



**Review of Birmingham City Council's approach
to live/ work in the Jewellery Quarter**



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1.0 Summary

This report responds to a request by BCC Regeneration Officers to investigate the success/ failure of live/ work policy in the Jewellery Quarter (JQ).

This paper makes reference to 'live/ work policy' in the JQ. This is in fact a reference to three policies that form part of the Jewellery Quarter Conservation Area Character Appraisal and Management Plan, 2002 (SPG 2002). They are: 2.2 (Residential Use), 2.3 (Mixed Uses) and 2.4 (Live Work Units).

A number of sources were used to inform the report, including site visits and desktop research.

The report has found that a significant number of live/ work units have been built in a concentrated area (187 units in 48 proposed developments, based on applications to Birmingham City Council 2001 - 2011). These are typically 1 or 2 bed units on the upper floors of buildings. There is evidence that a few units have been adapted to purely residential use but it is difficult to conclude that this is a common occurrence. There is some anecdotal evidence to suggest that the local property market has encouraged developments to become work/ work. As such it is possible to conclude that the policy has had at least a limited success in restricting residential development in the Quarter.

Evidence from the Live/ Work Network suggests that live/ work developers have been able to withstand the recession more successfully than traditional developers. This is supported by correspondence between developers and estate agents in 2011 in the Jewellery Quarter.

However, it also appears that the policy has reached a natural conclusion given the number of units currently available and existing property pressures i.e. the need for higher quality workshop and office space in the core of the Quarter. This is supported by the estimated utilisation rates of units (54%) compared to the Golden Triangle area as a whole (69%).

A quick comparison with other local authorities shows just how successful the policy has been in generating live/ work units:

Locality	Population Size (estimated at time of publication of figures)	Number of live/ work units built and approved
London Borough of Hackney	202, 819	1700
London Borough of Tower Hamlets	196, 121	703
Jewellery Quarter	3, 000	187

This does not mean that the policy should be scrapped all together. Live/ work units should have a positive impact on local development if they are used to ensure that buildings are kept for employment use rather than to keep out residential development. This could form that basis for a more flexible approach to generating a residential and business mix.

A small number of adjustments could be made that would suit the ambitions of BCC, the local community and developers. Recommended changes include:

- Allowing larger live/ work units
- Work elements to kept at the ground floor
- Use of Section 106 to mitigate against the impact of future residential development by contributing to a business support package for local businesses

2.0 Method

2.1 Research Approach

This report is based on a number of mainly desktop resources. Research activities included:

- A spreadsheet of approved planning applications for the Jewellery Quarter from 2001 (see Appendix 1 for details)
- A site visit to the Jewellery Quarter to assess progress on development of approved applications
- A review of local reports including the Black Swan “Jewellery Quarter Property Market and Employment Study” (May 2013), the Fresh Life Consulting “Jewellery Quarter Development Trust – Anchoring its Sustainability” (March 2013) and the Thomas Lister “Market Assessment in respect of Digbeth and the Jewellery Quarter” (January 2013)
- Review of local authority reports on live/ work policy in London (selection based on availability online)
- The case studies on schemes elsewhere are taken from *Tomorrow's Property Today* report by the Live/ Work Foundation

These were supplemented by a number of informal conversations with Mark Gamble, to discuss the background to the policy and refine the brief.

This information was analysed to identify any trends/ impacts of local policy (measured according to agreed indicators, see below) and lessons to be learned from experiences elsewhere.

2.2 Defining Success

A number of indicators have been proposed to measure success:

- numbers approved

- numbers built
- numbers occupied

2.3 Additional indicators/ Potential for future research

There are some additional indicators that would be useful in future research to gain a more detailed appraisal of the impact of live/ work units. It is also important to note that underpinning the broad objective of live/ work policy is the implicit aim to provide developers with the opportunity to include limited residential units within proposals that provide a commercial gain alongside support for local jewellery makers.

Success may therefore also be defined in terms of:

- the type of occupier
- the extent to which it supports/ compromises local development

The Jewellery Quarter Conservation Area Character Appraisal Management Plan also sets out a clear definition of live/ work units. This provides scope for a further measure of success:

- the extent to which approved developments fall within BCC policy requirements

2.4 Limitations to study

The study is a combination of desktop research and site visits. However, it was not possible to enter any properties and no tenants/ landlords have been spoken to. As a result the study does have some limitations.

As most live/ work units are on upper floors (with commercial units, or occasionally the 'work' element on the ground floor) it is difficult to ascertain the extent to which the 'live' element is occupied and who by.

Local signage also caused some issues; many buildings are not numbered and estate agents signs on vacant properties were often unclear; they do not specify where the available space is (i.e. which floor) or what use it is for.

The ratio of live to work space (which policy requires to be 50%) was not calculated. There is some evidence of flexibility in this policy.

This is an initial baseline study, which seeks to ascertain the extent to which permissions for development have been realised inline with BCC live/ work policy. It has not been possible to compare the value of live/ work units to more traditional residential development. This would give some insight into the extent to which the smaller manufacturers have been able to make use of the space.

3.0 Local context

3.1 Why Live/ Work in the JQ?

BCC live/ work policy is identified in the JQ Conservation Area Character Appraisal Management Plan (2002). It highlights the presence of 'uncharacteristic' buildings in the area and the threat this poses to the historical fabric. As a response local policy aims to restrict residential development in the Golden Triangle and Industrial Middle. Live/ work units are the exception to this where "... the ratio of living to work areas does not exceed 50% of each unit" (p67).

This conforms with the legal precedent (Bishopsgate Foundation v. Curtis) that in the absence of specific guidelines on the proportions of live/ work space, the term refers to property that may be used for live or work.

Live/ work units are defined as "... living and working accommodation combined within a single self-contained unit where the unit contains a defined working space with its own toilet and kitchen. Live-work is classified as sui generis and a change of use requires planning permission" (BCC, 2002, Jewellery Quarter Conservation Area Character Appraisal and Management Plan p67).

