



REVIEW OF LIVE-WORK POLICY IN HACKNEY

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REVIEW OF LIVE-WORK POLICY IN HACKNEY

EXECUTIVE SUMMARY

PREAMBLE

Hackney has an equivocal image. During the 1990s, the Borough played the rôle of incubator for the likes of Tracy Emin and Alexander McQueen, icons of “Cool Britannia”. Jamie Oliver’s new restaurant, “Fifteen”, is now doing its bit to keep Hoxton and Shoreditch in the public eye. The other, more traditional Hackney is less attractive, with indices of deprivation and a reputation for poor governance seemingly ever-present features of Hackney life. On its own admission, the London Borough of Hackney Planning Department had all but ceased to function a couple of years ago. That’s changing.

This report on the live-work property market, is part of the London Borough of Hackney’s (LBH) new found determination to tackle problems and opportunities head on, rather than hiding behind the statistics of poverty, excuses and indifference. In the mid 1990s, live-work emerged in Hackney as an innovative, pragmatic planning policy to encourage private investment into run down buildings in run down parts of a run down borough. It worked. Other boroughs followed suit.

In fact it worked so well, that developers then highjacked the whole process. Instead of live-work facilitating the conversion of redundant factories and warehouse to provide highly flexible space, live-work offered a formula for developers to build space conditioned as live-work, but in reality occupied more often than not as pure residential. Live-work enabled developers to side-step the employment promotion and affordable housing policy requirements that would otherwise have to be met.

By about 2000, Hackney had a pretty shrewd idea that live-work had become a “planning scam”, but its early efforts to tackle the scam were ineffectual. In September 2003, in response to the perceived abuse of live-work policy, LBH revoked its Supplementary Planning Guidance (SPG) for live-work use. This revocation has not been entirely successful. LBH lost subsequent Appeals and continued to grant some live-work consents through its own planning committee, in part due to confusion as to the meaning of the Revocation. Existing permissions have been built out, and with the market now dominated by investors rather than owner occupiers, the actual occupation of live-work units for their intended dual use purpose has almost certainly declined even more, in favour of pure residential use.

In 2004, however, LBH took preliminary enforcement action against significant numbers of occupiers of live-work units, for being in breach of the work element of the unit. This had an immediate effect of disrupting the market, making (owner-occupier) buyers, mortgage providers and solicitors much more nervous about live-work. Nervous buyers make for grumpy developers. That market uncertainty remains very much apparent at the time of writing (April 2005).

For those readers who do not wish to read the whole report, or even this executive summary, we should state at the outset that our main policy recommendation is to allow the “regularisation” of live-work, by which we mean:

“to allow the change of use from live-work to pure residential, for a fee, or ‘commuted payment’. In principle, all applicants, be they owner-occupiers or investors/developers must be able to avail of the opportunity to ‘regularise’ existing and planned units. The calculation of the fee will be based on a flexible formula which seeks to split the uplift in value resulting from ‘regularisation’ between the applicant and LBH”.

The monies raised by LBH from this process should be strictly ring-fenced, to be spent on employment initiatives aimed at local residents and/or affordable housing provision.

CHAPTER 1 INTRODUCTION

Purpose of the Study

In response to the situation described above, LBH asked the consultants in December 2004 to review live-work policy. The current uncertainty surrounding live-work is not just unsatisfactory for LBH in pursuit of its legitimate planning policies, but also to private buyers and sellers wishing to transact, and developers and investors seeking to remove market uncertainties. In making its original proposal to Hackney, London Residential Research (LRR) stressed that it wished to explore market-based solutions alongside the planning policy review and recommendations.

The original LBH Brief to consultants bidding for the contract, presupposed that the research would lead to a revised Live-Work SPG. LRR suggested in its proposal that a new SPG should only be considered as one policy option, and that reinforcing the Revocation of the Live-Work SPG (“scrap it”) might be a more effective way of resolving current policy abuse relating to live-work. This would partly depend on making a satisfactory case to show that “conventional” policies for employment, housing and mixed-use could deliver the same if not better results than live-work, without the “scams”. Thus, the main purpose of this report is to balance the competing merits and disadvantages of a refined policy for live-work, against a conventional package of policies, and make recommendations accordingly.

Methodology

LRR has sought to provide an “evidence based” approach. A great deal has been written about the theory of live-work, and its attractions in terms of sustainable urban living and local job creation. These benefits are, however, illusory if live-work is in reality residential in (a not very clever) disguise. Our data gathering efforts were

heavily focused on getting hard evidence about how live-work units are being occupied in practice, including:

- The LRR database, cross-checked with LBH internal records, to identify all Hackney permissions for pure residential (private and affordable), live-work and commercial space since 1995. This was followed by site visits and collection of marketing brochures to check implementation of permissions, and provide qualitative inputs to the database and analyses.
- Data gathered by LBH's enforcement officers in 2004 in an on-going enforcement exercise, added to publicly available data from the Valuation Office Agency (VOA) on the liability for Business Rates and Council Tax for occupiers of live-work units. This exercise has produced some extraordinary results.
- Extensive discussions with developers, agents, and other stakeholders involved in live-work, to ascertain where the main market pressures are which might support a change in policy to better meet LBH's objectives for residential and employment growth, without deterring the momentum for development led regeneration.

The report devotes a lot of time to pricing analysis, comparing pure residential pricing with live-work pricing. Pricing data has two possible important applications. First, it shows whether live-work does actually offer occupiers "cheap" workspace to run a home based business. (It does not). Second, it provides a possible basis for defining a procedure to "regularise" existing and planned live-work units, by which we mean allow the change of use from live-work to conventional residential use.

CHAPTER 2 LIVE-WORK CHARACTERISTICS - THEORY AND PRACTICE

Section 2.1 of the report tracks the evolution of the definition of live-work, from Hackney's admirably crisp definition in 1996:

"Live/work development is the provision of integrated living and working accommodation within a single self contained unit",

to a high profile court case in September 2004, when the judge in "Bishopsgate Foundation v Curtis" concluded that live/work meant "live and/or work" [where there was no planning condition defining the extent of the workspace]. In other words, when it comes to definitions, the devil is in the detail, and no one agrees on the detail. (Incidentally, there is no universally accepted way of spelling "live-work". We prefer live-work to live/work or any of the various permutations).

Unclear definitions of live-work are not just a problem for the planning authority and any parties caught out by current market uncertainty. Section 2.2 examines the treatment of live-work units by the Valuation Office Agency, from the standpoint of

determining the local taxes which a live-work unit should attract, in terms of Council Tax on the domestic element, and Business Rates on the workspace. One thing is clear. When the (VOA) tax “man” cometh to do his or her inspection of a property, he or she is concerned with the actuality of how the unit being used, not with the planning conditions and defined uses.

In practice, the research discovered that:

*“the VOA database revealed that in most of the largest live-work schemes in Hackney, the vast majority of live-work units have **never** been designated as liable to business rates”.*

LRR analysed 20 developments with over 20 live-work units completed in Hackney between 1995-2004, comprising 777 units. According to the VOA, 96% of these units were either “wholly domestic”, or the work use was “de minimus” to the domestic use. Given that the live-work planning permission insists that the defined workspace should be for work and not for living, this would suggest that 96% of the live-work units in the sample were not at the time of the VOA site visit compliant with the live-work permission.

Section 2.3 reviews the Inland Revenue’s treatment of live-work. In theory, and with the help of the planners, live-work could be a “nice little earner” for The Revenue. Under the definitions used by the Inland Revenue, the capital gain on the work element of a live-work unit ought to be potentially liable to Capital Gains Tax. Thus, for example, in Shoreditch where live-work prices doubled from around £100 per sq ft in the mid-1990s to £200 per sq ft in the late 1990s, and then doubled again to around £400 per sq ft by 2003/4, many live-work owner-occupiers could technically face hefty chargeable gains on selling their units. In practice, it appears that, like his counterpart at the VOA, the taxman is not interested in planning, only in actual usage. Nonetheless, the (admittedly remote) risk of The Revenue paying more attention to planning conditions in future does exist, and the owner might well see this as an added reason to “regularise” the use of his or her unit as pure residential in planning terms.

Section 2.4 deals with the issue of the liability of sales or leases of live-work units to VAT at the standard rate of 17.5%. The guidance on VAT from HM Customs and Excise (HMCE) on construction, land and property is by no means straightforward. Helpfully, HMCE documents contain explicit reference to live-work as a property use, and its definition of live-work is driven by planning conditions defining the respective live and work elements of the unit – in other words it is the same as LBH’s. The detailed guidance clearly states that in sales where the building is less than three years old, the value of the live element is zero rated, but the work element should be standard rated. In practice, we are unaware of any sales in Hackney where VAT has been charged in such circumstances. If VAT has inadvertently not been charged, it is our understanding that developers could be liable to reimburse HMCE.

Section 2.5 explores the role of mortgage providers in the live-work market. In the early days, mortgage providers were suspicious, and loan terms were onerous in comparison with conventional residential mortgages. Things clearly became easier for both lenders and borrowers as live-work became more common in the late 1990s and early “noughties”, but the nervousness of the mortgage providers has returned in the wake of Hackney’s 2004 enforcement initiative. This situation provides a major incentive for investors, developers and owner occupiers wishing to sell live-work units to support a regularisation procedure, even if it costs them a significant sum to do so.

In section 2.6 we return to a planning perspective on live-work. A crucial question is whether the advent of “screen-based” working at home in recent years, using “domestic” office equipment, means that live-work is no longer necessary to facilitate working at home for all or part of the working day. A classic stereotype of the genuine live-worker in the mid-1990s was a photographer poring over trays of chemicals with tweezers in a dark room. Now he’s digital and he does it in daylight. Our conclusion on whether screen based “home-working” has largely displaced the need for defined live-work accommodation for those who do wish to work at home is that it has. That conclusion does not, however, create a case for a general “amnesty”, since the policy damage done through widespread breaches of live-work conditions also relates to loss of pure employment space for small and medium sized firms that could not operate out of a C3 dwelling, and the avoidance of affordable housing obligations.

Sections 2.7 and 2.8 focus on enforcement issues. Section 2.7 reinforces the message from the VOA analysis, that LBH is justified in initiating enforcement procedures on the basis of non-compliance with live-work conditions. Although this report is first and foremost about evidence, policy and procedures, there is an ethical dimension to the whole issue. Enforcing against owner occupiers who have “done their bit” to promote Hackney by choosing to live in the borough is likely to be difficult to support in political terms. Enforcing against investors who have in effect stuck two fingers in the air at Hackney is quite another thing.

Owner-occupiers should be aware of the “Four Year Rule” for Lawful Development Certificates, an issue that we explore in Section 2.8. LBH enforcement officers have suggested to us that if the occupier can prove continuous residential use for four years through such evidence as payment of Council Tax, non-payment of Business Rates, payment of other household bills, and lack of any enforcement action on the part of LBH, then a Lawful Development Certificate for residential use could be granted. We estimate that around 750 live-work units were completed in Hackney by end 2001. Whilst long-standing owner occupiers do therefore seem to have a straightforward way of regularising the planning use of their home (as long as they want to and have the evidence to back up continuous residential use), investors who typically see a high turnover of tenants will find the Four Year Rule far less helpful.

Section 2.9 examines live-work as an “Affordable Housing Avoidance Strategy” by developers. Without any question, live-work has been used in this way by developers. Hitherto, live-work units have not attracted affordable housing planning obligations. Given that live-work values have traditionally been around 10% lower than pure residential values (albeit subject to much wider ranges within individual schemes), compared with a discount of 50% or more between social rented housing and private housing, the attractions of live-work for developers are obvious. In theory, around 350 affordable homes have been lost as a consequence of live-work policy, although in practice the number is likely to be less but still significant.

The live-work affordable housing “loophole” is likely to be plugged by the forthcoming revised SPG “Interim Planning Guidance: Affordable Housing”, a draft version of which was published for consultation in 2004, and which is likely to be adopted after revisions in July 2005. During the consultation period we submitted that live-work units should be brought within the net of the affordable housing threshold, based on our knowledge of Islington’s policy on the same issue. The likely outcome is that live-work will attract the same planning obligations in terms of affordable housing as pure private residential. Neighbouring Islington adopted this approach in 2003, and it works.

In concluding Section 2 we ask whether live-work is now a failed policy. Our conclusion is:

“If LBH has granted a certain type of planning consent in the context of its employment and other planning policies, it is reasonable in our view that it is able to guarantee that the approved use continues in the future. Live-work use is not transparent and is not, in a practical sense, permanently enforceable. In summary, live-work planning policy is not capable of implementation in a manner that is either transparent or enforceable, and policy that is incapable of implementation is ‘bad policy’.”

Which leads to the inescapable conclusion that the best way to treat live-work policy in future is to “scrap it”. However, the process of scrapping it in a way that is fair and accountable, and promotes rather than detracts from Hackney’s wider employment and housing policies will need to be carefully designed and implemented. It should not take the form of a general amnesty, which would be unfair, and would almost certainly result in unwelcome unintended consequences.

CHAPTER 3 THE DEVELOPMENT OF THE LIVE-WORK MARKET AND PLANNING POLICY IN HACKNEY

Section 3 of the report is primarily concerned with the collection and dissemination of raw data, the nuts and bolts of our “evidence based” methodology and policy analysis. Section 3.2, “The Big Picture”, explores the overall scale of live-work development in Hackney, summarised in Table 5 of the report, reproduced below. In very crude terms, the 1,300 or so live-work units identified in Table 5 represent at least £350 million worth of building stock, at current prices.

In addition to the completed units, the great majority of which are sold and occupied, we identified 242 live-work units under construction at end 2004, 363 live-work units with planning permission but not started construction, and 76 live-work units still subject to an application. Although future live-work development is clearly in decline, the pipeline would take the total value of live-work units in the borough to around half a billion pounds.

Year	Private	Live-Work	Social (Planning Gain)	Social (Direct)	Total
1995	92	0	0	297	389
1996	108	13	0	525	646
1997	107	20	0	242	369
1998	261	72	0	405	738
1999	433	123	31	383	970
2000	395	166	0	662	1,223
2001	495	350	24	699	1,568
2002	473	232	45	212	962
2003	533	248	70	235	1,086
2004	279	112	25	282	698
Total	3,176	1,336	195	3,942	8,649

Source: London Residential Research

Sections 3.3 to 3.5 examine in detail trends and developments in live-work for three distinct “eras”, these being:

- **“The Unregulated Era”** – up to 1994. This date reflects the adoption of the South Shoreditch advice on the introduction of residential use within the South Shoreditch Defined Employment Area (DEA).
- **“The Kick-Start to Regeneration Era”** – 1995-1999. This period coincides with the introduction of Borough Wide policy in the 1996 Live/Work Supplementary Planning Guidance (SPG) and when LBH’s view of live-work was relatively “benign”.

- **“The Exploitation of the Planning Loophole Era”** – 2000 Onwards. This period coincides with the tougher policy stance in the aftermath of the 1999 Live Work Interim Policy Guidance (IPG), growing concern in LBH at the exploitation of live-work use by developers, and the Revocation of the Live-Work SPG in 2003.

The unregulated era was a textbook example of spontaneous urban change, with David Chippendale, the main author of this report living on the patch himself in a live-work Victorian former industrial terrace. While glitzy new office buildings built in the frothy aftermath of the City of London’s “Big Bang” often remained un-let, literally for years, the older stock found a ready audience. Shoreditch and Hoxton was the heartland of “BritArt” in the 1990s, and that had much to do with the availability of cheap existing stock, with good natural light, high ceilings and industrial “features”. Much of the research for Tracy Emin’s “Bed”, so the story goes, was undertaken within the Borough. And cheap it certainly was, at least in comparison with today. Capital values of £50 per sq ft or less for “shell space” was the going rate, compared to £400 per sq ft or so now.

The Kick-Start to Regeneration Era was characterised by an increase in authorised live-work accommodation, and a strong geographical expansion of live-work away from the Shoreditch heartland. The extract from Table 8, shows how we have sought to track live-work and pure private developments in Hackney, not least in order to compare prices of the two.

An important message from this analysis is that by the late 1990s, live-work was no longer a “cheap alternative” for business start ups in terms of working from home, or leasing offices locally. Although industrial conversions were still common, new build live-work was also appearing. Nor was live-work in Hoxton any longer a local phenomenon. By 1999, new build live-work units were as likely to be sold off-plan to investors in Hong Kong, as they were to locals. Live-work development had moved up a gear, preparing the way for the construction of hundreds of units in major schemes across the Borough, usually within Defined Employment Areas (DEAs). LBH was starting to get nervous about live-work, and in July 1999 introduced Interim Policy Guidance (IPG) “Policy Guidance for Live-Work Uses” to tighten policy in an attempt to thwart the perceived and actual abuse of live-work policy by developers.

Events during “The Exploitation of the Planning Loophole Era”, from 2000 to 2004 show that the July 1999 IPG was a case of too little, too late, at least in terms of preventing planning abuse. This was a period when the scale of development in the Borough moved live-work from a niche market to a staple of the local property market. Over the five years of the Exploitation Era, 1,108 live-work units were completed in 70 schemes, with peak completions of 350 units in 2001. If we take the combined total of market housing and live-work completions over the period at 3,283 units, then live-work accounted for 34% of the Borough’s private housing market.

Table 8: Pricing Analysis of Residential Developments Completed 1995-1999 (Extract)							
Scheme	Mix of Uses	Pure Residential Units		Live-Work Units		Live-Work Discount to Pure Resi	Comment
		Av. Size Sq Ft	Av Price £psf	Av. Size Sq Ft	Av Price £psf		
1996 Completions							
The Forum, Independent Place, E8	17 private units	1,264	£78				Warehouse conversion. Shells
1 New Inn Square, EC2	9 Live-work units			2,160	£86		Warehouse/office conversion
The Bell, 136 Shoreditch High Street, EC2	6 private units	456	£138				Office above pub conversion.
17-18 Clere Street, EC2	4 live-work units			1,900	£110		Office/warehouse conversion.
24-32 Shepherdess Walk, N1	30 private units	2,040	£90				Industrial conversion. Shells
1998 Completions							
58-60 Great Eastern Street, EC2	6 Live-work units			804	£215		Industrial conversion.
1-4 Christina Street, EC2	10 private + 4 live-work units	608	£225	651	£219	3%	L-W discount not significant. Shells
Butler House, 51 Curtain Road, EC2	6 live-work units			945	£202		Warehouse conversion, Shells
The Factory, 10-22 Shepherdess Walk N1	50 private units	1,518	£161				Industrial conversion – Manhattan Loft involved. High profile cool arrives. Shells
City Reach, Kingsland Road, N1	35 private + 15 live-work	667	£127	688	£117	8%	New build and refurb. Sales in Hong Kong.
Dehavilland Lofts, Theydon Road, E5	41 live-work units			1,230	£80		Conversion of 1930s art deco industrial in middle of industrial estate.
Source: London Residential Research							

We must stress that the scale of private sector residential development occurring from 2000-2004, including live-work should not be seen willy nilly as a “bad thing”. Higher volume of both private and affordable housing is a key strategic objective for the London Plan, and Hackney is outperforming its new housing targets as set in the London Plan. That, we would suggest, is a good thing. One of the main risks which has to be considered if LBH does decide to continue its “scrap it” stance on live-work, is whether overall housing construction volumes would fall from the levels

made possible by live-work. This issue is considered further in Section 4 on policy recommendations.

In concluding the analysis of the 2000-2004 period, the focus shifts from a decade of commercial success of live-work, to slow sales and market uncertainties, and the implications for policy. As one developer interviewed for this project put it to us:

“the problem is not that there is no market for live-work, the market for all new flats is c..p”.

Live-work, however, is suffering the double whammy, of a poor market generally, exacerbated by the uncertainties following Hackney’s enforcement initiatives, described above.

Detailed pricing comparisons between live-work and pure residential are presented, with particular focus on unsold units in recently completed schemes or schemes under construction (see Section 3.6), since these are the units which developers might be most anxious to regularise. As a broad generalisation, the live-work discount remains at around 10%, but with wide variations. However, slow sales are as much of a problem to developers as lower prices, so anything that would help speed the sales rate would be welcomed by developers.

In short, the time is right to sort out live-work policy. Although timing and market conditions are not normally treated by policy makers as important factors, they are in this case.

In Section 3.7 we provide a detailed analysis of the future development pipeline of live-work units in the Borough the data for which is summarised in Table 7.

Table 7: The Live-Work Development Pipeline in Hackney at December 2004*				
Planning Status	Private*	Live-Work	Social* (Planning Gain)	Total
Permission	581	363	248	1,192
Application	49	76	0	125
Total	630	439	248	1,317
Source: London Residential Research				
*NB excludes housing in non live-work schemes				

The number of live-work units with unimplemented permissions, at 363 units, is significant and presents LBH with the opportunity to enter into negotiations with the developers of these sites. The number of outstanding applications is quite modest, and our more detailed scheme by scheme analysis indicates that the combination of market conditions, the Revocation of the Live-Work SPG, the enforcement action and the active encouragement by LBH planning officers of “conventional” mixed-use development, has largely suppressed the appetite for developers for live-work.

In Section 3.8 we briefly examine the national and regional policy context. At the national level there is no specific policy relating to live-work and ODPM has recently confirmed that live-work will continue to be treated as *sui generis* in the relation to the April 2005 revisions to the Use Classes Order. As far as “best practice” is concerned, we have undertaken a limited analysis of live-work development in the neighbouring boroughs of Camden, Islington and Tower Hamlets. In our view the problems inherent in live-work are no different in these boroughs.

Islington’s inclusion of live-work units in its Affordable Housing SPG has been expedient in killing off new applications for live-work in the Borough. Tower Hamlets has experimented with different Section 106 clauses to either guarantee the work use or to legally bind occupiers to pay a levy to the Borough in cases where planning consent is granted for change of use to residential. In our view these clauses do nothing to prevent non-compliance, and to date, according to Tower Hamlets, no commuted payments have been made.

CHAPTER 4 POLICY OPTIONS & RECOMMENDATIONS

Recommendations

Our main policy (or rather “action”) recommendation is to allow the change of use from live-work to pure residential, for a fee, or “commuted payment”. We call this process “regularisation”, which is not to be confused with enforcement. As a rider to this, we recommend that the whole thing be done as fast as possible, with the aim of establishing clear precedents, preferably within weeks. The attractions of a “quick win” are twofold:

- The market is still soft for pure residential, never mind live-work, with all its attendant complications. Developers we interviewed with current and future live work schemes are anxious to “de-risk” their positions, by regularising. As and when the market strengthens, they will be under less pressure to treat with LBH, particularly if they see a *de facto* amnesty through the “Four Year Rule” enabling them (or their customers whether buyers or tenants) to sort the problem in due course.
- The threat of a more onerous planning regime after July 2005, due to the adoption of the revised Affordable Housing SPG, will give them every incentive to “get on with it”.

Now is the time for LBH to act.

In principle, all applicants, be they owner-occupiers or investors/developers must be able to avail on equal terms of the opportunity to regularise existing and planned units. The calculation of the fee should be as simple and transparent as possible. It must be based on a (modestly) flexible formula that seeks to split the uplift in value

between the applicant and LBH. We would suggest that a figure of 5% of the capital value (after regularisation) would be a robust negotiating position for LBH. In the case of developers or bulk investors, the commuted payment would be payable upon the grant of planning permission. For owner-occupiers, who may not have £10,000 or £15,000 readily to hand, the payment might need to coincide with the timing of any sale, enforceable perhaps by a planning condition or legal agreement to this effect.

We strongly recommend against LBH seeking any further planning gain from regularisation when dealing with developers. This is principally for three reasons:

- First, it would increase the risk to LBH that developers will simply “ride out the problem”, as we believe they have the financial strength to do.
- Second, it would create an uneven policy playing field between owner-occupiers and developers/investors, with both then seeking to exploit the situations created by the other.
- Third, it would be extremely complicated, when simplicity is at the heart of our recommendation. It is highly unlikely that developers with schemes under construction would agree to redesign them, and/or introduce more affordable housing, and/or employment space in return for regularisation.

Above all, we see a simple regularisation process as being low risk and high reward for LBH.

We are further recommending that the payments secured by LBH are strictly ring-fenced, to be used entirely or primarily on employment initiatives aimed at local residents. This is because the regularisation approach is designed to ameliorate the loss of local employment creation which live-work was specifically designed to promote. There may also be an argument for monies to be spent on affordable housing, which can also be seen as a “policy loss” arising out of live-work planning abuse.

Two key issues arise out of this recommendation. First, is it legal? Second, is it administratively doable? With regard to legal issues, we have informally discussed the matter with Chris Marsh, (no relation to Geoff Marsh), one of the leading academics and practitioners in the field of planning gain. His view is that the formula is likely to be legal, provided there is a proper policy “hook” to hang the change on, and provided the monies are properly ring-fenced, to be spent in a fully accountable manner on employment and/or affordable housing. This approach would appear to be consistent with Circular 1/97 and its proposed replacement, which is nearing the end of its consultation period. He warns however that LBH would have to take counsel’s advice on the approach.

With regard to administration, we believe most developers will do all they can to be helpful to LBH. For owner occupiers, the regularisation formula will have to be very simple, probably a percentage of the achieved sale price in the event of a sale, or independent valuation where no sale is involved.

The final issue is whether the regularisation formula could create its own unintended consequences, by lowering future construction volumes of private housing, and in the process limiting the volumes of affordable housing, to be delivered through s.106 agreements. The live-work planning regime created an exceptionally attractive policy context for residential developers. The scrapping of live-work, added to more onerous affordable housing requirements likely to result from the adoption of the new Affordable Housing SPG (which we understand is likely to be in July 2005), could depress new housing volumes. We believe this is a risk, especially in DEAs, but that the risk relates far more to “fine tuning” of the Affordable Housing SPG than it does to scrapping live-work.

1.0 INTRODUCTION

1.1 Purpose of Report

London Residential Research (LRR) was commissioned in November 2004 by the London Borough of Hackney (LBH) to review live-work policy in Hackney, based on LBH's Brief of October 2004 and LRR's Proposal of 29th October 2004. The Brief was subsequently refined following the project inception meeting of 24th November 2004, the preparation of a draft Synopsis of the report by LRR which was submitted to LBH on 15th December 2004, and the acceptance by LBH of a revised Synopsis on 11th January 2005.

LBH is in the process of reviewing its Unitary Development Plan (UDP), adopted in 1995, replacing it with the new style Local Development Framework (LDF). Amongst the purposes of the Review of Live-Work Policy is a contribution to the development of policies for the LDF. Although live-work use does not feature in the adopted UDP, LBH has had Supplementary Planning Guidance (SPG) in relation to live-work dating from 1994 (in the case of the South Shoreditch Defined Employment Area (DEA)) and Borough-wide from 1996 and 1999. In September 2003, however, LBH revoked the SPG due to a range of concerns regarding live-work use, centred on its view that there was widespread non-compliance with the work use by live-work occupiers and that developers had used live-work as a mechanism for side-stepping policies to protect employment generating uses and avoiding affordable housing commitments.

In practical terms, the revocation left live-work use in Hackney in limbo. The Live-Work SPG may have been revoked in 2003, but there is a large stock of live-work units in the Borough, along with live-work units under construction, extant unimplemented planning permissions and undetermined planning applications. One of the purposes of this Review is to calculate the number of live-work units in Hackney in each of the above categories. LBH has continued to test its past and present live-work policies at Planning Appeals, with mixed results. The Inspectorate, in spite of the revocation of the Live-Work SPG, has subsequently approved some significant live-work schemes and further Appeals involving live-work use are in the offing.

LBH's Brief for the live-work policy review outlined its view on the problems arising from live-work use. To summarise the Live-Work Policy Review Brief, these problems include:

- The loss of employment generating floorspace and resultant impact on local employment.
- The increased land value of industrial land where there is the possibility of achieving live-work and residential consent, leading to industrial use being outbid by other uses.

- The injection of a resident population into industrial areas creating pressure on existing and potential industrial occupiers due to residents' objections to noise, traffic and other environmental issues.
- The provision of residential accommodation through live-work use has not contributed to the affordable housing stock.
- The provision of live-work use has introduced residential accommodation to areas that lack the appropriate infrastructure to support residential use such as shops, open space, play facilities and schools.
- The live-work units themselves may have a low standard of residential amenity.

The Brief asked the consultants to:

- Define live-work.
- Assess national and regional policy for live-work.
- Assess LBH's policy and practice in relation to live-work.
- Review the property market for live-work and other uses.
- Assess the viability of protecting the continued use of the work element of live-work.

The Brief also requested recommendations regarding the Enforcement of the lawful use of live-work premises, given emerging hard evidence of widespread non-compliance, including options for extinguishing live-work permissions, subject to appropriate legally based compensations. In terms of outputs, the Brief required:

- A Practice Note for Development Control and Enforcement Officers.
- A draft revised Supplementary Planning Document (SPD).
- An Options Report regarding normalising live-work premises in unlawful residential use.

In refining the Brief through discussion of LRR's Proposal letter and Synopsis report, the focus of the study remains an assessment of live-work planning policy and the market for live-work in the Borough over the past ten years. The Brief presupposed, however, that the research would lead to a revised Live-Work Supplementary Planning Document. One of the potential outcomes of the research was that evidence could support the 2003 revocation of the Live-Work SPG, or as we prosaically put it, a "scrap it" policy stance. By implication, this would affect the outputs of the report and direct our policy recommendations to areas such as how to deal with the existing live-work stock, and the potential for renegotiating the mix of uses in previously permitted live-work schemes. In discussions with the LBH team, it was apparent that at the heart of the study would be evidence-based policy recommendations regarding live-work that would both meet LBH's current policy objectives and stand up to scrutiny through the Appeals process.

1.2 Methodology

LRR relied on a wide range of research methods in the preparation of the Live-Work Review, as follows.

- The London Residential Research (LRR) database, cross-checked with LBH internal records to ensure that all Hackney permissions for pure residential (private and affordable), live-work and commercial space since 1995 are correct. The database was also used to analyse live-work development trends in other boroughs.
- Site visits and marketing brochures to provide qualitative inputs to the database and analyses, to check implementation of permissions, illustrate changing styles of live-work since mid-1990s and occupancy profiles of commercial space permitted since the mid-1990s.
- Extensive discussions with developers, agents, and other stakeholders involved in live-work, to ascertain where the main market pressures are which might support a change in policy to better meet LBH's objectives for residential and employment growth, and regeneration.
- Various consultants' work for LBH and the GLA on live-work, housing, employment and regeneration issues.
- Literature review of Supplementary Planning Guidance (SPG) and other policy documents to examine best practice as it relates to live-work in other London boroughs, and replicate best practice in providing new policy guidance for LBH.
- Data gathered by LBH's enforcement officers in 2004 in an on-going enforcement exercise.
- Publicly available data from the Valuation Office Agency on the liability for Business Rates and Council Tax for occupiers of live-work units.
- Close liaison with LBH officers to ensure that any recommended policy options for (a) either continued enforcement action or systematic change of use to residential ("regularisation") of existing live-work properties, and (b) renegotiating live-work planning permissions, are administratively manageable and legally doable.

Close contact was maintained with the LBH team throughout the study.

1.3 Content of the Review

Section 2 of the Live-Work Review deals with the definition of live-work and the **practical** differences between “*sui generis*” live-work and “C3” dwelling house use in terms of potential liability to business rates, capital gains tax and VAT, treatment by lending institutions and the long-term “enforceability” of the “work” component of the live-work use. It also examines the extent to which it is legal in planning terms to work from a dwelling house, the implications for legal “home-working” when juxtaposed with the type of work that is typically undertaken in live-work units and the very important implications of the “four-year rule” to establish residential use in planning terms. It also gathers together evidence of the extent to which live-work has been used as an “affordable housing avoidance strategy” by developers, as well as the failure of LBH to secure affordable live-work, in spite of policies in the Live-Work IPG of 1999.

Section 3 is a detailed analysis of the development of the market for live-work use in Hackney from the late 1980s to the present day, incorporating a review of planning policy alongside the market commentary. This begins with the pioneering period of the late 1980s and early 1990s when the market operated in a planning policy vacuum, and live-work was typically

- small-scale,
- large unit sizes,
- minor refurbishment,
- owner-occupier-driven,
- relatively low cost,
- in Shoreditch.

This development trend eventually garnered planning policy support because of its contribution to regeneration. It concludes with the current market, where the market has been operating under the shifting regulation of different live-work supplementary planning policy documents, where live-work is typically

- larger-scale,
- smaller unit sizes,
- new-build or very comprehensive refurbishment,
- developer-driven,
- relatively high cost,
- occupied as often by tenants as by owners,
- Borough-wide.

The section collates hard data on the volume of live-work stock in Hackney by year of completion, current construction and the outstanding planning pipeline, as well as incorporating very detailed data on prices and values over time. The section concludes with an analysis of policies and the practice of development control for live-work in neighbouring inner London boroughs as well as a brief appraisal of

national and regional policy guidelines for live-work – brief not least because of the paucity of such guidance.

