Re-Populating City Centres:

The Role of Post-War Office to Residential Conversions

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ABSTRACT

"There is an eerie silence in the city – towering offices dominate the streetscape but no one appears to be in them. A distant mechanical hum and the fluttering of litter in the wind shows the only evidence of occupation."

(Hirst, 1996, p.8)

By the mid-1990s, a new phenomenon of converting obsolete post-war office space into residential use within city centres was beginning to emerge in London, Melbourne, Paris, Toronto and other global cities. This type of development activity has been seen as a panacea for many problems encountered at the end of the twentieth century, including:

- the ability to meet the increasing demand for new homes;
- the need to develop in a more sustainable manner; and
- the desire to revitalise urban and city centres.

This thesis concentrates upon such activity in England and identifies that there are five categories of significant barriers and drivers to this process: physical or design-related; locational; financial or economic; demand-related; and legislative factors. The latter two dimensions of the conversion process are examined in detail to reveal the role and impact of the planning system and the perceptions and demand for city centre living particularly in terms of office conversions. The research reveals that the occurrences of post-war office conversions have spread beyond London in the UK, however, its potential remains under exploited due to the impact of the factors identified above.

This research therefore plays an important role in furthering the understanding of the demand for and perceptions of city centre residential accommodation together with the advantages and disadvantages of living in these areas. In addition, this thesis identifies the impact of post-war office conversion at a national level and the extent to which the planning system is facilitating or hindering this process. As such, these two potential barriers to conversion activity that have previously been neglected areas of research are analysed in depth and recommendations are made that can facilitate the development process.

ACKNOWLEDGEMENTS: THE PERSONAL CONTEXT

In addition to acknowledging the invaluable contributions of others to this work, I would like to take this opportunity to trace the personal context of this thesis. My own personal interest in cities and in particular urban design was developed as a student of architecture and planning at university in Manchester and Nottingham. Experience of the adaptive re-use of the urban fabric of our cities was developed working as an architect-planner at Sutherland Craig Partnership where I was project architect on a number of residential conversions of buildings such as former hospitals, churches and industrial buildings. Given these interests and experience it was inevitable that these areas would form the core of my research interest upon my academic appointment at the University of Nottingham.

The research for this thesis began in earnest in 1996 and was particularly inspired by a conference visit to Toronto where I had the opportunity to discuss the success of office to residential schemes with city planners and project architects. The initial background research enabled two successful EPSRC research bids in conjunction with Professor Taner Oc in 1997 and 1998 examining the sustainability of converting redundant buildings to residential use and the creation of mixed use areas in city centres (Oc and Heath, 2000; 2001). In addition, a small competitive research grant was secured from the University of Nottingham, which facilitated the thesis project in terms of administrative support, being able to recruit interviewers, travel and inducements for survey respondents.

The thesis research progressed productively through 1997 and 1998 in the buoyant atmosphere of the Department of Urban Planning with its successful Urban Planning and Management course. However, the period since the summer of 1998 has been nothing short of a professional and career 'roller-coaster' ride beginning with the University's decision to close a successful course in which we had invested so much of ourselves. The subsequent three years have been arduous as the few remaining staff - others understandably left for pastures new – dedicated themselves to maintaining a first class student experience through high standards of teaching and pastoral care. The agreement to establish a new course combining architecture and urban planning provided a much-needed boost during this period, however, it did obviously put an extra strain upon such a small staff complement. Additionally, the past twelve months have involved the burden of 'propping-up' the School of Architecture as it underwent a significant period of growth simultaneously with a high level of staff turnover. Consequently, the writing-up period for this thesis has been spread

over the past two years and generally happened after 8pm in the evenings - following a exhausting day of teaching, admin or other research – or in any 'free' time that has arisen during vacations.

There have, however, also been highlights related to this research project. These include numerous well-received international conference papers presented at ACSP and AESOP and the opportunity to undertake consultancy work based on an expertise in city centre living. In addition, a chapter based on the sustainability of city centre living and the adaptive re-use of buildings was published in *Achieving Sustainable Urban Form* (Williams *et al.*, 2000) and recent refereed papers have been published in Cities and the Journal of Planning Education and Research (Heath, 2001a; 2001b). Also the period of this research has seen a number of other significant and related publications.

Nevertheless, despite these varied experiences as I write these words the project is nearly complete and this is due almost entirely to the understanding support of a number of people, especially my family. Despite the many times that I have been irritable, tired and agitated as a result of this work and almost impossible to prise from my computer, my wife Karen has been unerring in supporting me and helping me to find that important extra time necessary to finish this thesis. In addition, our children Marcus and Charlotte - both of whom have only had experience of me during this study - although too young to understand they have helped me through this research by bringing great joy and helpful distractions to my life. So to the three of them I express my indebted gratitude. On a personal note, I would also like to thank my parents for providing me with the support, nurturing and education that has enabled me to come this far.

On a professional note, I am extremely grateful to all my colleagues within the former Department of Urban Planning at the University of Nottingham for their moral support and advice during this study. In particular, I would like to thank Professor Taner Oc who as the Head of Institute has shared all of the experiences outlined above and who as a co-researcher of funded research projects and as a supervisor to this thesis has given me incredible support in terms of furthering my academic career. In terms of direct input into this research, I would also like to take the particular opportunity to thank the following individuals and organisations that made significant contributions:

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CHAPTER 1

'METAMOFFICES':

THE CONTINUAL EVOLUTION OF THE CITY

'METAMOFFICES':

THE CONTINUAL EVOLUTION OF THE CITY[1]

I thought it would last my time -

The sense that, beyond the town,

There would always be fields and farms

Philip Larkin *'Going, Going'*

Three of the most important issues facing urban planning at the beginning of the twenty-first century currently dominate the debate about the nature of future planning policy in the UK. These are:

- the challenge of meeting the projected demand for new homes (Breheny and Hall, 1996a);

- the need to reverse urban decay through the revitalisation of towns and cities as vibrant places in which to live and work (Urban Task Force, 1999b); and

- the objectives of sustainability that underpin all contemporary Government policy (Department of the Environment, Transport and the Regions, 1998i; 1999j; 1999n).

Means of addressing these problems can clearly be complimentary. Indeed, creating the majority of new homes on brownfield sites particularly where this brings more residents back into town and city centres will help to support the further revival of urban areas and help in the achievement of a sustainable environment. As such, one solution that has been increasingly advocated by policy makers is to increase the number of homes within city centres (Department of the Environment, Transport and the Regions, 1999l; 2000b). Indeed, the Government's recent Urban White Paper outlines a vision, which advocates *"...a strategy that uses the available land, including, in particular, brownfield land and existing buildings in urban areas wisely to create homes which people will find attractive and planning carefully any expansion of urban areas."* (Department of the Environment, Transport and the Regions, 2000c, p.29).

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[1] 'Metamoffices' is a neologism used to describe the metamorphosis of office space coined by Wilson (1994) in describing the experience of office to residential conversions in Toronto.

Since the early 1990s, official planning guidance and various reports have discussed and promoted the creation of vital and viable urban centres (URBED *et al.*, 1994). It has also been argued that a more compact 'high' density city is both safer and more sustainable (Elkin *et al.*, 1991; Jenks, *et al.*, 1996). The Government believes that such actions will also meet a number of economic, social and environmental objectives. In terms of accommodating growth in a sustainable manner, Breheny (1993) describes five potential scenarios: urban infill; urban extensions; key villages; multiple village extensions; and new settlements. Urban infill can be better distinguished as urban intensification, the reclamation of brownfield sites and the re-use of buildings. Many development types will clearly need to be pursued and explored, however, this thesis will examine whether dealing appropriately with the legacy of the past through the conversion of existing structures is the more sustainable option. There is a plethora of unused or underused buildings in the UK, many constructed in the past 40 years. Some are waiting for local commercial markets to go through a period of readjustment, however, their failure to be let during the recent heights in the property market is a strong indication that their likelihood of re-occupation is poor. This thesis is concerned, therefore, with the potential revitalisation and regeneration of town and city centres in England through the conversion of obsolete post-war office buildings into residential use.

The City: a process of continual evolution

The one certainty about the future of the city is continuing change as urban development remains a hostage to urban fortune, however, successful cities often display their ability to adjust to such changes in their environment (Cowlard, 1992; Barton *et al.*, 1995). The dynamics of change in terms of the use and occupancy characteristics of buildings or indeed whole areas of cities have often caught policy makers 'off-guard'. Indeed, substantial planning problems arise as buildings and infrastructure age and as the social and economic conditions under which they were created change. Cities are not, therefore, fixed assets and they constantly evolve and as Ratcliffe and Stubbs (1996, p.ix) identify: *"Fluctuating economic conditions, new legislative frameworks, political and social swings, advances in information technology and communications, and innovations in management theory and practice, all conspire to create a climate of constant change."* The twentieth century has seen powerful sources of change and the Urban Task Force (1999b, p.25) identify three main factors that have emerged as central to this process within urban areas at the end of the twentieth century:

- the technical revolution: centred on information technology and the establishment of new networks connecting people from the local to the global level;

- the ecological threat: greater understanding of the global implication of mankind's consumption of natural resources and the importance of sustainable development; and

- the social transformation: changing life patterns reflecting increasing life expectancy and the development of new lifestyle choices.

Each of these factors is changing the way we think about cities and they are central to the rationale for this thesis. First, the rapid emergence and development of information technology has been one of the fundamental causes of the premature obsolescence of office space. Secondly, the increasing awareness and promotion of a more sustainable environment has led to the encouragement of urban intensification and the reuse of existing buildings and finally changing lifestyle choices and household patterns are leading to an increased demand for the product of conversion activity in cities. Indeed, the recent debate over how to accommodate the projected growth in household numbers and the revitalisation and regeneration of cities as well as sustainability issues have renewed interest in the potential for re-using redundant commercial space for residential accommodation.

Obsolete Offices: An Opportunity for Adaptive Re-Use

The conversion of post-war office space to housing is a relatively recent phenomenon, which although initially confined to London - where a great demand for residential accommodation was combined with a great oversupply of office space - has gradually spread to many provincial cities in the UK. The emergence of such conversion activity has been strongly supported by the Government with the former Secretary of State for Transport, Environment and the Regions, John Prescott (1998, p.20) stating that he wanted *"...to see a renaissance of our cities. That will mean using existing empty houses, office and warehouses for new affordable flats - not just for City yuppies. "* In addition, one of the remits of the Urban Task Force had specific reference to the provision of housing through both new development and the re-use of existing buildings.

The conversion of buildings to residential use is not new however, nor is it restricted to offices. Indeed, from Classical Antiquity to the present day, buildings from the past have been reconsidered and rearranged to suit contemporary needs. Because their physical fabric tends to outlive their function, buildings have continuously been adapted to new uses,

indeed, Fracchia (1977, p.8) notes how: *"During one of the barbarian invasions of Rome, many citizens whose homes were either destroyed or confiscated created new ones for themselves in the Colosseum. Domestic use of structures originally built to function as something other than places of residence has been a recurrent factor throughout the world, throughout history."*

The adaptive re-use of old buildings was once a cause that had to be ardently fought for by a small number of preservationists. Conservation and recycling are now commonplace, however, this interest only began in the 1960s, when: *"People began to feel that the new architecture was inhuman and empty of meaning. Old architecture, on the other hand, seemed full of human reference. Then there was the energy crisis. It became clear to many people that more energy was used to tear down and build anew than to fix."* (Schmertz 1982, p.1). Ironically, many of those buildings that early 'conservationists' were reacting against are themselves now being considered for adaptive retention.
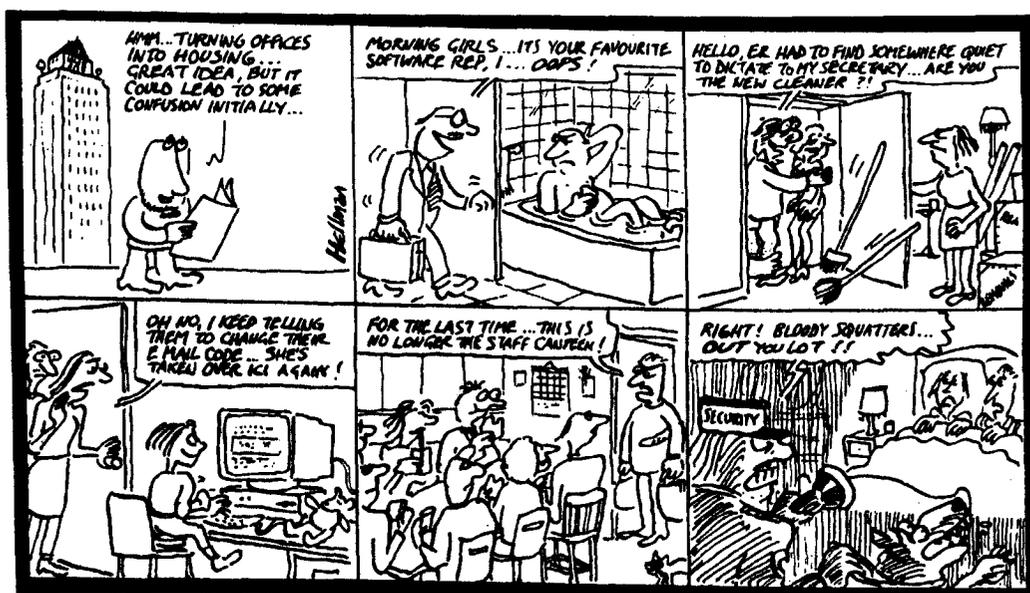
Figure 1.1: Misunderstandings of office to residential (source: Hellman in Building Design, 31 May 1996).

At the beginning of the twenty-first century, most towns in the UK have examples of buildings such as schools, churches, mills, pubs and hospitals that have been adaptively re-used for residential accommodation. Many of these buildings have proved flexible, technically and socially, to many changing social needs. Purpose built post-war office blocks have, however, often been thought to be a much more difficult prospect because of their size, scale, depth, internal layout, materials and style or poor location for social amenities. London Property Research Limited (1996a, p.16) suggest that: *"These are*

typically the buildings that Prince Charles and like-minded souls love to hate, representing post-war brutalism. [However} Developers see a winning combination of light, height, location and parking', especially after recladding."

Flat out for change

Commercial Property Weekly   Tuesday October 7, 1997
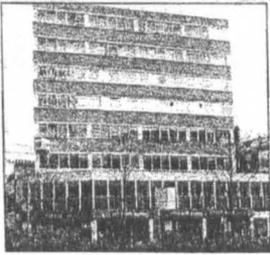
NEW USE:
CMA House, in Maid Marian Way, is to be converted into 35 flats

CONVERTING redundant city centre office blocks into residential accommodation is widely accepted as a good idea. It provides much-needed accommodation, revitalises the city centre, utilises buildings which otherwise would remain vacant and takes the pressure off greenfield land.

Developers, however, need to think long and hard before taking on such a project due to the financial and legal implications, according to Ian Tempest, partner at Nottingham law firm Freeth Cartwright Hunt Dickins, and Nick Ebbs, partner at chartered surveyors and property consultants Innes England.

The previous government estimated there would be a demand for an additional 4.4 million households by 2016 and charged local authorities with planning for new homes using no more than 40% green belt land.

With the emphasis on recycling land and buildings to satisfy this new demand, the development industry has started to investigate the potential of converting unloved and unwanted 1960s and 1970s office blocks into residential apartments.

Already ten former office buildings in Nottingham, with 275,000sq ft (25,548sq m) of space, have been identified as possible targets for conversion, and this supply is likely to increase as other companies move to new build options.

The first of these schemes is due to start next year. Orchard Holdings plans to convert CMA House, in Maid Marian, Way, into 35 flats.

However, not all second-hand office space can be easily converted into flats. Some locations are inappropriate and few have the scope to attract the higher paying end of the market.

As a result, returns may not always be sufficiently high to justify developers' involvement. Legal problems and pitfalls can further compound the difficulties of conversion to residential usage and add to the cost.

Many office buildings have a retail operation on the ground floor, where long leases written specifically to cover retail usage may complicate the process of acquiring the headlease for a building.

Even on vacant buildings, questions of rent reviews set by landlords for commercial tenants need to be resolved for residential occupiers, while the possibilities of future tenant claims for leasehold

Pitfalls of city office conversion

enfranchisement will have to be considered and dealt with.

Continuing mixed usage of buildings can give rise to environmental problems, such as noise pollution, and affect fire and building regulations.

It is clear that conversion of redundant office buildings may not be a remedy from either a financial or legal point of view, but is socially and economically desirable.

If the political will exists to make it happen, in terms of grants and investment vehicles such as housing investment trusts and English Partnerships, as well as help with planning and building issues from local authorities, then city centre redevelopments can succeed — but only if developers go in with their eyes open.

Figure 1.2: 'Flat out for change': the property industry recognise the opportunity of post-war office to residential conversions (Nottingham Evening Post Commercial Property Weekly, 7 October, 1997, p.3).

URBED (1998, p.38) argue that the capacity of vacant commercial buildings for conversion to residential use falls into two categories. The first being the conversion of historic mills and warehouses – often of considerable character – which are no longer suited to modern commercial needs. The widespread conversion of such buildings since the early 1980s is not part of this research, however they are important for two reasons:

- they established the precedent for creating and selling new homes in areas that previously had no residential component; and

- they led to a number of development companies gaining invaluable experience in the process of converting buildings to residential accommodation.

The second category is the conversion of more modern office space to housing *"... where the driving force is not the character of the building, but the fact that residential conversions provide an economic use for buildings that are unlikely to be let commercially."* (URBED, 1998, p.38) Indeed, a growing band of developers and investors are showing a readiness to take on the conversion of obsolete buildings as they discover that the potential of the existing urban fabric (Margolis, 1999). Significantly, research for the Department of the Environment, Transport and the Regions (2000a) suggests that all types of conversion could contribute about 15 per cent of new housing units in England.

The standard way to understand how a market works is to initially split it into its constituent parts of demand and supply which enables *"... one to examine the forces that determine and affect these two key elements as they work together in determining both the price of goods and services and how much of them are traded in the market."* (Warren, 1993). This thesis will therefore examine in detail the barriers and drivers to the process of converting obsolete post-war office space into residential use from both a supply and demand perspective. Following the initial overviews of this phenomenon with Applied Property Research's (1992) Home Office Report and Barlow and Gann's (1993) *Offices into flats* and their examination of the technical feasibility of conversion (Gann and Barlow, 1996) there have been an increasing number of reports often commissioned by professional institutes or other organisations with an active interest in this or similar conversion activity (see London Property Research Limited, 1996a; London Planning Advisory Council, 1996, 1997; Royal Institute of Chartered Surveyors, 1998a; British Property Federation, 1999b; Oc and Heath, 2000). Careful analysis of this literature reveals that two of the fundamental aspects of this conversion process that continue to be neglected are a critical examination of the role and influence of the planning process (supply-side) and any detailed analysis of the influences upon the demand for such accommodation and the perceptions of city centre living (demand-side). This thesis addresses these two critical dimensions in the conversion process through a complimentary multi-method approach outlined in Chapter Two.

CHAPTER 2

THE RESEARCH AGENDA

THE RESEARCH AGENDA

This chapter will outline the conceptual and theoretical background to the research process and methodology adopted for this thesis. As such, the chapter is organised into seven sections, firstly, the research approach and the relationship between theoretical and empirical research is considered. Next, the research design is discussed followed by the structure and process, and focus of the research. The gap in existing research is then identified and the aims and objectives of this study are outlined. The penultimate section examines the research methods employed in achieving these goals and finally the structure and organisation of the thesis are explained.

Research Approach: Theory and Empirical Research

Social science is interested in the aspects of human behaviour that are the result of the context within which we live. King et al. (1994, p.12) argue that: "Social science research at its best is a creative process of insight and discovery taking place within a well-established structure of scientific enquiry." They proceed to suggest that research projects in the social sciences should satisfy the following two criteria:

- pose a question that is important in the real world; and
- make a specific contribution to an identifiable scholarly literature by increasing our collective ability to construct verified scientific explanations of some aspect of the world.

(King et al., 1994, p.15)

Frankfort-Nachmias and Nachmias (1992) suggest that the social sciences aim to provide general explanations to "Why?" questions, whereas King et al. (1994) argue that social science research involves the dual goals of describing and explaining. Such, a research approach should endeavour to answer both the why (explanatory research) and what (descriptive research) questions and the aim should be to both describe and understand (de Vaus, 1996). The description enables causal explanations to be constructed and usually comes before the explanation, however, the relationship between the two is interactive. Indeed, Frankfort-Nachmias and Nachmias (1992, p.9) state that: "The ultimate goal of the

social sciences is to produce an accumulating body of reliable knowledge. Such knowledge would enable us to explain, predict, and understand empirical phenomena that interest us. Furthermore, a reliable body of knowledge could be used to improve the human condition. "

The social sciences as scientific disciplines exploring the study of human behaviour consist of theory and empirical research. Such research involves both collecting data and interpreting and explaining that data, thereby forming a theory. Indeed, social scientists function within both the world of ideas, theories and models and the world of observation and experience (Frankfort-Nachmias and Nachmias, 1992). A theory is therefore a partial or complete explanation of a phenomenon, which in the case of social sciences means constructing explanatory theory about people and their behaviour. As such, a social science theory is a reasoned and precise speculation about the answer to a research question which usually implies several more specific, descriptive or causal hypotheses (King *et al.*, 1994). Description is concerned with making phenomena understandable whilst at a more complex level explanation involves finding reasons as to why and how these phenomena came to be. Theory and empirical research are therefore intrinsically related and an ability to establish a systematic connection between these two worlds will enhance social scientists' goals. Indeed, May (1993, p.20) describes a symbiotic relationship where theory informs thinking and research influences theorising.

Achieving connections between theory and research has been the subject of much debate (Frankfort-Nachmias and Nachmias, 1992). Indeed, Popper (1968) argued that the theory should come first, to be followed by the research with knowledge advancing most rapidly through the formulation of ideas. On the other hand, Merton (1968) is a proponent of the research before theory strategy whereby the research suggests new problems for theory or leads to the refinement of existing theories. There is a consensus with both approaches that theory is a manifestation of scientific progress, however, there is no agreement regarding the place of theory within the research process. May (1993, p.22) describes the theory-first approach as a deductive process where the research is implemented to produce empirical evidence to test or refute the hypotheses. In contrast, he suggests that the theory-after approach is an inductive process whereby theoretic propositions are generated from the research data. In reality, there is rarely such a clearly defined structure and the process usually entails continuous interaction between theory and research rather than a linear approach.

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Similar distinctions are usually made between grand theories and substantive or grounded theories in terms of approaches to research. May (1993, p.21) describes how some (grand) theories appear to be unfettered by the complexities of everyday life. This may enable us to "...locate our research findings within a general theory of the workings of society..." however, such generality and abstract thought may have little relevance to researching specific areas within the social sciences. The alternative as espoused by Glaser and Strauss (1967) is to have substantive theories grounded in observations of everyday life. As such, 'grounded theory' is usually derived from multiple stages of data collection to establish interrelationships within the study area in order to generate theoretical propositions (Strauss and Corbin, 1990). Merriam (1988) also refers to middle-range theories that fall between minor working hypotheses of everyday life and the all-inclusive grand theories.

Importantly, de Vaus (1996) identifies that research rarely conforms to textbook models, indeed, he describes the 'ideal-typical' model as not what is actually done. Frankfort-Nachmias and Nachmias (1992, p.49) also note that social science research has proceeded despite the dilemmas as to research approaches and suggest that: "Although there is a lively controversy as to which strategy most fruitfully enhances scientific progress, our position is that theory and research should interact constantly and that the contrast between the two strategies is more apparent than real." Indeed, examination of social science research reveals all three approaches being adopted and in many cases the process tends to fall between the two poles as outlined by Merriam (1988).

The research approach adopted in this thesis - rather than relying upon any ideological model – utilises appropriate methodological strategies to examine each particular dimension of the research from an examination of planning, housing and sustainability policies to the analysis of the demand for homes created from conversions in city centres.

Research Design

The design of a research project begins with the selection of a topic and a paradigm. Creswell (1994, p.1) suggests that: "Paradigms in the human and social sciences help us understand phenomena: They advance assumptions about the social world, how science should be conducted, and what constitutes legitimate problems, solutions, and criteria of proof." Paradigms therefore encompass both theories and methods. The two most discussed and contested within literature are the qualitative and quantitative paradigms. Indeed, research projects draw upon either quantitative (positivist or empiricist) or qualitative (constructivist or interpretative) methods of data collection and analysis.

In the social sciences, qualitative research is interpretive research that is rooted in observation or an inquiry process of understanding a social problem through a holistic picture drawn from reporting the detailed views of informants. Alternatively, quantitative research is an inquiry into a social problem based on testing a theory composed of variables and analysed with statistical procedures to determine the validity of certain theories (Creswell, 1994, pp.1-2; p.147). One of the fundamental differences between the two research paradigms is the relationship of the researcher to that being researched. In the quantitative approach, the researcher remains distant and independent of the subject through the systematic and controlled use of surveys and experiments. By contrast, in a qualitative approach, the researcher interacts with those they study thereby minimising the distance between themselves and those being studied (Creswell, 1994, p.6).

It is common, however, for a combined method study that draws upon both qualitative and quantitative methods to be adopted. These two fundamental research methods are not as opposed as one is often led to believe, indeed, King *et al.* (1994, p.3) argue that the *"...differences are mainly ones of style and specific technique. The same underlying logic provides the framework for each research approach."* The concept of combining quantitative and qualitative approaches within a single research study can be described a mixing methods. Some authors such as Jick (1979) have argued that a combination of methodologies in a study enables the triangulation of the data based on the assumption that any biases that may be inherent in the research approach can be minimised. As such, a combined or mixed method study is one where the researcher uses multiple methods of data collection and analysis. Greene *et al.* (1989, cited in Creswell, 1994, p.175) expand upon the justifications for a mixed method approach by advancing the following five purposes:

- triangulation in the classic sense of seeking convergence of results;
- complimentary, in that overlapping and different facets of a phenomenon may emerge;
- developmentally, wherein the first method is used sequentially to help inform the second method;
- initiation, wherein contradictions and fresh perspectives emerge; and
- expansion, wherein the mixed methods add scope and breadth to the study.

This thesis adopts a 'situationist' approach whereby a certain method is felt appropriate for a specific situation. It also corresponds with what Creswell (1994, p.178-179) refers to as a

'mixed-methodology design' or Brannen (1992) terms mixing-methods. This describes a research process that works back and forth between an inductive and deductive model of thinking. Indeed, this assumes that there is no strict interpretation of one approach to research versus another. In this thesis, these methods are intended to be complimentary in that overlapping and different facets of the phenomenon may emerge, and developmental in that the earlier methods will help to inform the latter. In addition, it was felt that different methods were needed to facilitate the different data required. This study therefore draws upon both paradigms - qualitative and quantitative - as and when appropriate, for example there is a firm grounding in the use of literature and theory common with a quantitative approach. As such, the literature is used deductively and advanced to help guide the study and to develop the research questions.

Research Structure, Process and Focus

The agenda and focus of research projects can be known at the outset in what Miles and Huberman (1984, p.16) describe as a 'tight' structure or unfold as research progresses in a 'loose' structure. In theoretical terms, qualitative research tends to bear more towards an unfolding nature whereas quantitative research tends to be more pre-specified in its nature. In practice it is important to strike a happy medium between the advantages of a tight focus and structure and those of flexibility and responsiveness, therefore much research falls between the two extremes outlined above (King *et al.*, 1994).

Frankfort-Nachmias and Nachmias (1992, p.21) suggest that there are seven stages to the research process that each affect and are affected by theory, these are: *problem, hypothesis, research design, measurement, data collection, data analysis*, and *generalisation*. They note that an idealised research process is self-correcting and that: *"The most characteristic feature of the research process is its cyclical nature."* (see Figure 2.1). As such, the research process for this thesis was typically recursive with the theory and data being constantly engaged and the agenda, structure and the precise focus frequently refined and reassessed.
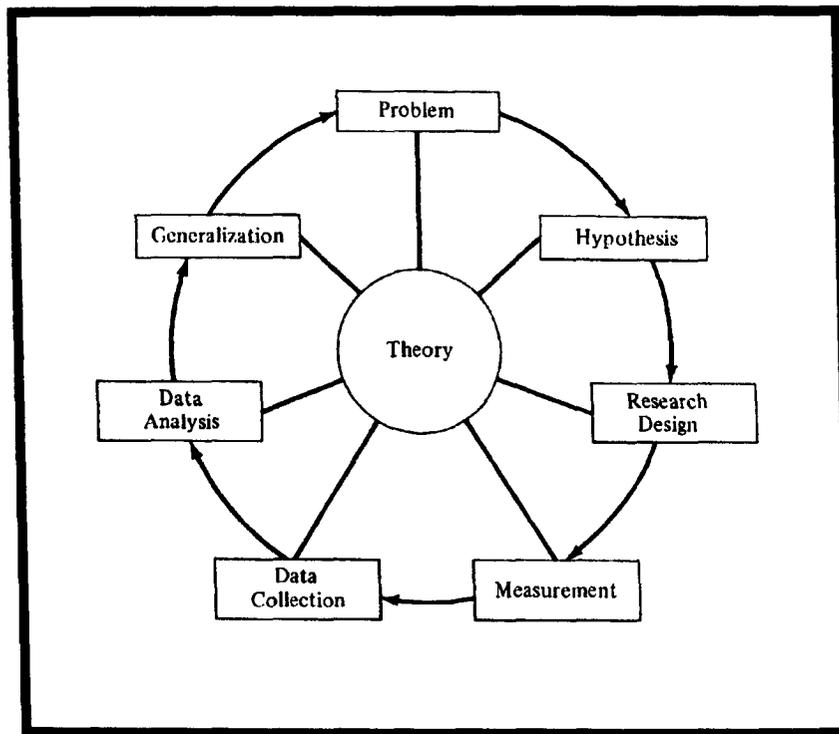
Figure 2.1: The main stages of the research process (Frankfort-Nachmias and Nachmias, 1992, p.22)

A research focus is the central concept that will be examined in a study. This thesis was initiated in line with Creswell's (1994, p.3) suggestion that all researchers ask themselves the following questions prior to undertaking a research project:

- Is the topic researchable, given time, resources, and availability of data?
- Is there a personal interest in the topic in order to sustain attention?
- Will the results from the study be of interest to others?
- Is the topic likely to be publishable in a scholarly journal?
- Does the study (a) fill a void, (b) replicate, (c) extend, or (d) develop and widen the scholarly literature? and
- Will the project contribute to career goals?

Creswell (1994, p.70) notes how in qualitative research "...one typically finds research questions, not objectives or hypotheses... " He continues by identifying that Werner and Schoepfle (1987) advocate these questions take the form of a 'grand tour' question or a guiding hypothesis as suggested by Marshall and Rossman (1989), both followed by sub-questions (Miles and Huberman, 1984). The 'grand tour' question is a statement in its most general form of the research question being examined in the study where its generality is intended not to limit the scope of the research being undertaken. Creswell (1994, p.70)

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recommends that researchers ask one or two such 'grand tour' questions followed by no more than five to seven sub-questions that can narrow the focus of the research without constraining the researcher.

A hypothesis is a tentative proposition to a research problem, which is subject to verification through subsequent investigation where the research problem is *"...an intellectual stimulus calling for an answer in the form of scientific enquiry."* (Frankfort-Nachmias and Nachmias, 1992, p.51). Frankfort-Nachmias and Nachmias (1992, p.61) also suggest that: *"Hypotheses can be derived directly from theories, directly from observations, intuitively, or in a combination of these approaches."* Developing these hypotheses provides the key ingredient in structuring the subsequent parts of the research, which should then enable the hypotheses to be tested. As such, research hypotheses or research questions must be:

- clear and understandable;
- value-free (without biases and preferences);
- specific and outline the expected direction; and
- testable with available methods (data must be collectable and suitable for analysis).

(adapted from Frankfort-Nachmias and Nachmias, 1992, p.61-62)

The key difference between hypotheses and questions are that research hypotheses are tentative and testable answers, whereas research questions are questions about relations among variables (Frankfort-Nachmias and Nachmias, 1992, p.63).

The Research Gap

There is a lack of academic literature on the subject of conversions, particularly the adaptive re-use of office buildings. The first of only a handful of major reviews was commissioned by Joseph Rowntree Foundation, which resulted in the report *Offices into Flats* (Barlow and Gann, 1993). This study identified the opportunity for achieving new homes in such developments and assessed *"...the feasibility of reducing the stock of unoccupied office buildings through conversion to meet demands for new housing."* (Barlow and Gann, 1993, p.5). Gann and Barlow (1996) followed this with a paper that focussed upon the technical constraints to the conversion of redundant offices.

More recently, probably stimulated by an increase in conversion activity and the Government's encouragement of this type of development there have been three

publications of note. The research report *Back to the Centre* (Royal Institute of Chartered Surveyors, 1998a) by the University of Westminster, London Residential Research and Grimley examined the conversion of commercial buildings for residential use. The study's remit was to establish whether this phenomenon was a long-term trend, whether it was just occurring in London, and what the consequences would be for the surveying profession. The British Property Federation (1999b) published *Conversion of Redundant Commercial Space to Residential Use*, which examines the scale of conversion activity and its prospects for the future. The Department of the Environment, Transport and the Regions (2000a) have also published a research report *Conversion and Redevelopment: Process and Potential* by Llewelyn-Davies, which examines the scope of all types conversion activity in the UK.

In terms of the demand for city centre living there has been even less research conducted, with the only publication of note being the Urban Task Force commissioned attitudinal research report *But would you live there? Shaping attitudes to urban living* from MORI, URBED and Bristol University (Department of the Environment, Transport and the Regions, 1999c). Significantly, this report claims that a better understanding of people's attitudes to urban living is fundamental to attracting new residents into urban areas.

Despite the relatively favourable context for residential conversions in city centres (see Chapter 3), it appears that relatively little empirical research has been conducted which examines this phenomenon. The demand for new city centre housing and the developers willingness to supply such accommodation through conversions are two key issues which must therefore be examined before the process of re-using office buildings for residential use can be understood. There is a little more literature in the policy field, especially looking at the strategic implications for London and also in the property press, although this is often aimed at promotion (see Estates Gazette, 1996; 1997a; 1997b; London Planning Advisory Council, 1996; 1997). Despite these various publications there was clearly a gap in the existing research relating to the adaptive re-use of post-war office buildings and the demand for such a product in the city centre. This is particularly the case in terms of understanding the key barriers and drivers - the planning system and attitudes towards and the demand for city centre homes - to the conversion development process.

Research Aims and Objectives

Given the nature of this research, the mixed-qualitative and quantitative method approach adopted dictated that it was most appropriate to structure the thesis around a key aim and a series of detailed thesis objectives as outlined below.

This thesis will expand upon previous studies to define the role that obsolete post-war office space can have in relieving excess demand for residential accommodation in England. The key aim of this research to be tested in the empirical study is:

- *to identify and evaluate the key barriers and drivers to the conversion process as a means to make recommendations on facilitating the adaptive re-use of redundant post-war office space in city centres.*

This aim will be examined through the following seven detailed thesis objectives:

- *to explore the emerging phenomenon of city centre living and the part that it can play in revitalising cities and creating more sustainable urban areas;*

- *to examine the dimensions of vacancy and obsolescence amongst post-war office buildings and their implications for the conversion process;*

- *to analyse the barriers and drivers to the post-war office to residential conversion process;*

- *to identify the level of post-war office to residential conversion activity in England;*

- *to critically review the policy and development control dimensions of the local planning process in relation to city centre living and the potential to achieve this through office to residential conversions;*

- *to evaluate perceptions for city centre living and the nature of the demand for such accommodation; and*

- *to make recommendations that will influence both the supply- and demand-side of the development process in order to facilitate the conversion of obsolete office stock to residential use and to propose measures that could be taken to remove or lessen the impact of the barriers identified.*

The empirical examination of these research questions involves the meaningful identification of the conversion development process as it relates to post-war office buildings. This analysis of the processes involved is carried out at the local and national levels. This is necessary for the detailed analysis of the full range of research objectives, particularly the interrelationships between the various actors and the key barriers and drivers. To provide a holistic view of the adaptive re-use of post-war office buildings for residential use it was important that the opinions were sought from the major parties having an effect on the decision to implement such development. This enabled an appreciation of the relationship between the strategies, interests and actions of the various agents involved in the development process related to adaptive re-use - landowners, investors, developers, consultants, local authority planning officers and politicians - and the organization of economic and political activity and values about land, property, buildings and environments which frame or structure their decision making.

Research Methods and Data Collection

The concept of triangulation is based on the assumption that any bias inherent in particular data sources, investigator and method is neutralised when used in conjunction with other data sources, investigators and methods (Jick, 1979 in Creswell, 1994). As such a multi-method approach was selected for this research to enable the appropriate mechanism to be adopted for the data required.
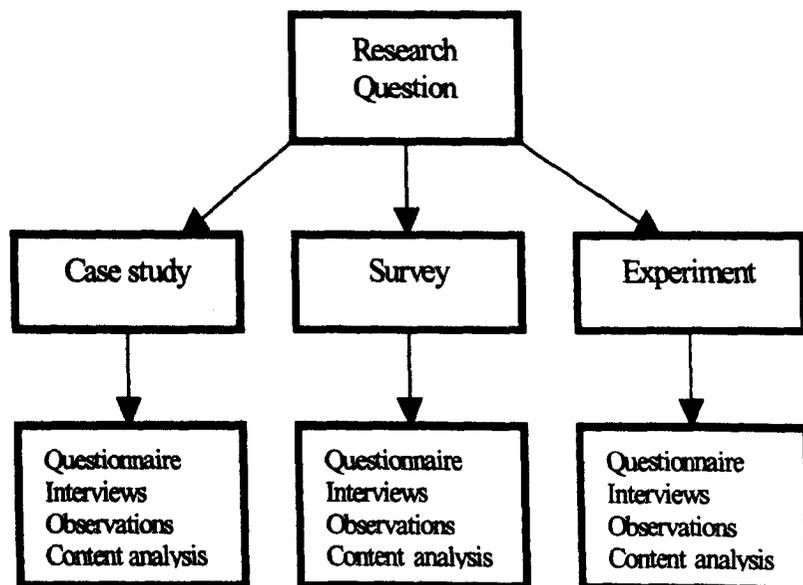
Figure 2.2: A range of methods of research and techniques of data collection (adapted from de Vaus, 1996, p.6)

The study commenced with a literature review that involved an extensive review of published material and was supplemented by a number of semi-structured interviews with those involved in the conversion process. This review set the scene for the study whilst serving the following purposes:

- sharing the results of other related studies;
- relating the study to a larger, ongoing dialogue in the literature, filling in gaps and extending prior studies; and
- providing a framework for establishing the importance of the study and serving as a benchmark for comparing the results of the study with other findings.

The literature review and interviews with key players in the development industry that inform Chapters Four and Five were followed by a number of surveys – postal questionnaire surveys to on-street interviews and focus groups - designed to solicit detailed information about key aspects of the barriers and drivers to the conversion process. Indeed, Herzog (1996, p.112) outlines a variety of survey types (see Figure 2.3) and to a greater or lesser degree the methods employed in this thesis are representative of each of these types. These surveys were targeted at two of the main barriers and drivers to the conversion of redundant office space into new homes: the planning process and the demand for such residential accommodation.

The detailed methodology for the surveys will be explained in detail in the appropriate chapter (see Chapters Seven and Chapter Nine). Creswell (1994, p.117) suggests that: *"A survey design provides a quantitative or numeric description of some fraction of the population - the sample – through the data collection process of asking questions of people."* Marsh (1982), however, insists that a survey is not synonymous with a particular technique of collecting information, indeed, there are many types such as questionnaires, interviews, observations and content analysis. These surveys have to translate the research objectives into specific questions, as the answers will provide data for testing any hypothesis.
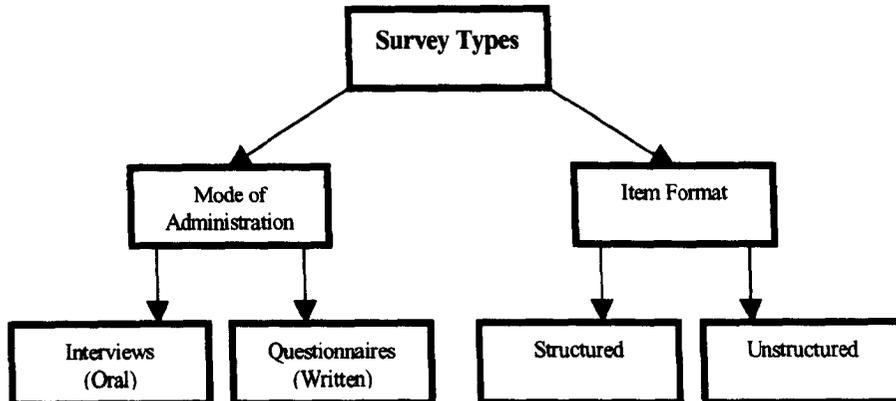
Figure 2.3: Types of surveys classified by mode of administration and physical format of items (Herzog, 1996, p.112).

Structure and Organisation of the Thesis

This thesis is organised into four main interconnected parts that together serve to examine and explain the phenomenon of office to residential conversions (see Figure 2.4). The first part is devoted to outlining the background to the study and research method. Chapter One briefly outlines the focus of the study and its importance as a research area. Chapter Two deals with the research agenda and as such it traces the approach, design and process adopted within this study. In addition, the research focus is described and the methods employed are outlined.

Part two of the thesis introduces the wider context within which conversions occur and the opportunity for realising housing demand through office conversions. Chapter Three, therefore considers the current context within which the housing development industry is operating and the particular influence of household projections and changing demographics, the pressure to create a more sustainable environment, and the effect of an emerging urban renaissance in the UK. Chapter Four examines the role of obsolescence and vacancy amongst post-war office developments that have created the opportunity for their adaptive re-use. As such, the background to a succession of booms and slumps in the commercial property sector are described together with the rapidly changing demands upon such space that have resulted in a glut of redundant office stock. The various components of obsolescence are then analysed together with the options available to the owners of post-war office buildings.

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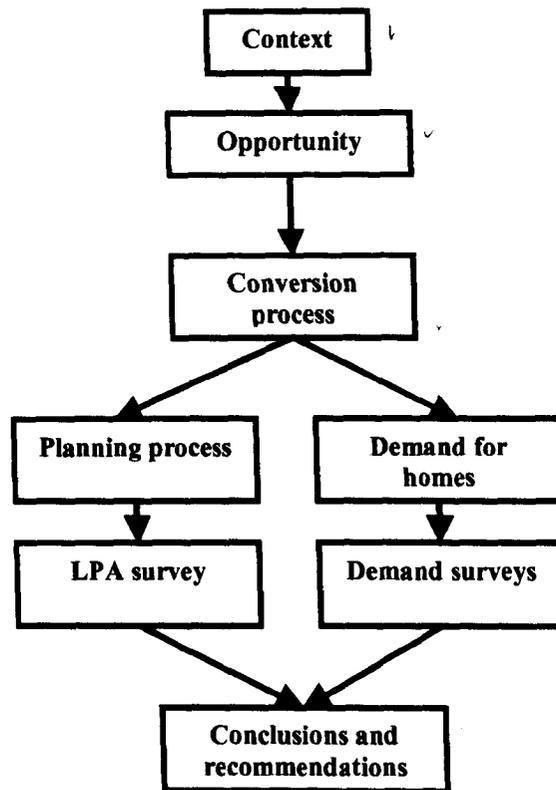
Figure 2.4: Outline structure of the thesis.

Part three focuses in detail on the conversion process and the barriers and drivers to achieving the adaptive re-use of vacant office space. Chapter Five traces the evolution of office to residential development activity in the UK and analyses the key barriers and drivers to this conversion process. Chapters Six to Nine focus on two of the fundamental barriers or drivers to this process: the role of the planning system in the supply of conversions, and the demand from consumers for the end product of conversions. Chapter Six examines the role that the planning system plays in facilitating or impeding the conversion of office space, whilst Chapter Seven analyses the role and experiences of local planning authorities through the implementation and analysis of a questionnaire survey and interviews with key authorities. Chapter Eight deals with the formulation of the demand for city centre living and related perceptions of the urban environment. These findings are then tested in Chapter Nine through a number of survey techniques to establish the profile of existing and potential city centre residents together with the factors that are influencing current decisions and perceptions. Finally, Chapter Ten outlines the key conclusions of this research and makes a number of recommendations that could facilitate the process of achieving more new homes from office conversions in city centres.

CHAPTER 3

CITY CENTRE LIVING: THE FERTILE CONTEXT

CITY CENTRE LIVING: THE FERTILE CONTEXT

What is the city, but the people?

Coriolanus, *Act III Scene I*

Introduction

Towards the end of the twentieth century, the emergence of three major phenomena signalled the creation of a fertile environment in the UK for the development of residential accommodation in existing urban areas. These independent yet complimentary occurrences were: the worldwide shift towards concern for the creation of a more sustainable environment; the Government's household projections and their desire to develop brownfield sites; and the beginnings of an urban renaissance in a number of cities across the country. One of the consequences has been the re-emergence of city centre living particularly through the adaptive reuse or conversion of existing buildings in order to facilitate new homes. Indeed, the British Property Federation (1999c, p.2) note that *"...more than 90 per cent of the urban buildings and infrastructure which will exist in 30 years time has already been built. This implies that the degree of change to be derived from new development has only limited opportunity to work on the margins. "*

It has been argued that providing more residential accommodation in urban centres, particularly through adaptive re-use can play an important role. It is strongly believed that increasing the numbers of households living in city centres will achieve a whole range of social, economic and environmental goals. Indeed, URBED (1998, p.15) argue that: *"Policies to attract people back to cities therefore have the potential to kill three birds with one stone. They could reduce the loss of countryside and promote more sustainable patterns of development, while at the same time addressing the root cause of urban decline by making the inner city into somewhere which people no longer wish to escape. "* Such an approach has gathered momentum since the mid-1990's when in the discussion paper *'Household Growth: Where shall we live?'* former Secretary of State for the Environment John Gummer reaffirming the Government's commitment to urban regeneration said that:

"For centuries, towns and cities have been the engines of civilisation and, despite new ways of communicating, learning and doing business, they seem likely to remain so. It is therefore right and proper that we should seek to enhance them and their vitality by providing new homes within the existing urban fabric with facilities and services readily available. With the right commitment to standards of environmental quality and the provision of homes, jobs and services, urban regeneration can offer a highly sustainable option for future settlements. "

(Department of the Environment, 1996d, p.39)

More recently, the Urban Task Force (1999b) has distilled contemporary ideas into a coherent and rounded vision of how to revive and regenerate urban areas through a commitment to urban communities. The current Government are also supportive of such a strategy and in *Planning for the Communities of the Future*, Deputy Prime Minister John Prescott describes how:

"We must reclaim city centres for people. Most people want to live in towns and cities because of their work, their families and the amenities they provide. But many people have been put off by a mixture of rundown public services, poor transport, dilapidated streets, a fear of crime and poor standards in schools. "

(Department of the Environment, Transport and the Regions, 1998j, p.1)

This chapter will introduce the wider context for the re-emergence of city centre living and identify the importance and impact of the three phenomenon outlined above. Within the context of the thesis this chapter will establish how these factors have provided the fertile ingredients for the creation of more homes in city centres and how this can be perceived as a valid agent or tool for the attainment of more sustainable urban areas, the revitalisation of our cities and help to meet the projected need for new homes in accordance with the Government's policies. The first section of the chapter will examine the household projections and the changing demographics that have fuelled their growth together with the debate about where to locate these new homes. Secondly, the emergence of concern for the creation of more sustainable cities will be outlined with particular emphasis upon the role that city centre living and residential conversions can play at both the macro and micro level. The final section will consider the emerging urban renaissance being experienced in many UK cities and the role that city living is having in their revitalisation.

Household Projections: 4.4... 5.5... 3.8 million

The accommodation of household growth[1] has become a significant planning issue and since the mid-1990s, there has been much debate on the challenges associated with seeking to make adequate housing provision for the additional households likely to form in the first two decades of the 21st century (see Breheny and Hall, 1996; House of Commons Environment Select Committee, 1998). This section is structured in three parts, the first examines the role and impact of household projections while the second explores the key influence of changing demographics and household size. The final part analyses the debate about where to house the projected growth in homes.

Since the late 1960s, the Government has regularly published household projections derived by projecting previous patterns or trends of population change and household formation. The Department of the Environment, Transport and the Regions produces these 25-year household projections every three to four years based on statistics supplied by the Office for National Statistics. They are intended to help assess and plan for the country's housing needs based on past trends rather than being a forecast or prediction, however, it is difficult to view them as anything other than an estimate of likely household formation. The projections have been addressed almost exclusively in quantitative terms, in what has been termed by Wenban-Smith (1999) as the 'cascade' approach to strategic housing provision. Consequently, aggregate national housing requirements are apportioned to successive subsidiary levels of the planning hierarchy, resulting in local allocations of land for new residential development. This approach characterised by the present Government as 'predict and provide', has recently been replaced by a 'plan, monitor and manage' framework. The process is still, however, concerned with matching new homes with allocations of land.

In 1990, the Department of the Environment recommended that its projections be reworked based upon two forthcoming datasets: (i) the 1992-based household projections to 2016; and (ii) the set of urban area boundaries for 1991 produced in order to provide Census data for urban areas (Department of the Environment, 1990a). The reworking of those projections resulted in the *Urbanisation in England: Projections 1991 - 2016* (Department of the Environment, 1995). The projections in this report illustrated the possible implications of the household projections on urbanisation and the main finding of the report indicated that the implied land take for new housing and related uses between 1991 and 2016 would result

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[1] A household is defined as one person living alone, or a group of people who share a living room or a 'common housekeeping' (Department of the Environment, Transport and the Regions, 1998j).

in 1.3 per cent (169,000 hectares) of England's land area changing from rural to urban uses compared to 0.8 per cent in the 1990 study (Department of the Environment, 1996c). These projections served to emphasise the importance of re-using buildings and previously developed sites in accommodating household growth.