A number of reports from elsewhere in the UK have raised the issue of the extent to which live/ work is a valid concept, given that many businesses simply require a computer and broadband to function, making a division between the live and work areas meaningless. The nature of the Jewellery Quarter business is different. Jewellers need workshop space, with good light and preferably sound proof and this should be easy/ desirable to distinguish from the living area.

Further, parts of the Quarter should benefit from status as an Enterprise Zone. The literature for this report has noted that the level of business rates can make live/ work units prohibitively expensive for the small businesses/ start ups that should be the target market. However, business rate relief is available in the Quarter and this should encourage the use of live/ work units.

3.2 The benefits of live/ work units

The Tower Hamlets Local Development Framework (2006) identifies a number of benefits that successful live/ work units can bring to a locality:

- "Reducing car use and traffic levels, and therefore contributing to a reduction in pollution
- Encouraging the efficient use of land, in particular in the re-use of brownfield sites
- Reducing business start up costs through a reduction in combined living and working overheads

- Driving economic regeneration by encouraging the growth of business clusters and encouraging the exchange of ideas
- Encouraging the mixed use of areas, generating a sense of community and use of space throughout the day
- Supporting flexible working which promotes access to work to marginalised groups and reflecting the natural working patterns of the creative sector”

3.3 A more flexible approach

Within this broad concept of live/ work a number of different types of unit can be found. The Live/ Work Foundation’s report *Tomorrow’s Property Today* provides a useful typology¹:

Type of live/ work unit	Market	Needs
Family business (for sale)	Mature business people Second careers	Space for several employees ‘Business-like’ premises for meeting clients Specialist support
Family business (affordable)	Move up from home working	Support for marketing Sharing expensive facilities such as hi-end technology
Contemporary business (for sale)	Established professional singles, often young	Business/ social buzz Sharing expensive facilities such as hi-end technology
Contemporary business (affordable)	Starter business	Incubation style support. Mentoring and access to hi-end technology/ clients

3.4 The current market

There is some anecdotal evidence at a national level (cited in the *Tomorrows Property Today* report) that specialised live/ work developers have been able to effectively market units and withstand the financial pressures faced by the rest of the property market. They quote a Director of Cityscope property as saying:

“By emphasising the uniqueness of live/ work we are adding value to the product among buyers” (p54).

¹ *Tomorrows Property Today*, p52

Between 2007 and 2008 Cityscope had greatly increased turnover at a time when the residential market was contracting.

There is also limited evidence to suggest that there is some life left in the live/ work market in the Jewellery Quarter. In an email exchange between Neal Allcock (BCC) and Nadim Riaz (Brophy Riaz and Partners) discussing an application for a live/ work unit conversion, Nadim Riaz states:

“The marketing agents York Laurent have confirmed that a live work unit of this size can easily be let and re-let, in this development.”²

Overall however, both the Thomas Lister and Black Swan reports suggest that the industrial/ office property markets are unbalanced; there is an over supply of low value space and an undersupply of quality space which poses a structural threat to the economic sustainability of the quarter.

3.5 National policy

Central government has also promoted live/ work units as part of ‘Building a strong competitive economy’. The NPPF states that in drawing up local plans, local authorities should:

“... facilitate flexible working practices such as the integration of residential and commercial uses within the same unit”³

The Live/ Work Foundation have argued that this provides an opportunity for local authorities to protect employment buildings from falling into sole residential use at a time when there is pressure to approve change of use (<http://www.liveworknet.com/live-work-article694.html>)

4.0 Results of analysis of applications

4.1 Permissions and Built

The data suggests that 48 schemes have been approved, comprising of 187 live/ work units. 32 of these schemes have been developed. This is markedly higher than the number identified in the Black Swan Report (1). The highest concentration of units can be found in the Golden Triangle inline with BCC policy:

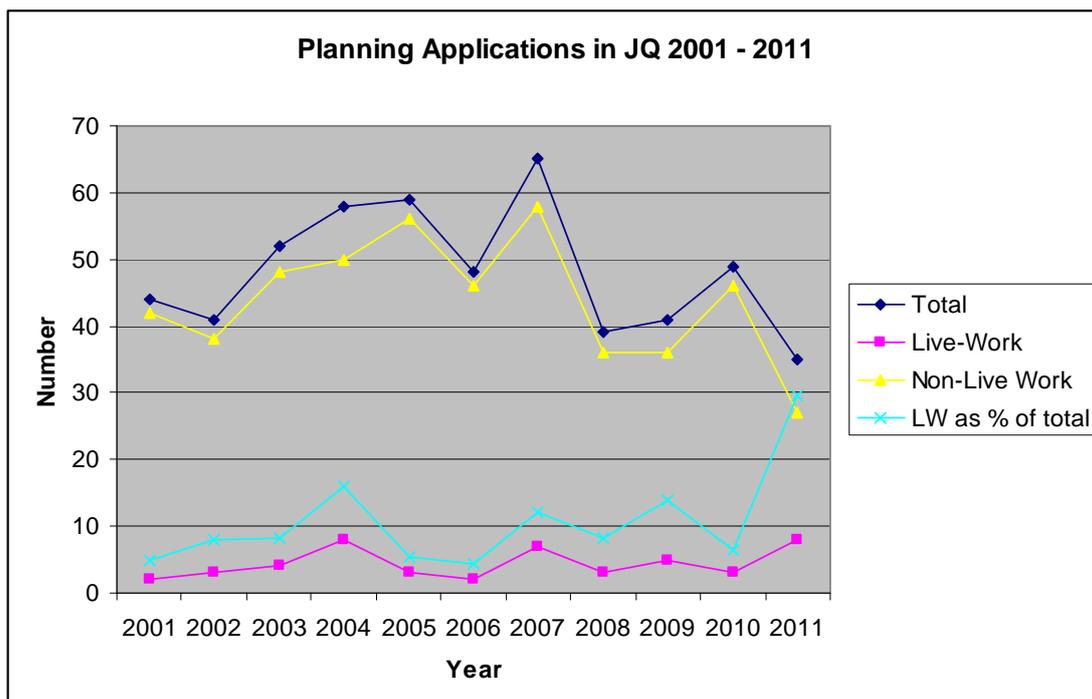
Number of units	Street
23	Hylton Street
23	Augusta Street