Section 4 draws together the analysis contained in the preceding sections and examines the various policy options for live-work, including:

- Policies that seek to maintain live-work as a useful element of the local property market, given that where “genuine” live-work use occurs, it does meet a good number of wider policy objectives for sustainable development, mixed-use and regeneration.
- Policies designed to “regularise” existing and proposed live-work units, such that the units become “pure” residential.
- Policies designed to prevent future applications for live-work being submitted to LBH.

We should state at this early juncture, however, that our policy recommendations are strongly in favour of “regularising”, as in Policy Option 2, and reinforcing the 2003 Revocation of the Live-Work SPG (“scrap it”), in terms of Policy Option 3, based on the evidence presented in Sections 2 and 3. This stance hinges on our view, borne out by the research in this Review, that live-work use, however conditioned or legally bound, is ultimately “unenforceable” in practical planning terms.

2.0 LIVE-WORK CHARACTERISTICS – THEORY AND PRACTICE

2.1 Definition of Live-Work

In terms of the Use Classes Order live-work is “*sui generis*”, in other words unique or “of its own kind”. This is planning jargon for saying that live-work does not fall neatly into any specific class within the Use Classes Order. In practical terms it is a composite use that brings together, within a single unit, residential (Use Class C3) and workspace. The workspace element would generally be expected to fall within the B1 Use Class, as, by definition being integral to a living space, the work use undertaken would have to be capable of being carried out in a residential area without detriment to residential amenity. In practical terms this usually means Class B1 (a) offices, but the work element of live-work could conceivably include small scale B1 (c) light industrial use. In some instances it might include uses which do not fall strictly within the B Use Class such as a treatment room for an alternative health practitioner, or an artists’ studio.

In Hackney “live-work” was not defined in planning policy terms until the 1996 Supplementary Planning Guidance. The earlier 1994 “Guide to Planning Policy Interpretation: Entertainment and Residential Proposals in the South Shoreditch Defined Employment Area” dealt with the circumstances under which residential use might be permitted within the South Shoreditch DEA, given that UDP policies stated that this would not “normally” be the case. This document indicated that “part residential” use of the upper levels of small scale terraced commercial properties might be appropriate, if this secured the employment use of the remainder of the building. The term live-work was used only in passing when laying out relevant material considerations, which included the question: “Is the proposal for combined live-work use?”.

In June 1996 a formal SPG was approved by LBH under the heading “Live/Work Development”. In terms of the development of live-work planning policy nationally, this is widely seen as a pioneering document. The definition in the 1996 Live/Work Development SPG was as follows:

“Live/work development is the provision of integrated living and working accommodation within a single self contained unit.”

The work element of live-work was defined in the SPG as being “capable of accommodating the whole range of B1 uses, including light industry. Easy access for bulky goods and materials must be provided with double doors (2m width) to work areas.”

In response to the perceived shortcomings, LBH attempted to redefine and tighten its live-work policy in the 1999 “Policy Guidance for Live Work Uses” Interim Policy Guidance (IPG), in response to the shortcomings of the 1996 “Live/Work Development” SPG. The IPG repeated the definition contained in the SPG, and

rather loosely attempted to define the work element with a second sentence – “The work element can be anything [sic] from photography to art, as long as the work element is compatible to a residential use.”

In the early to mid-1990s the proportions of live and work space within a unit were typically not defined at the grant of planning permission, giving occupiers a degree of flexibility of use, particularly over time when the balance of use between live and work might alter. From the 1996 SPG onwards to try to guarantee the use of the workspace element as “work”, in order to fulfil employment policies (especially within DEAs) and discourage “back-door” residential use, the Borough increasingly precisely defined both the proportion of workspace and the delineated part of the unit to be used as workspace on the floor plans, through planning conditions and Section 106 agreements. The typical form of planning condition was:

“The workspace of the live/work unit(s) hereby approved and identified on the approved drawings shall be used for work purposes only and not as residential accommodation.”

Over time the proportion defined by the planning consent as workspace has typically risen from 15-30% to 40-55% as the Borough has attempted to emphasise and encourage the work element. In three permissions approved in 2004, for example, the proportion of space delineated as workspace within live-work units was as follows: Euro Car Parks site, Westland Place, N1; 37%, Micawber Street car park site, N1, 52%; and 2-26 Somerford Grove, N16, 50%. This has had two important side effects. First, it raised the amount of employment space in the live-work element of mixed-use schemes, perhaps allowing the suppression of the amount of other “pure” B1 uses on the lower floors. Second, it created potentially significant obstacles for borrowers in raising finance from lending institutions at competitive mortgage rates.

As an aside, there was a flurry of press commentary regarding the definition of live-work in September and October 2004, arising from a legal case centred on the leasehold enfranchisement of a live-work unit in Hackney at 8-10 Nile Street, N1. In his judgement in the case, “Bishopsgate Foundation v. Curtis”, Judge Roger Cooke based his finding for the tenant (among other issues) on his view that “live/work” meant “live and/or work”. Having read the judgement and a resultant article by the defendant’s solicitor, Natasha Rees of Forsters, it is apparent that the judge based his view on the facts of the case, where the work element of the unit had not been defined in the planning permission. That the work element was undefined comes as no surprise given that the consent was granted by LBH on 5th November 1993, well before the Live-Work SPG 1996 was approved (which introduced the “model” planning condition quoted above).

In her article (Estates Gazette 9th October 2004, pp148-149), Natasha Rees commented:

“The court decided that, at the time the lease was granted, the wording ‘live/work’ meant ‘live and/or work’. Thus the tenant was not required to work in the premises. It is unlikely that, as a planning term, it still carries such a meaning. That meaning has changed substantially following the shift in planning policy towards a more restrictive approach. As a modern day planning term, “live/work unit” refers to property that has been specifically designed for use both as a residential unit and an employment space. Most councils now expect such properties to be used for both residential and business purposes. The planning permission will usually contain a specific condition stating that the property will not be used wholly for residential use together with details of the relative floorspace to be occupied for each use.....The meaning of ‘live/work’ in planning terms appears to have moved from meaning ‘live and/or work’ to ‘live and work’.”

As we will illustrate in the following sub-sections, the fact that live-work use includes a defined work use and, usually these days, a defined work floorspace, differentiates it legally, administratively and financially from “home-working” in a number of key respects. We will also return to the issue of the definition of home-working, in order to explore the question of whether in practical terms the work use of live-work units in Hackney is any different from the scale of work use that is permitted development within a “normal” C3 dwelling house.

2.2 The Treatment of Live-Work Units by the Valuation Office Agency (VOA)

Theory

In planning terms, live-work units contain floorspace designated both as “living” (residential) and as “workspace”, where the workspace element might fall within a variety of recognised use types such as offices or light industry. It is the responsibility of the Valuation Office Agency to determine whether a property is non-domestic, domestic or composite (normally including a site visit by arrangement with the owner or occupier), and then to calculate the rateable value and/or Council Tax banding. This is then passed to the “billing authority” in order to generate demands for Council Tax and/or Business Rates. It is important to note that although the VOA is aware of and takes account of the planning use of the property, its paramount concern is what the property is used for at an “effective date.”

If planning permission is being adhered to, live-work units would seem at face value to be “composite hereditaments”. The Local Government Finance Act 1988 (LGFA), being the legislative framework for the compilation of Rating Lists, provides that:

- “**s.64(8)** A hereditament is non-domestic if either:-
- (a) it consists entirely of property which is non-domestic, or
 - (b) it is a composite hereditament.”

Composite hereditaments are those comprising both domestic and non-domestic parts, and the Act defines the composite hereditament as follows:

“s.64(9) A hereditament is composite if part only of it consists of domestic property.”

In live-work units, a defined section of the property is annotated on plans as being the workspace, and if the planning permission is being adhered to the VOA might expect to find it fitted out as an office, workshop, studio, darkroom, or some other work use. As this workspace is integral to the unit, its basic specification (ie not including the occupiers' fit out) might, however, be little different from the domestic or living part of the unit.

It is reasonable to assume, therefore, that occupiers of live-work units in Hackney, if they are sticking to the terms of planning consent, are liable to pay both a Council Tax on the “live” element and Business Rates on the “work” element, each being valued according to the physical extent of each use. This is indeed the case in practice in a small proportion of live-work units in the Borough. One effect of this is to increase the “running cost” of a live-work unit, where the occupier is liable to pay both Council Tax on that part of the unit classified as living space and Business Rates on the floorspace defined as work. On an office space of 250 sq ft, the annual business rates liability might be in the order of one or two thousand pounds, albeit the banding of the Council Tax might be lower than would be the case if the entire unit was treated as residential. Overall, in a straight comparison between a residential and live-work unit, the occupier of the live-work unit should have a higher local tax liability, a liability which could affect the marketing of the property for sale or letting.

In our informal discussions with the VOA it would appear, however, that deeming whether a property is “wholly domestic” or “composite” is in practice a “grey area”, which is open to interpretation by VOA staff. The Rating Manual (Vol 4, Section 9) states:

“In deciding whether a hereditament is composite it is necessary to consider whether any use (either domestic or non-domestic) is de minimus. If it is, it should be left out of account in determining whether property is domestic or non-domestic.”

So, how is “de minimus” defined? The Rating Manual states that the LGFA 1988 did not define de minimus, nor is it defined elsewhere except in the case of short-stay accommodation. The Rating Manual therefore falls back on statements made during the consultation process of the LGFA 1988, highlighting the following statement from Lord Caithness:

“Where the use of domestic property for a non-domestic purpose does not materially detract from the domestic use, that should not result in the property being rated.”

A further Consultation Paper, “Proposed Amendments to the Boundary between Domestic and Non-Domestic Property”, December 1988, suggested the following guidelines as to whether the non-domestic use would become material and therefore liable to be rated, with regard to:

- “The effect of the extent and frequency of the non-domestic use, and
- Any modifications made to the property to accommodate that use.”

This leads the Rating Manual to sum up that non-domestic use of part of a dwelling should only be considered rateable:

“when that use materially affects the enjoyment of the residence as a residence, having regard to the extent and amount of use, and taking account of any structural changes that have been made to the property to facilitate that use.”

Practice

In the early years of live-work, as we will see in Section 3 which deals with the development of the use in Hackney, live-work occupiers were often taking occupation of vacant commercial premises which were already in the Rating List as commercial properties. In receiving demands for business rates, as a matter of course from LBH, they may have appealed the business rate demand, based upon the fact that only part of the premises was now being used for business purposes. Such occupiers would normally end up in the position of paying business rates on one part of the property and Council Tax on the other part. Business rates were in most cases a higher amount than the Council Tax, and there is anecdotal evidence that some live-work occupiers managed to delete their properties from a liability to business rates by arguing that the property was being used only for residential purposes.

When the market for live-work development expanded to include larger schemes, involving either the comprehensive refurbishment of existing premises or entirely new-build development, then the development site would typically be “deleted” from the rating list at an “effective date” (ie demolition or stripping out). On completion (and perhaps occupation) of the new scheme, it would then be subject to site visits as a matter of course from the Valuation Office Agency as part of the process of determining the liability for Council Tax and/or Business Rates.

An examination of the VOA database in relation to live-work units in Hackney reveals that a surprisingly large number of units which are designated live-work in planning terms are rated by the VOA as being “wholly domestic”, and hence liable

only to Council Tax. From our experience in the live-work market and from examining the VOA records, there appear to be two distinct processes at work in these instances of “mismatch” between planning use and the Rating List.

- At the small-scale, individual live-work occupiers appeal their liability to pay business rates to the VOA. The VOA undertakes a site visit at an agreed time and if the business element of the live-work unit is judged to be now in residential use, the VOA may delete the premises from the business rates list (and perhaps alter the banding of the unit in terms of Council Tax). As we understand it, the VOA does not have to refer to the planning status of the unit – that is irrelevant – but to the use to which the space is being put on the day of the inspection. Anecdotally, appealing to delete a property from the rating list has been undertaken both by genuine live-workers in order to reduce their overheads (by quickly setting up a bed in the workspace – we kid you not) and by “bogus” residential occupiers of live-work units (where the “bed” is already in place). Hence, we have anecdotal knowledge of premises designated in planning terms live-work, but are classified as being liable only to Council Tax according to the VOA. This we find quite understandable in the circumstances that the VOA is dependent on a site inspection and must take a view on face value (David Chippendale was a live-work “pioneer” in Shoreditch in the 1990s, when there was widespread knowledge of how to “get round” the rating system.)
- On a much larger scale, and somewhat to our surprise, further examination of the VOA database revealed that in most of the largest live-work schemes in Hackney, the vast majority of live-work units have *never* been designated as liable to business rates, even having been subject to the VOA’s site visits and other administrative procedures (Table 1). As Table 1 indicates, our analysis of the VOA Rating List and Council Tax databases for schemes in Hackney with 20 or more live-work units, only 32 out of 777 units (a measly 4%) are currently listed as Composite Hereditaments and hence liable for both Council Tax and Business Rates. In almost all the schemes the determination that most units were wholly Domestic was made on completion, with only very minor changes being made since. Only at Union Wharf, Wenlock Road, N1, has there been a significant switch from Composite to Domestic, with 30 units changing since completion.

In the VOA’s view, then, in 96% of live-work units in the sample from large schemes the unit was either “wholly domestic”, or the work use was “de minimus” to the domestic use. Given that the live-work planning permission insists that the defined workspace should be for work and not for living, this would suggest that 96% of the live-work units in the sample were not at the time of the VOA site visit compliant with the live-work permission.

Table 1: VOA Status of Live-Work Developments over 20 units Completed in Hackney 1997-2004

Scheme	Type	Live-Work Units	VOA Status of Live-Work Units at February 2005	Additional Comment
1997				
Liberty Lofts, Mount Pleasant Hill, E5	Refurb	22	22 Domestic	(3 units went from non-domestic to domestic in 2000 & 2002)
1998				
DeHavilland Lofts, Theydon Road, E5	Refurb	41	41 Domestic	(4 former Domestic Units deleted)
1999				
5 King Edward's Road, Phases 1 & 2 (2001), E9	Refurb	85	85 Domestic	
Indigo Loftside, Newington Place Mews, Carysfort Road, N16	Refurb	20	20 Domestic	
2000				
City Lofts, 112-122 Tabernacle Street, EC2	Refurb	21	18 Domestic 2 Composite 1 Non-Domestic	(1 Composite to Domestic in 2004)
Canal Building (Saref House), 135 Shepherdess Walk, N1	Refurb	49	44 Domestic 5 Composite	(2 of the full residential units are Composite)
2001				
Glassworks Studios, 41-49 Kingsland Road, E2	New	21	21 Domestic	(1 unit from Non-Domestic to Domestic in 2002)
Kings Wharf, 297-301 Kingsland Road, E8	New & Refurb	52	52 Domestic	
Grove House "London Fields", 11-20 Tudor Grove, E9	Refurb	27	27 Domestic	
1-6 Bateman's Row, EC2	New	30	30 Domestic	
Union Wharf (Wenlock Works), 23-41 Wenlock Road, N1	New	71	64 Domestic 7 Composite	(30 from Composite to Domestic 2002-2004)
2002				
Enterprise House, Tudor Grove, E9	Refurb	20	19 Domestic 1 Composite	
The Chocolate Factory, 7 Shepherdess Place, N1	Refurb	20	19 Domestic 1 Composite	
Red Square, Carysfort Road, N16	New	114	114 Domestic	
2003				
Springfield House, Tyssen Street, E8	Refurb	38	32 Domestic 6 Composite	(Note VOA list over 90 Domestic for this building, where 41 units are supposed to be B1 only according to original permission)
5 Garden Walk, EC2	New	23	23 Domestic	
Gainsborough Studios, New North Road, N1	New & Refurb	76	75 Domestic 1 Composite	
The Timber Yard, 7-27 Drysdale Street, N1	New	27	18 Domestic 9 Composite	
2004				
Ability View, 218-226 Kingsland Road, E2	Refurb & Exten	20	20 Domestic	
Total		777	744 Domestic 32 Composite 1 Non-Domestic	

Source: London Residential Research, VOA

According to our data on completions in Section 3.2, 1,336 live-work units were completed in Hackney between 1995 and 2004. Our sample in schemes over 20 units in Table 1 represents 58% of all completed live-work units in the Borough. In our trawl through the VOA database, we also looked at schemes from 10 to 19 units, and these are also recorded largely as “wholly Domestic.” In other words, the evidence indicates that the great majority of live-work units in Hackney are recorded by the VOA as being not, as one might expect if the planning permission was being adhered to, “composite hereditaments”, but as “wholly domestic” property.

What are the implications of this seeming mismatch between planning permission and the VOA designation? First, when LBH finally got around to undertaking a comprehensive enforcement action against live-work occupiers suspected of being in contravention of their planning consents, a comparison between planning records and the VOA database provided the initial “hit list” for the generation of Planning Contravention Notices (PCNs), as we will see later in Section 2.7. Note, however, that the enforcement action was not comprehensive and involved just seven live-work schemes with around 200 units. In other words, there is scope if LBH is so minded, to expand the enforcement action to all units in Hackney.

Second, in our view, given that the VOA staff have to make an assessment through a site visit and other administrative procedures of the actual use to which a property is being put, then the fact that 96% of live-work units in a large sample are considered by the VOA to be domestic rather than composite hereditaments, seems to be strong evidence that live-work units are in reality “back-door” residential. At various recent Planning Appeals, the Inspector has asked the Council to provide evidence of non-compliance with the work use, and the overwhelming judgement by the VOA that live-work units are wholly domestic would seem to be good supporting evidence for LBH’s view.

2.3 The Treatment of Live-Work Units by the Inland Revenue

Theory

Although live-work units of the type which have been implemented in Hackney over the past ten years are something of a novelty, the composite use of properties for residential and workspace is venerable, e.g. a public house. The Inland Revenue has its rules regarding the treatment of composite property, and indeed the treatment of the partial business use of property that is deemed to be residential. On the one hand, the Inland Revenue may allow the taxpayer to off-set a proportion of the running costs of the property such as heat, light, power, insurance and mortgage or commercial loan interest payments, against income tax. On the other hand, there is the potential for provisions for Capital Gains Tax (CGT) to be applied to the workspace element of a composite property if the sale of a unit crystallises capital gains (or losses). Bear in mind that if planning use is being adhered to, then in most live-work units the property is both the occupier’s principal private residence and the workplace. No doubt there are examples of live-work pied-a-terres, in which case the

status of the live-work unit as principal private residence might be in doubt, but that is a minor consideration.

As an aside, it is worth mentioning in relation to CGT that live-work units that are owned by investors (of which there are many in Hackney) are, of course, treated entirely differently. The status of the live-work unit is irrelevant as it is not the owner's principal private residence and will be subject to taxation on rental income and capital gain like any other property asset.

For the occupier (tenant or owner) of a live-work unit, the fact that the workspace is delineated in planning terms, might be an aid to defining the proportion of the running expenses of the unit that can be set against tax. In terms of mortgage interest relief, for example, the Inland Revenue is able to treat a single loan as two separate loans with mortgage interest relief applied to the residential use and a separate deduction made in relation to the profit and loss on the business use. In the case of a business space within such a unit that is not used full time, the loan can, for example, be apportioned in relation to both the proportion and the duration of the use.

In the case of CGT, there is for the Inland Revenue a judgement to make in terms of the "exclusivity" of the work part of the property. This is not unlike the judgement that the VOA makes as to whether the work use in a live-work or residential unit is "de minimus". In the Capital Gains Manual, the Inland Revenue states in CG64663:

"Section 224(1) only excludes from relief any part of the dwelling house which is used **exclusively** for the purposes set out in CG64660 [business use]. So a room which is used partly for business purposes and partly for residential purposes will qualify in full for relief." [our emphasis]

Further in CG64666, the Inland Revenue states:

"The exclusive use test is a stringent one and you should not usually seek any restriction to relief for a room which has some measure of regular residential use. But occasional and very minor residential use should be disregarded. For example, if a doctor keeps private possessions in a room used as her surgery the surgery should still be regarded as exclusively in business use."

If it is the case that the live-work occupier is adhering strictly to the terms of the live-work planning consent, then the workspace ought to be being used exclusively for work and not for living. Technically, therefore, under the definitions used by the Inland Revenue it ought to be potentially liable to CGT provisions.

At face value it might appear that given that prices for live work units, in say Shoreditch, doubled from around £100 psf in the mid-1990s to £200 psf in the late-1990s, and then doubled again to around £400 psf between the late 1990s and

2005, that many live-work owner-occupiers could technically face hefty chargeable gains on selling their units. This could indeed be the case. Each transaction, of course, would be looked at on its own merits by the Inland Revenue. One of the rules which is applied in a composite unit is the apportionment of value between the part used exclusively for business and the part used exclusively for residential. Interestingly, at this point, in deciding the apportionment of value, the Inland Revenue Manual recommends referring the matter to the VOA.

The VOA would have to value the business use independently of the residential use, where very broadly speaking business values rose in Hackney from the early 1990s (from a very low base) to a peak around 1999-2000, since when, along with the rest of central and inner London, they have fallen back. Hence, it is conceivable that there might be capital losses on the business element, even where the overall market value of a unit has risen, losses that might be useful to a taxpayer. Where there are chargeable gains, of course, the usual CGT relief applies, including the annual exemption of £8,500, improvements made to the property, taper relief to take account of inflation, the last three years of ownership being exempt etc. etc..

Practice

While the planning and rating list status of an individual property is a matter of public knowledge, the relationship between taxpayers and the Inland Revenue is, of course, confidential. We cannot, therefore, except anecdotally, determine how live-work occupiers treat with HM Government on the matters described above. In order to tease out likely practice, we will briefly examine two scenarios.

In scenario one, the live-work occupier is in fact bogus and does not use the live-work unit except for living. In all likelihood the occupier is an employee, working in a conventional workplace elsewhere. As a result, the occupier makes no claims for any of the running costs of the principal private residence against income tax. In the case of an owner-occupier, at the time of sale of the property, even if the Inland Revenue looked into the matter, they would find that there was no exclusive use of part of the property for business purposes. The occupier might be in contravention of planning, but the tax man would be content.

In scenario two, the live-work occupier is genuine and does claim back various expenses including the interest on either a mortgage or commercial loan. The fact of the live-work designation in planning terms might perhaps garner a higher proportion of allowable expenses than might be the case in the use of one room in a C3 dwelling house. At the point of sale, the question of capital gain might arise, although given the UK's system is now based on the principle of self-declaration, the sale might not even come to light. Be that as it may, the test of whether there might be a liability to CGT would be whether there was "exclusive" use of part of the property for business use.

In our view, given the nature of live-work units being usually in the form of self-contained flats, it would be quite easy for an owner-occupier under scenario two to argue that the use of the defined workspace for business had **not** been exclusive: the children used the computer to do their homework; the workspace became a dining space when guests came to dinner; after the baby came it had been converted to a nursery and the office moved to another room etc. etc. As in scenario one, this might place the occupier in contravention of the planning permission, but the tax man would be happy. Especially if the tax man bothered to cross refer the building on the VOA database to find that the VOA had at some point declared the building to be “wholly domestic”!

Although live-work units are different in planning terms from home-working from a residential unit, the Inland Revenue is unlikely to be that interested in the planning status underlying the use. Given the level of home-working that now exists in the UK and that the tax system is based on self-declaration, the Inland Revenue is unlikely, in our opinion, to pursue very strongly the investigation of either allowable expenses or capital gains tax. In the case of CGT, the Inland Revenue has to prove exclusive work use. In the case of most integrated home-working or live-work arrangements, proving exclusivity, we submit, is nigh on impossible. An Inland Revenue campaign to enforce CGT provisions for the dining room or back bedroom that is used exclusively for work use would not only be an administrative nightmare, but also could foment revolution in Middle England.

2.4 Liability of Live-Work Units to VAT

2.4.1 Theory

The legislation relating to VAT is by no means straightforward, and the following section is based on our interpretation of HM Customs & Excise Notice 708 “Buildings and Construction” published in July 2002. This 80 page notice is complex, but does contain specific provisions relating to live-work units, in a section dealing with the apportionment of “part qualifying buildings” (section 15.4). We must first point out that the first sale or long lease in new **residential** development, whether new build, conversion or reconstruction from non-residential to residential use (as long as there has been no residential use for the previous ten years) are zero-rated.

With regard to live-work units, in order to reduce ambiguity, we first reproduce the exact wording of the notice with regard to live-work units.

HMCE defines a live-work unit as:

“a property that combines, within a single unit, a dwelling and commercial or industrial working space as a requirement or condition of planning permission.”

HMCE then goes on to clearly state that:

“Zero or reduced-rating is only available to the extent that the unit comprises the dwelling, provided that the dwelling meets the normal conditions outlined in paragraphs 14.2 to 14.5 [of the Buildings and Construction Notice].”

“Dwellings that contain a home office are not live-work units and no apportionment is needed.”

“15.4.1 Determining the extent of the dwelling”

“Units where the work area is shown as a discrete area of floor space, be it an office or a workshop, must be apportioned to reflect the presence of the commercial element. Where planning permission requires that a minimum amount of the unit (eg. 20%) must be used for commercial or industrial purposes, the remaining amount (ie. 80%) can be treated as being the dwelling element for VAT purposes.”

“However, where a unit has neither:

- an area that must, as a requirement or condition of planning permission to be used for commercial or industrial purposes, nor
- planning permission requiring a certain percentage of the floor space be used for commercial or industrial purposes;

it may be treated for VAT purposes as if it were entirely a dwelling and no apportionment is required.”

“15.4.2 Liability of commercial or industrial areas that are treated as part of the dwelling”

“If the commercial or industrial areas are treated as if they are part of the dwelling – see sub-paragraph 15.4.1 above – then the following rules apply to the whole unit:

- construction or conversion services – your supplies are zero-rated or reduced-rated, subject to the normal rules explained in this notice.
- sales and long leases – your supplies are zero-rated, subject to the normal rules explained in this notice.
- short leases – your supply is exempt from VAT.”

“15.4.3 Liability of commercial or industrial areas that are not treated as part of the dwelling”

“If the commercial or industrial areas are not treated as if they are part of the dwelling – see sub-paragraph 15.4.1 above – the following rules apply to the those parts:

- construction or conversion services – standard rate your supply.
- sales where the building is less than three years old – standard rate your supply.
- sales where the building is over three years old – your supply is exempt from VAT (but see below if you have opted to tax).
- leases – your supply is exempt from VAT (but see below if you have opted to tax).

If you have opted to tax what would otherwise be an exempt supply in respect of the building, the sale or lease of the commercial or industrial areas remain exempt if their actual, or intended, use is as living space as part of the dwelling. In such cases you must hold confirmation of this from the purchaser or tenant.”

In that last paragraph, there is a suggestion of interpretation as to proving that the commercial space is in fact intended for use as living space, but it appears to apply only to the circumstances where in bullets 3 and 4 the supply is exempt, but the vendor has opted to tax. In any case, the proper use of live-work in planning terms is not as “living space as part of the dwelling.”

As far as we are aware, almost all live-work units approved in Hackney since the 1996 SPG do contain planning conditions and floor plans delineating the work area, and hence the provisions contained in paragraph 15.4.3 of the HMCE Notice would seem to apply. Our interpretation of the above rules is that developers should be charging VAT on sales of the commercial element of live-work units, as should any vendor selling within three years of completion. Vendors selling on after three years, on the other hand, are exempt from charging VAT on the commercial element.

Developers that opt to retain units would be able to rent them out without charging VAT on the rent, as long as the lease was for less than 21 years. Our interpretation is that if a developer retained the units for more than three years, the developer would be able to sell them without having to charge VAT.

2.4.2 Practice

To our knowledge, developers of live-work units in Hackney are not, as a matter of course, charging VAT to purchasers of live-work units, nor are vendors who are selling on within three years of completion. There are evidently very serious issues of compliance with the VAT rules if this is indeed the case, albeit there may be time limits for such liabilities. We are assuming that it is the developer who is liable, without the potential to “claw-back” uncharged VAT from the original purchaser.

The standard rate of VAT would be 17.5% of the value of the apportioned commercial element of the live-work unit. For the sake of argument, in the case of a 1,000 sq ft unit sold for £300,000, where the commercial element was 300 sq ft, then

the value of the commercial element might be say £45,000, based on an office value of £150 psf. In this hypothetical example, the developer ought to charge 17.5% of £45,000, or £7,875.

2.5 Treatment of Live-Work by Lending Institutions - Theory & Practice

Some folk are fortunate enough to be cash buyers, even in the high-priced market of central and inner London of which Hackney is part. With the entry price for a Hackney live-work unit in 2005 in the region of £250,000 in the north of the borough, while in the south the typical range is £350,000-500,000, most people have to borrow. Banks, building societies and other lending institutions that are securing their money on a live-work unit look very closely at the planning status when making lending decisions.

Each lending institution has its own rules and their treatment of live-work property will vary. When live-work use first came to the attention of banks, building societies, other lending institutions and mortgage brokers in the early 1990s, it is fair to say that they were extremely reluctant to lend at all. The minority that did, normally did so under commercial rather than residential terms. As the volume in the market (both in London and nationally) increased through the late-1990s and early 2000s, more lenders entered the market and offered terms closer to the standard residential mortgage, especially where the proportion of workspace was either undefined or relatively low. More recently, anecdotal evidence from the market in both Hackney and neighbouring Tower Hamlets is that the insistence by local planning authorities of higher proportions of workspace, typically in excess of 40%, is significantly restricting the willingness of lenders to participate in the market.

When attempting to borrow to purchase a live-work unit, the buyer may face some or all of the following conditions from the lender:

- The loan to value ratio could be as low as 65%, compared to a standard residential mortgage of say 90%+ loan to value ratio. In the case of a typical new live-work property costing £350,000, the lender could be looking for the purchaser inject £122,500 in order to share the perceived risk.
- The live-work property might not be eligible for the lender's standard variable or fixed rates for residential mortgages, with the buyer having to pay several percentage points more.
- Indeed, the proportion of workspace may render the property ineligible for a residential mortgage in any case. According to mortgage regulations introduced by the FSA in October 2004, a lender may only grant a "regulated mortgage contract" on a property that has at least 40% of the land given as security used "as or in connection with a dwelling." In other words a proportion of workspace of

60% or more would render the property ineligible for a residential mortgage, albeit such a high proportion of workspace is rare in live-work units to date.

- In practice, individual lending institutions would appear to adopt their own percentage criteria that might be different to the FSA. Recently, LBH and other London Boroughs have often insisted on the proportion of workspace being higher than 40%. This could restrict the buyer to a commercial loan, perhaps over a shorter term than the standard 25 years mortgage, and at the higher interest rates pertaining to such loans. This would significantly raise the level of monthly repayments.
- In the case of the “genuine” live-work owner-occupier who is intending to run a business from the live-work property, then the lending institution is taking a risk on that business as well as on the value of the property. Notwithstanding the likely insistence that mortgage or loan protection is to be taken out by the buyer, the lender may look for a evidence of successful trading, with at least three years accounts being the norm.

We discussed the issue with a mortgage broker familiar with live-work use. In his experience, buyers do not really know what they are buying in live-work and that in itself is a disincentive to proceeding with a purchase. They “can’t understand the concept” was how he put it. The major building societies, including former building societies now trading as banks, will not provide a residential mortgage if the proportion of workspace exceeds 25-30%, nor will they provide commercial loans if the workspace exceeds 30%. Prospective purchasers are then advised to go to the “high street” banks, to avail of a commercial loan under the kind of terms described above. As far as the conventional buy-to-let market is concerned, it is almost impossible to raise finance secured against a live-work unit.

The above analysis is probably not exhaustive, but gives indications of the impact on the marketing of property that live-work status can bring. Typically the buyer will have to provide a lot of equity on day one, and can expect to face higher monthly outgoings, than if the property was residential only. It is possible that when the residential property market is generally weak, as has been the case in London since June 2004, then one could conjecture that the live-work market, with effective demand more restricted than in the residential market, would feel the pinch that little bit more. Indeed, during the course of this review, LBH received unsolicited evidence that lenders tend not to grant residential mortgage terms where the proportion of workspace is over 30%, and that an individual with a live-work property with 60% workspace was at the time unable to secure residential terms.

The combined effect of a more constrained market for the sale of live-work units, and the general softness of the residential and live-work market, could encourage developers to retain live-work units as investments, renting them out rather than risk long void periods in the sales market. As we will see later in this section, it is far more likely that rented units will be non-compliant in planning terms, and that

achieving successful enforcement of the live-work use where there is a regular turnover of tenants is far harder to achieve.

2.6 “Home-Working” in Class C3 Residential Units

Live-work’s defined planning status differentiates it in legal terms from “home-working”, i.e. running a business from a home with a C3 Use Class planning designation. One of the interesting features of the live-work market in the Borough, however, is the convergence of contemporary live-work development and occupancy with “home-working”. Chesterton’s 2003 Live-Work Study for LBH found that in many live-work schemes in the Borough in its sample survey:

- marketing material usually promoted living over working;
- agents usually did not require the need for the business space by the occupant to be “proven”;
- the type of work was often a single person working from “home” on a computer terminal;
- live-work schemes, and the interior layout of individual live-work units, were often physically indistinguishable from residential property.