In 1996, 1   ʹs based on the 1992 Census estimated that 4.4 million new households (23 per cent)   d need to be housed between 1991 and 2016, compared to the 2.6 million projected in the previous figures. The increase stemmed from awareness that changing household structures were leading to an increase in the numbers of households even though total population growth was predicted to be relatively low at around seven per cent over this period. The projections showed that the number of households in England would grow from 19.2 million in 1991 to 23.6 million in 2016 (Department of the Environment, 1996d) (see Figure 3.1).
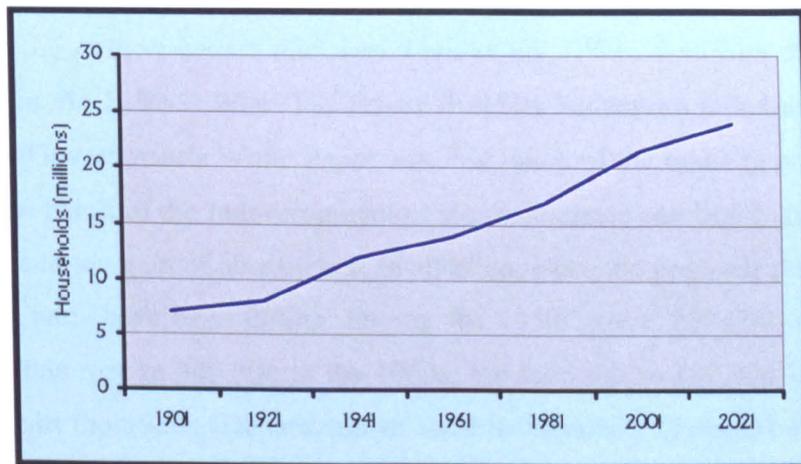
Figure 3.1: Household growth in England (1901-2021) (adapted from Department of the Environment, Transport and the Regions, 2000c, p.22).

There has been a great deal of debate about whether household growth should be translated directly into house building. Some argue that household formation is affected by rates of house building so that projections become self-fulfilling and that housing projections represent demand rather than need (Champion et al., 1998; Wenban-Smith, 1999). The consequences of providing insufficient new homes, however, will have a number of effects, the range and seriousness of which will depend on the extent of under-provision. Indeed, under provision is likely to lead to higher prices for residential development land and for homes, greater demands for social housing, and increased homelessness – these could be offset by some reduction in household growth – although this is primarily determined by

demographic and social factors. The figures led Breheny and Hall (1996) to pose three important questions:

- *Are the underlying population figures reliable?*
- *Are the assumptions about household formation acceptable?*
- *Do big increases in one person households imply a demand for small dwelling units?*

Encouraged by the projections and in an attempt to diffuse the debate, The House Builders Federation argued that the difficulties of meeting the provision were being exaggerated and that the demand would be met by continuing the levels of construction of the past three decades. Indeed, Humber (1996, p.1) claimed that: *"To accommodate 4.4 million new households and to relieve existing shortages, we will need to build up to 200,000 private and social houses per year in England - or up to 2 million, in each of the two decades. That compares with 3.5 million houses that were built in the 1960s, 3 million in the 1970s and only 2 million in the 1980s. "* What The House Builders Federation failed to identify in this response to the Government's White Paper was that much of the housing provision in these decades was the result of the redevelopment of slum clearance and bomb damage, resulting in a much reduced net gain of new homes. In addition, since the post-war peak in the 1960s, house-building rates have been falling. During the 1950s, some 230,000 new homes were built per year, this rose to 300,000 in the 1960s, but then fell to 260,000 in the 1970s and 180,000 a year in the 1980s (Department of the Environment, Transport and the Regions, 1998j). The 1990s have seen this figure fall further and in the late 1990s the average number of completions was around 170,000 per year which is well short of the 240,000 annual average needed if the demand for new homes by 2016 is to be met (Department of the Environment, Transport and the Regions, 1997b).

Many researchers have questioned the Government's household projection figures claiming that the numbers of people co-habiting were underestimated and that the figure of 4.4 million was possibly over one million too high (Town and Country Planning Association, 1998). It was also suggested that divorce rates were declining and that the growth in life expectancy had begun to slow down (Allinson, 1998). The projected increase in demand was also contested by amenity groups like the Council for the Protection of Rural England, which argued that the figures were extrapolated from contemporary trends that may not last forever (Wright, 1996). In 1998, however, The House of Commons Environment Select Committee (1998) confirmed that the 4.4 million new households was the best estimate to

assess the number of new homes required by 2016. Similarly, the Office for National Statistics confirmed that new households were forming in accordance with the Government's estimates with 20.25 million households in 1996-97, which was in line with both their Survey of English Housing's projection of 20.23 million, and the Department of the Environment, Transport and the Regions' forecast of 20.17 million (Blackman, 1998a).

Figure 3.2: Permanent dwelling completions by tenure in England 1989-2000 (Department of the Environment, Transport and the Regions, 2000i, p.96).

The 1998-based population projections, however, showed a higher rate of population growth than indicated in the 1996-based figures. Indeed, indications were that by 2021 the population would be 63.6 million rather than the previously projected 62.2 million primarily due to increased inward migration and a lower death rate (Government Actuary's Department and Office for National Statistics, 1999). Nevertheless, in March 1999, the UK Government released revised household projections of 3.8 million over the period between 1996-2021 compared with the previous figure of 4.4 million between 1991 and 2016 (revised to 4.1 million for this period). This indicated that the Government expected the growth in households to slow down between 1996 and 2021 due to an increase in co-habiting (Department of the Environment, Transport and the Regions, 1999d; 1999i). This revision led other organisations such as Friends of the Earth to argue that even the previous household projections were probably an underestimate and that: *"The 1995 population*

figures suggest that household growth is running ahead of projections and that the 4.4 million households may have to be increased to 5.5 million." (URBED, 1998, p.3). The Joseph Rowntree Foundation also claimed that an extra 480,000 homes were required to meet a backlog of unmet affordable housing need and they claimed that household growth could be as much as 6 million between 1991 and 2016 (Holmans, 1995; Holmans in Baker, 2001). In addition, a feasibility study for modelling the need for social housing by Petterson *et al.* (1998) also identified that under a range of economic scenarios, household growth over the period 1996-2006 could be higher than the projections indicated. Similarly, Rudlin and Falk (1999, pp.2-3) suggested that these projections could be an underestimate and that: *"Government statisticians have warned that actual rates of household growth are outstripping the projections – partly as a result of inward migration from the European Union – and that the estimates may be raised in the next round of projections."*

Changing Demographics and Household size

One of the prime causes of the projected household growth are demographic and lifestyle changes that have caused household size to fall. These behavioural changes are identified in the General Household Survey 1995 (Office for National Statistics, 1996) and *Household Growth: Where shall we live?* (Department of the Environment, 1996d) which illustrate that between 1971 and 1995, there was a gradual decline in the mean household size in Britain from 2.91 to 2.4 people which was attributed to a considerable change in the types of household in which people live (see Figure 3.3).

	Total households (millions)	One-person households (millions)	Two-person households (millions)	Three-person households (millions)	Four + person households (millions)	Average household size (people)
1996	24.11	6.74	8.39	3.81	5.17	2.44
1998	24.52 (+1.7%)	7.05 (+4.6%)	8.65 (+3.1%)	3.73 (-2.1%)	5.09 (-1.5%)	2.42
2000	24.88 (+1.5%)	7.27 (+3.1%)	8.81 (+1.8%)	3.68 (-1.3%)	5.12 (+0.6%)	2.40

Figure 3.3: Changing Structure of UK Households 1996-2000 (adapted from MINTel in Urban Environment Today, 15 February 2001, p.24)

In addition to households getting smaller the report *Living in Britain: Results from the 1996 General Household Survey* found that there was a significant increase in one-person households from 17 per cent in 1971 to 27 per cent in 1996 (Office for National Statistics, 1998b). Indeed, the number of households of two people or less increased from 48 per cent in 1971 to 61 per cent in 1996. In addition, 40 per cent of households were made up of

childless adults. The 1995-96 *Survey of English Housing* (Office for National Statistics, 1997a) supported this view, finding that there were 1 million single owner occupiers living alone compared to only 370,000 in 1977. Significantly, the *Home Alone* report for The Housing Research Foundation (Hooper *et al.*, 1998) suggests that one-person households would make up nearly 80 per cent of the total future growth in household numbers. Whilst the importance of divorce, separation and widowhood remained a significant determinant of the growth in single-person households, the report suggested that 53 per cent of the projected increases will be due to the growth in the numbers of never-married people living alone. Changes in lifestyle and life cycle have made so-called non-traditional childless households the norm and it is expected that the fastest growth will be in both male and female one-person households in the 35-54 age groups. Indeed, by 2016, four out of ten households will consist of a single person and this will become the most common type in London. These social and behavioural changes will mean that new household formation through the 1990s and into the next century will be more diverse with a growing number of single person households (UK Round Table on Sustainable Development, 1997; Raynsford, 2000).
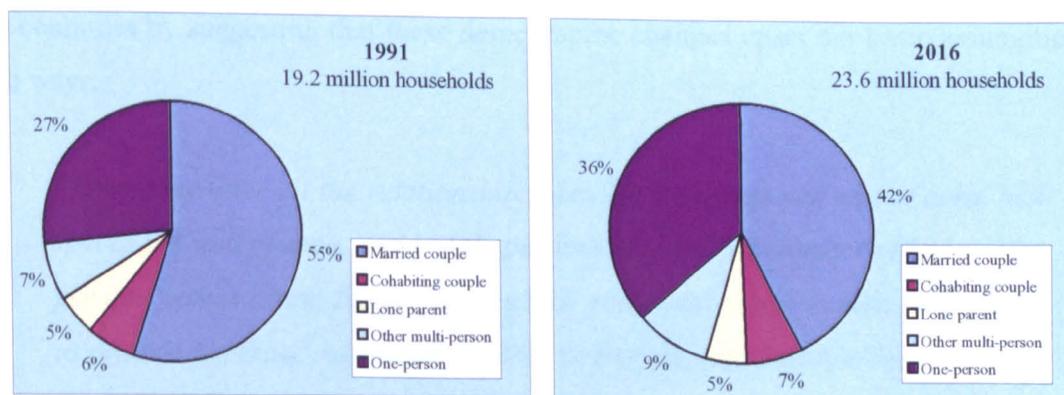
Figure 3.4: Percentage of household types in England: 1991 and 2016 (adapted from Hooper *et al.*, 1998, p.12).

A major consequence for housing providers of these demographic changes may be a change in the type and location of the homes that must be built. Indeed, Hooper (1999) hypothesises that the reduction in married couple households - from 55 per cent to 42 per cent by 2016 - can be expected to have a negative impact upon suburban household preferences. The projected growth in co-habitation, which is largely responsible for reducing the projected growth rate in single person households in the latest household projections is likely to lead to different patterns of household structure, fertility, and housing opportunities and constraints than those associated with married-couple households. Nevertheless, this does not necessarily translate into the need for small houses/flats. Rising incomes and

expectations mean that small households may demand relatively large homes and, many will move into existing stock replacing existing households moving through the market and as such they represent a diverse section of the population and they have a need for various types of accommodation in a range of locations (Hooper *et al.*, 1998). Hall (1999, p.12) also hints at the implications of these changing household structures when referring to twentieth century house building:

"The assumption was that we were building homes for households which had mum, dad, two or three children, and minimal space. But for the next twenty years, as the household projections have shown us, we will be building new homes principally for households that typically have one or at most two professional people, no children (or maybe some children who are in the custody of a divorced partner, but come back to the other one at weekends) and some friends and quite a lot of need for workspace. Ironically, these two very different households may want the same kind of space in quantitative terms, though it is going to be used very differently."

He continues by suggesting that these demographic changes upset our basic assumptions in two ways:

"First, they alter all the relationships between dwellings per unit of area, bed spaces per unit of area, and people per unit of area. The number of bed spaces per unit comes down, but not so much as you might think because of the need to provide for those separated children or friends, and because the concept of 'bed spaces' completely ignores the other kinds of spaces that a home is now increasingly required to provide, especially home offices. The resulting equation is anyone's guess."

Household Growth: Where shall we live?

The accommodation of the projected growth in households has been the subject of intense debate and where the extra homes needed in England will be built is a major planning issue. Inspired by Ebenezer Howard's Three Magnets Diagram – *The People – Where will they Go?* Breheny and Hall (1996, p.41) argue that a contemporary question should be *'The People – How should they Live?'* Indeed, how can households be accommodated in a form that is acceptable to the people and to the protection of the environment? Similarly, Rudlin and Falk (1999) suggest that the potency of Howard's diagram remains, however, that times

have changed and it is time to reverse the polarity of the magnets and develop new models to attract people to live in cities. They advocate the urban neighbourhood as the solution to the problems of suburban sprawl and the inner city (see Figure 3.5).
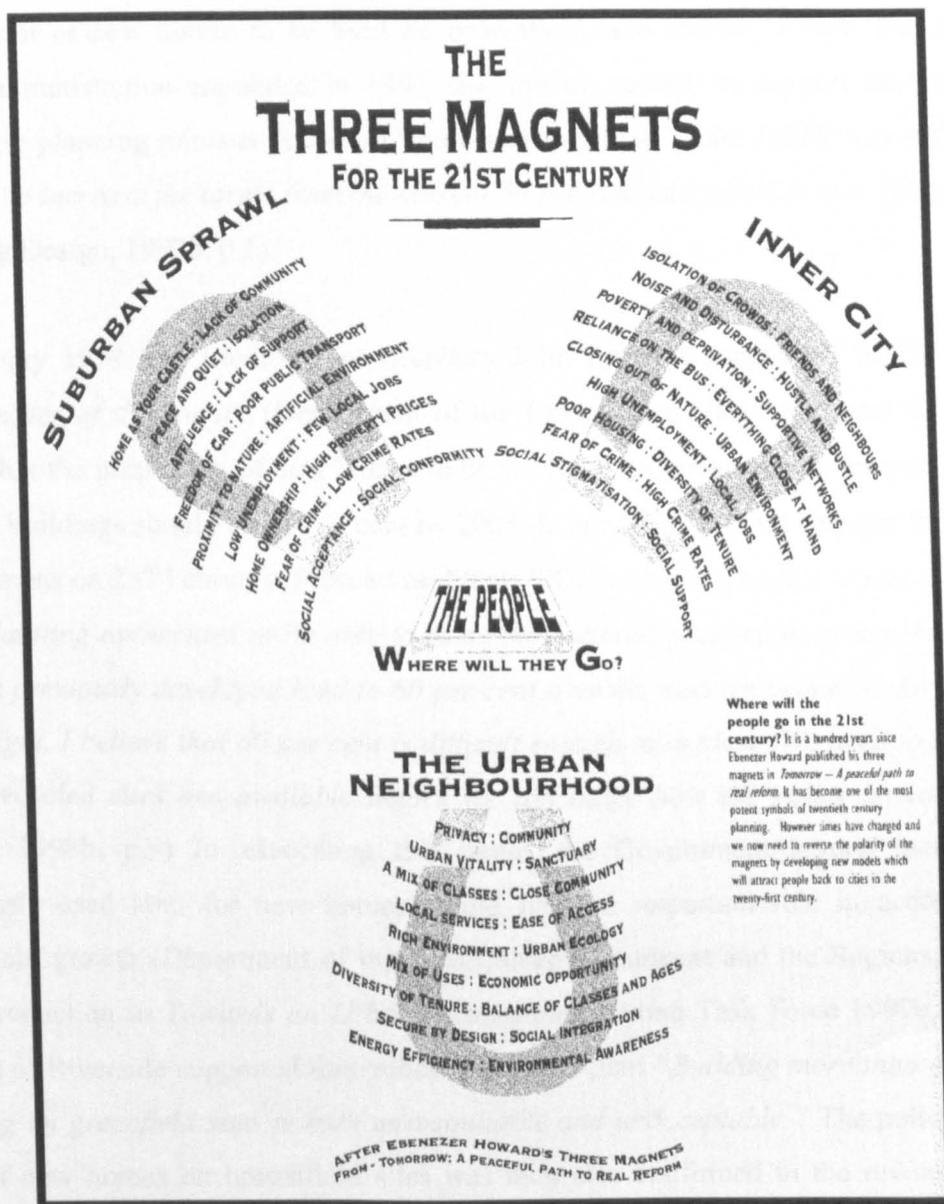
Figure 3.5: The three magnets for the 21st Century (Rudlin and Falk, 1999, p.5).

In terms of locating household growth, the former Conservative Government was adamant that it would not tolerate the destruction of the countryside to build the 4.4 million new homes needed by 2016 (Miller, 1996; Planning, 1996a). Instead, they attempted to turn this daunting problem into a positive strategy for revitalising city centres in the discussion paper 'Household Growth: Where shall we live?' (Department of the Environment, 1996d).

Steering development towards brownfield sites[2] has, indeed, been a prime concern of regeneration policies for some time with former Secretary of State for the Environment John Gummer describing the demand for homes as one of the most important long-term issues facing the country. He suggested that making them more attractive to live in would enable 60 per cent of new homes to be built on brownfield land (Miller, 1996). The following Labour administration appointed in 1997 also moved quickly to support the brownfield target with planning minister Richard Caborn insisting that *"...the DETR was still looking for ways to increase the target from the current 50 per cent and would prefer 100 per cent."* (Building Design, 1997b, p.1)

In February 1998, the Environment Secretary John Prescott announced in *Planning for Communities of the Future* (Department of the Environment, Transport and the Regions, 1998j) that the proportion of new homes to be provided on previously developed land or in existing buildings should be 60 per cent by 2008. In announcing these changes to the House of Commons on 23rd February, Prescott said that: *"With our new policies in place, we expect local planning authorities to be able to raise the national proportion of new homes to be built on previously developed land to 60 per cent over the next ten years. As for the 75 per cent target, I believe that 60 per cent is difficult enough to achieve. We need to assess how many recycled sites are available before we can judge how the policy is working."* (in Cooke, 1998b, p.9) In advocating this target, the Government argued that recycling previously used land for new homes would play an important role in accommodating household growth (Department of the Environment, Transport and the Regions, 1998j). In his introduction to *Towards an Urban Renaissance* (Urban Task Force 1999b, p.7), Lord Rogers of Riverside supported this policy and stated that: *"Building more than 40% of new housing on greenfield sites is both unsustainable and unacceptable."* The policy of 60 per cent of new homes on brownfield sites was then also confirmed in the revised *Planning Policy Guidance note 3: Housing* (Department of the Environment, Transport and the Regions, 2000b). Such is the importance attached by the Government to the percentage of new dwellings on previously developed land that it is a headline indicator in the *Quality of Life Counts – Indicators for a Strategy for Sustainable Development in the UK* (Department of the Environment, Transport and the Regions, 1999n).

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[2] The term brownfield site applies to those with some form of previous contamination and increasingly to land and buildings that are located in run-down areas or tertiary positions where they no longer meet current needs. As such, brownfield sites vary in terms of physical condition, extent of previous use (Department of the Environment, Transport and the Regions, 1998d, p.9; KPMG 1999; Rudlin and Falk, 1999).

Some organisations have been critical of the Government's stance with Council for the Protection of Rural England favouring a much more ambitious target for urban house building (Wright, 1996). Similarly, Friends of the Earth (1998) published a comprehensive assessment of urban capacity *Tomorrow: A Peaceful Path to Urban Reform* that urged an increase in the target for house building in urban areas. They claimed that: *"...it is feasible to aim for a 75 per cent target for new homes in urban areas by developing a new agenda for urban renaissance."* The Government's advisory body The UK Round Table on Sustainable Development (1997) also recommended a new aspirational target of 75 per cent and claimed that this would help to support urban areas, prevent loss of countryside and reduce the need for infrastructure and energy consumption. Their report stressed the importance of securing the wholehearted support of the private sector and called for a more comprehensive approach to urban revitalisation with local authorities taking a more pro-active role.

In contrast, the Royal Town Planning Institute argued that the target was unreasonable without greater support in terms of infrastructure spending and investment programmes. Whilst others have suggested that the ability to meet the 60 per cent is likely to be constrained by brownfield land supply in many areas (Planning, 1996b; KPMG, 1999). The report *Brownfield Housing – 12 Years On* published by the Civic Society and The House Builders Federation (1999) also threw doubt on the feasibility of the Government's proposal and claimed that developers were put off brownfield sites because of the cost of reclamation and lack of speed and flexibility on the part of the local planning authorities. The report examined the fate of 54 brownfield sites across the UK identified as prime locations for housing of which after twelve years only 29 had been developed for housing with over 25 per cent still completely undeveloped.

The Government's target of 60 per cent on previously developed land compares to achieved rates of 30 per cent in 1983 to 49 per cent in 1993 (Department of the Environment, 1994a; Department of the Environment, Transport and the Regions, 1997a; KPMG, 1999; Urban Task Force, 1999b). Significantly, this figure rose in 1995 and 1996, to 53 per cent of new dwellings constructed on previously used land, whilst in 1997, this figure rose again to 55 per cent of which three per cent were created from existing buildings (Department of the Environment, Transport and the Regions, 1999b; 1999k). The Town and Country Planning Association suggested, however, that the prospects of the continued development of urban brownfield sites were poor, due to the 'easy' sites having already been developed. As such, they suggested that future average figures for housing development on re-used sites were

likely to be as low as 30 to 40 per cent (Breheny and Hall, 1996a). Significantly, it has also been noted that in 1996, only 40 per cent of brownfield developments were in urban areas (Land Use Change Statistics: December 1998 in Urban Task Force, 1999b, p.175). The Department of the Environment (1996c) has suggested that the proportion of housing completions in existing urban areas has risen from 38 per cent in 1985 to 49 per cent in 1993.
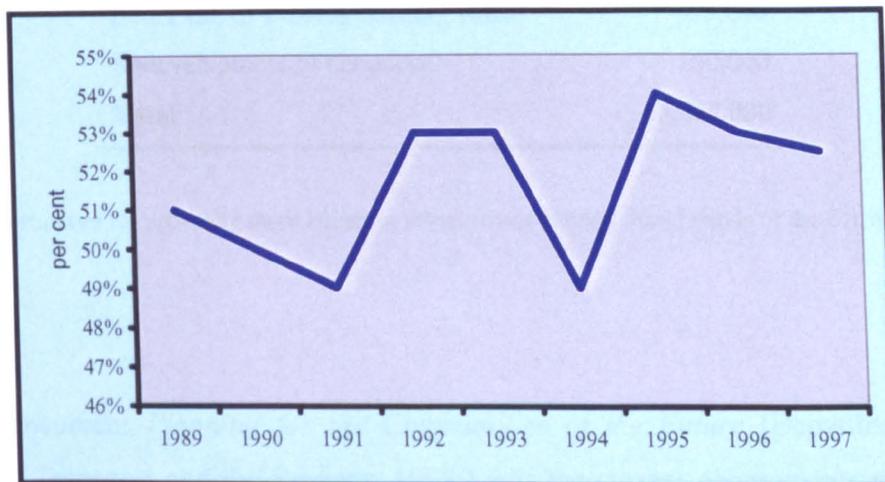
Figure 3.6: The percentage of new homes built on brownfield sites in England (1989-1997) (Source: Department of the Environment, Transport and the Regions, 1999j).

The Government's National Land Use Database[3] indicates that about 325,000 dwellings could be provided at current densities on vacant or derelict land and a further 400,000 could be accommodated through the re-use of vacant commercial buildings and brownfield sites still in existing use (Department of the Environment, Transport and the Regions, 1999h). The database also suggested that over 70 per cent of vacant buildings are suitable for conversion to housing, however, there is no single reliable data source for vacant buildings. Indeed, the Urban Task Force (1999b, p.178) noted that: *"Because of the difficulties in compiling national data, it is generally accepted that most studies probably under-estimate the contribution made by the existing stock of buildings."* Friends of the Earth (1998) suggest, however, that additional housing capacity from brownfield sites and buildings can be quantified as follows:

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[3] The National Land Use Database was commissioned in 1998 as an inventory of vacant and derelict sites, and vacant buildings in England. Historically, there was no consolidated source of information on the total amount of previously developed land. Its real value will become apparent over time as it is updated to reflect actual experience.

Building on recycled land	2,217,000
Redevelopment of council estates	22,000
Conversion of empty commercial space	80,000
Living above shops	400,000
Subdivision of existing housing	380,000
Intensification of existing housing areas	224,000
Better use of existing housing stock	325,000
Redevelopment of car parks	160,000
Total	**3,818,000**

Figure 3.7: Opportunities for providing more homes in urban areas (adapted from Friends of the Earth, 1998, p.43).

The policy document *Planning for the Communities of the Future* (Department of the Environment, Transport and the Regions, 1998j) was the current governments response to John Gummer's 1996 green paper *Household Growth: how shall we live?*. The document outlined how Government aims to end the idea of the 'predict and provide' approach to housing need. The concept of a bottom-up approach to assessing housing demand was therefore introduced, with the regions and local authorities rather than central government striking the balance between greenfield and brownfield development within a centrally prescribed framework. (Cooke, 1998b). The Government proposed that Regional Planning Conferences draw up regional targets in their draft Regional Planning Guidance in order to sharpen the focus of policy. The revised Planning Policy Guidance note 3 (Department of the Environment, Transport and the Regions, 2000b) compels each region to adopt their own land recycling targets consistent with the national and regional targets and with data held by the National Land Use Database. Under this new planning strategy, local authorities would no longer need to identify land for new homes decades before they were needed and they would have more autonomy in terms of how many houses they have to accommodate. They will, however, also have to conduct a survey of all brownfield sites that have previously been developed and to make greater use of derelict land (Department of the Environment, Transport and the Regions, 2000b).

Region	Number of households projected to form (1996-2021)	Estimate of how many additional dwellings are likely to be accommodated on recycled land under current policies (1996-2021)	Percentage of additional households likely to be accommodated in new dwellings on recycled land under current policies (1996-2021)	Percentage of new dwellings accommodated on recycled land in 1994 (last available complete regional statistics)	Estimated change on 1994 performance over period 1996-2021
North East	100,000	59,000	59	52	+7
North West	300,000	189,000	63	57	+6
Yorkshire &	300,000	193,000	64	50	+14
Humberside		195,000	65	37	+28
East Midlands	300,000	242,000	81	47	+34
West Midlands	300,000	245,000	49	53	-4
Eastern	500,000	367,000	61	81	-20
London	600,000	352,000	39	47	-8
South East	900,000	245,000	49	34	+15
South West	500,000				
Total	**3,800,000**	**2,087,000**	**55%**	**49%**	**+6**

Figure 3.8: Average percentage of projected additional households likely to be accommodated in new housing on recycled land (1996-2021) (Land Use Change Statistics from Urban Task Force 1999b, p.189).

The development of new homes on urban brownfield sites will result in an intensification of both built form and activity. Indeed, the 9 per cent of England's population who currently live in the centres of towns and cities do so at a density of around 85 people per hectare (Department of the Environment, Transport and the Regions, 2000c; 2000d) (see Figure 3.8). Significantly, dwellings are also built at higher densities on previously developed land. Over the 1989 to 1997 period, the average density on previously developed land was 28 dwellings per hectare compared with 21 dwellings per hectare on land not previously developed (Department of the Environment, Transport and the Regions, 1999k). Lock (1995, p173) suggests that such intensification is a process that "...ensures that we make the fullest use of land that is already urbanised, before taking green fields." Such intensification of the physical environment can comprise of:

- the redevelopment of existing buildings or previously developed sites;
- development at higher densities;
- the sub-division or conversion of buildings;
- the building of additions or extensions to existing structures; and

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- the development on previously undeveloped urban land.

(adapted from Oxford Brookes University and Entec in Williams *et al.*, 1996, p.84).
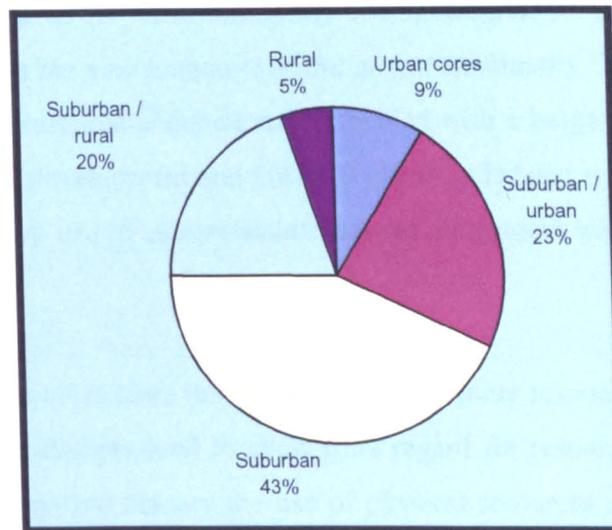
Figure 3.9: Percentage of population by urban, suburban and rural areas (Source: Department of the Environment, Transport and the Regions, 2000d).

Rudlin and Falk (1999, p.133) have, however, questioned the whole capacity debate and whether it is physically feasible to accommodate household growth within urban areas. They suggest that: *"There is no point arguing that a greater proportion of household growth should be accommodated in urban areas if this is either not possible or would lead to unacceptable conditions in those areas."* Breheny (1992a) also points to the long-standing policy of urban containment in Britain that has often been blamed for congestion, loss of amenity, and a general lowering of urban quality of life. Similarly, the potential adverse effects that might arise if urban capacity is pushed too far or in the wrong direction need to be understood at an early stage, as it is easy to lose sight of the fact that projected household growth and where to house them is not just about numbers and percentages. The provision of residential accommodation in conversions of commercial properties can help to meet the need for new homes whilst protecting open space, playing fields and green spaces in towns and cities.

The Sustainability Debate

The report of the Bruntland Commission placed sustainable development on the global agenda in 1987. Its description of sustainable development as *"...development which meets the needs of the present without comprising the ability of future generations to meet their*

own needs and aspirations" has become the popular definition for the term (World Commission on Environment and Development, 1987, p.47). Sustainability has since acquired an acceptance and acknowledgement as both a concept and a desirable objective with such speed that the terms *"...sustainability and sustainable development have emerged to occupy a primacy in the new language of the global community."* (Walker, 1997, p.63). In the UK, the whole sustainable debate has coincided with a longer standing debate about the accommodation of development and URBED (1998, p.1) have stated that: *"New visions are now required if we are to accommodate household growth while making settlements more sustainable."*

It has been argued that cities have the capacity to be far more resourceful, yet contemporary densities and building designs tend to show little regard for resource conservation. At the beginning of the twenty-first century the use of physical resources and their impact on the land have to be the major consideration in policy formation and development activity. Indeed, resource conservation requires patterns of development that minimise energy consumption, maintain the productivity of land, and encourage the re-use of buildings. Cities must also maintain or regain their role as a focus of social activity and retain a concentration of people and diversity of activities (Elkin *et al.*, 1991; Blowers, 1993). The potential to accommodate household growth in existing settlements has received increasing attention and policies at European, national and local level are all promoting housing within existing urban areas as a fundamental component of sustainable development objectives (Town and Country Planning Association, 1998). This section will focus on the role that city centre living and in particular the conversion of buildings to residential use can play in helping to create a more sustainable city. The role of planning policy in attempting to create more sustainable environment will be outlined together with an examination of how city centre living and residential conversions can contribute to a more sustainable urban form at a macro and micro level.

The Role of Policy in the Sustainability Debate

The initial impetus behind the sustainability debate was to reduce car use as set out in the European Green Paper on the Urban Environment (Commission of the European Communities, 1990). This was the first structured approach to integrating social, economic and environmental goals as outlined in Agenda 21 and other international agreements reached at the Earth Summit in 1992. This Green Paper is a pro-cities document that advocates policies for the development of compact high-density cities through the

promotion of urban living and urban quality of life. It also recognised the benefits of concentrating residential development within existing urban areas including:

- assisting the process of urban regeneration;
- capitalising on existing investment in infrastructure and community facilities;
- bringing back into use redundant or under-used buildings; and
- improving the range and quality of facilities available to local residents.

The need to focus investment on urban areas in order to achieve a more sustainable form of development has been recognised by the UK Government since the early 1990s and planning policy now incorporates sustainability as a key principle (Department of the Environment 1997c; Department of the Environment, Transport and the Regions, 2000b). There has also been a succession of key documents concerned with the strategies and mechanisms that will most effectively produce an urban renaissance (Urban Task Force, 1999b; Department of the Environment, Transport and the Regions, 2000c). The White Paper *This Common Inheritance: Britain's Environmental Strategy* (Department of the Environment, 1990c) was the Government's first attempt at a comprehensive strategy on the environment in which it set out its policy commitments in terms of the environment. The section on town and country planning emphasised the following four key themes:

- the need to locate new development to conserve energy, with particular reference to transport infrastructure;
- the role of environmental impact assessment as an adjunct to development control procedures;
- the need to consider pollution effects in relation to planning applications; and
- the use of planning agreements to compensate for resources or amenities damaged by construction.

Since 1993, the Town and Country Planning Association has argued that sustainable development will best be achieved through a portfolio of planning solutions, in which different elements are combined and adapted to satisfy local circumstances (Town and Country Planning Association, 1998). *Sustainable Development: the UK Strategy* (Department of the Environment, 1994a) took a much more comprehensive approach, however, and in many respects echoed the European Communities Green Paper. In

particular it stressed the need to make the most efficient use of existing urban areas and to make them more attractive places to live and work. The Department of the Environment's document *Our Future Homes: Opportunity, Choice and Responsibility - the Government's Housing Policies for England and Wales* reinforced this approach and also stated that: *"Encouraging more people to live and work in our cities helps support our environmental policies..."* (Department of the Environment, 1995a, p.15). The report went on to state that meeting the increased demand for housing in a sustainable way requires the use of the planning system and public investment to encourage people to live in cities.

In 1996, the Government published a selection of key national indicators and amongst the most relevant to this thesis are those relating to the development of reused land and buildings, and the vitality and viability of town centres (Department of the Environment, 1996c; 1996d). The major emphasis of these have been to minimise the amount of development on greenfield land, to reduce car dependency and to make best use of existing assets in urban areas. In 1998, the new Labour Government also published a number of documents promoting sustainable development, which refer to residential intensification in urban areas and promote the reuse of redundant buildings (Department of the Environment, Transport and the Regions, 1998d; 1998f; 1998h; 1998i; 1998j). Indeed, the White Paper *A New Deal for Transport: Better for Everyone* advises local authorities to provide more homes in towns and cities and along public transport routes as part of an initiative to integrate land use planning and transport. With regard to housing, the document says that new planning guidance will emphasise the benefits of providing new homes in towns and cities and making the most of places or vacant buildings which can be well served by public transport or reached easily on foot or by bicycle (Department of the Environment, Transport and the Regions, 1998f). Much of this is echoed in *Planning for the Communities of the Future*, which outlines the need for local authorities to create more sustainable patterns of development (Department of the Environment, Transport and the Regions, 1998j, para.56). The best practice guide *Planning for Sustainable Development: Towards Better Practice* aims to show how to implement these principles of sustainable development. The guide states that proposals and policies for new urban development should:

- help to restructure towns and cities to build back features which promote a higher level of local services and support less car-dependent lifestyles;

- improve accessibility to make it easier to make fewer and shorter journeys and provide for improved public transport, pedestrian and cycle ways;

- help make urban areas more competitive;

- make more efficient use of land by maximising the re-use of already developed land and existing buildings and by increasing residential densities.

(adapted from Department of the Environment, Transport and the Regions, 1998i).

In addition, to these more strategic documents, the Government has produced a series of planning policy guidance notes that reflect changing thinking about land use and development. Indeed, Planning Policy Guidance Note 1 outlines how: *"Sustainable development seeks to deliver the objective of achieving, now and in the future, economic development to secure higher living standards while protecting and enhancing the environment."* (Department of the Environment, 1997c, para.4). With regard to new housing development, this guidance is backed up by Planning Policy Guidance Note 3, which emphasises the use of vacant and derelict land and buildings within existing built-up areas and the avoidance of large-scale development peripheral to urban areas (Department of the Environment, Transport and the Regions, 2000b).

Macro level: sustainability and justifications for city centre living

As previously identified, much of the UK Government's initiatives in terms of achieving more sustainable development have evolved from the European Green Paper on the Urban Environment (Commission of the European Communities, 1990). The Green Paper emphasised the importance of using vacant and derelict land and buildings within existing built-up areas and the avoidance of large-scale development peripheral to urban areas (Sherlock, 1991; Elkin *et al.*, 1991). The ensuing sustainable development debate produced a number of policy stances, most notably the promotion of the 'compact city' concept that was strongly advocated in the Green Paper in an attempt to find a more sustainable urban form. The 'compact city' is, however, essentially a vague concept that encompasses ideas of a denser urban form with a propensity of mixed uses, therefore, resulting in decreased demand for mechanised transport and the need for fewer journeys. Indeed, few exponents of the concept describe the compact city in explicit terms and Burton *et al.* (1996, p.235) argue that: *"The compact city can be defined in many ways: it is not a homogenous phenomenon."*

Elkin *et al.* (1991), McLaren (1992) and Breheny and Rookwood (1993) all promote the intensification of mixed-use development with higher residential densities within the boundaries of existing urban areas. Indeed, when applied to existing cities, the concept of compaction arises through the intensification of development and the process of making

cities denser. Others acknowledge the need for a variety of forms of containment (Newman and Kenworthy, 1989a; Newman, 1992; Banister, 1992). The promotion of higher densities, however, raises the issue of town cramming and the associated deterioration of the quality of life in town and city centres (Robertson, 1990; Green and Holliday, 1991). In addition, Breheny and Rookwood (1993, p.155) argue that people do not want to live in cities as they have clearly demonstrated by there past dispersal to the suburbs and the countryside and that: *"One definite problem with the compact city proposal is that it requires a complete reversal of the most persistent trend in urban development in the last 50 years; that is, decentralisation. "* In its pure form, clearly the compact city is open to debate (see Breheny, 1992b; 1993; Goodchild, 1994; Jenks *et al.*, 1996; Hooper, 1999). Despite Breheny (1992a; 1995) suggesting that the concept has contradictions yet to be addressed by its advocates, it has quickly gained momentum and is now accepted as a legitimate policy objective in many countries. As such, it is important that the tangible benefits such as better facilities and services, better public transport, and a more vibrant cultural life are not outweighed by the problems of more compact living, such as congestion and overcrowding (Williams *et al.*, 1996).

In Britain, the public's perception of urban areas has been very poor and during the twentieth century we have been abandoning cities in droves. URBED (1998, p.9), however, identify that *"...in recent years there has been a resurgence of interest in urban living driven largely by the issue of environmental sustainability. "* Rudlin and Falk (1999) also note the emergence of an environmental consciousness and awareness since the mid-1970s. Many other authors have suggested that cities are potentially more environmentally friendly than people realise and urban populations potentially have a lower environmental impact (Jacobs, 1970; Elkin *et al.*, 1991; Haughton and Hunter, 1994). Some commentators argue that cities by there very nature can never be sustainable and Berg (1990, p.104) for instance argues that:

> *"Cities aren't sustainable because they have become dependent on distant, rapidly shrinking sources for the basic essentials for food, water, energy and materials. At the same time they have severely damaged the health of local systems upon which any sensible notion of sustainability must depend... In addition, the social systems that make cities liveable, such as a sense of community and wide civic participation, are more typically eroded than strengthened. "*

Nevertheless, it has become commonly accepted that if we can accommodate an increased proportion of new homes in an appropriate manner within existing urban areas then there will potentially be a number of environmental benefits including: protecting the countryside and agricultural land from development pressures; reductions in energy use and consumption; and reduced commuting and private car use. By contrast, it has been argued that greenfield development will lead to increased traffic congestion; increased air pollution; accelerate the depletion of natural resources; damage biodiversity; and increase social deprivation within urban areas (Crookston *et al.*, 1996; Suchman, 1996; Urban Task Force, 1999b). There has been little research on the relationship between urban form, density and energy consumption, however, the Department of the Environment, Transport and the Regions (1998k) suggest that compact higher density layouts also use less energy than low-density areas with a similar population as well as facilitating thermal exchanges between buildings, thereby helping to retain warmth.

It has also been argued that urban living where there are local facilities, easy access to local and national public transport, and with a wide range of employment opportunities close by, is far more sustainable than development which encourages long commuting to work, shops and leisure (Newman and Kenworthy, 1989b; Banister, 1992; Bozeat *et al.* in McLaren, 1992; ECOTEC, 1993; Headicar in URBED 1998; Stead *et al.*, 2000). Indeed, Prescott (2000, p.3) notes that: *"Carefully planned developments within existing urban areas can, for instance, increase the number of people who can easily walk to jobs, shops, leisure and other facilities, including public transport interchanges. This reduces traffic problems."* This has often been promoted through proposals of higher residential densities, more public transport and a mixture of land uses as the ingredients of a more sustainable urban form. The overriding assumption in this philosophy has been that this will reduce the amount and length of car journeys and promote the use of public transport, walking and cycling whilst encouraging social interaction (Elkin *et al.*, 1991; Crookston *et al.*, 1996; Jones, 1996; Suchman, 1996; Coupland, 1997a; Department of the Environment, Transport and the Regions, 1998f; 1998i). Jane Jacobs (1961, p.230) was one of the first to advocate the idea that mixed use and more intensive development could reduce the need to travel and its implications, she argued that: *"Lack of wide ranges of concentrated diversity can put people into automobiles for almost all their needs. The spaces required for roads and for parking spread everything out still farther, and lead to still greater uses of vehicles."*

Some researchers have contested these claims, however, arguing that the decentralisation of both jobs and homes has shortened journey lengths and that congestion may offset any gains

(Breheny, 1993). Breheny *et al.* (1998 in Hall 1999) identified a relatively weak link between densities and energy use and concluded that more compact cities will not necessarily have the effect of reducing traffic volumes and that this is far more likely to come from concentrating employment, which will make it easier to use public transport to get to work. To illustrate this point, Breheny (1995b) has suggested that if all of the UK population were to live at the densities of metroplolitan areas, it would only save about 34 per cent of the energy used in transport. He further adds that if the urban decentralisation of the past 30 years had not taken place, that the transport energy savings would have amounted to just 2.5 per cent.

Significantly, in terms of the social sustainability of cities, Couch (1999, p.82) suggests that: *"City centre housing developments would not be environmentally sustainable if they were merely gentrification, with middle-class in-migration displacing an indigenous working-class population to other parts of the city."* To date, most new residential developments have been concentrated on sites previously in non-residential use or through the conversion of buildings accommodating other uses into homes thereby constituting an increase in the residential stock rather than gentrification (see Cameron, 1992).

The arguments for urban sustainability are not confined to transport, urban regeneration and loss of the countryside, however, even though they have been the focus for much of the debate. There are a growing number of environmental campaigners who are focussing on the city as a key to environmental sustainability, arguing that cities are potentially less damaging to the environment than other forms of development (Jacobs, 1970; Vale and Vale, 1991; Giradet, 1992). It has also been suggested that urban living is a response to such concerns about environmental sustainability and that *"...urban repopulation is the only way in which urban living environments will be improved."* (URBED, 1998, p.46).

Micro level of the building: reuse versus demolition

The way in which we construct and use buildings is important. Opportunities need to be found to reduce resource and energy use, minimise pollution and waste, and enhance economic opportunity. Sustainability is, however, not just an issue for new construction. A more sustainable approach to the management and use of the existing building stock needs to be taken and non-renewable resources must be used more efficiently. One way in which this can be achieved is through more efficient use of existing building stock.

The concept of 'embodied energy' has become more widely accepted as attitudes towards sustainability have changed. The concept is concerned with calculating the energy cost of building an existing structure and modifying it, compared to the energy costs of its demolition and replacement, a formula that often suggests that the former is a more energy-efficient solution. A balance needs to be considered between refurbishing and increasing energy efficiency of existing buildings and encouraging demolition to make way for buildings of higher environmental standard. (Department of the Environment, Transport and the Regions, 1998h). The concept of sustainability and sustainable development clearly has implications for building standards and specifications. Indeed, much of the existing commercial building stock is inefficient in terms of energy consumption and domestic energy consumption has continued to grow with carbon dioxide emissions from housing accounting for over a quarter of UK emissions (Department of the Environment, Transport and the Regions, 1998d). In terms of improving the energy efficiency of existing structures, Boyd and Jankovic (1992, p.112) note that:

"The environmental performance of a building depends heavily on the building envelope, the disposition of internal space and the overall form and orientation of the building. The principal limiting factor of the environmental performance is the fenestration, since it influences heat loss, solar gain, ventilation, noise transmission and daylighting of interior spaces. This element can be changed relatively easily although quite expensively with an external cladding system that includes fenestration. However, this could be justified as much for building appearance reasons than for performance reasons."

Resource conservation is another reason for conserving existing buildings and Elkin *et al.* (1991, pp.38) note that a *"...wasteful attitude towards buildings is very much part of the current urban value system, which promotes rapid change in an accelerating cycle of redevelopment."* Reusing vacant commercial and industrial buildings would reduce the construction industry's extensive usage of natural resources and make use of urban infrastructure (URBED, 1998). Thus, conversion and reuse can clearly be considered as a form of recycling that introduces less waste materials and pollution into the environment than redevelopment. Also, the process of reuse uses less new materials and less energy in construction than new build and therefore helps to conserve natural resources. Falk (1993, p.163) argues that: *"...the most convincing argument of all for conserving old buildings, is the idea of the minimization of waste. Old buildings represent past energy stored up in a usable form."* Indeed, it is currently estimated that 70 million tonnes (16 per cent of the

country's total waste production) of construction and demolition waste are produced each year in the UK (Home, 1998). Boyd and Jankovic (1992, p.107) argue that the costs of redevelopment will also become significantly higher if growing environmental and economic pressures result in the accounting of the global and local environmental impact of demolition. They suggest that: *"This may come as a government tax on such action or as legal restrictions on the procedures that can be used in demolition."* Despite aiding the conversion process this would have an impact on other forms of urban intensification such as the redevelopment of brownfield sites where existing buildings are present.

Adaptive reuse also has implications for design of new buildings especially with regard to the selection of materials, components and assemblies. The resilience of such structures in terms of their long-term adaptability, deconstruction, recycling and waste reduction also needs to become a fundamental consideration as part of the design process. Also favouring the retention of many existing structures from the standpoint of social sustainability, Haughton and Hunter (1994, p.27) argue that to be sustainable, a city should *"...sustain its own unique contribution to the environment, in terms of its built form in particular."* The retention of the existing built fabric thereby enables future generations to derive a sense of continuity and stability from their physical surroundings. The adaptive re-use of buildings through conversion offers seeds of hope, not of a return to things past, but to renewed vitality for tired, outmoded structures (Cantacuzino, 1975; Campbell, 1996).

Revitalising the City – the role of residential development

It is important to understand the roots of urbanisation and the development of city centres in Britain to place urban and city centre living within the context of the social, economic and technological change that cities have experienced during the last two hundred years (Mumford, 1965; Cherry, 1981; Ravetz, 1985; Hall, 1992; Greed, 1996a). Rudlin and Falk (1999, p.9) also recommend such an introduction to the processes and effects of change and suggest that: *"Any attempt to shape the future of housing must be based upon an understanding of how we have got where we are today. Our attitudes towards new development are shaped by perceptions of what has and has not worked in the past and the cultural baggage which has become associated with the home and its place in towns and cities."* This final section will therefore examine the background to the current situation that cities find themselves in by tracing the decline of the city and the emerging urban renaissance with an emphasis on city living.

The Decline of the City

City centres are multi-functional and as such provide an organic mix of functions, acting as a shopping and market place, arts, cultural and entertainment centre, and as a business and transport hub. Traditionally, they are dynamic economic and social entities, which acted as centres of population, production and consumption with a multitude of activities and functions at the heart of urban civilisation. A series of economic, social, cultural and demographic trends in the twentieth century, however, cast doubt upon their traditional pivotal role (URBED, 1998; Rudlin and Falk, 1999). The powerful images of pollution, congestion, chaos and squalid living conditions portrayed by nineteenth and early twentieth century authors and artists have coloured views of our cities ever since with cities often regarded as dangerous, overcrowded and polluted. The priority in such cities was to tackle slum housing, reduce densities and to decant people from these centres often with unfortunate results (URBED *et al.*, 1994). As such, cities have become places of great contrast and Berry *et al.* (1993, p.110) suggests that: *"At best the city embodies all the positive advantages of economies of scale, concentration of resources and the associated spin-off benefits, while at worst cities can show negative externalities, namely congestion, environmental pollution and a negative image."*

All cities are in a state of transition and the fortunes of individual areas fluctuate over time, however, the day-to-day dynamics of decline are complex. The process of change can be so slow as to hardly be apparent from decade to decade or it can happen extremely rapidly having dramatic effects. The range of forces operating to change our cities and the relationships between them are not only technological but also economic, social, political, regulatory and environmental (Brotchie *et al.*, 1995). In more explicit terms, Worpole (1992, p.1) describes how town centres have lost many of their traditional functions and become *"...simply shopping and commercial centres by day and near-deserted ghost towns by night."* Indeed, in the post-war years, the major trend has been the development of a mature office economy in city centres. As a consequence, many cities in Western Europe and the United States have changed from being predominantly centres of production to become mainly centres of consumption. This urban de-concentration can be traced back to the late 19th Century, with residential accommodation moving from the centre of cities to the suburbs facilitated by the development of public transport. In contrast, employment functions remained concentrated in the central areas of cities often within already recognisable zones with central office and shopping districts emerging (Hall, 1995; Ward, 1994). Friedrich Engels (1975, p.84) made the following observation of such policies:

"Manchester contains, at its heart, a rather extended commercial district, perhaps half a mile long and about as broad, and consisting almost completely of offices and warehouses. Nearly the whole district is abandoned by dwellers. ...With the exception of this commercial district, all Manchester proper [comprises] unmixed working people's quarters, stretching like a girdle, averaging a mile and a half in breadth, around the commercial district. Outside, beyond this girdle, lives the upper and middle bourgeoisie. "

The trend in urban areas since the Second World War has been the ongoing decentralisation of population and commerce away from the traditional centres (Hall *et al.*, 1973; Davies and Champion, 1982; Law *et al.*, 1988; Healey *et al.*, 1992; Robson *et al.*, 2000). It has been well documented that from 1960 to 1990, British towns and cities with over 100,000 population experienced a loss of total residential population and the magnitude of this loss was much greater in their inner areas (Spence and Frost, 1995). Indeed, the long-term average net out-migration from the main conurbations in the UK is 90,000 per year (Champion *et al.*, 1998; Champion in Bate *et al.*, 2000). This flight of population from the central areas of cities to peripheral suburbs left inner districts of many cities with declining residential functions. The urban cores of Manchester, Birmingham and London, for example, declined by 43.4, 39.9 and 28.4 per cent, respectively, in the period between 1961 and 1981 (Law *et al.*, 1988).