² Quotation from email included in supporting documents for application 2011/08701/PA

³ NPPF (2012) p7

19	Kenyon Street/ Mary Street
15	Vittoria Street
12	Spencer Street
11	Tenby Street North
10	Legge Lane
10	Branston Street
9	Caroline Street
8	Tenby Street
8	Albion Street
7	Frederick Street/ Vittoria Street
4	Vyse Street
4	Regent Place
4	Regent Parade
4	Key Hill
4	Branston Street/ Hall Street
3	Warstone Lane
3	Mary Street
3	Frederick Street
2	Hylton Street/ York Terrace
1	Key Hill Passage

When we compare applications for live/ work units to all planning applications we find that up until 2010 – 2011, the demand by developers for units was inline with the general demand:



This suggests that despite anecdotal evidence to the contrary, live/ work units are as susceptible to the property markets as other forms of development. Developer demand appears relatively stable (2 – 5 applications) across the period except for four spikes in 2004, 2007, 2009 and 2011.

On average live/ work units are around 10% of all proposals in the years 2001 – 2011. This covers a broad range (4.35% in 2006 and 29.63% in 2011) but it does show that on the whole, live/ work units have been a noticeable element of development in the JQ core.

4.2 Occupation

26 of the proposals show signs of occupation. If we assume (generously) that each of these 26 schemes are fully utilised then we get a utilisation rate of 54%⁴. This is below utilisation rates identified in the Black Swan Report which states a full utilisation rate of 59% for the Quarter as a whole and 69% for the Golden Triangle (figures rounded). The Black Swan Report also notes that the Golden Triangle generally has higher occupation and low rates of dereliction compared to other areas.

There are examples of properties being advertised as purely residential or industrial (5 cases) but these all appear to be outside of the Golden Triangle. However it is difficult to assess the extent to which individual units are used for purely residential (see limitations above) though an initial survey of the Valuation Office Agency also indicates that all but 5 units (albeit, different units) have been registered for payment of Business Rates. What is clear is that a significant number show signs of commercial/ industrial use; 26 schemes i.e. every property that has been developed and that shows signs of occupation has incorporated an employment element, even if this is separated from a purely residential element. Without entering the building it is impossible to ascertain the extent to which the two are connected.

4.3 Responding to local views

It is worth looking at what the Black Swan report said in their survey of business premises as this gives some insight into the values of local businesses. However, it should also be noted that they did not specifically ask businesses or residents about their *needs*.

On the question of what factors influenced the decision to locate in the Quarter the most common (18.6% of respondents) response was rent and 20% responded that the heritage of the area and building aesthetics were key reasons in the decision to locate (two factors response rate combined). The fabric and environment of the Jewellery Quarter is clearly of great importance to local businesses. Significantly, local businesses were also of the opinion that there is enough space for more residential development; 92% of participants approved of residential development. This was accompanied by

⁴ Utilisation being the extent to which a building is being used rather than simply being occupied

concerns over preserving the industrial heritage of the quarter, re-using old buildings and availability of parking.

Live/ work units should be able to support these attractions and respond to concerns:

Factor	How Live/ Work can respond
Desire for low rent	Live/ Work can offer reductions in overheads
Desire to preserve heritage and aesthetics	Live/ work are particularly suited to jewellery makers
Parking availability	Proximity of work to live space reduces need for cars

5.0 Results of review of literature from elsewhere

The *Tomorrow's Property Today* report provides a number of case studies on live work developments across the UK. These have been reproduced below.

5.1 Local Case Study

In the first instance it is worth looking at the experience of tenants in a live work scheme in the Jewellery Quarter:

Case Study 1: A Jewellery Quarter Experience

Location: 9 Hylton Street, Birmingham

Description: Converted warehouse with high spec live/ work also being used as flexible office space

Six live/work lofts and two offices were completed in 2006 by live/work specialists Viti Developments in a grade II listed terrace in Birmingham's jewellery quarter. Formerly workshops for silversmith William Hasler, supplier to Liberty's in London, the scheme may form part of a new wave of live/work spaces in Britain's second city.

Immediately next door is another building earmarked for live/work units, to be developed by regional housing association Midland Heart (whose schemes feature elsewhere in this section). The old Lessars spectacles factory will become 13 one, two and three bed live/work units for commercial rent aimed at jewellers and related crafts people. The emphasis in Viti's building has been on high quality renovation. The 125-year leasehold live/work units (varying from 65 to 135 square metres) have solid wood flooring, exposed brickwork and high ceilings. Work:live ratios are flexible but each unit must be used in part to run a business. The city council waived its usual policy (50% minimum workspace for live/work) for this scheme as a pilot.

An interesting outcome, now the units have been sold, has been the preference of many owners to use them primarily as commercial. Viti was

surprised to find companies prepared to pay a higher cost for live/work space to use the units primarily as workspace but with the flexibility to use them as live/work in future. 'In retrospect perhaps we overspent on the specification here because we assumed the quality had to meet the needs of people living here as well as working here,' says Viti director Hannah Martyr. 'So, for example, bathrooms and kitchens have been put in with a high specification.

'We were surprised to find more demand for commercial use than living use. This in itself is not a problem with the local authority because it is happy to see live/work use turn into work only rather than residential. Having said that, we do have people using the spaces for living but in ways perhaps traditional live/work plans have not anticipated.'