In relation to one development, Union Wharf, Wenlock Road, N1 (Wenlock Works), Chesterton concluded, “In our opinion the type of employment activity likely to undertaken could do so within any traditional residential unit.”

This begs the wider question of whether, in the context of most genuine live-work occupiers, a live-work designation is necessary in planning terms for the work activity to be legitimately undertaken. In our view, given that the majority of small businesses working from live-work units are based around single person, computer-based knowledge workers, then live-work planning permission would not be strictly necessary for them to carry out that type of work on the premises.

In terms of national policy, PPG4 “Industrial, Commercial Development and Small Firms” states:

“Home working does not necessarily require planning permission. Permission is not normally required where the use of part of a dwelling-house for business purposes does not change the overall character of the property’s use as a single dwelling. For example, the use by a householder of a room as an office....would be unlikely to mean the character of the house’s use as single dwelling had ceased and would not normally require planning permission.”

PPG4 further advises that if the business or non-residential use ceases to be ancillary, due to growth or intensification, then a material change of use requiring

planning permission is likely to have taken place. Symptoms of material change of use might be the generation of:

“visitors, traffic, noise or fumes over and above what might be expected if the property was in use as a single dwelling without ancillary use.”

It would seem that the vast majority of work activity being undertaken in Hackney’s stock of live-work units, would not require planning permission if it was being undertaken in a conventional residential unit under national planning guidance.

In other words, if there is an employment and regeneration effect to be had from the type of live-work development that has been pursued in Hackney by developers, then that could equally be achieved by “home working”. The fact that the properties have been designated live-work in planning terms probably means that a higher proportion of home working exists than in a conventional residential development – **as of now**. But, as we will see in Section 2.7 on Compliance, LBH already has concrete evidence of widespread “back-door residential” use in 2004. That “back-door residential” use is, in our opinion, likely to become more extensive as units are sold or rented to successive occupiers.

In part, this goes back to the origins and evolution of live-work, a subject that we examine in greater detail in Section 3. Suffice to say at this stage, that live-work pioneers in the mid-1990s were normally genuine live-workers, often from artistic, fashion, media and related backgrounds (exciting sectors that LBH was keen to foster, encourage and promote), who saw an opportunity to occupy the swathes of aesthetically pleasing well-located vacant commercial space in Shoreditch and Hoxton. LBH’s desire to accommodate this regenerative force created the chink in its planning policy armour that developers were later to recognise and exploit. Few, if any, of Hackney’s live-work developers had, or have, any great interest in guaranteeing compliance with the live-work use, and meanwhile were able to use live-work to wriggle around LBH’s employment protection and affordable housing policies.

And even where LBH granted consents with the best of intentions, to the arty, the media and the new economy “techno-bohos”, it found to its cost that even “techno-bohos” get old and move on. In a classic case of Burgessian “invasion and succession”, reminiscent of the gentrification process in London’s inner city Georgian and Victorian housing stock, the pioneers made Hackney’s live-work stock safe for boring lawyers, accountants, management consultants and other clever and extremely highly paid professionals. Not stupid, the genuine live-work pioneers who bought in cheap in the 1990s have been selling out to wealthy occupiers who are, in our view, less likely to be genuine live-workers. But we are straying here to the subject of enforcement, with which we deal in the next sub-section.

To conclude this sub-section on home working, what we are trying to argue (rather clumsily) is that live-work planning use is only a necessity for a very small

percentage of Hackney's live-work occupiers. Most of the genuine demand for live-work space can be accommodated in residential units, at which point live-work becomes more a question of clever design and layout than making unenforceable planning designations. For those whose needs fall outside any definition of home-working, then that is where conventional workspace comes into play and Hackney is full of low-cost premises at a fraction of the overheads of the "work" element of a live-work unit.

2.7 Compliance - Is Live-Work in Hackney Really "Back-Door Residential"?

LBH has been concerned about non-compliance with the work element of live-work since the late 1990s, but it is only recently that a systematic investigation has been made to assess compliance and to initiate enforcement action. The 1999 Interim Policy Guidance (IPG), "Policy Guidance for Live Work Uses", that sought to tighten live-work policy noted that,

"The standard conditions aim to control the basic nature of the use underlining a degree of scepticism about the genuine nature of such developments. However, to date no enforcement action has been taken against live-work uses failing to comply with these conditions."

This concern was reiterated in the 2003 "Revocation" report on the Live-Work SPG and further reported that amongst the findings of the independent Chesterton study was:

"Live/work units are often "back door" entry to gain permission for residential use".

At various planning appeals in relation to live-work schemes, LBH has asserted that live-work use was often not complied with and that "back door residential" was the result. A review of a sample of live-work appeals indicates that Planning Inspectors found this to be a weak argument due to both the lack of evidence of non-compliance and the absence of any enforcement action. In the Britannia Walk Industrial Units, 11-13 Ebenezer Street, N1, appeal (4th March 2003) where a major new-build live-work and office scheme was allowed, for example, the Inspector commented:

"It is relevant to note that, despite the concerns expressed by the Council, there is no evidence that they have taken enforcement action in respect of other live-work developments subject to similar conditions."

In other words, thou dost protest too much.

Anecdotally it is well known within the local property market that a proportion of live-work development is *de facto* residential. The Chesterton study made a rather

inconclusive street survey, that possibly did more harm than good, as they generally failed to get the necessary access to make a judgement. Aside from “local knowledge” of planning breaches (one of the authors of this report was a genuine live-worker in Hackney from 1993 to 2000, but knew of many non-compliant live-work units), visits to major live-work schemes during the day usually reveal an absence of trading names on doorbells or wall plates, and an absence of evidence of business activity. But, as Donald Rumsfeld famously commented in relation to WMD in Iraq, absence of evidence is not necessarily evidence of absence. So, what about real proof?

Belatedly, in 2004, LBH commenced an enforcement exercise on live-work properties, an exercise that is “on-going”. Rather as we did earlier in the section on the VOA status of live-work, LBH identified a sample of developments where the planning status was “live-work” and the VOA designation was “Domestic”. LBH enforcement officers then sent out Planning Compliance Notices (PCNs), contending that the units were not compliant and seeking to elicit a response. They have not, to date, made site visits to individual units, hence the data that has been collected through the exercise is based on “self-declaration” by live-work occupiers. One might expect, therefore, that most respondents would declare themselves to be live-workers, in order to be compliant with the planning consent. This is indeed a risk of the PCN without a site visit, and is an issue to which we will return.

Imagine our surprise, therefore, when analysing the overall results, that 47% of respondents, 101 out of a total of 214, declared themselves to be non-compliant! (Table 2, over). The number of respondents claiming to be occupying as live-work was even slightly lower, at 95 units or 44% of the sample. Within individual schemes the proportion of responses deemed to indicate residential use varied from 18% to 100%. In our view the results reported in Table 2 would make useful supporting evidence in live-work appeals where LBH is contending that live-work use is often back door residential. If the evidence in this small sample is combined with the structured sample of VOA designations where 96% of live-work units are defined as “wholly domestic”, it provides strong evidence of widespread non-compliance.

As indicated above the data in Table 2 is based solely on the occupier’s self declaration, with the exception of 30-40 Underwood Street where LBH has served an enforcement notice against the owner of the building, which is leased to 28 separate residential tenants. In the absence of site visits by the Council, it is possible that the level of non-compliance is, in fact, higher and that some occupiers have declared themselves to be compliant where in fact they are not. Even if site visits are undertaken, however, it is possible for occupiers to alter the appearance of units on a temporary basis in order to pass the live-work “test” – the use of the defined workspace exclusively for work. The ability of occupiers to make temporary changes to suit the definitions employed by either the VOA or LBH, depending on the circumstances, is an endemic problem with ensuring live-work compliance. In short, live-work use lacks “transparency” and is, in our opinion, in practical terms unenforceable.

Scheme	Live-work		Residential		Other*	
	Number	%	Number	%	Number	%
Red Square, Carysfort Road, N16	34	33	58	57	10	10
King's Wharf, 297-301 Kingsland Road, E8	31	65	15	31	2	4
Chocolate Studios, 7 Shepherdess Place, N1	15	75	4	20	1	5
Grove House, 16 Tudor Grove, E9	5	56	4	44	0	0
Cyntra Place, 201 Mare Street, E8	9	82	2	18	0	0
30-40 Underwood Street, N1	0	0	10	100	0	0
Spurstowe Works, Spurstowe Terrace,	0	0	4	50	4	50
Carrara Mews, 162 Dalston Lane, E8	1	17	4	67	1	17
Total (in Sample)	95	44	101	47	18	8
Source: London Borough of Hackney Enforcement Division			* vacant, no response etc.			

One of the reasons that many occupiers declared themselves to be residential only, may be that many live-work units are owned by investors rather than owner-occupiers and then let out. During the enforcement exercise, some tenants indicated that their rental agreements, often in the form of Assured Short-hold Tenancies (ASTs), expressly forbid work use from the unit, while other tenants indicated that they were ignorant of the planning status of the building, assuming it to be residential. Such ignorance would not extend to owner-occupiers, of course, who would be well aware through legal searches of the planning status of the unit. Hence we believe that in cases on non-compliance owner-occupiers would be more likely to claim live-work use than short-term tenants.

Later in this section we return to the question of the likelihood of securing compliance now and in the future, in the light of the turnover of tenants and the sale of units to succeeding occupiers. To conclude, although there are no doubt genuine live-work occupiers in Hackney, the evidence indicates that an unacceptably high proportion are not. Given that the live-work permissions were originally granted on the basis of meeting LBH's policies to promote employment use, and that the relevant proportion of workspace in live-work schemes was "counted in" when comparing the employment generating potential of the sites "before" and "after" change of use, then widespread non-compliance makes a mockery of LBH's employment policy (even if this was partly self-inflicted by the lack of enforcement by LBH over the years).

2.8 Compliance and the “Four Year Rule” for Lawful Development Certificates

This brings us to the question of occupiers’ rights to establish the use of a property after a certain period of time, known in planning jargon as “established use rights”. For most breaches of planning control an owner or occupier has to prove that the use has been established for ten years, and probably meet other criteria such as compliance with Building Regulations. In the case of either “operational development” (ie carrying out of building and engineering work) or “use as a single dwelling house”, the time-limit is only four years from the date of the planning breach. Circular 10/97 on “Enforcing Planning Control” notes that:

“This time-limit applies either where the change to use as a single dwellinghouse involves development without planning permission, or where it involves a failure to comply with a condition or limitation subject to which planning permission has been granted.”

Once the time-limit has passed, a breach of planning control becomes “immune” if no enforcement action has been taken.

In the case of a live-work occupier seeking to prove established use rights for residential and to get a Lawful Development Certificate, LBH enforcement officers have suggested to us that if the occupier can prove continuous residential use for four years through such evidence as payment of Council Tax, non-payment of Business Rates, payment of other household bills, and lack of any enforcement action on the part of LBH, then a Lawful Development Certificate could be granted. As all live-work units have to meet building and planning regulations for residential use in order to protect residential amenity, then they are likely to be compliant with residential Building Regulations. As we understand it, a Lawful Development Certificate is, de facto, a planning permission for change of use from live-work to residential.

As we will see in Section 3, 394 (29%) of the 1,336 live-work units completed between 1995 and the end of 2004, were completed prior to the end of 2000. A further 350 units were completed in 2001, hence by the end of 2005 there will be 744 live-work units that are more than four years old. The fact that LBH only began a systematic live-work enforcement exercise in 2004, and that this exercise has targeted no more than 20% of Hackney’s live-work stock to date, suggests that many non-compliant live-work occupiers have the potential to achieve Lawful Development Certificates for residential. Without a significant expansion of the live-work enforcement, the numbers of non-compliant live-work units that could theoretically achieve Lawful Development Certificates will increase rapidly.

2.9 Live-Work Use as an Affordable Housing Avoidance Strategy by Developers

2.9.1 Affordable Housing Policy

Live-work development, as so defined under LBH's 1996 SPG, has taken place during a period when national circulars have directed local planning authorities (LPAs) to seek a contribution to affordable housing from residential development. Circular 13/96 (8th August 1996) established a threshold of 25 or more dwellings as being appropriate for LPAs in inner London (including Hackney) to seek a contribution to affordable housing. Circular 6/98 (8th April 1998), at the time of writing the relevant circular, reduced the threshold for inner London (including Hackney) to 15 or more dwellings.

In response to the circulars, LBH adopted its own Interim Affordable Housing Strategy (SPG) in February 1998, which sought an affordable housing contribution on qualifying sites of 25%. There was no mention of live-work units in the 1998 SPG. At the time of writing, LBH is preparing to adopt a revised Affordable Housing SPG, under the heading "Interim Planning Guidance: Affordable Housing", a draft version of which was published for consultation in 2004. The most significant revision in the draft Affordable Housing SPG was to increase the affordable housing contribution to 50% on sites of 15 units or more, and 25% on sites between 5 and 14 units. These contributions may be redefined in the final document. There was no mention of live-work units in the draft SPG that went out to consultation in 2004.

2.9.2 Affordable Live-Work Units

In the Live-Work Interim Policy Guidance (IPG) of 1999, LBH raised the issues of both securing affordable live-work units and the suspicion that live-work schemes might deliberately be formulated by applicants to avoid affordable housing criteria laid down in the 1998 Affordable Housing SPG. The IPG noted that:

"The concept of affordable live work units is emerging although it is beset by problems. For example the Housing Corporation will not grant aid housing associations to provide these units for rent or shared ownership purposes."

The IPG did note, however, that Peabody Housing Trust was using its own funding to secure a small number of affordable live-work units in Wenlock Road, N1, and that private developers could "either directly subsidise the discounted sale of live-work units, in a manner similar to low cost home ownership schemes, usually involving Council nominees, or alternatively rent the units at a price in agreement with the Council." (Some chance!)

The composite nature of live-work units was considered by the IPG to give rise to contradictions. In a paragraph on s.106 agreements, the IPG noted that where business to homes conversions in neighbouring Islington took place, s.106 agreements were able to secure affordable housing. It then noted in relation to the situation in Hackney:

“Clearly if there is a suspicion that the live work units are in some cases being used for residential purposes then they are avoiding the affordable housing criteria. This is further reinforced by the fact that live work units are counting towards our housing targets yet failing to produce the amount of affordable housing units which a residential use would be expected to provide.”

In order to try to meet these concerns, the IPG’s revised policies regarding live-work incorporated the following clause:

“Schemes proposing more than 20 units shall provide affordable live-work space (25%) or make a contribution to local employment initiatives, until a new affordable housing strategy is adopted.”

By and large, this clause has failed to provide much in the way of affordable live-work units since it was adopted by LBH in July 1999. No doubt this is in large part due to the lack of Housing Corporation funding for live-work units and the unwillingness of developers to subsidise a proportion of the units, especially when the IPG offered the “get out clause” of a contribution to local employment initiatives. In our detailed analysis of each live-work scheme completed from 1995 to 2004, we found only two examples of affordable live-work being provided as part of a section 106 agreement, being 5 out of 57 units at Kings Wharf, 297-301 Kingsland Road, E8 and 7 out of 26 units at Anlaby House, 92-102 Shoreditch High Street, E1.

When it came to the Revocation of the Live-Work SPG in 2003, the report noted the failure to achieve affordable live-work units on most schemes, partly for the reasons indicated above. In addition the report tellingly referred to the lack of backing for its affordable live-work policy from Inspectors at appeal, referring to the Benyon Wharf, 293-297 Kingsland Road, E8, site as an example. In this scheme of 53 live-work units and 20,000 sq ft “pure” B1 space, LBH had sought a proportion of the units to be affordable. At the appeal, which was decided on 22nd August 2001, the Inspector noted:

- he would give very little weight in policy terms to the Live-Work SPG or IPG due to lack of public consultation, an issue to which we return in Section 3;
- the inconsistency of applying the 25% affordable live-work rule to schemes in the Borough, with LBH able to identify only four schemes incorporating such an agreement, only one of which had at the time of the Appeal been implemented;
- LBH had not produced any compelling evidence of the need for affordable live-work space, as opposed to the need for affordable residential units;
- In the one implemented affordable live-work scheme at King’s Wharf, 297-301 Kingsland Road, E8, (adjoining the appeal site), the five units were sold by the developer to Metropolitan Home Ownership at 58% of market value. MHO then

sold them on a shared equity basis to local self-employed persons with a minimum income of £24,500 per annum and minimum savings of £3,300. Such a qualification for the units did not suggest the buyers were in “housing need”.

The appeal was allowed on this and other grounds and the development is currently (March 2005) nearing completion.

2.9.3 Affordable Housing Avoidance

During the course of this study, we presented our initial findings on 20th January 2005 to LBH’s “Developers’ Forum”, a 6 monthly half-day get together, hosted by LBH Planning Department, and well attended by developers, architects and planning consultants. During the ensuing discussion there was universal agreement amongst developers, their agents and LBH staff that since the late 1990s, live-work policy in Hackney has been a planning “scam”, designed to facilitate higher value uses than “normal policy” would allow. In other words, live-work has been used to get round affordable housing and employment retention policies.

LBH has long contended in both live-work policy documents and at appeals that live-work is, at least in part, an affordable housing avoidance strategy. To date, however, LBH has signally failed to close this loophole. The evidence compiled in this report will, we hope, contribute both towards the refinement of affordable housing policy and to strengthening LBH’s hand in future appeals into live-work schemes.

The 2003 Live-Work Revocation report referred to the findings of the Chesterton study, including that:

“The case studies undertaken reveal that live/work developments are predominantly in residential use and that employment land is being lost through these schemes;

Live/work units are often ‘back door’ entry to gaining permission for residential use.”

The Revocation report went on to reiterate the concern in the 1999 IPG that, “There is a suspicion that the live-work units are being used solely for residential purposes, whilst avoiding the provision of affordable housing.” It also raised the concept of “threshold abuse”, (without calling it such), whereby developers were submitting schemes with up to 14 residential units and the balance made up of live-work units.

Taking this possible affordable housing avoidance tactic first, our research indicates that in 15 permitted developments, 12 of which have been implemented, there is a combination of residential and live-work units which add up to at least 15 units, but where there are less than 15 “pure” residential units (Table 3). In all but one of the 15 developments, LBH has been unable to secure either affordable housing or affordable live-work units. As a result, out of a total of 424 units, LBH has secured

only 11 affordable units (7 live-work and 4 residential), or 2.6%. Had all of the units, both live-work and residential, counted towards the threshold for affordable housing, then LBH might, in theory, have been able to secure 106 social housing units (or equivalent benefit) on these 15 schemes, based on its site-related target of 25% in the 1998 Affordable Housing SPG.

Scheme	Private Units	Live-Work Units	Social Units (Planning Gain)	Commercial Space	Planning Status at end 2004	Date of Completion (or Permission)
City Lofts, 112-122 Tabernacle Street, EC2	8	21	0	None	Complete	2000
Glassworks Studios, 41-49 Kingsland Road, E2	6	21	0	7,600 nsf showroom	Complete	2001
Union Central, 76-94 Kingsland Road, E2	8	16	0	16,000 nsf B1 / A3	Complete	2001
Cotton Lofts, 124-128 Shacklewell Lane, E8	14	19	0	6,749 gsf B1	Complete	2002
St Mary's Church Rooms, 3-5 Defoe Road, N16	4	11	0	None	Complete	2002
Anlaby House, 92-102 Shoreditch High Street, E1	11	19	4 (resi) 7 (l/w) shared equity	15,124 gsf B1 / A3 & 205 bed hotel	Complete	2003
Springfield House, Tyssen Street, E8	13	38	0	35,360 nsf B1	Complete	2003
Electric Lofts, 9-11 London Lane, E8	8	7	0	7,535 gsf B1	Complete	2003
The Timber Yard, 7-27 Drysdale Street, N1	12	27	0	26,565 gsf B1	Complete	2003
Vivante Apartments, Waterson Street, E2	11	17	0	11,668 gsf B1	Complete	2004
The Mercer Building, 86-90 Curtain Road, EC2	9	15	0	7,858 gsf B1 / A2	Complete	2004
Britannia Walk Apartments, 11-13 Ebenezer Street, N1	14	18	0	12,917 gsf B1	Under Construction	2005
27 Ramsgate Street, E8	13	14	0	B1 offices – 16,027 gsf	Permission	(November 2004)
21-31 Shacklewell Lane, E8	13	8 (rental only)	0	22,055 gsf A1/B1/B8	Permission	(November 2004)
Car Park site, Micawber Street, N1	12	6	0	8,837 gsf B1 offices	Permission	(April 2004)
Total	156	257	11			

Source: London Residential Research

Turning to the use by developers of live-work “per se” as a possible affordable housing avoidance strategy, we have undertaken an analysis of all live-work schemes with more than 14 live-work units (not already included in Table 3), that

were approved following the adoption of the Affordable Housing SPG in February 1998. 29 such schemes have been approved, of which 21 had (as at end 2004) been implemented. For each scheme Table 4 shows the number of private residential, live-work and social housing or live-work units, with the totals at the end of the table.

There are two distinct types of mix in the 29 schemes as follows.

- 17 of the 29 schemes are exclusively live-work, in which only one scheme has an affordable live-work element, being 5 shared equity units out of 57 live-work units at Kings Wharf, Kingsland Road, E8. In total there are 678 live-work units in exclusively live-work schemes, of which 5 (0.7%) are affordable live-work.
- 12 of the 29 schemes have a combination of residential and live-work units, in which 8 schemes have an affordable housing element, but no affordable live-work units. The number of pure residential units in the 12 schemes is 1,300 units, of which 379 (29%) are affordable units. The volume of affordable units is dominated by one scheme, Latham's Yard, where 215 of the 613 residential units (35%) are affordable. In none of the 12 schemes did the 340 live-work units "count" in determining the affordable housing liability.

Table 4: Live-Work Developments Where the Number of Live-Work Units is in Excess of the Affordable Housing Threshold, Granted Since February 1998

Scheme	Private Units	Live-Work Units	Social Units (Planning Gain)	Commercial Space	Planning Status at End 2004	Date of Completion (or Permission)
47-49 Tudor Road, E9	3	15	0	10,764 gsf B1	Complete	2000
Canal Building (Saref House), 135 Shepherdess Walk, N1	30	49	0	8 office units	Complete	2000
Kings Wharf, 297-301 Kingsland Road, E8	0	52	5 (shared equity live-work)	11,000 nsf – B1	Complete	2001
Quebec Wharf Phase 1, 315 Kingsland Road, E8	4	15	0	3,229 gsf B1	Complete	2001
Digby Works, 130 Homerton High Street, E9	0	18	0	4,467 nsf B1	Complete	2001
5 King Edward's Road, Phase 2, E9	0	19	0	None	Complete	2001
1-6 Bateman's Row, EC2	0	30	0	9,957 gsf B1 4,155 gsf D2	Complete	2001
Wenlock Works (Royal Building Phase 2), 23-41 Wenlock Road, N1	0	71	0	20,398 nsf B1	Complete	2001
Enterprise House, Tudor Grove, E9	0	20	0	B1 offices on ground	Complete	2002
The Chocolate Factory, 7 Shepherdess Place, N1	17	20	0	17,621 gsf B1	Complete	2002
Red Square, Carysfort Road, N16	0	114	0	None	Complete	2002
2-8 Anton Street, E8	0	18	0	7,750 gsf B1	Complete	2003

Table 4: Live-Work Developments Where the Number of Live-Work Units is in Excess of the Affordable Housing Threshold, Granted Since February 1998

Scheme	Private Units	Live-Work Units	Social Units (Planning Gain)	Commercial Space	Planning Status at End 2004	Date of Completion (or Permission)
5 Garden Walk, EC2	0	23	0	11,873 gsf B1	Complete	2003
Gainsborough Studios, New North Road, N1	139	76	40 (32 shared equity, 8 rented)	23,154 gsf B1, 4,446 gsf A3	Complete	2003
Ability View, 218-226 Kingsland Road, E2	0	20	0	B1 offices Bsmt-2 nd – 17,029 gsf	Complete	2004
Ability Plaza, 298-316 Kingsland Road, E8	0	101	0	14,000 gsf B1 offices on Ground and Mezzanine	Under Construction	2005
East Central, 257-269 Mare Street, E8	94	17	48 (most shared equity)	21,474 gsf B1, 4,984 gsf A1/3	Under Construction	2005
Haggerston Studios, 284-288 Kingsland Road, E8	31	14	0	15,511 gsf B1 offices	Under Construction	2005
Benyon Wharf, 293-297 Kingsland Road, E8	0	53	0	20,150 gsf B1 offices	Under Construction	2005
One N1, 6-24 Southgate Road, N1	84	19	30 (25 shared equity, 5 key worker)	27,394 gsf B1 offices Grnd and 1 st	Under Construction	2005
Former Simpsons Factory, 92-100 Stoke Newington Road, N16	39	8	13	17,061 gsf B1, 17,976 gsf B8	Under Construction	2005
Latham's Yard, Mount Pleasant Hill, E5	398	69	215	97,952 gsf B1/B2/B8	Permission	June 2004 – Appeal
15-21 Arcola Street, E8	0	15	0	None	Permission	October 2001
Hornes House, 15 Ramsgate Street, E8	36	4	12	B1 offices – 13,369 gsf	Permission	September 2004
1-9 Sidworth Street, E8	0	18	0	5,618 gsf B2, 3,885 gsf B1	Permission	April 2003 (July 2004 application for 36 social units)
260-268 Kingsland Road, E8	0	46	0	25,058 gsf B1	Permission	March 2004
11-23 Downham Road, N1	0	35	0	12,303 gsf B1 offices	Permission	November 2003
Euro Car Parks, Westland Place, Nile Street, Britannia Walk, N1	15	31	5	32,367 gsf B1	Permission	April 2004
2-26 Somerford Grove, N16	48	23	16	52,830 gsf B1	Permission	December 2004
Total	938	1,013	384			

Source: London Residential Research

To summarise the findings in Table 4, there are 1,013 live-work units approved since February 1998 in schemes with in excess of 14 live-work units, of which only 5 are affordable, or 0.5%. Had LBH been able to apply affordable housing policy to the 1,013 live-work units in Table 4, then, in theory, it could have been able to secure 253 affordable units (or equivalent benefit).

Taking the findings of Tables 3 and 4 together, where LBH might have been able to secure 359 affordable units (or equivalent benefit) from live-work developments “eligible” for affordable housing on the basis of scheme size alone, it in fact secured only 12 units.

In our opinion it is no coincidence that large live-work schemes emerged in Hackney subsequent to the adoption of the Affordable Housing SPG in February 1998, given that the framing of both live-work and affordable housing policy allowed developers to quite properly “work the system” to their benefit.

2.9.4 Live-Work and Affordable Housing – Preliminary Recommendations

The evidence presented in Section 2 of this report, points to widespread non-compliance with live-work use, and that the demand for large-scale live-work planning permissions has been driven more by developers than by end users. The fact that by designating units live-work, developers could both justify their developments in terms of LBH employment policies and justify not to have to provide social housing under LBH’s affordable housing policy, was a powerful combination – and one that has often been supported by planning inspectors at Appeal. In part, the lack of success by LBH at appeals has been due to its failure both to marshal compelling evidence of non-compliance and to undertake an effective enforcement programme.

At the start of the discussions regarding this report, we read the draft Affordable Housing SPG which was out to consultation at the time. We made the strong recommendation that live-work units be brought within the purview of the policy, along the lines that had been adopted by the neighbouring London Borough of Islington (LBI) in April 2003. Islington’s revised Affordable Housing SPG inserted the following live-work clause in order to deal with the (ab)use of live-work by developers as an affordable housing avoidance strategy.

“Live/work units are considered to be residential for the purposes of assessing whether policy H16 applies. The proposed non-residential element of the live/work unit is not considered to be a habitable room, and therefore will not be taken into account when assessing how much affordable housing is required. There is a need however to encourage mixed use schemes in Islington and requiring a full quota of affordable housing may be unreasonable in certain circumstances where a mixed use is seen as appropriate – e.g. in Clerkenwell (UDP policy CS2).”

In our discussions with Islington planning officers, they were of the opinion that the insertion of this clause had led to an abrupt halt in the submission of applications with a live-work component. Our own analysis of live-work applications in Islington subsequent to April 2003 indicates that only 5 live-work schemes have been permitted since live-work was included within the purview of the affordable housing threshold. Three of these schemes are under 15 units, and hence affordable housing policy does not apply. In the other two schemes the inclusion of ten live-work units took the total number of units in each scheme to 24, but in each case the application was made prior to April 2003 and approved before the end of 2003. There have been no live-work schemes approved since the end of 2003 where the total number of units is over 14.

There are two issues arising from the Islington experience. First, the inclusion of live-work units in the Affordable Housing SPG has been effective in stemming the flow of live-work applications in either large exclusively live-work schemes or where live-work units are added to a residential scheme to take the total number of units above 14. Second, the fact that this simple mechanism has “killed” the live-work market in Islington suggests that the demand for live-work use is developer rather than occupier driven. If it was the case that occupiers were “crying out” for units with full live-work status, then we might have expected live-work applications to continue to come forward, even with a level playing field between live-work and residential with regard to the affordable housing liability. In Islington this has not been the case – live-work use was expedient, not necessary.

We understand that a live-work clause may now be drafted for insertion into the final version of LBH’s revised Affordable Housing SPG. It is worth mentioning before we leave this subject, that in the policy environment of the late 1990s, the inclusion of on-site pure residential affordable units within live-work and commercial schemes would have had to be justified in terms of policies to restrict residential development within Defined Employment Areas (DEAs). Had LBH attempted to secure on-site social housing from such schemes, the developer might have been able to argue that if LBH could permit pure social housing on such a site, there was no reason not to allow a proportion of “pure” private housing. The fact that LBH has more recently permitted a proportion of pure residential in schemes within DEAs, indicates a changing policy stance in this regard.

2.10 Live-Work - A Failed Policy?

For live-work to make any sense as a *sui generis* use, then its composite nature as both “live” and “work” must be both transparent and easily enforceable. All of the evidence presented above supports our view that live-work is by its very nature opaque and, crucially, its successive and continued use as live-work is, to all intents and purposes, unenforceable. Even if LBH undertook a thorough going enforcement investigation of all 1,366 live-work units in the Borough in 2005, this time-consuming and expensive exercise would, we believe, have to be repeated at regular intervals,

say every two years, *ad infinitum*, and even then 100% enforcement would not be guaranteed. If at any point in the future, LBH failed to enforce for a period in excess of four years, if our interpretation of the regulations on enforcement is correct, it would be possible for some occupiers to claim Lawful Development Certificates for residential use.

Anecdotal evidence indicates that it is all too easy to set up live-work units in the manner in which the occupier believes the local planning authority requires on a temporary basis at the time of inspections. A significant proportion of units in Hackney are owned by investors and rented to tenants. Not only are tenants less likely to have the incentive to be compliant (some may be unaware of the planning status), but also the turnover of tenants is likely to be high. Even if today's tenant is enforced against successfully, tomorrow's tenant is a whole new case.

The same applies to owner-occupiers, albeit the rate of sales is much slower. On the other hand, the personal circumstances of all occupiers change over time. What should LBH do in the case of genuine live-work occupiers that become non-compliant because:

- The work use becomes part-time, and at other times the workspace is used domestically;
- The work use ceases because of business failure;
- The work use ceases because the occupier decides to become an employee after getting a great offer from Goldman Sachs or the London Borough of Hackney;
- The work use ceases or is reduced because the owner starts a family and decides not to move to a conventional C3 residential unit because they actually like living in Hackney.

In our opinion, although such changes would place the occupier in breach of their planning consent, it is not the role of LBH enforcement department to be the "Use Police" enforcing against households in the light of their lifestyles and personal circumstances. After the ignominy of business failure, for example, is it the role of LBH to rub salt in the wound and enforce the work use, perhaps even "evicting" the occupier? Should LBH attempt to penalise couples for having children and wanting to stay in their live-work unit in the Borough, but who can only stay by converting the workspace to the children's bedroom? Not least, it could be argued that such enforcement is an infringement of an occupier's civil rights.

Setting aside the issue of enforceability, the plain fact of the matter at present is that an unacceptably high proportion of live-work units in Hackney is in breach of planning permission. The evidence in Section 2.9 clearly points to use of live-work use by developers as a mechanism for avoiding potential affordable housing

commitments and circumventing LBH's employment policies – “win-win” for the developers, “lose-lose” for LBH. Developers admitted as much at LBH's “Developers' Forum”. By our reckoning, LBH has in theory “lost” at least 359 affordable housing units by not being able to secure either affordable housing or affordable live-work from live-work schemes.

Looking at live-work from the demand side, the evidence suggests that the work use being undertaken in most live-work units in Hackney would be allowed within a C3 residential unit without the need for planning consent. The VOA, for example, is clearly of the view that the work use within 96% of live-work units is “de minimus” and treats live-work units as de facto residential units. It is a myth, in our view, that there is strong demand for home-working which would fall outside permitted development in a C3 unit, and hence require a live-work planning designation.