	1961	1971	1981	1991	change
Greater London	7,993,000	7,453,000	6,696,000	6,378,000	-20.2%
Birmingham	1,183,000	1,098,000	1,007,000	935,000	-21.0%
Leeds	713,000	739,000	705,000	674,000	-5.5%
Glasgow	1,055,000	897,000	766,000	654,000	-38.0%
Sheffield	585,000	573,000	537,000	500,000	-14.5%
Liverpool	746,000	610,000	510,000	448,000	-39.9%
Edinburgh	468,000	454,000	437,000	422,000	-9.8%
Manchester	662,000	544,000	449,000	407,000	-38.5%
Bristol	438,000	427,000	388,000	370,000	-15.5%
Coventry	318,000	337,000	314,000	293,000	-7.9%

Figure 3.10: The population of major UK cities 1961-1991 (adapted from Census 1991 in Jenks *et al.*, 1996, p.116).

The flight of people from the centre of cities during the late nineteenth and twentieth centuries left most of Britain's city centres with a minimal residential population, indeed,

Ravetz (1980) referred to only a 'caretaker population' being left behind. Developments in transport that encouraged this dispersal were exacerbated by Modernist planning theories and practices that sought to functionally zone cities (Hamnett, 1983). In addition, Power and Mumford (1999) identified that good quality, modernised homes were being abandoned in some inner city neighbourhoods and that this depopulation had paralleled severe losses in manufacturing employment.
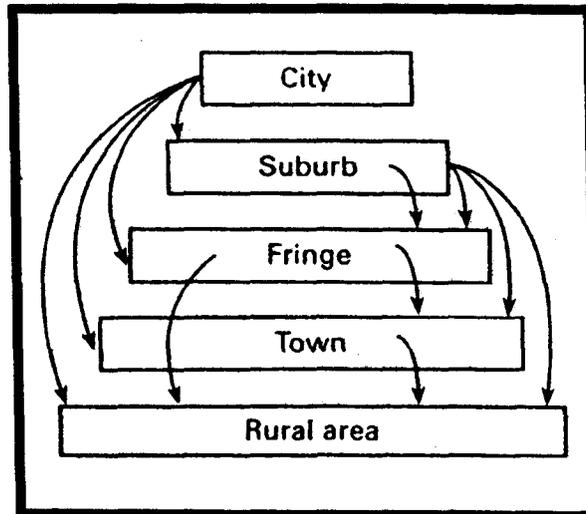
Figure 3.11: The counter-urbanisation cascade (source: Champion, A. in Bate et al., 2000, p.14).

There have clearly been a number of push and pull factors related to the move out of cities and the draw of suburbia. This long-term flow of residents from central cities to suburban areas has been the result of numerous forces: racial and ethnic bias; the construction of high speed roads; crime; the decline of urban schools; cultural appeal of low-density single family housing (Moss, 1997). Lawless (1981, p.27), however, ascribes this out migration from cities to three main and interrelated factors:

- planning policies since 1947 specifically encouraging the decentralization of the population;

- the growing demand for improved residential and environmental standards; and

- the movement of employment bases out of the cities.

Breheny (1993) suggests that some commentators see the process of decentralisation as 'counter-urbanisation' and a definite rejection of urban living as people have clearly been

choosing to live in a suburban environment with all the perceived advantages on offer. Moss (1997, p.475) notes how changing household structures have exacerbated the problem with:

> "Much of the post-World War II suburban housing boom was fuelled by the rise of the household made up of two-plus children, a male breadwinner, and a female homemaker. This traditional household was well suited to the suburban milieu in which one parent commuted to work and the other performed domestic chores and supervised the children."

Indeed, cities continued to lose the most economically active population to the leafy suburbs of the surrounding districts, with those who remained being the less affluent, the less well educated, the unemployed and those unable to leave for other reasons. This left a smaller and less affluent population with fewer children of school age. As those who were able to do so moved out of the city, the client base and viability of many city services - such as schools - further declined, whilst other amenities such as local shops and bus services were also affected. More households living outside the city but continuing to travel in to work and use city services also worked against efforts to encourage less reliance on cars and, inevitably, led to more congestion and pollution on the radial routes into cities. It also increased the number of people using the city who have a lesser stake in its future.

An Urban Renaissance with the Re-emergence of City Centre Living

> "Whilst the decline of urban populations is yet to be entirely stemmed, and despite the advent of anti-urban trends such as home working, tele-shopping and computer conferencing, many British towns and cities seem to be finding new roles. The heavy industry and overcrowding which gave rise to the flight from the city no longer exist, even though they may live on in people's perceptions. Whilst there are problems of traffic pollution and urban crime it is clear that many British towns and cities could potentially provide attractive environments in which to live and work."

(Rudlin and Falk, 1999, p.25)

In Britain and the United States, in particular, the dominant image of the residential environment during the twentieth century has been that of suburbia. In New York around 1970, however, for certain sections of the residential market "...the bare, polished wood floors, exposed red brick walls, and cast-iron facades of these 'artists' quarters' gained increasing public notice, the economic and aesthetic virtues of 'loft living' were transformed

into bourgeois chic." (Zukin, 1989, p.2). At the beginning of the twenty-first century, a certain social cachet and air of distinction has attached itself to residing in areas of our cities that have not always been considered chic nor comfortable. Interestingly, it is now a quarter of a century since the UK Government started to address some of the problems encountered within cities. Peter Shore (1976) then Secretary of State for the Environment stated that: *"Twentieth century civilisation has been based upon cities, and if in the process of change the inner areas are simply allowed to decay - and their inhabitants to languish - the country as a whole will be poorer."* Within a year, the 1977 White Paper *Policy for the Inner Cities* provided further evidence of the concern for condition of Britain's cities. Significantly, in 1988 the government in the policy statement *Action for Cities* listed making areas attractive to residents, bringing buildings back into use and making inner-city areas safe and attractive places to live and work amongst its stated objectives (Cabinet Office, 1988). Some of the many initiatives that have transpired during the intervening period have been more successful than others, nevertheless, cities in Britain began to show a renewed confidence and conditions are now much more favourable to city centre habitation. Indeed, the Department of the Environment, Transport and the Regions (1998d, p.10) argue that: *"Urban regeneration will only succeed when towns become attractive places for people to live."*

Since the mid-1990s, there have been numerous articles in newspapers and magazines extolling the virtues of city centre living. Indeed in November 1996, The Observer announced, *"...urban life is sexy again."* (Harrison, 1996, p.12). This coincided with a gradual movement of people being attracted back into city centres where home, work and leisure could be enjoyed within a single neighbourhood (Urban Task Force, 1999b). The centre of towns and cities are once again an important housing location, particularly for the growing number of single people and those without children (URBED *et al.*, 1994). The opportunity has arisen with the contraction and rationalisation of many of the traditional roles of the centre such as industry and commerce providing the space for this renaissance in the provision of dwellings in city centres.

There are two principal attractions to the resurgence of living in the city. The first is the character and allure of the residential space available; the second, is the convenience of the location, placing a higher priority on the area's centrality and accessibility. These attractions have led to new patterns of housing demand emerging since the early 1990s as part of a distinct cultural shift that is generating a strong and sustainable demand. The combination of long working hours and the economic and social cost of commuting on an historically

under-funded transport system have persuaded increasing numbers of households to seek accommodation closer to places of work where they can enjoy all the amenities of a city centre environment (Barlow and Gann, 1993; Webb, 1997; Hurford Salvi Carr, 1999).

The impact of new residential developments in city centres has been quite dramatic and a review of housing development in Leeds, Liverpool, Manchester, Newcastle and Sheffield found that the trend for city centre living has been growing since the early 1990s (Chesterton, 1998). In 1901, the City of London had a residential population of 30,000 but by 1990 it had declined to a low of 4,500 mainly housed at the Barbican. This number is estimated to have grown to 8,000 by 2000 (Hurford Salvi Carr, 1999). Similarly, the population of Manchester's city centre has increased from 1000 in 1991 to an estimated 10,000 in 2000 (Webb, 1997; Kelly, 1998b). D'Arcy (in Tinworth, 1999, p.60) describing the residential renaissance notes that: *"Manchester's ahead of the game, but other cities are catching up fast."* In Leeds, a similar trend with a city centre population which once numbered just 900 predicted to swell to 10,000 by 2010 (Webb, 1997). Many US cities are experiencing a similar growth in downtown residents, from large cities like New York, Chicago, Philadelphia, Denver and Dallas, to smaller communities such as Delray Beach in Florida and Aiken in South Carolina. For example, Houston expects 303 per cent increase in its downtown population by 2010 while Cleveland expects 228 per cent growth (El Nasser, 1998).

This renaissance of city centre living has seen increasing numbers of active retired, childless couples and people with alternative lifestyles choose city centre living and Moss (1997, p.474) suggests that: *"Cities were hard pressed to compete with the suburban lifestyle that catered to traditional middle-class households. But the rise of non-traditional households and the growth of self-employment put cities in a stronger position to attract residents and businesses during the coming decades."* Coupland (1997a) also suggests that cities are attracting significant numbers of part-time residents including people whose work requires them to move between different locations or those whose family life is elsewhere. For city centres to have a greater residential population their catchment must extend beyond narrowly elite groups. There is, however, increasing anecdotal evidence that a growing sector of city dwellers is the over 50s, retirees or empty-nesters known as the 'grey panthers' or 'active seniors' seeking an urban lifestyle some of whom are buying second homes in the city centre (El Nasser, 1996; Tinworth, 1999). More significantly, Smith (1996, p.52) explains the city living phenomenon as a *"...trend toward fewer children, postponed marriages and a fast-rising divorce rate, younger homebuyers and renters are*

trading in the tarnished dream of their parents for a new dream defined in urban rather than suburban terms." Another emerging factor is the growing market for investment sales and as a consequence raising the demand for rental properties. Indeed, the newest type of buyer is the investor encouraged by low interest rates and the growth in buy-to-let mortgage packages. In addition, many companies are buying or renting flats as a cheap alternative to hotels for visiting staff (Tinworth, 1999).

This increase in residents is making city centres more vibrant and encouraging the development of other activities and facilities, thereby, making it more lively and attractive to both residents and visitors. As new permanent residents move into city centres for the first time since the 1960s, they are bringing a new life and vitality to the heart of our urban areas (Heath, 1997; Heath and Stickland, 1997). Elkin *et al.* (1991, p.12) argue that: "*...sustainable development must aim to produce a city that is 'user friendly' and resourceful, in terms not only of its form and energy efficiency, but also its function, as a place for living.*"

To achieve a truly living city, people must live in the heart of the city and the key is to break down the dogma of zoning and seek an integrated mixed-use with housing being the key ingredient of that mix (Sherlock, 1991; Royal Institute of Chartered Surveyors, 1992). In city centres, especially outside normal retail and office hours, residents are helping to create a 'living heart' and are contributing to the vitality by bringing a twenty-four hour life to the city centre. The concept of liveability has been explored by a number of authors and Hahlweg (1997, p.13) argues that: "*...the liveable city is a city where I can have my house or apartment, where I can work, where my children can go to school, where we have recreation and culture.*" Significant numbers of permanent residents are actually essential for the positive qualities of towns and cities, such as cultural life and specialised professional services and to generate a persistently lively downtown (Freeman, 1984; Galster, 1998). The Urban Task Force (1999b, p.40) argue that cities need to comprise of such a mix of complimentary uses that encourage *'formal and informal transactions'* and sustain activity throughout the day. This in turn should serve to strengthen social integration and civic life whilst stimulating more diversity (Jacobs, 1961; URBED, 1994).

Haughton and Hunter (1994) also identify that increasing the resident population may help to make the provision of these amenities and facilities economically viable. Similarly, an indigenous demand can make it easier to maintain or re-establish important services such as schools, shops and public transport services which are dependent upon there being an

adequate catchment population (Ashworth and Tunbridge, 1990; Rudlin and Falk, 1999). Boasberg (from Lee, 1992, p.150) has also argued that: *"We know, for example, that downtown residents contribute twice as much in retail purchases and sales tax as daytime office workers."* Such mixed development in city centres can also help to create a more stable, vital and safer urban environment, indeed, Jacobs (1961, p.14) strongly advocated *"...the need of cities for a most intricate and close-grained diversity of uses that give each other constant mutual support, both economically and socially."* She continued to add that cities that do not have this delicate balance tend to be unsuccessful and that: *"A mixture of uses, if it is to be sufficiently complex to sustain city safety, public contact and cross-use, needs an enormous diversity of ingredients."* (1961, p.144).

Increased activity through repopulating city centres is beginning to have a beneficial effect on safety. There is no doubt that cities with people living near their centres feel livelier and safer by night as well as day and that urban centres which are dilapidated and dead, tend to be threatening places. Indeed, more 24-hour foot traffic and eyes-on-the-street enhance both the perception and reality of public safety due to the fact that passive or natural surveillance reduces the level of opportunistic crime and vandalism (Heath, 1997; Oc and Tiesdell, 1997; Petterson, 1997). To what extent the current level of residential growth in certain city centres will continue is open to speculation. Lever (1993, p.282) suggests, however, that further re-urbanisation will occur due to:

> *"...the restructuring of urban economies away from manufacturing towards personal and advanced producer services; in the changing demography of households towards single childless and elderly households; in the changing emphasis of policy both in physical land-use planning and in local economic development; and in the changing technology of the built environment. As cities approach the millennium, the oldest and earliest developed of them seem likely to redensify."*

Clearly an unknown factor is the effective demand for city centre living and the ability of policy makers and indeed developers to create the type of residential environment that people desire and to stimulate households to demand homes in this location as opposed to more traditional areas (see Chapter Eight). Indeed, some organisations such as The House Builders Federation (1997) highlight the fact that to date most contemporary residential developments in the city centre have been for a niche market and that the majority of households still prefer a suburban environment.

Conclusion

"Re-using existing buildings is important not only to revitalising declining urban areas but also to sustainable development. They are usually supported by existing infrastructure and, overall, their use is likely to be more energy efficient and resource friendly than building new properties."

(Department of the Environment, Transport and the Regions, 2000c, p.56).

The social, political, economic and environmental context for city centre living in the UK - particularly through the conversion of existing buildings - has become increasingly favourable since the early 1990s. Indeed, in terms of meeting the demand for new homes in a manner that is more sustainable than many of the other options and that can help to breathe new life into our urban areas, the provision of residential accommodation in city centres has much to favour it. The key findings of this chapter are as follows:

- Regardless of the precise reliability or accuracy of the household projections the facts clearly illustrate that there will be a considerable increase in the number of new homes required in England for the foreseeable future;

- Changing demographics and household profile - particularly the emergence of the single-person household as the key type – together with rapidly evolving lifestyle are beginning to have a major impact not just upon the type of residential accommodation but also its location;

- Government policy has become increasingly supportive of city centre living particularly as part of the drive to accommodate 60 per cent of new homes on brownfield sites and as part of initiatives to exploit the potential capacity of urban areas;

- The ambition of creating a sustainable environment has become a key component of all environmental and planning policy since the early 1990s. As such, the important role of urban housing has been increasingly recognised as a means of achieving a more sustainable urban form;

- The rapidly emerging urban renaissance being experienced in many UK cities is helping to address the 20th century decline experienced in most urban areas;

- City centre living can clearly have a positive impact in terms of its social, economic and environmental impacts upon cities; and

- The process of converting existing buildings helps to exploit the embodied energy within the building and minimise the waste impact of the construction industry.

While repopulating the city centre will do much to revive urban areas, however, it cannot do it alone, and government policy must also focus on other policy areas to create fit places to accommodate household growth. The impacts of public policies on crime, education, transport, social exclusion, economic development and many others, will all affect the liveability of the city centre. As such, housing can be only one piece of the regeneration process, but it is a vital part and housing had until the mid-1990s become marginal to debates about regeneration and economic development in Britain. Indeed, Binnie and Nevin (1997, p.5) argue: *"... housing must play a fuller part in regeneration activity and should not be left as a backdrop where key decisions are left to the market and based simply on price signals. "* The significance of creating new homes from existing buildings as part of this process of revitalisation should not be underestimated and a number of sources allude to the potential of this source of accommodation. The Urban Task Force (1999b) in their final report claim that 247,000 new homes could potentially be created by converting existing buildings whilst the Empty Homes Agency suggest a more significant estimate of 800,000 new homes (Cooke, 1998a). URBED (1998) in their report *Tomorrow: a peaceful path to real reform* for Friends of the Earth referring specifically to older industrial buildings and office conversions assume that the capacity nationally from both is in the order of 100,000 homes.

The relationship between the form of our cities in relation to their density and energy consumption clearly needs to be carefully considered in order to enable high-density residential environments and sustainable environments to be compatible. In addition, the built fabric that evolves will have to be robust enough to withstand the continual changes that will be imposed upon it. Measures to encourage, higher density urban living without affecting space standards, close to city centres and public transport nodes, will potentially

encourage more sustainable development and the better mix of housing and other uses that together make a city a more vibrant and exciting place to live. The very notion of what constitutes a sustainable city will, however, inevitably change over time and as Garner (1996, p.15) explains: *"The concept of a 'sustainable city' is superficially attractive but hard to define. In simple terms, sustainable cities for the future need to be economically efficient, environmentally friendly and socially integrated...".* Indeed, for the revitalisation and the rebirth of city centres as places in which to live, it is important to find a balance between economic, social and environmental objectives and conflicts if the long-term future is to be assured.

CHAPTER 4

THE OPPORTUNITY:
OBSOLESCENCE AND VACANCY

THE OPPORTUNITY: OBSOLESCENCE AND VACANCY

One thing hastens into being, another hastens out of it. Even while a thing is in the act of coming into existence, some part of it has already ceased to be. Flux and change are forever renewing the fabric of the universe, just as the ceaseless sweep of time is forever renewing the face of eternity.

<div align="right">Marcus Aurelius, Meditations, 6:15</div>

Introduction

The world economy is ever changing, and with it the nature and function of cities, and the way in which work is perceived and performed. Cities, like all economically successful entities, must be dynamic in both organisation and physical fabric and they must grow and change in order to embrace new kinds of work, new technologies, and new forms of enterprise (Bryson, 1997). Indeed, Duffy and Henney (1989, p.75) note how:

> *"The idea of a timeless urban fabric is an illusion - the boundaries between life and buildings are always being renegotiated, redefined and remade. Failure of buildings and urban spaces to correspond to changing fortunes and technologies are either melancholy indications of redundancy or obstacles to change and growth."*

The potential for the conversion of a building to a new use arises from a disequilibrium between the supply of obsolete space and the demand for residential accommodation. In order to understand the potential for converting office space into residential use, it is necessary to understand the broader historical and structural context of the fluctuations of the office development market and the emergence of obsolescence in the built environment. Cowan *et al.* (1969, p.24) describing its evolution identify that: *"...the rise of the office function as we know it is closely bound up with changing patterns of urban life, with major economic and social developments and with a series of inventions and innovations in the field of communications."* In simple terms, the pattern of office development in Britain is a result of interplay between the demands of office users, the requirements of office investors and the effects of the planning system.

Urban development is inextricably linked with the vitality of regional, national and increasingly with global economies. This has resulted in the built form of cities being predominantly created in a series of phases influenced by the dynamic path of fluctuating economic cycles of growth, decline and regeneration (Berry *et al.*, 1993; Key *et al.*, 1994; Ball, 1996). The boom and bust cycles in the commercial property market can be explained by developers' responses to current market signals where a development lag tends to leave casualties in their wake (see Figure 4.1). Indeed, Barras (1994) and Ratcliffe and Stubbs (1996) identify this phenomenon of recurrent yet irregular property cycles since the mid-1960s in the UK with building booms generated by the interaction of the relatively short business cycles, credit cycles and the long cycle of development in the property market.
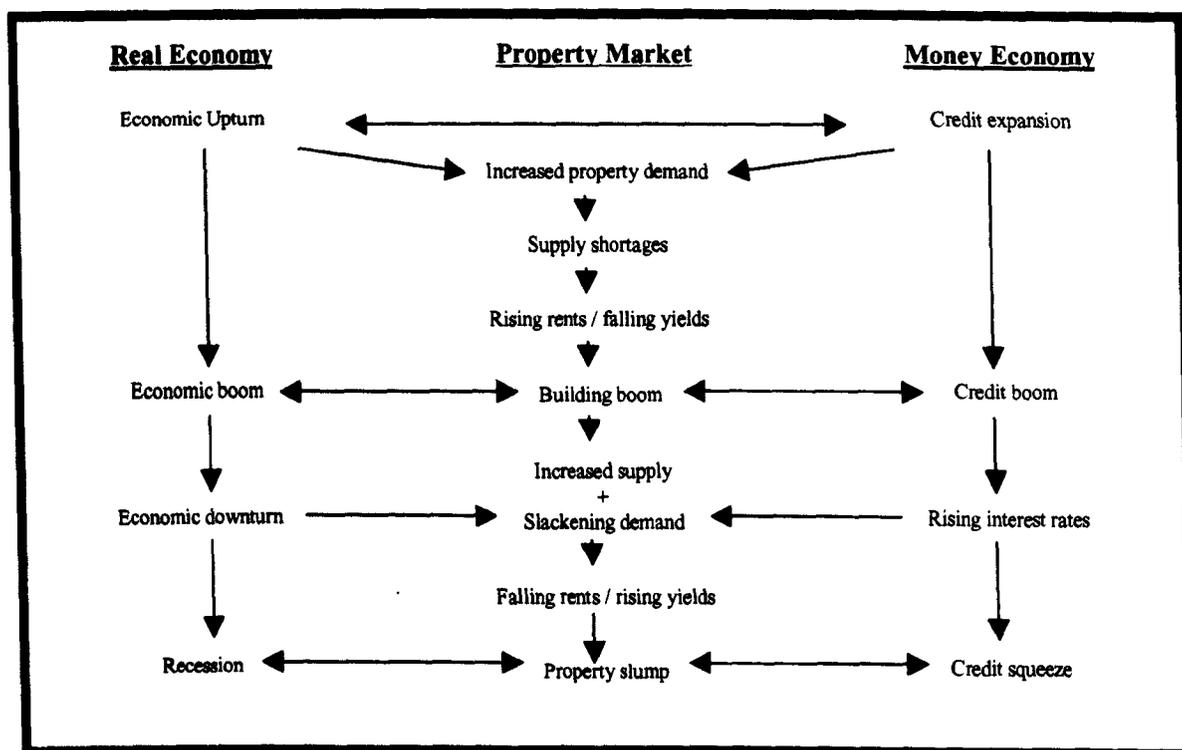
Figure 4.1: Conceptual model of how the building cycle works (adapted from Barras, 1994, p.185).

This chapter will consider the opportunities for the conversion of post-war office space to residential use that have arisen due to the levels of obsolescence and vacancy experienced by this building type. As such the chapter is organised into two main sections. The first outlines post-war office development and the booms and slumps that have resulted in a surplus of space unsuited to contemporary requirements. The second section examines the

components of building obsolescence and the options available to owners in terms of reconciling this fate.

Post-War Office Development

During the last two decades, one of the most severe problems related to property cycles has been the growth in surplus office space (Gann and Barlow, 1996). In the context of office activity, economic cycles have very obvious effects with the demand for office accommodation being determined by the state of the business cycle. The office development process is incapable of short-term adjustment, however, and is therefore susceptible to such cycles of economic activity (Bateman, 1985). Consequently, the expectation of rental income on which a development was financed may be unfulfilled due to changes in supply and/or demand between project initiation and completion.

For major office developments there may be a gestation period of up to five years during which time market conditions and government policy are likely to have changed. As such, the periodic office booms of the post-war years have contained large elements of 'catch-up' - in a period when offices have been transformed by construction technology and information technology (Barro, 1991). These lags can mean developers devising and implementing schemes whose time is already passed and, therefore, best practice can rapidly become redundant (Ball, 1996). Barras (1984) has even suggested that the post-war development cycles in London may be the product of the system of office development. The time lag between the initiation and completion of development projects means that increases in demand can cause rents to rise and a general shortage of space that can lead to enhanced values thereby encouraging developers to commence more schemes. As schemes are completed, however, then shortages diminish and rents level out whilst some schemes are still being developed.

The true office building only emerged in the mid-to-late nineteenth century and Ford (1994, p.23) notes how: *"In the early 1800s, most firms simply leased space wherever it was available or else did business in a coffee-house, such as Lloyd's Coffee House in London."* The commercial importance of office activity has grown rapidly during the twentieth century with the sustained expansion of producer services such as banking, insurance, finance, telecommunications and public services. This has been characterised by the growth of office buildings and by their increasing functional and physical importance, indeed, their dominant physical presence has transformed city centres in the UK (Bateman, 1985; Evans, 1997). One of the most significant changes in the office development market since World

War II has been the tendency for a major proportion of commercial development to occur speculatively in order to anticipate demand. The development process has, therefore, become driven by the producers of space trying to anticipate the needs of users rather than by the users themselves (McNamara, 1990).

1954 Boom

Fuelled by excessive demand between 1955-60, there was an unprecedented boom in office construction with rapid growth continuing until the mid-1960s in the South-East. London's dominance as a location for office development was already evident during the early post-war years, however, at that time as Marriott (1967, p.170) notes: *"...developers were busy operating on bomb damaged sites and pulling down small buildings to bother with rebuilding large and out-of-date offices. But from 1958 onwards the trend was increasingly towards pulling down Victorian office blocks."* The strong demand for office space in the capital was partly due to the fact that there was relatively little office building between the wars and also wartime bombing destroyed a significant amount of stock (Moor, 1983).

Year	Annual Totals (sq.m)
1949	330,000
1950	310,000
1951	158,000
1952	220,000
1953	279,000
1954	525,000
1955	545,000
1956	340,000
1957	438,000
1958	390,000
1959	403,000
1960	398,000
1961	412,000
1962	270,000
1963	192,000
1949-1963	**5,210,000**

Figure 4.2: New office floorspace permitted in Central London 1949-1963 (adapted from Marriott, 1967, Appendix 3).

The post-war development boom was fuelled by the lifting of the development charge in 1953 and the Conservative administration announcing the end of building licenses - which it saw as an unjustified cost and inconvenience to architects and developers - in November 1954 (Marriott, 1967). This led to an unprecedented boom in office development in London as firms sought to locate in prestigious headquarters. The provincial phase of this office development boom took place a little later and on a smaller scale.

Following the dropping of building licenses in 1954, there were various attempts to control the boom in office development in London. In 1957, London City Council's *A Plan to Combat Congestion in Central London* altered the densities allowed in different areas under zoning by plot ratio. This resulted in the strong demand for new offices being met by more buildings each containing less floor space thereby increasing the pressure for redevelopment. In addition, there was a clause in Schedule 3 of the *Town and Country Planning Act 1947*, which enabled office developers to make a mockery of the London City Council's plot ratios. The Schedule - which was not revoked until 1963 - laid down that a building could be enlarged by up to ten per cent of its cubic content without incurring the development charge and this had a dramatic impact on the townscape of London. This enabled developers to put up new office buildings with a substantial increase in floor space of much greater than 10 per cent due to modern construction technology and a rationalisation of the plan layout. This often tended to allow a floor area much greater than the maximum plot ratio permitted by London City Council (Marriott, 1967; Ravetz, 1980). As a result, development went almost unchecked and dramatically changed the urban environment with the addition of millions of square feet of office space. By the early 1960s, however, an oversupply of office floor space and an economic recession caused a significant slump in demand.

Late 1960s/early 1970s Boom

In 1970, the political, fiscal and economic climate of the late 1960s created the conditions for a second post-war property boom as low interest rates and high inflation together with the removal of credit controls attracted money into the property sector. Property was also seen as a secure investment and a superior long-term hedge against inflation (Reid, 1983; Adair, 1993). The introduction of planning restrictions, particularly Office Development Permits also helped to fuel this boom by severely restricting the supply of new office space. This caused an increase in rental values for available space with the City of London experiencing a 400 per cent increase between 1966 and 1974. Ravetz (1980, p.81) outlines a

perverse situation where because local authorities did not levy rates on empty buildings and *"...rents were rising so fast that it was actually more profitable to leave a building standing empty, when it could produce more credit for its owners by frequent revaluations, than to let it, when the value would have been pegged at least for the duration of the lease."*

Burgeoning bank lending and institutional investment further fuelled this growth. In addition, the economic recovery and credit squeeze brought together development and insurance companies that undertook large-scale speculative office development. A period of uncertainty followed, however, when rising interest rates and falling demand led to a property crash in 1974. The effects of the cyclical recession that followed the 1973-4 oil crisis were reinforced by the introduction of information technology that led to restructuring, downsizing and a change in type of space demanded (Ambrose, 1994). Consequently, there was relatively little new office development right through to the economic recession of the early 1980s. As a result, immediately upon election in 1979, the Conservative government withdrew the Office Development Permit and the Location of Offices Bureau was similarly abolished in 1981.

Post-1987 Boom

The structure of commercial property markets and the property industry in the UK were dramatically transformed during the 1980s and early 1990s. Specialist property companies or 'merchant developers' became established in the commercial property market as distinct from the established investor-developers that pursued long-term investment programmes. These merchant developers were more entrepreneurial in their development and acquisition strategies than the older established companies and they specialised in developing and selling property - often speculatively with loan financing - rather than seeking long-term rental returns and capital growth (Beveridge, 1991). Following the stock market crash in 1987, the institutions quickly moved back into the property market and the shortage of modern technologically friendly buildings resulted in a further boom in property returns. This in turn led to a dramatic increase in both new development and the refurbishment of commercial property (Barlow and Gann, 1993).

The 1980s property boom was driven by the unprecedented growth of financial and professional services and their exceptional requirements for dedicated, high-quality buildings and the increase in overseas investment. Barras and Clark (1996, p.76) argue that this boom signified *"...an irreversible shift in the functioning of the market. The classic boom was triggered by both technological and institutional factors, in that shortages of*

*space at a time of economic expansion were exacerbated by the qualitatively new space
requirements generated by the big bang. The combination of financial deregulation and the
introduction of electronic trading networks was a potent catalyst for a development boom."*
Developments in information technology and the tendency for contracting out more work to
reduce overheads also led to the dramatic expansion of banking, financial services,
accountancy and legal services (Diamond, 1991; Ball, 1994). Importantly, this expansion
altered accommodation requirements and rendered much of the existing stock obsolete as
the effective demand was for buildings better adapted to contemporary office working
practices and technology (Duffy and Henney, 1989; Key *et al.*, 1990).
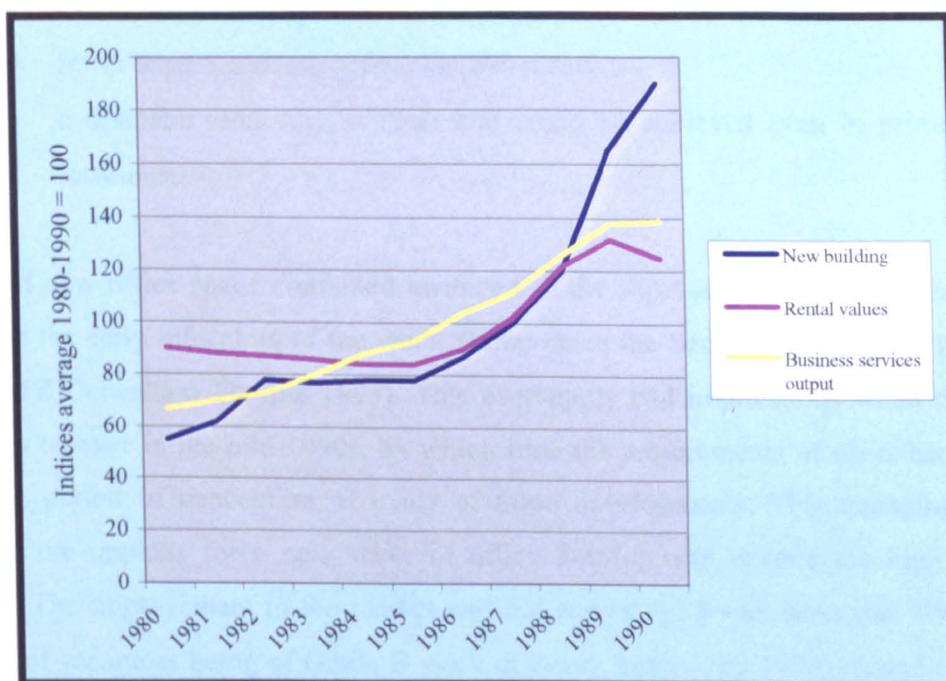
Figure 4.3: Office market indicators: demand, new building and real rents (adapted from IPD, CSO, DoE in
Nabarro and Key, 1992, p.54).

During this period, demand for office space was actually outstripping supply (Diamond,
1991; Barras and Clark, 1996). Nabarro and Key (1992, p.54) in their overview of the office
market during the 1980s explain how this demand for office space *"...was in turn followed
by and eventually outstripped by a three-and-a-half-fold increase in supply."* Indeed, the
supply of office space in 1990 was double that achieved at the previous peak of the property
cycle in 1973 (Fainstein, 1995; Gann and Barlow, 1996; Fainstein, 2001). Interestingly,
because of the time lag between changes in demand and supply in the property market the
supply of office space reaching the market did not begin to fall until 1991 despite real rental
values beginning a downward trend in 1989. The late 1980s, also witnessed the emergence

for the first time of significant concentrations of office development in out-of-town locations that provided severe competition for the city centre office space. The early 1990s saw a severe contraction of the service sector and rents plummeted just as the building boom of the late 1980s delivered a glut of office accommodation onto the market (Blackman, 1998c). Referring to this dramatic change in fortunes, Barlow and Gann (1993, p.8) identify that: *"The scale of boom and slump in the property industry far exceeded those experienced previously and resulted in millions of square metres of unlettable floorspace."* The recession in the British economy of the early 1990s caused three fundamental changes in the property market:

- a resultant large stock of empty offices;
- fewer tenants seeking accommodation; and
- a dramatic reduction in rents that could be achieved even in prime locations.

Supply of new office space continued unabated in the short-term with developers slow to recognise the early indicators of the worst slump since the Second World War (Key *et al.*, 1990; DTZ Debenham Thorpe, 1993). This oversupply had implications when the market started to recover in the mid-1990s, by which time the requirements of users had changed since the period of conception of many of these developments. This changing demand provided the impetus for a new wave of office development despite the high levels of vacancy. The improvement in the market was not across the board, however, with over 70 per cent of vacancies being of Grade B stock or lower. Indeed, by 1999, second-tier offices were still the weakest sector of the UK commercial property market.

Office Vacancies

The problem of excessive office vacancies - although not a contemporary phenomenon - came to the forefront in the early to mid-1990s. The problem was exacerbated by the fact that since the late 1950s, a substantial proportion of this modernist office development was constructed on a speculative nature with little regard for enhancing the overall quality of life of office workers or upgrading the broader town environment (Evans, 1997). Post-war city developers in the UK also tended to build a form of office building significantly different to those in Northern Europe - where most large offices were purpose-built for occupiers - or those in the US - where developments tended to be on a grander scale. Duffy and Henney (1989, p.53) identify that the form of speculative office building in the UK from the 1950s to the late 1970s were typified by:

- structural convenience resulting in 6 metre spans and obtrusive columns;

- cheapness, with minimum floor to floor heights and low capacity services;

- small and constrained sites resulting in small buildings;

- developers' and funding institutions' ignorance of occupiers requirements; and

- naivety and low expectations on the part of many occupiers.

By the 1990s, however, the continuing search for increased business efficiency, especially by trans-national companies, led to the optimization of real estate assets in terms of location, quantity, specification and tenure. Harris (1991) and Daniels (1995) identified that the contemporary office tenant had become far more sophisticated than their counterpart in the 1950s and 1960s in terms of their demands and awareness of their precise requirements. Indeed, the office market has increasingly become characterised by downsizing and upgrading resulting in the negative net absorption of the office stock as tenants improved the quality of space they occupied by filtering through the stock available (Waterman, 1994; Bellos, 1995; Simmons, 1996).
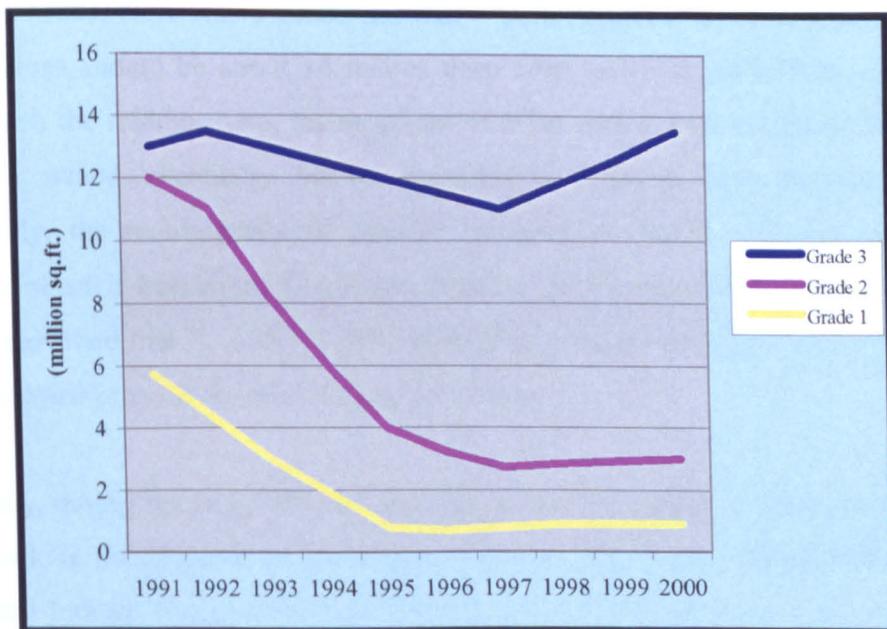
Figure 4.4: The changing pattern of empty office space 1991-2000 (adapted from Waterman, 1994).

The filtering model - used to explain changes in the inner city housing market in the 1960s and 1970s - can be used to explain the desire of many firms to improve the quality of their office accommodation (Lowry, 1960; Berry, 1980). The assumption is that firms possess a set of consumer preferences, including the preference for higher quality office space, and so the greater the firms ability to pay for space then the better the quality of accommodation acquired. The lower quality space is, therefore, left behind for those less able to pay (Smith (1996). Barras and Clark (1996) identified the problem as being the self-replicating nature of the building cycle that created a three-tier market likely to create conditions of endemic over-supply. As such, prime space became available at less than half of its previous peak rent encouraging occupiers to upgrade to better accommodation, until new shortages drove up top rents to a point at which speculative development again appeared profitable. Emerging shortages of prime space then encouraged occupiers to turn to the plentiful supply of good secondary space. The result was a prime market that switched periodically from surplus to shortage and a secondary market that followed behind the prime market cycle, and a tertiary market of vacant space that provided the next round of potential development sites. The objective mechanism underlying this filtering process was the depreciation and devalorization of capital invested in office stock outlined later in this chapter.

Demand and Rental Value

Prior to the 1980s, there was a consensus that - for technical and constructional reasons - office buildings should be about 14 metres deep with two rows of cellular offices and a corridor down the middle. Also, the suppliers of office space were confident that space of any quality would eventually be let provided a building was reasonably located. Unfortunately, the requirements of modern financial institutions did not facilitate the occupation of such buildings. The Royal Institute of Chartered Surveyors (1997, p.15) therefore, identified that *"...only 25-33% of existing second hand office space meets either modern specifications, or the needs of current tenants."*

Significantly, during the late 1980s location became an increasingly important factor in the decision-making process of businesses and the city centre became less attractive for many office users. Indeed, Evans (1997, p.63) notes how: *"The traditional advantages of city centre location have been offset by the lack of room for expansion, traffic congestion, parking problems and costly overheads."* Alongside these disadvantages, there was rapid development in transport and telecommunications technologies, which diminished the need for central locations at a time when a more permissive planning regime led to a wider range of potential locations including out of town business parks. Similarly, London Docklands -

including the 12 million square feet Canary Wharf development - albeit not in an out-of-town location, this highly speculative zone of offices to let had a dramatic and to a certain extent a destabilising effect upon London office markets in the early- to mid-1990s. Significantly, this development occurred at a time when there was over 40 million square feet of empty office space in Central London and itself proved initially difficult to let (Ambrose, 1994; Fainstein, 2001).
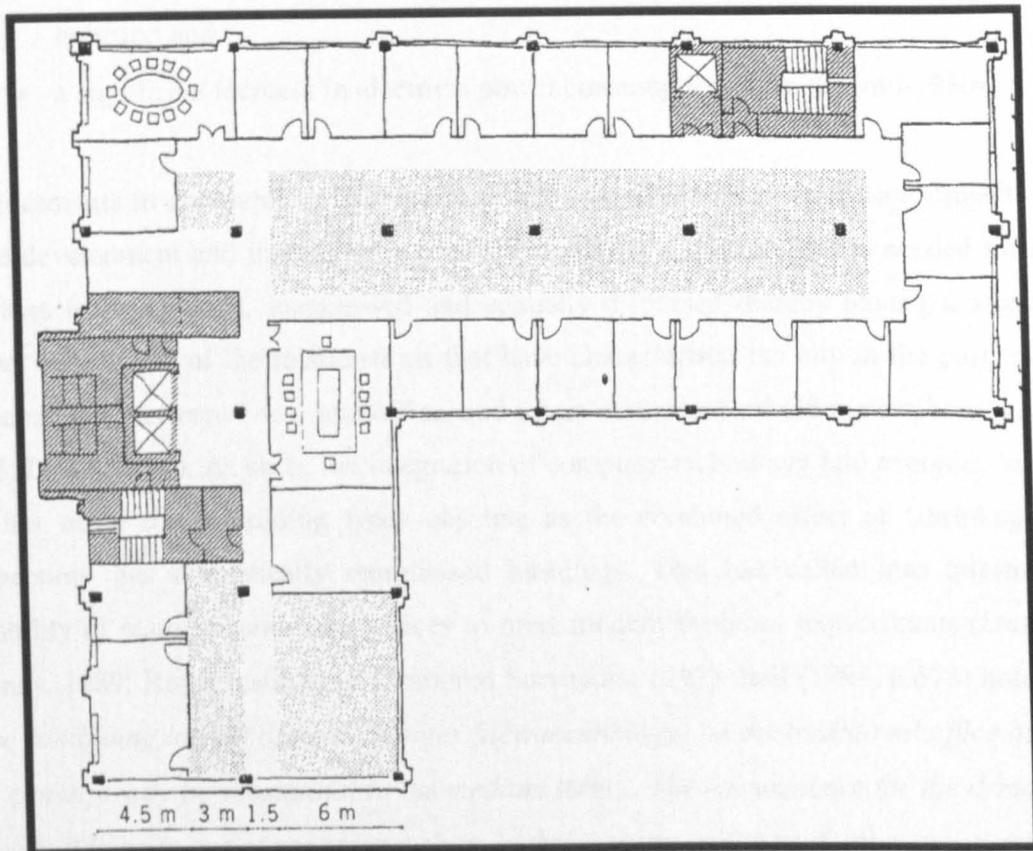
Figure 4.5: Diagram of typical post-war office floor plate (Duffy and Henney, 1989, p.30).

The needs of modern office occupiers have probably had the most dramatic affect on the value of office premises. Indeed, inadequate car parking, IT-based working practices, flexibility of partitions, environmental considerations, and their impact on services provided within the office accommodation all affect the valuation of an office property (Plimmer, 1998). Since the mid-1980s there has been a realisation that office design needed to be more flexible and of higher quality (Pepper and Morgan, 1986; Richard Ellis, 1987). The importance of information technology in the office environment has risen so dramatically that information is *"...no longer an instrument for producing economic merchandise, but has itself become the chief merchandise."* (McLuhan, cited in Eco, 1987, p.135). Just as information technology has transformed the day-to-day function of business and

administration, it has also had an impact on the provision of offices. Duffy and Henney (1989, p.23) identify the following consequences for cities:

- a decline in the relative value of location and an increase in the value of high performance buildings;

- rapid obsolescence: many 10 year old buildings become out of date;

- an increase in demand for premises for the burgeoning information industry; and

- a significant increase in electrical power consumption since the mid-1980s.

Advancements in computer technology have had one of the most significant impacts upon office development and the city as a whole. Initially, this allowed spaces needed for urban activities to be reduced, reorganised and spatially dispersed thereby having a significant impact upon many of the relationships that have characterised the city in the past, such as the separation between home and office, and urban centre and suburban periphery (Daniels, 1995; Leigh, 1996). As such, the integration of computer technology into everyday business life has made many building types obsolete as the combined effect of 'shrinkage' and 'dispersion' has dramatically reorganised buildings. This has called into question the suitability of many second-hand offices to meet modern business requirements (Duffy and Henney, 1989; Royal Institute of Chartered Surveyors, 1997). Ball (1994, p.678) notes that: *"The continuing impact of such changes [new technology] on the traditional office building will consequently be substantial in the medium term... The consequence for the demand for office buildings is one of continuous shifts in the quantity and type of office accommodation required."* Significantly, Bateman (1985) identifying the future trend for office development noted that even relatively recent offices would have to be adapted to accommodate new technology and rising environmental standards.

Quantities of Vacant Space

The increasing level of dissatisfaction with 1960s and early 1970s office space during the 1990s led to a surplus of obsolete post-war office buildings (Key *et al.*, 1990; Merrifield, 1993). In addition, Baum (1991) noted that technological change and changes in the structure of the UK economy have increased the structural risk of property investment since the mid-1980s. As a result, institutional investment in property slowed in the 1980s and leading investors restructured their portfolios in the early 1990s by reducing their holdings of older second and third grade office space to benefit from new sources of investment such as equities (Richard Ellis, 1987; Barlow and Gann, 1993; Royal Institute of Chartered

Surveyors, 1997). Property market analysts describe this stock of unoccupied offices as being divided by building quality, type and age into three grades of office space:

- Grade 1: the best quality buildings, built or refurbished after the beginning of the 1980s boom;

- Grade 2: older (1970s) buildings in good locations in the City fringe; and

- Grade 3: 'non-marketable' buildings (constructed in the 1960s and 1970s) deemed to be virtually un-lettable for the foreseeable future.

(Gann and Barlow, 1996, p.57)
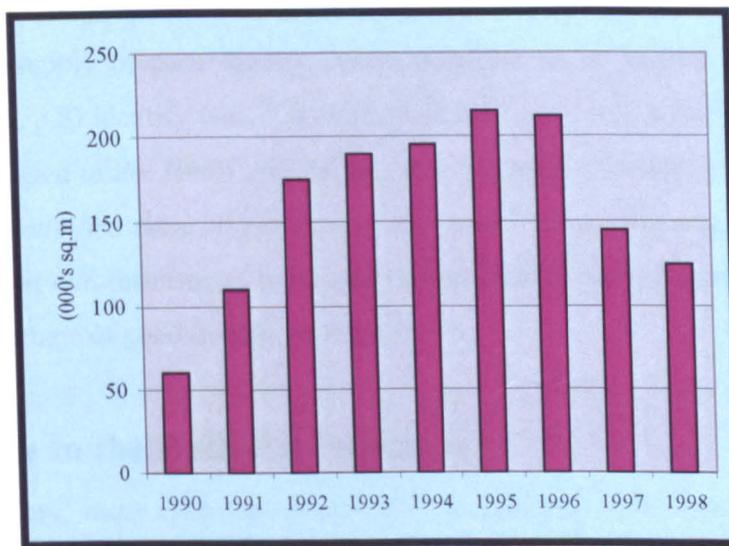
Figure 4.6: Office availability in Birmingham 1990-1998 (adapted from Knight Frank Research, 1999b, p.2).

In terms of quantity of vacant stock, Herring Baker Harris Research (1992) estimated that there was 500,000 square metres of unlettable office space in London alone, representing a 'permafrost layer' of low-grade accommodation. This pattern worsened through the 1990s, indeed, both London Property Research (Gann and Barlow, 1997) and Barras and Clark (1997) estimated that there were 2.8 million square metres of obsolete office space in Central London at the beginning of 1997. Significantly, both of these studies suggested that there was potential for an increase in the rate of obsolescence arising from the introduction of new working practices and the emergence of endemic excess supply. The *London Office Policy Review* (London Planning Advisory Council, 1995) also identified a significant structural oversupply of office buildings in parts of Central and Inner London. Barras and Clark (1996, p.77) argue that: *"Under such conditions of endemic over-supply across the secondary and tertiary markets, the average price of all but the best office space will be held relatively low compared to labour and other operating costs, producing a high rate of*

building obsolescence and a high rate of replacement investment. " In addition, as much as 75 per cent of UK office space was built prior to 1980 with up to half of this not meeting modern specifications or tenant requirements and as much as 15 per cent being redundant (Barlow, 1994; Daniels, 1995; Royal Institute of Chartered Surveyors, 1997; Margolis, 1998).

Knight Frank Research (1997) noted that economic growth since mid-1996 led to increased demand for office accommodation in the major UK cities, however, Barras and Clark (1996, p.76) suggest that *"...aggregate demand is unlikely to expand enough to eat into the third-tier of the market – the millions of square feet of poorly located or poor quality space which is to all intents and purposes unlettable over the next few years."* Indeed, there is a significant over-supply of poor quality accommodation in all centres and Knight Frank Research (1998a, p.5) identify that: *"As with most UK cities, much of Birmingham's office space was developed in the 1960s and 1970s, with the stock of prime, grade A space in the city centre currently less than 10 per cent of the total."* They also suggest that upgrading and rationalisation will result in an increased supply of poor quality second-hand redundant offices and a shortage of good quality new space.

Obsolescence in the Built Environment

In the 20th century, most cities are creations of capitalism, with investment fuelling the economy and becoming part of a cycle of wealth creation. This process usually runs counter to any values based on aesthetic, environmental or non-quantitative criteria. As such, property has become - in investment terms - no more than another class that competes for the allocation of institutional funds with alternatives such as cash and securities. Indeed, as Merrifield (1993, p.1247) identifies: *"The shifts which occurred in the global political economy since the mid-1970s - particularly the massive explosion of the financial sector - have rendered the commercial real estate market a pure financial asset."* As profits decline on investment in a region then land and building values fall usually resulting in liquid assets being pulled out and reinvested elsewhere. This withdrawal of actual and potential investment capital can stimulate an uncertain feeling about the future of the area and a gradually dilapidated or out-moded physical infrastructure. This in turn causes values and prices in the declining region to fall further and property to be devalorized.