Bal Bachu runs Bachu Design, a branding and corporate ID company with exclusive contracts with plc companies. He has occupied his unit since July 2007 and regards it as ideal for him and his five staff. One of Bachu Design's senior executives, Robert Cunningham, stays in the unit during the week most nights. 'There is a mezzanine floor which is perfect for me to use and I do end up staying here for the convenience of not having to commute every single day,' Cunningham says.

Bal Bachu adds: 'I suspect some companies with a reasonable number of staff will find live/work spaces like this very appealing because it gives them the flexibility to stay over rather than commute.' The other appeal to all those who work here is the comfort of apartment-style facilities, including a central cooking and food preparation area, plus quality bathroom and bedroom area. The experience at Hylton Street suggests that in some locations with a well established commercial reputation, the high quality of live/work design can prove appealing to those seeking a workspace as well as a live/work space. If the units are large enough, buyers appear to be happy to pay a premium to buy the ability to occasionally or partly use the unit a living space – with the option to do so more in the future.

This experience reflects a view that live/ work units may form part of a wider commercial/ industrial development, and as such preserve the employment use of buildings.

5.2 Case Studies from elsewhere

It is also worth looking at the experiences of live work developments elsewhere in the UK (from the *Tomorrow's Property Today* report).

Case Study 2.1: Supporting Creative Communities in London

Location: West Ferry, Limehouse, London

Description: Housing association rented live/ work scheme – affordable and market rents

West Ferry in Tower Hamlets was the first housing association live/work scheme in the country, completed in 1999. The focus of the scheme was very much on encouraging work, with in the early years business support from the

East London Small Business Centre and financial incentives part of the package. To qualify for a tenancy, all residents are asked to demonstrate they have a viable business plan. All 27 'studio' units are built to accommodate the weight of light industrial machinery and with wide doors. All but nine were originally let as shells, with the remainder built to a more conventional apartment model. The industrial-style architecture and the allocation of all the ground floor units for B1 work-only use are clearly intended to discourage live/workers on the higher floors from using their units as solely residential.

West Ferry is well-documented in previous Live Work Network publications and some early concerns remain valid today: there are no hub facilities for example. A 50% introductory rent designed to ease the financial pressures on start-up businesses was later withdrawn, though Peabody says this is now under review. In 2003 we described the location as 'a quiet area out of hours'. The rapid expansion of London's Dockland areas means West Ferry is now in the heart of a thriving business district, with all the associated benefits and disadvantages – among them a big rise in traffic noise and pollution. Residents have also raised concerns about how the scheme is now managed. An on-site manager who left a year ago has not yet been replaced and residents noted great difficulty contacting anyone able to help with management or maintenance problems, including the recent failure of the intercom system.

Peabody has attributed recent difficulties to a 2005 switch from an estate management approach to neighbourhood teams supported by a call centre. However, in response to customer satisfaction surveys (including at West Ferry), the trust now employs a permanent commercial property team which will deal directly with its live/workers. A community meeting for all live/workers is planned to introduce the new team and discuss local needs.

Sue Chadwick is a jeweller. Her move to live/work three years ago was accelerated by a landlady less than delighted by her use of a blowtorch and drills in the bedroom. 'She wasn't too impressed,' admits Sue. 'I wasn't sure I could afford somewhere to live and also rent a studio. So when a friend asked if I'd tried housing associations, I applied to Peabody – then waited.'

Sue submitted her business plan through the East London Small Business Centre, but just missed out on the 50% introductory rate. 'I had to get a part-time job to afford the unit and the idea was I'd give that up but we were able to come to an accommodation.' Sue still works a few days a week as a personal assistant to supplement her earnings. The big draws for Sue were natural light and no damp plus, given the tools of Sue's trade, superlative sound insulation. 'I looked at live/work units elsewhere but they were in big old buildings divided up into loads of units with wafer thin walls and no windows. These were solidly built.' Among the advantages she lists the jewellery equivalent of a Tupperware party. 'My party nights are my biggest sellers,' Sue says. 'And I'm not leaving a studio in Hatton Gardens at 1am so there's a safety aspect too. The free parking is fantastic. Silver is very heavy, and I wouldn't want to take it on the tube so I need a car to go to places to display and sell jewellery.'

The neighbours she says are a real bonus. 'I like the idea of being in a community of like-minded people at different stages of growing their business and we all plan barbecues, share stationery and run to the supermarket for each other.' Of course there are also challenges, not least getting into work mode. 'I use the café round the corner just to go outside, think, plan my work day then come back as if I was arriving at the office.' She does, she concedes, feel guilty if she takes time off.

A hub facility, she says, would be a welcome improvement. 'Somewhere to use a photocopier would be fantastic. We were going to ask Peabody if we could keep one unit for meetings, admin and socialising – we even looked at converting the top of the rubbish store but we need a manager here now to discuss this.'

Case Study 2.2: Supporting Work/ Live

Location: The Paintworks, Bristol

Description: Designing a business community at a human scale

Ashley Nicholson, director of Verve Property, is the developer of Bristol Paintworks, the innovative mixed-use development featured in section 4. 'For us, it's all about the community,' says Nicholson. 'We're interested in running a genuine mixed use community.'

'I get very annoyed when I see the thoughtlessness that goes into most new housing. If you look at what works, it's mostly places that have grown organically, with a mix of people and a mix of uses. I'm very much trying to replicate what works historically, with a mix of uses and income levels. But house builders don't really get into that.'

'You do get developments where there are corporate office blocks and then round the corner there is residential, but usually there's nothing to knit them together socially as a community. So we're trying work on the smaller human scale.'

'The advantage of live/work is to engage with the human element of sustainability. We want our schemes to have a sense of value to them. We are less focused on particular eco technologies, and take a pragmatic approach to things that we know make a difference. For instance, we heavily insulate our buildings and capture sunlight and we encourage recycling, car clubs, internet facilities – pragmatic sustainable initiatives. But it's human activity, not technology, that is the key to sustainability. If you can get people to live and work at the same location it cuts down travel and makes life there more affordable.'