By revoking the live-work use and attempting not to permit any further live-work units, therefore, LBH is not putting up a dam in front of an overwhelming demand for flexible live-work space, as this can be largely achieved through design and layout in any C3 unit. Imagine if all Hackney's live-work units were actually designated C3. LBH could then focus its enforcement efforts on breaches of C3 use through workspace becoming too extensive or intensive, rather than continuing the fruitless task of continual rounds of live-work enforcement.

If LBH has granted a certain type of planning consent in the context of its employment and other planning policies, it is reasonable in our view that it is able to guarantee that the approved use continues in the future. Live-work use is not transparent and is not, in a practical sense, permanently enforceable. In summary, live-work planning policy is not in our view capable of implementation in a manner that is either transparent or enforceable, and policy that is incapable of implementation is “bad policy”.

3.0 THE DEVELOPMENT OF THE LIVE-WORK MARKET AND PLANNING POLICY IN HACKNEY

3.1 Introduction

In this section we provide a detailed analysis of the operation of the live-work market in Hackney over the past 15 years. We have divided this period into three distinct phases:

- **“The Unregulated Era”** – up to 1994. This date reflects the adoption of the South Shoreditch advice on the introduction of residential use within the South Shoreditch Defined Employment Area (DEA).
- **“The Kick-start to Regeneration Era”** – 1995-1999. This period coincides with the introduction of Borough Wide policy in the 1996 Live/Work Supplementary Planning Guidance (SPG) and when LBH’s view of live-work was relatively “benign”.
- **“The Exploitation of the Planning Loophole Era”** – 2000 Onwards. This period coincides with the tougher policy stance in the aftermath of the 1999 Live Work Interim Policy Guidance (IPG), growing concern in LBH at the exploitation of live-work use by developers, and the Revocation of the Live-Work SPG in 2003.

In order to set the context for the market, the examination of each “era” includes a critical review of live-work planning policy and its implementation.

Whereas live-work planning policy has been reviewed in the past, not least by LBH, this review brings into the public domain key market data on live-work in Hackney, taking 31st December 2004 as the data point. This includes hard data on the extent of the live-work market in Hackney, including existing stock by year of completion, number of units under construction, units with planning permission and undetermined planning applications. The source of this data is London Residential Research (LRR) which was founded by Geoff Marsh, one of the authors of this report, in 1995. LRR has been collecting residential, live-work and other property data in Hackney since the company was founded, comprising both scheme and individual unit data including size and achieved prices. This places us in the unique position of being able to provide hard data on construction, planning, pricing, size, style and occupancy of live-work units in Hackney over a ten-year period. The data also allows us to compare live-work values with residential and commercial values over time. LRR’s planning data has been compared to LBH’s in order to test its veracity.

3.2 The Big Picture – Live-Work and Residential Development in Hackney 1995-2004

Before we go on to examine each of the three eras, it is useful to present briefly a summary of our live-work and residential stock data for Hackney, along with the current planning pipeline for live-work including schemes under construction, permissions and applications. In terms of completions to the end of 2004, we analysed in detail 360 completed live-work and residential developments of 5 units or more, including both private and social housing schemes. Appendices 1 and 2 at the end of this Review present our data on a transparent scheme by scheme basis by year of completion and in alphabetic post code order, including data on the number of units in four categories:

- private residential (market housing),
- live-work,
- social housing from planning gain on private housing sites,
- social housing from direct provision by registered social landlords or LBH.

The Appendices also include:

- a summary of the commercial uses on residential and live-work sites, including size, use class and, where available, number of units,
- the previous use of the site, prior to development, where available,
- the broad type of development, usually classified as new or refurbishment.

During the ten-year period from 1995 to 2004 1,336 live-work units have been completed in Hackney in schemes of more than 5 units (Table 5). During the same period 3,176 private housing units were completed, along with 195 social housing units that could be attributed to planning gain on private housing sites and 3,942 social housing units provided directly by RSLs and LBH. Note that the provision of direct social housing units includes “gross” figures for major estates redevelopment schemes, not taking into account the loss of units implied by either refurbishment or redevelopment.

There are two striking features in Table 5. First the proportion of social housing units achieved through planning gain, 195 out of total residential completions of 3,371 units (6%) is very low. Albeit one should bear in mind that LBH’s Affordable Housing SPG was not approved until February 1998 and that even after that date there would have been a large number of outstanding permissions where affordable housing would not have been secured due to permissions pre-dating the SPG.

Second, if we take live-work and private residential completions together (4,512 units), then live-work has accounted for 30% of all private and live-work completions over the past ten years as a whole. On an annual basis the proportion of live-work units has varied from 0% in 1995 to 41% in 2001. While from 1995 to 1999 the proportion was no higher than 22%, between 2000 and 2004 the proportion ranged

from 29-41%. This coincides with the implementation of affordable housing policies as evidenced in column 4 of Table 5, and, in our opinion reflects the use of live-work as an affordable housing avoidance strategy as detailed in Section 2.9.

Year	Private	Live-Work	Social (Planning Gain)	Social (Direct)	Total
1995	92	0	0	297	389
1996	108	13	0	525	646
1997	107	20	0	242	369
1998	261	72	0	405	738
1999	433	123	31	383	970
2000	395	166	0	662	1,223
2001	495	350	24	699	1,568
2002	473	232	45	212	962
2003	533	248	70	235	1,086
2004	279	112	25	282	698
Total	3,176	1,336	195	3,942	8,649

Source: London Residential Research

Although the Live-Work SPG may have been revoked in 2003, there are plenty of extant live-work permissions that are still being implemented, some of which have been granted on appeal subsequent to the Revocation. Hence, our data shows that as at the end of 2004 there were 242 live-work units under construction in Hackney, along with 518 private housing units, 124 social housing units deriving from planning gain and 195 social housing through direct provision (Table 6). The detailed scheme-by scheme data can be located in Table 11 on page 80.

At 32%, live-work units continue to comprise a significant proportion of the combined total of private and live-work units (760 units) under construction. LBH is evidently having greater success in securing on-site affordable housing through planning gain *on private housing sites*, where the 124 social housing units derived from planning gain is 19% of the total of 642 housing units on market-led sites. Note that this is less than the SPG's requirement of 25% because some of the private housing sites are below the 15 unit threshold (including one example of the type of threshold abuse referred to in Table 3 above).

Private	Live-Work	Social (Planning Gain)	Social (Direct)	Total
518	242	124	195	1,079

Source: London Residential Research

Turning to the development pipeline for live-work, we have undertaken a similar data analysis exercise to that described above for completed schemes and those under construction, but focused on live-work schemes only (Table 7). The detailed scheme-by-scheme information can be located within Section 3 of the report in Table 13 on pages 85-88. Note that although Table 7 lists private and social housing, these numbers reflect only housing that forms part of live-work permissions and applications, and is *not* the entire Hackney residential planning pipeline.

As at the end of 2004 there were 363 live-work units with planning permission in Hackney and a further 76 units at planning application stage that at the end of 2004 were yet to be determined. There are two issues arising from Table 7. First, that there remains a “rump” of live-work planning permissions in Hackney, none of which make a contribution to affordable housing. All of the 248 social housing units permitted as part of these live-work schemes derive from the private housing element (and are dominated by the 215 social units at Lathams Yard, where there happens to be permission for 69 live-work units, but where the social housing is planning gain for the 398 market homes).

Second, the volume of live-work units with outstanding planning applications is extremely low, at just 76 units in nine schemes. Only two of the schemes exceed 14 live-work units and our interpretation of recent planning activity on these sites suggests that they are unlikely to go down the live-work route. This suggests to us that LBH’s well publicised tougher stance on live-work, combining:

- the Revocation of the SPG,
- a “harder” approach in pre- and post application negotiations with applicants,
- the ongoing enforcement exercise,

is having an effect. At the same time, developers are losing their appetite for live-work, in part due to the enforcement campaign, but also due to market difficulties in selling live-work units. Although we cannot discount new major live-work applications being submitted, it seems likely that live-work applications will be restricted to smaller schemes and to attempts by developers to change the use of B1 elements of live-work schemes (that are proving slow to let) to live-work (as in the 5 Garden Walk, EC2, appeal for 5 live-work units that was in progress as at April 2005).

Table 7: The Live-Work Development Pipeline in Hackney at December 2004*				
Planning Status	Private*	Live-Work	Social* (Planning Gain)	Total
Permission	581	363	248	1,192
Application	49	76	0	125
Total	630	439	248	1,317
Source: London Residential Research				
*NB excludes housing in non live-work schemes				

3.3 “The Unregulated Era” – Up to 1994

3.3.1 The Origins of Live-Work in Hackney

By definition there is very little official data available on the market for live-work space prior to the mid-1990s. The authors of this report, however, have since 1980 been monitoring the property market in London, including Hackney, and the emergence of live-work as a use type in the early to mid-1990s was noted. This Review is also able to draw on author David Chippendale’s experience occupying a live-work building in South Shoreditch between 1993 and 2000.

In the unregulated era, live-work use was concentrated in South Shoreditch. The building stock in South Shoreditch in the early 1980s was overwhelmingly commercial, comprising a mix of:

- offices of all ages and types (including warehouse to office conversions),
- industrial and warehouse buildings (often Victorian in origin, some in industrial and warehouse use, but others providing cheap and cheerful B1 and “studio” style commercial accommodation),
- wholesaling (especially for shoes in Shoreditch High Street),
- retail,
- pubs, many of which closed early in the week and at the weekends,
- and plenty of vacant overgrown sites earmarked in the local plan for “employment generating development”.

Demand for commercial space had been quite strong in the second half of the 1980s, allowing some brand new office development to take place, exemplified by Leonard Square House, 20 Luke Street, EC2, a brand new six-storey office building of 61,390 sq ft net with 11,500 sq ft net floorplates, completed in 1990 just as the London office boom burst. More typically, the broad range of B1 stock was being well utilised by a range of occupiers, including a vast range of “support services” for the City of London and central London generally, including design, printing, computer back offices, architect studios, model-makers, etc. Why were they in South Shoreditch? Because property was relatively cheap for such a central location.

When the UK and London economies went into recession in the early 1990s, areas like South Shoreditch were hit by a double whammy. Not only did the occupier base collapse as the City “support services” downsized or went into receivership, but also because the central London office market was so chronically over-supplied (33 million sq ft available in 1992-a 20% availability rate), rents were slashed in all locations, allowing the surviving denizens of South Shoreditch to relocate more central locations.

If you walked the streets of South Shoreditch in the early 1990s, it was as if someone had pulled the plug and occupiers had swirled out of the area. In Charlotte Road, EC2, a key commercial street at the very heart of the “Shoreditch Triangle” with an evocative historic building stock, almost every single building had a board on it – “To Let”, “All Enquiries”. Most were indeed vacant. Dancon, the benighted developer of 20 Luke

Street, ended up in receivership and its Hackney flagship development sat empty for two years before being leased by a local occupier, the global financial information company Datastream, in July 1992 at the knock down rent of £13.50 psf and 3 years rent free.

So, to all intents and purposes, South Shoreditch was “dead”, vacancy rates were extremely high, and, unlike previous slumps in demand and peaks in vacancy, this one went on, and on and on, with the commercial property market going into recession in 1990 and not really emerging until 1996, and then only in more central locations. Building owners lived in hope for a while, but eventually were willing to offer space at virtually “nil” rent in order to get buildings occupied and the rates paid. This was the atmosphere in which live-work “pioneers” began to colonise the empty building stock, usually the buildings which had an aesthetic appeal to such pioneers, being the multi-storey Victorian furniture factories, warehouses and showrooms for which Shoreditch is rightly famous. Some just set up studio workspaces, but others set up living spaces, sometimes attempting to get planning consent, but often occupying out-with planning consent. There were also many examples of business property being let out as purely residential space without planning consent, e.g. “The Carter Buildings” at the southern end of the Kingsland Road, E2, which eventually received a Lawful Development Certificate for residential.

Given the lack of demand for any type of commercial property in the area, and that LBH was itself through the Dalston City Partnership (DCP) attempting to undertake physical regeneration, there was a good deal of sympathy for the live-work pioneers in LBH. The pioneers were bringing redundant buildings into use, improving the built-fabric through refurbishment, utilising local business and residential support services and were often self-employed or small businesses in sectors that LBH wished to encourage such as:

- art (fine and conceptual)-Hackney was the heartland of “BritArt” in the 1990s, and that has much to do with the availability of cheap stock. Much of the research for Tracy Emin’s “Bed” was, we believe, undertaken within the Borough.
- photography-not only was Shoreditch home to a concentration of self-employed photographers, who found that the buildings converted well to shooting studios (high ceilings, good light), darkrooms and offices, but also it had a concentration of commercial processing facilities in locations such as Perseverance Works (a 1980s pure commercial workspace scheme).
- craft-along with fine art, but very much for the same reasons, Hackney’s commercial buildings were attractive to craft workers in various media, including ceramics, wood, glass etc. The annual art and craft “fair” incorporated a “trail” visiting studios, which were often live-work units.
- design-including small-scale architecture, interior design, product design etc.

In the light of the above factors, LBH began to receive planning applications to introduce residential use into various small-scale commercial buildings, mostly in South Shoreditch. As we saw above in the Nile Street example in Section 2.1, the term live/work was being used by applicants as early as 1993 (if not before) and that LBH was willing to approve a limited number of changes of use prior to formulating a specific policy. Indeed, the 1995 UDP offered the option to include residential within DEAs, with the standard planning policy construction that residential use would not “normally” be allowed.

3.3.2 Live-Work Values in the Unregulated Era

There is little hard data available for this period, but we are confident that our anecdotal evidence is representative of values in Shoreditch in the early 1990s. First, a good proportion of the live-work pioneers were tenants, and might be paying rents in the order of £0-5 psf, business rates in the order of £3-4 psf and, in some cases, service charges. Hence, an occupier could be looking at renting 1,000 sq ft flexible space for an overall accommodation cost of say £3,000-9,000 per annum, or £250 to £750 per month. Given that in a split site situation, the cost at the time of renting a flat at say £600 per month and a workspace at say £300 per month, live-work was seen as not only convenient, but also cheaper.

For those who took the plunge to buy into the local stock, rather than rent, values were by today’s standards incredibly cheap. This should come as no surprise. The basis of valuations was the commercial value of the property in a market where there was no demand for commercial space. Even a tenanted commercial building with a clutch of designers paying say £10 psf on average, would not be worth much more than £100 psf. With vacant possession, that figure could easily be halved. Hence it was not unusual for a commercial building that a live-work pioneer was seeking to buy, might cost in the order of £40-80 psf with vacant possession, or say £56,000-112,000 for a typical 1,400 sq ft unit.

For the typical artist/designer or other interested occupier, these prices did not seem cheap in the context of the time (severe economic and property recession). There were very significant barriers to purchase. Banks and building societies were often unwilling to lend on commercial property for a use they did not understand, by owners that had no financial “track record”. Even when lenders were willing, buyers were typically asked to produce three years accounts and to inject at least 35% of the equity. In a recessionary environment, when many homeowners were in negative equity, finding in the region of £20,000-40,000 in cash on day one, was for many an insurmountable obstacle. Many of the buildings were in poor physical condition, and even when they were not, even the most basic live-work occupier required kitchen, toilet and bathroom facilities to be inserted into the building. Hard enough to fund after the purchase had absorbed most of your savings.

3.3.3 The Establishment of Planning Policy

It was in this local economic and property market context that LBH began to formulate policy to deal with the many small-scale applications it was determining in the early 1990s. In our view, LBH officers and committee members were broadly sympathetic, in that live-work pioneers were seen as regenerative, adding to the local business base in innovative sectors, and protecting employment use in the non-residential parts of the buildings.

The first relevant policy document was adopted in July 1994 and related specifically to the South Shoreditch DEA where most applications were being received. Entitled “A Guide to Planning Policy Interpretation: Entertainment and Residential Proposals in the South Shoreditch Defined Employment Area”, the report began with the statement:

“This report considers the effects of the current economic recession on land uses and vacancy levels in the South Shoreditch Defined Employment Area (DEA).”

setting the policy firmly in the context of market conditions at the time. The key recommendation in relation to residential use was:

“(A) Within the South Shoreditch Defined Employment Area, residential use may be permitted having regard to the policies in the Hackney Unitary Development Plan and other material considerations, including those identified in paragraphs 19-27 below.”

At the time the UDP was still in Draft form, not being adopted until the following year, 1995, but contained clear policies that residential development would not normally be permitted in DEAs and that the Council would normally resist proposals resulting in the loss of employment generating floorspace or land.

The relevant material considerations with regard to residential proposals included:

Scale The property should be of relatively small scale with the residential use confined to the upper floors of older terraced properties. Large scale properties should be retained for employment use, but that where large properties were considered unsuitable for general industrial use, part residential use might be considered if this secured business use in the remainder of the building.

Condition If the property was derelict or run down, residential use might improve its appearance and the general perception of the area.

History Specifically the length of vacancy, where “long vacant” might be grounds for change of use to residential.

Details of

Proposal Considerations such as providing affordable housing, association with an employment use in another part of the building, and whether it was “for combined live-work use?” [The only reference to the term live-work in the report].

Surrounding Uses Residential use would be inappropriate adjoining B2 premises or other “nuisance” uses such as nightclubs and mini cab offices.

Suitability for Residential Essentially to secure residential amenity in terms of ventilation, light, over-looking, room sizes, floor to ceiling heights, waste management, and traffic noise.

Suitability for Employment If the building was suitable for continued employment use in terms of off-street servicing, parking, floor loadings, floor to ceiling heights, and that suitable employment buildings should be retained in employment use.

Demand In the context of chronic over-supply, releasing “marginal poor quality [employment] floorspace”, would not compromise LBH’s general policy against residential use in DEAs. By adopting a flexible approach, LBH would be seen to be looking at all material considerations and might help to “defend the [employment retention] policy and so avoid a major breach.”

Overall, the South Shoreditch DEA residential policy of 1994 was framed in order to deal with “possible exceptions to normal policy”.

During 1994 and 1995, further applications for live-work use were submitted to LBH, including not only small-scale proposals to regularise existing live-work situations, but also conversions of larger buildings and entirely new build schemes. Crucially, some of these application sites were located outside the South Shoreditch DEA. In response, LBH adopted an innovative Supplementary Planning Guidance (SPG) in June 1996 entitled “Live/Work Development”.

Broadly speaking the SPG was supportive of live-work proposals in the context, of course, of other LBH planning policies. In noting the increasing demand for live-work accommodation in Hackney, the SPG specifically highlighted live-work as:

- a means of enabling the establishment of small businesses,
- a legitimate response to “a new way of working”,
- bringing mixed use into employment areas, without compromising employment status,

- sustainable development, cutting down trip generation,
- bringing “life” to otherwise “dead” night time areas,
- a means of bringing vacant buildings back into use,
- a means of refurbishing buildings, including the enhancement of Conservation Areas.

As far as we are aware, however, there was no public consultation on the SPG, and according to various later appeal decisions, this considerably weakened this “non statutory guidance” in the eyes of the Inspectorate.

In the light of live-work proposals being submitted, the SPG laid down some important criteria for assessing live-work proposals. These included:

- A minimum floorspace of 70 sq m (753 sq ft).
- An identified functional workspace.
- A maximum of two bedrooms, to discourage family accommodation.
- The workspace being able to accommodate the full range of B1 uses, including light industry.
- Access for bulky goods with 2m wide doorways to work areas.
- An acceptance that the usual standard of distance between habitable and non-habitable windows would not be met.
- A reasonable level of residential amenity be provided, such that live-work would not be permitted close to B2 uses.
- In the Wenlock Basin and Hackney Road/Kingsland Road DEAs, LBH policies sought the retention of general industrial use.
- Conversion to live-work would not be permitted where a building was well suited to continued employment use, even if there was a history of vacancy.
- New build live-work schemes should be properly serviced including goods lifts to upper floors.
- Parking of one space per unit would be sought, but it was accepted that this would be difficult to achieve off-street in many locations.
- Live-work units would not be permitted on ground floors in DEAs, except in small buildings where the work use could be situated in the ground floor.

Of crucial importance in the definition of live-work, the SPG introduced the following model planning conditions to be attached to each live-work permission.

“Each live-work unit hereby approved shall be occupied as a single integrated unit and shall not be subdivided without the prior written approval of the Local Planning Authority.”

“The work element of each live/work unit hereby approved shall be a use which can be carried out without detriment to the amenity of the occupants of other units by reason of noise, vibration, smell, fumes, smoke, soot, ash, dust or grit.”

“The work area identified in each unit shall be used for work purposes only and not as residential accommodation. (This will always apply in the instance of ground floors within DEAs).”

In addition, in order to protect neighbouring industrial and other employment uses from environmental protection and other actions by live-work occupiers, the following standard informative was drafted for live-work units within DEAs.

“Your attention is drawn to the location of this site within a Defined Employment Area where the Council’s planning policies encourage the retention and re-use of sites and premises for employment generating uses. These may include general and light industrial buildings, warehouses and offices etc. which could be potentially disturbing. The Council will not seek to restrict an appropriate employment generating use on the basis of the residential content of the accommodation hereby approved.”

Under this broadly encouraging policy framework, live-work development in Hackney was already entering into its next phase, when the implementation of live-work became more widespread through the Borough, but in terms of overall numbers of units it remained a fairly modest market phenomenon.

3.4 The “Kick-Start to Regeneration Era” – 1995 to 1999

3.4.1 A Brief Analysis of the Live-Work Development Market 1995-1999

Appendix 1 of this report provides a scheme-by-scheme schedule of all live-work and residential (private and social) completions in Hackney during the period 1995 to 1999 in schemes of 5 units or more. One or two live-work schemes below the 5-unit threshold have been included where we feel they are particularly significant in establishing the location of live-work development and pricing data in the Kick-Start Era. A summary of the data in Appendix 1 can be found in Table 5 in Section 3.1. With regard to the data, we make the following comments.

- Live-work completions in schemes of 5 units or more were low in the period 1995-1997, with only 33 units being implemented. Indeed, there were no significant completions in 1995, when live-work consents were typically very small scale, possibly involving the regularisation of existing situations.
- The extent of the live-work development market increased significantly in 1998–1999, when 72 and 123 units respectively were completed. Even then, however, live-work accounted for no more than 10-12% of overall housing completions, albeit they did comprise 22% of the “market housing” completions (combining private residential and live-work).
- Most private residential schemes were still able to avoid affordable housing commitments through the 24-unit threshold appertaining from 1996-1998 and by

virtue of historic permissions pre-dating LBH's 1998 Affordable Housing SPG. The first genuine planning gain on-site derived social housing was not completed in Hackney until 1999 – and even then comprised only 30 units.

- These being the days before “mixed-use” became the planning fashion, significant non-residential components in either live-work or residential schemes were rare in this period.
- In the very early years live-work tended to be in the form of very large units in warehouse style conversions, almost all in the south of the Borough.
- Although most commonly associated with Shoreditch in the popular imagination, the five largest live-work schemes completed in the Kick-Start Era were in other parts of the borough, being Liberty Lofts, Mount Pleasant Hill, E5 (20 units, 1997), Dehavilland Lofts, Theydon Road, E5 (41 units, 1998), City Reach, Kingsland Road, N1 (15 units, 35 residential and B1, 1998), 5 King Edward's Road, E9 (66 units, 1999) and Indigo Loftside, Carysfort Road, N16 (20 units, 1999).
- These five schemes were developer-led and gave a taste of what was to come in the “Exploitation Era” from 2000 onwards.
- As early as 1999 developers sought to change the use of newly converted B1 space in live-work schemes to live-work on the grounds of protracted vacancy (Liberty Lofts).

3.4.2 Pricing Analysis of the Kick-Start Era 1995-1999

Since 1995 LRR has collected data on each unit in residential and live-work developments, including size and pricing, with pricing on a £psf basis for ease of comparison. Table 8 presents size and £psf pricing data for those schemes that we hold good data for and which illustrate changes in unit size and pricing over time. In order to make valid comparisons with market housing, we have included key data on non live-work schemes in the Borough. Table 8 is lengthy, but positions the data by year, and then according to value of location, so that for each year, a quick look at the pricing goes from the highest value locations in the south of the borough, out to the lower value locations to the north and east.

The main findings arising from Table 8 are as follows:

- Shell finishes were very common in early years, for both pure residential and live-work, and this must be taken into account in price comparisons, given that the occupier has to pay the cost of fitting out, which could be in the order of £30-70 psf, depending on the depth of one's pockets.

Table 8: Pricing Analysis of Residential Developments Completed 1995-1999							
Scheme	Mix of Uses	Pure Residential Units		Live-Work Units		Live-Work Discount to Pure Resi	Comment
		Av. Size Sq Ft	Av Price £psf	Av. Size Sq Ft	Av Price £psf		
1995 Completions							
Time Square, 9-21 Colverstone Crescent, E8	61 private units	No data	No data				Industrial conversion
23-28 Manor Road, N16	20 private units	No data	No data				Suburban style new build
1996 Completions							
The Forum, Independent Place, E8	17 private units	1,264	£78				Warehouse conversion. Shells
1 New Inn Square, EC2	9 Live-work units			2,160	£86		Warehouse/office conversion
The Bell, 136 Shoreditch High Street, EC2	6 private units	456	£138				Office above pub conversion
17-18 Clere Street, EC2	4 live-work units			1,900	£110		Office/warehouse conversion
24-32 Shepherdess Walk, N1	30 private units	2,040	£90				Industrial conversion. Shells
1997 Completions							
de Beauvoir Place, 348-360 Kingsland Road, E8	30 private units	732	£144				Mainly new build in Georgian style
Newington Place Mews, N16	24 private units	738	£152				New build in Victorian warehouse style.
1998 Completions							
58-60 Great Eastern Street, EC2	6 Live-work units			804	£215		Industrial conversion
1-4 Christina Street, EC2	10 private + 4 live-work units	608	£225	651	£219	3%	L-W discount not significant. Shells
Butler House, 51 Curtain Road, EC2	6 live-work units			945	£202		Warehouse conversion, shells
The Factory, 10-22 Shepherdess Walk, N1	50 private units	1,518	£161				Industrial conversion – Manhattan Loft involved. High profile cool arrives Shells
City Reach, Kingsland Road, N1	35 private + 15 live-work	667	£127	688	£117	8%	New build and refurb. Sales in Hong Kong.
Eastside Academy, Dalston Lane, E8	57 private units	1,117	£106				Education building conversion. Shells

Table 8: Pricing Analysis of Residential Developments Completed 1995-1999							
Scheme	Mix of Uses	Pure Residential Units		Live-Work Units		Live-Work Discount to Pure Resi	Comment
		Av. Size Sq Ft	Av Price £psf	Av. Size Sq Ft	Av Price £psf		
The Rope Walk, 116-118 Middleton Road, E8	5 live-work units			1,373	£133		Conversion. Shells
20-22 Shore Road, E9	10 live-work units			918	£117		Conversion. 1,000 sq ft + units under £100 psf
Dehavilland Lofts, Theydon Road, E5	41 live-work units			1,230	£80		Conversion of 1930s art deco industrial in middle of industrial estate
1999 Completions							
36-42 New Inn Yard, EC2	6 live-work units			1,537	£170		Conversion. Shells
107 Clifton Street, EC2	4 private units	1,257	£299				Is this price jump an anomaly? Or start of the boom.
87-89 Paul Street, EC2	6 live-work			1,328	£228		Warehouse conversion. Interesting planning history
44-48 Shepherdess Walk, N1	6 live-work units			931	£215		Commercial/B1 conversion. Shells
One Hoxton Square, N1	8 live-work units + A3			826	£218		L-W was new build
Hoxton House, 34 Hoxton Street, N1	6 private units (and D1 space)	797	£303				Conversion, fully fitted. First example of £300 psf + in LBH
1 Rufus Street, N1	6 private units	1,163	£257				Industrial conversion. Shells
Royle Building, Wenlock Road, N1	97 private, 22AH, 4,000 nsf office	836	£212				New build
St Andrew's Mews, Dunsmure Road, N16	53 private	669	£167				New build, suburban style
Fleetwood, Stoke Newington High Street, N16	17 private units	1,171	£168				School conversion. Shells
Indigo Loftside, Carysfort Road N16	20 live-work units + 3,600 sq ft office			838	£174	Implies little or no discount	Conversion? Shells

Scheme	Mix of Uses	Pure Residential Units		Live-Work Units		Live-Work Discount to Pure Resi	Comment
		Av. Size Sq Ft	Av Price £psf	Av. Size Sq Ft	Av Price £psf		
Holland House & Isaac Watts Court, 42 Newington Green, N16	24 private units, 20 AH	640	£248				Peabody "exemplar" mixed use scheme. New build
Principal Lofts, Chelmer Road E9	33 private, 9 AH	1,160	£133				School conversion. Shells

Source: London Residential Research

- There was only marginal pricing discounts of live-work to pure residential up to 1999, both in headline terms, and when taking into account unit size, position in development, shells, location.
- A high proportion of units in Table 8 were marketed locally, when Hong Kong, Singapore and other overseas locations were already high on the agendas of other central London locations at this time (albeit City Reach was largely sold off-plan to Far Eastern buyers.)
- Live-work use had got outside the south of the Borough by 1998, spearheading regeneration into hitherto distinctly "uncool" places.
- It is worth noting that prices will typically be a year or so ahead of completion data, since nearly all residential development in London is marketed off-plan.
- Unit sizes for both live-work and pure private residential were often very large during the period 1995-1999 in comparison with adjoining boroughs.
- As time moved on, it was increasingly common for pure private residential units to be bigger than live-work units (very large units generally in Hackney were bigger than in either Islington or Tower Hamlets, giving Hackney a competitive advantage for households wanting big space at a very competitive price).

In other words, the purchasers of live-work up to 1999 were not so much "scammers" as pioneers. They did not get much of a discount to pure residential, and their adventurism was a very significant factor in kick-starting regeneration in particular locations within the Borough.

The concentration of activity from 1995 to 1999 in industrial conversions is crucial for two reasons. First, the implied loss of employment, and second, the market realities of regeneration in "dodgy" locations. In our view, the process from 1995-1999 was

clearly regeneration in a sustainable (re-use way). More important, commercial refurbishment would not normally have been viable in these buildings, given low rents/capital values and hence funding problems (and speculative office construction was very low until 1997 throughout central London, never mind in the City Fringe and beyond). Equally, new build commercial would not be viable, so residential-led conversion would have been by far the most sensible way forward in both market terms, and in planning policy terms.

An important question to pose, although we probably can't answer it reliably, is whether the industrial to residential conversions and new build residential on employment land actually cost jobs in Hackney during 1995-1999, both in terms of displacement of existing jobs, and opportunity cost of the space not being available for local business relocations and start-ups. Unfortunately, the LRR database is not reliable about whether the industrial buildings were vacant at the time of planning application, or had been made vacant by landlords/owner occupiers due to "hope value". Maybe LBH Planning reports help, but we don't have the time to review every site. Doubtless there was some displacement and opportunity cost due to hope value – there always is.

Our instincts are that "bodgers" (occupiers of very low grade commercial stock) would have genuinely suffered because of the 1995-1999 trends, but that the second-hand market could have offered a wide choice of cheap and cheerful space to crafty/office occupiers. (We leased 8 Northburgh Street, EC1 (Clerkenwell) in 1996 at £12 psf in a decent building with a trendy address. Northburgh Street was interesting, because small offices and design firms were driving out genuine light industrial, but that's what the planning system allows).

3.4.3 The Planning Policy Response – 1999 IPG

Although it does not show up in our completions data, given the time lapse between permission and completion, by the end of the Kick-Start Era live-work development had moved up a gear in Hackney, preparing the way for the construction of hundreds of units in major schemes across the Borough, usually within DEAs.

By 1998 and 1999, LBH was seriously concerned about the use of live-work planning policy to circumvent both long-established employment policies and newly minted (1998) affordable housing policy. Indeed, in our view it is no coincidence that the boom in live-work permissions and construction, coincided precisely with the introduction of formal affordable housing policies by LBH and neighbouring boroughs. Setting aside all the other planning, development and marketing issues of housing development, why develop office to residential conversions with a 25% affordable housing liability, when LBH would, theoretically, allow B1 to live-work with no liability whatsoever?

It was against this background that LBH attempted through the July 1999 Interim Policy Guidance (IPG) "Policy Guidance for Live-Work Uses" to tighten policy in an

attempt to thwart the perceived and actual abuse of live-work policy by developers. With the benefit of hindsight, LBH's efforts were in vain, but we will examine the IPG's provisions. The IPG was interim because it was seen as a "stop gap" until the review process of the 1995 UDP was completed which was stated, heroically, to be "at least 2 years" away. The IPG did not supersede the 1996 SPG, but was additional to it.

