

How homes created under the office-to-resi permitted development right measure up

28 July 2017 by Mark Wilding , 1 comment

Four years after the government introduced new rules allowing offices to be converted into housing without the need for planning permission, Mark Wilding looks at the impact on the ground.



Central Cross: apartment in former office in Croydon that was converted into 82 homes

The Croydon skyline is famously dominated by tall office buildings. At least, most of the buildings look like offices from the outside. Over the past few years, large numbers of these imposing blocks have been refurbished and used for housing.

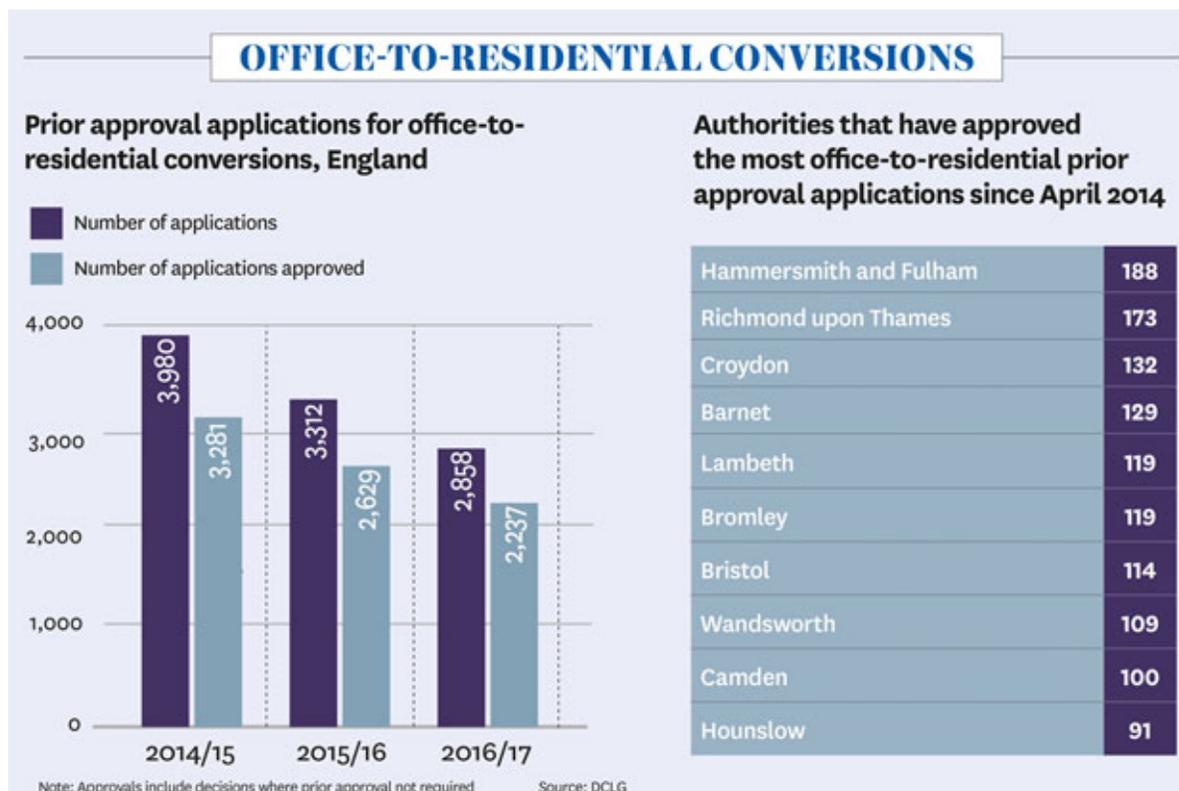
On a Thursday morning in July, I am taking in the view from the roof garden of Green Dragon House (pictured below), a 1960s office block on the high street that was recently converted to provide 119 apartments. As we look out across the town, Pete Smith, head of development management at Croydon Council, tells me that the south London borough has seen a wave of

these developments. Within just a few hundred metres, he points to three buildings in various stages of the conversion process.



In 2013, when the government removed the need for planning permission to convert offices into housing, Croydon saw developers flock to take advantage of the town's high amount of vacant office stock. In just over two years, the local authority estimates that it granted prior approval for around 1,800 homes via office conversions in the town centre alone. In 2015/16, Department for Communities and Local Government (DCLG) figures show that Croydon delivered more homes via the new office-to-residential permitted development (PD) rights – almost 600 – than any other local authority in England.

But Croydon is far from alone in witnessing this phenomenon. Between April 2014 and March 2017, across England, developers secured prior approval for more than 8,100 of these schemes (see infographic, below). According to the DCLG, in 2015/16 alone, almost 13,000 new homes were created via this route. In this respect, the government's relaxation of planning rules has had the desired effect. When the move was announced in 2013, then planning minister Nick Boles said it would allow "underused and outdated offices to be brought back to life, and provides an opportunity to create much-needed new homes".



But there is another side to the story. Critics say that, as a result of allowing developers to bypass normal planning rules, many of the homes that have gone ahead under the light-touch prior approval process are well below the space and design standards that would normally be expected. Developers merely have to demonstrate to planning officers that the scheme will not have a negative impact in terms of flooding, highways, noise and contamination. In removing the need for planning permission, the government also removed councils' ability to extract developer contributions for affordable housing or infrastructure.

