



**Chad Sutton**

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## **Comment: Converting shops to residential - who stands to win and lose**

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The Government has published a consultation entitled ‘Greater flexibilities for change of use’ that proposes new permitted development rights and introduces flexibility to the use of existing retail buildings.

The new rights will allow a building with existing retail (A1) or financial and professional services (A2) use to change to residential use without the requirement to obtain planning permission.

The retail building to be converted must be no larger than 150 sq m and the conversion must be to a single-dwelling house or to a maximum of four flats, but not to a small house in multiple occupation. The new rights will not apply to buildings located within conservation and other designated protected areas, or to listed buildings. They will also be subject to the prior approval of the relevant local council.

The consultation also proposes to introduce new permitted development rights allowing the change of use of a shop premises to a bank or building society.

So who stands to benefit from the new rights? Principally owners of retail buildings, who will be provided with greater flexibility to utilise these buildings for other uses. The increase in residential development will also contribute to a limited extent towards the Government’s aim of increasing housing supply within town centres and rural communities.

And who stands to lose out? With the conversion of retail properties to residential use, there will be a reduction in the number of retailers, particularly in high-value residential locations where it is more profitable to change to residential use. This will mean that local communities

may find themselves faced with a limited choice of retailers on their high streets. The economies of local communities may also be affected by this reduction in retailers.

Councils will also be negatively impacted, as their control over development – as well as the revenue they receive from planning application fees – will be diminished, since planning permission will no longer be required. They would also lose the precious business rates that they receive from retailers.

At this stage, the impact of the new rights is unclear and we await their introduction to see whether they will revitalise high streets and town centres as the Government suggests, or have the opposite impact.

The consultation closes on October 15 and the Government expects to introduce the new permitted development rights in April 2014.

- Chad Sutton is planning partner at Maples Teesdale