The IPG noted the substantial increase in live-work permissions with at least 900 consents at that date and that a new build application for 120 units had recently been received (Red Square, Carysfort Road, N16), but that there was no specific guidance in the 1996 SPG for new-build live-work schemes. In order to address the issue of lack of consultation on the 1996 SPG, that had already been raised as a weakness in one appeal decision, the IPG was to be submitted to LBH's neighbourhood committees. In later appeals, the Inspectorate did not, however, consider this to amount to significant public consultation.

The IPG then went on to highlight the following problems with live-work policy as implemented, which can be summarised as follows:

- The definition of live-work was too simplistic.
- The standard conditions to control actual use of the units implied scepticism about compliance, but it was noted that no enforcement action against live-work units had yet been undertaken.
- Live-work proposals were being judged against policies formulated for small-scale conversions in South Shoreditch, while developments were by implication larger and more widespread.
- The lack of standard definitions to establish either a history of vacancy or the suitability for continued employment use in application sites. It was noted that as operational businesses were not eligible for change of use, property was being vacated deliberately to fulfil policy criteria for vacancy.
- Implemented live-work schemes were impacting on neighbouring commercial uses through "nimbyism".
- The problems of securing affordable live-work units, due to Housing Corporation rules.
- That live-work was being used to avoid s.106 obligations including affordable housing.

The IPG then went on to define revised detailed policies for live-work, making a split between sites (A) within and (B) without DEAs. Within DEAs live-work would only be allowed where the following criteria could be met:

1. No loss of sites suitable for continued B1-B8 uses.
2. At least six months vacancy.
3. No impact on neighbouring businesses.
4. The scheme incorporates provision for the full range of B1 activities in terms of floor loadings, service access etc

5. Schemes with over 20 units should provide 25% affordable live-work space, or make a contribution to local employment initiatives.
6. Live-work development would only be allowed in occupied B1-B8 space in exceptional circumstances, for example where refurbishment would only be viable with change of use or at least one year's marketing showed no demand for the existing space.
7. No live accommodation on ground floors.
8. The live-work development would preserve and enhance Conservation Areas.
9. The live-work development would preserve and restore listed buildings.
10. If on vacant sites, only where B1-B8 uses could be proven unviable.
11. Fulfilling the requirements of the [1996] SPG in terms of space standards and the like.

An appendix attempted to define the validity of vacancy and continued suitability for B uses. Outside DEAs, the criteria were less stringent, but did include the affordable live-work clause. The differentiation between DEA and non-DEA sites was essentially to point out to developers that within DEAs live-work use would be viewed by LBH as an exception requiring strong justification and that outside DEAs it would be viewed by LBH as an acceptable land use. As we will see in Section 3.5, below, the IPG was well intentioned, but no match for either developer guile or, in our opinion, for the lack of enforceability and transparency implicit in live-work use. The IPG's affordable live-work provisions were merely hopeful and in any case offered the developers a "get out clause" of a (woolly) contribution to local employment initiatives. The IPG could not deal with the fundamental problem of ongoing lack of compliance. Lack of affordable provision (either live-work or housing) and widespread non-compliance with the work element were to be two key features of the expansion of the live-work market in Hackney from 2000 onwards.

3.5 Exploitation of Planning Loophole Era – 2000 to present

3.5.1 A Brief Analysis of the Live-Work Market 2000-2004

Appendix 2 provides a schedule on a scheme-by-scheme basis of live-work and residential completions from 2000-2004, based on identical criteria to Appendix 1. This was a period when the scale of development in the Borough moved live-work from a niche market to a staple of the local property market. Over the five years of the Exploitation Era, 1,108 live-work units were completed in 70 schemes, with peak completions of 350 units in 2001. If we take the combined total of market housing and live-work completions over the period at 3,283 units, then live-work accounted for 34% of the Borough's private housing market. Regarding this period, we would make the following general comments.

- As well as an increase in overall numbers, there was a very significant leap in the scale of individual developments. Whereas in the Kick-Start Era (1995-1999) there were only five completions of 15 units or more (the biggest of which had 66

units), in the Exploitation Era (2000-2004) there were no less than 25 schemes completed with at least 15 units.

- Four developments in the 2000-2004 period exceeded 50 live-work units. The largest scheme, Red Square, Carysfort Road, N16, a new-build development in Stoke Newington was the largest live-work scheme in the Borough with 114 live-work units.
- In the Kick-Start Era there was only one live-work scheme with a new-build element, and even in that scheme most of the live-work units were located in a refurbished former office building. In the 2000-2004 period no less than 28 of the 70 schemes were in brand new buildings.
- As schemes got bigger and “newer”, the unit sizes for live-work got smaller. The 1996 SPG specified a minimum size of 70 sq m (c.750 sq ft) and live-work units have generally exceeded this size. Towards the end of the 2000-2004 period, unit sizes were typically less than 1,000 sq ft, which although exceeding the planning minimum, is much lower than the size of units in the Kick-Start Era.
- Where the very earliest examples of live-work were driven by the final-user, when the owner or tenant of the unit was normally the applicant, the period 2000-2004 was almost exclusively the preserve of property developers.
- In most cases although marketed as live-work, developers were keen to emphasise the residential nature of the scheme over the work element. Indeed, physically, especially in new-build schemes, live-work lost its work “aesthetic” and in many instances became indistinguishable in design terms from pure residential development. Shell finishes became a rarity, with flats sold either fully-fitted with all the latest bathroom and kitchen gizmos, or fitted out by the developer for the letting market. These were no New York style “lofts”.
- As the 2000-2004 period progressed it became much more common for either live-work or private residential development to incorporate pure employment uses. Latterly, as we will see in section 3.7, the B elements have become quite large. A very common use mix which emerged within DEAs is what we call the “Hackney layer cake”, with basement parking, ground and perhaps first floor for pure B use (usually offices), live-work on the intermediate floors and pure residential on the top floors (rarely exceeding 14 units of course). This is significant in that it sets precedents for pure residential within DEAs.
- On-site affordable housing was secured during this period, with 164 social units completed that can be attributed to planning gain on market housing sites. As we saw earlier in section 2.9, live-work’s contribution to affordable stock was only 12 shared equity live-work units.

- From its origins in South Shoreditch, during the Exploitation Era live-work schemes spread right across the Borough. This was especially evident within DEAs where there was a presumption against residential development, but where live-work could achieve equivalent values and supposedly meet LBH's employment retention policy criteria.

In summary, LBH opened the door to live-work development with its 1994 and 1996 policy documents, but it was not until the period 2000-2004 that the nature of the live-work market fully evolved. By the end of the Exploitation Era live-work was about as far removed from its regenerative roots as Clapton is from Mayfair.

3.5.2 Pricing Analysis in the Exploitation Era

Table 9 is designed to see whether between 2000 and 2003, live-work became a more systematic and obvious abuse, bearing in mind that many post-2001 completions don't have established residential use "4 year protection" yet. For the period 2000 to 2003, we are still looking primarily to establish historic market trends, and the likely level of discount (if any) which live-work pricing was set at in comparison with pure residential. For 2004, we have produced a separate table (Table 10) which focuses on the number of unsold recently completed live-work units, as a first attempt to establish whether developers are suffering from slow (or no) sales as a consequence specifically of LBH's live-work enforcement actions.

Based on the data in Table 9, we make the following comments about prices and the market in the period 2000-2003:

- "Trendy" live-work conversions were often getting higher values than "boring" new-build or refurbishments.
- This period saw the start of very early "off-plan" marketing, which adds another dimension of difficulty to estimating the live-work discount to pure residential, as the prices achieved in say a 2003 completion might reflect sales before a construction start in say 2001, e.g. King's Wharf, Kingsland Road, E8. These early off-plan buyers were almost certainly investors rather than owner-occupiers.
- Anecdotally we know that trendy schemes in 2001/2 were almost totally investment dominated, exemplified by Red Square, Carysfort Road, N16. These off-plan units could of course have been resold off-plan to genuine live-workers, but we doubt if that is common.
- Conversion of education buildings, which was common in the Borough over this period, doesn't seem to attract an employment replacement, even though lots of jobs are lost. We should obviously recognise that there are lots of jobs in Non-DEAs.

Table 9: Pricing Analysis of Residential Developments Completed 2000-2003							
Scheme	Mix of Uses	Pure Residential Units		Live-Work Units		Estimated Live-Work Discount to Pure Residential	Comment
		Av. Size Sq Ft	Av Price £psf	Av. Size Sq Ft	Av Price £psf		
2000 Completions							
City Plaza, 97-113 Curtain Road, EC2	17 private units, 11 live-work, 6,000 nsf retail	1,006	£238	972	£207	13%	New build, largest directly comparable discount yet
City Lofts, 112-122 Tabernacle Street, EC2	6 private and 21 live-work units	1,245	£343	1,118	£250	27%	Warehouse conversion.
3-5 Drysdale Street, N1	7 live-work units			1,318	£248		New build – slow to sell
Canal Building, 135 Shepherdess Walk, N1	29 private units, 50 live-work units and B1	1,409	£174	1,001	£158	10%	Industrial conversion, private units much larger than L-W. Mainly shells
Regent wharf, Laburnum Street, E2	32 shared ownership (affordable) units	662	£191				New build, RSL led shared ownership scheme, although S-O is in theory open market pricing
The Bauhaus Building, Fasset Square, E8	19 private units	931	£160				Conversion of listed hospital building
Carrara Mews, 162B Dalston Lane, E8	6 live-work units			997	£231		Industrial conversion
Phoenix Mews, R/O 27 Stamford Hill, N16	4 live-work units			1,012	£232		Industrial conversion
Lofts on the Park, Cassland road, E9	30 private units, and 10 live-work	1,041	£182		Rental only		Private units shells in school conversion, live-work separate in new building
The School Lodge, Bradstock Road, E9	12 private units	758	£257				New build
Landmark Heights, Daubeney Road, E5	114 private units	685	£188	-	-	-	Pioneering Council tower block refurb for private
2001 Completions							
Bateman's Row, 1-6 Bateman's Row, EC2	30 l-w units + 8,000 nsf offices + 2,000 nsf leisure			1,178	£261	(Significant)	New build

Table 9: Pricing Analysis of Residential Developments Completed 2000-2003

Scheme	Mix of Uses	Pure Residential Units		Live-Work Units		Estimated Live-Work Discount to Pure Residential	Comment
		Av. Size Sq Ft	Av Price £psf	Av. Size Sq Ft	Av Price £psf		
Wenlock Works, N1	71 live-work units			1,004	£305	Marginal	Industrial conversion
The Hoffman Building, Pitfield Street, N1	41 private units	984	£308				Conversion of listed education building
11-31 Orsman Road, N1	8 live-work units			1,200	£212	Marginal at most	Industrial building conversion
The Metropolitan, 175-189 Balls Pond Road, N1	32 private + 9 AH units	590	£382				New build, with on-site AH. Marketing first in HK in 2000. Note small average unit size and massive price hike for this location.
Glassworks Studios, 41-49 Kingsland Road, E2	6 private units, 21 live-work and 7,000 nsf retail	694	£461 (Excludes large terraces)	848	£296	36%	New build
Union Central, 76-94 Kingsland Road, E2	8 private units and 16 live-work ++	1,199	£356	923	£271	24% (probably about 10% allowing for shells)	Industrial conversion. L-W shells, private (4 beds) fully fitted
Innovation Studios, Long Street, E2	8 live-work units + B1			1,033	£252		New build.
Quebec Wharf Phase 1, E8	5 private units + 16 live-work	1,162	£311	1,085	£275	12%	Industrial conversion, some units canal side
King's Wharf, 297-301 Kingsland Road, E8	52 live-work + 5 AH l-w units + B1			877	£217		New build, marketing started 1999
East Eight, Erlington Way, E8	37 private units	845	£251				School conversion, shells
Amhurst Place, Amhurst Road, Phase 1, E8	63 private units + 50 AH (inc 27 S-O)	916	£208				New build, council estate redevelopment
Spectrum Building, Reading Lane, E8	14 private units + B1	726	£261				New
Montague Court, 62a Montague Road, E8	11 private units	788	£251				Conversion of church
London Field Mews, 20-34 Bocking Street, E8	12 private units	801	£288				New build, 10 houses with gardens + 2 flats

Table 9: Pricing Analysis of Residential Developments Completed 2000-2003

Scheme	Mix of Uses	Pure Residential Units		Live-Work Units		Estimated Live-Work Discount to Pure Residential	Comment
		Av. Size Sq Ft	Av Price £psf	Av. Size Sq Ft	Av Price £psf		
Cyntra Place, 201 Mare Street, E8	14 live-work units + 3,348 B1 in 4 units			818	£267	10% max	Industrial conversion.
Aspect House, 16 Wilmer Place, N16	29 private + 5 AH units	843	£225				New build, includes 14 houses, most sales by mid 2000
Scholar's Yard, 58-70 Hawksley Road, N16	34 private + 5 AH units	913	£264				Conversion of college building, most sales early 2001
Royal Park Lofts, Lauriston Road, E9	14 private units+ 3 AH	1,241	£235				Conversion of education building. Shells Most sales 2 nd half 2000
Digby Works, 130 Homerton High Street E9				931	£159	Minimal if any	Industrial conversion
2002 Completions							
Hoxton Point, 313-319 Old Street, N1	6 private units + 5 live-work units + 3,000 nsf B1	736	£400	683	£383	4%	New build, in location where air pollution poisoning guaranteed. All L-W 1bed!
14 Hoxton Square, N1	36 private units + 12 AH (S-O)	Approx 700	Approx £450			-	New build. Volume builders return to Bohemia. Most sales by end 2001
45-47 Hoxton Square, N1	12 live-work units + 6 ,000 nsf offices			921	£426		New build, including 5 shells. Most sales early 2003
The Chocolate Factory, 7 Shepherdess Place, N1	20 live-work, 17 private + B1	1,061	£482 (£447 excluding big PH)	817	£394	18% but 12% if discount big PH	Industrial conversion
St Andrew's Place, 110-116 Pitfield Street, N1	14 private units	808	£372				New build, most sales 2 nd half 2002.
Sarah Place, 313 Kingsland Road, (Quebec Wharf Phase 2) E8	8 private and 2 live-work units	535	£368	980	£311	15%, approx 10% if allow for size	New build. Most sold by early 2002
Shoreditch Stables, 138 Kingsland Road, E2	10 private units + approx 15,000 nsf offices	841	£385				Listed industrial conversion, most sales 2 nd half 2002

Table 9: Pricing Analysis of Residential Developments Completed 2000-2003							
Scheme	Mix of Uses	Pure Residential Units		Live-Work Units		Estimated Live-Work Discount to Pure Residential	Comment
		Av. Size Sq Ft	Av Price £psf	Av. Size Sq Ft	Av Price £psf		
The Style Building, 9-11 Reading Lane, E8	8 private units	990	£274				Industrial conversion, most sales 2 nd half 2002
11-17 Broadway Market, E8	22 private units	392	£399				Refurb, shows how very small units can push £psf pricing
Red Square, 51-53 Carysfort Road, N16	126 live-work units			976	£220	Little if any	New build, height of investment boom, 90 units sold off-plan in 2 days mid 2001
The Textile Building, Beatty Road, N16	20 private units	1,159	£228				New build, most sales by mid 2002.
St Mary's, 5 Defoe Road, N16 -	5 private and 10 live-work units	564	£275	823	£262	5%	Conversion of chapel
Collison Place, Phase 2, N16	11 private units (houses)	1,274	£342				New build
Rosendale Studios, Rosendale Street, E5	6 live-work units			924	£193	Marginal	Industrial conversion
Victoria Park Lofts, Lauriston Road, E9	6 private and 6 live-work units??	1,101	£319				
2003 Completions							
5 Garden Walk, EC2	23 live-work and 10,000 sq ft B1	-	-	850	£410	12%	Application December 2004 for CoU of offices to live-work
Vetro, 47 Paul Street, EC2	10 private and 2 live-work	600	£440	900	£400	10%	Live-work units slowest to sell
Gainsborough Studios, New North Road, N1	140 private units, 75 live-work, 20,000 sq ft offices + retail	700	£420	800	£400	5%	Direct pricing comparisons difficult, due to timing of sales, position in building
The Timber Yard, 7-27 Drysdale Street, N1	12 private flats, 27 live-work units and 25,000 sq ft offices	750	420	850	£380	5-10%	Direct pricing comparisons difficult, due to timing of sales, position in building
Hemsworth, 259-269 Hoxton Street, N1	18 private flats	670	£390				

Table 9: Pricing Analysis of Residential Developments Completed 2000-2003

Scheme	Mix of Uses	Pure Residential Units		Live-Work Units		Estimated Live-Work Discount to Pure Residential	Comment
		Av. Size Sq Ft	Av Price £psf	Av. Size Sq Ft	Av Price £psf		
Anlaby House, 92-102 Shoreditch High Street, E1	15 private and 26 live-work units. 11 AH (shared ownership) 205 room hotel, 10,000 sq ft offices.	850	£380	900	£350	10%	Live-work units all 1 bed, albeit large
Amhurst Place Phase 2, Amhurst Place, E8	39 private units, 27 houses and 12 flats	916	£268				Last phase of Council estate redevelopment
Springfield House, Tyssen Street, E8	13 private and 38 live-work units	Rental	Rental	Rental	Rental		All units for rental
2-8 Anton Street, E8	18 live-work units + 8 B1 units			Rental	Rental		Loft Lets letting agent, whose website offers "apartments" here, no mention of live-work.
Artisans, Wilton way, E8	14 private units	821	£280				School conversion. Sales in 2002
Middleton Court, Middleton Road, E8	13 private units	695	£350				Pub redevelopment
Clifden Mews, 116 Clifden Road, E5	13 private units (houses) and 4	840	£305				Houses around courtyard
Stoke Newington Heights, 181 Stoke Newington High Street, N16	11 private units	670	£335				

Source: London Residential Research

Any evidence of slow sales of live-work units completed in 2004 cannot necessarily be attributed just to specific live-work planning and legal issues. The housing market generally went very quiet from mid 2004, triggered by the Governor of the Bank of England's warning (made on 15th June 2004 in Edinburgh) that house prices can go down as well as up. In Table 10 we use the right-hand column to attempt to differentiate between sales rates for pure private schemes, as against live-work.

- Overall, there does not appear to be any widespread market distress in terms of 2004 completions, either for pure private or live-work, although there are a couple of problem schemes, including Mercers Building and the Milner Building.

- Comparing sales rates of live-work with pure residential, then live-work does seem to be “sticking”.
- It is worth noting that even medium sized residential schemes in decent locations like 30 Clapton Square, E5, take 18 months or so to sell out in a reasonable market, so the live-work developers with a lot of units to shift face a very tough, protracted marketing campaign.
- In these most recent completions, the unit size of live-work seems to be getting smaller. It is only a small sample, but the 4 schemes in Table 10 are all under 1,000 sq ft on average, whereas earlier years saw average unit sizes almost invariably over 1,000 sq ft. In other words, the latest live-work units are more like normal flats than genuine live-work.
- Ability View is a good example of a completed live-work scheme for rental. Is Ability only letting to genuine live-workers? Is Siberia good for growing mangoes?

Scheme	Mix of Uses	Pure Residential Units		Live-Work Units		Live-Work Discount to Pure Resi	Sales Position at End 2004
		Av. Size Sq Ft	Av Price £psf	Av. Size Sq Ft	Av Price £psf		
Mercer Building, 86-90 Curtain Road, EC2	9 private units + 15 live-work units (inc 3 houses) + 3,000 nsf offices	987	£498	924	£436	12%	Launched September 2004, but no sales. Re-launch February 2005.
Renaissance, Garden Walk, EC2	10 private units (check) + 10,000 nsf offices	722	£460				Launched June 2003, all sold by mid 2004
38-39 Hoxton Square, N1	9 private units + 5,000 nsf A1+A3	661	£475				Launched June 2004. 4 units still available end 2004
The Green Man, 257 Hoxton Street, N1	4 private units + A1	874	£366				N/K
Vivante Apartments (Atlantic House), Waterson Street, E2	11 private + 17 live-work units + 8,000 nsf offices	1,200 excludes 3 small studios	£305	963	£331		Launched early 2003, all resi + live-work units sold by early 2004.
The Broadway, Goldsmith's Row, E2	14 private units	684	£338				Launched August 2003, all sold by mid 2004

Scheme	Mix of Uses	Pure Residential Units		Live-Work Units		Live-Work Discount to Pure Resi	Sales Position at End 2004
		Av. Size Sq Ft	Av Price £psf	Av. Size Sq Ft	Av Price £psf		
Ability View, 218-226 Kingsland Road, E8	20 live-work units + 20,000 nsf offices			Rental	Rental		All for rental.
57-59 Dalston Lane	13 live-work units + 7,000 nsf offices						All for rental
44a Shacklewell Lane, E8	5 private units (houses) + 2 live-work units (flats) + offices	1,266	£265	969	£310	Premium of 17%	Resi units unsold at end 2004, offered for rental.
1b, 1c, 1d Shelford Place, N16	10 live-work units						No marketing information available
The Point, Defoe Road, N16	38 private units, + 5 AH units + 3,400 nsf offices	849	£340				Launched early 2003, all sold by early 2004
VII, 35-39 Stoke Newington High Street, N16	31 private units + 10 AH + 5,000 nsf retail	622	£357				Prices based on first launch of 16 units.
The Milner Building, 53B Carysfort Road, N16	3 private + 9 live-work units	872	£401	915	£322	20%	Launched early 2004, all still for sale end 2004.
Fourscore Mansions, 113 Albion Drive, E8	12 private units	827	£300				Launched mid 2003, 1 unit for sale end 2004.
30 Clapton Square, E5	29 private + 10 AH units (shared ownership)	682	£339				Launched early 2003, all sold by October 2004

Source: London Residential Research

3.6 Current Development

3.6.1 The Revocation on the Live-Work SPG, September 2003

LBH had in the 1999 IPG voiced its concerns about the possible abuses of live-work as a planning use and sought to tighten and broaden the scope of the 1996 SPG. The IPG had little impact in the two key areas of a) ensuring initial and indeed continuing compliance with the work use, and b) securing affordable housing. Along

with the relocation and/or loss of actual or potential jobs on live-work sites, live-work for LBH was increasingly seen as a “lose-lose” scenario.

In 2003, LBH finally took the bull by the horns, and following the production of a report by the Planning Department, LBH’s Cabinet and Regulatory Committee ratified the “Revocation of the Council’s Supplementary Guidance Note on Live/Work Developments” on 22nd September 2003. In the introduction to the report, it was noted:

“The live/work concept was originally conceived for good reasons, but sadly all members have come to recognise the problems with it. Briefly it is abused by applicants seeking to convert inappropriate business premises into living accommodation.”

The recommendation contained within the report was succinct:

“The Council’s Supplementary Planning Guidance Note (SPG) on Live/Work development be revoked to halt the erosion of the Council’s employment land and to maximise the opportunities to secure affordable housing.”

The report highlighted the following shortcomings of live-work use and live-work policy, reiterating many of the points made in the 1999 IPG. The main points were:

- The fact that live-work has to be conditioned to protect the work use, implied concern about the “genuine” nature of live-work development.
- After nine years to live-work development and policy, no enforcement action had been taken for failing to comply with the work element.
- The SPG did not adequately clarify how to establish that a building is unsuited for continued employment use. If buildings were unsuitable for B1-B8 use, that begged the question of how such buildings might be suitable for the employment use envisaged in live-work.
- In order to fulfil the vacancy criteria of the SPG and IPG, buildings were being deliberately vacated with the accompanying relocation or loss of local jobs.
- Live-work occupiers have complained through Environmental Health about noisy or polluting operations of neighbouring commercial uses, in spite of the informatives attached to planning consents.
- The problem of securing affordable live-work was re-iterated.

- The fact that “threshold abuse” [as outlined in Section 2.9.3 and Table 3 of this report], with developers applying for up to 14 residential units and the balance as live-work units, had become widespread.
- Lack of evidence that live-work use provided either employment or housing for local people, citing the Chesterton report.
- Live-work units were being counted as housing in meeting housing targets, but not being treated as housing in terms of affordable housing policy.

The Revocation outlined above was followed by the first piece of structured enforcement action regarding live-work since live-work policy was approved in 1996. The preliminary result of that enforcement action reported in Section 2.7 of this report, set alongside the other findings of this report, the Chesterton study and other evidence, indicates to us that the Revocation of the Live-Work SPG was the correct approach for LBH to take.

The Revocation garnered some publicity in the property press in 2003, as did the enforcement investigation in 2004. Unfortunately, as we will see below, LBH failed to capitalise fully on the Revocation for a number of reasons.

- First, there seems to have been confusion within the Planning Department as to the meaning of the Revocation. As a result, as we will see in Section 3.7, LBH continued to approve live-work units subsequent to September 2003.
- Second, LBH failed to convince Planning Inspectors at subsequent live-work Appeals that live-work was being abused by both applicants and occupiers. This in spite of the availability of evidence from the enforcement process and other publicly available information such as the VOA records.

At the time of writing, 18 months after the Revocation, as we will see in examining the development pipeline for live-work in Section 3.7, the message does seem to be getting across to developers that, “the game is up”, and the Revocation of the Live-Work SPG was a key building block in achieving this.

3.6.2 A Summary of Current Live-Work Construction

LBH may have revoked its live-work SPG in September 2003, but the volume of live-work construction remained high at the end of 2004, due not only to the residue of permissions pre-dating the Revocation of the Live-Work SPG, but also to subsequent permissions granted both on Appeal and in some instances, confusingly, by LBH itself. Table 6 from Section 3.2 is reproduced here, summarising

the schedule of all housing development under construction in Hackney at 31st December 2004 (Table 11, over).

There are two principal observations to make on the summary data. First, live-work continued to comprise a very high percentage of the Hackney housing market - 22% of all housing construction and 32% of the combined live-work and market housing. Second, live-work construction activity at the end of 2004 made zero contribution to affordable housing. The 124 social housing units derived from planning gain are based on the 518 private housing units, not the 242 live-work units, even on sites where there is a mix of private housing, live-work and social housing.

Table 6: Residential and Live-Work Units Under Construction in Hackney of 5 units or More at End 2004				
Private	Live-Work	Social (Planning Gain)	Social (Direct)	Total
518	242	124	195	1,079
Source: London Residential Research				

In relation to Table 11, we make a number of further observations:

- As at the end of 2004, there was a strong concentration of live-work development in the Kingsland Road DEA, where 168 of the 242 live-work units (69%) were underway in three schemes: Ability Plaza (101 units), Benyon Wharf (53 units) and Haggerston Studios (14 live-work units and 31 residential units). Taken together, they presented an intensive nexus of construction activity on three neighbouring sites in December 2004.
- At 101 units, Ability Plaza, Kingsland Road, E8, is the second largest live-work scheme in Hackney, after the Red Square development in Stoke Newington. Construction was well advanced when we visited the site and the new build element is an imposing structure on eight storeys with high quality finishes. Significantly, it is being offered to the letting market, and the units were not at the time of writing for sale. When we inquired about the live-work use, a representative of the letting agent informed us that there was no need to work in the live-work units.
- There is a very significant amount of commercial space, especially B1 offices, under construction in Hackney as the commercial element of either private housing or live-work led development. Given the current economics of the London office market, in these instances market housing or live-work development is subsidising the construction of offices which would not be viable as stand-alone development.

- In all, there were 163,000 sq ft gross offices under construction in residential and live-work developments (not counting, of course, the so-called work element of live-work), along with 18,000 sq ft gross B8 storage/warehousing, 13,000 sq ft gross retail, 5,500 sq ft community space and 4,000 sq ft medical. This is quite a lot of commercial space in locations that are traditionally “non-office.”
- In relation to live-work, development pressures had already emerged at the time of writing to convert some of the office space to either live-work or residential, with an application submitted early in 2005 in relation to One N1, for example, to convert one office floor to 11 live-work units. If LBH is to allow change of use, we would argue strongly that the route should be office to residential, with appropriate affordable housing provision, albeit given site characteristics this may be in the form of commuted payment rather than on-site affordable.

Table 11: Residential Developments Under Construction End 2004

Scheme	Private Units	Live-Work Units	Social Units		Commercial Space	Previous Use	Type
			s.106	Non s.106			
Acton's Lock, 129 Pritchards Road, E2	19	0	6 (shared equity)	0	1 A3 unit – 856 gsf	Vacant workshop	New
Rossington Street Depot, E5	9	0	0	34 (15 shared equity)	None	Council Depot	New
Ability Plaza, 298-316 Kingsland Road, E8	0	101	0	0	14,000 gsf B1 offices on Ground and Mezzanine	Warehouse & Vacant site	New & Refurb
92-94 Graham Road, E8	0	0	0	5	None	Vacant house	Refurb & Exten
Junction 67, 7 Marcon Place, E8	69	0	23	0	None	12,000 gsf Council offices	New
Land rear of 362 Queensbridge Road, E8	7	0	0	0	None	Garages	New
East Central, 257-269 Mare Street, E8	94	17	48 (most shared equity)	0	21,474 gsf B1 units 4,984 gsf – A1-3	??	New
156-158 Dalston Lane, E8	0	0	0	31	None	Petrol filling station	New
14 Triangle Road, E8	0	0	0	21	9,365 gsf B1 offices	Industrial	New
10-12 Sidworth Street, E8	3	6	0	0	2,142 gsf B1 offices	Industrial	Refurb & Exten
Haggerston Studios, 284-288 Kingsland Road, E8	31	14	0	0	15,511 gsf B1 offices	Car showroom	New
Benyon Wharf, 293-297 Kingsland Road, E8	0	53	0	0	20,150 gsf B1 offices	Industrial	New & Refurb
Andrew's Wharf, 16 Andrew's Road, E8	12	0	0	0	12 units B1 offices - 8,708 gsf	Not known	New
Alpha Court, Hassett Road, E9	6	0	0	0	None	Vacant site	New

Scheme	Private Units	Live-Work Units	Social Units		Commercial Space	Previous Use	Type
			s.106	Non s.106			
21-29 Shore Road, E9	13	0	4	0	7,341 nsf B1 on 2 floors	Open car park	New
Blue Hut site (former NCP), Provost Street, Nile Street, N1	71	0	0	104 (78 key worker)	Youth centre – 2,691 gsf	NCP open car park	New
One N1, 6-24 Southgate Road, N1	84	19	30 (25 shared equity, 5 key worker)	0	27,394 gsf B1 offices Grnd and 1 st	Light Industrial	New
King Henry's Court, 167-173 Balls Pond Road, N1	13	0	0	0	4,058 gsf B1 offices	Not known	New
6-8 Whitmore Road, N1	8	0	0	0	1,000 gsf (E) A1/A2/B1 offices on Ground	Not known	New
Britannia Walk Apartments, 11-13 Ebenezer Street, N1	14	18	0	0	12,917 gsf B1 units on ground	Light Industrial (nice bakery)	New
29a Dumont Road, N16	0	6	0	0	None	Not known	New
183-187 Stoke Newington High Street, N16	12	0	0	0	6,544 gsf A3 Bsmt and Grnd, 3,000 gsf (E), B1 offices on 1st	Council offices	Refurb
Former Simpsons Factory, 92-100 Stoke Newington Road, N16	39	8	13	0	B1 17,061 gsf B8 17,976 gsf	Industrial	Refurb
Land adj The Robert Geffery Centre, Church Walk, N16	14	0	0	0	None	Vacant site	New

Source: London Residential Research

3.6.3 Pricing Analysis of Live-Work Schemes Under Construction at End 2004

Table 12 moves on from historic pricing analysis to immediate policy options, providing a detailed analysis of all developments under construction at end 2004 which included 5 or more live-work units. By switching attention from the historic to the current, the emphasis also shifts from owners of live-work units to developers. There is of course an “intermediate” category, which is buyers who have contracted to buy a live-work unit which is still under construction, but hasn't therefore taken legal or physical completion. Purchasers buying residential property “off-plan” typically pay between 10-20% of the total cost by way of one or more staged payments prior to completion. From time to time, these off-plan buyers do walk away from their deposits if they perceive the loss entailed to be less than the likely loss of completing the transaction. Developers are often very cagey about how many units they have sold prior to completion, but we believe the sales data in the right hand column of Table 12 to be reasonably reliable.