There is no local planning policy on live/work at Bristol, and at first the planners were unfamiliar with the concept and therefore wary. 'At first down at Paintworks, the planners didn't want to give us residential. But we wanted a business community, not a business park that only operates 9-5. So we went for live/work, as that provides the social oversight and fits well with the site'

being sustainable. The planners reacted suspiciously, fearing back door residential. We helped them to become more confident about it, by showing them that we were designing workspaces that people can live in.

'If you design live/work as residential, then they are more likely to end up as just residential. But if you design them as workspaces, they will be occupied as that.

'So the accommodation has got to be more work than live in the design. But they've got to be capable of not being penalised by being classed as business. If planners specify that it's got to be 60% work and 40% residential, you'll end up paying VAT on 60% of the purchase price. That makes it very onerous.

'What is sensible is to give it a more flexible planning permission but design it as a workspace. Otherwise what's happening is an artificial restriction.

'For me the real solution is one of design. If you put on restrictions, you have problems of enforcing them. And it can make them un-mortgageable and you end up with punitive business rates. If you can get past only being able to get an 80% mortgage and paying the VAT, then you get caught on the business rates. £3,000 per year is a non-starter for many.

'So if people are going in on the basis of affordability, then you penalise the people you are trying to help. 'Now we're trying to introduce smaller buildings and make it more affordable. In Phase 3 [new live/ work] we're trying to recreate an old mews style, each unit having a workshop downstairs. They have workspace of about 500 ft², which is great for a lot of uses.

'It's a very pleasant environment, but essentially it's a business one. There's little risk of them becoming residential: the tendency has been to slide towards work rather than live. In fact most of the genuine live/work you find is quite industrial in design.'

Nicholson thinks there is definitely a market for live/work, but how big is it? 'It's very difficult to quantify. People say, 'I knew what I wanted, but wasn't really sure what it looked like or how it fitted together'. Until they can actually see it and walk around it, they don't really know what they are looking for. 'Other people are more driven by affordability. They are at the bottom end of the residential market.'

Once the Bristol planners were on board with the concept, Nicholson says they were very supportive. Building standards posed a greater problem. 'Developers are being forced to up the spec all the time. Here that added about £15,000 per unit without much additional value. At the bottom of the market, which is what we are aiming for, you can't pass on the additional costs, so that's why developers usually prefer to build executive homes.' He feels that the government and local planning authorities need to work harder to learn about live/ work. 'They need to understand why people actually want to live and work in the same place, and how this works.'

5.3 Policy Case Studies

Local authorities across the UK have found live/ work units a challenge, for example, in enforcement, revenue collection and definitions. In London we can see how two local authorities have gone about designing and implementing live/ work policy from two very different approaches.

Policy Elsewhere 1

The London Residential Research Review of Live Work Policy; ending and regularising the live-work market.

In 2004 the London Borough of Hackney (LBH) commissioned London Residential Research to review its live/ work policy. LBH was concerned that while the policy had stimulated the creative sector in the 1990s (indeed, it was one of the first local authorities to have such a policy) it had become a victim of its own success. The creative sector created demand for residential development and it was felt that the policy was being used to build residential 'by the back door'.

The review was based on extensive desk research alongside wide ranging discussions with developers, agents and other stakeholders. One of the most revealing exercises was an examination of the records of the Valuation Office Agency to determine the tax status of each property. This found that "... the vast majority of live-work units have never been designated as liable to business rates" (London Residential Research, 2004, p4). The report also outlines the complexity of the tax basis for live/ work units. For example, the work element should be liable for Capital Gain Tax when the unit is sold on. Further, the work element should also be standard rated for VAT and the live element is zero rated in properties less than three years old. These 'incentives' raise important question marks over the sustainability of the work element⁵.

The review also raised questions over the extent to which the policy was used by developers as an 'Affordable Housing Avoidance Strategy'. The units were not subject to affordable housing obligations and the values offered a much higher return than the discounted affordable units.

The review concluded that the policy had indeed facilitated purely residential development. It concluded that:

"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

⁵ Taxation policy correct in 2004

manner that is either transparent or enforceable, and policy that is incapable of implementation is ‘bad policy’”

London Residential Review, p6

The review proposed that LBH offered owners the chance to legitimately change use to purely residential through commuted charges, with the receipts being put towards local employment schemes. It was felt that this offered the best chance to regularise the market, continue to support the aims of the policy to promote employment use and ensure that those who unwittingly bought live-work units as residential were not overly penalised.

Policy Elsewhere 2: Tower Hamlets

The Tower Hamlets Live-Work Report (submission document, core evidence base for the Local Development Framework, 2006), identifies three local authority approaches to live/ work units:

- i. Resistance to future developments and stronger enforcement
- ii. Re-categorisation of live-work uses, and residential designation of units not meeting strict conditions of employment use
- iii. Design and use conditions criteria designed to ensure continued use as live-work and protection of employment land”

Tower Hamlets, p25

The LBH approach appears to fit both i. and ii, and the report recognises the problems of laying strict parameters on the designation of live/ work space. Such problems could be compounded when businesses get into trouble and lead to tensions between the local authority and businesses that they are trying to support:

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

Tower Hamlets, p26

The report notes that while live/ work offers many advantages (identified elsewhere in this report), applications for live/ work development has declined and existing developments have generated a number of land use issues inline with experiences elsewhere. This was despite having clear restrictions on live-work developments:

