the practical limitations of one of the main rationales behind the promotion of live-work - the provision of cost-effective premises for start up businesses. In a study commissioned by the London Borough of Hackney, Chesterton Planning & Development notes that “with prices at a level similar to London’s spiralling residential values, it is unlikely that (live-work) space will appeal to start up and smaller businesses of marginal profit”.

5.8. The City Fringe Partnership have stated that a general price mismatch between supply and demand in the market for commercial space in the City Fringe has been exacerbated by “the pressure of residential conversion… and the misuse of live/work accommodation” (City Fringe Growth Strategy, 2003).

5.9. Residential usage of units intended to accommodate commercial activity, the limited employment-generating benefits of live-work, and the effect of live-work on the market for commercial space mean that live-work can create tensions with the Council’s aim to generate increased employment opportunities across Tower Hamlets.

5.10. It is also possible that live-work could be deliberately misused by developers as “a means of extracting residential planning permission for a site designated for employment use” (Regeneration & Renewal, April 2004).

**Affordable Housing**

5.11. The provision of affordable housing is a major strategic aim across London and particularly in Tower Hamlets, where a large proportion of the proposed 30,000 new homes a year for London are due to be located. Promise 5 of the 1st Deposit Draft UDP states that LB Tower Hamlets will “maximise the amount of social and affordable housing that can be delivered within the development control process”.

5.12. The Mayor’s London Plan has set a target for 50% of additional homes to be affordable, to be achieved partially through the use of planning obligations attached to new developments. The Plan suggests that the 50% target should apply to all developments above a threshold of fifteen or more units, but advises that a degree of flexibility may need to be taken by boroughs to reflect local circumstances. The 1st Deposit Draft UDP adopts a target of 35% to be applied across all new developments of ten or more units.

5.13. For live-work developments incorporating a proportion of residential floorspace, it would seem appropriate to seek to apply the Borough’s affordable housing targets on large-scale developments.

5.14. However, given the current designation of live-work as a sui generis use it has not been possible to apply affordable targets to live-work developments. In a response to the Tower Hamlets draft SPG on live-
work (2001), the Government Office for London stated that “developers may argue that the requirements of circular 6/98 do not apply to live-work schemes because the Council has indicated that it assumes them to be a sui generis use”.

5.15. In practice, no affordable housing obligations have been negotiated with regard to live-work developments in Tower Hamlets, and this has had an impact on the achievement of the Borough’s affordable housing targets.

5.16. Given the 40/60 percentage live-work floorspace split advised in the standard conditions applied to live-work permissions, it is likely that the Borough has ‘lost’ the equivalent of 25% (adopted UDP target) of 40% of the total floorspace of live-work units in developments above the threshold of 15 units (adopted UDP target).

5.17. Alternatively it has lost a number of affordable live-work units equivalent to 25% of the total units in developments above the threshold of 15 units.

5.18. A loss of units can also occur where a combination of live-work and residential units exceeds the current threshold of 15 total units, but affordable housing obligations cannot be applied across the scheme because under 15 are pure residential and the remainder are live-work. For example, in a development of 20 units, where 14 are residential and 6 are live-work, it would not be possible under current targets to apply affordable housing obligations.

5.19. Based on a review of recent applications for live-work (1998-2004), there were approximately 12 applications for developments involving greater than or equal to 15 units (either all live-work or a mix of live-work and C3 residential).

5.20. Two of these involved a number of residential units just below the council’s threshold for affordable housing obligation, with additional live-work units taking the total number of units above the threshold. The implied loss of affordable housing for these developments can be estimated at approximately 10.7 units (see 5.20 below).

5.21. A further 137 live-work units were built on developments with greater than or equal to 15 units which involved either no or more than 14 residential units (i.e. no implied loss on pure residential housing). In this case, the implied loss of affordable units can be estimated at 34.25 affordable live-work units, or 13.7 residential units.

5.22. The total estimated loss of units associated with live-work applications since 1998 can therefore be estimated at 24.4 total residential units or 10.7 residential and 34.25 live-work units.

5.23. The affordable housing issue is further exacerbated where live-work units revert to pure residential, either through misuse, a subsequent change of use, or through an application for a Certificate of Lawful Use.
This increases the implied net loss of affordable housing to a full 25% of 100% of the unit floorspace, rather than 40% of the 25%.

5.24. The difficulties applying affordable housing targets to live-work developments could also act as an incentive for the misuse of the live-work designation as a means of evading affordable housing obligations. This is particularly the case where it is possible for units granted permission as a live-work use to be subsequently misused as residential.