Green Dragon House was converted by Inspired Homes, a developer behind several such schemes in Croydon. The company specialises in micro-apartments, which are typically smaller than the government's minimum national space standards and aimed at young professionals more concerned about price and location than expansive floor plans. Inspired's marketing manager Alexei Ghavami says the company's business model was only made possible by the relaxation of planning rules. "By going smaller, the flats are more affordable," he explains. "When permitted development launched in 2013, it created that opportunity."

As we tour another nearby Inspired scheme, Central Cross, an 82-unit development just down the road, Ghavami shows us the smallest apartment on offer. It measures just 29.9 square metres. In comparison, the minimum size for a one-bedroom, one-person apartment in the DCLG's space standards is 39 square metres. Ghavami points out that steps can be taken to get the most out of the space. "We normally recommend folding furniture," he says. "You can get a desk which transforms to be a dining table."

The apartments may be small, but Inspired's sales record suggests the developer has little problem finding buyers for its product. Not everyone, however, is convinced. "I am worried for the future," says Smith. While he acknowledges that PD rights have increased housing delivery in Croydon, he is concerned that the vast majority of schemes contain units that fall below national

space standards, have little amenity provision and allow developers to avoid providing affordable housing or -infrastructure. In addition, he worries that the focus on young professionals risks neglecting other groups. "We're not looking at people and families who are in real housing need, of whom there are a lot in this borough," he says. "I believe very strongly that's what the planning process is here for."

Ghavami tells me Inspired would be keen to go through the normal planning process but says local authorities would refuse its schemes over space standards. He adds that he would like to see councils adopt a more flexible approach on this issue that would allow developers such as Inspired to build many more homes, including affordable housing. Speaking to me later, Smith is unconvinced that the provision of affordable housing via micro-flats represents a satisfactory proposal. "People make a choice to buy something and move in," he says. "They don't necessarily have a choice when they move into affordable housing."

When the new PD rights were first announced, many authorities applied for exemptions. Some, including the City of London and Kensington and Chelsea, were successful. Most, including Croydon, were not. In September 2015, an Article 4 direction came into force in Croydon removing PD rights in the centre of the borough.

Before the direction came into force, Smith says Croydon lost an estimated 100,000 square metres of employment floor space in the town centre because of prior approvals granted — and not all of it was out of date. "We lost a few high-quality offices," he recalls. "We now need to get some 'grade-A' offices back into the town centre." Croydon was one of many councils that cited the depletion of employment space, and potentially of jobs, as a key concern.

Consequently, many other authorities also tried to opt out of the rules. In February 2015, the Royal Borough of Kingston upon Thames used an Article 4 direction to remove PD rights in 15 areas. Kingston's development management group manager, David Horkan, says the council had grown increasingly concerned about the loss of employment space, the standard of housing being provided and the way in which developers were avoiding planning obligations. According to the council, from 2013/14 to 2015/16, the borough lost 11,000 square metres of office floor space through conversions. "We do recognise the importance of new housing delivery," says Horkan. "However, the loss of the opportunity to maintain quality and secure those affordable units has been negative in terms of our overall housing stock."

In Nottingham, chief planner Paul Seddon shares many of these worries. Nottingham City Council had numerous concerns about losing influence over office-to-residential conversions, he says, adding: "The consequences around no section 106 contributions, little influence on quality and space standards were clearly a worry for us." However, he also notes that there have been benefits from the policy, which has seen around 1,000 homes provided in former offices in the city. He says -Nottingham was being held back by a large amount of vacant and poor-quality office accommodation. "It's mopped up the oversupply," he notes. "We've now seen office take-up improve over the last couple of years and greater interest for investment." Seddon says "time will tell" whether PD rights have been positive, but adds: "It's nice to have had almost a silver lining."

Rob Murfin, chief planning officer at Sheffield City Council, says that it has approved 84,00 applications totalling 2,162 units over the past four years. The impact has been "broadly negative", he adds. Like other planning chiefs, he mentions planning departments' loss of

influence over design and space and the lack of affordable housing and infrastructure contributions. He suggests a compromise solution in which councils could provide a fast-track permission in principle for office-to-residential conversions on the basis that they include affordable housing and infrastructure contributions.

Back in Croydon, I stand with Smith outside Delta Point, a 29,000 square metre building formerly occupied by BT and sold to Criterion Capital in 2013. It has since been converted into around 400 apartments for rent, making it one of London's largest office-to-residential schemes carried out under PD. Smith describes it as "a warren of small flats", voicing concerns about the internal layout and the size of the rooms. "What we've got here, with all due respect to Criterion, is a lost opportunity to deliver real quality housing," he says.

In response, Criterion Capital head of planning Katy Walker says: "In our view, the conversion of office to residential under PD has been hugely successful in bringing a volume of much needed housing to the market, quickly. The swift take-up of these residential units is a strong indication of their desirability within the market."

As we walk away, Smith says he is all too aware of the ongoing housing crisis in London. He just does not believe removing planning controls is the way to go about solving it. "We need housing," he says. "But at any cost? We need to get it right."

**Note: The feature was altered at 9.30am on Monday 31 July to correct a quote by Pete Smith, who described Delta Point as a "warren of small flats" not a "warren of offices".*