Smith (1996) argues that this physical deterioration and economic devalorization of buildings or even areas of the city centre is seen by some as being a logical outcome of contemporary land and property markets. Nevertheless, the markets are social products, and

far from being inevitable deterioration and disinvestment are: *"...the result of identifiable private and public investment decisions. ...* [where] *there is enough control by, and integration of, the investment and development actors in the real estate industry that their decisions go beyond a response and actually shape the market."* (Bradford and Rubinowitz, 1975, p.79). The pace of change has accelerated to such an extent that there has been a growing acceptance of an ever-increasing rate of obsolescence for offices within urban centres. (Cantacuzino, 1975; Baum, 1991; Cadman and Topping; 1995; Bryson, 1997). Barras and Clark's (1996) cross-sectional analysis of the office market failed to identify any consistent trend in the rate of obsolescence. Nevertheless, that obsolescence in the office market might accelerate through to the end of the first decade of the 21st century because of the cheapening of space as a result of endemic over-supply and changing patterns of demand as a result of new working practices.

Obsolescence, or diminished utility, is the reduction in the useful life of a capital good. In the main, it is a consequence of change - either expected or unexpected - and the relative fixed nature of the built fabric and its location. When a building is commissioned and built, it is usually 'state of the art' in terms of its functional requirement, built to contemporary construction standards and be appropriately located for its intended function. Nevertheless, from their inception *"...most urban resources have limited life and go through life cycles from inception to exhaustion. [It is therefore approaching the state when it will have become] completely useless with respect to all the uses it might be called upon to support."* (Lichfield, 1988, pp.19-22). Obsolescence is clearly a relative term with regard to a terminal state, however, and unless designed for a very specific purpose, it is difficult to conceive of a building having no residual physical utility and being impossible to be adapted to another use. Thus, a state of total obsolescence is rarely reached, indeed, for most practical purposes, obsolescence is not an absolute concept but is always relative to other buildings and areas (Tiesdell *et al.*, 1996).

The theoretical model of obsolescence implies a direct relationship between the age of a capital good and its technological potential. This is a reasonable assumption with goods such as computer systems, however, it is not so simple in the case of buildings. Indeed, Barras and Clark (1996) confirm that there is no direct relationship between the age of a building and its degree of obsolescence as factors such as specification, location and design are to varying degrees independent of age. In the late 1980s, it was assumed that only buildings with large floor to ceiling heights could accommodate the cabling for information technology, however, subsequent developments have meant that the space required has been

diminished. Consequently, many buildings considered technically obsolete just a few years ago have become serviceable for the installation of computer networks.
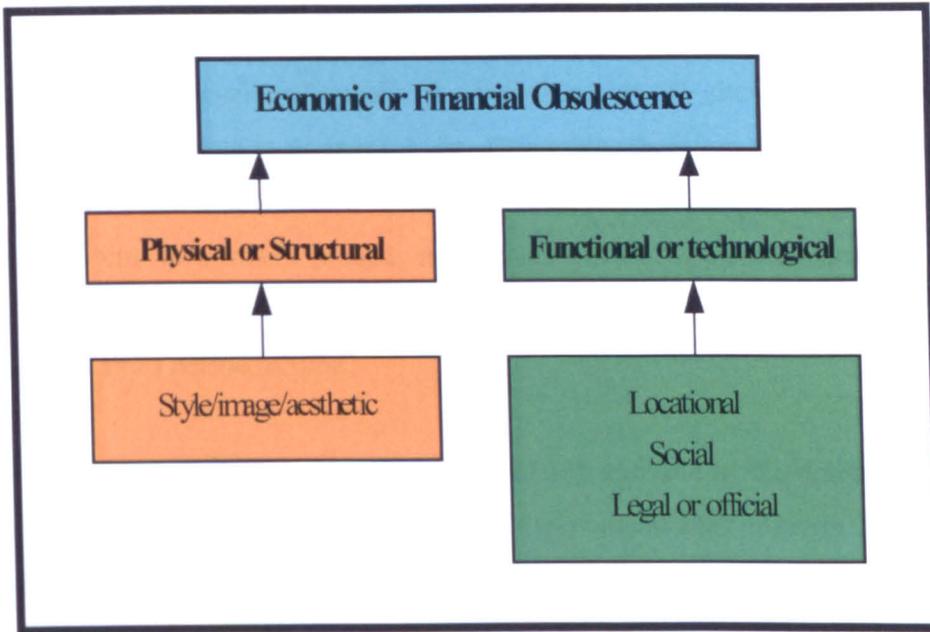
Figure 4.7: The dimensions of building obsolescence.

There are several interrelated dimensions of obsolescence. Some of these are attributes of the buildings and their functions while others relate to the area as a whole and the degree of obsolescence will be different for each building or area. There is no consensus as to the classification of these interdependent forms of obsolescence and various authors have attempted to identify both the terminology and categorisation of building obsolescence The various forms have included: economic; structural; functional; environmental; locational; aesthetic; design; legal; and social obsolescence (Bowie, 1982; Salway, 1986; Lichfield, 1988; Royal Institute of Chartered Surveyors, 1988). For the purposes of this thesis, the dimensions of obsolescence are organised into the overriding *economic or financial obsolescence*. This is then separated into *physical obsolescence* with its sub-set of image obsolescence and *functional obsolescence* with its three sub-sets of locational, social and legal obsolescence (see Figure 4.7). It should be noted that these typologies are considered to be inter-dependant and can rarely be experienced in isolation.

Economic or Financial Obsolescence

Rather than being terminally obsolete, it is more likely that the building is economically obsolete. This is the situation where a building is not obsolete in its current use but the potential value of the site for redevelopment is higher than the value of the site as it stands. As Lichfield (1988, p.131) states *"...the building may not be obsolete in the sense of being*

'completely useless with respect to all uses it might be called upon to support' and may still be maintained to support its current use. But it can be regarded as economically obsolete and on economic grounds ... it will not be renewed but allowed to deteriorate in anticipation of its next phase in the life cycle." Thus, if the redevelopment value of a site is sufficiently higher, by at least the developer's profit, the building and the site could be described as being economically obsolete in its current use. This might therefore result in the demolition of buildings - that are not obsolete in an absolute sense - simply for the purposes of replacing them with new stock. Indeed, the physical life of a building can be very long, however, in economic terms it may have exceeded its useful (profit maximizing) life only after a relatively short period of time.

A number of investment models have been formulated to assist in the determination of the economic life of a building. Essentially they all recommend that property should undergo change when the present value of expected future net returns from the existing building becomes less than the net value of the next best use that the site could be put to, after taking all the development costs into consideration (Warren, 1993). Indeed, Barras and Clark (1996, p.63) referring to the economic life of capital goods suggest that: *"Once they no longer generate a surplus over operating costs, they become economically obsolete and are due for scrapping."* Economic obsolescence therefore occurs at the point when capital goods can no longer be operated profitably or a site is under-utilised (Fraser, 1984).

Obsolescence may also occur in investment terms, where if the cost of investing in a building is higher than alternatives then consequently these will be more attractive. This introduces the concept of relative obsolescence or obsolescence with regard to the cost of alternate opportunities. A building must, therefore, have greater economic value than the next best alternative and the cost of its utilization has to be lower than the competitive supply (Rypkema, 1992). In the long term, through the interaction of supply and demand, land in the private sector will generally transfer to the highest value use. Similarly, the users or potential users, who are willing to pay the highest rents or prices, will generally be those capable of realising the greatest benefit from their use of land. In a free market economy, once a building has become economically obsolete then it would simply be abandoned and left to deteriorate, or - if the site retained some value - it might be demolished and the site redeveloped. In the case of commercial buildings, this model is most directly applicable to owner-occupiers. In the letting market, special complications arise from the relationships between the producers of the capital good (developer) and the end-user (occupier). Obsolescence rarely affects the rental value of premises in a uniform manner, partly because

the adjustment of rents payable to the owner tends to lag behind the obsolescence because of lease or tenancy terms.

Faced with approaching obsolescence, an occupier and owner will be faced with calculations of financial costs and returns for rehabilitation and redevelopment. The decision to alter the building will not be made, however, unless the additional expected returns exceed the costs of coping with the obsolescence. In such cases the building may not be obsolete in the sense of being completely useless with respect to all uses, consequently, when a building becomes obsolete in one use it may still be profitable in another with lower operating costs. Nevertheless, it can be regarded as economically obsolete and it will not be refurbished but allowed to deteriorate in anticipation of its next phase in the life cycle. If the building is not economically obsolete, however, then measures will be taken to alleviate the obsolescence and extend the remaining life, in both years and quality. Should the potential value of the site for redevelopment be higher than the value of the property as it stands, however, then the site could be described as being economically obsolete in the current use. This would usually result in the demolition of the building and redevelopment regardless of whether it is economically obsolete (Lichfield, 1988; Barras and Clark, 1996).

In simple terms, the mismatch between the services offered by the fabric (the supply) and the needs seen through contemporary eyes (the demand) results in obsolescence. Buildings, which lose their attraction through obsolescence, will also lose their rental value. Indeed, Baum (1991, p.185) notes that the: *"...increasingly regular need for the refurbishment ...coupled with growing dissatisfaction with the quality of 1960s office buildings, led to falls in real value..."* A filtering-down process may then see lower rents attract those prepared to offset the disadvantage of obsolescence. Smith (1979; 1996) argues that land and the buildings upon it are commodities that are fixed in space but their value is anything but fixed. The buildings on a piece of land, as well as neighbouring developments, can influence the ground rent that a landlord can demand. Nevertheless, since they are inseparable, the price at which buildings are traded also reflects the ground rent level., however, the land, unlike the buildings upon it, does not require upkeep in order to continue its potential for use. If the value of a site falls relative to the value of the buildings on it, then this will tend to extend the economic life of the buildings if they remain in active use. Equally, it might shorten it, if as a consequence they fall into vacancy and dereliction.

The existence of older buildings may not be helped by accounting and taxation procedures that introduce an 'artificial' or financial obsolescence. In accounting, depreciation is used to

take into account expected or anticipated obsolescence and is therefore the projected reduction in the value of a fixed asset such as land and buildings over time. Depreciation is used to ensure that the cost of capital assets is included in the calculation price of the company's goods and in assessing its turnover and profitability. While the rationale for depreciation procedures is acceptable, it can have some undesirable side effects. For tax purposes, buildings are capital assets that are assigned a depreciable life or period when it is assumed they will have economic value and can therefore be used to offset tax. Once this period has expired a building no longer appears on a companies balance sheet as its depreciable life has ended and, although a building still has an intrinsic value, it no longer has any value for tax purposes. Rypkema (1992, p.210) suggests that this "...*begins to mould one's thinking; it makes the asset disposable. Depreciation is justified on real estate's definition as a 'wasting' asset'. Thus it becomes a wasted asset, razed generations before its physical life is over. Buildings are torn down not because their physical life is over but because their remaining economic life is deemed to be limited.*" Thus, there is an argument for depreciation of buildings to be eliminated altogether, so that real estate becomes a renewable capital asset rather than a 'wasting' one.

Physical or Structural Obsolescence

Obsolescence can arise through the physical or structural deterioration of the building. This occurs as the building's fabric deteriorates through the effects of time, the weather, earth movement, traffic vibration, or through poor maintenance. The building then requires repair and maintenance over and above that offered by regular, ongoing maintenance due to the continuous process of wear and tear (Barras and Clark, 1996). Without such refurbishment the physical condition of the building would interfere with occupation of the building. Obsolescence of this nature is likely to be - at least initially - gradual. Baum (1991, p.188) identifies external appearance, internal specification and configuration as the three fundamental determinants of physical obsolescence where "...*internal specification is the most important to both occupiers and investors and hence as an explanation of depreciation in capital values.*"

Maintenance and refurbishment can lengthen the physical life of a building but often before it reaches exhaustion the fabric usually becomes obsolete. At this point some form of renewal can be implemented, thereby enabling the fabric to enter a new stage of life. This process is often repeated, once or more, before the degree of obsolescence is such that redevelopment occurs (Lichfield, 1988). Seldom is the deterioration of a building's physical

fabric the main reason why it becomes redundant and although a property becomes redundant for their current occupiers it may not become economically redundant.

Image, Style or Aesthetic Obsolescence

This is a product of the perception of the building's image and is a value judgement that may - in reality - lack any underlying substance. Indeed, over time the fixed fabric can become less suitable in contemporary eyes for the needs it serves as the human, social, economic or natural environment changes and therefore such buildings or areas become outmoded in terms of expectations of style or image. Image obsolescence might be generic or specific to a particular use. Perceptions, however, can change over time, for example, in the immediate post-war period, older buildings were demolished to build new ones whose image would be suitably redolent of their modernity. In more recent times, values have changed and older buildings are often seen as more desirable because of the values of stability, tradition and discernment that they might communicate. However unsubstantial the underlying reality, perceptions are important in shaping values and attitudes. Image can also lead to an appreciation of the value of a building, as older styles can once again become fashionable and therefore more sought after.

Figure 4.8: Style gurus: the comments of influential figures - such as HRH Prince Charles' *A Vision of Britain* (1989) - can affect the image of particular buildings or building styles (source: Hellman in Architects Journal, 22 January 1998, p.14).

Functional or Technological Obsolescence

Functional obsolescence can be seen as a product of progress and Salway (1986) confirms that most commercial buildings are likely to reach the end of their functional lives well before they reach the end of their physical lives. Obsolescence of the functional qualities of a building can arise because of the building itself, or indeed its physical location. Indeed, it may be that by contemporary standards or occupier requirements that an attribute of the building is no longer suited for the function for which it was designed or is currently used. This inadequacy can relate to the fabric itself, for example, the building does not have central heating, air conditioning or lifts, or the building may be unable to accommodate modern telecommunications facilities. As a consequence of functional obsolescence, a technological disadvantage may arise with the premises being less efficient and the occupier correspondingly less competitive. Functional obsolescence may also arise from factors external to the building itself such as the attributes of the area in which it is located but on which the function depends. It is unlikely that there will be uniform rate of obsolescence over time. Indeed, functional obsolescence clearly speeds up at times of rapid technological advance. Similarly, it does not follow that the degree of obsolescence will follow a continuing downward curve.

Locational Obsolescence

Locational obsolescence is primarily an attribute of the area in which a building is located. When the building is originally built its location is usually determined in terms of the accessibility to other uses, markets, suppliers and transport infrastructure. Over time, this location may become obsolete for the activities for which the building was constructed. Indeed, as the pattern of other economic activities evolves and develops, the area or building might become increasingly less appropriately sited. Locational obsolescence therefore occurs due to the fixed nature of a particular location relative to a wider pattern of economic, environmental, political and social changes. This state of obsolescence operates at various scales - internationally between countries or within cities between central and peripheral sites, for example, where firms move from the city centre to more accessible locations on suburban industrial estates.

Specific changes could also introduce locational obsolescence, for example, shops built around a hospital or railway station that becomes defunct (Lichfield, 1988). This form of obsolescence might also arise from the migration of the central business district. Indeed, the introduction of modern building codes from the early 1900s encouraged the rebuilding of central areas. In Europe, this rebuilding was largely done in-situ, however in America it was

often easier for the downtown area to migrate to a new location. In American cities, without the anchor of a major public square or cathedral square, the peak land value intersection of the office core could often migrate considerable distances Thus, the original core can be considered as a 'zone of discard' which, therefore, suffers from relative locational obsolescence (Ford, 1994).

Social Obsolescence

Social obsolescence can be the result of increasing demands by occupiers for improved facilities and services in buildings. Similarly, employees have since the early-1980s become much more discerning in terms of the quality of their working environment and as such employers have increasingly become aware of the need to satisfy their workforce. One example is the individuals' ability to control the comfort - lighting, heating and ventilation – of a personal workspace.

Legal or Official Obsolescence

Legal obsolescence is related to the functional and physical dimensions of a building or area and occurs, for example, where a Government or public agency determines certain minimum standards of functionality. Thus, the introduction of new standards in health and safety, fire or building controls can render a building obsolete. Alternatively, a building may be legally obsolete because a local planning authority would permit a larger or more profitable building on the site. Similarly, 'official' obsolescence can occur where, for example, an area or building is officially declared for comprehensive redevelopment by the public sector. In the interim between the announcement of the project and its implementation - if, indeed, it ever is - the area becomes blighted and medium to long-term - investment is deterred. This official obsolescence might also be reinforced by institutional unwillingness to provide insurance or funding for the rehabilitation - or maintenance - of properties within the area.

Depreciation versus Obsolescence

Bowie's (1982) article on the issue of depreciation stimulated the attention of the UK commercial property market and led to the CALUS report *Depreciation of Commercial Property* which was devoted to building depreciation and its various effects. The report responded to Bowie's concerns that the useful life of many commercial buildings was becoming shorter and that the prices paid for buildings were not fully reflecting potential problems of depreciation. It suggested that depreciation factors needed to be accounted for in life-cycle costing techniques because in most cases the economic or functional life span

of buildings was shorter than the potential physical life span (Salway, 1986). Indeed, Baum (1991, p.185) noted that: *"The early 1980s saw a rapid development of interest in property depreciation and obsolescence."* In turn, from the mid-1980s, there was a growing realisation that depreciation and obsolescence had to be accounted for in property appraisal models (Debenham Tewson and Chinnocks, 1985).

In 1975, a major UK pension fund bought a 10-year old office block in North London for £2.825m. In 1977 the building had increased in value by 23.9% (or 11.3% per annum) and was valued at £3.5m. It was ten years old, and showing some signs of age. Nonetheless, it was performing quite well in a relatively quiet market. By 1985, eight years later, the building was valued at only £3.2m. Had it kept pace with the index, its value would have been £7.28m. Instead, it had fallen in value by 8.6%, or 1% per annum, and as a result was now worth only 44% of the index value for average prime offices in the UK. The building was now 18 years old. The relative attractiveness of the location had not changed very much, but 1960's office buildings had become highly unpopular within a very weak market for office investments, and in addition this building had developed structural problems which were not evident at the time.

Figure 4.9: An example of depreciation and economic obsolescence in the UK office market (Baum, 1991, p.1).

Bowie (1982, p.405) defines depreciation as *"...the measure of wearing out, consumption or other loss of value of a fixed asset, whether arising from use, effluxion of time, or obsolescence through technology and market changes."* Salway (1986) also distinguishes depreciation as the effect and obsolescence as the cause. Indeed, depreciation is the *loss in the real existing use value* of property from any cause with obsolescence being one of these causes. Obsolescence on the other hand, can be described as *a value decline not directly related to physical* usage. This includes the action of the elements or the passage of time - such as its inability to perform the job for which it is designed - or a loss in value due to factors outside the property itself. As such, building depreciation is a result of the physical deterioration of the fabric of building as a function of use and the passage of time (Wofford, 1983). Baum (1991, p.64), however, argues that: *"...it is difficult to see how the passage of time creates deterioration other than as a result of use or the action of the elements."* He therefore argues that it is better to define deterioration of the physical fabric as a function of use and the action of the elements. In other words, obsolescence results from changes that are extraneous to the building. As such, depreciation is a generic term, whereas

obsolescence is a contributing factor. It may occur as a result of technological advance or from change, which is extraneous to the building such as changing market perception about such factors as quality and design (Baum, 1991).

Much of the perceived complexity surrounding the concept of depreciation is due to the fact that an obsolescent property investment can increase in value, whereas the popular understanding of obsolescence is that it causes a decrease in value. Indeed, obsolescence may be reflected not in falling values but in under-performance relative to inflation or to an index of prime property values that results in a loss in *real* value. Obsolete property can also rise in value as a result of advantageous planning decisions. On the other hand, depreciation in the real existing value may result from tenure-specific (results of leases and tenancies which restrict or encumber the investment) or property-specific factors (which affect the property regardless of tenure). Wofford (1983) categorises the three sources of depreciation as physical deterioration, functional obsolescence and economic or locational obsolescence. Bowie (1982) goes further by describing how depreciation can be divided into two categories – curable and incurable. He describes works such as painting and pointing being curable whilst incurable depreciation or obsolescence involves the insidious wearing out of a building.

Reconciling Obsolescence: Options for Building Owners

The obsolescence of buildings is expressed in a mismatch between supply and demand or "...the services offered by the fabric and the needs seen through contemporary eyes." (Lichfield, 1988, p.25). Efforts to address the various dimensions of obsolescence in order to extend the useful life of buildings can demand building and/or area-based renewal. Determining the particular course of action to address the obsolescence or diminished utility of buildings is usually a rational economic process, which assesses the costs and benefits of the various courses of action. Unless the additional expected returns for any future use of the building exceed the costs of remedying the obsolescence, those actions will generally not occur. In addition, the return on the investment must be considered relative to other possible investments, hence there must be a commercial rationale to undertake actions to address obsolescence. Where the mismatch is not reconciled through the normal operation of the commercial market, there might be a case for public intervention to change the supply or to alter the pattern of demand.

As outlined earlier in the chapter, most office buildings constructed before the early-1980s have become outdated and in desperate need of refurbishment. Ratcliffe and Stubbs (1996)

and Slavid (1996) describe the extensive remedial measures required to bring such accommodation up to a satisfactory standard for contemporary office use, including: recladding; renewing heating and plumbing; renewing windows; and providing false ceilings and/or floors. The rehabilitation of a building takes place when works are carried out to overcome at least some of the obsolescence, normally structural and functional (Lichfield, 1988). The utility can be increased either by adapting to contemporary requirements through *refurbishment* for the existing use or by *conversion* and reuse for a different purpose or function. Traditionally, it was common to refurbish office accommodation to meet contemporary specifications, however, the technological advances since the 1980s, have been so dramatic that it has become increasingly difficult to upgrade existing structures. Hence, in the 1990s, new construction was generally favoured over the refurbishment of existing buildings (Longcore and Rees, 1996).

The viability of redevelopment of the site over the rehabilitation of the existing building relates to the relationship between the capital value of the cleared site (for its best use) less the costs of demolishing the existing and constructing a new building compared to the capital value of the existing building and site (in its best use) less the cost of refurbishment or conversion. The owners of poor quality unlettable space, therefore, have to make decisions based upon an assessment of future possible returns set against current costs. Due to the dynamic nature of property markets, this relationship is likely change over time. They have the option of:

- demolition, if investors are financially capable of holding onto the vacant site until it is ripe for development in a future market upturn;
- renting or leasing the space at a loss in the short-term;
- selling the building, if possible and potentially at a loss;
- refurbishment to upgrade third-class buildings to more desirable second-grade offices;
- 'constructive vandalism' and later reinstatement to reduce costs[1]; and
- conversion of the space to other uses - if finance can be arranged.

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[1] Vacant office buildings attract 50 per cent of the full Uniform Business Rate. This can significantly affect owners' cash flows. If, however, the building is rendered 'incapable of beneficial use' or 'uninhabitable', exemption from the Uniform Business Rate can be obtained. Taking a building out of beneficial use requires the removal of major facilities that in itself can be expensive. This activity is known as 'constructive vandalism' (from Barlow and Gann, 1993, p.22).

Conversion to residential use: the emergence of a rent gap

It is important to understand the relationship between land value and the value of buildings to begin to appreciate why certain buildings become available for re-use. As such, the concept of rent-gaps provides an analytical tool for understanding the financial aspects of changes in the built environment, such as cycles of depreciation and reinvestment as well as gentrification and patterns of land use. The rent-gap theory that was originally proposed by Smith (1979) assumes that, over time, as an urban area develops and changes, that the potential land value of the site rises and the value of the building depreciates. Over time this depresses the actual land value and the rent-gap grows. As the gap increases, the incentive for the landowner to redevelop the site or convert buildings to other uses will rise. When this eventually occurs, the actual and potential land values are brought back into line, and the cycle begins again (Habraken, 1972; Smith, 1979; Hamnett, 1984). Barlow and Gann (1993, p.6) suggest therefore that the concept of the rent-gap is where *"...the disparity between the potential land value which could be capitalised under the land's 'highest and best' use and the actual capitalised land value in its present use."*
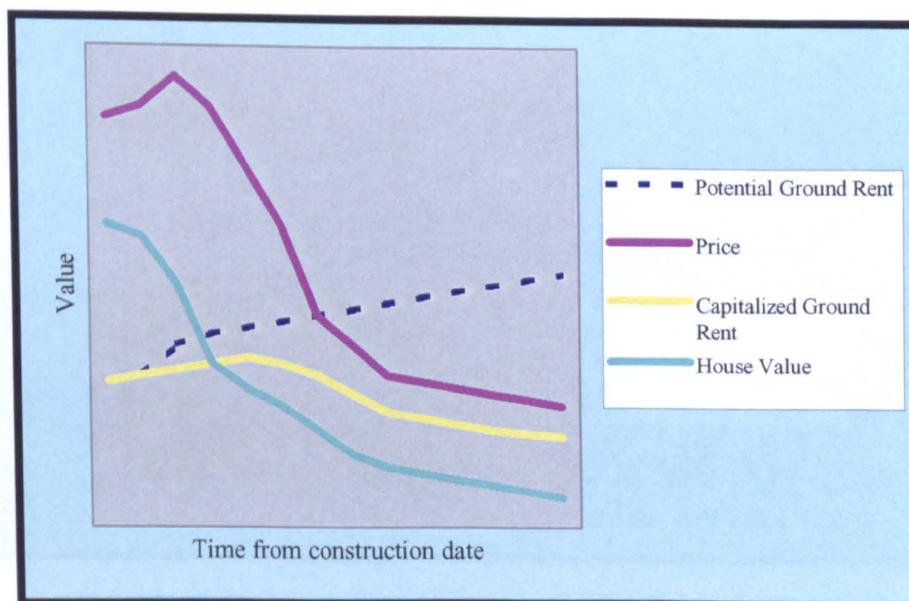
Figure 4.10: The devalorization cycle and the evolution of the rent gap (adapted from Smith, 1996, p.65; 1979, p.544)

Smith (1996, p.61) disaggregates site value into four separate but related categories: building value; sale price; capitalised ground rent; and potential ground rent. He argues that these *"...categories remain fully or partially obscure and indistinguishable under the umbrella concepts land value and property value."* Capitalized ground rent being the actual quantity of ground rent that is appropriated by the land owner under the current land use,

while, potential ground rent being the amount that could be capitalized under the land's highest and best use. A rent gap arises when there is a disparity between the potential ground rent level and the actual ground rent capitalized under the present land use. Only when this rent gap emerges can adaptive re-use be expected to occur, since if the present use succeeded in capitalizing all or most of the ground rent, little economic benefit could be derived from conversion to another use. Conversion occurs when the gap is wide enough that developers can purchase the buildings, pay the costs of conversion including interest on any loans, and can sell the end product for a sale price that leaves a satisfactory return. When this occurs, then the entire ground rent, or a large portion of it, is now capitalized and the building begins a new cycle of use. This cycle of devalorization is not inevitable, or indeed common to all areas, however, it normally precedes the opportunity for buildings to be converted to other more profitable uses with this devalorization producing the objective economic conditions that make building re-use a rational market response.
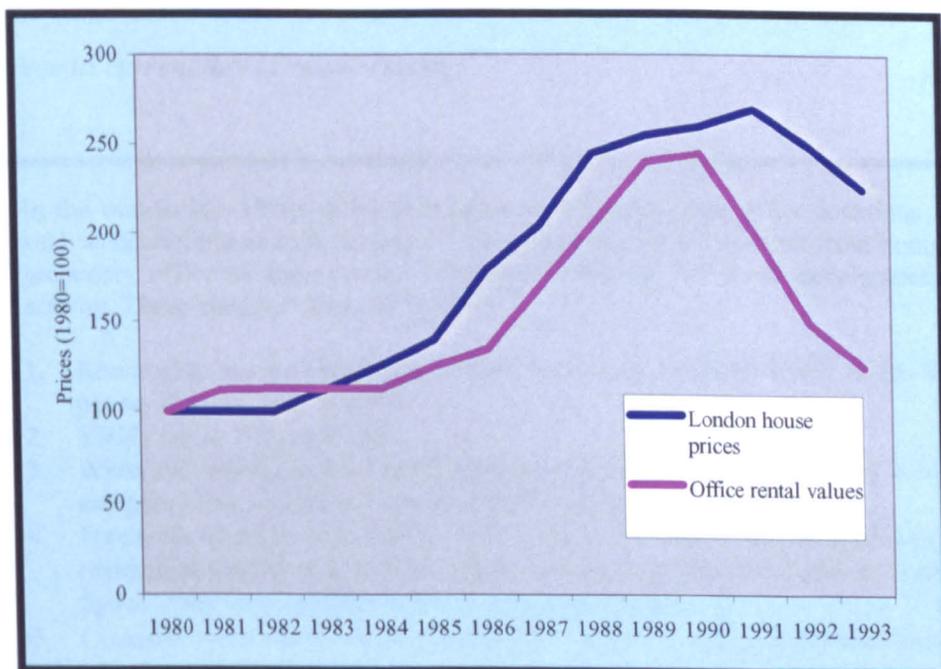
Figure 4.11: The rent gap between office and residential accommodation in London1980-1993 (adapted from Barlow and Gann, 1993, p.17).

In the context of the London property market, Hamnett and Randolph (1984; 1986) have identified what they call a 'value gap' between the 'vacant possession value' of a building and its 'tenanted investment value'. Where the value-gap becomes sufficiently large, the property owner is encouraged to transfer the building to other forms of tenure or use. Smith (1996) argues that this value-gap would more properly be defined as a 'price-gap', although

Clark (1991a, p.24), argues that the value-gap can be seen as a refinement of the rent-gap and that: *"... a property will not have a value gap without also having a rent gap."* Barlow and Gann (1993) note that one of the most significant motivating factors behind the surge in office to residential conversions since 1990 was the emergence of such a rent-gap between what owners could expect to get for their buildings in the commercial sector and private sector housing prices. Indeed, by the end of 1993, the return on housing was thought to be 88 per cent higher than that for commercial rented property (Building, 1994). This situation - to varying degrees - continued throughout the 1990s and Knight Frank Research, (2000, p.2) identified that:

"The competition between commercial and residential values has continued to have an effect on the supply of development land. The shortage of land and sites for residential use in some areas has meant that moribund office buildings, are now being considered by residential developers, particularly those constructed in the 1960s and 1970s which have become too expensive to update to current day IT requirements."

In the mid-to late-1990s, it became apparent that non-prime office locations - such as Smithfield and Clerkenwell – were experiencing a transition from being secondary office locations to the focus residential and live-work development activity. These changes occurred because:

1. Reasonable quality office space could barely attract rental levels of £8-10 per sq. ft as recently as 1994;
2. Yields fell to 10% or worse;
3. When old buildings fell empty they were virtually unlettable as they were and prevailing rental levels rendered refurbishment non-viable;
4. Freeholds could be acquired for £25 sq.ft or less and, in the strengthening residential market at that time, when converted to residential use or "Loft Space" they were saleable at £150 sq.ft or better; and
5. Councils were happy to see a stimulus to the local economy and gave planning permissions readily.

Figure 4.12: Example of an increase in residential conversion activity as a result of structural changes within the office market (adapted from The House Builders Federation, 1998, p.3).

Whether the office market will improve in real terms - with increased real rents and capital values - and whether the developers, agents, funders and occupiers expect the office market to improve are two key variables in terms of office market conditions and therefore the potential for conversion to residential use. Answers to these questions are not always easily

identifiable let alone predictable. Indeed, commenting on the same time period, King (1996, p.19) identified that continued economic growth had led to a resurgence in commercial property development - especially in London - where office rents began to rise in 1996. By contrast, however, Gann and Barlow (1997, p.26) suggest that: *"Demand for office space fell further, with firms staying put to weather the recession. The inevitable streamlining and insolvencies left yet more space available and some of those firms that could afford to move were locked into lease agreements."*

The Property Industry and Conversion Activity

In addition to the detailed literature review examining the opportunity for conversion activity from a property market perspective a number of in-depth semi-structured interviews with senior members of organisations involved in office to residential conversion activity. This series of interviews drew out the views, experiences and expectations of key players in the development process in order to further an understanding of the likelihood of post-war office to residential conversions. As such, these interviews were an integral component of the analysis of the opportunity for conversion (Chapter Four) and the conversion process (Chapter Five). In relation to the opportunity the aim of these interviews was:

- to examine more deeply the opportunities for post-war office to residential conversion as a result of building obsolescence and vacancy;
- to further understand why obsolescence occurs and its impact upon vacancy rates;
- to explore the property markets expectations of future trends; and
- to collect supplementary information and to understand more fully the context within which conversion activity takes place.

Despite an overriding structure for these interviews a much more fluid and conversational approach was adopted which was able to draw upon the experiences and views of these professionals within the property industry (Eyles, 1988; Silverman, 1993; Valentine, 1997). The semi-structured interviews were implemented as a flexible research technique to enable a greater and clearer insight into the opportunities[2]. The interviewees were chosen to represent: previous and current conversion experience; different types of conversion; different geographic regions; and different roles in the development process (see Figure 4.13). To retain the confidentiality of those persons interviewed, the names of the

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[2] A detailed methodology and theoretical discussion of the role of in-depth semi-structured interviews is outlined for the in-depth semi-structured interviews with local planning authorities in Chapter Seven.

individuals and organisations concerned have generally been suppressed. The interviews were conducted between January 1998 and June 1998. The interviews informed the understanding of vacancy and obsolescence – the opportunity for conversion – analysed in this chapter, however, some of the key issues and findings are also outlined in this section.

Type of Organisation	Responsibility of Interviewee	Location	Conversion Experience (at time of interview)
Housing Association	Development Manager	South Yorkshire	Considering two post-war office buildings for conversion to affordable housing.
Housing Association	Area Development Manager	East Midlands	One existing post-war office conversion and another in the planning process.
National House Builder	Development Director	London	Three completed post-war office conversions and two others on-site.
Regional House Builder	Technical Director	Birmingham (Midlands)	One post-war office conversion currently being developed.
Regional House Builder	Sales Director	London	One completed office conversion and two more in planning process.
Regional House Builder	Development Director	London (South East)	Two completed office conversions and two others on-site.
Regional House Builder	Land Director	London (South-East)	One completed post-war office conversion and three others under consideration.
Local Developer	Managing Director	Nottingham	Conducting feasibility study of post-war office to residential conversion.
Residential and Commercial Land and Property Agents	Managing Director	East Midlands	Handling sale of new residential units in a former office building and dealt with sale of another post-war office building to a residential developer.

Figure 4.13: Profile of interviewees for semi-structured interviews (opportunity for conversion).

One of the fundamental reasons for the sudden glut of obsolete office space arising during the 1990s was the significant number of office buildings completed and let during the mid-to-late 1960s and early 1970s on 25-year leases. In a buoyant office property market many of these buildings would have been redeveloped, however, tight profit margins and a significant rent-gap made this unfeasible particularly in regional cities. As a result as the leases terminated, many property owners were left with obsolete office stock that required

extensive refurbishment if it was to have a chance of being re-let. In addition, these 25-year leases also actually encouraged obsolescence because of the lack of incentive for tenants to refurbish the property they occupied. Another major factor in the sudden increase in the availability of office space was a significant readjustment of their portfolios by UK insurance and pension funds, which account for nearly 50 per cent of all office property in the country.

Nevertheless, most of the interviewees noted that economic growth in the mid- to late-1990s had led to an increased demand for office accommodation in the major UK cities. It was suggested, however, that the demand is unlikely to increase sufficiently to 'take-up' the millions of square feet of poorly located or poor quality space. Indeed, it was commonly thought that the majority of the empty Grade C stock would be unlettable for the foreseeable future. The House Builders Federation (1998) concurred with these findings and claimed that if the market stayed in equilibrium or better, that Grade B space would probably be refurbished and re-let whereas Grade C space would not re-let and would therefore be available for refurbishment or redevelopment.
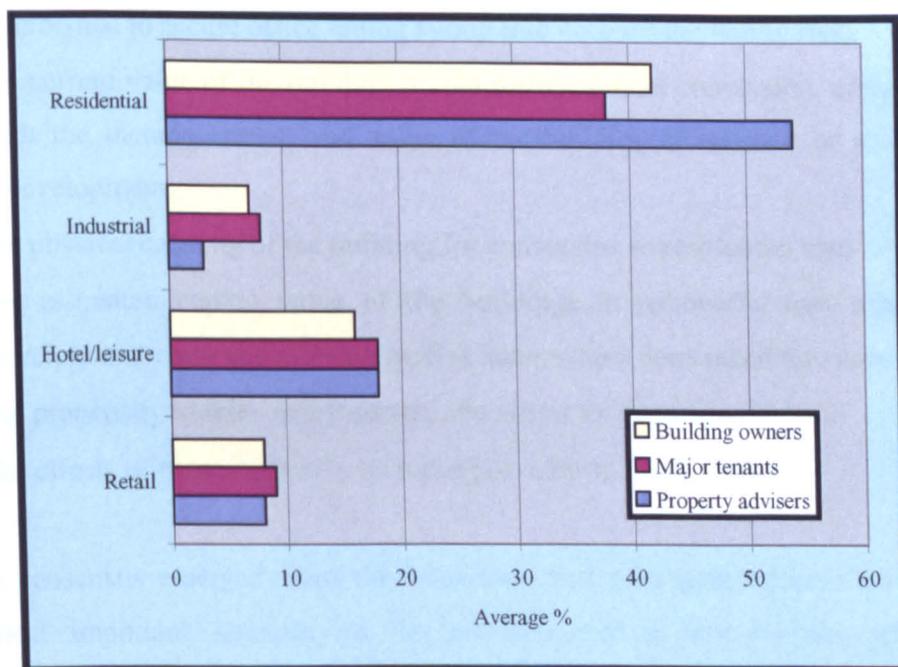
Figure 4.14: Percentage of redundant office space that could be converted to other uses (adapted from Royal Institute of Chartered Surveyors, 1997, p.28).

The interviewees emphasised the pressure that the owners of many secondary office buildings would be placed under to carefully consider alternative options for their buildings. It was felt, however, that in many locations the rents and capital values would be too low to

warrant redevelopment thereby making refurbishment or conversion to another use more likely. Another factor mitigating against the redevelopment option was thought to be that demolition is rarely a viable proposition in the case of post-war office buildings because the amount of floor space in the existing building is usually far in excess of that likely to be permitted in any redevelopment. Indeed, despite many local amenity groups often desiring to see such buildings demolished the planning system often inadvertently precludes this approach thereby acting as a driver in the refurbishment or conversion process. Significantly, the Royal Institute of Chartered Surveyors (1997) suggest that up to half of redundant office space could be converted to residential accommodation (see Figure 4.14).

The availability of office buildings for conversion to residential use is clearly dependent on a number of interrelated factors particularly the relative competition between commercial and residential values. Any particular case will also depend on the motives of the particular building owner, however, the basis for developers' decision-making is commonly based on several key factors:

- the current and projected capital value of the building if retained and refurbished to secure office letting taking into account the letting risk;

- the current value of the building if sold for residential conversion, compared with the income stream and value of the building if retained or sold for redevelopment;

- the physical capacity of the building for conversion to residential use;

- the estimated capital value of the buildings in residential use, after all development costs and relevant market factors have been taken into account;

- the propensity to sell - many owners can afford to 'sit and wait'; and

- the effects of planning policy including development plan policies.

A strong consensus emerged from the interviews that poor geographic location was the single most important restraint on the suitability of a property for refurbishment. Significantly, a high proportion of secondary and tertiary grade post-war office stock was constructed on the fringe of the historic core of cities - often alongside inner ring-road schemes - rather than being in more favourable prime locations, therefore, decreasing the likelihood of attracting occupiers at a market rent. Not surprisingly, developers reported that in terms of location, office to residential conversion schemes can and do happen anywhere, but there is a strong emphasis on secondary and tertiary office locations. Indeed, many of the most successful post-war office to residential conversions were of buildings that did not

command high rental value in their previous use and had low interest payments on the initial capital investment.

The British Property Federation (1999b) also identify that most obsolete office stock is concentrated in secondary locations. Interestingly, the report goes on to identify, however, that *"...most conversion activity has in fact taken place in primary or fringe locations and this trend is continuing. This suggests that conversion activity is not necessarily related to redundancy. Rather conversions are taking place where an opportunity is identified by developers regardless of whether the building is technically redundant."* As such, they found that there was no simple relationship between the redundancy of a building and conversion activity. Indeed, they note that long-term vacancy can be a deterrent to conversion because of remedial works needed to the building and also location is a key to the attractiveness of an investment.

Conclusions

The built environment is constantly evolving – in economic, political, social, physical and technological terms – and this creates the opportunities to exploit new ideas and initiatives. Indeed, Jane Jacobs (1961, p.189) recognised that: *"Time makes the high building costs of one generation the bargains of a following generation. Time pays off the original capital costs, and this depreciation can be reflected in the yields expected from a building. Time makes certain structures obsolete for some enterprises, and they become available to others."* Harvey (1985, p.25) portrays a similar view in relation to an office development market that is typified by short-termism whereby: *"Under capitalism, there is ... a perpetual struggle in which capital builds a physical landscape appropriate to its own conditions at a time ... only to have to destroy it, usually in the course of a crisis, at a subsequent point in time."* As such, the physical form of our cities is at the mercy of the dynamic nature of economic cycles.

During the twentieth century there has been unprecedented growth in the provision of office space to accommodate a burgeoning service sector. The pace of this expansion quickened dramatically after the Second World War, however, the rapidly changing nature of demand since the 1980s has led to increasing quantities of obsolete and vacant space. The most significant dimension of this problem is the high quantity of poor quality grade 3 accommodation represented in the supply of vacant office stock. Although the take-up of office space varies depending upon market conditions, there is a constant 'permafrost' of accommodation that is unable to meet contemporary requirements. A greater understanding

of the dimensions of depreciation and obsolescence within the built environment since the early 1980s has only served to highlight the critical problem faced by many property owners. Indeed, an owner or occupier faced with approaching obsolescence clearly needs to decide upon actions to cope, however, only some kinds of obsolescence are within their control. Indeed, owners and occupiers of buildings can only address the curable dimensions of obsolescence such as the structural, functional and image dimensions. Attempts to re-use post-war office buildings must therefore address and/or remedy obsolescence and extend the economic life of the building stock and consider the ease of curability of its deficiencies in order to accommodate new activities.

The owners of obsolete office buildings have four fundamental options for which the viability inevitably changes over time depending upon economic and market conditions. Each of these involve different strategies for maximising the profits obtainable from buildings once they have passed out of their former, more profitable activity. The first, involves waiting for the office market to improve in the hope that the building can be re-let. Secondly, owners can refurbish the accommodation - to delay the physical or functional obsolescence of the building – in order to attract new occupiers. Thirdly, the building could be demolished and redeveloped as new contemporary office accommodation or indeed other uses and finally, the building could be converted to another use. It is this option, due to the emergence of a significant rent-gap due to the relative strengths of the office and residential markets that has increasingly proved attractive to owners and developers since the mid-1990s. As such, the market value of suitable buildings for conversion are, therefore, depressed in relation to both past or future uses and to comparable prices elsewhere often enabling an investor to purchase a building relatively cheaply.

Despite the generally supportive context and abundant opportunities there are a number of factors that serve to encourage/discourage the conversion process. Chapter Five will therefore proceed to examine the difference between *potential capacity* outlined in this chapter (i.e. the total number of new dwellings that would be created if all vacant floorspace were to be given over to residential use) and *probable capacity* (i.e. the number of units likely to be created, after a range of explicit and implicit factors are taken into consideration).

CHAPTER 5

CONVERSION PROCESS: A PALIMPSEST

CONVERSION PROCESS: A PALIMPSEST[1]

I believe the future is only the past again entered through another gate.

Sir A.W. Pinero, *The Second Mrs Tanqueray*, 1893:4

Introduction

Chapter Three has outlined why cities need more homes and Chapter Four has defined the opportunities for providing some of this residential accommodation through the conversion of office buildings. There are, however, a number of barriers to this, not least the shortage of land available for development in cities. This lack of land is compounded by the fact that much of the land that is available is brownfield or previously used land. This is often characterised by additional development costs such as fragmented ownership, contamination, or excessive site preparation costs. Record levels of office vacancy in Britain's cities, nevertheless represent an opportunity to reinvent the way business and residential accommodation are provided in city centres. Indeed, such empty and underused buildings blight urban areas and waste the resources already invested in towns and cities. There are also those who take a more lenient view of the post-World War II office buildings that have come in for extensive criticism, so that where: *"...the location is good and the building sound, the standard 1960s office building has proved more flexible than we are today prepared to credit."* (Elwood, 1988, p.92).

Conversion activity over the past 25 years has been the demonstration that there is an alternate use for virtually every kind of structure with buildings designed to suit the exigencies of one period being adapted for another. Indeed, Cantacuzino (1975, p.ix) suggests that: *"In the absence of economic pressure from rising land values, new uses in the past tended to happen quite casually."* The process of adaptively re-using a building involves converting it into a new economic entity - other than that for which it was designed - that is likely to succeed in the future. Indeed, the conversion of post-war office space will restore its utility by changing the building's function. This is hard to achieve without some

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[1] The term palimpsest refers to any written surface that has been erased and used for a new text – this can be applied metaphorically to recycled buildings.

wastage of previous investment, however, Gwilliam (1993, p.33) argues that: *"The reuse of existing buildings may sometimes better reflect sustainability criteria than their destruction and replacement."* This chapter will identify how this opportunity is being exploited and examine the factors impeding or assisting the conversion process. As such, the chapter is organised into two main sections, the first traces the evolution of office to residential development activity in the UK, whilst the second section focuses on the impact of and means of addressing the key barriers and drivers to this conversion process.

Methodology

To develop a deep and critical understanding of the conversion process it was necessary to implement two complimentary research methods: a detailed literature review and in-depth semi-structured interviews with key players in the development industry (see also Chapter Four and Chapter Seven).

The interviewees were chosen to represent: previous and current conversion experience; different types of conversion; different geographic regions; and different roles in the development process (see Figure 5.1). To retain the confidentiality of those persons interviewed, the names of the individuals and organisations concerned have generally been suppressed (see sample letter and topic guide in Appendices A and B).

Type of Organisation	Responsibility of Interviewee	Location	Conversion Experience (at time of interview)
National House Builder	Building Surveyor	London	Three completed post-war office conversions and two others on-site.
National House Building Council	Regional Building Surveyor	South-East Region	Handled NHBC applications for four post-war office to residential conversions.
Regional House Builder	Senior Architect	London	One completed office conversion and two more in planning process.
City Planning Office	Senior Planning Officer	Toronto, Canada	Initiated policy reviews and a programme of office conversions.
Architectural Practice	Senior Partner	Toronto, Canada	Project architect for four completed office conversions and three on-site.

Figure 5.1: Profile of additional interviewees for semi-structured interviews into the conversion process (see also interviewees listed in Figure 4.13 and Figure 7.3).

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In relation to the conversion process the two main aims of these interviews were:

- to understand the current market situation in terms of conversion activity; and

- to identify and examine the key barriers and drivers to post-war office to residential conversion.

Conversion Activity

"During the 1960s, a consensus slowly grew that [nineteenth century] *industrial buildings should not be torn down to make room for new, high-rise construction that bore little relation to the area or people around it."*

(Zukin, 1989, p.59).

Though far from the majority view, this reaction to indiscriminate redevelopment led to the conservation of many of these obsolescent industrial edifices, some of which found new life as residential conversions. Ironically, many of the post-war developments that replaced those which were demolished have in the 1990s become obsolete themselves, and are being proposed as residential conversions. Where in the 1960s, cities were seeking to replace a traditional base in declining industries with wealth derived from the service sector, in the 1990s, cities are having to react to a rationalisation of this service sector. As a consequence, many post-war redevelopment's have prematurely become obsolete and in need of new uses to occupy them. Zukin (1989, p.14) describes how in the 1960s, a building could be *"...liberated - or forcibly vacated - to change its use to a more profitable one"*, whereas in the 1990s, uses with far lower profit margins than their predecessors are often being encouraged to occupy vacant properties. Indeed, at the close of the twentieth century, de-industrialisation, information technology and global economic restructuring are intertwined in far-reaching social and spatial changes that collectively define the Information Age.

The emerging trend since the mid-1990s of converting obsolete post-war office space to residential use has not been restricted to the UK, indeed there have been a number of similar re-use projects in Paris (Newman and Salter, 1995). Elsewhere, large cities throughout Australia - particularly Sydney and Melbourne's central business districts - have seen a significant amount of conversion activity (Duffy, 1994; Badcock, 1995; Williams, 1996b). Similarly, the United States (Tapscott, 1996; Trachtenberg, 1996; Williams, 1996a; Moss, 1997) and Toronto and Vancouver in Canada (Wilson, 1994; Heath, 2001a) have also

witnessed this phenomenon, as redundant office stock is adaptively re-used for residential purposes.

The birth of office to residential

Throughout the 1980s, private sector interest in residential conversions focussed on former industrial buildings - such as warehouses and mills – influenced by documents such as *Reusing Redundant Buildings* prepared by URBED (1986) for the Department of the Environment. The predominant focus of house building activity, however, was new-build with only a small proportion occurring on brownfield sites. The idea of converting vacant office buildings into residential use began to attract attention in the UK in 1992 when the rent-gap between these two uses reached considerable proportions. Such conversions were being promoted at the time by various organisations, including the Royal Institute of Chartered Surveyors (1992) and London Planning Advisory Committee (1992). This view was endorsed by the Government Office for London (Department of the Environment, 1996a) who also advocated the conversion of redundant offices to alternative uses on the basis that much of this type of accommodation was unsuitable for modern business needs. The research by Barlow and Gann (1993) for the Joseph Rowntree Foundation should also be mentioned because it was the first to focus upon the phenomenon of converting redundant office space to residential accommodation.

The role of housing associations in relation to adaptive reuse should not be underestimated, indeed, as the Royal Institute of Chartered Surveyors (1998a, p.5) argue that *"...the true pioneers in converting office buildings are not the private sector developers, but housing associations."* Conversions of office buildings to social housing proved attractive and viable to housing associations in the early 1990s for a number of reasons:

- there was an abundant supply of vacant office space;
- the long lease and freehold values of office buildings was particularly low;
- there was a strong demand for flats in these areas because of the location;
- due to the choice of buildings conversion was relatively easy, and offered either construction savings over new build or a planning opportunity for a higher density of housing units over new development;
- the availability of housing association grants to fund the purchase and conversion of such projects;
- there was no development pressure from competing uses or office use for the available space; and

- there was little competition for these buildings from the private house building sector because there was no established market for office to residential conversions.

(adapted from Royal Institute of Chartered Surveyors, 1998a

and in-depth interviews with housing associations)

London Property Research (1996a, p.87) identified two fundamental issues regarding the ability of social housing providers to provide homes from offices. First, their ability to identify office buildings and sites that meet their development criteria and secondly, having adequate funds to buy those office buildings and then convert them. The semi-structured interviews revealed that identifying the development opportunities was not a problem for housing associations, however, funding affordable housing became extremely difficult from the mid-1990s due to intense competition from private sector developers who increasingly became involved in commercial conversions and in previously un-chartered locations.