5.25. According to a recent article in The Independent, “many recent developments are seen as ploys to avoid the need to provide social housing” (The Independent: 13.11.04).

**Residential Use of Live-Work**

5.26. As stated above another major issue is the use of units designated as live-work for residential-only purposes.

5.27. This can be through the misuse of units, or through a subsequent application for change of use or for a certificate of lawful use.

5.28. There is increasing evidence that live-work units are frequently reverting to 100% residential use through one of the mechanisms named above. The Chesterton Planning & Development report on live-work for LB Hackney looked at a series of case studies and found that “the majority of live-work developments are in residential use”.

5.29. The 100% residential use of live-work units generates a range of policy issues:

i) Where it is permitted in protected employment areas, it exacerbates the problems of loss of employment and leads to inappropriate combinations of land-uses. This can lead to noise and disturbance issues, and could affect the future viability of areas as sites for employment.

ii) It increases the implied loss of affordable housing associated with live-work developments.

iii) It can increase the value of live-work properties, putting them beyond the reach of many ‘traditional’ and intended occupants. It can also affect surrounding land values, affecting the viability of local commercial space in protected employment zones.

iv) It goes against the intentions of live-work, and does not contribute to policy aims which are behind existing permissions for live-work developments.
v) It limits the regeneration benefits of live-work schemes, minimising any contribution to the local economy.

5.30. A number of factors can encourage the residential use of live-work properties:

- Higher cost of commercial mortgages
- VAT zero-rating of construction costs for residential properties
- Higher costs of business rates compared to council tax

These general cost issues discourage the genuine non-residential use of properties, for both tenants and developers.

5.31. Issues over business rates and council tax also create complications for the local authority. Previous guidance has suggested a percentage split in line with the floorspace division, such that rates should be levied on the amount of commercial floorspace. However, this has proved difficult to enforce and Hurford Carr Salvi note that “the market practice has been for the entire unit to be given a council tax banding”. This raises an issue of potential loss of revenue for LB Tower Hamlets.

5.32. Efforts to ensure residential usage include specific conditions placed in standard consents as outlined above, such as a right of inspection and the use of clearly designated separate floorspace for live and work. However, this has proved extremely difficult to enforce due to resource issues.

5.33. Enforcement of use of live-work units is also complicated by a lack of clarity over the obligations of occupants to use units for commercial activity. A recent ruling by the London County Court ruled that the term "live/work" means the occupant can either live or work there, but has no obligation to do both. Although this applies to a specific case with specific planning conditions involved, it highlights the difficulties in regulating the use of live-work units.

5.34. The degree to which eventual occupants are clear about their obligations and the conditions attached to consents for live-work is somewhat unclear. One way of assessing this is to consider the way in which live-work is marketed. A brief review of some of the major schemes in Tower Hamlets suggests that marketing material tends to highlight the specific conditions surrounding live-work to varying extents.

- **Roach Works (57 units):** Listing by Bridge Estates calls units “large undesigned live/work lofts of around 1000 sq ft”. There is no specific mention of any obligation to use the units for commercial purposes. Details provided by ‘find-a-property’ website does state that “remaining live/work shells are 60% work, 40% live, and are not suitable for purely residential use. They would be perfect for anyone running a business from home”.

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• **Crown Wharf Iron Works (77 units):** Listing by Bridge Estates calls units “loft apartments with live/work use”. There is no specific mention of any obligation to use the units for commercial purposes.

• **Eagleworks (10 units):** Promotional material provided by the developer clearly identifies ‘work’ floorspace. Brochure describes potential uses for commercial space but does not outline any conditions surrounding use.

• **The Spaceworks (20 units):** Floor-plans do identify separate workspace. There is no specific mention of any obligation to use the units for commercial purposes. Associated images do not appear to show the unit in commercial use.

• **Hackney Road (single dwelling):** This is listed by agents Peach Properties as a “live/work unit of approximately 1420sq ft on ground and basement, ideal for a first time buyer needing a small shop front or showroom premise”.

5.35. This brief review suggests that marketing material for live-work units is generally not very clear about the obligations to use units for commercial purposes. No mention is typically made of any planning use conditions, and the physical separation of live and work space is often not made clear. Related research carried out for LB Hackney concluded that “in general there is very little reference to the work element in live-work advertising. Where this is the case it is likely that the development will be largely residential in nature”.