Scheme Developer	Mix of Uses	Pure Residential Units		Live-Work Units		Live- Work Discount to Pure Resi	Sales Position at End 2004
		Av. Size Sq Ft	Av Price £psf	Av. Size Sq Ft	Av Price £psf		
East Central, 257-269 Mare Street, E8	94 private units + 17 live-work + 48 AH + B1	663	£411	985	£262	36%	A dozen sales of private resi units by end 2004, no live-work sales. L-W at very considerable discount of £150 psf.
Benyon Wharf, 293-297 Kingsland Road, E8	53 live-work units			856	£413	Marginal if any	Approx 26 still for sale (23,300 sq ft) with a total asking price of £9.9m (£424 psf). Slow sales between year end 2004 and April 2005.
Ability Plaza, 298-316 Kingsland Road, E8	101 live-work units + 12,000 nsf offices				Rental		Board proclaims 101 live-work units for rental – 21 L-W units at 316 Kingsland Road already fully occupied end 2004. Agent states working is not necessary.
Haggerston Studios, 284-288 Kingsland Road, E8	23 private units + 12 live-work + offices	No info	£400	797	£375	6%	7 live-work units still for sale end 2004, and still on the market Feb 2005. 18 resi units sold to investor club
One N1, 6-24 Southgate Road, N1	84 private units + 19 live-work + 30 AH + 20,000 nsf offices		£388		£329	15%	10 live-work units sold by Nov 2004 in the Vantage Block, where there were also rapid sales of residential.
Britannia Walk Apartments, 11-13 Ebenezer Street, N1	14 private units, 18 live-work and 10,000 nsf B1©	913	£494	1,174	£424	14%	Mixed messages from agent, but we think only 2 sales early 2005 of resi units, no live-work sales.

Source: London Residential Research

Although these schemes were still under construction at the end of 2004, they had been subject to marketing campaigns during 2004 and into 2005. Accepting that the rate of sales for the residential market has been slow since the middle of 2004,

especially due to the withdrawal of individual private investors (as opposed to bulk purchasers) from the market, the rate of sales of live-work units appears to be much slower than residential, with the exception of the One N1 scheme.

In the four schemes where there are both live-work and residential units, the live-work units are discounted to the residential by between 6% and 36%, representing a discount of between £25 psf and £149 psf. The discount at East Central is extreme, and we suspect that a large part of this relates to specification and position in the development. In the other three schemes, an element of the discount relates to the position of the live-work within the development, but the main element of the discount, we believe, relates to the greater difficulty in selling live-work in the current market. At One N1 and Britannia Walk, the discount is £59psf and £70psf respectively. Although the levels of discount clearly vary on a scheme by scheme basis we are confident that live-work units do now trade at lower values than if they were unfettered residential. The gap is of sufficient size to facilitate a negotiation with LBH designed to “regularise” the use of the unit subject to a commuted payment which we might characterise very crudely as “splitting the difference.”

The extent to which there remains an “over-hang” of live-work planning permissions and applications in the planning pipeline, that could also be subject to re-negotiation on the same basis, is the issue to which we now turn.

3.7 Planning Pipeline – Permissions, Applications and Appeals

3.7.1 Planning Pipeline Summary

Given the volume of residential consents and planning applications outstanding in the Borough, in examining the future development pipeline we focused our attention on live-work schemes only. Table 7, reproduced from Section 3.2, indicates the volume of live-work units with planning consent and at planning application stage at the end of 2004. Note that the figures in columns 2 and 4 relate only to schemes where there is a live-work component and do not represent the total housing pipeline in the Borough.

Planning Status	Private*	Live-Work	Social* (Planning Gain)	Total
Permission	581	363	248	1,192
Application	49	76	0	125
Total	630	439	248	1,317

Source: London Residential Research
***NB excludes private and social housing in non live-work schemes**

There are a number of issues arising from the data in Table 7. First, there remain 363 live-work units with planning permission that have, as at the end of 2004, not been implemented. At least 113 (31%) of these units were granted on Appeal in three schemes, the principal ones being at Latham's Yard (69 units), where live-work was not the primary issue and 11-23 Downham Road (35 units), where it was. Second, if the permitted live-work units had "counted" towards the affordable housing threshold, as we have suggested should be the case earlier in this report, then LBH might have been able to secure around 90 affordable housing units.

Third, there has been a rapid reduction in the number of new live-work units being applied for, with only 76 live-work units on nine sites at application stage at the end of 2004. These schemes were all applied for subsequent to the revocation of the Live-Work SPG in September 2003, and some were applied for as recently as December 2004. Note that subsequent to the end of 2004, there has been a further significant application for the change of use of a B1 floor to 11 live-work units at One N1, Southgate Road, N1, a mixed-use residential-led scheme with 19 live-work units that is currently under construction.

Most of the application sites have a minor live-work component, with seven of the nine sites having between only 1 and 5 units. In five of these schemes there is also private residential, but in only one of the seven schemes does the total of live-work and residential units exceed 14 units (Wich House, Holywell Lane, EC2). Of the two major proposals, for 19 units at Senate House, Tyssen Street, E8 and 40 units at 4-6 Sheep Lane, E8, there are some indications that live-work use might well fall by the wayside. The Tyssen Street scheme was submitted in September 2003, but has not to our knowledge gone before Committee.

At 4-6 Sheep Lane, E8, there are two applications running side by side, in an interesting planning vignette in relation to live-work. In October 2002 an application was submitted for 2,293 gross sq m (24,682 gross sq ft) B1 offices on ground and part 1st and part 2nd, 24 live-work units and 14 residential units in a text book example of "threshold abuse". This was followed by a May 2004 application for 694 gross sq m (7,470 gross sq ft) offices on ground with 40 live-work units above, which might be interpreted as a possible Appeal play in the light of other Appeal decisions during 2003 and 2004, especially as it was submitted well after the Revocation. Both schemes came to Committee in September 2004 and were deferred. Note that the October 2002 scheme had been amended to remove the live-work to create a scheme with slightly higher B1 component of 2,504 gross sq m (26,953 gross sq ft) and 28 conventional residential of which 7 would be affordable. This was recommended for approval, while the unchanged 40 live-work unit scheme was recommended for refusal. Both items were in the end deferred.

The over-riding impression we get from the analysis of planning application data, is that developers have pretty much succumbed to LBH's policy stance, except for one or two special situations. This has been achieved through the combined effect of the Revocation, the enforcement initiative and a more proactive approach to pre- and

post-application negotiations to nip live-work in the bud. In our view LBH must maintain its stance on the Revocation and in its individual negotiations on applications and ought not to approve any further live-work consents that might set further precedents, even if these consents are small scale or small components in larger schemes. With regard to applications to change the use of B1 space to live-work in existing live-work schemes, such as Garden Walk or Southgate Road, we suggest that LBH should strongly resist and use the evidence compiled in this report in any subsequent Appeals.

3.7.2 A Commentary on the Live-Work Planning Pipeline in Hackney

Table 13 presents a schedule of live-work planning permissions and outstanding planning applications at the end of 2004. It includes the numbers of housing units, both private and social, and commercial space in each scheme. After Table 13 we make some comments regarding the main themes that emerged from our analysis.

Table 13: Live-work Developments with Planning Permission and Applications at End 2004							
Scheme Permission or Application Date	Private Units	Live- Work Units	Social Units		Commercial Space	Previous Use	Type
			Plann- ing Gain	Direct			
Permissions							
15-17 Kingsland Road, E2 January 2001	0	14	0	0	B1 – 1,000 nsf A1 – 2000 nsf B2 – 2,400 nsf	Warehouse and Wholesale	Refurb
74-76 Kingsland Road, E2 March 2003 (app. Aug 2004 for 5,748 gsf B1, 12 l-w, 6 resi)	6	8	0	0	9,149 gsf B1 offices Bsmt, Grnd & 1 st	Public House	New
Latham's Yard, Leaside & Middlesex Wharves, Mount Pleasant Hill, E5 June 2004 – Appeal	398	69	215	0	97,952 gsf B1/B2/B8	Timber Yard	New
359-363 Mare Street, E8 November 2002	0	6	0	0	None	Not known	Refurb
21-31 Shacklewell Lane, E8 November 2004	13	8 (rental only conditio n)	0	0	2 A1 units – 6,921 gsf 13 B1 units – 10,344 gsf 1 B8 unit – 4,790 gsf	Storage	Refurb & Exten
15-21 Arcola Street, E8 October 2001	0	15	0	0	None	Retail and Industrial	Refurb

Table 13: Live-work Developments with Planning Permission and Applications at End 2004

Scheme Permission or Application Date	Private Units	Live- Work Units	Social Units		Commercial Space	Previous Use	Type
			Plann- ing Gain	Direct			
Former Norfolk Arms, 49 Cecilia Road, E8 March 2003	12	2	0	0	None	Public House	New
Hornes House, 15 Ramsgate Street, E8 September 2004	36	4	12	0	B1 offices – 13,369 gsf	Industrial	New
27 Ramsgate Street, E8 November 2004	13	14	0	0	B1 offices – 16,027 gsf	Warehouse and ancillary Office	New
10a Ellingfort Road, E8 March 2004 – Appeal	0	9	0	0	None	Not known	New
33 Fortescue Avenue, E8 November 2003	0	4	0	0	B1 office units – 1,528 gsf	Industrial	New
1-9 Sidworth Street, E8 April 2003 (July 2004 application for 36 social units)	0	18	0	0	B2 Ground – 5,618 gsf B1? 1st – 3,885 gsf	Open car park	New
260-268 Kingsland Road, E8 March 2004	0	46	0	0	B1 offices – 25,058 gsf	Office and tyre garage	New & Refurb
147-161 Morning Lane, E9 January 2000	6	4	0	0	B1 offices – 3,638 gsf B2 – 3,552 gsf (Grnd & 1 st)	Vacant site	New
Rear of, 7-23 Brenthouse Road, E9 September 2000	0	9	0	0	None	Vacant site	New
216-238 Well Street, 45 Kenton Road, E9 February 2001	6	3	0	0	None	Chapel	New behind façade
42 Well Street, E9 October 2002	3	4	0	0	Retail – size?	Vacant site	New
152-154 Curtain Road, EC2 November 1999–lapsed?	5	4	0	0	B1 office units – 2,928 gsf A3 restaurant – 1,851 gsf	Open car park	New
77-81 Curtain Road, EC2 January 2003	6	4	0	0	2 retail units – size?	Open car park	New

Table 13: Live-work Developments with Planning Permission and Applications at End 2004							
Scheme Permission or Application Date	Private Units	Live- Work Units	Social Units		Commercial Space	Previous Use	Type
			Plann- ing Gain	Direct			
Nathan House, 74 Rivington Street, 9-15 Dereham Place, EC2 February 2001	2	12	0	0	12,217 gsf B1 offices	Warehouse	New
16-20 Dereham Place, EC2 June 2000	0	5	0	0	None	Office and light industrial	Refurb & Exten
11-23 Downham Road, N1 November 2003 – Appeal March 2002 approval for 12,099 gsf offices, 8 live- work and 23 residential	0	35	0	0	12,303 gsf B1 offices	Industrial	New
Euro Car Parks, Westland Place, Nile Street, Britannia Walk, N1 April 2004	15	31 (37% defined as work)	5	0	B1 offices – 32,367 gsf	Open car park	New
14 Wharf Road, N1 Sept 2002, April 2004	0	6	0	0	4,069 gsf ground floor B1 and D1 (Education Trust) space	Gallery (in B2/8 building)	Refurb
Car Park site, Micawber Street, N1 April 2004	12	6 (52% work)	0	0	8,837 gsf B1 offices	Open car park	New
2-26 Somerford Grove, N16 December 2004	48	23 (50% work)	16	0	52,830 gsf B1	Industrial	Refurb
Total		363					
Applications							
23-35 Waterson Street, E2 September 2003	11	3	0	0	2,077 gsf B1 offices on Ground	Vacant site	New
79 Wilton Way, E8 August 2004	4	1	0	0	None	Vacant site?	New
23-27 Arcola Street, E8 December 2004	7	2	0	0	None	Retail and ancillary	Refurb & Exten
Senate House, Tyssen Street, E8 September 2003	6	19	0	0	8,999 gsf – A1 retail	Industrial	New & Refurb

Table 13: Live-work Developments with Planning Permission and Applications at End 2004

Scheme Permission or Application Date	Private Units	Live- Work Units	Social Units		Commercial Space	Previous Use	Type
			Plann- ing Gain	Direct			
4-6 Sheep Lane, E8 May 2004 (parallel application Oct 2002-no live-work)	0	40	0	0	7,470 gsf - B1 offices	Not known	New
45 Tudor Road, E9 May 2003	8	1	0	0	2,131 gsf B8 - Bsmnt 2,400 gsf – B1 offices Grnd & 1 st	Warehouse (squatted by artists)	Refurb
5 Garden Walk, EC2 December 2004	0	5	0	0	None	Offices (1 st floor of brand new building, not letting)	Refurb
Wich House, 59-63 Holywell Lane, EC2 July 2004	13	4E	0	0	B1 offices – 5,414 gsf Bsmnt & Grnd	Offices	New
25 Downham Road, N1 August 2004	0	1	0	0	7,879 gsf B1 managed workspace	Not known	New
Total		76					

Source: London Residential Research

Residual Approvals Post-Revocation - Bad Precedents?

In examining planning permissions approved after the Revocation of the Live-Work SPG in September 2003, we are concerned that LBH has itself approved live-work units in a number of schemes. This is unfortunate in that first, it sets further live-work precedents and second, it is very confusing to developers who are getting mixed messages. Indeed, since the Revocation there seems to be confusion amongst both LBH planners and developers as to whether live-work schemes could or should be approved. We understand that in some cases LBH approved live-work as a damage limitation exercise in order to avoid going to Appeal, given its poor record in opposing live-work development in this forum. We summarise some examples of post-Revocation approvals as follows:

- 21-31 Shacklewell Lane, E8, where approval in November 2004 included 13 residential units, 8 live-work units and 22,055 gross sq ft of mixed commercial space including retail, offices and warehousing. The permission was conditioned unusually in that the tenure of the live-work units was restricted to rental only. We would question whether planning can legally make such a condition stick?
- Hornes House, 15 Ramsgate Street, E8, is a mixed-use mixed-tenure scheme approved in September 2004 with a large B1 component and a good mix of private (36) and social housing (12), but also has a minor component of 4 live-

work units. Under the Revocation should these not have been switched to residential, increasing the social units from 12 to 13?

- 27 Ramsgate Street, E8, where an application for 14 live-work units, 13 residential units and 16,189 gross sq ft B1 offices was originally submitted in September 2002, but it is not clear from our LRR database whether this was approved. If it was, perhaps this created a precedent for the recent approval of an almost identical scheme (with very slightly lower office content of 16,028 gross sq ft offices). This was submitted in September 2004 and approved in November 2004 with a package of measures worth £70,000 to education, Dalston Town Centre Regeneration and children's play spaces. Clearly a case of threshold abuse, where the scheme could have provided in the region of 7 social housing units.
- Euro Car Parks site, Westland Place, N1, where LBH and the developer appear to have avoided going down the Appeal route (the developer had appealed an earlier decision) by permitting the live-work but with fairly high proportion of defined work space (37%), boosting the pure B1 space, boosting the pure residential space to 20 and having 5 social units.
- Car Park site, Micawber Street, N1. Roger Black Developments got consent in April 2004 for a scheme with 8,837 gsf offices, 6 live-work and 12 residential units. Interestingly the proportion of defined work space is 52% in this scheme, which could be an impediment to selling the units.
- 2-26 Somerford Grove, N16. This is a curious one, being the rear end of very substantial Simpsons factory on the east side of Stoke Newington Road, where the western end is being refurbished by Octagon. The 2002 application retained one floor of B1 and the rest pure residential and this was refused in spite of reduction of residential to 66 units and increase of B1 by 5,000 sq ft to 30,225 gross sq ft. In August 2004 a planning application was submitted with 23 live-work units in spite of the Revocation, along with 64 flats and a very hefty 67,103 gross sq ft B1 on the lower floors. It was then approved in December 2004 in a further revised form of 52,830 gross sq ft offices, 23 live-work units and 62 flats of which 16 units would be affordable.

Developers Moving Away from Live-Work to “Conventional” Mixed-Use

Having reviewed the outstanding permissions and applications, it is very clear to us that there has been a substantial shift away from live-work to what we might term a “conventional” mixed use approach, with pure housing alongside pure commercial uses, and where appropriate on-site affordable housing. In moves that reflect both developer disenchantment with the live-work sales market (and perhaps fears about enforcement, s.106 covenants, VAT liabilities etc.) and LBH planners taking a tougher and clearer line when negotiating on applications, a number of previously live-work schemes have gone down the conventional route, for example:

- Adelaide Wharf, 118-120 Queensbridge Road, E2, which went from 19 live-work, 46 pure residential, 1,908 gross sq m (20,538 gross sq ft) B1 approved in October 2000, to 131 pure residential (of which 36 affordable) and 1,750 gross sq m B1 approved in December 2003. (Site subject to a CPO by English Partnerships)
- Padangle House, 270-276 Kingsland Road, E8, a history of live-work refusals and withdrawals between 1998 and 2003, followed by consent for conventional 30 private residential, 10 social housing split, with 1,431 gross sq m (15,403 gross sq ft) B1.
- Tagwright House, 35-45 Westland Place, N1, where a May 2003 permission for B1 basement and ground, 9 live-work units and 6 residential units has been replaced by a December 2004 permission for basement parking (4 spaces), 8,181 gross sq ft offices on ground and 14 residential units above on 1st to 5th. On the revised scheme in return for a much better consent for the applicant there were commuted payments of £46,500 for education, £9,000 for children's play space and £4,000 towards Conservation Area initiatives. Here the office component is significant, but will probably not kill the scheme.
- 8-10 Long Street, E2, in an area of flatted factories on the north side of Waterson Street, dominated by Workspace's Long Street units. The application site is a 2 storey office on the east side of Long Street across the road from the main Long Street workshops and overlooking a miserably neglected tennis court which would challenge even Pete Sampras. In August 2001 there was an application for demolition and construction of a new building with 10 live-work units, which was not as far as we know determined. In April 2003 there was an application for a new building with 10 conventional flats and 602 gross sq m (6,479 gross sq ft) offices followed by a revised application in September 2004 which has increased the B1 component to 878 gross sq m (9,451 gross sq ft) including ground, 1st and part of the 2nd floor.
- 278 Kingsland Road, E8, where in October 2003 Hackney refused permission for a scheme with 7 live-work units and 4 conventional residential units and an Appeal was lodged but not clear if it took place. In January 2004 a revised scheme was submitted omitting live-work and with 10 residential units and 2,691 gross sq ft ground floor office use.
- 50-60 Wharf Road, N1, where the original application for 65 residential and 21 live-work units in March 2003, was replaced by 91 conventional residential and very large B1 office component of 61,839 gsf. This was refused in December 2004 on the grounds of setting of neighbouring Grade II listed building, over-development, lack of family accommodation, lack of integration with the wildlife corridor! Refused scheme had been reduced to 86 units. In January 2005 Workspace has put in for revised scheme of 77 residential and a 63,281 gross sq

ft office building, which is a major office building by anybody's standards in a very off-pitch location

In addition, schemes that might have been expected to have a live-work component during the late 1990s and early 2000s, are being submitted from the start for a conventional use mix, for example:

- 96A-98A Curtain Road and 7-9 New Inn Broadway, EC2, which would have been seen as super-prime live-work territory in the recent past. The site is partially occupied by around 20,000 sq ft gross of mixed offices and light industrial buildings, those fronting Curtain Road being former warehouses. Largely vacant by all accounts, Furlong Homes applied to get a pure residential consent for 14 units in 2000 but was refused on the grounds of loss of employment space. In the meantime there was a minor approval for a single live-work unit on the site in April 2001. Furlong sold on to local specialist Columbia Group whose approved scheme (June 2003) is residential-led, with 21 private flats, 9 affordable units, refurbishment of most of the B1 fronting Curtain Road and the change of use of ground floor from B1 to A2 financial services etc. As an aside it is interesting that such a large number of pure residential units was approved within the Shoreditch DEA. This is, in our opinion, an example of the type of "win-win" for all concerned with LBH getting 9 social housing units and 9,580 gross sq ft of fully refurbished B1 and 1,119 gross sq ft A2 space (given that it replaces blighted 20,000 gross sq ft of mostly vacant mixed commercial offices and light industrial), and the developer getting a workable consent for 30 housing units and no messing about with awkward live-work consent! (This site was under construction by May 2005).
- Textrye House, 26-28 Southgate Road, N1, is another scheme which might have been expected to go down the live-work route, but where the conventional route was followed with private housing, social housing and B1 space, and where the most recent permission is for a 100% social housing scheme (along with a modest B1 component).
- 8-14 Orsman Road, N1, on the south side of Regent's Canal and close to Kingsland Basin, this approved scheme as of January 2004 is for 39 private residential units, 32 social units, 19,827 gross sq ft B1 and 3,272 gross sq ft creche. Construction started early 2005.

These are by no means isolated examples and indicate to us that LBH has moved a very long way from its strict policies to protect "employment generating land and buildings" at all costs from residential development. Although these genuine mixed-use schemes are bringing residential occupiers into designated industrial areas, the breach was already well established through live-work use (whether bogus or genuine). LBH is getting quite generous amounts of B1 space in these mixed use schemes, and as the Orsman Road example indicates, some developers at least seem to consider it a viable mix in spite of the very low values for offices in the Borough.

It is possible, of course, that the combined effect of the emerging stricter affordable housing regime and high commercial components in mixed-use schemes, could kill the goose that lays the golden egg. In our view this is likely to be the case in some general locations and on some sites. It is not within the Brief of this report to make a judgement about the precise mix of uses that might be both acceptable in policy terms and viable in developments terms, in the absence of live-work use. The wide range of property market conditions across the Borough suggest that LBH should adopt a sensitive approach, balancing the likely viability of commercial use against the desire to enhance the affordable housing stock.

3.7.3 Recent Appeals

It is not our intention at this point to undertake a blow by blow analysis of recent live-work Appeals, where LBH's success rate has been poor. The Chesterton report of 2003 contains a very comprehensive analysis of Appeal decisions to that date. More recent appeals include the following:

- Latham's Yard – 69 live-work units in a very much larger comprehensive residential-led mixed-use regeneration development, approved in June 2004, but where live-work was not as we understand it a central issue in the Appeal.
- 10a Ellingfort Road, E8 – new build 9 live-work units refused in September 2003 but approved by the Inspectorate in March 2004.
- 11-23 Downham Road, E8, at the north end of the Kingsland Basin, where LBH did grant a consent in April 2003 for a more conventional mix of 8 live-work units, 1,124 gross sq m (12,098 gross sq ft) offices and 25 residential units, but the developer successfully appealed a refusal on 33 live-work units, approved by the Inspector in November 2003, just after the Revocation was formalised.
- Raglan Wharf, 2-10 Hertford Road, N1. This was former LB Hackney owned site in a DEA which was sold at auction 21st March 2002 and acquired by Investland who submitted an application for up to 9 storeys with 29,052 sq ft gross B1 offices (or other combinations of B1, A1, A3, D1 and D2) and 113 live-work units. By November 2003 a revised application was submitted for 78 live-work units, 18,256 sq ft gross B1 offices, 3,423 sq ft gross A3 restaurant and 1,884 sq ft gross of community space on 8 storeys. LB Hackney refused on the grounds of the Revocation of the live-work SPG, failure to provide residential and affordable housing, over-development, and affecting the character of a Conservation Area. In an Appeal decision of 5th April 2004, the proposal was dismissed, but on the grounds of design, over-development, and character of the Conservation Area, not on the issue of live-work or affordable housing, which was the First Issue in the Appeal, but which the Council decided not to pursue.

LBH's hand in relation to live-work policy has been weakened by the low status accorded to the original SPG and IPG on account of lack of public consultation and by the Inspectorate's view that LBH has granted many live-work units in the past, thereby setting precedents, and by the lack of enforcement action prior to 2004. Suffice to say at this stage, we consider that LBH could now marshal much better evidence regarding the abuse of live-work based on its own enforcement programme and the findings of our report.

3.8 “Best Practice” - Central Government and GLA Policy Advice and Live-work in Other Boroughs

3.8.1 Central Government and GLA Policy Advice

It is well documented that there is no specific central Government advice in relation to live-work, but that proponents of live-work can point to various Government policies in favour of mixed-use, cutting down trip generation, sustainability and so on in support of live-work use. It remains the case, however, that live-work exists in a central Government policy vacuum.

There was, however, a clear reference to live-work use in the recent Circular 03/2005 “Changes of Use of Buildings and Land – The Town and Country Planning (Use Classes) Order 1987”, which provides a justification and explanation of changes to the Use Classes Order due to come into effect on 21st April 2005. In a section of the report on “Working from home and live-work units” (para's 78-79), the Circular states:

“Live/work units are often purpose-built premises, or purposely converted into such units. They are clearly a mix of residential and business uses which cannot be classified under a single use within the Use Classes Order and would therefore be *sui generis*.”

During the consultation process, ODPM was lobbied by at least one live-work promotional organisation to create a separate live-work use class. Given our findings in this report, we consider that ODPM very sensibly resisted this approach, but that any reference to live-work use in central Government advice gives us some cause for concern as it lends credence to a “use” that we consider to be very problematic in terms of on-going compliance.

The most recent regional policy advice from the Greater London Authority (GLA) on live-work comes in the Draft SPG, “Housing Provision”, issued in December 2004. It is a short section, so rather than summarise it, we reproduce it here in full.

“In principle, live-work units represent a sustainable form of urban living, providing the closest integration of home and work places. With this in mind, boroughs have in the past treated them as a special case and released to live/work development business space, which, in some cases, would

otherwise have been protected. Some of these releases have been relatively tightly clustered in the CAZ fringe and have had a locally significant impact on business space provision.

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.

The London Plan seeks to provide a variety of dwellings and opportunities for more sustainable forms of urban living. This includes live-work accommodation. However, in view of the realities of the use of live work units, 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. A degree of flexibility will be required depending on local circumstances. In some circumstances, the provision of homes will be the paramount concern and in others, the need to retain business capacity will be more important. Conditions and planning agreements to secure live-work (including those affecting parking) should provide a disincentive towards 'pure' residential occupation."

Clearly the GLA recognises the inherent problems of live-work as "back door" residential, and is at best luke-warm in its support for live-work as a continuing and distinct use, notwithstanding its (theoretical) sustainability credentials. It is perhaps surprising that the SPG has not picked up on live-work as a means for developers to avoid affordable housing. Given our frequently stated conclusion in this report that "conditions and planning agreements to secure live-work are in effect unenforceable", we suspect that the logic of the GLA's position is also "scrap it".

3.8.2 Live-Work in Other Inner London Boroughs

Hackney is by no means alone on the live-work playing field. A quick perusal of the LRR database indicates that live-work has been common in central and inner London boroughs since the late 1990s, and if anything is becoming more common in a number of outer London boroughs. Table 14 provides detailed information on live-work in Camden, Islington and Tower Hamlets. The main purpose of this table is not to quantify the scale of live-work in other boroughs, but to see if they have come up with any regeneration benefits and or policy wheezes which might eliminate or reduce the policy abuses found in Hackney, to the extent that we could recommend "keep it" rather than "scrap it". The short answer is that we have not.

Table 14 Live-Work in Other Boroughs (Schemes of 10 and More Units)						
Scheme	Status	Residential Units				Comment
		Total	Private	Live-Work	Affordable	
Camden						
129-137 York Way, Camden, N7	Comp (PP 2000)	12	10	2	-	Industrial conversion
73 Maygrove Road, NW6	Comp (PP 1998)	10	7	3	-	
Banderway & Kingsgate House, 146-162 Kilburn High Road, NW6	PP (On appeal)	85	57	3	25	
8a Medley Road, NW6	PP	13	12	1	-	Also B1. Earlier permission for 14 live-work units
250-254 Kentish Town Road, NW5	PP	11	9	2	-	Formerly offices above retail
Hammersmith & Fulham						
None						
Islington						
Eagle House, Eagle Wharf Road, N1	Comp 2000 (PP 1998)	37		37	-	All renters. Highly unlikely to be occupied as genuine live-work
Rufford Street Mews, 1 Rufford Street, N1	Comp 2002 PP 2001	27	5	22	-	Many units believed to be for rental. Thoroughly unpleasant place for anything.
19 Manor Gardens, N7	Comp 2000 (PP 1999)	32	19	13	-	Industrial conversion
Inn1, 58-62 White Lion Street, London, N1	Comp 2003 (PP 2000)	18	13	5	-	+ 7,000 sq ft B1. Would appear to be an affordable housing avoidance device via threshold abuse
Courtyard Lofts, 5 Garrett Street, EC1	Comp 2002 (PP 1999)	19	15	4	-	Would appear to be an affordable housing avoidance device via threshold abuse
The Tabernacle, 53-61 Tabernacle Street, EC2	Comp 2003	18	15	3	-	+ 20,000 B1
Devonshire Court, Manor Gardens, N7	Comp 2003 (PP 2000)	14	12	2	-	1 bed live-work units!
9A Dallington Street, EC1	Comp 2000	12	10	2		Industrial conversion

Scheme	Status	Residential Units				Comment
		Total	Private	Live-Work	Affordable	
Balls Pond Place, 192 Balls Pond Road, N1	Comp 2002 (PP 2000)	11	10	1	-	Industrial conversion
44-49 Great Sutton Street, EC1	Comp	24	23	1	-	Industrial conversion
81-83 Southgate Road, N1	Comp 2002 (PP 2000)	10	8	2	-	Renters
Clare Village, 62-67 Halliford Street, N1	UC (PP 2003)	38	20	18	-	Would appear to be an affordable housing avoidance device
400 Caledonian Road, N1	UC (PP 2004)	15	-	15	-	
101-113 Pentonville Road, London, N1	UC (PP 2003)	24	14	10	-	Would appear to be an affordable housing avoidance device
The Draytons, Benwell Road, N7	UC (PP 2002)	32	19	7	6	Would appear to be a partial affordable housing avoidance device
15-18 White Lion Street, N1	UC (PP 2003)	19	14	5	-	Revised application for 32 units including 2 live-work + B1
392-416 St John Street, EC1	UC (PP2002)	37	35	2	-	
1a Waterloo Terrace, Upper Street, London, N1	UC (PP 2001)	16	14	2	-	Would appear to be an affordable housing avoidance device
Arsenal FC (Later Phases)	PP	2000	1370	45	600	Small element of very large mixed use development
43-57 Gee Street, EC1	PP Oct 2004	30	15	4	11	Shows how new live-work and affordable housing policy is working + 8,000 B1
Cole's Wallpaper Factory, 142-144 Offord Road, N1	PP 2003	24	14	10	-	Would appear to be an affordable housing avoidance device
Rosemary School Annexe, 15 Woodbridge Street, EC1	PP Dec 2004	20	11	3	6	Shows how new live-work and affordable housing policy is working
3-14 Blackstock Mews, N4	PP 2001	16	-	16	-	Light Industry conversion
15 Garrett Street, EC1	PP Nov 2004	13	10	3	-	

Table 14 Live-Work in Other Boroughs (Schemes of 10 and More Units)						
Scheme	Status	Residential Units				Comment
		Total	Private	Live-Work	Affordable	
17-23 Vale Royal, N7	App 9/2004	14	-	14		Refused. Why?
Tower Hamlets						
Omega 3 (formerly Roach Works), Roach Road, E3	Comp 2004 (PP 2002)	57	-	57	-	The planning committee report (October 2000) stated that the permission would carry an informative as follows "occupiers of live-work accommodation are advised that they live in an industrial area where employment uses are encouraged that may potentially cause noise disturbance from industrial processes and deliveries that can take place on a 24 hour basis."
Victoria Wharf, Palmers Road, Roman Road, E2	Comp 2004 (PP 2001)	99	57	30	12	Live-work appears to be selling very slowly.
2 Artichoke Hill, Wapping, E1	Comp (PP 2000)	30	14	16	-	LRR note 1/4/2000, permission granted subject to condition that "payments of £33,000 per unit to LB Tower Hamlets should any live-work units revert to residential".
Steam Mills, 12a Fairclough Street, E1	Comp 1999 (PP 1997)	29	24	5	-	Planning permission was dependent on a s.106 which attempted to safeguard the commercial characteristics of the live-work units by imposing a "charge" of £10,000 on each unit which would come into effect should they ever revert to a purely residential use in the future.
The Chandlery - Phase 1, 35-42 Gowers Walk, 107 Backchurch Lane, E1	Comp 1999	62	56	6	-	Industrial conversion

Scheme	Status	Residential Units				Comment
		Total	Private	Live-Work	Affordable	
The Space Works, 21 Plumber's Row, E1	Comp 2003 (PP 2001)	18	-	18	-	Very slow sales due to difficulty of buyers securing loan finance due to high work element
Donmar House, 54 & 54a Cavell Street, 13-15 Ford Square, E1	Comp 2002 (PP 2001)	14	6	8	-	Would appear to be an affordable housing avoidance device
13-41 Whitehorse Lane, E1	Comp 2000 (PP1999)	13	8	5	-	Additional restriction that the work element live-work units should be for B1 only and that on-site working practices be monitored.
Blue House, 29-35 Calvin Street, London, E1	Comp 2000 (PP 1998)	22	13	9	-	Would appear to be an affordable housing avoidance device
Eagle Works, 46-58 Quaker Street, 54-62 Grey Eagle Street, E1	Comp 2004 (PP 2001)	54	32	10	12	New build
Sapphire Court, 12 Casson Street, E1	Comp 2001 (PP 1998)	13	11	2	-	New build
Berber Place, East India Dock Road, Amoy Place, E14	Comp 2000 (PP 1999)	21	6	15	-	Latest planning permission (6/99) is subject to a S106 to secure in lieu payment to the Council of £27,059 per unit, index linked to property prices in the area, should any of the live-work units be granted planning permission for full residential use.
East 14, 42-44 Orchard Place, Hercules Wharf, London, E14	Comp 2000 (PP 1999)	20	-	20	-	s.106 provides for a commuted payment of £25,000 per unit (£500,000) should any of the live-work units be granted permission for full residential use
Abbotts Wharf, 77-105 Stainsby Road, E14	Comp 2004 (PP 2003)	200	100	4 affordable live-work	97	How are the affordable live-work units allocated?