<p><u>Live area ancillary to work area (1)</u> The residential area/ element of the Live/ Work unit must be ancillary to the work area and the unit must be used as shown on the plans approved by the local planning authority. The unit must not be used solely for residential use unless consent for other use has been granted by the local planning authority.</p>	<p><u>Reason</u> To safeguard the provision of employment space to meet the requirements of the following policy in our Unitary Development Plan (adopted December 1998). EMP2 Retaining Existing Employment Uses</p>
<p><u>Access to live/ work</u> The occupier(s) and/ or owner(s) of the live/ work unit must at least once a year Permit an authorised officer of the local planning authority to have access to the unit between 9am and 6pm, at a minimum of four hours notice, to determine if the unit is still being used for live/ work purposes Provide written proof that a business is being carried out in the live/ work unit (for example, accountants, invoices, receipts, bills and so on)</p>	<p><u>Reason</u> To enable compliance with the agreed live/ work component of the development to be monitored and to meet the requirements of the following policies in the London Borough of Tower Hamlets Unitary Development Plan (adopted December 1998). EMP2 Loss of Employment EMP8 Encouraging Small Business HSG3 Affordable Housing ST21 Housing</p>
<p><u>Work element B1 use class only</u> The work element of the live/ work accommodation allowed by this consent must only be used for purposes within Class B1 Town and Country Planning (Uses Classes) Order 1987 or in any provision equivalent to that class in any statutory instrument revoking and re-enacting that Order.</p>	<p><u>Reason</u> To protect the amenity of adjacent residents and the area generally from noise and disturbance</p>
<p><u>Live area ancillary to work area (2)</u> The live element of the live/ work units allowed by this consent must only be used or occupied in connection with, and ancillary to the approved work element.</p>	<p><u>Reason</u> To safeguard the provision of employment space to meet the requirements of the following policy in our Unitary Development Plan (adopted 1998). EMP2 Retaining Existing Employment Uses</p>
<p>Further, there was concern that the overall affect of the policy has been to contribute to a decline in available employment floor space and that the price of units has excluded many of those who should benefit.</p>	

The Tower Hamlets policy response was to not support live/ work under the traditional su generis approach, but rather through encouraging working from home and mixing residential and employment developments.

5.4 A Comparison of Land Use and Scale

Informal feedback from developers to BCC has emphasised the role that residential re-development could play in bringing buildings back into use in the JQ core, though the Black Swan report casts doubts on the extent to which any form of development is currently viable given the development costs and property value. Further, the Black Swan and Thomas Lister reports do not make a case for extensive residential development. While this may be a result of the respective research briefs, they do also make a strategic argument for the improvement of office/ industrial stock to ensure the long term economic future of the Quarter.

While those surveyed for the Black Swan report may not be against further residential development, it would be interesting to identify the extent to which they understand the implications of this, or how they would react given the choice between residential and commercial/ industrial development. It may also be the case that the apparent enthusiasm for residential development is symptomatic of the success of current policy in terms of mitigating the impact of such development.

The Fresh Life Consulting report also makes an argument that local businesses require significant support, and would benefit from a more centralised support service and networking. This is supported by the *Tomorrow's Property Today* report which identifies a number of cases where successful live/ work units are accompanied by proactive management and business support. At present it appears that live/ work units in the JQ are isolated and this may account for a dip in demand.

This problem may be compounded by a concentration of one and two bed units. The Live/ Work Foundation identifies several different types of unit and as such it might be possible to expand the range on offer to incorporate family sized units. This would help encourage development while also maintaining an employment use for buildings. It would however require a shift in policy from live/ work (on a 50:50 split) to a live and work basis.

It is also worth considering the scale of the impact of the policy. There have been 48 approved schemes comprising of 187 units with most of these concentrated in a few streets (there are 13 streets with more than 5 units). The Tower Hamlets report identifies 550 completed units with a further 153 units on 33 sites that were not completed or commenced at the time of publication (2005). In 2004, there were 1700 units completed or to be built in Hackney (London Residential Review, 2005).

The entire borough of Tower Hamlets potentially has just over 3.8x the number of units as the Jewellery Quarter, and a population of 196, 121 (census data available at time of publication). While Hackney has a substantially higher number (9x more and a population of 202, 819, according to census data available at the time) it should be noted that the borough claims to be one of the early innovators in policy and had particular pressure from the creative industries. When we look at the ratio of live/ work units to population we get an interesting comparison:

Area	Ratio live/ work: population
Hackney	1: 119
Tower Hamlets	1: 279
Jewellery Quarter	1: 16

This raises a question of whether the current policy has reached a natural conclusion given the number of units in such a small area.

It is interesting that in the London Boroughs the units have been changed from live/ work to live/ live. However the *Tomorrows Property Today* report suggests that in the Jewellery Quarter the pressure has been to move towards work/ work with a flexible living element. If owner/ occupiers are adapting the property to their needs, this suggests that the local need is for higher quality flexible work/ live space rather than the more traditional live/ work or even residential use.

6.0 Conclusions

6.1 A natural conclusion?

If a primary aim of live/ work unit policy was to limit the impact of residential development in the JQ core, then it would appear at first glance that the programme has had some success. There has been minimal residential development in these areas since the policy was implemented and the current developments are predominantly industrial/ commercial.

However, the apparent under utilisation of these properties, despite offering modern workspace (of which there is an apparent shortage) suggests that there is now an over supply of 1 and 2 bed units. This is supported by the scale of live/ work development when compared to other areas of the UK.

Indeed, the anecdotal evidence suggests that far from being de facto live/ live units, they are being adapted to become high quality work/ live units, reflecting a view that there is a shortage of high quality commercial and workshop space. This view is supported by the high number of properties registered for Business Rates⁶. While these developments may go against a

⁶ As Business Rates are higher than Council Tax rates we would expect individuals to quickly register their property as domestic use if they were changing from live/ work to live/ live.

strict interpretation of the planning policy, it does support commercial activity in the quarter and its ongoing economic sustainability.

In terms of the original indicators, we can see some success across the board albeit not all intentional:

Indicator	Measure of success
Number of proposals approved Number of units approved	48 187
Numbers of proposals built Number of units built	32 125
Number of schemes occupied (estimated)	26/ 32
Number at least partially occupied by commercial or industrial tenants	26/ 32
The extent to which it supports/ compromises local development	Some support for local development but relative under utilisation rates suggest that impact is lessening
The extent to which approved developments fall within BCC policy guidelines	Permissions have broadly been within guidelines but there is anecdotal evidence to suggest that buildings are being adapted to more relevant use

It would seem reasonable to conclude **therefore** that the policy has been of limited success.