In the early 1990s, a number of factors changed which led to an increasing interest in brownfield development including conversions to residential use (see Chapter Three). The concept of city living was re-initiated by people like The Manhattan Loft Company - who imported the New York loft idea to London - capitalising on the abnormally high-income levels in the City. Gradually, larger house builders like Barratt, Berkeley Homes and St.George also realised the opportunity and moved into the conversion market as developers began to explore unconventional product ranges and find new markets. Given the shortage of development sites in London's more established residential areas, but a plethora of too small and outdated commercial buildings in its centre it is perhaps surprising that developers took so long to recognise the potential.

Expansion of conversion activity

By the end of 1995, the scale of development had expanded in three ways. First, the numbers of development companies had increased dramatically, secondly, the locations being considered had expanded, and thirdly, the scale of the conversions had grown (Royal Institute of Chartered Surveyors, 1998a). This together with extensive marketing and advertising raised the profile of conversion activity. Interviews with London-based developers and planners identified the following factors as the key influences on owners and developers, which led to the dramatic expansion conversion activity after 1995:

- a massive oversupply of office space as a result of the 1980s boom, decreased demand from existing and other potential users;

- the resultant plummeting of office values;

- the attraction of London to overseas investors;

- a boom in London's residential market;

- demographic changes and the increase in single-person households;

- shifting consumer attitudes and the growing attraction of city living amongst certain sectors of society;

- the increasing problems of commuting in terms of time and cost;

- changed legislation on letting; and

- planning policies and controls that encouraged re-use, mixed-use and a residential population in city centres.

Different property market conditions outside of London meant that despite the large stock of empty office buildings developers showed less interest in converting post-war blocks until the late-1990s (Royal Institute of Chartered Surveyors, 1998a). Indeed, provincial centres have seen far less office to residential conversion than London where the unique factors outlined above resulted in the polarisation of conversion activity in the early to mid-1990s. In the provincial cities these factors were less prevalent, however, conversions to residential and other uses have increasingly become more evident across other cities (Knight Frank Research, 1997). Indeed, by the mid- to late-1990s most old buildings that became available were being considered suitable for conversion. In addition, conversion activity was becoming a dominant theme in many provincial city centres such as Leeds, Manchester and Nottingham. Nevertheless, despite the existence of many databases such as the Vacant Land Survey and the Derelict Land Survey *"...there is no reliable data on conversions of commercial buildings."* (KPMG, 1999, p.22).

The English House Condition Survey 1996 (Department of the Environment, Transport and the Regions, 1998l) suggested that 87 per cent of new housing was being created through new-build and only 13 per cent through conversions. The regional imbalance highlighted in Chapter One is also evident here, with former office sites accounting for 26 per cent of the current supply of residential development sites in Inner and Central London (London Residential Research Group, 1997). In addition, Westminster City Council (Planning, 1996c) identified that the conversion of offices represented some 20 per cent of total residential completions in the borough. Indeed, London Property Research (1996a) identified over 100 office conversions of over ten units completed in London between 1993

and 1996, which together with smaller conversions accounted for over 4500 new residential units. At the end of 1996, 220,000 square metres of commercial property in London had changed to residential use and by 1998 this figure had risen to nearly 400,000 square metres and was predicted to quadruple over the next ten years (Bennett, 1997; Royal Institute of Chartered Surveyors, 1998a). This equates to 19 per cent of conversion completions in London between 1992 and 1996 (London Planning Advisory Council, 1998c).

AT HOME IN THE OFFICE!
Families may live in empty blocks

COUNCILLORS in Birmingham are studying proposals to turn hundreds of empty office blocks into homes to help clean up the city's image.

Council leaders are anxious to tear down the disfiguring forest of 'To Let' signs in an effort to give the city a vibrant image before it "welcomes the world" next year.

The trend of converting offices into apartments has already been established by BT which quit its Broad-Street base to move into new accommodation in Brindleyplace.

Planning permission has been granted for the old headquarters to be converted into homes.

Council advisers are keen to spring-clean Birmingham before it becomes the focus of world attention as host to three major events next summer.

The city will host the G8 world leaders' summit - with guests including President Clinton - as well as the Eurovision Song Contest and the International Lions' Convention.

City officials hope believe that BT's example could be followed by the owners of the 20 per cent of offices in the city currently lying idle.

Among the obvious candidates would be the TSB block in Victoria Square and the £5 million block of empty Government offices at Five Ways.

EXCLUSIVE by DAVID BELL

Restaurants

Deputy city leader Coun Bryan Bird believes it could satisfy an unfulfilled demand from families who want to return to live in the city centre.

He said: "I'd like to see as much accommodation provided as possible because more living in the city will bring spin-off benefits such as creating a demand for better restaurants and leisure and entertainment facilities.

"It makes sense because there will soon be 8,000 office workers in new blocks in Brindleyplace alone - and that means other offices elsewhere in the city being vacated as economic change takes place."

Deputy Tory leader Coun John Alden wants the city to persuade pension funds who own many of empty blocks to join the campaign "They are desperate to get some return on their investment and I am sure the blocks could be turned into apartments relatively cheaply," he said.

Figure 5.2: 'At Home in the Office': recognition of the office to residential phenomenon (Birmingham Evening Mail, 23 October 1997, p.1).

Significantly, the Royal Institute of Chartered Surveyors (1998a) estimated that the scope for office conversions across England through the first decade of the 21st Century is similar to the volume of office conversions already completed in Central London, which equates to about 15,000 new homes. The Urban Task Force (1999b) also estimate that vacant commercial buildings could provide for approximately 100,000 new homes between 1996 and 2021. Given the current average space standards of office to residential conversions of 75 square metres outlined by London Property Research (1996a) this equates to approximately 7.5 million square metres of commercial floor space being converted to residential use over a twenty-five year period. Indeed, Barlow and Gann (1993) note how office conversions have the potential to fulfil many varied types and categories of housing need (see Figure 5.3).

Type of housing need	Type of conversion
Short stay/move-on, over-night shelters, or winter cold shelters for off-the-street single homeless	Basic facilities; minimum impact on existing building - easy to convert back to offices
Hostels and longer term accommodation for: students, nurses, young people	Medium impact on building, making use of shared facilities such as kitchens and bathrooms - potential to convert back to offices
Care in the community and special needs housing, including sheltered housing for older people	Medium to high impact on building, including some shared facilities but installation of 'special needs' facilities may be required - expensive to convert back to offices
Housing association standard accommodation	Full conversion required - unlikely to convert back to offices
Low-cost owner-occupied housing	Permanent conversion
Medium-cost owner-occupied housing	Permanent conversion with high specification fit-out
Luxury owner-occupied housing	Permanent conversion to luxury specification fit-out

Figure 5.3: The role of office conversions in meeting varied housing needs (Barlow and Gann, 1993, p.16).

Current Conditions

The Royal Institute of Chartered Surveyors (1998a, p.13) claimed that *"...the supply of potentially convertible buildings appears to be drying up in Central London, all the easy conversions have been done and the ones which remain have greater technical problems, cost more to convert, or are less attractive in design or location."* In addition, the increased take-up of office space during this period contributed to increased rents and rising capital values thereby pricing residential conversion out of the market. As a result, The House Builders Federation's report *House Building in the 21st Century* suggests that the high conversion rates of offices to flats were the result of a rare 'window of opportunity' when office rental values dipped below those of residential accommodation. Indeed, from mid-1997 to late-1998, office to residential conversion activity in London declined considerably as a result of a number of factors:

- the effect of interest rate rises;

- the near panic which caused people to get into the market for fear of future price increases subsided;

- sale rates slowed dramatically. A very noticeable effect was the disappearance of the overseas - particularly Far Eastern – buyer, leaving the indigenous market to take a more measured approach; and

- local planning authorities saw an opportunity to increase their financial position by operating very onerous planning gain.

(adapted from The House Builders Federation, 1998, p.4)

Others such as Marsh (1997, pp.133) saw the longer term role that conversions would play and argued that: *"For developers and investors constrained by land availability especially in inner areas, opportunities beckon in expanding conversions of existing properties."* Similarly, many forecasters were by 1998 predicting that the economy would slow down and that the demand for office space had peaked (Blackman, 1998b; Building Design, 1998b). Indeed, research suggests that to meet the demand for city centre accommodation, the current trend of converting office buildings into homes will continue and that the limited off-plan selling evident throughout the 1990s has begun to accelerate (Hurford Salvi Carr, 1999; Knight Frank Research in Langton, 1999). This concurs with research by the Royal Institute of Chartered Surveyors (1997), which claims that up to 30 per cent of all redundant office property in the UK could be converted to other uses, most notably residential.
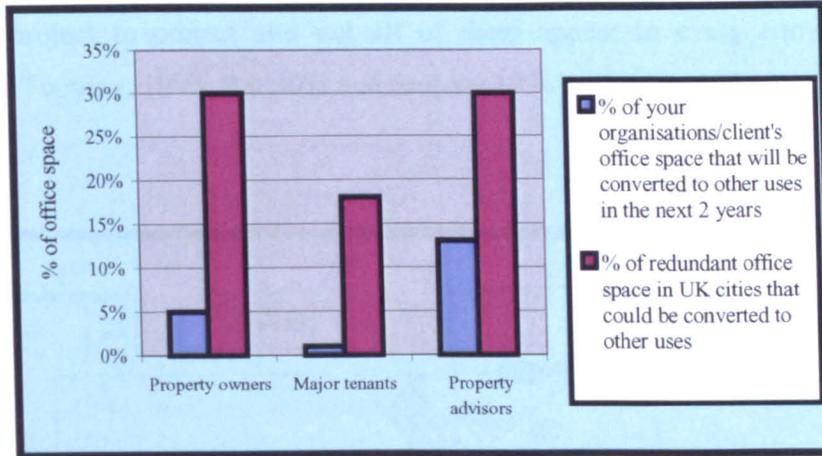
Figure 5.4: Office conversions: the expectations of the property profession (Royal Institute of Chartered Surveyors 1997, p.28).

In addition, the survey of local planning authorities (see Chapter Seven) highlighted a range of conversions of offices to other activities, such as education, hotels, leisure, health facilities and community facilities, however, the majority are overwhelmingly to residential use. At the end of 1999, there were still many opportunities for office to residential conversions, indeed, as Wells (in Tinworth 1999, p.63) notes that: *"There are still lots of 1960s office buildings that'll make maybe £8 per sq ft as office space, but which can be sold for £50-£200 per sq ft as residential schemes."* Significantly, according to the British Property Federation (1999b) there were forty-five per cent of property developers, owners and investors predicting that conversions were likely to continue to increase in small towns and provincial secondary locations, however, growth in conversions in the London core was not widely predicted.

Barriers and Drivers to the Conversion Process

The property development industry and by its nature the conversion process is both complex and diverse. There are many agencies - public and private, large and small - undertaking conversions in a variety of organizational forms with each having different aims, objectives and modes of operation. Within each stage of the conversion process there are a variety of important actors operating within the overall context of the building cycle and its interaction with business and credit cycles (see Cadman and Topping, 1995; Harriott and Matthews, 1998). Each actor contributes to the outcome of the process and yet has very different perspectives and expectations. The inter-relationships between these different actors in the conversion process are complex and differ for every project (see Figure 5.5). Isaac (1996) identifies six main parties in the development process: the professional advisors; the clients;

the planning authority; the contractor; the community; and the funders. Their importance varies from project to project and not all of them appear in every conversion scheme (Cadman and Topping, 1995; Ratcliffe and Stubbs, 1996).
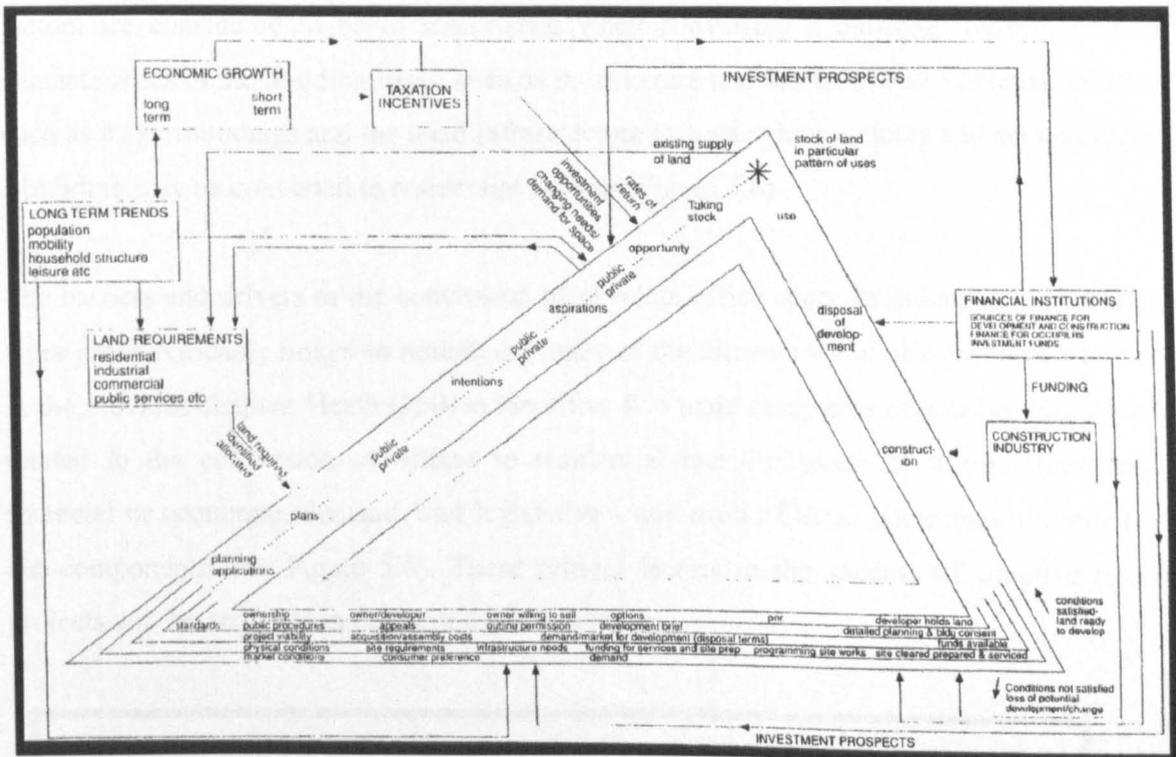
Figure 5.5: Development process: the pipeline diagram (Allinson and Claydon, 1996, p.37).

The conversion process can be defined as the means by which the use of a building is transformed into a more profitable or socially beneficial use. The four main elements of this process are building acquisition; construction; marketing; and management. The literature review and in-depth interviews revealed that there are a number of barriers and drivers that can affect any of the stages in this process and this section will examine these factors in the success of the development. Indeed, during the interviews with various agents in the development process a number of factors repeatedly were raised as being key considerations when evaluating a building's potential for conversion.

The incidence of redundant and obsolete buildings within the urban environment and their locational characteristics determine both housing conversion prospects and the likely effect of policy measures including fiscal incentives. As Cadman and Topping (1995, p.29) identify: *"No amount of careful design or promotion can totally overcome the disadvantage of a poor location or a lack of demand for the accommodation at an economic price*

irrespective of location. " As such, not every building is a good candidate for adaptive reuse, however, with a few simple guidelines and the creativity to turn a negative into a unique feature, a new value can be given to a declining asset. The existing building therefore needs to be used efficiently and to its utmost potential to result in an efficient, aesthetic and economic solution. From the semi-structured interviews it was suggested that a number of factors are considered to be of importance when converting a building. Indeed, several characteristics of the building itself, such as its structure and fabric, but also external factors, such as its surroundings and the local infrastructure influence how quickly and economically a building may be converted to residential use (see Figure 5.6).

The barriers and drivers to the conversion of obsolete office space or indeed other building types are inextricably linked to remedying many of the dimensions of obsolescence outlined in the previous chapter. Heath (2001a) identifies five main categories of barriers and drivers related to the conversion of offices to residential use - physical or design, locational, financial or economic, demand, and legislative - and each of these comprises a number of sub-components (see Figure 5.6). These critical factors in the success of adaptive re-use projects will be analysed in detail in the next section.

PHYSICAL / DESIGN
- size/height/ depth of building;
- space/layout/access/circulation;
- building structure;
- building envelope/cladding;
- building services.

DEMAND
- level of demand;
- target market sector;
- price structure;
- interest rates;
- aesthetic appearance;
- car parking;
- facilities.

LOCATIONAL
- quality of the environment;
- safety and security;
- bad neighbour uses/noise;
- views;
- services and facilities;
- critical mass of housing;
- convenience of car parking.

FINANCIAL/ECONOMIC
- attitudes of building owners;
- attitudes of investors;
- attitudes of developers;
- availability of gap funding;
- tax (dis)incentives.

LEGISLATIVE
Planning policies:
- affordable housing;
- employment space;
- parking;
- density;
- privacy;
- amenity space.

Building regulations/codes:
- fire;
- access;
- heat loss;
- acoustic separation.

Environmental policies:
- noise legislation.

Figure 5.6: Barriers and drivers to the adaptive re-use of offices for residential use (Heath, 2001a, p.182).

The British Property Federation (1999b) also identified a number of factors that were deterring developers from converting increasing amounts of redundant office space to residential use. They identified the main barriers as planning restrictions such as affordable housing requirements and car parking provision, management problems and unsympathetic taxation. In addition, they note that developers were concerned about investor and building owner attitudes such as the residual value in surrendered leases, inflated book values and unrealistic expectations of an office market recovery. They also identified that building owners and investors themselves were more concerned about issues related to domestic tenancies and management responsibilities.

In examining the most effective ways of bringing redundant office space back into use, a survey by the Royal Institute of Chartered Surveyors (1997) concorded with many of the British Property Federation's findings and indicated that planning, taxation and owner attitudes were the key areas that needed to be addressed (see Figure 5.7).
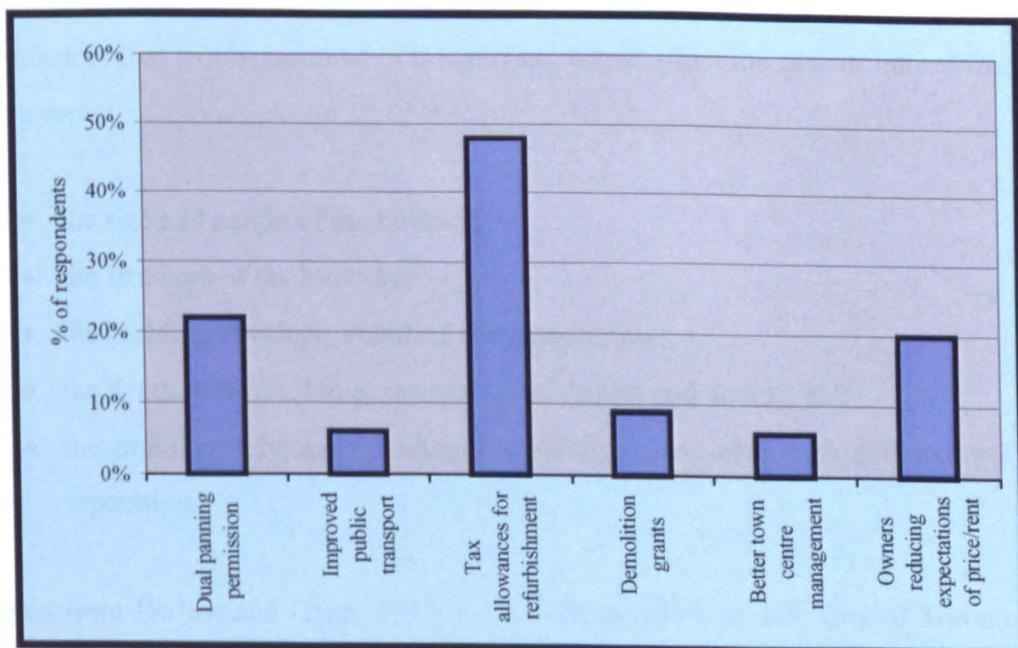
Figure 5.7: Most effective way of bringing redundant office space back into use (adapted from Royal Institute of Chartered Surveyors, 1997, p.29).

Physical and Design Factors

The reuse/conversion process is more complex in physical terms than new build with more limits and unknowns. The existing building defines what can and cannot be done. These

limits are determined during a building survey, however, the construction phase can reveal further problems. Gann and Barlow (1996) examine in detail the technical feasibility of converting redundant office space into flats and therefore this section will only serve to outline and expand upon some of the key issues covered in their research.

The post-war office building type is often characterised by buildings up to 12 storeys high with narrow floors in fringe central locations that typically have a floor area over 4,500 sq m. Many of these post-war office blocks are aesthetically unsuccessful and functionally redundant, however, developers have begun to recognise their potential. Increasingly, 'plastic surgery' rather than demolition is softening or even reversing the negative impact of such buildings and indeed having a positive *"...impact on the environment, with impact measured economically and socially, as well as aesthetically."* (Carey in Fairs, 1998a, p.8). A conversion only succeeds, however, when there is a good match between new function and existing form. Robert (1989, p.5) emphasises this point and states that: *"The quality of a conversion project is always linked to the way in which existing spaces and new uses are matched... The practice of re-utilization derives all its richness from the relationships established between these factors."* Indeed, there are a number of fundamental physical and design factors that will be outlined in this section, which affect the ease or indeed likelihood of conversion:

- the size and height of the building;
- the structure of the building;
- the building envelope, cladding and fenestration;
- the depth of the building, internal space, layout and access; and
- the building services including fire safety, means of escape and acoustic separation.

(adapted from Barlow and Gann, 1993, p.32; Wilson, 1994, pp.1-3; City of Toronto *et al.*, 1996, p.2; Gann and Barlow, 1996, p.59).

PHYSICAL / DESIGN	• Size/height of building:	
	• Depth of building:	• Is the floor plate less than 18m. deep to enable daylight and natural ventilation?
	• Building structure:	• Is the floor to ceiling height of 2.3m.minimum?
		• Are there acoustic transmission problems?
		• Is there asbestos fireproofing?
	• Space/layout/access/circulation:	• Can the internal space be sub-divided into appropriate unit sizes?
		• Is there suitable internal and external space for communal and parking areas?
		• Is the vertical/horizontal circulation appropriate?
		• Is disabled access feasible?
	• Building envelope/cladding:	• Is there double glazing or thermally broken frames (essential due to higher humidity)?
		• Are there openable windows?
		• Will aesthetic appearance require changing?
	• Building services:	• Can services effectively be adapted or provided?
		• Is there adequate provision of lifts/elevators?

Figure 5.8: Physical or design barriers and drivers to conversion.

Building size and height

The size and height of the building has obvious implications for the density of a conversion project in terms of the potential number of units. The building height is not likely to be a constraint on the conversion of a building assuming there is an effective demand for the number of units likely to be created for the given floorspace. In fact, taller building may encourage conversion and *"Developers are unlikely to demolish tall buildings unless they can replicate, or increase, the lettable space."* (Wright in Fairs, 1998a, p.8). Indeed, height restrictions and other regulations would in many cases make it impossible to construct a new building on the same site to the same height as many of these existing office blocks. Because the building already exists, however, it is often possible to either refurbish or convert it to another use within the existing building form.

Building structure

Some offices are easier to convert into residential use due to their type of construction. In terms of building structure, nearly all offices built since the 1950s have been constructed using either steel or concrete frames with a 6 to 9 metre structural grid that allows great flexibility in the planning of residential units. The closely spaced exterior support columns found in many concrete framed buildings create small bay sizes, however, that are difficult to configure and, therefore, make space use less efficient. Similarly, a greater number of

interior support columns in older properties also make internal planning more difficult. The main issue regarding the building structure on conversion is the need to install new service ducts and its implications on fire protection and acoustic separation.

The floor loadings of post-war office buildings are invariably high enough to withstand domestic use. Similarly, the floor to ceiling height in most offices is suitable for residential use. The existence of raised floors and suspended ceilings can however create problems in terms of fire compartmentation and the physical relationship of the floors to window openings.

Building envelope, cladding and fenestration

The cladding of office buildings can vary from brickwork to patent glazing systems. Curtain-wall facades can be problematic in conversion schemes as it may be necessary to reduce excessive solar heat gain from large glazed areas and also to provide adequate natural ventilation. It is also difficult to fix internal partitioning suitable for residential use to the inner face of the cladding. In addition, older curtain-walls systems do not usually have sealed double glazed units or thermally broken frames which are essential in residential buildings, due to much higher levels of humidity.

Creating openable windows, which are essential in residential accommodation, can also present problems where it is intended to refurbish the existing system as opposed to recladding. Figures 5.9 and 5.10 illustrate the different conversion approaches of developers to the existing external appearance of office buildings, some re-clad the building in its original style or refurbish the envelope thereby retaining the International Style, whereas other developers will completely change the external appearance to a more traditional or contemporary residential appearance thereby losing the original 'office-image'.

Figure 5.9: Retaining the look. The conversion of the former headquarters of Marathon Oil, Marylebone Road, London into 106 residential units for Berkeley Homes.

Figure 5.10: Changing faces. The conversion of the former Independent building in Islington. The Lexington by Metropolis comprises 88 apartments within the completely remodelled exterior of the original 1957 building.

Depth of building and internal space, layout and access

In terms of building depth, the main consideration is the core to window depth in order to allow natural light and ventilation into all habitable rooms. Indeed, converting large footprint buildings is usually unfeasible because of the vast amount of space remote from windows. Significantly, office buildings designed before the 1980s usually have a shallow floor plan that easily facilitates conversion to residential use. The overall floor area may, however, impose restrictions due to dwelling density issues (see legislative factors and Chapter Six). Generally speaking, the lift and stair provisions for an office are more than adequate for residential use with new densities of occupancy likely to be far less than those originally envisaged in an office development. The only drawback is that vertical circulation may not be in the most ideal location in terms of apartment layout. Similarly, with the increased fire safety standards due to people sleeping within the building, the means of escape may need improving.

Building services including fire safety and acoustic separation

Providing services to each new residential unit in a conversion is one of the most difficult and expensive technical aspects. Existing services within office buildings are usually restricted to the central core of the building and heating is usually distributed from one central boiler or provided as part of an air-conditioning system. These obviously have to be replaced with systems for each individual unit. Steel-framed buildings can be more problematic in terms of greater acoustic transmission and vibrations. The design of sound insulation in apartments has to account for sound transmitted in three ways: noise coming from outside of the building; unit-to-unit noise from floor-to-floor; and unit-to-unit noise from adjacent units. Steel-framed buildings from this era also usually contain asbestos fireproofing, pipe wrap and ceiling tiles. The building services element can therefore have a major impact on the feasibility of conversion and Barlow and Gann (1996) identify that these can account for up to 60 per cent of the cost of refurbishment.

Key Physical Characteristics of Buildings for Conversion

As the building actually exists, some of the general design parameters are clearly fixed. These technical limitations imposed on a conversion scheme can clearly affect the economic viability of the project, or restrict the feasibility of conversion to a particular type of residential development. Indeed, although there are solutions to most of the technical problems related to conversion, the cost of remedying deficiencies might affect the financial viability of a scheme. Wilson (1994) identifies that conversions of 'B' and 'C' class offices

in New York have generally been of buildings up to 100 units in size and that those creating 30 to 40 units appeared to offer the best. Perry (in Pritchard, 1995, p.14), however, suggests that the most important factors are that buildings need to have: *"... a sound structure, be easily dividable into apartments and [have] secure parking."* The degrees of limitation related to different physical limiting factors for the refurbishment of office space highlighted by Boyd and Jankovic (1992) indicate similar parallels to the potential difficulties in terms of conversion projects. Developers see the following physical or design factors as key elements in enabling an office to residential conversion:

- traditional floor to ceiling heights (not less than 2.3m);

- floorplate of maximum 18 metres depth;

- external aesthetics which appeal to the target market - 1960s curtain walling will need cosmetic improvement or recladding;

- windows should be openable and of domestic appearance;

- a structure which enables Building Regulations to be met, especially regarding fire escapes and sound insulation;

- separate street entrances and lifts for different tenures (due to service charge considerations).

- generous internal space standards; and

- no asbestos in building.

Interestingly, although the physical characteristics of some buildings facilitate conversion to new uses, those developers interviewed all agreed that if a project was financially viable then any physical constraints could be overcome. The condition, design and construction of a building need not be a major consideration in the decision as to whether or not a conversion apart from the monetary and planning implications of making alterations.

Locational Factors

The greatest physical asset of city centre buildings in terms of conversion potential is often their location and interviews with developers all stressed the importance of location, usually placing it above the physical character of the individual buildings as a factor in conversion. One of the drawbacks to office conversions is that business and retail centres often lack essential amenities, especially convenience shops, schools and health facilities. Indeed, in most cities a critical mass has yet to be achieved and where development has occurred it has been on too small a scale to create a sustainable community.

LOCATIONAL	• Quality of the environment:	• How attractive is the public realm?
		• Is the environment conducive to living?
		• What is the proximity to open space?
	• Safety and security:	• What is the public's perception of safety?
		• What is the incidence of crime and vandalism?
	• Bad neighbour uses/noise:	• Are neighbouring uses sources of unacceptable levels of noise, disturbance or smells?
	• Views:	• Are the views from the building acceptable?
	• Services and facilities:	• What is the proximity to facilities (shopping, public transport, health, leisure and education)?
	• Critical mass of housing:	• Is there a critical mass of existing homes?
	• Convenience of car parking:	• Is off-site parking convenient and safe?

Figure 5.11: Locational barriers and drivers to conversion.

As many central areas do not have an infrastructure that would support residential uses, the initial residents are pioneers. For mainstream private sector developments, successful conversions have to be *"...within easy reach of communications, services and where other facilities are available, for example shopping."* (King in Pritchard, 1995, p.14). As such, it is likely that only limited segments of the housing market will initially find city centre living attractive. Indeed, Zukin (1989, p14) notes: *"Originally, it seemed that loft living attracted two types of residents: suburban parents whose children had grown up and fled the nest and those grown up children who were setting up their first apartments."* Creating a vibrant range of amenities in an area without a tradition of residential population needs a critical mass of development and takes a number of years to occur.

The lack of an existing residential identity can however be beneficial in terms of marketing and promoting a new location for urban dwelling as there are few area-based stigmas attached. Indeed, Zimmerman and Volk (1996, p.2 in Lang *et al.*, 1997, p.459) argue that the lack of connection to any established neighbourhood is actually an advantage. They see the development as an opportunity to define itself *"...rather than being hostage to the market perception."* There are often problems, however, with negative attitudes and perceptions. Indeed, an expectation of an urban environment that is not conducive to

residential living in terms of safety, security and crime is common (see Chapter Eight). In addition, there is the likelihood of some bad neighbour uses or infrastructure such as industry, nighttime functions and noisy roads (London Property Research Limited, 1996a; Reeves, 1997). Significantly, many post-war office buildings are located on inner ring roads or arterial roads that were built during the same period.

The conversion of individual buildings can also have a positive 'spin-off' benefit on an area by alleviating any blighting effect that redundant buildings can have and adding a sense of vitality and vibrancy to an area. In isolation it may not have a significant effect on an area's economy, however, buildings are interdependent assets and the quality, condition, maintenance, and management of neighbouring properties and the immediate environment has a direct effect on the value of any given building. Rypkema (1992, p.210) suggests that: *"The value of real estate comes primarily from the investments others have made: taxpayers, other property owners, employers. Take away a community's sidewalks, streets, sewage disposal system, waterplant, police protection, jobs, and people, and what is the value of any building? Virtually zero. The generation of economic value in real estate is largely external to the lot lines."* Indeed, as buildings are in effect composite or interdependent assets, the increase in value of one building also increases the value of other buildings around it. Indeed, Burchell and Listokin (1981, p.2) describe conversion as the *"...adaptation of properties with little or no economic value to new uses which directly or indirectly enhance their own/or neighbouring structures current value."*

Financial and Economic Factors

Converting post-war office buildings is rarely a major problem in physical terms as the physical fabric is generally relatively robust and the structure sturdy. What might be a more important problem is the financial or economic feasibility of conversion. As such, the Department of the Environment (1992a, para.1.1) note that: *"No development takes place unless the market and other considerations persuade owners and developers to come forward with proposals".* Indeed, in the private sector, unless there is a clear economic rationale for a particular course of action that action is unlikely to occur. Financing conversion schemes, however, no longer appears to be an insurmountable problem and many companies like Barratt Homes, Galliard, Berkeley and St. George have initiated projects costing millions of pounds in the past few years. Nevertheless, it is important to consider measures that will encourage the market so that it moves in the same direction as planning policy.

FINANCIAL / ECONOMIC	• Attitudes of owners:	• Are the building owners insulated from market fluctuations by long leases or financial security?
	• Attitudes of investors:	• What is the investment return versus risk factor?
		• Is mixed tenure or mixed use acceptable?
	• Attitudes of developers:	• Pioneer development or track record?
		• Is there an established market for such units?
	• Gap funding:	• Is gap funding available?
	• Tax incentives:	• Are there supply- or demand-side tax incentives?
	• Competing land values:	• Will office rental values rise in relation to housing?
		• Can developers of competing uses 'outbid' residential?
	• Housing management:	• Are there companies prepared to take on the long-term management of the conversion?

Figure 5.12: Financial or economic barriers and drivers to conversion.

Both supply and demand are affected by factors external to the conversions themselves, additionally, the market in office to residential conversions is also shaped by the needs of investment capital. KPMG (1999, p.6) suggest that: *"A combination of fiscal incentives and reduced levels of gap funding may be more effective than gap funding on its own."* As such, taxation system needs to be used proactively to incentivise investment in particular urban areas whilst deterring development in other locations. Due to significant regional and intra-regional variations it is essential that future fiscal measures are carefully targeted rather than applied universally. Indeed, KPMG's (1999, pp.7-8) report for the Urban Task Force argues that fiscal incentives will have the most impact in:

- private inner urban residential areas;
- run-down inner city industrial and commercial areas where the supply of conversion or redevelopment opportunities needs to be accelerated and where increasing levels of occupier demand can be sustained; and
- satellite and secondary towns.

A key reason for choosing adaptive reuse is for financial reasons as an unmarketable older building may have little or no value in its current condition. In the traditionally conservative property investment and development market, however, it is very difficult to change traditional practices and attitudes. It is therefore important to consider the conversion

process with regard to financial and economic influences and as such, this section is in two main parts, the first considers the attitudes of the main players in the property industry - owners, developers and investors – who have direct involvement in the development process. The second section examines the role that fiscal measures can have in stimulating or depressing interest and the financial feasibility of office to residential conversions.

The property industry - attitudes of building owners

An uncertain supply of office buildings for conversion is obviously a major barrier to the achievement of new homes through this method. A significant factor in the likelihood of redundant offices becoming available for conversion, therefore, is the perception of the prospects for property trends amongst building owners. The aspirations and expectations of pension funds and insurance companies are particularly important as their ownership of commercial property is extensive and consequently their attitudes are major determinants of property value. As a result, land and property markets in the UK have seen a tendency for some owners who are prepared and able to sit out oversupply situations and wait - often unrealistically - until commercial rents become more attractive. This may be despite the security, maintenance and finance costs that may be involved in keeping a building empty. This also has a tendency to mask a downward creep in property values. As such, what an owner thinks a building is worth – known as 'hope value' – can be a significant constraint to conversion process.

Although some owners harbour an outdated notion of what their property is worth, others often have little vision of the potential for alternative uses (Building, 1994). As such, in many buildings with potential for conversion, the passive behaviour of property owners can prove to be the stumbling block. Other causes of inertia by site owners placing a significant constraint on the conversion process include where landlords have occupants assigned to long leases that require them to reassign to another tenant if they vacate the accommodation. These leases often contain built-in rent review clauses based on the property's changing capital value rather than changes in the profitability of the business. Indeed, head leaseholders often have a long sub-lease guaranteeing income even though a building has been empty for several years. Such terms effectively insulate building owners from short-term fluctuations in trading conditions and hence remove any incentive for them to be actively involved in re-use projects.

In 1998, the London Borough of Islington agreed a planning brief for the Archway area in north London, involving the demolition of 1960s office and retail development. The brief

described the complex as *"...an architectural failure with nondescript buildings with multi-level entrances linked by confusing and illogical spaces."* A stumbling block, however, was that the head leaseholder had a long sub-lease guaranteeing income until 2008, even though the buildings had been empty for several years (Urban Environment, 1998). As such, KPMG (1999) argue that measures to discourage owners from holding such obsolete property indefinitely need to be an important focus for fiscal measures. This would then help to place obsolete buildings on an even playing field with other segments of the land and property market and attack the continuing problem of 'hope value' that stultifies many development initiatives in the city centre.

Attitudes of developers

There have been many claims about the relative cost of conversion versus new-build, indeed, Rypkema (in Campbell 1996, p.26) claims that: *"a total building rehab will cost approximately 16 per cent less in construction costs and 18 per cent less in construction time than comparable new construction even if asbestos is present."* More objectively, Pugh (1990) argues that refurbishment is competitive with demolition and new build when: refurbishment significantly extends the life of the building; the differences in rental value between new and refurbished buildings are narrow; interest rates are high; and redevelopment costs are high. King (1997), however, argued that conversion and refurbishment were in principle not as attractive to developers as new build with estimates of cost being generally less accurate and conversions often having many unknowns. In addition, the conversion market is a relatively new phenomenon and the development industry has a relatively conservative approach and therefore prefers established markets. As such, there are a number of factors in terms of risk assessment that have initially proved detrimental to the expansion of office to residential conversion activity:

- the market is immature and only beginning to establish itself;
- there is a short track record of success;
- there are few experienced developers - private or public – in this area;
- it is difficult to assess the demand for the product;
- the uncertainty of property values;
- the robustness of rental income;
- the political risk of changing policy stances by local or national government;
- low valuation of existing building; and

- the limited number of management companies able to take on the responsibilities of the completed scheme.

Any analysis of the financial viability of conversions clearly needs to consider building costs, relative time-scales and returns on investment. The conversion timescale including sales period also affects costs because of interest charges that may accrue. Projects tend to fail when the organisational basics – the legal structures, tax status, governance, leverage and liabilities, etc - are not right from the beginning.

<div style="border:1px solid black; padding:1em;">

Feasibility =   **Saleable value of residential units**
minus

Cost or value of existing building
minus

Cost of obtaining permissions
minus

Conversion costs and fees
minus

Purchase and Sales costs
minus

Development finance costs
minus

Tax payments (net)
minus

Developers profit
minus

Planning gain to the local planning authority

</div>

Figure 5.13: Feasibility equation for residential conversions.

Because of the factors outlined above, developers will normally be required to 'pioneer' new forms of development such as office to residential conversions in city centres. This will usually involve arranging appropriate short-term funding and carrying all the risk. Once the market becomes established and is seen to be successfully performing, then investor involvement becomes more realistic (Marsh, 1997). Indeed, the Royal Institute of Chartered Surveyors (1998a, p.18) argue that *"...the reason why conversion activity has been limited (or non-existent) is the lack of a developer willing to test the market. Obviously, the first conversion is a risk."* The behaviour of developers and house builders varies enormously and for some, conversions form no part of their development portfolio whereas for others, conversions form a core part of their business. Since 1999, however, changes to Government policy and to a lesser degree fiscal incentives have served to encourage a

greater interest in conversion opportunities. To further this evolution of attitudes, KPMG (1999, p.14) suggest that *developers* are most likely to be attracted to a package of incentives that have the combined effect of removing landownership barriers, reducing development costs and stimulating occupier demand.

In addition to the immature nature of the office to residential market another restriction upon its expansion has been the initial reluctance of many developers and investors to become involved in mixed-use development. As many redundant office buildings due to their location or building form have the potential to provide viable alternative uses - such as retail at ground floor or other commercial space - in addition to residential this has proved to be an obstacle. Indeed, the development and investment industry has traditionally preferred a fragmented approach with developers usually involved in one type of structure - housing, offices or retail. As such, they are advised by companies with expertise in a particular part of the market, with little knowledge or interest in other parts (Coupland, 1997b). Funding investors have also tended to prefer a 'clean' investment, preferably with a single tenant whilst many tenants themselves prefer to occupy an identifiably separate building, with no contact or interference from other users. A related issue is that many suitable buildings with the potential for conversion have over time been subject to a variety of leases and sub-leases all expiring at different times. This can prove to be problematic for potential developers who often have to acquire these leases before development can be considered.

For many potential occupiers having differing neighbouring users within the same building will be seen as potentially problematic with each having different needs and expectations, This can also cause problems in terms of service charges, all of which increases management responsibilities and thus costs. There are signs, however, that a change in attitude towards mixed-use developments on the part of the property market, property investors, developers and occupiers is beginning to emerge (Marsh, 1997).

Attitudes of investors and funding organisations

The success of conversion projects hinges on securing adequate funding – whether from either or both the private or public sector – which itself depends on the viability of a project compared with other investment opportunities. Indeed, funding and profitability are commonly the deciding issue as to whether a scheme is both initiated and comes to fruition. Traditionally, conversion projects have not fallen into the category of mainstream development and it has therefore usually been more difficult to obtain private sector finance for such projects. Financial institutions often considered conversion schemes as high risk

because of the unknown costs associated with such projects and therefore projects have rarely been fully financed by lending institutions with the developer usually required to raise a large amount of equity in order to proceed with the project. This potentially made the cash-flow situation unfavourable for the developer even if the project would have been profitable. Significantly, since the mid-1990s, however, London Property Research Limited (1996a, p.50) identify that: *"... the investment market is now taking the office to residential conversion process seriously."*

No two properties are alike in investment terms. Indeed, prime locations are not necessarily fixed and buildings unlike other forms of investment can be refurbished or ultimately redeveloped and thereby reinstating investment prospects. Some building types – as with sectors of the property market - will be more attractive than others at any point in time. In financial terms, an important factor in any new form of development such as office to residential conversion will be the level of investment returns versus the risk factor. Lenders and investors tend to attach a higher return or risk premiums to non-standard investments such as conversions than for prime property investments (British Property Federation (1999c; Gyourko and Rybczynski, 2000). Indeed, as Bevan (1997, p.33) states: *"Investment in the building type on a large scale is likely to emerge only after investing institutions have seen what pioneer developers achieve in the medium term. With pension funds and the like investing less than two per cent of their funds in the residential market there is a long way to go before [conversions] are established as a permanent, rather than transient dwelling type."* Since the late-1990s, however, office to residential conversion has become a known development type and the financial backing has become more forthcoming.

Whether it is an unfettered market or one in which there is a significant public intervention, post-war office buildings are real estate, and real estate is a commodity; for a commodity to attract investment capital, it must have economic value. To attract private investment it may therefore be necessary to create and then to enhance economic value. Rypkema (1992, p.206) argues in relation to historic buildings that for any commodity - including real estate - to have economic value, four characteristics must be in place: *scarcity, purchasing power, desire* and *utility*. For any economic value to exist, all of these characteristics must be present. Post-war office buildings rarely are considered to possess *scarcity* despite their limited supply, however, where these buildings are converted to residential use they offer dwellings possessing the premium of a central location and individuality. While, generally some level of *purchasing power* will exist, the problem is that it is likely to be being invested elsewhere, however, if the other factors are in position then purchasing power will

be available. Thus, what is most often lacking for post-war office buildings is *utility* and *desire*. The *desire* has to ultimately come from one particular segment of users of real estate in the market place and it has to be expressed through effective demand. Indeed, for commercial *desire* to exist there has to be a functional and financial *utility* for occupiers and investors. In other words, for investment to occur there must be a commercial rationale. For a commercial rationale to exist, the buildings must have an economic value or the potential for economic value to be created. The most significant dimension in the commercial calculus to invest is the cost of alternate opportunities, such as the cost of alternate development on the site and the cost of development on an alternate site. The converted building, therefore, has to have greater economic value than the next best alternative.

Fiscal measures: stimulants and depressants

There are a number of points in the development chain where an alternative fiscal strategy could influence market behaviour in favour of conversion opportunities; in the sale or acquisition of buildings, construction of dwellings, house purchase, or ongoing occupancy costs. The current fiscal regime in relation to housing is complex. It focuses on a range of transactions in the development chain between landowner, developer, investor and occupier. Non-fiscal measures associated with conversions have generally been applied selectively based on particular circumstances of a given area or project. Land use planning policies at national, regional and local level generally give preference to recycling of land and buildings in urban areas and development support through, for example, specific English Partnerships projects targeted to areas of need (see also legislative factors).

The government has introduced several fiscal measures that adjust the risk/reward framework in order to make city centres more appealing to investors and Prescott (2000, p.3) has stated that: *"We will use the tax and planning systems to bring previously-developed 'brownfield' sites back into constructive use, turning them from eyesores into assets."* These fiscal interventions can be divided into subsidies and incentives. Measures to improve the levels of returns to investors including subsidies in the form of 'gap funding' to make schemes viable and incentives through increased tax relief to lower development costs. There are a number of potential fiscal options that could be targeted at specific participants in the development chain with regard to residential conversions.

	Incentives:	Measures:
For landowners	Incentives to ease the flow of convertible buildings into the development chain.	Measures include: • vacant land (building) tax and capital gains holidays. • making it more expensive to continue to hold unused buildings; and • making it less expensive to sell these buildings.
For developers	Fiscal options to reduce development costs of conversions and thus improve returns.	Measures include: • removal/reduction of stamp duty; and • reduced corporation tax and/or deferral of the incidence of corporation tax on building acquisitions; and • 100 per cent cost deductions against corporation tax liability.
For occupiers	incentives to reduce occupier costs relative to alternatives.	Measures include: • stamp duty removal on conversions; • relief for insurance costs; • personal tax incentives linked to occupancy/purchase costs; • additional personal allowance for brownfield residents possibly linked to mortgages by giving tax relief based on a proportion of the loan; and • reductions in council tax.
For investors	Incentives to encourage increased activity in conversions.	• stamp duty removal on conversions; • tax incentives; • reduction or removal of capital gains tax on conversions; • tax relief on buy-to-let mortgages/loans.

Figure 5.14: Fiscal incentives and measures to encourage brownfield development (adapted from KPMG, 1999).

Developers are often the most difficult group to incentivise because their participation in the development or conversion process is principally dependent on sustained market demand for the product and a suitable pool of buildings. In addition, developers are already able to obtain corporation tax deductions for practically all of their development costs leaving little scope for tax incentives. In terms of owner-occupiers, financial considerations form only part of their decision of where to live, therefore, fiscal incentives would need to deliver a significant cost advantage to impact upon home purchase decisions. Institutional investors

on the other hand will only be encouraged to invest in residential properties if such investment is made financially and administratively attractive.

Subsidies

The public subsidy is the most immediate tool available to a government to promote or facilitate development. Traditionally, such subsidies have formed the basis for much urban regeneration policy where programmes have been used to close the gap between costs of development and the values created. To make conversions commercially competitive sometimes requires a public subsidy - such as gap-funding, direct grants or low interest loans - that effectively lowers the price of utilization. Nevertheless, public subsidies have to be justified on the basis that the resulting project produces a social or community benefit, which in the absence of the subsidy would not have occurred. The economic case for a subsidy is usually where the social benefit of a course of action outweighs the private benefit and the value of the subsidy should be commensurate with the public benefit gained. As such, public funding is more likely to be allocated to those schemes that show an integrated approach to regeneration including social issues. There are various government agencies that have an initiating role in the development process, either through making land available for development, providing financial assistance, or by participating directly in development. The grant level is normally driven by an abnormal development cost or depressed values and is intended to be the minimum necessary to enable the project to proceed. Nevertheless, it is significant that KPMG (1999, p.6) acknowledge: *"Whilst gap funding has generally been effective in securing development in marginal cases, it is widely acknowledged that fiscal incentives may be amore attractive instrument for developers."*

In many urban areas, private investment can be discouraged due to poor environmental conditions and lack of confidence in market prospects. In such circumstances, investment by the public sector in area enhancement, including infrastructure improvements, environmental works, etc., has proven successful in changing the perception of an area and stimulating private sector interest by restoring confidence in an area's long term prospects (KPMG, 1999). The success of conversion projects and the wider regeneration of urban areas can in part, therefore be down to the support and pro-activeness of the respective local authority. The local authorities also need to understand the commercial logistics of development projects. Whilst lip service is frequently paid to acknowledging this, in reality many local planning authorities do not understand the need for commercial viability or how it is made up and consequently, do not make allowances for it – for example, by using

public funds to remove abnormal costs which would otherwise prejudice normal commercial viability (British Property Federation, 1999c).

Incentives / disincentives

KPMG (1999, p.29) suggest that "...*it would appear that fiscal measures, which impact on both demand and supply factors in the housing market with more certainty, may present a more effective mechanism than grants in influencing market behaviour in favour of brownfield development.*" The taxation system clearly needs to be more creatively used in order to increase the demand for urban housing and the supply through incentivising developers to target their efforts (Urban Task Force, 1999b). As such, this section is organised into supply-side and demand-side measures that can provide incentives or indeed dis-incentives to the conversion and habitation of former office buildings.

Supply-side measures

Supply-side incentives are those targeted at either the site or building owners, house builders or developers and investors. The main opportunities involve ensuring a sufficient supply of suitable redundant buildings are made available for conversion and reducing the cost of developing and investing in such projects in relation to alternative development or investment choices. A number of appropriate measures and their likely impacts are outlined in figure 5.15.

The Government announced in the March 2001 Budget that there would be tax relief on expenditure involving the conversion of space above commercial premises into flats for letting in the form of 100 per cent capital allowances. Post-war offices are excluded however, as this relief will only apply to buildings originally constructed for residential use. There is more scope to use fiscal measures to make urban housing development more financially attractive. Two areas have been recently promoted: the harmonising of VAT rates on new-build housing and conversion, and the possibility of a greenfield tax. These initiatives together with the impact of planning gain will be analysed in this section.

Measure/ Incentive	Target	Comments
Tax on vacant land holding.	Brownfield landowners	Significant disincentive to inactive landholding.
Stamp duty removal on brownfield acquisitions.	House builders and developers	Limited developer interest.
Corporation tax deferment on brownfield acquisitions and land banks.	House builders and developers	Strong developer response. Requirement to establish critical mass.
Personal tax revision to enable losses arising from loans for urban housing to be set against total income.	Small investors	

Figure 5.15: Supply-side incentives to encourage brownfield development (adapted from KPMG, 1999, p.9; p.71).