5.36. However, it should be noted that the present research is based on a brief review of property listings, and it is possible that upon further inquiry agents and developers are clearer about use conditions.

5.37. Residential use of units given consent for live-work is also possible through a permitted change of use or application for certificate of lawful use. An analysis of live-work applications processed between 1998 and 2004 suggests that only two live-work properties have been subject to a change of use (both permitted) to residential. However, discussions with LBTH Development Control suggest that an increasing method of securing residential planning consent for live-work units is through a certificate of lawful use. The period of lawful use for live-work units in Tower Hamlets is regarded as four years.

**Regeneration**

5.38. One of the main reasons for support of live-work developments has been their perceived value in terms of regeneration. While live-work developments in areas like Fish Island have undoubtedly improved aspects of the local area, it is unclear whether live-work units are able to make a significant contribution to the regeneration of the local economy.
5.39. The regeneration benefits associated with live-work developments tend to be associated with residential use, and this is especially the case where units are being used for predominantly residential purposes.

5.40. In this case it is not clear to what extent the specific live-work designation is making a particular contribution to regeneration of the borough. Research in Hackney suggests that “live-work contribution to the surrounding area is often similar to that of a solely residential amenity” (Chesterton Planning & Development 2003). This research also noted “the inability of live-work to provide adequate employment opportunities and minimal contribution to regeneration”.

5.41. High property values, frequent residential use, and the tendency for self-contained large-scale developments limit the likely regeneration impact of live-work schemes. The difficulties of achieving affordable housing also impacts on the potential regeneration benefits of live-work.

**Appropriate Uses in Live-Work**

5.42. The live-work concept is intended to accommodate small businesses requiring segregated and dedicated workspace. It has particular links with craft activities and other uses that benefit from the provision of a large workshop-style space (such as photography).

5.43. As well as housing activities that are of a sufficiently small-scale to exist alongside residential space, live work should also be used to accommodate those commercial uses which could not be possible under a C3 use through working from home.

5.44. The use of live-work units to accommodate uses that could be viable through working from home is therefore generally not desirable, especially given the range of issues identified above.

5.45. Guidance provided by the Planning Inspectorate outlines the potential for working from home as follows\(^ vii \):

> You do not necessarily need planning permission to work from home. The key test is whether the overall character of the dwelling will change as a result of the business. If the answer to any of the following questions is "yes", then permission will probably be needed:

- Will your home no longer be used mainly as a private residence?
- Will your business result in a marked rise in traffic or people calling?
- Will your business involve any activities unusual in a residential area?
- Will your business disturb your neighbours at unreasonable hours or create other forms of nuisance such as noise or smells?

\(^ vii \) www.planningportal.gov.uk
Whatever business you carry out from your home, whether it involves using part of it as a bed-sit or for “bed and breakfast” accommodation, using a room as your personal office, providing a childminding service, using rooms for hairdressing, dressmaking or music teaching, or using buildings in the garden for repairing cars or storing goods connected with a business - the key test is: is it still mainly a home or has it become business premises?

5.46. It is possible that many of the uses occupying live-work units in Tower Hamlets, especially IT, consultancy and design, could be carried out in residential premises.

5.47. It is further clear that many of the benefits associated with live-work are equally applicable to working from home, and to mixed employment and residential developments. As above the benefits of a reduction in traffic, the efficient use of land, greater generation of activity, local economic regeneration and support for small start up businesses are all achievable through these alternatives, which are strongly supported both within the draft UDP and wider government policy.
6. **Live-Work Policy Response**

*Other Boroughs*

6.1. In both Tower Hamlets and other boroughs where live-work has been popular, the initial policy response was largely positive. Over 1000 consents for live-work were granted in Hackney between 1995 and 1998, and as above the 1998 Tower Hamlets Adopted UDP stated that the Council would ‘look favourably’ upon applications for live-work schemes.

6.2. In response to the issues above however, a number of local authorities have reviewed their approach to live-work developments by incorporating various mechanisms designed to prevent the purely residential use of premises and to ensure the continued protection of employment floorspace. Planning authorities have also sought to prevent the implied loss of affordable housing associated with live-work.