6.2 Next steps for further research

A number of pieces of research would help address the limitations to this study and build a more complete picture of the impact of live/ work policy. Unfortunately there was not time to complete these tasks in process of compiling this report.

i. A review of tax receipts

A review of ratings for business rates on the Valuation Office Agency website would help identify if BCC is receiving the full revenue benefit from properties and if units are being used inline with approved development. It is also worth investigating the tax policy for live/ work to identify any financial incentives for changing the use of each unit. An initial survey of the VOA online database has been completed. Follow up work with BCC Revenue would help to complete the picture and provide more detail on actual taxation receipts.

ii. Entry to buildings

It would be useful to enter buildings to gain a clear understanding of their use and linkages between live and work space. This would give a definitive answer to the question of de factor development.

iii. Survey of demand for residential property

It would be useful to survey local estate agents to assess the demand for types of residential development, and the extent to which live/ work can meet this demand. Included in this should be a review of live/ work pricing compared to purely residential. The Hackney report found that live/ work units were generally only 5 – 15% below residential prices (p104), making them unaffordable for the target market. Please see Appendix 1 for a proposed method for this task.

iv. Survey of business needs

It would be useful to survey existing businesses and students to assess their property needs.

These actions would not only help build a more concrete understanding of the impact of live/ work policy but also provide a more detailed insight into the local property market from a business/ resident's perspective. Please see Appendix 2 for a proposed method for this task.

7.0 Policy Discussion

7.1 The need for policy innovation

Tomorrows Property Today argues that:

“.... it would be more helpful for the public sector to concentrate less on asking for exemplar schemes and more on creating them....”

P56

This is in large part due to the failure of local authorities to follow up on schemes following the initial development. There is therefore the potential for BCC to undertake a thorough review of policy and create an innovative, 'exemplar' response.

7.2 Possible policy options

It would appear that there are three possible alternatives for future policy:

1. **STOP:** End the policy in favour of strict residential/ employment use classifications

2. **Continue in present form:** continue the current policy
3. **Continue in modified form:** reform the policy to respond to local/ developer needs

The first two of these options are fairly self explanatory and so it is worth focussing on the third option. Here the main aspects of the policy should be to:

1. Focus on Work/ live
2. Think Big

Work/ Live Policy

The aim of this policy is not to replace live/ work with a greater number of residential developments, rather re-focus policy on the retention of buildings for employment uses. Policy should therefore ensure that:

- o There is no residential development without a significant work element
- o That any s106 from developments is put towards supporting local businesses **to mitigate against the impact of loss of employment use e.g. grants to improve quality of business/ manufacturing premises**
- o Favour developments that incorporate a business support/ management plan

Think Big

Live/ work units have tended to be 1 or 2 bed, and this report has suggested that this market may no longer be viable. Instead it should be considered that work/ live developments are only considered where⁷:

- There are at least 20 units
- There are a number of physical business support measure in place, such as provision of meeting rooms, mentoring/ training etc

These measures would give the developments more of a sense of creating business clusters, where there are opportunities for businesses to learn from each other, receive support and have the facilities to develop their businesses onsite. However they may also restrict development to niche developers e.g. housing associations as the extra costs reduce commercial return.

Alongside larger developments, it should also be considered whether larger residential properties incorporating a work element could be permitted. This would help diversify the market, responding to a need for residential development and recognising the diversity of jewellery businesses. A clearly designated ground floor workspace with a separate entrance should be retained to help with policy enforcement. This workspace could be let out to local businesses or be used by a member of the family. The key here is to bring otherwise vacant properties back into use, that are only viable with a

⁷ These criteria have been taken from the London Borough of Hillingdon “Live/ Work Accommodation Supplementary Planning Document” (2006)

significant residential element, while retaining at least some of the property for employment use. It will also ensure that the occupiers are immediately aware of any issues they may have with local industrial use, and have a financial stake in supporting local industry. Further, the restriction of the work element to the ground floor will ensure the preservation of active street frontages.

There may be possibilities for some residential development but this should only be where strict conditions are met. The London Borough of Hillingdon will only allow a conversation from employment use to residential where:

- The property has been vacant for less than 5 years
- There is evidence of continuous marketing of the property throughout those 5 years
- There is support information to "... demonstrate any fundamental environmental or highways constraints which prevent the re-use of the site solely for employment purposes" (p9)

The approaches to policy can be summarised as:

	Stop	Continue in present form	Continue in modified form
Action	Live/ work policy discontinued in favour of strict residential/ employment classifications	Current Live/ work policy maintained for Golden Triangle	Policy reformed to respond to local/ developer needs
Implications	Local development dampened Policy clarified and enforceable	Limited number of residential units become available in JQ core	Maintains presumption against residential development in the Golden Triangle Could further confuse the property market
Policy Response	<u>Live or Work</u> Development permissions granted for live or work only units.	<u>Live/ Work</u> Continuation of existing policy	<u>Work & Live</u> Family sized residential units granted permission where minimum square footage of workshop/ retail space incorporated (with possibility to let out)

			<p>Emphasis on work element, incorporating some live.</p> <p>Use of planning gain to support business mentoring/ provision of shared facilities e.g. conference rooms</p> <p>Employment uses to kept to ground floor</p>
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There does appear to be some scope for BCC to take a more innovative approach to live/ work and as such, become a best practice example. This could be achieved through several small adjustments rather than a radical overhaul of policy. By becoming more flexible policy should be able to respond more positively to local need and ensure that the Quarter continues to grow at the heart of jewellery manufacturing.