• *The role of Value Added Tax*

Since March 1995, developers are able to claim back Value Added Tax (VAT) on conversions of commercial property to residential accommodation after the development has been completed (Rowland, 1995). Prior to 1995, VAT at 17.5 per cent was charged at the full rate on the supplies and services used for "...*the conversion, reconstruction, alteration or enlargement of an existing building* ... " (VAT Act 1994, Sch.8, Grp.5(9b)). In contrast, VAT was zero rated for the "... *construction of a new building designed as a dwelling or number of dwellings* ..." (VAT Act 1994, Sch.8, Grp.5 (1a)). This tax difference severely disadvantaged conversion projects compared to new-build projects. The removal of VAT on conversions from commercial use has aided the conversion process, however, the difficulty with this method of refunding VAT in comparison with zero-rating, is that the developer has to cover the costs of the VAT when the development is complete, therefore having implications on cash-flow. Martin (1999, p.4) also claims that the current methods of applying VAT mean that the "...*smaller schemes are getting disproportionately hit by VAT charges.* " Another problem with office conversions – that often have another use at the ground floor level – is that in the case of mixed-use schemes, VAT is only refundable on the residential component and therefore the developer has to separate the costs for the different uses. Due to the difficulties, time and expense involved in doing this, in many cases, the

developer will simply pay the VAT and pass the extra costs onto the tenant or purchaser (Moss, 1997).

Such anomalies have the effect of reducing the capacity of the conversion of redundant office space and other such exploitation of surplus commercial accommodation. As a result, several mutually complimentary Government policy objectives risk frustration because of the impact of VAT. Many organisations have suggested that this should be addressed, even the House of Commons' Environment Select Committee stated that it felt that VAT on the conversion of buildings to residential use should be abolished or reduced to as low a rate as possible (Lewis, 1998d). Indeed, URBED (1998, p.57) argue that: *"It is anomalous that VAT should not be changed on new-build housing whereas it is on the conversion and improvement of existing buildings."*

VAT potentially offers a flexible means of encouraging brownfield development over greenfield development, however, any changes in the VAT regime will be complicated by the need to ensure compliance with the indirect tax provisions of the EC (KPMG, 1999). The EU has, however, been pressurising member countries to harmonise VAT on property across Europe. The European average for VAT on property is around seven per cent and consequently, it has been suggested that harmonisation may only be possible at 5 per cent due to constraints imposed by the European Commission. This would obviously increase the costs of new dwellings and conversions from other uses, therefore affecting both greenfield and brownfield development. If this is the case then the Government may have to explore other measures to stimulate housing in urban areas using the increased proceeds of this tax (Urban Task Force, 1999b).

The March 2001 Budget cut the VAT rate to 5 per cent for the conversion of residential properties into a different number of dwellings and also to the renovation of houses that have been vacant for three years or more, however, these measures do not apply to office conversions. Nevertheless, since the Government's Spring 2001 Budget a number of mortgage providers have introduced new innovative loan facilities that take advantage of the new 5 per cent VAT rate on the costs of conversion (Heron, 2001). These facilities are designed to encourage investors to exploit the current fiscal regime to take advantage of the growth in the lettings market within the private rented sector. These loans can provide for up to 70 per cent of the original purchase price, with the money to fund the development released as the conversion work progresses. Within a year upon completion of the conversion the development finance can then be rolled into an ordinary buy to let mortgage for up to 85 per cent loan to value of the converted units.

• *Greenfield tax*

The option of a greenfield tax, whereby local planning authorities seek planning gain on greenfield developments in order to pump-prime housing schemes on brownfield sites has gained significant support in recent years. The Urban Task Force (1999a; 1999b) also propose a package of financial incentives such as a greenfield tax and tax breaks on brownfield schemes to encourage the development of brownfield land rather than greenfield sites. Such a tax would operate by taxing development on greenfield sites in an attempt to disincentivise their development and to re-direct that development to previously used sites and buildings. It has been suggested that the tax could be in the form of a uniform national rate set at a fixed amount per hectare; as a banded tax – by region or rural/urban split; or as an ad valorem tax based upon a percentage of the land value (Urban Task Force, 1999b). The idea of a greenfield tax has stimulated much debate. Indeed, the Civic Trust is one of many organisations promoting the idea of a new environmental tax in the form of a 'greenfield levy' to reduce the present financial advantages of green-field development. It proposes that the levy would be based on the difference between the value of land as farmland and its value after gaining planning permission for housing (Planning, 1996c; 1996d; Cooke, 1998a; Lewis, 1998a).

There are those, however, who identify many uncertainties with regard to such a form of taxation, including whether it would actually lead to greater development on brownfield sites or just less development. Indeed, Davidson (1995, p.vi) argues that: *"Starving the private house building industry of green fields may result in starving it to death, rather than forcing it to survive on an unpalatable diet of re-used urban land."* Similarly, whether the tax would just be absorbed in reduced land values. There are also concerns that a greenfield tax could push up housing prices, thereby making it difficult for lower income groups to get onto the home-owning ladder thus leading to an increased demand for subsidised housing. In addition, a greenfield tax could present the Government with many problems including its administration; the valuing of the land; claims for damages from landowners; and choosing the correct rate to levy (Planning, 1998b). Recognising many of these potential problems, the Urban Task Force (1999b) propose an alternative to greenfield tax with the full environmental costs of new development being reflected through the use of economic instruments such as the introduction of a system of environmental impact fees through the planning system.

- ### *Planning gain*

The local planning authority play an important role in the development process with reference to securing benefits from development for the wider social and environmental gain (Allinson and Askew, 1996). The concept of planning gain - endorsed by Circulars 1/97 and 6/98 - is also covered under legislative factors and in Chapter Six on the planning system, however it is mentioned here because it is considered by many to be a form of development tax (The House Builders Federation, 1998). Local authorities have for many years collected developer contributions towards highway infrastructure and more recently towards public transport and affordable housing. Circular 6/98 has altered the national threshold for the provision of affordable units from 40 to 25 units (or 15 units in Inner London). This has had the effect of "catching" many conversion projects that had previously been beneath this threshold and therefore not liable to provide affordable units. Unfortunately, Circular 6/98 - like its predecessor 13/96 - fails to outline the mechanisms for calculating:

- what percentage of the total development should be affordable?;
- if land or homes are to be provided, how much and at what price?; and
- reference to commuted sums is limited to timing rather than how much can be levied?

(adapted from The House Builders Federation, 1998, p.5)

A related factor in the conversion process is the administration of planning fees. Although relatively insignificant in comparison to the overall cost of a conversion project, planning application fees can contribute to detrimental factors in the viability of development schemes. The Town and Country Planning (Fees for Applications and Deemed Applications) Regulations, 1997 dictate that local authorities must charge a much higher application fee for residential changes of use than for other types of conversion. There is a flat rate fee of £190.00 for *'the making of a material change in the use of a building or land'* other than a material change of use to one or more separate dwelling houses. For a change of use to residential, however, there is an application fee of £190.00 per dwelling house (subject to a maximum of £9500.00 (Department of the Environment, 1997b). The system of administering planning application fees therefore discriminates quite heavily against conversions to residential use over other types of conversions.

Demand-side measures

Perhaps equally important in terms of facilitating the conversion of redundant office buildings are incentives that can stimulate the level of demand for such accommodation.

These would generally be targeted at owner occupiers and/or tenant occupiers in order to make residing in the city centre generally or specifically in conversions a more attractive proposition. A number of possible measures and their likely impacts are outlined in figure 5.16.

Measure/Incentive	Target	Comments
Personal tax incentives in designated brownfield areas.	Owner occupiers / tenant occupier	Differential with greenfield likely to be attractive. Service charges can be uncertain in new schemes and relief can lessen risk. Higher income occupiers will benefit through tax relief.
Stamp duty removal on brownfield homes.	Owner occupiers	Quality schemes generally over £60,000. Young purchasers likely to have restricted initial capital.
Insurance premium relief on brownfield homes.	Owner occupiers / tenant occupier	Link to fear of crime.
Discounted council tax.	Owner occupiers / tenant occupier	Reduce cost of living compared to alternatives.

Figure 5.16: Demand-side incentives to encourage brownfield development (adapted from KPMG, 1999, p.9; p.71).

Owner-occupiers incur no VAT on the purchase of residential property because the sale is zero-rated, however they are liable to pay stamp duty on the purchase. The recent abolition of MIRAS mortgage tax relief need not signal the end of tax incentives to influence residential choice. Indeed, incentives to buy or rent converted properties or brownfield developments that target reductions or abolition of stamp duty, rental tax relief or tax relief on insurance premiums could encourage occupier demand and therefore increase developer interest by reducing risk. Both owner-occupiers and tenant occupiers are liable to pay the local government levied council tax at rates set by local authority, therefore, a discount incentive could encourage demand and therefore supply of homes developed on brownfield sites or from converted buildings.

Demand-Side Factors

The demand for residential accommodation in conversions and the city centre is covered in detail in Chapters Eight and Nine. Nevertheless, a brief overview of the nature and impact of demand upon the process of conversion is outlined in this section. Market forces under the control of the planning system are clearly the principal drivers of housing location in the UK and conversions take place in the context of the local housing market. Where demand is strong, conversions will be attractive to developers - provided abnormal costs can be overcome - with or without public sector support. In more marginal locations, however - where demand is weaker - encouraging increased conversion of obsolete buildings will require a strategy that tackles both demand constraints, such as local environmental conditions and value for money, as well as supply constraints, such as building (site) availability and planning policy.

DEMAND		
	• Market sector:	• Have potential purchasers been identified?
	• Level of demand:	• Is there evidence of the level of market demand?
	• Price structure:	• Will the sale prices of the units tie in with the intended market sector and demand level?
		• Do sale prices compare to alternative choices?
	• Mortgages:	• Will purchasers have difficulties obtaining mortgages on the units?
	• Aesthetic appearance:	• Does the façade/image need redesigning?
	• Car parking:	• Is the demand for parking spaces achievable?
	• Facilities:	• Will potential purchasers expect communal facilities such as a gymnasium, launderette, etc.?

Figure 5.17: Demand-related barriers and drivers to conversion.

Housing demand is multi-dimensional with numerous influences that vary in importance between households over time. These factors include family life cycle stage, socio-economic status, and lifestyle or personal characteristics. Indeed, the overall demand for housing and the demand for specific types and locations are affected by a number of interrelated factors. A range of demographic factors including both the size and the composition of the population will affect demand, however, the number of households requiring accommodation and their size will more specifically affect the level of demand for housing. Levels of household income and its distribution throughout the population are also

a strong influence on demand as this clearly affects a households' ability to express its desires through the market. The price of accommodation - whether the cost of buying or the level of rents - also therefore influences demand. This is related to the effective demand for homes of a specific type in specific locations. This is an economic term used to describe the situation in which housing consumers' have a desire for a particular accommodation and have the financial resources to pay for it. Therefore, effective demand only exists if individuals' desires or needs coincide with an ability to pay the market price (or rent) for that accommodation. Therefore, the desire for housing, or the need for it, does not, in itself, permit the household to demand it.

The perceived availability of accommodation can also have an impact on levels of demand and a major barrier to new types or locations of housing lie in the difficulty in changing residential demand patterns. Housing is also increasingly seen as an investment asset and not just considered as somewhere to live and this therefore, also has an impact on ownership decisions. Government policy is also an important variable to consider, as demand will also be influenced by taxes and subsidies. Before its abolition, mortgage interest tax relief was a major form of general subsidy to house-buyers that was motivated by the government's aim of promoting home ownership. Local property taxes, such as the council tax, are levied on the value of housing (as outlined in the section of financial and economic factors), and therefore, can have a strong effect on the housing market. Obviously, any changes in these taxes will impact upon the housing market, either generally or in relation to other areas, tenure or types of housing Warren (1993).

There is a considerable time lag in the supply process of getting new homes on to the market. With typical lead times for the construction of housing of at least two years, house-builders have to form expectations about the demand for housing. Although, house-builders may have a good appreciation of demand in different segments of the market and different localities, they face in Britain a highly volatile market over time. For example, the sudden downturn of the market in the late 1980s was unexpected and production levels overshot demand (Bramley et al., 1995). The willingness of developers to build in urban areas is, of course, also based on their perception of whether people want to live there. Indeed, a prime factor inhibiting potential developers of conversion projects in city centres until the mid-1990s was the perception that there was little demand for this type of accommodation in this location (Oc and Tiesdell, 1997). However, where city centre residential markets have become established – such as Leeds, London, Manchester and Nottingham – many developments now take place without grants and major house builders have been attracted

into these areas. Indeed, since the mid-1990s, city centre living has grown in popularity and increased residential values have enhanced the viability of further conversions of vacant offices to new housing (Knight Frank, 1999a). There is also a school of thought that the provision of new homes can be supply-led where developers are "...*effectively creating demand by offering supply.*" (Solesbury, 1990, p.193). There is an implicit assumption in this approach that property markets have an internal dynamic and that the provision of residential property is not just a passive response to demand, but could actually stimulate demand by offering a better quality of supply or by meeting a previously unmet or latent demand for property.

Legislative Factors

Legislative factors can be sub-divided into planning interventions in terms of policy and its implementation through development control, building regulatory control and environmental health policies. This section will briefly examine each of these legislative influences upon conversion activity, however, planning issues are covered in detail in Chapter Six.

LEGISLATIVE	**Planning Policies**	
	• Affordable housing:	• What are the local planning authority's (LPA) requirements for affordable housing provision?
	• Employment space:	• Does the LPA have employment space protection policies?
	• Parking:	• What are the LPA's parking requirements?
	• Density:	• Are there density standards that will apply?
	• Privacy:	• Will meeting privacy standards be problematic?
	• Amenity space:	• Can acceptable amenity space be provided?
	Building Regulations / Codes	
	• Fire:	• Can fire safety and means of escape requirements be met?
	• Access:	• Is disabled access feasible?
	• Heat loss:	• Can all thermal and heat loss standards be met?
	• Acoustic separation:	• Can appropriate noise insulation be installed?
	Environmental Policies	
	• Noise legislation.	• Do neighbouring uses present potential problems?

Figure 5.18: Legislative barriers and drivers to conversion.

It is worth noting that there are several non-governmental organisations that act as powerful pressure groups in terms of influencing legislative policy. Some of these represent the business interests of their members such as The House Builders Federation and British Property Federation whilst others such as the professional institutes also tend to have a vocal presence. In addition, there are organisations such as the Commission for the Protection of Rural England, English Heritage, Civic Society who all have strong views on the built environment and a series of voluntary bodies representing the needs of buildings from different historical periods such as the Twentieth Century Society (Greed, 1996). The views of many of these bodies with regard to housing provision and its location have been discussed in Chapter Three, however, with specific regard to post-war office buildings, English Heritage have produced a demolition hit list of 11 tall buildings within London (London Planning Advisory Council, 1998b). With one exception these buildings are post-war towers that the report claims have a negative impact on the urban environment and therefore should be replaced.

The Planning System

Land-use planning through its control of key variables, such as density, parking requirements, affordable units, influences what a developer can afford to pay for a building intended for conversion. Traditionally, policy and practice has been reactive rather than proactive to the possibility of re-using existing buildings for residential purposes. The importance of the planning system is emphasised in research by Llewelyn Davies (1994) for the London Planning Advisory Council and the Government Office for London. They suggested that the capacity for more housing in cities could be achieved by combining an innovative design-led approach to building new homes with a more flexible approach to planning policy thereby unlocking the full potential of sites that the blanket application of standards often prevents. More recently, the British Property Federation (1999a, p.4) identified that: *"The new emphasis on local planning authorities demonstrating a sufficient stock of development opportunities (whether land or buildings for conversion) for housing over five years, rather than a five-year supply bank represents a significant effort to encourage the re-use of the existing building stock in new ways."*

To gain planning consent for an office to residential conversion, developers will have to satisfy the local planning authority that the scheme meets the criteria established in the local development plan (see Chapters Six and Seven). For purposes of planning control over changes of use in buildings the key document is the *Town and Country Planning (Use Classes) Order 1987* (Department of the Environment, 1987b) introduced in order to

simplify planning procedures to allow firms greater flexibility. It divides various land uses into classes with each separate class consisting of a group of very similar uses (Department of the Environment, 1991a; Oatley, 1991). Normally, a change from one use to another within the same use class will not constitute development, whereas a change to a use within another class - such as office to residential - will constitute development for which planning permission will be necessary. Despite the fact that commercial to residential conversions need planning permission, Barlow and Gann (1993, p.24) indicate that the new B1 class was welcomed by developers and investors for two reasons: *"... first, the greater flexibility to change between uses reduced the potential for obsolescence and depreciation in buildings; second, existing owners of light industrial sites experienced a potential increase in the value of their property."*

Part A	A1	Shops	
	A2	Financial and Professional Services	
	A3	Food and Drink	
Part B	B1	Business	
	B2	General Industrial	
	B3-7	Special Industrial Groups A to E	
	B8	Storage and Distribution	
Part C	C1	Hotels and Hostels	
	C2	Residential Institutions	
	C3	Dwellinghouses	
Part D	D1	Non-residential Institutions	
	D2	Assembly and Leisure	

Figure 5.19: The Use Classes Order (England and Wales) (source: Department of the Environment, 1987b).

The *Town and Country Planning (General Development) Order 1988* (Department of the Environment, 1988) reinforced the changes in the Use Classes Order by extending the freedom to change uses between certain classes without requiring planning permission. Nevertheless, a change of use from B1 (business) to C3 (residential) requires planning permission without exception (Home, 1989; Cullingworth and Nadin, 1997). There is a clause in the General Development Order, however, that allows developers to apply for planning permission for different types of use class for the same building, and subject to permission apply those use classes as they see fit. The clause in Schedule 2, Part 3, Class E, essentially allows developers a flexible planning permission for a period of ten years from the date of the permission (Mallett, 1996). This clause has allowed owners of empty office

buildings in London to convert their property into residential use - and therefore receive an income - while having the security of being able in theory to convert back into offices.

Importance of Planning Gain

From a developer's viewpoint, one of the most significant planning-related barriers to conversion activity is planning gain. Indeed, Monk *et al.* (1995, p.23) indicate that: *"Across the board, developers viewed planning regulations as almost physical constraints on their development options."* The *1991 Planning and Compensation Act* gave local authorities the powers to enter into Section 106 planning agreements with private developers and landowners which would remove barriers to development. The British Property Federation (1999c) argues that there is widespread confusion regarding what contributions towards wider community benefits are allowable by law, and what has become accepted practice between the growing expectations of local authorities and the ability of developers to make the required contributions. They suggest that the implication of emerging policy and the existing Circular 1/97 mean that developers are increasingly expected to fund transport and regeneration initiatives.

Typically, in housing developments, planning gain might be used to secure facilities the need for which arises as a direct result of the proposed development, to offset the loss of an environmental resource or secure mixed use and social housing. Agreements can secure a number of additional benefits from the developer or landowner to reflect additional costs to, or impacts on, the neighbouring locality arising from the development. Planning agreements can therefore be viewed as a form of taxation on development, albeit of a flexible and negotiated kind. Healey *et al.* (1993) describe the rationale for the use of planning agreements as:

- facilitating the development process by overcoming constraints in terms of infrastructure and supporting services for development;
- compensating to some extent for the costs imposed on a community by new development; and
- redistributing some of the gains arising from development to the wider community, in the absence of a more formal development tax.

In order to secure affordable housing contributions, most local authorities have set threshold numbers of units above which developers must either provide a percentage of affordable homes or contribute financially towards provision elsewhere within the district (Chapman,

1998). The London Borough of Islington states that: *"...affordable housing is not a planning benefit in the same sense as other benefits that the Council may seek as part of a development scheme. The requirement for affordable housing is grounded in specific planning policy that is effectively endorsed in the relevant Government circular [6/98]."* (cited in Para.11 of committee report in The House Builders Federation, 1998, p.5). The House Builders Federation in their report *House Building in the 21st Century* argue that such policies are effectively taxing development and that these are causing developers to reassess the feasibility of conversions against a re-emerging local office market. The report also suggests that the Government's decision to lower the threshold for the size of developments on which local authorities can insist on an affordable housing element is putting off builders from converting office blocks. Indeed, they continue by arguing that the boost a new residential development brings is in some areas a planning gain in itself and that an unwillingness to be flexible could lead to a failure to meet the Government's 60 per cent brownfield target (The House Builders Federation, 1998).

Listed Building Status

Buildings are listed so that local authorities can control exactly what type of modifications is made to such properties. The Department of the Environment (1990b, Section 1 (1)) define listed buildings as: *"A building or group of buildings considered of special architectural and historic interest, which are protected from demolition, alteration or extension without obtaining Listed Building Consent from the local planning authority."* The policy establishes a presumption that such buildings should be preserved. Therefore, the developer is restricted in terms of the modifications that he/she can perform on the building to make it suitable for residential use. There are usually strict controls including the types of windows, doors and exterior cladding that can be used, the effect of this could reduce the financial viability of a conversion scheme.

Such status is still relatively uncommon amongst post-war office buildings, however, a few are beginning to be designated with this status. Buildings from the period post-war to present day are only listed if they are considered to be outstanding. This criterion applies to buildings more than 30 years old and if under threat of alteration/demolition, and in exceptional cases, buildings as recent as 10 years old may be considered for listing. The merits of listing post-war buildings has generated fierce debate between developers, heritage groups and members of the public. Critics argue that listing such a building can create an obsolete structure because conversion or refurbishment may well alter the very fabric of the original building that was the justification for listing (Ratcliffe and Stubbs, 1996).

Nevertheless, it is important that some buildings from this important period in history are protected otherwise it would not be recorded in built form. These arguments should, however, be used to justify the careful selection of buildings, including an account of the economic and aesthetic viability of refurbishment or re-use. Many of the post-war buildings considered for listing have become obsolete in their original use and therefore have to be put to a new use. This conversion process often requires some adaptation of the building and therefore potentially alters the character or appearance of the building which was the justification for its listing.

Building Regulations and Environmental Health

A framework of building and amenity standards adopted by local authorities regulates conversions of offices into residential use. The general aim of these standards is to ensure adequate standards for both the residents and neighbours of any scheme. The most fundamental regulatory considerations in the change of use from offices into residential use are meeting fire safety standards in terms of spread and means of escape and achieving acceptable thermal properties All conversions of office to residential must conform to the Building Regulations Act, 1991, which stipulates that any 'material alterations' to a building need to be approved (Department of the Environment, 1992b). Conversion and indeed other building projects must meet key criteria in the regulations associated with:

- structural integrity;
- fire safety (means of escape; access for fire brigade; fire detection and alarm systems; and means of preventing flames spreading;
- disabled access. In forthcoming years, conversion activity is likely to receive a boost as the Disability Discrimination Act 1995 - which is being implemented in phases through to 2004 – begins to have an impact upon the future use of commercial buildings. Indeed, companies may have to move to more compliant buildings thereby releasing buildings with potential for conversion;
- thermal performance (insulation; heating and ventilation); and
- acoustic transmission (sound insulation). Application of noise legislation often is conflicting with other objectives such as repopulating city centres. Indeed, environmental health officers are increasingly coming into conflict with planning officers as residents of recently approved schemes begin to realise the nuisance caused by other neighbouring uses, some of which may have been operating for many years.

At present, the same regulations apply for conversions as for new-build residential developments, however, it is often more difficult to apply and meet the standards within an existing building than in a new-build scheme. In some cases, however, local authorities will relax building standards that do not affect the safety of occupants in order to encourage the re-use of vacant buildings.

Conclusions

Many property developers have long viewed the time brownfield sites take to prepare and bring back into profitable use as problematic. However, a growing band of developers and investors are showing a readiness to take on the conversion of obsolete buildings. Indeed, while it is apparent that certain common denominators may be found, and therefore used to predict which buildings might be successfully converted, it is nonetheless apparent that a building seen by one developer as being unsuited to conversion may be seen as presenting opportunities to another. *"The developers are discovering that the existing urban fabric can offer great potential to add value to the final product, if the initial hurdles can be overcome."* (Margolis, 1999, p.8).

In the early 1990s, the perception was that many buildings were difficult to convert due to installing services, meeting building regulation requirements and meeting planning constraints such as parking and affordable housing. Once the trend was established, however, then solutions to these problems were commonly found. Many of the solutions were always there, however, it took the establishment of the principle of converting offices to residential through a few pioneer developments to establish price levels that reassured other developers (Royal Institute of Chartered Surveyors, 1998a). This trend for converting obsolete commercial space into residential in the UK which emerged in the early 1990s can be compartmented into four distinct phases:

- initial activity by housing associations exploiting the opportunity of relatively inexpensive office stock to provide affordable housing;

- small-scale interest from pioneering private sector developers providing homes in relatively small conversions in un-chartered residential locations mainly in London;

- the involvement of mainstream large-scale housing developers previously engaged primarily in new-build housing projects. This led to an increase in

both the size of individual schemes and the scale of conversion activity although still concentrated in London; and

- the spread of office conversion activity to a wide variety of towns and cities across the UK.

The growth of this conversion-type was the development industries response to the opportunity of exploiting a sudden glut of obsolete and vacant office space as outlined in Chapter Four. There were, however, a number of other complimentary factors that facilitated the conversion of these buildings to residential use, these included:

- the emergence of a significant rent-gap between the relative values of commercial office and residential accommodation;

- the Government's household projections that indicated a huge need for new homes as examined in Chapter Three;

- changing demographic profiles of households especially those expected to be created in the near future;

- government pressure to accommodate as many new homes on brownfield sites - including conversions - as possible, especially in urban areas;

- an urban renaissance being experienced in many towns and cities throughout the UK; and

- a rapidly increasing demand for new homes in city centres fuelled by and contributing to the renaissance mentioned above together with the changing nature of household formation.

Nevertheless, a wide range of other factors – or barriers and drivers – influences the viability and therefore realisation of conversion projects. These can be organised into five categories: physical or design-related; locational; financial or economic; demand; and legislative factors. All construction projects are influenced by barriers and drivers associated with these factors, however, with conversion projects – especially those of a new type – every development is unique and there are more unknowns in a physical sense and less certainty in terms of the product.

CHAPTER 6

ROLE OF THE PLANNING SYSTEM:
THE IMPACT UPON ADAPTIVE RE-USE

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Introduction

The planning system is the principal mechanism by which government policies affect the housing market in Britain. The Government can, however, also affect markets through a wide variety of other policy instruments such as regulatory interventions (legal rules), fiscal interventions (taxes and subsidies), and direct state participation in the provision of housing (Le Grand *et al.*, 1992). Governments employ elements of all of these strategies of intervention, although the recent trend has been to reduce direct government involvement in provision. Planning falls broadly into the first class of policy instrument, the regulatory framework. The planning system plays an important role in constraining and directing the residential development market, however, this cannot be considered in isolation from other measures - such as fiscal - which can encourage a wider change in the market (as discussed in Chapter Four). Indeed, Solesbury (1990) and Bramley *et al.* (1995) note how property development intersects with public policy in many ways and that planning represents a particular form of public policy intervention in the arena of private decisions.

The case for planning is that without such intervention in the development market, defects in market forces and the price mechanism would mean that unconstrained development could give rise to considerable social costs (Richardson, 1971). One of the key roles of the planning system is, therefore, to ensure that new homes are provided in the right place and at the right time (Department of the Environment, Transport and the Regions, 2000b, s.3, p.6). The Government also stresses the importance of considering the potential of residential development in revitalising areas and creating a more sustainable environment, and as such argues that: *"A key role of the planning system is to enable the provision of homes and buildings, investment and jobs in a way which is consistent with the principles of sustainable development."* (Department of the Environment, 1997c, para.1).

The *Town and Country Planning Act 1947* established the basic principles of the planning system in England and Wales. Since 1948, successive legislative reforms have led to a highly regulated system of land-use control in the UK. The system operates through public

control of development rights and is designed - through the preparation of development plans - to balance the demand for new development with the need to protect the environment. The system is plan-led - in that any decision must have regard to the development plan - and it is governed through the *Town and Country Planning Act 1990* as amended by the *Planning and Compensation Act*, and the *Planning (Listed Buildings and Conservation Areas) Act 1991.*

Planning Policy Guidance notes are the form through which the Government sets out and transmits its policies on different aspects of planning and influences local planning policy. The implementation of these planning controls is exercised under two distinct but interrelated processes. First, the development plan concerned with the production of planning policies that provides a starting point for the evaluation of various development proposals. Local planning authorities prepare and review their development plans based on the content of the Government's Planning Policy Guidance notes. These development plans – known as local plans or unitary development plans - guide development proposals by establishing a series of rules that may shape future development proposals and influence the chances of gaining planning permission. Secondly, development control whereby decisions are made on individual planning applications (Bruton and Nicholson, 1987; Healey and Nabarro, 1988; Cullingworth and Nadin, 1997).

This chapter examines the planning policy context of conversion activity at a national and local level and as such, it is organised into two main sections. The first examines the key dimensions of national planning policy and guidance in relation to the adaptive re-use of buildings in urban areas. The second section identifies the role of local development plans and major local policy issues that influence the conversion of redundant office space to residential use.

Planning Policy and Guidance

The post-war attitudes to planning and physical intervention gained momentum in the 1950's and 1960's when the typical urban policy was for slum clearance and comprehensive redevelopment. A significant challenge of the age was the accommodation of the car within the city and, therefore, these policies were augmented by road building schemes. Indeed, grand plans were made to fundamentally restructure cities in order to accommodate the demands of modern business with efficient access for cars. These conventions of urban planning in the late 1950s through much of the 1960s favoured rigidly-defined, functionally-zoned urban development.

In the 1950s and 1960s, as an increasingly affluent population moved further into the suburbs, and as a result, inner area road building schemes were proposed to meet the increasing need for access from the suburbs to the city centres. As such, Ravetz (1985, p.82) argues that, in essence, much of planning of the 1960's was planning for roads. By the mid-1960's, however, the social effects of the destruction of urban neighbourhoods and cherished environments was becoming evident and this led to frequent and increasingly widespread public protest. The 1970s and 1980s saw planning shift from focussing upon social and economic matters to a growing entrepreneurial approach to planning with a relaxation of planning concerns. As such, the strategic approach to town planning was dismantled in favour of planning through development control leading to more dispersed and uneven patterns of urban development (Hobbs, 1996).

Since the early 1990s, however, sustainability and urban areas have been at the forefront of planning issues and policies. Indeed, the aim of creating a more sustainable environment - in a physical, social, economic or environmental sense - has been the overarching theme of all subsequent Government guidance (Town and Country Planning Association, 1998). Indeed, Llewelyn Davies (1994, p.4) suggested that planners had increasingly become under pressure to find solutions to urban pressures which:

- use less land;
- generate fewer car miles;
- use existing urban resources; and
- conserve energy.

The focus of government policy moved to housing following the Government's 1995 household projections (Department of the Environment, 1995b; 1995c) (see Chapter Three). Indeed, accommodating this household growth in a sustainable manner utilising brownfield sites and redundant buildings became the focus of most government policy and initiatives. This has evolved into a broader debate about encouraging an emerging urban renaissance that has a broader holistic approach including the design, environmental quality, social and economic welfare of urban areas. The Government has advocated an approach that includes a portfolio of planning solutions, indeed, Prescott (2000, p.3) argues that: *"To deliver an urban renaissance, we must co-ordinate our efforts at all levels: national, regional and local."*

The Relevance of National Planning Policy Issues to Adaptive Re-use

Achieving more sustainable development has clearly been the main objective of Government planning policy and initiatives since the early 1990s (Department of the Environment, 1997c). Indeed, in the White Paper *This Common Inheritance* (Department of the Environment, 1990c), the Government insisted that all policies must be consistent with sustainable development. One of the most important and well-publicised documents of the late-1990s was the Urban Task Force's report *Towards an Urban Renaissance*. The report recommended a number of key proposals intended to tackle the causes of urban decline in England and bring people back into our cities, towns and urban neighbourhoods. In relation to this research, these include:

- creating designated *Urban Priority Areas*, where special regeneration measures will apply, including a streamlined planning process, accelerated compulsory purchase powers and fiscal incentives;

- making developing on *brownfield land and recycling existing buildings* more attractive than building on greenfield land;

- making *statutory development plans more strategic and flexible* in scope, and devolve detailed planning policies for neighbourhood regeneration into targeted area plans;

- producing *dedicated Planning Policy Guidance* to support an urban renaissance;

- adopting a *sequential approach to the release of land and buildings* for housing, so that previously developed land and buildings get used first;

- requiring local authorities to *remove allocations of greenfield land for housing* from development plans where these are no longer consistent with planning policy objectives;

- requiring every local authority to maintain an *empty property strategy* that sets clear targets for reducing levels of vacant stock;

- ensuring sufficient *public investment and fiscal measures* are used to lever in greater amounts of private investment into urban regeneration projects;

- introducing a new financial instrument for *attracting institutional investment* into the residential private rented sector;

- introducing a *package of tax measures* to provide incentives for developers, investors, small landlords, owner-occupiers and tenants to contribute to the regeneration of urban land and buildings; and

- publishing an ambitious *Urban White Paper* that addresses economic, social and environmental policy requirements, tying in all relevant government departments and institutions.

(adapted from Urban Task Force, 1999b, pp.11-12)

Many of these proposals have subsequently been initiated by the Government as part of revised planning policy guidance, in the recent White Paper *Our Towns and Cities* or as part of other policy or fiscal initiatives (Department of the Environment, Transport and the Regions, 2000c). This section will focus upon the key implications of these - and other recently preceding national policies - for the creation of more new homes in urban areas and in particular the adaptive re-use of office buildings to residential use in city centres. The five main relevant themes - which are all interlinked – that will be highlighted are:

- to focus development within existing urban centres;
- the encouragement of brownfield development;
- the conversion or re-use of existing buildings;
- a move towards the implementation of sequential tests to qualify the suitability of development sites and the emergence of urban capacity studies; and
- efforts to reduce private car use and the numbers of journeys.

Enhancing existing urban centres

One of the first statutory documents to firmly encourage local authorities advocate to allocate more residential development in existing urban centres was the 1992-version of Planning Policy Guidance note 3: Housing (Department of the Environment, 1992a). Planning Policy Guidance note 6 also stressed the importance of sustaining and enhancing the vitality and viability of town centres. In addition, the guidance encouraged an increase in housing in town centres and stated that a mixture of housing and other uses in the town centre "...*can increase activity and therefore personal safety, while ensuring that buildings are kept in good repair. Residents and workers stimulate shopping, restaurants and cafes, and other businesses to serve them, and so in turn add to the vitality.*" (Department of the Environment, 1996b, s2.13). One of the key tasks of the Urban Task Force - established in 1998 - was to examine the causes of urban decline and to recommend solutions to bring people back into towns and cities in order to achieve some of these perceived benefits. Indeed, in the introduction to the Urban Task Force's report, deputy Prime Minister John Prescott, in alluding to the then imminent Urban White Paper claimed that it "...*will set out*

the framework which the Government is committed to developing to ensure that towns and cities are not only competitive and prosperous, but offer a good quality of life for everyone who lives there." (Urban Task Force, 1999b, p.4). Indeed, one of the key visions of the White Paper *Our Towns and Cities: The Future* is "*to encourage people to remain and move back into urban areas ...by making them places which offer a good quality of life.*" (Department of the Environment, Transport and the Regions, 2000c, s.2.36, p.29).

Subsequent policy guidance has reinforced this stance and the public consultation drafts of Planning Policy Guidance note 3: Housing and Planning Policy Guidance note 13: Transport both reaffirmed the Government's commitment to concentrating most additional housing development at increased densities within existing towns and cities claiming (Department of the Environment, Transport and the Regions, 1999e, para.3; 1999l, s.5). The final revised PPG3 - that replaced the 1992 version – went further by arguing that: "*To promote more sustainable patterns of development and make better use of previously developed land, the focus for additional housing should be existing towns and cities.*" (Department of the Environment, Transport and the Regions, 2000b, s.1, p.5).

Facilitating brownfield development

As part of the drive to accommodate growth within existing urban areas, the Government requires a significant proportion of development to occur on brownfield sites, indeed, "*The national target is that by 2008, 60% of additional housing should be provided on previously-developed land and through conversions of existing buildings.*" (Department of the Environment, Transport and the Regions, 2000b, s.23, p.11) (see also Chapter Three). Planning Policy Guidance note 1 argues that the re-use of previously developed land is important in supporting the objective of creating a more sustainable pattern of development. It also adds that the Government is committed to preferring such development provided that it "*...creates or maintains a good living environment.*" (Department of the Environment, 1997c, para.7). The recent Urban White Paper also affirms the Government's commitment to making the best use of previously developed sites and buildings (Department of the Environment, Transport and the Regions, 2000c).

Government policy suggests that the reuse of urban land will help to alleviate some of the development pressures on suburban and green field sites. Indeed, the previous Planning Policy Guidance note 3 reaffirmed the key role of the planning system in identifying and realising "*...the development potential of derelict and underused land... Development of such land can represent a real a real environmental gain, not only by providing the homes*

required, but also by helping to make urban areas pleasanter places in which to live." (Department of the Environment, 1992a, p3; Para.17). Similarly, the public consultation draft of the revised Planning Policy Guidance note 3: Housing compelled local authorities to *"...provide sufficient housing land but give priority to the re-use of previously developed land, bringing empty homes back into use and promoting the conversion of existing buildings within urban areas, in preference to the development of greenfield sites."* (Department of the Environment, Transport and the Regions, 1999e, para.4).

British Property Federation (1999a) memorandum on inquiry into the consultation draft of Planning Policy Guidance note 3 stated that: *"It is essential that planning policy reinforces and promotes the re-use of previously developed land and buildings if the government's target of building 60% of all new housing on brownfield sites is to be achieved."* (British Property Federation, 1999a, p.1). As such, the final revised Planning Policy Guidance Note 3 also compels local authorities to: *"Provide sufficient housing land but give priority to re-using previously developed land within urban areas, bringing empty homes back into use and converting existing buildings, in preference to the development of Greenfield sites."* (Department of the Environment, Transport and the Regions, 2000b, s.2, p.5). In addition, it states that: *"The Government is committed to maximising the re-use of previously-developed land and empty properties and the conversion of non-residential buildings for housing, in order both to promote regeneration and minimise the amount of Greenfield land taken for development."* (Department of the Environment, Transport and the Regions, 2000b, s.22, p.11).

Converting and re-using existing building

There is an obvious overlap between the re-use of existing buildings and encouraging brownfield development as existing buildings are clearly on previously developed sites. Given the nature of this research, however, it is felt prudent to look more specifically at this category of brownfield development. Indeed, one of the remits of the Government's *Urban Task Force* had specific reference to the provision of housing through the re-use of existing buildings.

The Department of the Environment's (1987) *Re-Using Redundant Buildings: a good practice guide* illustrates the Government's long-term concern with adapting a legacy of redundant older structures for new uses. It was not until the release of Planning Policy Guidance note 3 (Department of the Environment, 1992) that this concern for re-using buildings began to encompass residential conversions. Significantly, this guidance and

Planning Policy Guidance note 6: Town Centres and Retail Development mentioned the possibility of converting unused office space to increase housing stocks in central areas (Department of the Environment, 1992a; 1996b, s2.14). Planning Policy Guidance note 3: Housing also required local planning authorities in their development plans to: *"...make clear whether the housing provision figures include an allowance for expected supply from conversions and change of use ..."* and similarly that *"...plans should also clearly state what assumptions they make about the likely contribution to total housing supply resulting from ...conversions and changes of use."* (Department of the Environment, 1992a, Paras.11 and 12).

Most subsequent planning policy guidance has emphasised that particular priority should be placed on the re-use or conversion of existing sites and properties (Department of the Environment, 1994b; 1996b, s2.14). Planning Policy Guidance note 13: Transport encourages local planning authorities to consider these conversions in relation to the accessibility of facilities and public transport corridors (Department of the Environment, 1994b, s3.2; s.3.3). The public consultation draft Planning Policy Guidance note 3: Housing (Department of the Environment, Transport and the Regions, 1999e) reaffirmed the new Labour Government's commitment to continuing policy advice related to maximising the re-use of previously developed land and the conversion and re-use of existing buildings. The draft guidance also urged local planning authorities to formulate plans which sought to:

"...re-introduce housing to town centres by, for example, converting space above shops and vacant commercial buildings, including housing in mixed-use developments." [and to adopt] *"...a more flexible approach to development plan standards with regard to densities, car parking, amenity space and overlooking, recognising that such housing is likely to appeal to particular types of households who would prefer to live more centrally."*

(Department of the Environment, Transport and the Regions, 1999e, para.8; para.34).

The final revised version of Planning Policy Guidance note 3 confirmed the need to make more efficient use of land by maximising the re-use of previously developed land and the conversion and re-use of existing buildings. Significantly, one section specifically relates to conversions and the re-use of buildings and requires local planning authorities should adopt positive policies to:

- identify and bring into housing use empty housing, vacant commercial buildings and upper floors above shops, in conjunction with the local authority's housing programme and empty property strategy and, where appropriate, acquire properties under compulsory purchase procedures; and

- promote such conversions, by taking a more flexible approach to development plan standards with regard to densities, car parking, amenity space and overlooking.

(Department of the Environment, Transport and the Regions, 2000b, s.41, p.15).

The Government also reinforces the concept of re-use at regional level such as the *Strategic Guidance for London Planning Authorities* (Government Office for London, 1996). This formal guidance on the review of unitary development plans strongly encouraged adaptive re-use and noted surplus office space as a potential major source of new housing. Indeed, the guidance states that London borough's should:

- assess the scope for conversion of existing buildings in other uses to residential use to meet changing housing needs;

- set out policies and proposals to facilitate the change of use of redundant and surplus office space to housing;

- review policies so that they encourage rather than hinder the conversion of existing dwellings; and

- keep under review areas of existing office development and prepare policies setting out the balance between continued office use and other uses.

(Government Office for London, 1996)

Introducing sequential tests for land release and urban capacity studies

To achieve the level of brownfield development that the Government sought it needed to introduce policies that strike a balance by reducing the level of greenfield development without preventing it completely. URBED (1998) suggested that a sequential test - similar to that introduced for retail development in Planning Policy Guidance note 6: Town Centres and Retail Development – be introduced for residential development. Indeed, the guidance introduced a sequential test for retail development where the onus was on developers proposing out of centre retail developments to demonstrate that they had thoroughly assessed all potential town centre options. Similarly, local authorities have to adopt a similar

approach to designating sites for new retail development in their development plans (Department of the Environment, 1996b, s1.9).

No mechanism previously existed to translate national housing requirements into effective land allocations within local authority areas in ways that take into account the impact on the environment. There is also no effective mechanism in the planning system to ensure that house builders and developers first consider sites within the urban area, before seeking permission to develop on greenfield sites. The consultation draft of Planning Policy Guidance note 3 (Department of the Environment, Transport and the Regions, 1999e, para.19) introduced the Government's commitment to adopting a sequential approach to determine the phased release of land. The draft suggested that local planning authorities should consider the re-use of existing property and of previously developed land before releasing greenfield land for housing development by:

- assessing the capacity of urban areas to accommodate more housing; and
- adopting a sequential approach to the allocation of land for housing development.

(adapted from Department of the Environment, Transport and the Regions, 2000b, p.11).

Adopting such a sequential approach is an attempt to shift the balance in favour of town centre sites and buildings for conversion and/or redevelopment. Implementing this policy will not be without difficulties, however, due to the monitoring and assessment necessary for the substantial number of residential development planning applications. To put further the emphasis upon residential development in urban areas the Government has placed a requirement upon local authorities to produce urban capacity studies (Department of the Environment, Transport and the Regions, 2000g). Indeed, the revised Planning Policy Guidance note 3 states that:

"RPBs [Regional Planning Boards] should draw on urban housing capacity studies in proposing the recycling target for their region which will be set in RPG [Regional Planning Guidance]. Planning authorities will also wish to draw on these studies in seeking to ensure that housing requirements are apportioned between local authorities in a way which maximises the use of previously-developed land and buildings and minimises Greenfield land take."

The policy guidance also outlines how at a local level, development plans should identify sites for housing and buildings for conversion and re-use sufficient to meet housing requirements and then manage its release over the plan period. (Department of the Environment, Transport and the Regions, 2000b, s.26; s.28, p.12). The British Property Federation (1999a) suggest that this new emphasis on demonstrating a sufficient stock of development opportunities for housing over five years - rather than a five-year supply bank - represents a significant effort to encourage the re-use of the existing building stock.

Reducing private car use and the need to travel

In 1994, the Government's introduction of Planning Policy Guidance note 13: Transport was a major step in co-ordinating policies to reduce the need to travel. It provided a series of detailed policies designed to induce less travel by overturning much of previous government thinking on planning and transport policy. Local authorities were guided to adopt planning and land use policies, particularly for housing, which *"...promote development within urban areas, at locations highly accessible by means other than private car."* (Department of the Environment, 1994b, s1.8).

Planning Policy Guidance note 1 is the Government's strategic commentary on planning policy and this also encourages the use of existing developed areas which have good access to a range of transport and other facilities, conserving the natural environment, and reducing the need to travel (Department of the Environment, 1997c, para.24). The Government White Paper's *Our Future Homes* and *A New Deal for Transport* (Department of the Environment, 1995a; Department of the Environment, Transport and the Regions, 1998f) also advocate locating more homes in towns and cities and along public transport routes as part of an initiative to integrate land use planning and transport. The revised public consultation draft of Planning Policy Guidance Note 13: Transport reinforces these earlier policies and identifies that:

> *"Land use planning has a key role in delivering the Government's integrated transport strategy. By influencing the location, scale, density, design and mix of uses, planning can help to reduce the need to travel, reduce the length of journeys and make it safer and easier for people to walk, cycle or use public transport."*
>
> (Department of the Environment, Transport and the Regions, 19991, s.3, p.7).

The Role of Local Development Plan Policy

Government policies on city centre living and conversion to residential use have been evolving through advice issued in Planning Policy Guidance notes since the early 1990s. These are, however, only part of the policy framework that determines the basis on which planning decisions are made. Local authority planning policies are also important, as they often influence decisions more directly and often affect the attitude of developers and landowners considering conversions of particular buildings. The policies of local authorities are encompassed in their development plans that provide the local context for individual planning decisions. Local authorities must take into account national and regional guidance in preparing these plans and in deciding individual planning applications (Department of the Environment, Transport and the Regions, 1999m; 2000c).

All local planning authorities are required under the *1991 Planning and Compensation Act* to prepare district-wide development plans. The Act also gives added legislative power to development plans by requiring that decisions on development should be made in accordance with the plan unless material considerations indicate otherwise (Department of the Environment, 1991b). In preparing a development plan, local authorities have both a promotional and regulatory role. They must ensure that development opportunities are seized and that existing employment uses are not compromised whilst protecting the residential amenity of future residents. The development plan - whether in the form of a local plan or unitary development plan - is sometimes enhanced by supplementary planning guidance, which is used in decision-making on applications. This does not carry the same status as the plan, however, and should be cross-referenced to the local plan (Healey, 1983).

Local planning authority prepared planning briefs are also important in giving a lead to developers and a degree of certainty about what is acceptable in terms of development and likely to take place on surrounding sites. The Urban Task Force has argued that the planning system has become stultified in that it generally takes too long to plan and make decisions within a system that is reactive and become too focussed on 'controlling' development. As such, it proposes that:

- development plans should become simpler, more flexible and strategic documents, closely integrated with other local strategies, and avoiding the inclusion of detailed site-level policies; and

- the formulation of detailed planning policies for a regeneration area is often better dealt with as part of an area planning process.

(adapted from Urban Task Force, 1999b, p.191)

Conversion Activity and the Role of Local Planning Policy

In local plans or unitary development plans, local authorities have to adopt central government guidance in relation to the promotion of the re-use of redundant buildings for housing. This includes being flexible in terms of the residential amenity, parking requirements and density standards applied to planning applications for conversions. As such, four key issues of concern for local planning authorities regarding the conversion of office space to residential use are:

- ensuring appropriate density of development and maintaining housing amenity standards;
- ensuring appropriate levels of parking are provided;
- protecting floor space earmarked for employment purposes; and
- providing a mix of tenure especially affordable housing.

Density and Amenity

Urban densities vary enormously even within the same city and, therefore, one important planning consideration where there is some flexibility is the dwelling density standards adopted by a local authority. Indeed, density controls may affect the way that land and buildings permitted for housing development will translate into numbers of residential units created. A study of density standards, however, revealed that: *"...many authorities do not use density standards at all, and where they are used it seems to be in a rather half-hearted, pragmatic fashion."* (Breheny, 1997a, p.87). Llewelyn Davies (1994) and more recently the consultation draft and revised version of *Planning Policy Guidance note 3: Housing* all recommend, however, that local authorities impose minimum density standards and relax maximum standards particularly in and around existing centres and other areas with good public transport (Department of the Environment, Transport and the Regions, 1999e, para.40; 2000b, s.57). In the revised *Planning Policy Guidance note 3*, the Government goes further by requiring local authorities to:

- encourage housing development which makes more efficient use of land (between 30 and 50 dwellings per hectare net); and
- seek greater intensity of development at places with good public transport accessibility.

(Department of the Environment, Transport and the Regions, 2000b, s.58, p.19).

Residential densities cannot be fully reflected in dwellings per acre with person densities likely to be much lower than in previous decades due to the projected decline in average household size (see Chapter Three). Measurements of residential density based on bed-spaces or habitable rooms are more accurate than those based on dwellings per hectare, however, they are more appropriate as measures of potential housing capacity (Hooper, 1999). The use of habitable rooms per hectare is the traditional method of measuring residential density, however, Planning Policy Guidance note 3 refers to dwellings per hectare in setting standards for the most efficient use of housing land. Indeed, density is a crude measure of the amount of housing development on a site that it is measured in a very exact way:

$$\frac{\text{Habitable rooms}}{\text{Site area (in hectares)}} = \text{density (expressed as habitable rooms per hectare)}$$

Figure 6.1: Formula for calculating residential densities.

In the late-1990s, the Government considered dramatic increases in permitted density in urban areas across the UK by concentrating new development around transport nodes (Fairs, 1998b). A report by Llewelyn-Davies (1997) for the London Planning Advisory Council proposes that density guidelines could double or even triple as long as cars are heavily restricted, or even banned. The report suggests that 500 to 700 habitable rooms per hectare could be achieved compared to current guidelines of 125-250 if the government backs the proposal. The report suggests that residential densities in London could be increased by as much as 300 per cent through a mixture of conversions, infilling and back land development.

Research by Llewelyn Davies and the Bartlett School of Planning (Department of the Environment, Transport and the Regions, 1998k) indicates, however, that as you move from low to medium densities you save a lot of land, but as you go even higher the density bonus drops very rapidly. Indeed, very high densities are complicated by the need to provide sufficient community and social facilities like schools, open space, health centres and local shopping. The revised *Planning Policy Guidance note 3: Housing* suggests that low densities will have the opposite effect and that:

"Low density development is unlikely to sustain local services or public transport so that access to jobs, shops, education, health, leisure and social facilities is dependent upon car use. Similarly, the loss of population in cities through redevelopment at lower densities combined with falling household size, can lead to the collapse of local services and result in social exclusion of those without access to a car."