Scheme	Status	Residential Units				Comment
		Total	Private	Live-Work	Affordable	
Patent House, 45 Morris Road, E14	Comp 1996	10	-	10	-	2000 – Permission granted for change of use from live-work units to residential and or live-work subject to completion of s106 legal agreement. A contribution is to be paid in recognition of the loss of employment floorspace which will potentially result from the proposed change of use, and in accordance with the Council's Draft AH SPG and emerging draft live-work SPG.
Denmark Wharf, Copenhagen Place, E14	Comp 2004 (PP 2002)	33	16	10	7	See LRR notes – significant
2 Artichoke Hill, Pennington Street, E1	Comp 2002 (PP 2000)	30	14	16	-	Would appear to be an affordable housing avoidance device
Reservoir Studios, 547 Cable Street, Caroline Street, E1	Comp 2001 (PP 1998)	30	12	18	-	Would appear to be an affordable housing avoidance device
Arlington Works, Palmers Road, E2	Comp 2002 (PP 2000)	20	-	20	-	Would appear to be an affordable housing avoidance device
Sandwood House, 62-70 Bacon Street, E2	Comp 2004 (PP 2002)	20	14	6	-	Would appear to be an affordable housing avoidance device
Bow Connection, 75-101 Fairfield Road, E3	Comp 2003 (PP 2000)	94	62	10	22	
Omega 4, Roach Road, E3	UC (PP 2003)	86	-	86	-	S106 includes restrictions for the live-work units to be used for those purposes only. Sept 2004. Hurford Salvi Carr advertising the scheme as "coming soon" through an investor off-plan launch.

Scheme	Status	Residential Units				Comment
		Total	Private	Live-Work	Affordable	
The Ironworks, Dace Road, London, E3	UC (PP 2002)	77	-	77	-	Plus 9 office units (1,480 gsm) and museum space, 63 parking spaces. Live-work units to be split 60% work and 40% residential. Interestingly, committee report noted that work area of live-work would give rise to financial implications including 17.5% VAT on construction costs.
417 Riverside, 417 Wick Lane, London, E3 2JG	UC (PP 2004)	75	-	75	-	Also 10,000 sq ft offices. Nearly all sold off-plan to investors
Jack's Place (Lana House), 112-116 Commercial Street, E1 6QQ	UC (PP 1999)	18	-	18	-	Permission granted (1999) subject to S106 ensuring that the units remain live-work. In March 2000 LB Tower Hamlets informed LRR that an appeal had been lodged against the S106 and had been decided in favour of the appellant. It was ruled that in the absence of a specific policy requiring it, such a change (ie. from live-work to residential) would be inappropriate and in any event would require full planning permission, at which time the local planning authority would be able to refuse the proposal.
2-10 Barnet Grove, Bethnal Green, E2	UC (PP 2002)	18	14	4	-	Affordable housing avoidance
Riverside Works, 419 Wick Lane, Bow, E3	PP (9/2004)	104	-	104	-	Section 106 includes: Live/work units to be used only for that purpose To permit reasonable inspection by the council of the live/work units

Scheme	Status	Residential Units				Comment
		Total	Private	Live-Work	Affordable	
Crown Wharf (Units 1-4 Plus 17)	PP (Feb 2004)	58	-	58	-	LRR note 11/2/04 includes. Application to appear committee, with recommendation for approval subject to a S106 agreement for the provision of : Restrictions for the development to be used for live / work purposes only Rights of access to the site to monitor its use
Suttons Wharf South (T R S Cash And Carry), Palmers Road, E2	PP (12/2004)	184	127	15	42	
5-6 Corbridge Crescent, Bethnal Green, E2	PP (2001)	14	6	8	-	Revised application for much larger scheme 2004 with no live-work
Bow Lock Site A, Twelvetrees Crescent, Bromley-by-Bow, E3	PP (5/2003)	307	225	75	7	Major mixed use scheme including 140 bed hotel and offices.
52-58 Commercial Road, Aldgate, E1	PP (3/2004)	136	92	6	38	Later application replacing live-work with pure residential
93-97 Redchurch Street, Shoreditch, E2	PP (8/2002)	11	5	6	-	
74-108 Cheshire Street, Shoreditch, E2	PP (1/2004)	70	49	5	16	Live-Work on Ground at huge discount to pure residential. Revised application also has 5 Live-Work units
5-18 Cuba Street, Isle of Dogs, E14	PP (8/2003)	115	83	5	27	Also 1,226 gsm BIC
327-335 Commercial Road, Whitechapel E1	PP (12/2004)	18	14	4	-	Warehouse refurb

Scheme	Status	Residential Units				Comment
		Total	Private	Live-Work	Affordable	
Leyton House, 22 Calvert Avenue, Shoreditch E2	PP (3/2000)	16	13	3	-	Expired?
Millwall Fire Station, Westferry Road, Isle of Dogs, E14	PP (12/2004)	38	26	3	9	Live-Work on lower floors in listed refurbishment
22-24 Mowlem Street, Bethnal Green, E2	PP (3/2004)	14	11	3	-	Live-work studios!

Source: London Residential Research

It seems to us from a quick analysis of Table 14 that that the problems confronting Hackney with regard to live-work are common elsewhere. There has clearly been affordable housing avoidance, and most probably a “light touch” on retention of employment. We have little doubt, from our market involvement in other boroughs, that the *de facto* use of live-work units as pure residential is as common as it is in Hackney.

There are in effect two bodies of “best practice” that we can call upon from Table 14. The first is Islington’s Affordable Housing SPG, discussed earlier in Section 2.9, which appears to have greatly reduced the flow of live-work applications by the simple expedient of attaching affordable housing requirements to live-work units.

The second is the Tower Hamlets approach, which we might describe as “contingency planning” for when the unit goes “officially” into pure residential use. Tower Hamlets has issued several permissions which actually stipulate the commuted payment required for “conversion” of the unit to pure residential. Examples we have of this include:

- Steam Mills, Fairclough Street, E1. Planning permission was granted in 1997, dependent on a s.106 which attempted to safeguard the commercial characteristics of the live-work units by imposing a “charge” of £10,000 on each unit which would come into effect should they ever revert to a purely residential use in the future.
- East 14, 42-44 Orchard Place, Hercules Wharf, E14. Permission was granted in 1999, with a s.106 which provided for a commuted payment of £25,000 per unit should any of the live-work units be granted permission for full residential use.

- Berber Place, East India Dock Road, Amoy Place, E14. Planning permission granted in 1999, subject to a S106 to secure in lieu payment to the Council of £27,059 per unit, index linked to property prices in the area, should any of the live-work units be granted planning permission for full residential use.
- 2 Artichoke Hill, E1. LRR reported that permission was granted in 2000 subject to condition that “payments of £33,000 per unit to LB Tower Hamlets should any live-work units revert to residential”.

In the course of this research we asked LBTH whether any such payments had ever been made, and the response was that no live-work to residential permissions had been approved on the relevant sites and thus the provisions have never been triggered.

In addition to Tower Hamlets having its own contingency position, it has also been warning prospective occupiers of the possible threat to traditional “rights to quiet enjoyment” if they choose the live-work lifestyle. For example, in the case of the 58 unit live-work permission at Units 1-4 Roach Works, Roach Road, E3 the “Informative” attached to live-work permissions in Tower Hamlets stated that:

“occupiers of live-work accommodation are advised that they live in an industrial area where employment uses are encouraged that may potentially cause noise disturbance from industrial processes and deliveries that can take place on a 24 hour basis”.

Too right! On the basis of our site visits, we would suggest that the environment in this location (Fish Island) is so dreadful that it defies belief that anyone would wish to live there. If affordable housing was forced into such a location, there would be an outcry.

The Committee report for Units 1-4 Roach Works, Roach Road, and other similar schemes in the vicinity also uses standard phrases about “enforcement”. The Section 106 includes:

- Restrictions for the development to be used for live-work purposes only.
- Rights of access to the site to monitor its use.
- Live space shall not be used or occupied other than in connection with the workspace.

The payment for non-compliance (regularisation) appears to have been dropped.

In summary, we cannot claim to have looked in great detail at other boroughs, but on the evidence above, we still find no basis to shift from our “scrap it” recommendation.

4.0 POLICY OPTIONS & RECOMMENDATIONS

4.1 Introduction

The original Brief for this study was to formulate a policy for live-work that would, in effect, be enforceable. In our Proposal we questioned this approach and whether it would better suit the Borough's needs in terms of protecting and promoting "genuine" or "transparent" employment use, and the construction of affordable housing, to stick firmly to the 2003 Revocation of the Live-Work SPG. In place of schemes led by live-work or with a live-work component, we suggested that negotiating with applicants to achieve "conventional" mixed-use and/or mixed tenure schemes incorporating "pure" employment and residential uses might better meet LBH's objectives to secure some genuine employment use, alongside private housing and affordable housing, as well as a broader regeneration effect.

With very few exceptions, the preceding analysis of the operation of the live-work market over the past ten years supports the hypothesis that live-work use does not any longer contribute to LBH's policy objectives on employment, housing and regeneration in any meaningful way. We have no doubt that the negatives of live-work now far outweigh the pluses, and that such benefits as live-work policy might still deliver could be better achieved through conventional mixed use policies. The key points are:

- Although there is a proportion of genuine live-workers, all the evidence suggests they are dominated by one-person operations with a very low level of linkage into the local economy, including the direct generation of local employment. Not least, the most recent approvals are at a size (750 sq ft or so) which could preclude employing staff due to lack of space.
- The evidence suggests that the actual use of the workspace in very many live-work units is screen-based knowledge work undertaken on a scale which would be encompassed by the permitted use of a residential unit for work purposes and which does not require a building specification any different from residential – "home-working" in other words.
- A very high proportion of live-work units are *de facto* residential – or "back-door residential".
- In the early days there was a strong argument that live-work units were meeting a particular need in the Borough for low-cost workspace for important emerging economic clusters in arts, crafts, photography and the (then pioneering) dot.com multi-media crowd. As our detailed analysis of pricing over time demonstrated, with live-work (asking) prices now usually only 5-15% below pure residential, the typical lowest entry price of say £300,000 (probably requiring 20-30% equity injection) hardly qualifies as affordable workspace.

- LBH has found it nigh on impossible under the live-work policy framework prior to 2003 to secure either conventional affordable housing or even affordable live-work units (albeit there are some small scale examples of the latter).
- This left LBH in a “lose-lose” scenario, in practice. Putting it crudely, LBH has been losing employment land and buildings to back door residential use and getting neither the full quota of employment that might have been expected had all live-workers been genuine nor the normal 25% provision of affordable housing.

We would hope that our policy recommendations would make some contribution to turning “lose-lose” to “win-win”.

Aside from actually revoking the Live-Work Supplementary Planning Guidance, LBH has, however, in attempting to toughen the likelihood of compliance with live-work use, as it has every right to do, created problems in the market for live-work space – problems which have come to light particularly from 2004 onwards. In particular we would highlight:

- The enforcement investigation undertaken in 2004, and the publicity surrounding it, has led to a wider awareness of the issue of compliance. Not least, there is evidence emerging that owners of units for re-sale, which are subject to investigation, are finding the sale of units impeded. Developers that still have live-work units on their books either complete (as investments or still for sale), under construction, or in the planning pipeline, are acutely aware of the possible adverse effects of continued Enforcement.
- The more recent insistence by LBH of a high work component, say 50%, within live-work units has a significant impact on the ability of putative owners to raise conventional mortgage funding for units. Banks and other institutions look upon such units as commercial, and typically offer commercial loans at higher interest rates than residential mortgages, and will only lend, say, 65% of their valuation.
- Although LBH has lost some significant Appeals since the revocation of live-work use, the revocation is having its intended effect in practice. Very few developers are now applying for live-work use, with only 76 units subject to outstanding planning applications at the end of 2004, 59 of which are in two schemes where live-work use appears likely to fall by the wayside.

In short, the time is right to sort out live-work policy. Although timing and market conditions are not normally treated by policy makers as important factors, they are in this case.

Even setting aside the fact that live-work is not meeting fundamental LBH planning policy objectives and that it is increasingly seen as “problematic” in market terms, ensuring compliance with the work element of live-work, both now and in the long-

term future is, in our opinion, a Sisyphean task. (A live-work duplex for Sisyphus might have been an ideal solution for his lifestyle). Put simply, live-work lacks “transparency”.

- At least 47% of “live-workers” sampled by LBH’s Enforcement Officers self-declared that they were using live-work units as residential only. Of the balance, the view of Enforcement Officers is that although some are genuine live-workers, a proportion are claiming live-work use when in fact the use is largely residential.
- After a period of 4 years only, an occupier can gain established use rights for residential on the basis of proof. If those occupiers who have been in a state of non-compliance since buying a unit become aware of this, they can make a case for 100% residential use, making a mockery of live-work as a “use” and any attempts to enforce it – at least against owner occupiers.
- Many live-work units have either never paid business rates to LBH, or have successfully applied to the Valuation Office to have business areas rated for residential use, without having applied for and secured change of use to residential.
- In order for live-work use to be enforceable, transparency is required. Anecdotally, we know that it is easy to set up a room as either workspace or living space temporarily when “an Inspector calls”.
- In the light of changing work and personal circumstances, should we be expecting the “Use Police” to be knocking on doors and serving notices because a person’s business has failed and they have to go into full-time employment, or heaven forbid, they start a family and convert the work space to a nursery, or indeed decide to do the decent thing and look after Mum or Dad in their declining years.

Realistically, enforcement is only likely to be feasible (and politically acceptable) against investors, and particularly bulk investors, who are in flagrant breach of planning when they openly market live-work units with no reference or deference to the “work bit”. You don’t need to look very hard or far to find evidence of this happening. In some Section 106 agreements in relation to live-work schemes, the following clause is included:

“The Company shall procure that a clause is inserted in the lease(s) of the live/work units which will restrict occupation of the live/work units for live/work purposes only.”

It would be an interesting exercise to examine the compliance with this clause in developments to which it applies.

However, despite the superficial attractions of enforcing against bulk investors, this is not our preferred approach, although we should not rule out the occasional (well publicised) enforcement initiative “pour encourager les autres”.

4.2 A Suggested Approach to “Regularising” Live-work

It is our strongly held view that in spite of LBH losing key Appeals, the Revocation of the Live-Work SPG was sensible and that, in line with the Enforcement investigation, LBH’s approach is having the practical effect of reducing the planning pipeline of live-work developments. According to our detailed analysis of the ten years of construction activity and the current planning pipeline, there were in Hackney at the end of 2004:

- at least 1,340 completed live-work units (in 86 schemes), the vast majority of which are occupied, with the exception of very recent 2004 completions;
- 242 units under construction (in just 9 schemes) as at the end of 2004;
- 363 units with outstanding planning permissions (in 26 schemes, of which only 10 have more than 10 units);
- and 76 units with planning application (in 9 schemes).

In our opinion the Revocation of the Live-Work SPG and the emerging market problems for live-work use presents LBH with the opportunity to “regularise” live-work use. By regularising we mean allowing the change of use of live-work units to other uses, principally residential use, primarily private housing. Our recommendation is a two-pronged approach dealing first with the developers of live-work schemes and second with live-work owners and/or occupiers.

4.3 Negotiating with Developers and Investors

In our initial Synopsis of this report, submitted to LBH on 15th December 2004, we outlined the following three basic options for live-work with regard to developers.

- **“Do Nothing”**
Implies fighting Appeals and potentially losing, and also seeing further non-compliant live-work schemes being constructed without LBH seeing any benefits in terms of either affordable housing or employment. This also implies continuing uncertainty in the market, which will could damage LBH’s image as it seeks to reposition itself as an efficient local authority.
- **“Do Something”**
To provide new policy advice on live-work in due course.
- **“Do a Lot”**

Initiate with relevant developers dialogue and negotiations for “regularising” at the earliest opportunity.

In our view, the second option is a non-starter, as even a more robust set of policies, conditions and s.106 clauses, cannot get around the problems of policing the legitimate use of live-work, now or in the future, outlined in Section 2. Although it would be easy to just “Do Nothing”, LBH may well be passing up the opportunity to capitalise on what it has already achieved through revoking the Live-Work SPG and devoting significant resources to both negotiating with developers to squeeze live-work out of individual schemes where possible and to enforcement investigation.

It is our strong impression from the discussions held at LBH’s “Developers’ Forum” (20th January 2005) and subsequent one-to-one discussions with key developers and other market players, that developers increasingly view “live-work” as a marketing problem and, as such, might be willing to re-negotiate the mix of uses in live-work schemes. For them to stay willing, LBH must keep up the pressure in terms of maintaining a “negative market image” for improperly occupied live-work units, the main impact of which will be to deter mortgage providers from offering mortgages on acceptable terms to prospective buyers.

In our original proposal, we suggested that any “regularisation” process might seek to treat completed units differently from those under construction or with planning permissions. On the basis of our research, we have concluded that this would be at best clumsy, and that a single “procedure” applying to both current and future live-work units would be both more effective and more defensible.

4.4 Negotiating with Existing Owners and Occupiers

The December 2004 Synopsis of this report, outlined the following three basic options with regard to existing live-work occupiers:

- **“Do Nothing”**
Owners themselves bear the cost of the problems of live-work status both during occupation (higher local taxes, at least in theory) and at the point of sale (lower values).
- **”Do Something”**
Initiate a consultation process to regularise the use.
- **“Do a Lot”**
Extend the enforcement programme to include all units and take a tough line.

We have already ruled out a blanket or widespread enforcement campaign against owner-occupiers or indeed tenants, for both practical and political reasons. Whilst

we recognise that in practice, negotiating with a small number of developers and bulk investors is a very different process to negotiating with individual owner-occupiers, the principle of a single procedure must still apply.

4.5 Policy Objectives and Recommendations

Objectives

It might just be worth restating the policy objectives at this juncture. On the basis of the research, we believe the policy objectives from the live-work regularisation procedure are to:

- Ensure that LBH gets due credit for a policy which in its early years was imaginative and effective in giving a market led kick-start to regeneration in severely run down locations;
- Mitigate the damage done by abuse of live-work policy in later years, in terms of unintended consequences, primarily in the context of the loss of employment;
- Close off any loopholes left by live-work in the context of future losses of employment and affordable housing;
- Seek to use the whole process of regularisation to show LBH in a positive light, as a progressive and efficient authority, tackling a problem which also exists in many other boroughs, but has not yet been fully recognised and or tackled.

Existing employment and mixed-use policies will close off the loopholes regarding employment policy. The revised Affordable Housing SPG will close off the affordable housing loophole which live-work had become, through the simple expedient of making any future live-work proposals liable to the full force of affordable housing policy, as if it were pure residential. Which, in policy terms, leaves us to find a regularisation procedure that mitigates the damage done through abuse of live-work policy.

Recommendations

Our main policy (or rather “action”) recommendation is to allow the change of use from live-work to pure residential, for a fee, or “commuted payment”. As a rider to this, we recommend that the whole thing be done as fast as possible, with the aim of establishing clear precedents, within weeks. The attractions of a “quick win” are twofold:

- The market is still soft for pure residential, never mind live-work, with all its attendant complications. Developers we have met with current and future live

work schemes are anxious to “de-risk” their positions, by regularising. As and when the market strengthens, they will be under less pressure to treat with LBH, particularly if they see a *de facto* amnesty through the “4 Year Rule” enabling them (or their customers whether buyers or tenants) to sort the problem in due course.

- The threat of a more onerous planning regime after July 2005, due to the adoption of the revised Affordable Housing SPG, will give them every incentive to “get on with it”.

Now is the time for LBH to act.

In principle, all applicants, be they owner-occupiers or investors/developers must be able to avail on equal terms of the opportunity to “regularise” existing and planned units. The calculation of the fee should be as simple and transparent as possible. It must be based on a (modestly) flexible formula that seeks to split the uplift in value between the applicant and LBH. We would suggest that a figure of 5% of the capital value (after regularisation) would be a robust negotiating position for LBH. In the case of developers or bulk investors, the commuted payment would be payable upon the grant of planning permission. For owner-occupiers, who may not have £10,000 or £15,000 readily to hand, the payment might need to coincide with the timing of any sale, enforceable perhaps by a planning condition or legal agreement to this effect.

We strongly recommend against LBH seeking any further planning gain from regularisation when dealing with developers. This is principally for three reasons:

- First, it would increase the risk to LBH that developers will simply “ride out the problem”, as we believe they have the financial strength to do.
- Second, it would create an uneven policy playing field between owner-occupiers and investors, with both then seeking to exploit the situations created by the other.
- Third, it would be extremely complicated, when simplicity is at the heart of our recommendation. It is highly unlikely that developers with schemes under construction would agree to redesign them, and/or introduce more affordable housing, and/or more employment space in return for regularisation. The gain to Hackney from regularising a small number of permissions is too small to be worth the hassle.

Above all, we see a simple regularisation process as being low risk for LBH.

We are further recommending that the payments secured by LBH are strictly ring-fenced, to be used entirely or primarily on employment initiatives aimed at local residents. This is because our regularisation approach is designed to ameliorate the

loss of local employment creation which live-work was specifically designed to promote. There may also be an argument for monies to be spent on affordable housing, which can also be seen as a “policy loss” arising out of live-work planning abuse.

Two key issues arise out of this recommendation. First, is it legal? Second, is it administratively doable? With regard to legal issues, we have informally discussed the matter with Chris Marsh, (no relation to Geoff Marsh), one of the leading academics and practitioners in the field of planning gain. His view is that the formula is likely to be legal, provided there is a proper policy “hook” to hang the change on, and provided the monies are properly ring-fenced, to be spent in a fully accountable manner on local employment or affordable housing initiatives. This approach would appear to be consistent with Circular 1/97 and its proposed replacement, which is nearing the end of its consultation period. He warns however that LBH would have to take counsel’s advice on the approach.

With regard to administration, we believe most developers will do all they can to be helpful to LBH. For owner-occupiers, the regularisation formula will have to be very simple, probably a percentage of the achieved sale price in the event of a sale, or independent valuation where no sale is involved.

APPENDIX 1

Appendix 1: Residential and Live-Work Developments Completed 1995-1999							
Scheme	Private Units	Live-Work Units	Social Units		Commercial Space	Previous Use	Type
			Plann- ing Gain	Direct			
1995							
43-57a Reading Lane, E8	0	0	0	23	None	Not known	New
61 Dalston Lane, E8	0	0	0	22	None	Vicarage	New (17) Refurb (5)
Time Square, 9-21 Colvestone Crescent, E8	61	0	0	0	None	Industrial/ warehouse	Refurb
Prince Edward Road, Berkshire Road, E9	0	0	0	8	None	Not known	New
Milborne Street, Well Street, E9	0	0	0	29	None	Not known	New
Collent Street, E9	0	0	0	12	None	Not known	New
12-22 Mare Street, 2-48 Northiam Street, E9	0	0	0	69	Offices – X gsm	Residential and ?	New (rear) Refurb (Mare Street frontage)
Metropolitan Hospital Nurses Home, Enfield Road, N1	0	0	0	41	None	Nurses Home	Refurb
Church site, Gloucester Drive, N4	0	0	0	41	None (+church)	Church?	New
22-38 Manor Road, Royal Close, N16	20	0	0	0	None	Not known	New
32-38 Barretts Grove, N16	0	0	0	16	None	Not known	New
9-11 Cowper Road, N16	0	0	0	12	None	Not known	New
Albion Grove, Albion Road, N16	0	0	0	10	None	Church?	Refurb
151-161 Albion Road, N16	0	0	0	14	16 bed nursing home	Not known	New
Grove Cottage & Grove House, Stamford Grove East, N16	11	0	0	0	None	Residential?	Refurb
1996							
Downs Road, Rendlesham Road, E5	0	0	0	23	None	Not known	New
Samuel Lewis Trust Dwellings Ph 1&2, Dalson Lane Estate, E8	0	0	0	89 (Demoli- -tions?)	None	Not known	New
169-185 Sandringham Road, E8	0	0	0	18	None	Not known	New
Amhurst Road, Sandringham Road, E8	0	0	0	12	None	Not known	New
The Forum, Independent Place, E8	17	0	0	0	None	Industrial/ warehouse	Refurb (Shells)
Holly Street Phase 1, Buxtad Close, Glebe Road, E8	0	0	0	160 (Demos ?)	None	Social Housing	New
64-82 Brougham Road, E8	0	0	0	18	None	Housing	New
Lee Riverside, Lee Conservancy Road, E9	0	0	0	114	2,787 gsm B1	Industrial (Lesney Match Box)	New

Appendix 1: Residential and Live-Work Developments Completed 1995-1999							
Scheme	Private Units	Live-Work Units	Social Units		Commercial Space	Previous Use	Type
			Plann- ing Gain	Direct			
Strand Building, 29 Urswick Road, E9	9	0	0	0	None	Commercial ?	Refurb
76-78 Well Street, E9	0	0	0	10	None	Housing?	New
The Bell, 136 Shoreditch High Street, EC2	6	0	0	0	?ground floor commercial?	B1	Refurb
1 New Inn Square,	0	9	0	0	None	B1 office	Refurb
17-18 Clere Street, EC2	0	4	0	0	306 nsm B1 office	B1 office	Refurb
155-165 Culford Road, N1	11	0	0	0	None	Not known	New
St Leonard's Hospital, Hoxton Street, N1	0	0	0	41	None (50 bed nursing home, primary health care centre, elderly resource centre)	Hospital	Refurb & New
1-55 Haberdasher Street, N1	27	0	0	0	None	Garages	New
24-32 Shepherdess Walk, N1	30	0	0	0	139 gsm B1 offices (9 units)	Industrial	Refurb
Kingsmere Place, Lordship Road, N16	8	0	0	0	None	Not known	New
207-223 Stoke Newington Church Street, N16	0	0	0	40	None	Not known (listed Grade II)	Refurb & New
1997							
Wellington Estate Phase 2, Bishop's Way, E2	0	0	0	8 (net)	None	Social Housing	New & Refurb
Nye Bevan Estate, Clapton Park Estate, E5	0	0	0	46 (net?)	None	Social Housing	New & Refurb
156 Chatsworth Road, E5	7	0	0	0	None	Not known	Refurb
Liberty Lofts (Haybridge House), Mount Pleasant Hill, E5	0	20	0	0	375 gsm B1 offices (then change of use to 2 L-W units in 1999)	Industrial (metal box factory)	Refurb
234 Dalston Lane, E8	13	0	0	0	None	Not known	Refurb
108-122 Shacklewell Lane, E8	0	0	0	13	None	Not known	New
Holly Street Estate Phase 2A, Queensbridge Road, E8	0	0	0	33 (Demos ?)	None	Social Housing	New
Holly Street Estate Phase 2B, Queensbridge Road, E8	0	0	0	41 (Demos ?)	None	Social Housing	New
De Beauvoir Place, 348-360 Kingsland Road, E8	20	0	0	0	556 gsm B1 offices	Vacant/ Derelict	New & Refurb
Wick Road, Homer Road, E9	0	0	0	14	None	Vacant Site (Parking)	New

Appendix 1: Residential and Live-Work Developments Completed 1995-1999							
Scheme	Private Units	Live-Work Units	Social Units		Commercial Space	Previous Use	Type
			Plann- ing Gain	Direct			
New Kingshold Estate Ph 1, King Edward's Road, E9	0	0	0	46 (Demos ?)	None	Social Housing	New
New River Lodge Phases 2, Newnton Close, N4	0	0	0	12	None	Not known	New
Howmedica Site, 39a Grayling Road, N16	0	0	0	17?	None	Not known (Industrial?)	New
Ark Court (Clapton Hall), 54a Alkham Road, N16	25	0	0	0	None	Church	Refurb
2 Foulden Road, N16	8	0	0	0	None	Residential?	Refurb
Newington Place Mews, 95a/b Carysfort Road, N16	24	0	0	0	B1 offices (check)	Industrial (Piano factory)	Refurb & New
Pegasus Close (Petherton Mews) r/o 107-109 Green Lanes, N16	10	0	0	0	None	Not known	New
163-165 Albion Road, N16	0	0	0	12	None	Not known	New
1998							
81A Glenarm Road, E5	6	0	0	0	None	Residential?	Refurb
28 Lower Clapton Road, E5	6	0	0	0	None	B1?	Refurb
110 Lower Clapton Road, E5	10	0	0	0	Retail ground floor	Not known	Refurb
29 Hilsea Street, E5	5	0	0	0	None	Residential?	Refurb
63 Kenninghall Road, E5	14	0	0	0	None	Not known	New behind façade
Dehavilland Lofts, Theydon Road, E5	0	41	0	0	None	Industrial (Art Deco)	Refurb (Shell)
Kent Wharf, Queensbridge Road, E8	19	0	0	0	None	Council Depot (and before ice cream factory)	New
Eastside Academy, (frmr Hackney Community College), Dalston Lane, E8	57	0	0	0	None	Education	Refurb (49) & New (8)
252-300 Dalston Lane, E8	0	0	0	38	None	Residential?	Refurb
96-98 Amhurst Road, E8	0	0	0	12	None	Not known	New
The Rope Walk, 116-118 Middleton Road, E8	5	0	0	0	None	Not known	Refurb
18-22 Broadway Market, E8	0	0	0	10	3 retail units (size?)	Vacant/ Derelict	New
Victoria Park Crescent (frmr Technical College), Cassland Road, E9	24	0	0	0	None	Education	New
Trowbridge Estate, Trowbridge Road, E9	0	0	0	122 (net)	None	Social Housing	New
The Rima, 10-12 Barnabas Road, E9	0	0	0	10	None	Industrial	Refurb

Appendix 1: Residential and Live-Work Developments Completed 1995-1999							
Scheme	Private Units	Live-Work Units	Social Units		Commercial Space	Previous Use	Type
			Plann- ing Gain	Direct			
Brooksby's Walk, E9	0	0	0	6 (S/O)	None	Not known	New
New Kingshold Estate Ph 3A/B, King Edward's Road, E9	0	0	0	53 (Demos)	None	Social Housing	New
New Kingshold Estate Ph 2, King Edward's Road, E9	0	0	0	59 (Demos)	None	Social Housing	New
Balcorne Street Sub Station, Balcorne, E9	0	0	0	33	None	Sub-station?	New
39-43 Well Street, E9	0	0	0	12	None	Residential? (squatted)	Refurb
20-22 Shore Road, E9	10	0	0	0	None	Industrial?	Refurb
Butler House, 51 Curtain Road, EC2	0	6	0	0	None	B1 Office/Light Industrial	Refurb
58-60 Great Eastern Street, EC2	0	6	0	0	None	B1 office	Refurb
1-4 Christina Street, EC2	12	4	0	0	None	B1 office, industrial	Refurb
City Reach, Kingsland Road, N1	35	15	0	0	?some commercial? Site visit check	B1 offices	Refurb & New
The Factory, 10-22 Shepherdess Walk, N1	50	0	0	0	B1 offices on ground and basement	Industrial	Refurb
208-212 Green Lanes, N4	0	0	0	24	None	Residential (Derelict)	New
26-30 Fairholt Road, N16	0	0	0	5	None	Residential	New
Springate, 2a-6 Ravensdale Road, N16	6	0	0	0	None	Not known	New
R/o 200 Stoke Newington High Street, N16	7	0	0	0	None	Vacant plot	New
The Albion, Clissold Road, N16	0	0	0	21	None	Public House	New & Refurb
1999							
Alma House, Nightingale Estate, E5	0	0	0	36 (Demos)	None	Social Housing	Refurb
Chatsworth Estate Playground, Lockhurst Street, E5	0	0	0	6	None	Playground	New
45-47 Lower Clapton Road, E5	5	0	0	0	2 retail units	Not known	New
City Retreat, 14-16 Lower Clapton Road, E5	5	0	0	0	None	Not known	Refurb
98-102 Upper Clapton Road, E5	11	0	0	0	None	Not known	Refurb
Samuel Lewis Trust Dwellings Ph 3, Dalson Lane Estate, E8	0	0	0	51 (Demolitions?)	None	Not known	Refurb
32-44 Dalston Lane, E8	0	0	0	24	750 gsm retail (slow to let)	Not known (was LBH)	New