6.3. A summary of the positions of the boroughs most popular for live-work is given below:

- **Hackney:** LB Hackney was initially among the most supportive authorities, and issued an SPG encouraging live-work in June 1996. However, a critical report by consultants Chesterton Planning and Development led to the subsequent withdrawal of the SPG. Hackney attempted a clampdown on live-work in 2003 and sought to resist new proposals on the grounds that live-work was having a detrimental impact on affordable housing and employment targets. This stance was rejected by a planning inspector who granted permission for a development of 33 units in Dalston. Hackney have recently commissioned London Residential Research to carry out an in-depth LRR) review of its planning policy on live-work use in the Borough. They will be drafting a new SPG to go to Council in Spring 2005. Hackney also attempted a major enforcement of its conditions by issuing nearly 300 planning contravention notices demanding confirmation that the occupants both live and work on the premises. However, this action has been brought into question by a recent London County Court ruling which specified that the term "live/work" means the occupant can either live or work there, but has no obligation to do both.

- **Lambeth:** Policy 24 in Lambeth’s revised Deposit Draft UDP distinguishes between work-live (predominantly employment-based) and live-work (predominantly residential). Work-live developments, defined by a number of design and use conditions (e.g. 60 sq. m. workspace, separate work servicing, <2 bedrooms, etc), will be permitted where appropriate in employment zones. Live-work developments which do not meet conditions specified for work-live units are to be treated as a residential development for planning policy purposes, and are considered to constitute a loss of
employment when developed on employment zoned land. In support of this approach, which effectively divides live-work into two categories to avoid the complications of sui generis designation, Lambeth argue that “in the past, poor design has meant that the employment floorspace of such development has seldom been used as such, and problems with enforcement have meant that it has sometimes reverted solely to residential use”. Lambeth also propose that affordable housing obligations will be enforced as a percentage of habitable rooms in live-work developments.

- **Southwark**: Policy 1.7 of the Revised Deposit Southwark Plan outlines design criteria for live-work applications and states that they will only be permitted on sites where both employment and residential uses are acceptable. The policy requires 40 sq. m. of usable workspace, and states that the Council will seek to enter into planning agreements to “protect the employment floorspace or residential floorspace”. LB Southwark issued specific guidance in 1999 in reference to the Bermondsey Street area. This noted that a survey of planning permissions in the area suggested that loss of employment floorspace, incompatible uses and enforcement problems were all significant issues.

6.4. These examples represent three general forms of response to the planning issues surrounding live-work:

ii. Resistance to future developments and stronger enforcement

iii. Re-categorisation of live-work uses, and residential designation of units not meeting strict conditions of employment use

iv. Design and use conditions criteria designed to ensure continued use as live-work and protection of employment land

6.5. A general resistance to live-work and increased enforcement of its use has proved problematic in Hackney, and can run into difficulties relating to the specific obligations placed on occupiers. The legal ruling with regard to a development in Hackney highlights the general difficulties involved in enforcing conditions of an internal division of use.

6.6. The use of a percentage floorsplit and/or design conditions relating to minimum workspace areas were proposed within the draft Tower Hamlets SPG on live-work. However, the strict designation of space is to some extent contrary to the flexible use that tends to characterise genuine live-work. Furthermore, this policy approach is again focused on ensuring and internal division of use. As such it is subject to the same enforcement issues as above.

6.7. The Lambeth approach is closest to the present revisions in the Tower Hamlets 1st Deposit Draft UDP in seeking to clarify the policy context for live-work and clearly state the residential nature of units with ancillary work elements. However, the approach still allows for live-work units to occupy employment zones provided they meet design criteria. The
approach is still therefore based around safeguarding employment-use, leaving enforcement as a major issue.

6.8. A control-based approach of ensuring work usage is not only problematic with regard to practical and legal enforcement, but also raises tensions with regard to the continued ability of residents to run a commercial business. Where business failure or extenuating circumstances force the commercial usage to cease, the position of the occupant with regard to continued residence in their home is often unclear.

**Objections to the Draft UDP**

6.9. As stated above the Tower Hamlets 1st Deposit Draft UDP aims to discourage future composites of business and residential space in the same self-contained unit, where such proposals cannot be permitted under a C3 use as working from home. Where composites of live and work space are not principally residential they will be resisted, and where they are principally residential they will be considered as working from home and be subject to the Council’s residential (C3) policies.

6.10. This policy shift has raised a number of objections during the first deposit consultations. Five responses to EMP7 and eighteen responses to EMP8 were received.

6.11. One supporting and four objecting responses to EMP7 were received. A number of these suggested that the policy does not make adequate provision for small businesses wanting to work from home and objected to the withdrawal of support for live-work. However, the issues identified above have prompted the deliberate shift away from live-work, and there is still the opportunity for workspace in close proximity to residential in mixed-use development. There is also the opportunity to work form home in accordance with policy EMP7.