(Department of the Environment, Transport and the Regions, 1999e, para.38).

Economists such as Evans (1988; 1991) have argued that, when planning restricts the supply of land for housing, it tends to raise densities and that this obliges households to consume less space than they would prefer, therefore reducing their private welfare. Both market forces and planning intervention clearly have a powerful effect on residential densities and Fulford (1996, p.129) argues that: *"High density development, particularly within a central urban context, is often the most profitable option for house-builders. The main obstacle identified by the house-builders was the disparity that currently exists between the focus of national planning policy guidance and its application at a local level."* In terms of conversion activity however, density may be a positive factor; the floor space of a converted building may be greater than would be allowed in a redevelopment because of planning restrictions on plot ratios.

Conversions from office to residential use usually create higher densities than local plan or unitary development plan policies indicate as being acceptable, however, with few exceptions, this rarely results in planning permission being refused on density or amenity grounds. Therefore, amenity issues are often ignored in the case of conversions. Similarly, planning authorities take a relaxed view of unit size mix, with little insistence on inclusion of 'family-sized' units, even if such a policy is specified in the development plan. Primarily, this is due to the geographic location of office to residential conversions in very urban settings that are traditionally more attractive to smaller households than families. London Property Research Limited (1996a) suggest that this general relaxation of policy is due to:

- many planning policies include the word "normally", providing local planning authorities with a reason to override policy;

- planning committee members have a strong feel-good factor about conversions - bringing life and vitality to an area;

- it is not usually practical to reduce the size of an office building to enable lower densities; and

- if it is a private sector development and there are willing buyers, should they be protected from themselves on technical planning grounds?

As such, urban density is a sensitive planning issue that has long confounded the attempts of planners to use their understanding of it as a means of improving the urban environment (Haughton and Hunter, 1994). High density is often considered as the perpetrator of less public open space, a less attractive environment, more crime and vandalism, more nuisances from bad neighbours, and so forth and a major concern has been the fear of town cramming (Evans, 1991; Gosling et al., 1993). Some commentators prefer to use the term town cramming rather than urban consolidation in discussing attempts to increase densities, especially in older cities (Breheny, 1992b; Breheny and Rockwood, 1993).

Most literature on the economics of urban size tends to assume that larger, denser cities generate a whole range of negative costs for their residents (Richardson, 1973; Walker, 1981). This reflects a pervasive anti-urbanism that has characterised attitudes to urban planning in Britain since the early 1970s. Indeed, developers have claimed that although planning officers are now willing to consider higher densities, committee members are still often reluctant to approve them (Ballard in Willis, 2001). This traditional view of high density may, however, be misplaced in certain circumstances with high density being appropriate in parts of cities for certain groups (Rosenberg, 1982). Indeed, density *per se* is not an indicator of urban quality and high density does not necessarily equate with overcrowding.

Car-Parking

Local authorities can use parking policies to promote sustainable transport choices and reduce reliance on the car for work and other journeys (Department of the Environment, Transport and the Regions, 1999l). Indeed, the car parking standards adopted by a local authority are another planning consideration where there is a high degree of flexibility. Llewelyn Davies (1994) were amongst the first to recommend that local authorities reduce parking standards - especially for conversions - in areas with good public transport. Significantly, this advice is adopted in Planning Policy Guidance note 6 (Department of the Environment, 1996b, s2.17), whilst the recent Planning Policy Guidance note 3, the Government notes that: *"Car parking standards for housing have become increasingly demanding and have been applied to rigidly, often as minimum standards."* It continues by stating that: *"Parking policies should be framed with good design in mind, recognising that car ownership varies with income, age, household type, and type of housing and its*

location." (Department of the Environment, Transport and the Regions, 2000b, s.60, p.20). As such, the Government advises local authorities to revise their standards to allow for significantly lower levels of off-street parking, particularly in central urban locations, where the occupants are less likely to own cars and in conversions where it is often more difficult to incorporate parking (Department of the Environment, Transport and the Regions, 2000b, s.61, p.20).

Research by Llewelyn Davies (1998) indicates that more innovative designs and sensitive application of planning standards could substantially increase the number of new homes in London. Residential flat conversions contribution could theoretically be increased by up to 250 per cent if off street parking requirements were abolished. The revised draft of Planning Policy Guidance note 13 acknowledges this by stating that: *"Car parking also takes up a large amount of space in developments and reduces densities."* (Department of the Environment, Transport and the Regions, 19991, s.31, p.16). It has increasingly become the developers, however, who are seeking higher parking ratios, indeed, Knight Frank (in Tinworth, 1999) suggests, *"...marketing a scheme with less than 75% car parking would be difficult."* In city centre locations, however, the opportunity to develop car-free housing could be an attractive option for some households who do not own a car, since facilities and public transport are close by. Indeed, the Urban Task Force (1999b) identify that there is a need to learn from the 200 or so successful car-free housing schemes operating in different parts of Europe.

Employment

The zoning of land or buildings for employment use - often as part of defined employment areas - can be a major hurdle to successful adaptive re-use to residential. Indeed, according to Barlow and Gann (1996), the most significant planning deterrent of the early 1990s was the concern over the loss of industrial and commercial floor space. Some local authorities are wary of the effects on employment prospects and have been known to invoke employment protection policies in local plans to refuse consent for change of use to residential. Even where local authorities are enthusiastic about such conversions, there are debates on the appropriate location for residential development, and how to provide the necessary associated facilities and amenities to the area. The response to the dramatic increase in applications for conversion to residential use has, however, been to look at each proposal on its merits within the existing planning context rather than establishing a district-wide policy (Department of the Environment, Transport and the Regions, 1999e).

Given the premium that is attached to employment uses many local authorities are resistant to the loss of offices on employment policy grounds and some may even apply conditions aimed to protect them. Indeed, the recent *Planning Policy Guidance note 3* identifies that: *"Some local planning authorities have allocations of land for employment and other uses which cannot realistically be taken up in the quantities envisaged over the lifetime of the development plan. Equally, since planning policies may have changed since some of this land was designated for particular land uses, it is possible that the designation is no longer compatible with policy set out in current PPGs."* (Department of the Environment, Transport and the Regions, 2000b, s.42, p.15). On the whole though, planning authorities recognise that many post-War office buildings are unlikely to be re-let, and that a policy to protect employment space in an obsolete building is futile. When considering the conversion of buildings to residential use, therefore, planning authorities must consider the effect of this change of use on the balance of uses within the buildings location. In many areas, the addition of a residential population will provide a welcome diversification to an otherwise homogenous area.

Figure 6.2: Employment versus housing in Portsmouth (Source: The Portsmouth News, 25 August 1997, pp.18-19).

One reason for hesitancy on the part of local authorities is that historically, housing-led revitalisation has often led to the displacement of existing residents and employment space from areas of the inner city (Zukin, 1989; Smith 1996). If the original inhabitants and businesses are property owners rather than tenants, displacement is not necessarily wholly negative and owners can then realise the value of their appreciating assets. Also where there are existing tenants, a local authority may expect a potential developer to justify why an employment use is no longer appropriate. Another negative of converting obsolete offices can be that such properties can be an important and essential seedbed of low cost start up accommodation for small or new businesses.

Affordability

In the fields of housing and planning policy, the need for affordable homes is a social issue that that has been receiving increasing attention despite the fact that it has been overshadowed by the Government's household projections (see Chapter Three). Affordability is a major issue for the large proportion of the population who are unable to compete in a predominantly private market and therefore alienated in the housing market (Ball, 1996). The term 'affordable housing' is used in this chapter to encompass both low-cost market and subsidised housing (irrespective of tenure, ownership or financial arrangements) that is accessible to people whose incomes are insufficient and generally deny them the opportunity to afford to occupy homes available locally on the open market (Maclennan and Williams, 1990; Department of the Environment, 1996).

The concept of local needs for housing has been referred to in development plans since the 1970s, however, a consistent theme through the 1980s and 1990s has been the inability of local authorities and housing associations to meet the housing needs of a growing number of people who are economically inactive, unemployed or earning low or irregular wages (Bramley *et al.*, 1995). In the mid 1980s, authorities began to negotiate with landowners and developers to secure a proportion of affordable housing, secured by 'agreement', on larger private sector housing developments and by the early 1990s, the Government encouraged local authorities to introduce policies into their local plans to secure affordable housing. This only had a marginal effect however, and in 1996, it was estimated that the need for new affordable rented housing ranged from 80,000 to 120,000 units per annum with a cumulative deficit of nearly 500,000 homes inherited from under investment in previous years (Binnie and Nevin, 1997).

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Local authorities are required - in their capacity as both 'enabling' housing authorities and as planning authorities - to engage in facilitating the provision of affordable social housing as well as general market housing (Department of the Environment, 1997c). The key policy document in the provision of affordable housing is Circular 6/98 (Department of the Environment, Transport and the Regions, 1998c), which has provided a clearer framework for local authority planning policies than its predecessor Circular 13/96. Circular 6/98 applies to all types of new residential proposals and it outlines the threshold number of units at which local authorities can demand an affordable housing element (15 dwellings for Central London authorities and 25 dwellings for the rest of the country). Bramley *et al.* (1995) indicate that negotiated targets for affordable social housing are typically of the order of 20-25 per cent of total number of units within a development. This is significantly better than was originally anticipated (Barlow and Chambers, 1992).

Islington's detailed policy on affordable housing essentially requires 25 per cent of all units in a scheme of more than 15 units to be affordable. If this is not possible, Islington require commuted sums equal to 33 per cent of the total number of habitable rooms multiplied by a rate of £24,750 per habitable room.

If one assumes a typical development of say 50 no. two bedroom apartments of say 60 sq.m. The formula would require payments of:

    50 x 3 = 150 habitable rooms @ 25% = 37.5 habitable rooms
    Plus 33% (12.5 rooms) for commuting off-site = 50 habitable rooms

    50 habitable rooms x £24,750 = £1,237,500

The assumed total floor area of the development is 3000 sq.m., therefore, the added cost of the development as a result of the affordable housing payment is £412.5 per sq.m

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Figure 6.3: An example of a commuted payment for affordable housing (adapted from The House Builders Federation, 1998, p.5).

In *Planning Policy Guidance note 3: Housing* (Department of the Environment, Transport and the Regions, 2000b, s.17, p.9), the Government reaffirms paragraph 10 of Circular 6/98 that states that where a local planning authority has decided that an element of affordable housing should be provided in the development of a site that there is a presumption that such housing should be provided as part of the proposed development of that site. Payment of a commuted sum in lieu of an obligation to provide affordable housing is, however, recognised by *Circular 6/98*. Such a payment enables a developer to make a clean break with a site, once development has been completed (see Figure 6.3). Indeed, cash payments

to local authorities for affordable housing provision have become increasingly common and some Inner London boroughs such as Lambeth (£2.6m) and Camden (£1.7m) have secured fairly large sums for affordable housing schemes since 1995 (London Residential Research, 1997). The onus is then on the local authority to ensure that the money is spent on the purposes for which it has been contributed.

Many conversion schemes fall below the thresholds for affordable housing, nevertheless, recent research for the British Property Federation on the conversion of redundant commercial space to residential use found that local authorities' insistence on the form and level of the affordable housing requirement was regarded as presenting a major planning obstacle to proposed schemes (British Property Federation, 1999b). Office conversions could, however, still have a role to play in terms of providing completely affordable schemes, perhaps, with funding from contributions from market-rate developments elsewhere within the district.

Conclusion

Obsolete buildings in urban areas are wasted assets, however, flexible and positive planning policies can clearly turn a perceived negative situation into an opportunity. Indeed, since the mid-1990s the Government has through national planning policy guidance attempted to influence development activity in favour of urban areas with the conversion of redundant buildings being advocated as one of the key means of achieving this goal. It has also required local planning authorities to subscribe to this approach to achieving more sustainable development and revitalised urban areas. As such, an effective planning system can alter the nature, quantity and location of what is built compared with a 'free market' situation. The national planning system in the UK can therefore affect the supply of converted offices in a number of distinct yet complimentary ways both in terms of influencing the type and location of new development activity. There are three interlinked fundamental aims of such policy instruments:

- to concentrate development activity in existing urban areas to facilitate vital and vibrant town and city centres;
- to ensure that the majority of new construction occurs on previously developed sites or through the reuse of existing buildings; and
- to decrease reliance upon and the need for car-based travel.

Similarly, the local planning process through the implementation of a development plan and other supplementary planning guidance has a significant role to play in both facilitating and stifling conversion activity. As such, local planning authorities are at the 'coalface' in terms of implementing the Government's policy objectives. The key dimensions of local planning policy that influence conversion activity are:

- the imposition and extent of residential density and amenity standards;
- the approach to and implementation of car parking standards and related policies;
- restrictions in terms of changing employment floor space to other uses; and
- the desire to achieve a mix of dwelling types and tenure, especially the implementation of affordable housing policies.

The planning process and the implementation of planning policy can play a significant role in terms of influencing both the type of development that occurs and where it occurs. Government guidance is clearly supportive of the conversion of redundant or obsolete office space to residential use and the local planning process has the ability to encourage the conversion process. The following chapter will examine the extent to which the planning authorities are facilitating this type of adaptive re-use.

CHAPTER 7

LOCAL PLANNING PROCESS: POLICY ANALYSIS

LOCAL PLANNING PROCESS: POLICY ANALYSIS

The analysis was undertaken in two distinct stages. First, a country-wide survey of urban local planning authorities – district, unitary, metropolitan and London boroughs – in England was undertaken to assess the current situation in planning terms of the adaptive re-use of offices to residential accommodation and the extent to which the planning system is encouraging or impeding the conversion process and to request details of current relevant policies and guidance. The second stage of this part of the research involved more in-depth semi-structured interviews with key senior planning officers of selected local planning authorities reporting office to residential conversion activity. This enabled issues raised in the responses to the questionnaires to be further examined or clarified in detail. As such there were five key stages to the policy analysis:

1. Analysis of national planning policy and guidance (see Chapter Six);

2. Postal self-response questionnaire to local planning authorities in England;

3. Initial analysis of the responses of the respective local authorities to the postal questionnaire survey;

4. Analysis of development plan and any supplementary planning guidance issued by the local planning authority; and

5. Semi-structured interviews with at least one senior planning officer within the development control section of selected local authorities.

Local Planning Authority Self-Response Questionnaire

A postal questionnaire survey was administered to enable an understanding of the extent and nature of post-war office to residential conversions and as a framework within which to view both the breadth and magnitude of local conditions. The survey was also implemented for a number of other key reasons, including:

•   to establish whether local authorities were responding to Government advice (Department of the Environment, 1995a; 1997c);

•   to establish to what extent local planning authorities were either facilitating the conversion process or creating barriers to its realisation;

- to examine the actual level of post-war office to residential conversion activity and the geographic extent of this phenomenon;
- to identify the opportunity for this type of conversion in terms of potential supply of suitable buildings and current levels of vacancy; and
- to identify what local planning authorities felt were the key deterrents to this type of development activity.

Methodology

The local planning authorities for the postal self-response questionnaire were selected to meet two criteria:

- those that had the opportunity for 'city centre living' i.e. a substantial urban area; and
- those with the capability of providing a proportion of this accommodation through the conversion of post-war office buildings i.e. a commercial core to this urban area.

The survey, therefore, focused upon local planning authorities in England that contain or are within a large town or city centre (see Figure 7.1). As such, the selected authorities have a district population range from 75,000 (Watford) to 681,000 (Leeds) with the exception of the Corporation of London at just 4,000. In order to ensure the availability of a potential supply of appropriate building types, it was ensured that the survey included all urban types in terms of a hierarchical classification of UK office markets:

1. Central London;
2. London suburbs and M25 location;
3. metropolitan regional centres such as Birmingham, Bristol, Manchester, Leeds;
4. major second tier centres such as Leicester, Nottingham, Newcastle, Sheffield; and
5. minor second tier centres such as Brighton, Peterborough and Oxford.

(Damesick, 1994, in Ratcliffe and Stubbs, 1996, pp.405-406)

London boroughs		Unitary Authorities	
Camden	170,444	Kingston upon Hull	256,000
Croydon	313,510	Middlesbrough	146,000
Hackney	181,248		
Hammersmith and Fulham	148,502		
Islington	164,686		
London Corporation Of	4,142		
Southwark	218,541		
Wandsworth	252,425		
Westminster City	174,814		
Total population of responding London boroughs	1,628,312	Total population of responding unitary authorities	402,000
Ealing		Bristol	
Kensington and Chelsea		York	
Lambeth			
Tower Hamlets			

Metropolitan Areas		District Authorities	
Barnsley	220,937	Bedford	133,692
Birmingham	961,041	Blackburn	136,612
Bolton	258,584	Blackpool	146,069
Bradford	457,344	Bournemouth	151,302
Bury	182,400	Burnley	91,130
Calderdale	191,585	Chelmsford	152,418
Coventry	294,387	Chesterfield	99,403
Dudley	304,615	Dacorum	132,240
Gateshead	199,588	Darlington	98,906
Kirklees	373,127	Derby	218,802
Liverpool	452,450	Exeter	98,125
Newcastle upon Tyne	259,541	Gloucester	101,608
Rochdale	202,164	Ipswich	166,956
Rotherham	251,637	Leicester	276,493
Sheffield	501,202	Lincoln	81,897
South Tyneside	154,697	Norwich	120,895
Sunderland	289,040	Nottingham	263,522
Walsall	259,488	Plymouth	243,373
Wolverhampton	242,190	Portsmouth	174,697
		Stoke-on-Trent	244,637
		Warrington	182,685
		Worcester	81,755
Total population of responding metropolitan authorities	6,056,017	Total population of responding district authorities	3,397,217
Doncaster		Brighton	
Leeds		Peterborough	
Manchester		Solihull	
North Tyneside		Southampton	
Oldham		Watford	
Salford			
Sandwell			

Figure 7.1: Local planning authorities sent questionnaire survey

with total populations of responding authorities (indicated in red).

Frankfort-Nachmias and Nachmias (1992, pp.216-217) examine the various advantages and disadvantages of employing mail questionnaires as a survey method. They identify the advantages as being: low cost; reduction in biasing error; greater anonymity; considered answers; consultation; and accessibility. On the other hand, they suggest that disadvantages of this research method include: the requirement for simple questions; no opportunity for probing; no control over who fills out the questionnaire; and a low response rate.

For this thesis, a self-response questionnaire survey was chosen as a cost-effective method - in terms of time and expense - of achieving a broad coverage of local authorities as well as enabling respondents to complete the survey at a time convenient to them and at their own pace rather than being restricted to an interview time. It was therefore anticipated that a better response rate would be achieved than attempting personal or telephone interviews and certainly result in a much quicker process. In addition, this method enabled respondents to collect information from other colleagues or sources prior to returning the questionnaire (Creswell, 1994; Marsh, 1982).

Using a self-completion questionnaire did, however, mean that extra care was needed in terms of design and layout (Herzog, 1996). A 'dry-run' in order to fine-tune the questionnaire was held with a senior planning officer in the development control section at Nottingham City Council in November 1997. A few minor modifications were then made from this pilot in order to clarify the phraseology so as to minimise the chance of miss-interpretation or ambiguity. Key individuals within each local authority were identified through telephone conversations with the development control – or equivalent – section of each authority in order to both increase the response rate and to ensure that the most appropriate person within the authorities would be responding. This identification process occurred between 5th and 9th January 1998. This initial contact also enabled verification of the presence of post-war office buildings within the authority's boundaries, which was one of the key criteria for the survey selection.

The questionnaire survey was then initially sent on the 15th and 16th January 1998 with a deadline of 6th February 1998. A covering letter, which included a brief outline of the research project, the usefulness of the study and an offer to provide a summary of the findings was sent out with each questionnaire (see Appendix C). The questionnaire was prepared on green paper rather than white as survey methods research indicates a higher response to questionnaires prepared on coloured paper - presumably due to their prominence amongst a desk commonly dominated by white paper (Babbie, 1998). A stamped addressed

envelope was included to facilitate return, however, with hindsight due to the number who still used their organisations own stationery this was unnecessary. The nominated individuals at the local authorities who had not responded by 13th February 1998 were then telephoned again and reminded of the questionnaire and where necessary replacement questionnaires were sent and a revised deadline of 6th March 1998 was set in order to improve the response rate.

Questionnaire Design

The content of the questionnaire was firmly rooted in the following research objectives under investigation in this thesis:

- *To analyse the barriers and drivers to the post-war office to residential conversion process;*

- *To identify the level of post-war office to residential conversion activity in England; and*

- *To critically review the policy and development control dimensions of the local planning process in relation to city centre living and the potential to achieve this through office to residential conversions.*

The questionnaire was structured into three main sections (see copy of pro-forma in Appendix D). The first explored the prevalence of *city centre living* and the supply or demand pressure for such accommodation and whether the local authorities were responding to or initiating this. The second section examined office to residential *policy issues* in more detail whilst the third section explored local planning authorities *experiences of office to residential conversions*. As such, the aims of each section were as follows:

Section A: *City Centre Living*
- to examine whether there is pressure for town/city centre living in the major urban areas of England and to identify the source of this pressure;
- to identify whether local planning authorities were encouraging town/city centre living;
- to ascertain whether local authorities were encouraging town/city centre living through the conversion of offices; and
- to examine any significant differences in the above across different authority types or by region in England.

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Section B: *Policy Issues*

- to identify whether local planning authorities were facilitating post-war office to residential conversions through development plan policies; and

- to examine the potential impact of key policy issues – density, parking, employment protection and affordable housing – upon office to residential conversions.

Section C: *Experiences of Office to Residential Conversions*

- to understand the potential for post-war office conversion (ie the prevalence of this building type and the levels of vacancy);

- to examine the number and extent of planning applications for such conversions across local authorities;

- to identify the current role of housing associations – one of the initiators of this type of conversion – in this conversion process;

- to explore the extent of public sector initiatives that encourage these conversions; and

- to understand the barriers to the conversion of obsolete office space from a local planning officer's perspective.

In preparing the questionnaire careful attention was paid to developing clear, non-leading and useful questions. In addition, a combination of open and closed questions were used to help keep respondents' interest and to enable the supply of further unsolicited information. The closed questions provided a number of alternative answers from which the respondents' could select the appropriate one relatively quickly, whereas, the open-ended questions enabled the respondents' to formulate their own answers.

Survey Response Rate

The research required a good response rate from the local planning authorities in order to gauge a true picture of the national experience and approaches to conversion activity amongst a wide range of authority types and geographic areas. The first wave of questionnaire surveys resulted in a response rate of 57.75 per cent (41 responses), however, by the revised response deadline some 52 of the 71 questionnaires were returned representing a response rate of 73.24 per cent. These responses represented a significant proportion of the urban population of England with the responding local authorities covering a combined population of nearly 11.5 million (see Figures 7.1 and 7.2).

Type of Local Authority	Number of questionnaires distributed	Number of respondents	Response rate
London Boroughs	13	9	69.23
Metropolitan Areas	27	19	70.37
Unitary Authorities	4	2	50
District Authorities	27	22	81.48
Total	71	52	73.24

Figure 7.2: Local planning authority questionnaire survey response rates.

In-depth semi-structured interviews with local planning authorities

This stage of the research was undertaken using a series of interviews to directly utilise the experience of key planning officers.

Methodology

In-depth semi-structured interviews were held with one or two senior planning officers from the selected local planning authorities. Despite an overriding structure or list of themes for this discourse a much more fluid and conversational approach was adopted which was able to draw upon the experiences and views of the interviewees. This approach was seen more as a dialogue rather than an interrogation or as Eyles (1988) describes as a 'conversation with a purpose'. This type of interview enabled a far more wide-ranging discussion than the mail questionnaire allowed and gave the opportunity to go back over the same ground, asking the same questions in a different way in order to explore an issue thoroughly (Valentine, 1997). Silverman (1993) notes how this method also enables respondents to raise issues that may not have originally been anticipated.

One of the disadvantages of mail questionnaires is that they allow no opportunity for probing and therefore answers have to be accepted as final (Frankfort-Nachmias and Nachmias, 1992). The postal questionnaire survey was therefore supplemented with a number of interviews with senior representatives of selected local planning authorities reporting office conversion activity in the postal survey. The aim of these interviews was:

- to examine more deeply the phenomenon of post-war office conversion from a planning perspective;

- to enable a more intensive analysis of the findings of the survey and clarify any ambiguities that may have arisen in the questionnaire;

- to understand more fully the experiences of local planning authorities in dealing with planning applications for changes of use from office to residential; and

- to collect supplementary information and to understand more fully the context within which the respective local planning authority functions.

Semi-structured interviews were the chosen method to enable flexibility and to gain a greater and clearer insight into the conversion process from a planning perspective. The interviews were also seen as part of the multi-method approach to the research questions described in Chapter Two. As such, drawing upon different sources such as development plans, case files and interviews with the suppliers of residential accommodation (developers) involved in the development process enabled triangulation of the information. This enabled a maximum understanding of the research questions posed by this thesis.

Six authorities were chosen for these interviews based upon their responses to the questionnaire survey (see Figure 7.3). The benefit of this selection method was that a substantial amount of information was already known about the respective local planning authorities policy approach and experience of office to residential conversions. These authorities were deliberately chosen to reflect a variety of possible situations and experiences. Indeed, they were selected to include varied authority types (i.e. London boroughs, metropolitan areas and districts) and to represent different geographical regions. In addition, each of the selected authorities - to differing degrees - had experienced development pressure for the conversion of post-war offices into residential accommodation (see figure 7.3).

Local Authority	Type	Population	Region	Conversion Experience (to July 1998)
London Borough of Southwark	London borough	218,541	London	Two completed post-war office to housing conversions (total: 484 units).
City of Westminster	London borough	174,814	London	One completed post-war office to housing conversion (total: 106 units).
Bradford City Council	Metropolitan	457,344	North	Pre-planning application discussions for post-war office to housing conversions with developers.
Nottingham City Council	District	263,522	East Midlands	Two current planning applications for post-war office to housing conversions (total: 98 units).
Portsmouth City Council	District	174,697	South	One completed post-war office to housing conversion and one current planning application (total: 118 units).
Wolverhampton City Council	Metropolitan	242,190	West Midlands	One current planning applications for post-war office to housing conversions (total: 37 units).

Figure 7.3: Characteristics of selected local planning authorities.

Conducting the Interviews

The interviews were arranged by telephone and took place in July 1998 (see Appendix E). These interviews were each held in the offices of the respective local authority and lasted for approximately 90 minutes. The interviews were tape recorded to enable thorough concentration upon the interview rather than on transcribing, however, sketch notes were

taken during the meeting. The interviewees were each sent a copy of the key themes to be addressed during the interview and a copy of their responses to the questionnaire survey (see topic guide in Appendix F). Officers were also each asked to bring to the interview any relevant abstracts from the authority's development plan and any appropriate case files for discussion. 188

The approach to conducting semi-structured interviews is important and The Survey Research Center of the University of Michigan's Institute for Social Research (Frankfort-Nachmias and Nachmias, 1992, p.229) suggest the following pointers for the introduction to the interview:

- tell the respondent who you are and who you represent;
- tell the respondent what you are doing in a way that will stimulate his or her interest;
- tell the respondent how they were chosen;
- keep doorstep instructions brief;
- adapt your approach to the situation; and
- try to create a relationship of confidence and understanding between yourself and the respondent.

To enable triangulation of the information gathered, the interviews were structured around the same key themes as the questionnaire. The interviews therefore related to how the planning system and process can function as both a barrier and driver to the conversion of post-war office buildings to residential use. As such structure of the original questionnaire was followed, however, the questions were re-formulated to enable further probing of the subject. The benefit of probing the answers was that it motivated the respondent to elaborate or clarify answers and to explain the reasons behind the answers. To facilitate this approach, the interviews were conducted in a relaxed and informal atmosphere. The same questions were asked in the same order at each of the interviews and if any of the questions were misunderstood or misinterpreted they were repeated and clarified.

Survey and Interview Analysis

The questionnaire survey and interview analysis in this section is organised by the main themes of the questionnaire.

Section A: City Centre Living

The first questions were concerned with the pressure for residential accommodation:

- *Is there pressure within your city / town centre for the provision of residential accommodation? If so, is this pressure supply-led, demand-led or both?*

Encouragingly, for those advocating an urban renaissance, particularly in terms of more people living in the centre of our towns and cities, some 63 per cent of local authorities that responded to the survey indicated that there was pressure to provide residential accommodation in these areas. Indeed, 33 of these 52 respondents recognised this situation within their urban core (see Figures 7.4 and 7.5).
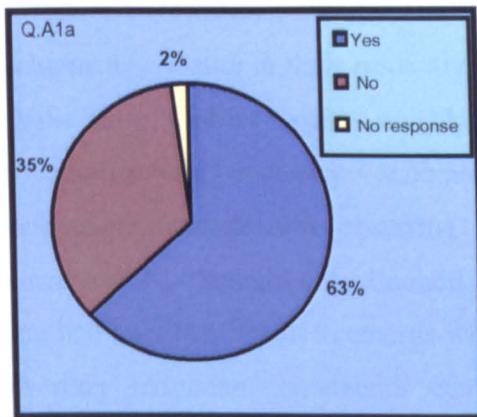
Figure 7.4: The percentage of LPAs indicating pressure for residential accommodation in their city / town centre.
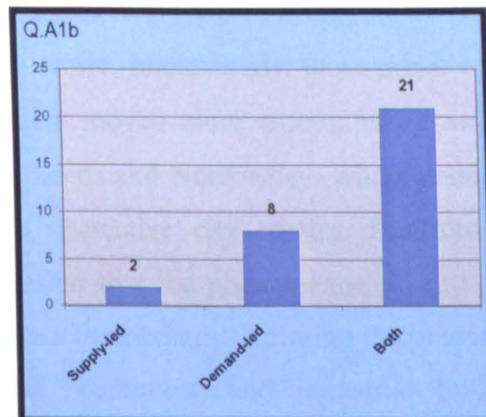
Figure 7.5: The nature of the pressure for city centre residential development within LPA areas.

The local planning authorities that felt there was residential pressure within their city centre were then asked to identify the source of this pressure. In response, some 26 per cent thought that the pressure was principally demand-led whilst 6 per cent felt that it was developer-driven and therefore supply-led. A combination of these sources was though by far the most common situation with 68 per cent of authorities believing that the supply and demand-side were coming together to drive the re-emerging phenomenon of city centre living (see Figures 7.4 and 7.5). The London Borough of Southwark point to evidence of the demand for post-war office conversions in that *"...the two completed conversions within the borough were either sold off plan or fully sold soon after completion."* (Interview with the London Borough of Southwark: July 1998).

Figure 7.6 highlights the regional disparities with unsurprisingly eight of the nine London boroughs to respond confirming residential pressure. Other city centre living hotspots included East Anglia where the two significant urban areas – Ipswich and Norwich – both identified development pressure and the West Midlands with all six urban local authorities that responded to the questionnaire noting pressure for homes in their town or city centres. Elsewhere in England, the pattern was more varied and the level of pressure for city living tended to be dictated by the economic prosperity of the town or city at that particular time.

The Corporation of London was the exception amongst London boroughs due mainly to the small proportion of residential development within the Borough compared to commercial activity. Nevertheless, there were still a number of new homes being created through conversion projects within the City. Despite the beginnings of an apparent trend towards city centre living in many of the cities, some northern industrial centres such as Barnsley, Calderdale, Gateshead, Rotherham and South Tyneside were experiencing no residential development pressure in their respective town/city centre. Interestingly, these urban centres all have close - albeit larger - neighbours that have moved more successfully towards a service sector based economy – such as Sheffield, Leeds and Newcastle – where residential development pressure was occurring within the respective city centres. Bradford City Council and Nottingham City Council both suggested that the phenomenon of city centre living had only just begun to emerge with developers increasingly exploring the potential of converting redundant nineteenth century former warehouse and industrial buildings (Interviews: July 1998).
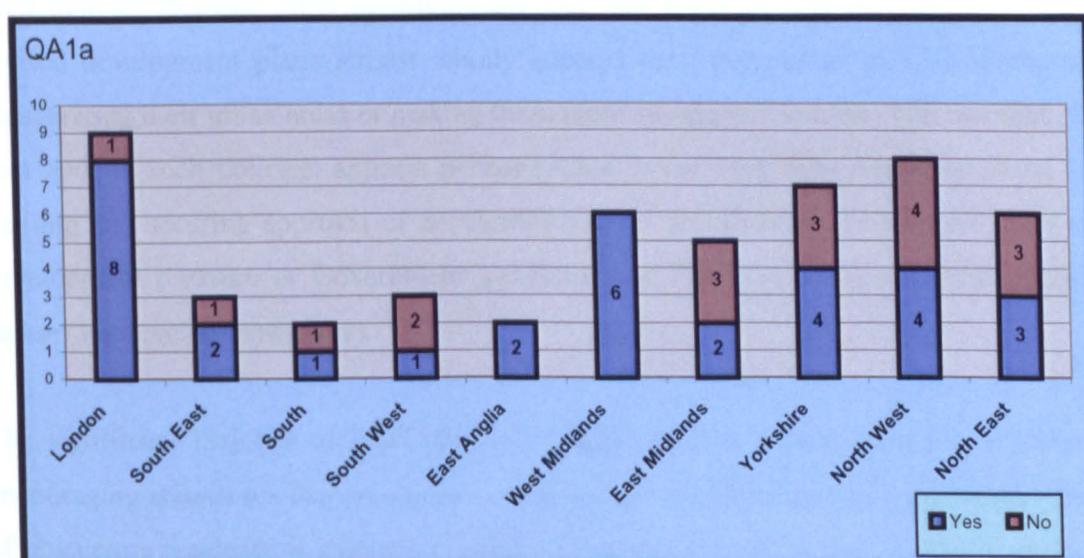
Figure 7.6: The regional variations of local authorities identifying pressure for residential accommodation within their respective city / town centre.

In London, with the exception of Hackney (demand-side) and Islington (supply-side) the other boroughs were experiencing both supply and demand residential development pressure within their district. Interestingly, the local authorities in Bolton, Bournemouth, Kirklees, Stoke-on-Trent and Walsall were also able to identify demand-led pressure for residential development in their town/city centre without evidence of much interest - at that time - from developers.

The second question focussed upon the presence of specific planning policies:

- *Does your Local Authority have planning policies, which encourage city / town centre living?*

Further to the Government's expressed desire to promote and secure increased city centre resident populations, local authorities were asked to indicate whether their planning documents (in the form of development plans, policies, reports or design guides) encouraged town/city centre living. Significantly, over three-quarters of responding local authorities had planning policies that were targeted at this aspiration. Indeed, 40 of the 52 authorities were seen to be encouraging the repopulation of their urban centres as part of their development plans.

There was no significant variation between London boroughs, metropolitan or district authorities, it should be noted, however, that both unitary authorities that responded had such policies in place. This highlights the fact that those authorities with more recently revised development plans almost wholly support such policies as part of strategies for regenerating their urban areas or making them more sustainable entities. The fact that 21 per cent had no such policies, appears primarily due to the long time period involved in re-drafting and securing approval of development plans and therefore in responding to either development pressure or Government guidance (see Figure 7.16 for dates of responding authorities development plans).

The significant majority of local planning authorities had development plans containing encouraging statements that recognised some of the benefits of securing increased numbers of city centre residents as part of a package of measures to ensure that town/city centres are busy, vibrant, economically viable and attractive place for people to invest, work, live and play. Despite the majority of authorities actively encouraging the re-establishment of

residents within the urban core of their districts a few such as Barnsley, Bedford, Blackburn, Burnley, Plymouth and Rotherham were not attempting to achieve this at least through a policy approach.
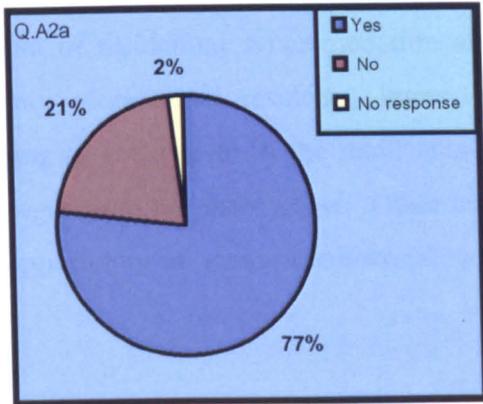
Figure 7.7: The percentage of LPAs with planning policies encouraging city / town centre living.
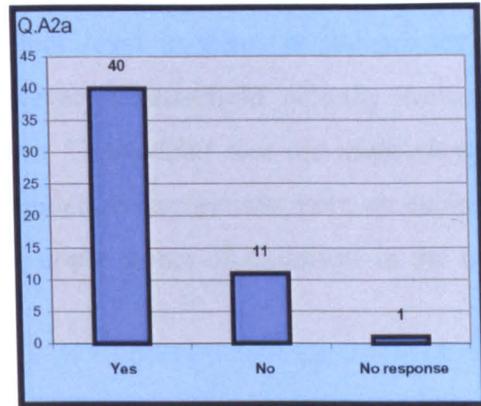
Figure 7.8: The number of LPAs with planning policies encouraging city / town centre living.
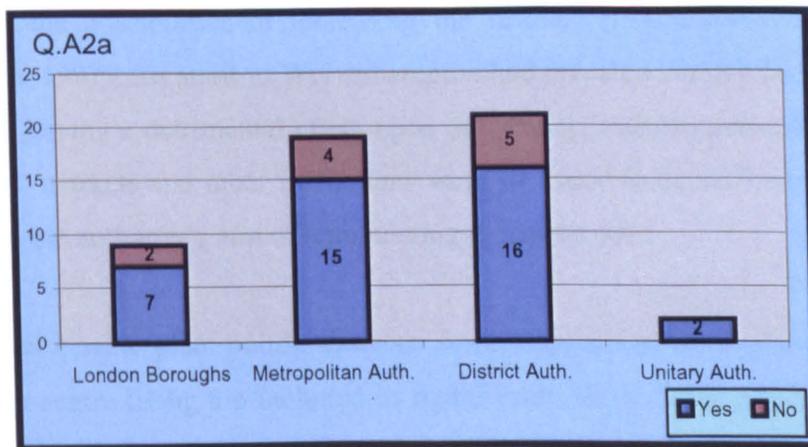
Figure 7.9: The number of LPAs with planning policies encouraging city / town centre living by authority type.

By the time of the survey, many local planning authorities had begun to recognise that their town/city centre could and should contribute to the range and quality of housing within their district. Indeed, some such as Coventry in its *Central Area Plan* had recognised as long ago as 1986 that residential accommodation could introduce extra vitality to its city centre. Promoting and securing a large city centre resident population was a key aspiration for some authorities such as Leeds City Council (from questionnaire response received after deadline for processing data). A significant proportion of responding authorities had policies that protected existing homes within their urban areas, however, increasingly there are positive policies aimed at increasing these numbers.

Most policies encouraging residential development in the town/city centre advocate a mixed-use approach often suggesting the protection of existing retail or the opportunity for new retail at ground floor level. This is mainly to protect or enhance the vitality and vibrancy of the street but also to protect employment opportunities and to restrict the amount of residential accommodation at ground floor level in terms of the privacy and amenity of potential residents. Interestingly, however, Chesterfield actually welcomed housing at street level in the retail area of the town '...provided that the main shopping frontages were not interrupted.' Other authorities tended to concentrate more on exploiting the opportunity of vacant commercial space on the upper floors of buildings in the urban core.

Some authorities tended to be much more proactive in terms of a policy approach to secure the change of use of buildings to residential use in order to provide a useful additional source of new homes. Significantly, Bolton has A Strategy for Town Centre Living, which is a draft strategy paper that is intended to examine the impact, suggest proposals and raise awareness of the possibilities of increasing the resident population in the town centre (Bolton Metro, 1997). An audit in Wolverhampton had revealed that the lack of town centre residents was having a detrimental effect upon the vitality, viability and safety of its centre. Indeed, shops, markets and other institutions were all found to be suffering as a result and this has led to the authority's aim of repopulating the urban core.

Selected development plan policy extracts from responding local planning authorities related to city centre living are included in figure 7.10. Many of the policies supportive of city centre living tend to be qualified by references to other considerations such as protecting employment uses, parking issues and residential amenity as outlined in Chapter Six.

Significantly, for the City of Westminster (Interview: July 1998) "...the encouragement of residential development and the protection of existing residential amenity was a top priority." Other local planning authorities that were interviewed also stressed the importance of attracting new residents to city centres as part of revitalisation or regeneration strategies particularly where new homes would compliment existing land uses and enhance the viability of services and facilities (Interviews: Bradford City Council; Nottingham City Council; Portsmouth City Council; and Wolverhampton Council).

The enhancement of Gateshead Town Centre will be achieved through a range of measures including:
b) encouraging new development and changes of use for a mix of residential, commercial and leisure uses where appropriate.

From Policy S7, Gateshead Unitary Development Plan (May 1994), p.127.

The change of use of buildings to residential use will normally be permitted subject to employment, environmental, amenity and traffic considerations.

Policy H8, Kirklees Unitary Development Plan: Deposit Draft (January 1994), p.194

Encouragement will be given to the provision of housing within and close to town, district and local centres, provided that their retail and commercial functions are not prejudiced. This will include the use of disused upper floors of shops and other business premises.

From Policy 5.3, Walsall Unitary Development Plan (January 1995).

The provision of housing within the City Centre will be encouraged, particularly on significant development sites.

Policy H.1(b), City of Gloucester Local Plan (October 1996), p.10.

Figure 7.10: City centre living policy extracts from development plans.

Thirdly, the attitudes and aims of the authorities in terms of city living were explored:

- *As a Local Authority are you encouraging living in the city / town through office conversions?*

Despite the prevalence of local authorities with development plan policies that advocated residential development in their city/town centre, only 44 per cent actually encouraged providing such accommodation through the conversion of office buildings. This means that only 23 of the 40 authorities with policies in favour of city living actually had policies that advocated new homes being created in this manner.
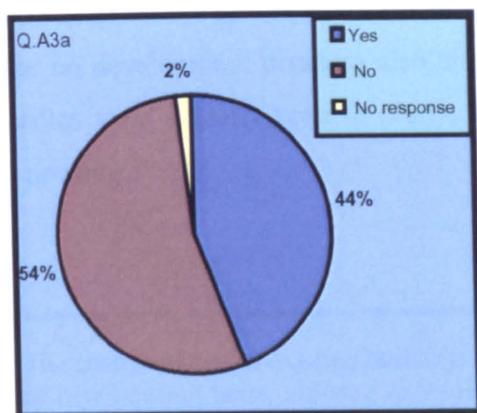
Figure 7.11: The percentage of LPAs encouraging city / town centre living through office conversions.
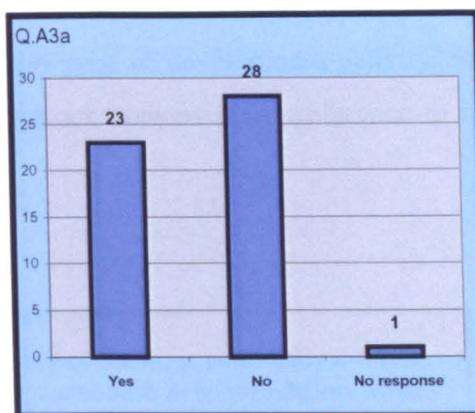
Figure 7.12: The number of LPAs encouraging city / town centre living through office conversions.

The London boroughs and metropolitan authorities appeared to be most amenable to this source of housing units (56 and 58 per cent respectively) whilst only 33 per cent of district authorities encouraged office conversions. Despite these differences, a more major factor than authority-type was the need and desire to secure or attract further employment to the town/city centre of the respective authority. Hence, those authorities with more buoyant and diverse local economies tended to be more amenable to seeing vacant office space converted to other uses than authorities with less vibrant economies despite the fact that such space was more likely to remain unoccupied in the medium to long-term.
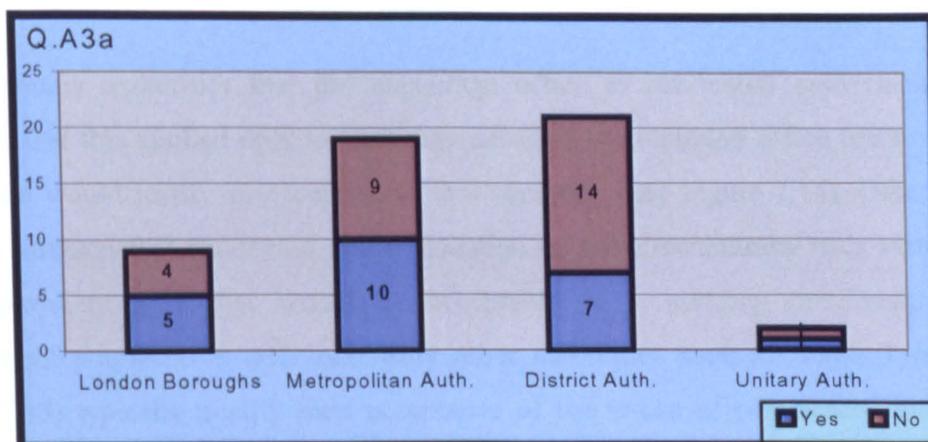
Figure 7.13: The number of LPAs with planning policies encouraging city / town centre living through office conversions by authority type.

Many local planning authorities outside of London such as Blackpool, Bradford, Derby, Gateshead, Ipswich, Kingston-upon-Hull, Lincoln, Liverpool, Newcastle and Wolverhampton encouraged the provision of new homes through office conversions. More interestingly, however, authorities like Bolton, Kirklees and Stoke-on-Trent who were only experiencing demand-led pressure for homes in their town/city centre were actively

attempting to encourage supply through office-to-residential re-use. In addition, Gateshead despite no development pressure also encouraged this type of development activity. Some authorities were actually keen to see such building stock converted in preference to new-build housing.

The change of use of existing buildings, especially upper floors, is potentially a source of new housing units, utilising redundant office or warehouse accommodation which might be difficult to re-use for commercial purposes.

From Para 15.13, Kirklees Unitary Development Plan (January 1994), p.261.

The Council will give sympathetic consideration to proposals for the conversion of vacant or under-used floorspace above shops and other commercial premises to residential use.

From Policy H/15, Rochdale Unitary Development Plan - Deposit Plan (Jan 1994), p.96.

The City Council will particularly welcome schemes for the use of upper floors above shops or offices in the City Centre and local centres. Proposals at ground floor level will be subject to policies and development control guidelines to protect retail frontages.

Para 3.85, Newcastle-upon-Tyne Unitary Development Plan (June 1995), p.38.

Figure 7.14: Extracts from development plan policies that encourage office to residential conversion.

Most planning authorities that did encourage office to residential conversion stressed, however, that this applied only to buildings unsuited to continued office use or where the likely gain would justify an exception to this condition (see Figure 7.14). Others, such as Camden stressed that residential accommodation or social/community uses were the only non-employment uses that would be acceptable in a building previously used for employment purposes. In addition, many other authorities such as South Tyneside (see Figure 7.15) typically qualify their acceptance of the re-use of commercial buildings for residential purposes subject to meeting various self-imposed criteria such as parking standards and amenity issues that may affect either potential residents or existing users of the town/city centre. Significantly, Bolton actually had strategies in place to prioritise the conversion of buildings in preference to new-build as part of its approach to sustainability and others such as Bradford whilst having no formal policy structure to encourage conversions had an informal internal agreement to deal positively with such applications.

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The Local Planning Authority will permit the change of use, and encourage the refurbishment, of upper floor premises in the main town and district centres for residential purposes where:

a) the level of residential amenity which will be enjoyed by potential occupants will not be significantly affected by noise or other disturbance generated by adjoining or nearby uses;

b) the external standards of the resulting dwellings are acceptable in terms of daylighting, outlook, privacy and refuse storage facilities;

c) separate external pedestrian access is provided to the dwelling; and

d) internal layouts and facilities are of an adequate standard to allow for the independent functioning of each household.

Wherever site layout and access conditions allow, provision for residents' car parking will be made within the curtilage of the site.

Figure 7.15: Policy S1/1, South Tyneside Unitary Development Plan: Deposit Draft Plan (1995), p.217.

Many local planning authorities pointed to the positive role that the conversion of vacant buildings can play in terms of addressing complimentary strategies within their districts. Indeed, Bradford City Council (Interview: July 1998) stated that: *"The Council would encourage the conversion of redundant office space into private housing. The council is keen to promote more self-sustaining town centre communities to reduce the need to travel."* Wolverhampton Council (Interview: July 1998) also noted that: *"Conversions can have a catalytic effect in run-down areas and are therefore important components of physical regeneration strategies."* In addition, some planning officers recognised that *"...re-using redundant buildings removes the blighting effect that they can have upon some parts of the city centre."* (Interview with Bradford City Council: July 1998). The London Borough of Southwark (Interview: July 1998) also claim that *"...the council would welcome any type of conversion proposal within the Borough's regeneration areas, however this would have to be balanced against the amenity of local residents, if it is within or close to an existing residential area."*

Some authorities that encourage conversions did, however, attempt to place restrictions upon the housing units created. For instance in the London Borough of Southwark: *"There are policies within the UDP that encourage the re-use vacant buildings, however, the authority does tend to discourage smaller units [such as studios and small 1 bed flats] because evidence shows that there is an over supply of that type of accommodation within the Borough."* To achieve this objective the Borough has set a minimum floor space standard of 32.5m^2 per unit (Interview with London Borough of Southwark: July 1998).

Some authorities are not prescriptive in terms of the locations they will consider, indeed, Portsmouth City Council (Interview: July 1998) has *"...a policy in the Local Plan which encourages the conversion of vacant and underused office floor space but it is not restricted to the city centre and also covers local district centres."* Bradford City Council Bradford City Council (Interview: July 1998) also identify that *"...the policy does not specifically refer to offices but covers all vacant upper floors of buildings in the central area."* Interestingly, Nottingham City Council did not anticipate the provision of new homes through office conversions when it drafted its local plan, however, it had made provision for conversions generally and considered former offices along with the adaptive re-use of other uses to be covered under such policies.

Section B: Development Plan Policies

This section was designed to examine the implications of local planning authority policies and guidance for residential conversions. Firstly, LPA's were required to identify their most recent development plan and any relevant supplementary guidance.