Appendix 1: Residential and Live-Work Developments Completed 1995-1999							
Scheme	Private Units	Live-Work Units	Social Units		Commercial Space	Previous Use	Type
			Plann- ing Gain	Direct			
Holly Street Estate Phase 2C, Queensbridge Road, E8	0	0	0	66 (Demos)	None (but 41 special needs for frail/elderly)	Social Housing	New
1-3 Scriven Street, E8	0	0	0	22	None	Public House and public car park	New
Principal Lofts (Clapton Park School), Chelmer Road, E9	33	0	9	0	None	Education	Refurb
New Kingshold Estate Ph 4, King Edward's Road, E9	0	0	0	39 (Demos)	None	Social Housing	New
14-15 Cadogan Terrace, E9	8	0	0	0	None	Residential (Derelict)	Refurb
2-6 Link Street, 12-26 Homerton High Street, E9 (Rough Sleepers)	0	0	0	16	None	Vacant site	New
St Luke's Church Hall, Rivaz Place, E9 (Rough Sleepers)	0	0	0	15	None	Church Hall	New
Victoria Place, New Kingshold Estate, King Edward's Road, E9	107 (Demos ?)	0	0	0	None	Social Housing	New
5 King Edward's Road, E9, Phase 1	0	66	0	0	None? (or were 13 units B1?)	Industrial	Refurb
36-42 New Inn Yard, EC2	0	6	0	0	None (but ppg excludes Grnd)	Industrial (printing)	Refurb
107 Clifton Street, EC2	0	4	0	0	222 gsm Retail A3 (G & Bsmt)	B1 office	Refurb
87-89 Paul Street, EC2	0	6	0	0	None	Warehouse	Refurb
124-130 Tabernacle Street, EC2	4	6	0	0	None	Warehouse/Industrial	Refurb
98-100 Tottenham Road, N1	4	1	0	0	None	Industrial (tailor's workshop)	Refurb
180 Hoxton Street, N1	6	0	0	0	None	Air rights above shops	New
194-196 Hoxton Street, N1	7	0	0	0	2 retail units	Commercial	New & Refurb
Hoxton House, 34 Hoxton Street, N1	6	0	0	0	D1 community use in Bsmt & part Ground	Education	Refurb
One Hoxton Square, 1 & 58 Hoxton Square, N1	0	8	0	0	A3 on G and Bsmt (prev. Bass Clef and then Blue Note)	B1 offices	Refurb
1 Rufus Street, N1	3	0	0	0	A3 unit Grnd and Bsmt (The Furnace v.good pizza)	Industrial (carpentry workshop)	Refurb

Appendix 1: Residential and Live-Work Developments Completed 1995-1999							
Scheme	Private Units	Live-Work Units	Social Units		Commercial Space	Previous Use	Type
			Plann- ing Gain	Direct			
14-27 Eagle Wharf Road, N1	0	0	0	14	None	LBH New Deal Site Use?	New
44-48 Shepherdess Walk, N1	0	6	0	0	350 gsm offices Grnd & Bsmt	Industrial/ Warehouse	Refurb
60 Shepherdess Walk, N1	0	0	0	30	None	Vacant site	New (pre-fab)
Royle Building, 41 Wenlock Road, N1	97	0	22 (Shared Equity)	0	445 gsm B1 offices	Industrial (Royles printing)	Refurb
81 Woodbury Grove, N4	0	0	0	5	None	Residential	New
155 Queens Road, N4	5	0	0	0	None	Not known	Refurb
7 Gloucester Drive, N4	11	0	0	0	None	Not known	New
St Andrew's Mews, r/o 91-109 Dunsmore Road, N16	53	0	0	0	None	Industrial	New
14a-c Manor Road, N16	9	0	0	0	None	Industrial	Refurb
Abney Park, Gibson Gardens, Northwold Road, N16	50	0	0	0	None	Not known	Refurb
Fleetwood, Stoke Newington High Street, N16	17	0	0	0	None	Education (squatted by new agers and artists)	Refurb
Shakespeare Walk, 93a Shakespeare Walk, N16	0	0	0	15 (Shared Equity)	None	Not known	New
Indigo Loftside (Ph 2 of Newington PI Mws) Carysfort Road, N16	0	20	0	0	400 gsm offices	Industrial (Piano factory)	Refurb
Holland House & Isaac Watts Court, 42 Newington Green, N16	0	0	0	44 (24 Sh Eq) (20 Socl Rnt)	Medical practice 125 gsm A3 restaurant	Not known	New

Source: London Residential Research

APPENDIX 2

Appendix 2: Residential and Live-Work Developments Completed 2000-2004							
Scheme	Private Units	Live-Work Units	Social Units		Commercial Space	Previous Use	Type
			Plann- ing Gain	Direct			
2000							
Nichol's Court, Cremer Street, E2	27	0	0	42 (shared equity 75%)	None	Garages	New
Regent Wharf, Laburnam Street, E2	0	0	0	32 (shared equity 50%)	None	Not known	New
Landmark Heights (Sudbury Court), Daubenev Road, E5	114	0	0	0	None	Council Block (sold 1998)	Refurb
12 Goulton Road, E5	5	0	0	0	None	Not known	Refurb
1-5 Downs Lane, E5	5	0	0	0	None	Not known	New
134-138 Lea Bridge Road, E5	9	0	0	0	None	Residential (15-1 beds)	Refurb
Scriven Street, Clarissa Street, E8	0	0	0	6	None	Vacant	Not known
The Bauhaus Building (ex-German Hospital), Fassett Square, E8	19	0	0	0	None	Hospital	Refurb
Spurstowe Works, Spustowe Terrace, E8	0	14	0	0	None	Industrial	Refurb
Carrara Mews, 162B Dalston Lane, E8	0	6	0	0	None	Warehouse	Refurb
88a-b Amhurst Road, E8	6	0	0	0	None	Retail	Refurb
7 Arcola Street, E8	8	0	0	0	None	Industrial	Refurb
35-37a-c Wilton Way, E8	2	1	0	0	None	Residential/ Commercial	Refurb
Holly Street Phase 4A & 4C, Queensbridge Road, E8	0	0	0	97 (demos?)	None	Council Flats	New
Former Grange Tavern, 6 Richmond Road, E8	0	0	0	8	None	Public House	New
12 Martello Street, E8	8	0	0	0	None	Warehouse	Refurb
52-54 Lamb Lane, E8	0	0	0	12	None	Vacant site	New
219-227 Mare Street, E8	0	0	0	28?	None?	Vacant site	New
Haggerston Estate, Haggerston Road, E8	0	0	0	12	None	Residential	New
The Factory Building, 163-175 Haggerston Road, E8	0	0	0	24	None	Industrial	New
Garages Site, Jackman Street, E8	0	0	0	5	None	Garages	New
The School Lodge, Bradstock Road, E9	12	0	0	0	None	Education	Refurb
Lofts on the Park, Cassland Road, E9	24	6	0	0	3,796 community use (later consent for 6 live-work)	Education	Refurb

Appendix 2: Residential and Live-Work Developments Completed 2000-2004							
Scheme	Private Units	Live-Work Units	Social Units		Commercial Space	Previous Use	Type
			Plann- ing Gain	Direct			
Kenworthy Heights, Eastway, E9	16	0	0	113 (of which 30 shared equity)	None	Transport (Goodsyard)	New
New Kingshold Estate Phase 5, E9	0	0	0	80 (net change?)	None	Council Flats	Refurb
Lofts on the Park (live-work), Bramshaw Road, E9	0	8	0	0	None	Education	New
Rear of Hackney Hospital, Kenworthy Road, E9	0	0	0	20 (key worker)	None	Health	New
21-61 Coopersdale Road, E9	0	0	0	12	None	Industrial	New
23-25 Homerton High Street, E9	9	0	0	0	None	Public House	Refurb
62-66 Darnley Road, E9	0	0	0	11 (special needs)	None	Residential (squatted)	Refurb
29-47 Brenthouse Road, E9	0	0	0	24 (cluster flats)	None	C2 – nurses block	Refurb
Homerton Hospital, Homerton Row, E9	0	0	0	23 (key worker)	None	C2 – hostel	New
47-49 Tudor Road, E9	3	15	0	0	10,764 gsm B1 – Grnd	Industrial	Refurb
152-162 Mare Street, E9	14	0	0	0	Offices and retail	Not known	Refurb
104-108 Curtain Road, EC2	0	8 (E)	0	0	A3 – restaurant	B1	Refurb
City Plaza, 97-113 Curtain Road, EC2	17	11	0	0	A3 – 6,232 sq ft net	Offices	New
City Lofts, 112-122 Tabernacle Street, EC2	8	21	0	0	None	Offices/ Warehouse	Refurb
91-93 Paul Street, EC2	7	3	0	0	None	Office	Refurb
154 Tottenham Road, N1	4	0	0	0	None	Live-work/ light industrial	Refurb
214-232 Pitfield Street, N1	0	0	0	13	None	Commercial	New
3-5 Drysdale Street, N1	0	7	0	0	None	Warehouse	New
8-9 Hoxton Square, N1	0	8	0	0	5 office units, 1 A1 unit & 1 A3 unit (very nice too)	Office and A3	Refurb
Delta House, 70 Nile Street, N1	0	0	0	46	6,501 sq ft net offices	Vacant site	New
Canal Building (Saref House), 135 Shepherdess Walk, N1	30	49	0	0	8 office units	Industrial	Refurb
73a Stoke Newington Church Street, N16	0	0	0	12	None	Church	New

Appendix 2: Residential and Live-Work Developments Completed 2000-2004							
Scheme	Private Units	Live-Work Units	Social Units		Commercial Space	Previous Use	Type
			Plann- ing Gain	Direct			
Phoenix Mews, r/o 27 Stamford Hill, N16	0	4	0	0	None	Industrial	Refurb
40-42 Stamford Hill, N16	7	0	0	0	None	Not known	Refurb
Car park site, Garnham Street, N16	0	0	0	6	None	Open car park	New
70-74 Stoke Newington Road, N16	9	0	0	0	None	Not known	Refurb
20-21 Bradbury Mews, N16	0	5	0	0	None	Not known	Refurb
147 Albion Road, N16	8	0	0	0	None	Not known	Refurb (4) New (4)
201-203 Albion Road, N16	7	0	0	0	None	Not known	Refurb
N4, 291-293 Green Lanes, N4	17	0	0	0	None	Derelict residential	New
32-34 Brownswood Road, N4	0	0	0	36 (cluster)	None	Not known	New
2001							
Glassworks Studios, 41-49 Kingsland Road, E2	6	21	0	0	7,600 sq ft net showroom (scooters)	Industrial (Goddard & Gibbs glassworks)	New
Former Health Centre, 204 Kingsland Road, E2	8	6	0	0	None	Health Centre	Refurb
277 Kingsland Road, E2	0	5	0	0	None	Car showroom	New
Union Central, 76-94 Kingsland Road, E2	8	16	0	0	8,000 nsf offices (1 st) 8,000 nsf A3 (Bsmt/Grd)	Industrial	Refurb
Innovation Studios, Long Street, E2	0	8	0	0	4 office units (2,605 nsf)	Open car park	New
139-143 Hackney Road, E2	7	1	0	0	None	Not known	New
94 Chatsworth Road, E5	7	0	0	0	1 office unit	Vacant residential/ retail	Refurb
30-36 Upper Clapton Road, E5	0	0	0	20 (10 social rent, 10 C2)	None	Open storage	New
114-116 Clarence Road, E5	4	0	0	0	2 retail units A1	Offices	Refurb
28 Upper Clapton Road, E5	8	0	0	0	None	Public House	Refurb
152 Clarence Road, E5	6	3	0	0	None	Industrial	Refurb
137-141 Lower Clapton Road, E5	0	0	0	21	None	Workshop/g arage	New
106-108 Clarence Road, E5	0	0	0	7 (shared equity)	None	Retail	Refurb

Appendix 2: Residential and Live-Work Developments Completed 2000-2004							
Scheme	Private Units	Live-Work Units	Social Units		Commercial Space	Previous Use	Type
			Plann- ing Gain	Direct			
227-243 Northwold Road, E5	0	0	0	12 (shared equity)	None	Garage workshop	New
The Woodman, 199 Mount Pleasant Lane, E5	7	0	0	0	None	Public House	Refurb
Amhurst Place Phase 1, Amhurst Road, E8	63	0	0	50	None	Council Estate (was 120 units)	New
The Spectrum Building, 13 Reading Lane, E8	14	0	0	0	None	Open car park	New
Mare Street Mews, r/o 406-422 Mare Street, E8	0	0	0	18	None	Storage	New
86-86a Dalston Lane, E8	0	0	0	10	Doctor's surgery	Retail, office, resi	Refurb
Montague Court (former synagogue), 62a Montague Road, E8	11	0	0	0	None	Synagogue	Refurb
114-116 Kingsland High Street, E8	6	0	0	0	None	Ancillary to ground floor retail	Refurb
East Eight, Elrington Way, E8 (see Lansdowne Drive for AH)	37	0	?	0	None	Education	Refurb
London Fields Mews, 20-34 Bocking Street, E8	12	0	0	0	None	Car park	New
Holly Street Phase 5, Queensbridge Road, E8	0	0	0	74 (Demos)	None	Council flats	New
Holly Street Phase 6, Queensbridge Road, E8	0	0	0	35	1 retail unit	Council flats	New
Holly Street Phase 6, Queensbridge Road, E8	0	0	0	18	None	Council estate	New
35-43 Ellingfort Road, E8 (this was by Solon Housing Co-op and is being rented out below market rates)	0	18	0	0	None	Six houses	Refurb
Cyntra Place, 201 Mare Street, E8	0	14	0	0	3,348 nsf-4 B1 offices	Industrial	Refurb
508 Kingsland Road, E8	0	6	0	0	None	Not known	Refurb
1-2 Glebe Road, E8	4	6	0	0	None	Light Industrial	Refurb
Kings Wharf, 297-301 Kingsland Road, E8	0	52	5 (shared equity live-work)	0	11,000 nsf – 13 B1 office units	Warehouse/i ndustrial	New and refurb
Quebec Wharf Phase 1, 315 Kingsland Road, E8	4	15	0	0	2 B1 office units (3,229 gsf)	Warehouse (spices)	Refurb
210 Kingsland Road, E8	8	6	0	0	None	B1, Resi, D1	Refurb
Garage Site, Herbert Butler Estate, Mabley Street, E9	0	0	0	12	None	Garage	New
New Kingshold Estate Phase 7, E9	0	0	0	128 (Demos?)	None	Council Estate	New

Appendix 2: Residential and Live-Work Developments Completed 2000-2004							
Scheme	Private Units	Live-Work Units	Social Units		Commercial Space	Previous Use	Type
			Plann- ing Gain	Direct			
New Kingshold Estate Phase 6, E9	0	0	0	18 (demos?)	None	Council Estate	New
Royal Park Lofts, Lauriston Road, E9	14	0	0	0	None	Education	Refurb
West side Homer Road, E9	0	0	0	16 (6 are shared equity)	None	Council offices	New
St Mary's Village, Trowbridge Estate, Eastway, E9	84 (demos)	0	0	131 (demos)	None	Council Estate	New
Digby Works, 130 Homerton High Street, E9	0	18	0	0	3 B1 office units – 4,467 nsf	Industrial	Refurb
5 King Edward's Road, E9, Phase 2	0	19	0	0	None	Air rights	New
21 Wetherell Road, E9	0	0	0	21 (shared equity)	None	Not known	New
9-31 Lauriston Road, E9	0	0	0	13	None	Not known	New
23-27 Ainsworth Road, E9	0	0	0	9	None	Synagogue/r eidential	New
London Fields, 11-20 Tudor Grove, E9	8	27	0	0	7 B1 units (12,486 nsf)	Industrial	Refurb
King Edward's Place, King Edward's Road, E9	11	0	0	0	None	Residential	Refurb
1-6 Bateman's Row, EC2	0	30	0	0	6 B1 office units (9,957 gsf) D2 gym (4,155 gsf)	Warehouse	New
1-13 Felton Court, N1	14	0	0	0	None	Public House	Refurb Exten
The Hoffman Building, Pitfield Street, N1	41	0	0	0	? 6,534 nsf education??	Education	Refurb
The Metropolitan, 175-189 Balls Pond Road, N1	32	0	9	0	None	Car pound	New
91 Tottenham Road, N1	3	0	0	0	None	Public House	Refurb
Whitmore House, Whitmore Estate, Nuttall Street, N1	0	0	0	19 (shared equity)	None	Council Flats	Refurb
11-31 Orsman Road, N1	0	8	0	0	None	Industrial	Refurb
95-111 Shepherdess Walk, N1	0	0	0	10	None	Residential (bedsits)	Refurb
Wenlock Works (Royal Building Phase 2), 23-41 Wenlock Road, N1	0	71	0	0	12 B1 units (20,398 nsf)	Industrial	New
Lawrence Buildings, Brooke Road, N16	0	0	0	8	None	Church hall	New
Aspect House, 16 Wilmer Place, N16	24?	0	5	0	1,000 nsf A or B1 use	Warehouse	New
Scholar's Yard, 58-70 Hawksley Road, N16	34	0	5	0	None	Education	New

Appendix 2: Residential and Live-Work Developments Completed 2000-2004							
Scheme	Private Units	Live-Work Units	Social Units		Commercial Space	Previous Use	Type
			Plann- ing Gain	Direct			
Former Grey-Green Bus Garage, 53-55 Stamford Hill, N16	0	0	0	37	B1 offices (6,954 gsf)	Bus garage	New
Vogue Cinema site, 34-36 Stoke Newington High Street, N16	10	0	0	0	2 retail units (2,497 nsf)	Cinema	Refurb
Locksmiths Court, 149 Albion Road, N16	0	0	0	12	None	Industrial	New
2002							
115-117 Shoreditch High Street, E1	0	0	0	16	D1 nursery on ground	Public lavatory and church grounds	New
96 Kingsland Road, E2	3	5	0	0	2,000 nsf retail	Vacant site	New
Shoreditch Stables, 138 Kingsland Road, E2	10	0	0	0	17,222 gsf B1 offices, 3,229 gsf retail	Industrial	Refurb
63-69 Downs Park Road, E5	0	0	0	34	None	Office	New
Rosendale Studios, Rosendale Street, E5	0	6	0	0	None	Industrial	Refurb
125 Clapton Common, E5	0	0	0	13	None	Residential	New
373-379 Victoria Park Road, E8	0	0	0	16 (key worker)	None	Not known (Hackney Now)	New
The Style Building, 9-11 Reading Lane, E8	8	0	0	0	None	Industrial	Refurb
Cotton Lofts, 124-128 Shacklewell Lane, E8	14	19	0	0	6,749 gsf B1 offices	Industrial	New behind façade
8-24 Ramsgate Street, E8	8	0	0	0	None	Open car park	Nnew
Speechly Mews, Alvington Crescent, E8	7	0	0	0	None	Warehouse	New
r/o 128 Kingsland High Street, E8	5	0	0	0	None	Not known	New
The Annex Building, Hackney Free & Parochial School, 14-30 Lansdowne Drive, E8	0	0	16? (Off site?)	0	None	Education	Refurb
Centenary Place (Holly Street Phase 2A), Queensbridge Road, E8	157	0	0	0	None	Council Flats	New
19-29 Ellingfort Road, E8	0	0	0	9 (live-work)	None	Residential (6 houses)	Refurb
4-14 London Lane, E8	0	0	0	6 (live-work)	None	Residential (6 houses)	Refurb
11-17, 25, 33 Broadway Market, E8	12	0	0	0	None	Residential/r etail	Refurb & Exten
Bingol House, 326-328 Kingsland Road, E8	6	3	0	0	4 workshop units	Offices	Refurb

Appendix 2: Residential and Live-Work Developments Completed 2000-2004							
Scheme	Private Units	Live-Work Units	Social Units		Commercial Space	Previous Use	Type
			Plann- ing Gain	Direct			
Sarah Place (Quebec Wharf Phase 2), 313 Kingsland Road, E8	8	2	0	0	B1 offices G & Bsmt – c.3,000 nsf	Industrial/ Warehouse	New
47-49 Broadway Market, E8	4	0	0	0	Retail A3 G & Bsmt	Retail	Refurb
2-10 Mare Street, E8	0	0	0	22	None	Vacant site	New
Victoria Park Lofts (ex Lauriston School), Lauriston Road, E9	14	0	0	0	None	Education	Refurb
255 Cassland Road, E9	15	0	5	0	None	Residential (9 units)	New
St Mary's Estate, Trowbridge Estate Site G), Trowbridge Road, E9	12	0	0	0	None	Council Flats	New
St Mary's Estate, Trowbridge Estate Site C1), Trowbridge Road, E9	0	0	0	29 (Demos)	None	Council Flats	New
St Mary's Estate, Trowbridge Estate Site E), Trowbridge Road, E9	34	0	0	0	None	Council Flats	New
46-50 Brooksby's Walk, E9	14	0	0	0	2 A/B1 units	Vacant site	New
98-118 Morning Lane, E9	0	0	0	20	B1 offices – 3,272 nsf & D1	Vacant site	New
Abbeyfield House, 107 Lauriston Road, E9	0	0	0	15 (sheltered flats)	None	Residential (bedsits for OAPs)	New
Enterprise House, Tudor Grove, E9	0	20	0	0	B1 offices on ground	Industrial/ warehouse	Refurb
114-116 Curtain Road, 1 Curtain Place, Krupnik Place, EC2	1	0	0	0	B1 offices (17,599 nsf) & Retail 2,497 nsf	Offices	Refurb & Exten
3-23 Bentley Road, N1	18	0	0	0	?3 Commercial units on ground?	Industrial	New
8-16 Coronet Street, N1	1	6	0	0	B1 offices, 1,302 nsf	Warehouse and Office	Refurb
14 Hoxton Square, N1	36	0	12 (shared equity/ key worker)	0	None	Open storage	New
45-47 Hoxton Square, N1, 321 Old Street, EC1	0	12	0	0	A3 restaurant – 7,190 gsf	Cleared site (HS), Wholesale (OS)	New & Refurb
Hoxton Point, 313-319 Old Street, 6 Rufus Street, N1	3	8	0	0	B1 offices 1 st – 3,038 nsf A3 G & B – 6,954 nsf	Public House (derelict)	New

Appendix 2: Residential and Live-Work Developments Completed 2000-2004							
Scheme	Private Units	Live-Work Units	Social Units		Commercial Space	Previous Use	Type
			Plann- ing Gain	Direct			
Shaftesbury Arms, 38 Croyley Street, N1	0	0	0	10 (shared equity)	None	Public House	New
The Chocolate Factory, 7 Shepherdess Place, N1	17	20	0	0	4 B1 offices units (Grnd) 17,621 gsf	Industrial	Refurb
10-18 Vestry Street, N1	0	6	0	0	B1 offices – 12,056 gsf	Warehouse	Refurb
St Andrew's Place, 110-116 Pitfield Street, N1	14	0	0	0	None	Public House	New
The Textile Building & Button Court, N16	20	0	0 (?5 off site by LBH)	0	None	Warehouse	New
St Mary's Church Rooms, 3-5 Defoe Road, N16	4	11	0	0	None	D1	Refurb
26 St Kilda's Road, N16	5	0	0	0	None	Not known	Refurb
Collison Place Phase 2, 43 Manor Road, N16	3	0	0	0	B1 offices – 5,457 gsf	Warehouse	Refurb
Coliseum Theatre, 31-35 Stoke Newington Road, N16	20	0	7	0	B1 offices – 4,628 gsf	Cinema	New
21 Howard Road, N16	0	0	0	7	None	Public House	New
Red Square, Carysfort Road, N16	0	114	0	0	None	Industrial	New
50 Green Lanes, N16	0	0	0	15	None	Industrial	New
2003							
Anlaby House, 92-102 Shoreditch High Street, E1	11	19	4 (resi) 7 (l/w) shared equity	0	B1 offices – 10,323 gsf A3-4,801 gsf 205 hotel rooms	Warehouse	New & Refurb
Clifden Mews, 116 Clifden Road, E5	13	0	0	0	None	Car Pound	New
Nightingale Estate Phase 7a, Monteagle Way, E5	0	0	0	19	None	Council Flats	New
British Oak, 130 Lea Bridge Road, E5	0	0	0	10	None	Public House	New
Pembury Tavern, 90 Amhurst Road, E8	10	0	0	0	None	Public House	Refurb
Amhurst Place Phase 2, Amhurst Road, E8	30	0	9??	0	None	Council Flats	New
2-8 Anton Street, E8	0	18	0	0	8 B1 office units – 7,750 gsf	Industrial	Refurb
Springfield House, Tyssen Street, E8	13	38	0	0	41 B1 units – 35,360 nsf	Industrial	Refurb
Artisans, Wilton Way, E8	14	0	0	0	None	Education	New
Holly Street Phase 3B, Queensbridge Road, E8	101	0	0	0	None	Council Flats	New
251-253 Mare Street, E8	8	0	0	0	2 A units	Retail/ Residential	New
All Nations House, 4 Martello Street, E8	0	0	0	44	None	Night club	New

Appendix 2: Residential and Live-Work Developments Completed 2000-2004							
Scheme	Private Units	Live-Work Units	Social Units		Commercial Space	Previous Use	Type
			Plann- ing Gain	Direct			
Electric Lofts, 9-11 London Lane, E8	8	7	0	0	B1 offices – 7,535 gsf	Warehouse	Refurb
Haggerston Library, 234-236 Kingsland Road, E8	7	0	10	0	None	D1 - Library	Refurb
Middleton Court, Middleton Road, E8	13	0	0	0	None	Public House	New
54-59 Andrew's Road, E8	0	6	0	0	None	Industrial	New
St Mary's Estate, Trowbridge Estate Site D & F), Trowbridge Road, E9	69	0	0	0	None	Council Flats	New
St Mary's Estate, Trowbridge Estate Site C2), Trowbridge Road, E9	0	0	0	15 (shared equity)	Retail and medical centre	Council Flats	New
62 Brooksby's Walk, E9	0	0	0	9	1 retail unit	Industrial	New
Clapton Park Club, 60 Brooksby's Walk, E9	15	0	0	0	None	Not known	Refurb
Elsdale Street, Mead Place, E9	0	0	0	42	None	Industrial	New
Gerard Place, Church Crescent, E9	7	0	0	0	None	Not known	New
5 Garden Walk, EC2	0	23	0	0	B1 offices Bsmt, G, 1 st 11,873 gsf App to change use to 5 live-work on 1 st floor	Industrial	New
Lion House, 141-145 Curtain Road, EC2	0	9	0	0	B1 offices (G-2 nd) – 4,359 nsf	Office	Refurb
Vetro, 47 Paul Street, EC2	10	2	0	0	B1 offices (Bsmt & Grnd – 3,380 gsf)	Open car park	New
Gainsborough Studios, New North Road, N1	139	76	40 (32 shared equity, 8 rented)	0	B1 offices – 23,154 gsf, A3 rest't – 4,446 gsf	Warehouse (former power station)	New & Refurb
26-36 Gopsall Street, N1	0	0	0	27 (7 shared equity)	None	Workshops/ open space (Hackney Now)	New
Hemsworth phase 1, 259-269 Hoxton Street, N1	12	0	0	0	None	Open storage	New
Hemsworth phase 2, Market Point, 261 Hoxton Street, N1	6	0	0	0	A unit on Ground	Open storage	New
The Timber Yard, 7-27 Drysdale Street, N1	12	27	0	0	19 B1 units on Grd – 26,565 gsf	Timber Mill	New

Appendix 2: Residential and Live-Work Developments Completed 2000-2004							
Scheme	Private Units	Live-Work Units	Social Units		Commercial Space	Previous Use	Type
			Plann- ing Gain	Direct			
Oxygen, 11 Hoxton Square, N1	0	7	0	0	B1 offices – 3,014 gsf A3 – 2,000 gsf Est.	Industrial	New
122-124 Hoxton Street, N1	8	0	0	0	B1 offices – 2,000 gsf Est. A1 – 2,002 gsf	Industrial	Refurb & New
Stoke Newington Heights, 181 Stoke Newington High Street, N16	11	0	0	0	A1 unit – 1,195 nsf	Not known	New
Yew Tree Court, 14, 27-38 Lordship Grove, N16	0	0	0	16 (shared equity)	Community hall	Vacant site and community hall	New
Collison Place Phase 1, 43a Manor Road, N16	11	0	0	0	None	Offices	New
Raines Court (Dairy site), 15-21 Northwold Road, N16	0	8	0	53 (shared equity)	None	Industrial	New
218-220 Stoke Newington High Street, N16	5	0	0	0	A1 retail unit	Retail and residential	Refurb
310-312 Seven Sisters Road, N4	0	8	0	0	None	Upper floors above bank	Refurb
2004							
Vivante Apartments, Waterson Street, E2	11	17	0	0	8 B1 offices – 11,668 gsf	Open car park	New
Ability View, 218-226 Kingsland Road, E2	0	20	0	0	B1 offices Bsmt-2 nd – 17,029 gsf	Office and commercial	Refurb & Exten
The Broadway, Goldsmith's Row, E2	14	0	0	0	None	Not known	New
Lockhurst Street, E5	0	0	0	7	None	Not known	New
111-121 Clarence Road, E5	0	0	0	11 key worker (6 shared equity)	None	Industrial/garages	New
30 Clapton Square, E5	29	0	10 (shared equity)	0	None	Council offices (pre-fab)	New
Duke of Yorks, 2 Charnwood Street, E5	0	0	0	10	None	Public House	New
Land adjacent St Matthew's Church, Mount Pleasant Lane, E5	0	0	0	6	None	Vacant site	New
92-94 Graham Road, E8	0	0	0	5	None	Residential	New behind façade
306-312 Mare Street, E8	12	0	0	0	4 retail units	Not known	Refurb
9-13 Arcola Street, E8	0	0	0	12	B1 offices – 3,186 gsf	Car park/ car wash	New

Appendix 2: Residential and Live-Work Developments Completed 2000-2004							
Scheme	Private Units	Live-Work Units	Social Units		Commercial Space	Previous Use	Type
			Plann- ing Gain	Direct			
44a Shacklewell Lane, E8	5	2	0	0	B1 offices – 1,938 gsf	Warehouse	Refurb & New
57-59 Dalston Lane, E8	0	13	0	0	B1 offices – 8,557 gsf	Offices & Industrial	New
Mare Street Library, 223 Mare Street, E8	0	0	0	20	Ground floor commercial – size?	Library	Refurb
Fourscore Mansions, 113 Albion Drive, E8	12	0	0	0	None	Not known	New
Former Garage, Wick Road, E9	9	0	0	26 (9 shared equity)	None	Garage	New
Alpha Court, Hassett Road, E9	6	0	0	0	None	Vacant site	New
Eastnine, 17-19 Homerton High Street, E9	0	0	0	27 (shared equity)	None	Not known	Refurb
Prideaux House and Youth Centre, 10 Church Crescent, E9	0	0	0	7	Community hall	Community use	New
39 Steps Public House, 171 Well Street, E9	0	0	0	14	None	Public House	New
Shore Mews, 24a-b Shore Road, E9	0	12	0	0	None	Industrial	New behind facade
The Mercer Building, 86-90 Curtain Road, 3-15 New Inn Yard, 3-3a New Inn Broadway, EC2	9	15	0	0	B1 offices – 3,606 gsf A2 (Foxtons) – 4,252 gsf	Industrial & Residential	Refurb
Renaissance, 9-10 Garden Walk, EC2	10	0	0	0	B1 offices – Ground and 1 st	Open car park	New
45-55 Great Eastern Street, EC2	8	0	0	0	None	Air rights	New
The Green Man, 257 Hoxton Street, N1	4	0	0	0	1 Retail unit on ground	Public House	Refurb
Belvedere Court, Hertford Road, de Beauvoir Crescent, N1	24	0	0	48 (26 shared equity)	None	Open car park	New
38-39 Hoxton Square, N1	9	0	0	0	A3 restaurant – 5,188 gsf A1 retail – 1,421 gsf	Industrial and Office	New
30-40 Underwood Street, N1 (in use as 28 resi units and being enforced against)	4	10	0	0	B1 offices (Bsmt and Grnd – 8,019 gsf)	Warehouse	Refurb
The Point, Defoe Road, N16	38	0	5 (shared equity)	0	B1 office units G-2 – 4,263 gsf	Council Depot	New
35-37 Church Walk, N16	5	0	0	0	None	Not known	New
VII, 35-39 Stoke Newington High Street, N16	31	0	10	0	A or B1 use on Ground – 6,727 gsf	Public House & Garage	New

Appendix 2: Residential and Live-Work Developments Completed 2000-2004							
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			Plann- ing Gain	Direct			
74-90 Boleyn Road, N16	0	0	0	8	None	Not known	New
King House, 60-64 Matthias Road, N16	0	0	0	14 (shared equity)	None	Offices	Refurb
The Milner Building, 53B Carysfort Road, N16	0	12	0	0	None	Industrial	New
1b-d Shelford Place, Stoke Newington Church Street, N16	0	11	0	0	None	Studio/ workshops	Refurb
Spectrum, (King's Crescent Estate), Brownswood Road, N4	39	0	0	67 (13 shared equity, 40 sheltered flats)	None	Vacant site in Council Estate	New
Source: London Residential Research							