References

Birmingham City Council (2002) Jewellery Quarter Conservation Area Character Appraisal and Management Plan

Birmingham City Council (2013) Birmingham City Centre Enterprise Zone Prospectus

Black Swan (2013) Jewellery Quarter Property Market and Employment Study

DCLG (2012) National Planning Policy Framework

Fresh Life Consulting (2013) Jewellery Quarter Development Trust – Anchoring its Sustainability: A Report From Fresh Life Consulting and EBC

Live Work Network (2008) Tomorrow's Property Today: sustainable live/ work development in a low carbon economy

London Borough of Hillingdon (2006) Live/ Work Accommodation Supplementary Planning Document

London Residential Research (2005) Review of Live/ Work Policy in Hackney

Thomas Lister (2013) Market Assessment in Respect of Digbeth and the Jewellery Quarter

Tower Hamlets (2006) Submission Document Core Evidence Base: Live/ Work Report

Online articles:

Flexibility: Europe's leading website for new ways of working (undated)
"Integrated Living and Working"

<http://www.flexibility.co.uk/flexwork/location/live-work.htm>

Maguire Jackson (2006) "Live-Work Units are the way forward"

http://www.maguirejackson.com/property_news_birmingham_130606.asp

Appendix 1: Proposed method for surveying residential property demand and business needs

Survey of demand for residential property

It would be useful to survey local estate agents to assess the demand for types of residential development, and the extent to which live/ work can meet this demand. Included in this should be a review of live/ work pricing compared to purely residential. The Hackney report found that live/ work units were generally only 5 – 15% below residential prices (p104), making them unaffordable for the target market.

The following is suggested as a structure for an online questionnaire. Each question has a number of optional responses identified as bullet points.

1) What types of property do you currently have available?

- Residential
 - Number of rooms
 - Space for home working
 - Parking
 - Disabled access
 - In need of work
 - Cosmetic
 - Structural
- Business
 - Floor space
 - Meeting rooms
 - Catering facilities
 - Commercial area
 - Parking
 - Potentially rate exempt

2) What type of property is currently being enquired about?

- Residential
 - Number of rooms
 - Space for home working
 - Parking
 - Disabled access
 - In need of work
 - Cosmetic
 - Structural
- Business
 - Floor space

- Meeting rooms
- Catering facilities
- Commercial area
- Parking
- Exempt rates?

3) What is the range of value of the properties that you have that are available?

- Range of values for business property
- Range of values for residential property
- Range of values for live/ work units

4) What are the values of property that are being enquired about?

- Range of values for business property
- Range of values for residential property
- Range of values for live/ work units

5) Please describe your average buyer in terms of:

- For business property
 - Age
 - Gender
 - Employment status
 - Length of time they have previously worked in JQ
- For residential property
 - Age
 - Gender
 - Employment status
 - Length of time they have previously lived in JQ
- For live/ work units
 - Age
 - Gender
 - Employment status
 - Length of time they have previously lived/ worked in JQ

What is the average length of time on market for:

- Business properties
- Residential properties
- Live/ work units

The survey would be targeted at Estate Agents. It would be worth having a prize draw for entrants as an incentive to take part. Participants could be made aware of the survey via emails and existing local networks.

Survey of business needs

It would also be useful to survey existing businesses and students/ those who might be about to start their own business to assess their property needs.

These actions would not only help build a more concrete understanding of the impact of live/ work policy but also provide a more detailed insight into the local property market from a business/ resident's perspective.

The following is suggested as a structure for an online questionnaire:

1. Is respondent a student or professional?
2. For students:
 - a. Do they want to be in jewellery business?
 - b. What sort of business?
 - i. Self-employed sole trader?
 - ii. Employer
 - iii. Employee?
 - iv. Not sure?
3. If iv:
 - a. Thanks for taking part
4. If professional:
 - a. Are they currently employed in the sector? If yes, go to question 6
 - b. Are they looking to start their own business?
5. If 4 b:
 - a. Have they considered what property they might need?
 - b. Where do they go to get information on business property?
 - i. If they have received information, where from?
 - c. Have they received any advice or training on setting up a business?
 - d. Where did they get this from?
 - e. What do they want from a business property? Rank in order of importance
 - i. Natural light
 - ii. Space?
 - iii. Access to meeting facilities
 - iv. Access to commercial/ sales area?
 - v. Low rent?
 - vi. Low rates?
 - vii. Disabled access?
 - viii. An area to live in?
 - ix. Be close to home?
 - x. Access to mentoring?
 - xi. Access to finance
 - xii. Access to training?
 - xiii. A building with interesting heritage
 - xiv. A building with interesting aesthetics
6. If 4.a, what is it they *would* look for in the perfect premises?
 - i. Natural light

- ii. Space?
 - iii. Access to meeting facilities
 - iv. Access to commercial/ sales area?
 - v. Low rent?
 - vi. Low rates?
 - vii. Disabled access?
 - viii. An area to live in?
 - ix. Be close to home?
 - x. Access to mentoring?
 - xi. Access to finance
 - xii. Access to training?
 - xiii. A building with an interesting heritage
 - xiv. A building with interesting aesthetics
7. How suitable are their current premises?
- i. Very suitable
 - ii. Suitable
 - iii. OK
 - iv. Not suitable
 - v. Very unsuitable
8. Are they likely to want to move in the next 12 months?
- i. Yes
 - ii. No
9. Where do they go to find out about available property?
- a. Estate agents – shop
 - b. Estate agents – online
 - c. Word of mouth
 - d. Direct from landlords
 - e. Other (please detail)

This questionnaire differs from the Black Swan reports in that it focuses more on need than what attracts business to the area. The survey should be completed online, with a possible raffle entry to reward completion. It is also worth making use of existing networks to promote the survey.

As with any survey there are a number of issues to be taken into account:

- ❖ Length of time to be completed
- ❖ Accuracy of knowledge of person completing survey
- ❖ Motivation of respondent
- ❖ Willingness to reply