6.12. The majority of responses to EMP8 relate to the exact conditions and criteria surrounding the mix of new build residential and employment. The aspiration for a mix of uses is broadly supported.
7. Conclusions

Key Findings

7.1. A number of key findings and issues emerge from the preceding review:

- Defined as the provision of segregated living and working accommodation in a single self-contained unit, live-work offers a number of significant benefits including a reduction in traffic, more efficient use of land, minimising business start up costs, driving regeneration and supporting flexible working.

- It has been a popular concept in Tower Hamlets with over 550 units completed as of 2005 and applications for 351 units received between 1998 and 2004. However, the number of applications has generally declined from 1998 to 2004. The majority of live-work developments are located to the north-east and far west boundary of the Borough, in particular around the Fish Island and City Fringe areas.

- However, the status of live-work as sui generis use, and a lack of clear guidance at a number of policy levels and issues associated with the control of combined living and work premises has created a number of land-use policy problems.

- Evidence suggests that live–work may be contributing to a significant loss of employment floorspace, affecting the achievement of the Council’s affordable housing targets and creating general amenity issues.

- There is also evidence to suggest that live-work units are being misused as purely residential units, with a live-work designation potentially used to evade protective employment policies and affordable housing obligations.

- The extent to which live-work units make an effective contribution to local regeneration is also unclear. Many units are priced in line with residential premises, pricing out many potential genuine users and contributing to an increase in local property values.

- Attempts to regulate live-work usage in other boroughs and in Tower Hamlets have generally proved problematic, not least due to considerable resources issues, and legal problems associated with enforcing usage patterns.

7.2. The policy response outlined in the draft UDP suggests that live-work is not a concept that is supported by LB Tower Hamlets, but that combining residence and work is instead supported through working from home or mixed residential and employment developments.
7.3. The evidence and discussion presented in this report gives some support to this policy stance. The draft framework seeks to avoid the problems that are associated with an unclear planning policy context by removing the sui generis designation, which is behind many of the problems outlined above.

7.4. At the same time, it remains supportive of combined living and working and therefore leaves open opportunities for exploiting many of the benefits traditionally associated with live-work.

7.5. It also removes opportunities for a potential abuse of the live-work classification as a means of getting residential development on employment protected land and avoiding affordable housing obligations. The alternative of stricter enforcement has proved problematic in other boroughs and relies on unrealistic design and use expectations.

Recommendations

7.6. The preceding report is generally supportive of the emerging policy stance. However, the current key policy, EMP7 may require a degree of clarification.

7.7. The final paragraph of EMP7 is potentially confusing, as it appears to imply that composites of residential and commercial space which meet one of the following conditions would be assessed and potentially approved as a B1 use:

- that they are primarily business focused in that the dwelling would be ancillary to the business needs and/or they receive numerous clients;
- they present external evidence of the activity including a separate entrance or the parking of a vehicle;
- equipment or processes used for the activity will create noise, vibration, glare, smell, fumes, hazardous waste, electrical interference, soot, ash, dust, grit or the like;
- they generate more vehicular movement than would normally be associated with the dwelling location; and/or,
- there is a loss of residential accommodation as a result of the business.

7.8. As the preceding paragraphs of EMP7 specify, the Council’s policy approach to composites of residential and commercial space within the same self-contained unit is to resist them where the premises is not used “principally as a private residence”. Any composite of residential and commercial space which meets one of the conditions above, and is assessed as a B1 use, cannot be defined “principally as a private residence”. It would therefore be resisted in line with section 2 of EMP7.

7.9. The final paragraph of EMP7 should therefore be removed or altered to the following:
Where proposals for small-scale businesses to be conducted from residential premises meet one or more of the following criteria, they will be deemed to fall under the B1 Business Use class and will be resisted on the grounds that the premises is not used principally as a private residence:

- that they are primarily business focused in that the dwelling would be ancillary to the business needs and/or they receive numerous clients;
- they present external evidence of the activity including a separate entrance or the parking of a vehicle;
- equipment or processes used for the activity will create noise, vibration, glare, smell, fumes, hazardous waste, electrical interference, soot, ash, dust, grit or the like;
- they generate more vehicular movement than would normally be associated with the dwelling location; and/or,
- there is a loss of residential accommodation as a result of the business.
Appendix 1: Standard Live-Work restrictions in Tower Hamlets

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Live area ancillary to work area (1)</td>
<td>To safeguard the provision of employment space to meet the requirements of the following policy in our Unitary Development Plan (Adopted December 1998). EMP2 Retaining Existing Employment Uses</td>
</tr>
<tr>
<td></td>
<td>The residential area/element of the Live/Work unit must be ancillary to the work area and the unit must be used as shown on the plans approved by the local planning authority. The unit must not be used solely for residential use unless consent for other use has been granted by the local planning authority.</td>
<td></td>
</tr>
<tr>
<td>4.2</td>
<td>Access to live work</td>
<td>To enable compliance with the agreed live/work component of the development to be monitored and to meet the requirements of the following policies in the London Borough of Tower Hamlets Unitary Development Plan (adopted December 1998). EMP2 Loss of Employment EMP8 Encouraging Small Business HSG3 Affordable Housing ST21 Housing</td>
</tr>
<tr>
<td></td>
<td>The occupier(s) and/or owners(s) of the live/work unit must at least once a year. Permit an authorised officer of the local planning authority to have access to the unit between 9am and 6pm, at a minimum of four hours notice, to determine if the unit is still being used for live/work purposes. Provide written proof that a business is being carried out in the live/work unit (for example accounts, invoices, receipts, bills and so on).</td>
<td></td>
</tr>
<tr>
<td>4.3</td>
<td>Work element B1 use class only</td>
<td>To protect the amenity of adjacent residents and the area generally from noise and disturbance.</td>
</tr>
<tr>
<td></td>
<td>The work element of the live/work accommodation allowed by this consent must only be used for purposes within Class B1 Town and Country Planning (Uses Classes) Order 1987 or in any provision equivalent to that class in any statutory instrument revoking and re-enacting that Order.</td>
<td></td>
</tr>
<tr>
<td>4.4</td>
<td>Live area ancillary to work area (2)</td>
<td>To safeguard the provision of employment space to meet the requirements of the following policy in our Unitary Development Plan (Adopted December 1998). EMP2 Retaining Existing Employment Uses</td>
</tr>
<tr>
<td></td>
<td>The live element of the live/work units allowed by this consent must only be used or occupied in connection with, and ancillary to the approved work element.</td>
<td></td>
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<tr>
<td>Language</td>
<td>Translation</td>
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<tr>
<td>English</td>
<td>For free translation phone</td>
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<td>Arabic</td>
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<td>Chinese</td>
<td>欲索取免费译本，请致电。</td>
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<tr>
<td>French</td>
<td>Pour une traduction gratuite, téléphonez</td>
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<tr>
<td>Hindi</td>
<td>सुप्रति अनुचाद के लिए फोन कीजिये.</td>
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<tr>
<td>Malayalam</td>
<td>സെല്‍ഫ് തികീതികിൽ സംസാരം ചെയ്യാം.</td>
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<td>Somali</td>
<td>Turjubaan lacag la’aan ah ka soo wac telefoonka.</td>
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<tr>
<td>Portuguese</td>
<td>Para uma tradução grátis, telefone.</td>
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<tr>
<td>Bengali/Sylheti</td>
<td>বিনাখরচে অনুরোধের জন্য টেলিফোন করুন</td>
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<tr>
<td>Punjabi</td>
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<td>Urdu</td>
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<tr>
<td>Serbo-Croat</td>
<td>Za besplatne prevode pozovite</td>
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<td>Spanish</td>
<td>Para obtener una traducción telefónica</td>
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<td></td>
<td>gratuita llame al:</td>
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<tr>
<td>Russian</td>
<td>Перевод – бесплатно. Звоните.</td>
<td></td>
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<tr>
<td>Albanian</td>
<td>Për një përkthim falas telefononi.</td>
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<tr>
<td>Tamil</td>
<td>தமிழ் தொலைபேச்சியில் தொடர்பாக தமிழ் வாதம்.</td>
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<td>Greek</td>
<td>Για δωρεάν μετάφραση, τηλεφωνήστε.</td>
<td></td>
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<tr>
<td>Turkish</td>
<td>Ücretsiz çeviri için telefon edin.</td>
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<tr>
<td>Vietnamese</td>
<td>Điện thoại để được thông dịch miễn phí.</td>
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<tr>
<td>Kurdish</td>
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<tr>
<td>Lithuanian</td>
<td>Del nemokamo vertimo skambinkinte</td>
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<tr>
<td>Polish</td>
<td>Po bezpłatne tłumaczenia prosimy dzwonić</td>
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