Most guidance and policies related to residential conversions is, as expected, to be found within development plans with only a few local planning authorities having produced specific documents related to conversions. Croydon, for example, has supplementary planning guidance on *'Residential Conversions'* published in 1997. The London Borough of Islington published a research report *'Business to Homes'* (April 1997) that analyses previous conversion and change of use activity in addition to examining the policy implications and making recommendation for future residential development within the Borough. Subsequently, Islington published supplementary planning guidance in the form of *'Conversions from Business to Residential Use'* (May 1997) as a non-statutory supplement to its unitary development plan (London Borough of Islington, 1997a; 1997b). This document provides guidance on standards, which the authority will apply when considering conversions and change of use from business to residential use. Such guidance can play an invaluable role in facilitating the process of converting vacant space by giving building owners and potential developers far more certainty in terms of the acceptability and local authority expectations from such development activity. An extract from the key policy issues in this guidance is contained in figure 7.17. Another exception is Wolverhampton where rather than being in the unitary development plan guidance related to conversion and city living was in the *'Town Centre Action Plan'* where it was described as a main priority. This was addressed in the review of the Unitary Development Plan (May 1997), however,

and the conversion of former office buildings was introduced - in the section on the provision of homes - as a specific policy (Interview: July 1998).

London boroughs		Unitary Authorities	
Camden	1994	Kingston upon Hull	1998
Croydon	1997	Middlesbrough	1996
Hackney	1995		
Hammersmith and Fulham	1994		
Islington	1994		
London Corporation Of	1994		
Southwark	1995		
Wandsworth	1994		
Westminster City	1997		
Metropolitan Areas		**District Authorities**	
Barnsley	1995	Bedford	1997
Birmingham	1993	Blackburn	1996
Bolton	1995	Blackpool	1996
Bradford	1997	Bournemouth	1997
Bury	NA	Burnley	1991
Calderdale	1998	Chelmsford	1997
Coventry	1993	Chesterfield	1996
Dudley	1993	Dacorum	NA
Gateshead	1994	Darlington	1997
Kirklees	1994	Derby	1997
Liverpool	1997	Exeter	NA
Newcastle upon Tyne	1995	Gloucester	1996
Rochdale	1997	Ipswich	1997
Rotherham	1997	Leicester	1994
Sheffield	1993	Lincoln	1996
South Tyneside	1995	Norwich	1995
Sunderland	NA	Nottingham	1997
Walsall	1995	Plymouth	NA
Wolverhampton	1993	Portsmouth	1995
		Stoke-on-Trent	1993
		Warrington	1996
		Worcester	1994

Figure 7.16: Date of development plans for responding authorities at time of response.

Section One: Key Policy Issues

General: Surplus commercial space is a potential source of new housing, and planning permission will normally be granted for change of use to residential subject to the following:-

1. The property is vacant and there is no demand for employment use. Where the premises are currently occupied by an employment use, the developer is expected to provide reasons with justification why an employment use is no longer appropriate.
2. ...
3. It would not involve the loss of premises originally built for industrial or warehousing use and with loading and service facilities adequate for the full range of B1 uses.
4. ...
5. The proposal is not in a poor residential environment...
6. The proposal will not be detrimental to the continuing use of adjoining commercial areas...
7. The proposal satisfies all other relevant Council policies and standards.

Figure 7.17: Extract from London Borough of Islington Supplementary Planning Guidance: *'Conversions from Business to Residential Use'* (1997b, p.2).

Secondly, authorities were asked to identify any specific policies related to this research:

- *Do any of your planning policies favour the conversion of vacant post-World War II offices into residential units?*

Of the fifty local authorities that responded to this question, only nine had planning policies, which specifically favoured the conversion of post-war offices into new homes. Nevertheless, from the responses to this question it is clear that the wording of policies within development plans tends to be more generic with reference to conversions more generally rather than specifying particular types of adaptive re-use. Clearly, for many authorities overly prescriptive policies would not be appropriate given that post-war office buildings only contribute a proportion of potentially convertible buildings (see Section C).

Significantly, in terms of this research some local planning authorities had specific office to residential conversion policies. Indeed, the fact that 17 per cent of respondents do actually mention this type of conversion within their plans is significant in terms of local planning authorities realisation of the potential of this supply source for new homes. This is a more common occurrence in London boroughs where three of the nine authorities have office to residential conversion policies within their development plans. This is probably due to the more established nature of this type of conversion activity in London, whereas outside of

London only 6 out of the 41 authorities (14.6 per cent) to respond had such policies. These included the London boroughs of Camden, Hackney and Islington and outside of London included Derby, Lincoln, Liverpool and Rochdale with policies advocating the adaptive re-use of office space.
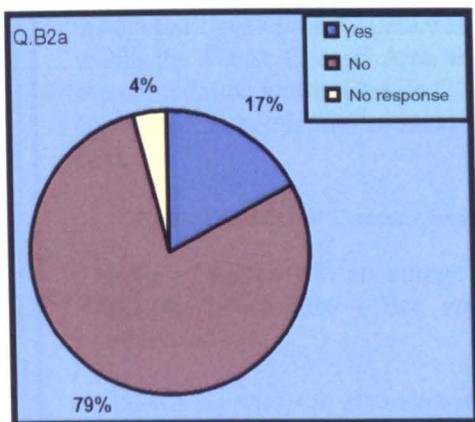
Figure 7.18: The percentage of LPAs with planning policies that favour the conversion of vacant post-World War II offices into residential units.
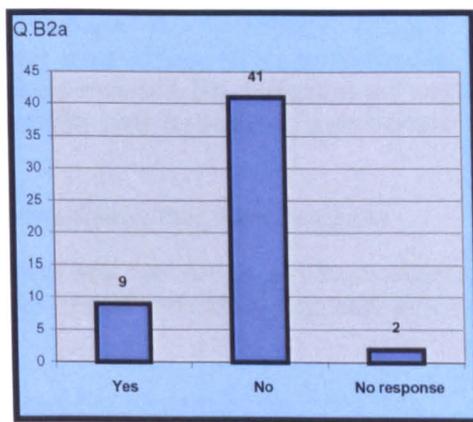
Figure 7.19: The number of LPAs with planning policies that favour the conversion of vacant post-World War II offices into residential units.

Some authorities – such as Wolverhampton – recognised the opportunity and potential of office conversion and would look upon such planning applications favourably without having specific policies dedicated to this approach to creating more city centre homes (Interview with Wolverhampton Council: July 1998). Most other authorities that had planning policies that encouraged town/city centre living tended to assume that office conversions would be included within these as part of a 'broad-brush' approach to creating new homes without specifically referring to this potential source of supply.
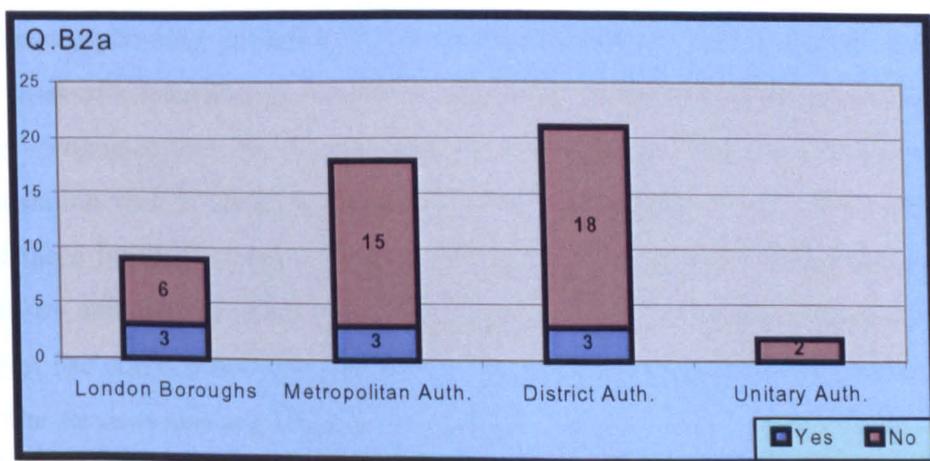
Figure 7.20: The number of LPAs with planning policies that favour the conversion of vacant post-World War II offices into residential units by authority type.

The creation of new dwellings by the conversion, subdivision or extension of existing property or by change of use will be acceptable in environmentally suitable locations, provided they meet the Council's policies and requirements for conversions and extensions.

London Borough of Wandsworth (December 1994) Unitary Development Plan, Policy H7.

Provided an acceptable standard of accommodation can be achieved in line with residential development standards, the Council will particularly encourage proposals within the Wider Central Area for changes of use from offices (B1a) to residential accommodation within Classes C2 and C3. Planning permission for changes of use and conversion to residential accommodation will normally only be given on a permanent basis.

London Borough of Camden (January 1996) Unitary Development Plan, Policy CA4, p.136.

The City Council will encourage the refurbishment and conversion of vacant upper floors in the defined office area primarily for mixed office/housing and other commercial uses.

From Policy SA66, City of Sunderland Unitary Development Plan – Deposit Version (April 1995), p.306.

The Council will encourage the provision of residential accommodation in, or with easy access to, the Town Centre, district centres and local shopping and community facilities, particularly on redundant, disused or under-used land and in parts of buildings such as upper floors, such accommodation should, wherever possible, provide for the needs of smaller households, the elderly and those with disabilities, together with local needs for affordable housing.

Policy H4, Borough of Darlington Local plan (January 1995), p.49.

Figure 7.21: Extracts from office to residential policies in local authority development plans.

Some authorities - such as the London Borough of Croydon (July 1997) – have introduced supplementary planning guidance on residential conversions setting out the principles for various types of conversion to residential use. Many other local planning authorities have, however, recognised that they have a substantial oversupply of obsolete second-hand office accommodation that is likely to continue for the foreseeable future. They identified that many of these buildings were no longer suitable for contemporary office activity and that they may be suitable for other uses such as residential. In addition, many note that such changes of use could potentially help to create new or strengthen existing communities and support the services and amenities that help to make them viable. Many of these authorities - such as Darlington and Sunderland - have policies that tend to concentrate upon vacant upper floors, which are often the greatest problem within town/city centres, rather than necessarily the reuse of whole buildings. Interestingly, Camden stresses in its unitary

development plan that it will only normally give planning permission for permanent conversions to residential use (see Figure 7.21). Most authorities also put emphasis on the amenity and related issues highlighted in the previous section.

The final questions of this section are derived from the literature review on planning policy in Chapter Six, which identified density standards, parking standards, employment protection and the requirement for affordable homes as key local planning issues in terms of potential legislative barriers to conversion activity.

- *Does your Local Authority have minimum / maximum housing density standards, which could affect conversions?*

From the responses, the density created from conversion schemes appears to be of little importance to local planning authorities. This is particularly the case outside of London where only 3 of the 40 authorities (7.5 per cent) indicated that density standards would apply to conversions to residential use. This illustrates a pragmatic approach on the part of most authorities. Indeed, although generally the application of density standards may be appropriate in securing levels of amenity or ensuring a critical mass of residents, in terms of conversions in many cases the floor space is a given constraint upon the development. As such, there is much less flexibility on the part of the developer in terms of the amount of accommodation provided compared to say a new-build development. There appeared to be much more concern on the part of London boroughs and 6 out of 9 had density standards that could affect office to residential conversion.

Although most local planning authorities had density standards that would apply to new-build developments the vast majority felt that density standards would be inappropriate or difficult to implement for conversion schemes. In such cases the consensus was that applications for conversions would be assessed on their individual merits rather than trying to apply pre-determined standards or criteria. The exceptions to these included Hammersmith and Fulham, Islington, London Corporation and Middlesbrough where some standards would be applied (see Figure 7.25). Other authorities, such as Newcastle were far more concerned with privacy issues and adequate provision of daylight to residential units than they were with achieving specific densities. Despite having no specific density policies in their central areas, many authorities – such as Coventry and Croydon – were looking to secure higher residential densities in their town/city centres. These authorities considered

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that new homes would have good access to public transport and be accommodated without damaging the character of the area.
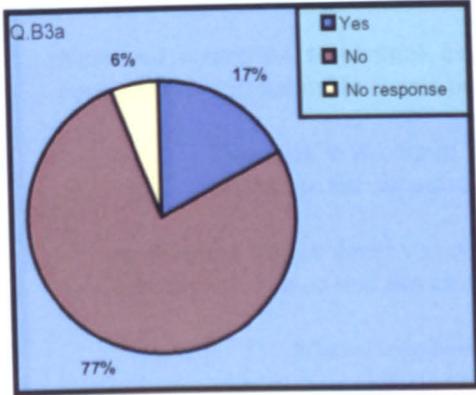
Figure 7.22: The percentage of LPAs with minimum/maximum housing density standards, which could affect conversions.
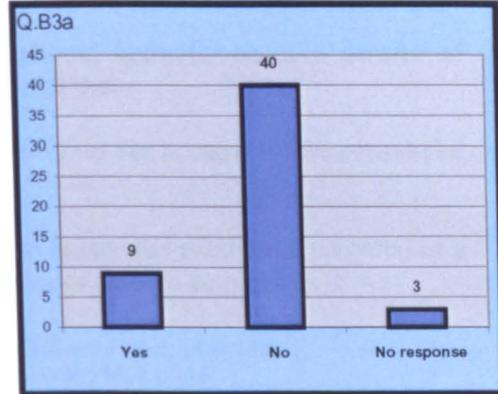
Figure 7.23: The number of LPAs with minimum/maximum housing density standards, which could affect conversions.
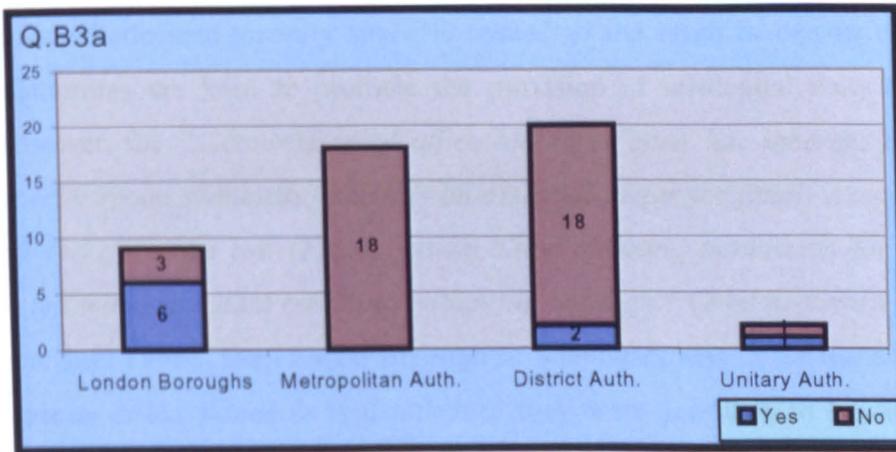
Figure 7.24: The number of LPAs with minimum / maximum housing density standards, which could affect conversions by authority type.

Most local planning authorities seem prepared to take a pragmatic view of conversions and realise that density standards are usually inappropriate in the case of conversions and that issues such as *"...maintaining or enhancing the streetscape are far more important in the city centre."* (Interview with Nottingham City Council: July 1998). In addition, both Bradford City Council and Portsmouth City Council felt that making optimal use of the floor space was a critical concern in adaptive re-use projects regardless of conformity with any density standards. The City of Westminster also adopted *"...a flexible approach to density standards is adopted in the case of conversions if other factors were satisfied, however, we are keen to maintain minimum standards in order to maintain the character of*

the area." Interestingly, Westminster's housing density standards are ordered into four zones ranging from 124 to as high as 618 habitable rooms per hectare.

New and converted residential developments should normally be at a density of between 170-250 habitable rooms per hectare except that:-

i)   Densities in excess of 250 habitable rooms per hectare will be considered under certain circumstances:-

b) Where a higher density is necessary ... to enable the residential potential of a conversion scheme that has an appropriate mix of units to be realised.

Adapted from London Borough of Islington (November 1994)
Unitary Development Plan, Policy H14, p.145.

Figure 7.25: Extract from policy on residential density in London Borough of Islington's UDP.

The provision of adequate amenity space is related to the issue of density. Some local planning authorities are keen to promote the provision of residential units suitable for families, however, the *"...conversion of office buildings often has inherent problems of meeting amenity space standards, which is an essential factor for family accommodation. The council therefore has two choices, either allow planning permission for non-family units or be left with redundant buildings within the borough."* (Interview with Portsmouth City Council: July 1998). The London Borough of Southwark also noted the difficulties of meeting amenity space standards and although they were prepared to be flexible with conversions they still expected developers to attempt to meet their standards of 10 sq.m per unit plus 50 sq.m. Indeed, they suggested that: *"One of the main barriers to conversions is the lack of space, however, the council takes a common sense approach to conversions therefore less amenity space in the re-use of empty buildings."* (Interview with London Borough of Southwark: July 1998).

- ***Within your Local Authority are there specific car parking standards, which would apply if conversion to residential use took place?***

Car parking standards appear to be commonly applied to conversions to residential use, indeed, many authorities appear to apply standards to conversions in exactly the same manner as to new-build residential projects in the city centre. In fact, only 27 per cent of the authorities had no specific car parking standards that would be applied to residential

conversions. Again, there were significant differences between London and the rest of the country with all nine London boroughs applying standards to conversions. Elsewhere, 65 per cent of local planning authorities applied car-parking standards and this tended to be determined by the overall approach of the authority to transport related issues.
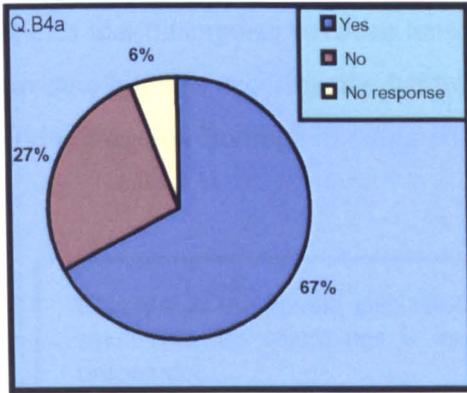
Figure 7.26: The percentage of LPAs with specific car parking standards, which would apply to conversions to residential use.
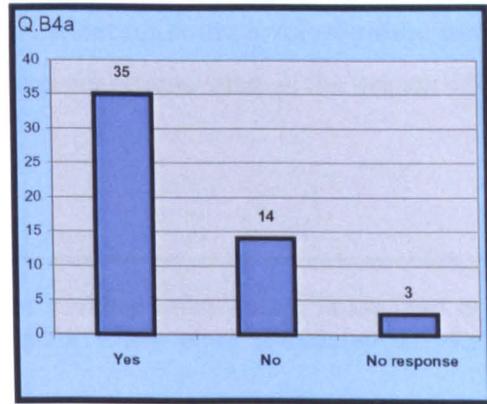
Figure 7.27: The number of LPAs with specific car parking standards, which would apply to conversions to residential use.
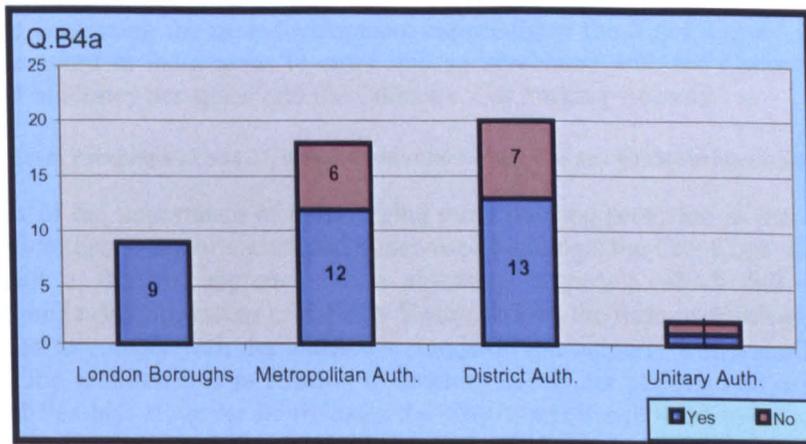
Figure 7.28: The number of LPAs with specific car parking standards, which would apply to conversions to residential use by authority type.

A significant proportion of local authorities had car-parking standards that would be applied to residential conversions. These included all of the London boroughs, where typically the requirement was for between 0.5 and 1 on-site parking space per dwelling created, however, the requirements in Wansdworth were far more stringent at one space per dwelling plus one visitor parking space per five dwellings although they did stress that existing on-street parking conditions would be taken into account in considering applications for change of use. On the other hand, many local authorities - such as Blackburn, Blackpool, Coventry,

Gateshead, Kingston-upon-Hull, Plymouth, Portsmouth, South Tyneside and Warrington - had no standards that would be applicable to such development activity. In addition, Kirklees had actually accepted no off-street parking on several conversion projects and Bournemouth and Liverpool were generally flexible in their approaches and would relax their normal requirements for developments on restricted sites or near suitable existing car parks (see Figure 7.29). Many local planning authorities also have area-based car parking policies that distinguish between areas usually dependent upon the level of public transport provision but also occasionally due to townscape considerations such as the impact of-street parking (London Borough of Islington, 1997b).

Changes of use should also conform to the car parking policy except in the case of small schemes where this is impracticable and/or where other considerations take precedence.

From Policy H11, London Borough of Wandsworth (December 1994) Unitary Development Plan.

Changes of use will be considered on their merits. Where a change of use of a building would in the opinion of the Council, substantially increase the need for car parking spaces... the applicant would normally be expected to provide additional car parking. In these circumstances, where the car parking standards cannot be met, the Council would be unlikely to approve the scheme.

It may be sometimes impossible to accommodate the necessary car parking spaces on the site containing the new development especially in the Town Centre. Developers may be asked in these areas to enter into an agreement with the Council to pay an amount of money per space into the Councils 'Car Parking Account'...

From Paragraph 21 and 27, Bolton Metro (June 1997) Car and Cycle Parking Standards.

In view of the importance of encouraging more housing provision in the City Centre and promoting re-use of vacant and under-used buildings, the City Council is prepared to adopt a flexible approach when assessing proposals which fall outside the established residential areas of the City Centre. Whilst the form of development will be expected to comply with the Council's standards (particularly with regard to internal space) the requirements in relation to amenity space, car parking and aspect will be applied flexibly. However in all cases the City Council will need to be satisfied that issues of amenity have been considered.

Para 5, Liverpool Unitary Development Plan: Supplementary Planning Guidance Note 7 – Conversions of Buildings into Flats or Bedsits (December 1997).

Figure 7.29: Extracts from parking-related policies in development plans.

Increasingly, local planning authorities are considering potential housing sites on their own merits and in terms of parking provision the proximity to good public transport infrastructure is becoming a key factor in relaxing the requirement for parking spaces.

Significantly, there has been an important shift in terms of the desire to see parking spaces in conversions. Until the early 1990s it was the developer who tried to argue for fewer parking spaces within city centre residential schemes due to restricted on-site space, where generally more parking would result in fewer residential units. More recently, however, as sustainability issues have come to the forefront it is the local planning authority that is attempting to minimise parking provision unless this is likely to have a detrimental impact upon the neighbourhood in terms of pressure for on-street parking.

Interestingly, developers now realise that it is much more difficult in many locations, especially outside London to sell homes without dedicated parking (Interviews with City of Westminster; London Borough of Southwark; Nottingham City Council; Portsmouth City Council: July 1998). Portsmouth City Council also suggested that *"...often one of the reasons why the market finds it difficult to gain new office occupiers is because of the lack of car parking and a conversion is unlikely to create any additional spaces. The Council therefore has to look carefully at the proposal and its context to see if it might exacerbate the problems of on-street car parking."*

Some authorities had also begun to require commuted parking payments - from developers who were unable to meet minimum standards within a development - that would then be used to provide on-street residents parking as part of traffic management schemes (Croydon; City of Westminster and London Borough of Southwark). To date, this has yet to be implemented on post-war office conversions, indeed these authorities identified that most pre-1970s office buildings tended to be well serviced in terms of car parking which makes the process of conversion relatively easy in parking terms. In an alternative solution, Leeds City Council had a related requirement for commuted payments from developments in the city centre towards a proposed tram system (from questionnaire response received after deadline for processing data).

- **Does your local authority invoke employment protection policies that could affect the likelihood of office to residential conversions?**

One of the major concerns of local planning authorities identified in the literature review (see Chapter Six) was that converting offices into residential use would result in a loss of potential employment floor space. The survey verifies this fact, with 82 per cent of the authorities who responded having employment protection policies that could affect the likelihood of such conversions. Indeed, 43 of the 49 local authorities had policies that

enabled them to attempt to retain space for employment purposes. There was no discernible difference found between authority types or in terms of the geographic distribution of those authorities with/without employment protection policies.

Some authorities such as Camden suggested however that a change of use to residential was one of the only acceptable non-employment uses should such a proposal be made. In addition, others – such as Calderdale and Chelmsford – included policies within their development plans that the loss of employment floor space would only be permitted where it could be demonstrated that there could be no reasonable expectation of future employment use or that the buildings were no longer capable of supporting such uses (see Figure 7.33).
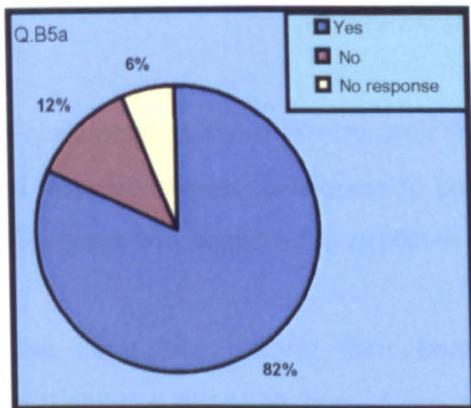
Figure 7.30: The percentage of LPAs with employment protection policies likely to affect office to residential conversions.
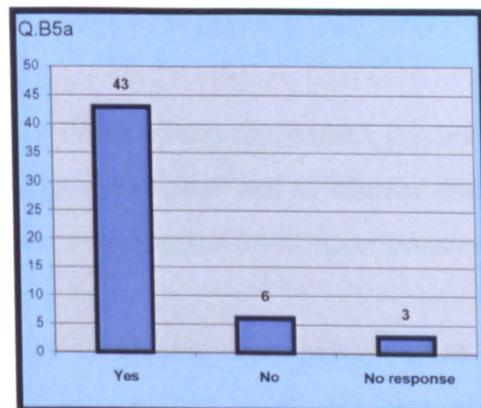
Figure 7.31: The number of LPAs with employment protection policies likely to affect office to residential conversions.
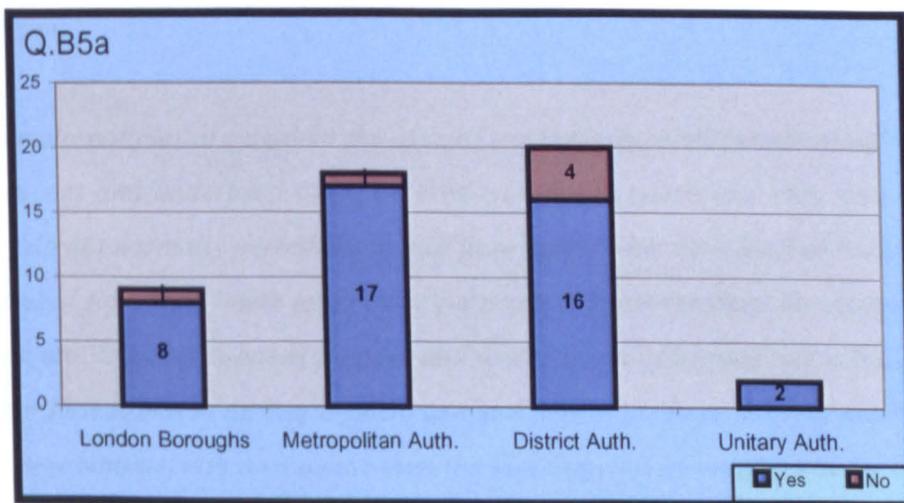
Figure 7.32: The number of LPAs with employment protection policies likely to affect office to residential conversions by authority type.

Many authorities such as the London Borough of Southwark have specified areas where they are particular about protecting employment generating land uses. Indeed, if buildings are:

> "...located in a designated employment zone then the council has policies which tend to protect the current use class. However, outside of employment zones, developers have to prove that they have actively marketed a former commercial building for an employment use with no success for a minimum period of 24 months, after which the policy will be relaxed and alternative uses considered. Within employment zones, a minimum period of non-occupancy of five years is expected before the authority will consider alternatives."
>
> (Interview with London Borough of Southwark: July 1998)

By contrast, the City of Westminster (Interview: July 1998) takes a much more relaxed view and does not expect developers to prove a buildings redundancy and is content that new office stock will be provided as part of "...a natural cycle of office stock replenishment."

Some authorities despite their encouragement of residential conversions often have qualifying conditions such as: "Generally ground floors on busy streets are unsuitable for residential use and in such cases non-residential uses will be preferred." (London Borough of Islington, 1997b, p.2). Interestingly, Wolverhampton acknowledged that despite having policies that encouraged more residential accommodation in its town centre it had contradictory policies relating to the protection of employment generating space. They identified that:

> "Certain policies are against the idea of encouraging residential conversions of vacant and underused office or even warehouse space and they state that they do not normally permit the loss of floor space where the land or buildings are used for employment generating purposes." However, they do accept that these are "...criteria-based policies and where it can be argued that a building is not best suited to an employment use and that it has been actively marketed for new tenants with no success then the building will be considered for other uses."
>
> (Interview with Wolverhampton Council: July 1998).

The Council will seek to retain sites and buildings which it considers to be suitable for continued employment use on grounds of accessibility, size, location and condition. The Council will not normally grant permission for the redevelopment or change of use of land and buildings from employment purposes (within classes B1-B8 of the Town and Country Planning (Use Classes) Order 1987) to non-employment use. An exception may be made if:

(a)   the proposed change is from office use (B1a) to residential accommodation (Use classes C2 or C3) or social and community uses. Planning permissions for changes of use and conversion to residential accommodation will normally only be given on a permanent basis.

London Borough of Camden (January 1996) Unitary Development Plan, Policy EC5, p.83.

Proposals for non-employment uses which involve the loss of scarce land resources and/or buildings having an existing permitted or lawful use for industrial, business, (Use Classes B1 to B8) or other employment uses will not be permitted. Such development will be permitted where:

ii) it can be demonstrated that the site and or buildings are not economically or physically capable of supporting industrial, business (Use Classes B1 to B8) or other employment generating uses and, that the other UDP objectives can be achieved by the development.

From Policy E13, Calderdale Unitary Development Plan(April 1997)

Change of use or redevelopment leading to the loss of employment land (within use classes B1, B2 or B8) within the employment policy areas will not normally be permitted unless there is demonstrably no reasonable expectation of employment generating uses being retained.

Policy EMP3, Chelmsford Borough Local Plan (April 1997), p.55.

Figure 7.33: Extracts from employment protection-related policies in development plans.

• **Would the conversion of office buildings in the town/city centre be affected by any affordable housing policy?**

Surprisingly, given the increased importance attached to securing affordable homes there were only 69 per cent of responding authorities with affordable housing policies that would affect office to residential conversions. Indeed, 13 authorities had no such policies that would impact upon a change of use from office to residential. Analysis of the different authority types illuminates that it is generally those authorities with established city centre resident populations and those with buoyant local economies that feel able to utilise these policies to secure affordable units. Indeed, all nine London boroughs have affordable housing policies in place and apply these to all residential development subject to size

regardless of the nature of the supply. In metropolitan and district authorities, however, over 34 per cent either did not have or would not invoke such policies for this type of development in the city centre.
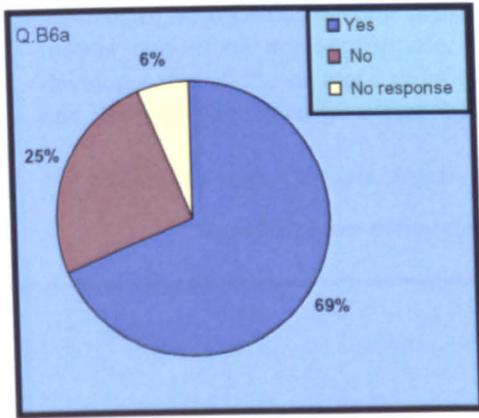
Figure 7.34: The percentage of LPAs with affordable housing policies that could affect office to residential conversions.
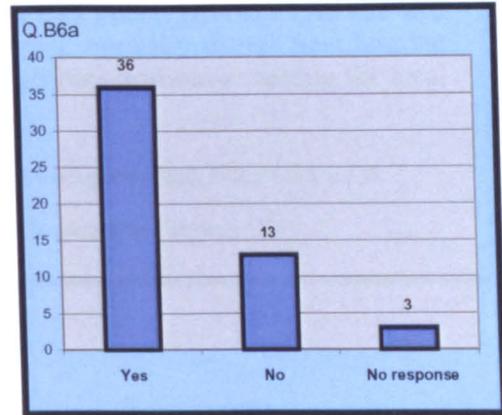
Figure 7.35: The percentage and number of LPAs with affordable housing policies that could affect office to residential conversions.
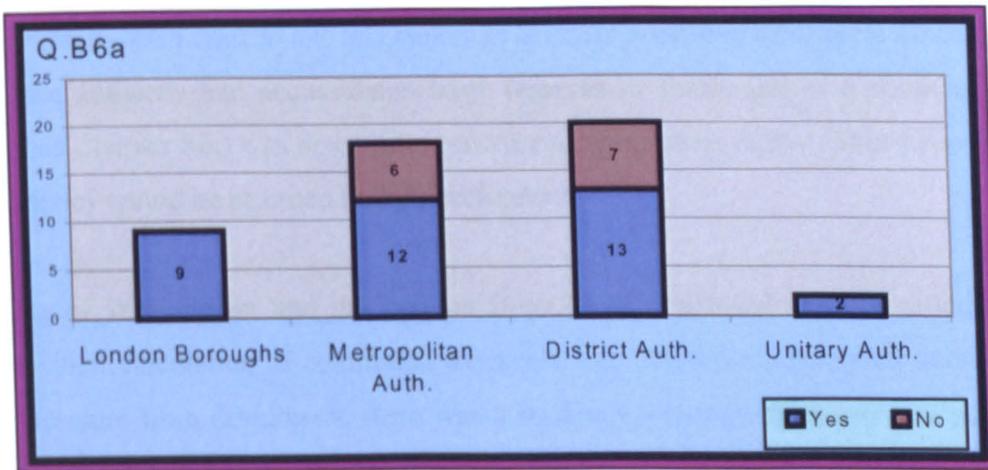
Figure 7.36: The number of LPAs with affordable housing policies that could affect office to residential conversions by authority type.

In some cases, local planning authorities did acknowledge the presence of such policies, however, some felt that applying these to what was an immature market location could potentially stifle any prospects of residential development in the city centre. Some of these authorities felt that it would be more appropriate to apply affordable housing policies elsewhere within their borough until the feasibility of providing new homes in the city core had been established. Recognising that the provision of affordable housing to meet a community's needs is a material planning consideration some local planning authorities

such as Camden have an expectation that provision for affordable units will be made in all but small residential developments (see Figure 7.37).

The Council will encourage all schemes for housing within the Wider Central Area (including mixed use schemes incorporating a housing component) to include an element of affordable housing provision. In line with policy HG14, where site and market conditions are appropriate, the Council will normally expect new housing developments of ten or more units to make a contribution towards meeting the local and Borough wide need for affordable housing.

London Borough of Camden (January 1996) Unitary Development Plan, Policy CA3, p.135.

Figure 7.37: Policy extract related to affordable housing from Camden's UDP.

The London boroughs are particularly strict in imposing affordable housing conditions although in nearly all cases this involves commuted payments in lieu of on-site provision. Until Circular 13/96 some authorities had no clear strategy for the use of these payments. Indeed, the London Borough of Southwark (Interview: July 1998) was only just introducing "...a strategy which aims to use this money in actually providing affordable housing." As a result, the authority had accumulated large reserves of funds and as a result of Circular 13/96 (see Chapter Six) was now under pressure to spend these sums within a specified time or the money would be returned to the developers.

The City of Westminster and the London Borough of Southwark both admitted that until recently their calculation of commuted payments was based on uninformed guesswork and under pressure from developers, there was a tendency to accept relatively low payments. It was also suggested that developers had been arguing that due to the relative immaturity of office to residential schemes that they were high-risk in terms of any sales track record and that high commuted payments would be detrimental to the financial viability of the project. Until 1998, Westminster had accepted commuted payments of £26,000 per residential unit for developments over 15 units in size, however, this figure was then increased to over £50,000 based upon previous experience of sales values.

Many authorities claimed that they would like to see affordable housing included within a mixed tenure development, however, they admitted that their track record of achieving this was very poor. In addition, it was accepted that achieving this in conversion would be extremely difficult, as developers would normally require separate points of entry for

different tenures. The provision of affordable homes and the requirement on developers to make a contribution appears to be accepted amongst planning officers, however, it can be a contentious issue amongst local politicians and committee members. Indeed, in one of the interviews with a local planning authority it was claimed that: *"Some planning committee members feel that the authority has more than enough affordable housing and that we are importing other area's problems."* In another authority, the senior planning officer suggested that *"...affordable housing is a delicate local political issue and some members were not keen to see affordable housing in certain areas and would rather it was located within another authority."*

Section C: Office to Residential Conversions

This section concentrates upon the possibilities for office conversions and the levels of such activity to date. Firstly, local authorities are asked to confirm that there are post-World War II office buildings within the authority's area.

- *How many post-World War II office buildings are there within your city/ town centre?*

One of the pre-requisites of the survey distribution was that there was post-war office accommodation within the local authorities area of jurisdiction. Nevertheless, the survey revealed that there is clearly a large stock of such buildings in the centre of towns and cities in the UK. Indeed, of the 46 local planning authorities that responded to this question, some 9 authorities (19 per cent) had in excess of 50 such buildings and 19 authorities (41 per cent) had over 25 of these buildings within their town/city centre.

As might be expected, the London boroughs contained a significant number of post-World War II office buildings. Indeed, of the eight boroughs that responded to the questionnaire some six authorities - Camden, Croydon, Hackney, London Corporation, Wandsworth and Westminster - had more than 50 such buildings within their district. Outside of London, Birmingham, Liverpool and Sheffield also had in excess of 50 post-war office buildings. The only authorities with less than five of this building type were Blackpool, Bolton, Chesterfield, Newcastle and Stoke-on-Trent.
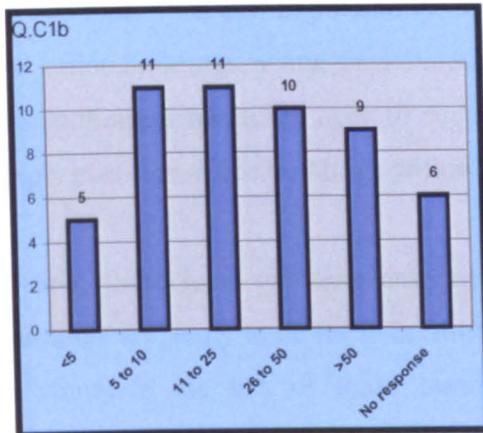
Figure 7.38a: The number of post-World War II office buildings within the city/ town centre of the LPAs surveyed.
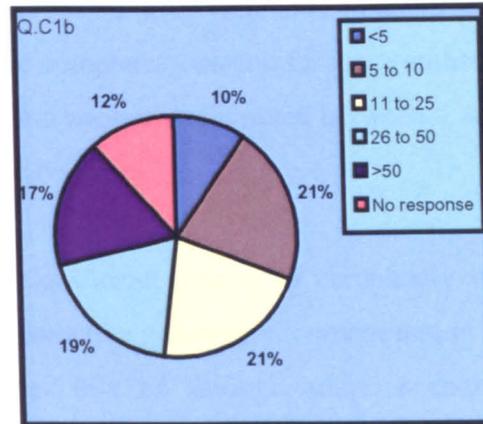
Figure 7.38b: The number of post-World War II office buildings within the city/ town centre of the LPAs surveyed.

Secondly, LPA's are questioned about the occupancy of these buildings and their levels of vacancy:

- *Are any of these buildings completely vacant at the present time?*

Local Planning Authority	Number of completely vacant post-war office buildings.	
	5 to 9	**10+**
Birmingham	**X** (N)	
Bournemouth	**X** (Y)	
Camden		**X** (N)
Chelmsford	**X** (Y)	
Corporation of London		**X** (Y)
Coventry	**X** (Y)	
Gloucester	**X** (Y)	
Leicester	**X** (N)	
Norwich	**X** (Y)	
Nottingham	**X** (N)	
Sheffield		**X** (Y)
Westminster		**X** (N)

Figure 7.39: LPAs with over 5 completely vacant post-war office buildings.

(Y indicates specific planning policies encouraging the conversion of these buildings to residential)

One of the most alarming problems within town/city centres is the number of buildings that are completely vacant. Significantly, 36 authorities (75 per cent) were able to identify post-war office buildings within their borough that were completely vacant. Of these authorities, four authorities identified over 10 such buildings and another eight noted between 5 and 10 empty post-war office buildings within their town/city centre.

Clearly, those local planning authorities with a significant number of completely vacant buildings are likely to be those in most need of a proactive policy environment that is likely to stimulate the use of these buildings whether this be through adaptive re-use or redevelopment. Interestingly, however, there was no significant correlation between those with high levels of such vacant buildings and the existence of facilitating planning policy (see Figure 7.39 and Section A).
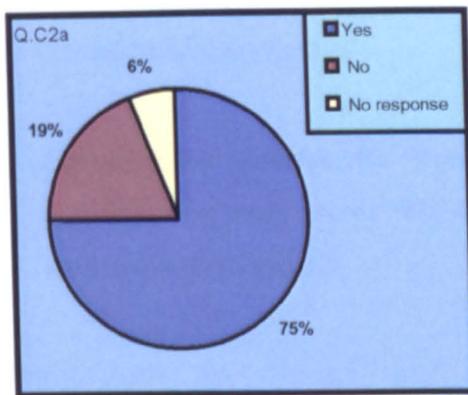
Figure 7.40: The percentage of LPAs with completely vacant post-World War II office buildings within the city/ town centre.
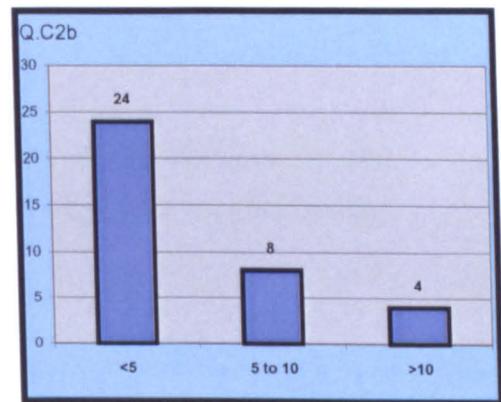
Figure 7.41: The number of completely vacant post-World War II office buildings within the city/ town centre of the LPAs surveyed.

- *Do any of these buildings have less than a 50% occupancy rate?*

In addition to those buildings that have no current occupants there are also a significant number with only a small proportion of space presently being used. Some 30 authorities responded to this question and of those buildings of this type that were not completely vacant it was clear that a substantial number were significantly under-occupied. Indeed, 59 per cent of local authorities were able to identify buildings within their urban centres that were suffering from such under-occupancy. Of these, seven authorities (23 per cent) identified more than 10 post-war office buildings and another eight authorities (27 per cent) were aware of between 5 and 10 with less than half-occupancy.
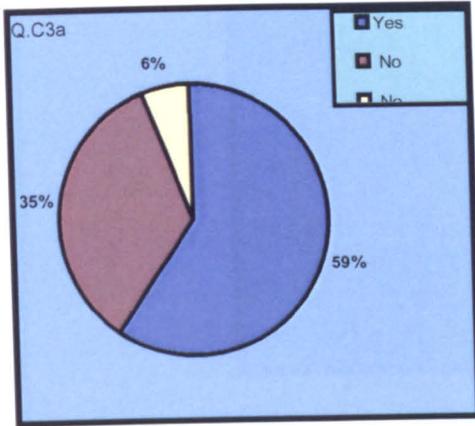
Figure 7.42: The percentage of post-World War II office buildings with less than 50% occupancy within the city/ town centre of the LPAs surveyed.
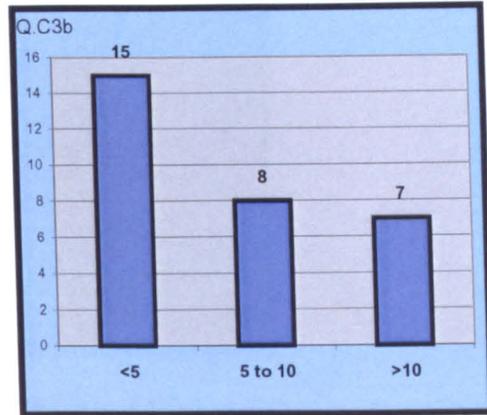
Figure 7.43: The number of post-World War II office buildings with less than 50% occupancy within the city/ town centre of the LPAs surveyed.

Thirdly, authorities are examined about their experiences regarding planning applications for office to residential conversions:

- ***Has your Local Authority received any planning applications for the conversion of post World War II office buildings into residential use, within the last 5 years?***

Interestingly, given the relatively recent phenomenon of converting post-war office buildings to residential use, particularly, outside of London, some 20 authorities (38 per cent) had received planning applications for such a change of use within the previous five years. Nine of these authorities were - as to be expected - London boroughs, however, significantly there were eleven other authorities that had dealt with such applications.
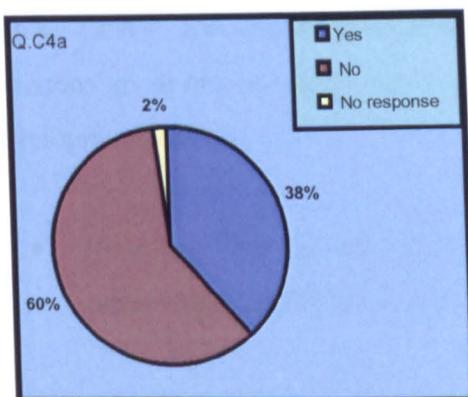
Figure 7.44: The percentage of LPAs who have received planning applications for the conversion of post World War II office buildings into residential use within the last 5 years.
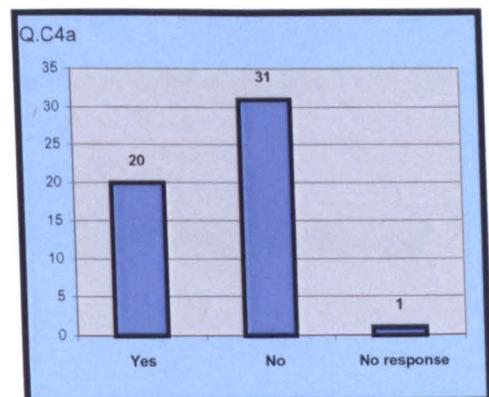
Figure 7.45: The number of LPAs who have received planning applications for the conversion of post World War II office buildings into residential use within the last 5 years.
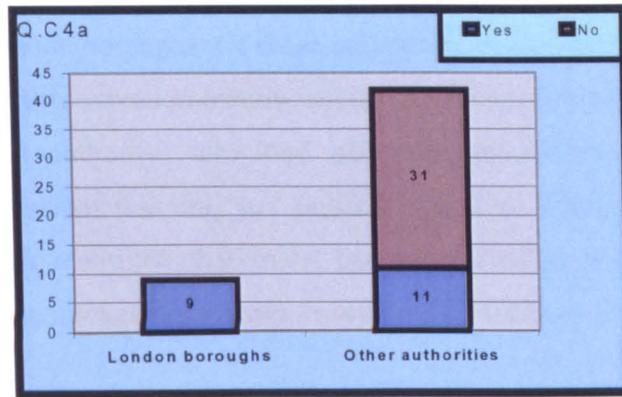
Figure 7.46: The location of LPAs who have received planning applications for the conversion of post World War II office buildings into residential use within the last 5 years.

Given the initial pioneering of this type of conversion activity in London and the prevalence of this building type it is not surprising that all of the London boroughs had dealt with office to residential planning applications. Outside London, only 26 per cent of local planning authorities (11 out of 42) had dealt with applications for such conversions. Significantly, in the City of Westminster office to residential conversions account for approximately 20 per cent of the total new units completed each year, however, this is not exclusive to post-war buildings (Interview: July 1998). Of those local planning authorities who were interviewed, both Westminster and Southwark had dealt with two applications for post-war office to residential conversions, however, there had been a lot of recent dialogue with developers regarding other similar schemes and more applications were expected. Nottingham, Portsmouth and Wolverhampton were all dealing current planning applications and Nottingham and Portsmouth had experienced significant developer interest in other opportunities within their respective city. Bradford had also had pre-application discussions with potential developers (Interviews with respective authorities: July 1998).

Fourthly, LPA's are asked about the activities of housing associations in terms of conversions given that in many areas such organisations were often the pioneers of this type of development activity:

- *Have any housing associations shown interest in office to residential conversions within your area?*

Despite housing associations being amongst the first developers of office to residential conversions, a relatively small number of local planning authorities have experienced interest in this type of activity by these agencies. Indeed, only 33 per cent of responding

authorities confirmed housing association activity and a significant proportion (over 29 per cent) of these were London boroughs. Of those authorities outside of London the percentage of authorities where these predominantly social housing providers have either made enquiries to the local authority, submitted planning applications and/or subsequently developed office conversions was only just under 29 per cent. This appears to confirm the literature review which identified that social housing providers were increasingly being priced out the city centre market particularly in sought after locations (see Chapter Five).

Despite their pioneering role the activity of housing associations in such conversions is very mixed. Whilst in London, some five of the nine authorities (56 per cent) identified their involvement, elsewhere only twelve of the forty-two planning authorities (29 per cent) had interest from social housing developers. Interestingly, however, some authorities outside of London were able to identify other types of residential conversion from obsolete post-war office space. These included student housing (Bournemouth, Coventry and Lincoln) and accommodation for the elderly (South Tyneside).
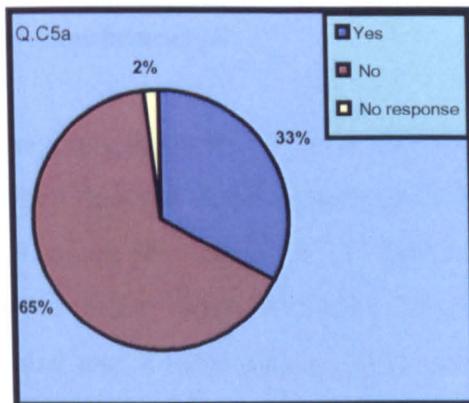
Figure 7.47: The percentage of LPAs where housing associations have shown interest in the conversion of post World War II office buildings into residential use.
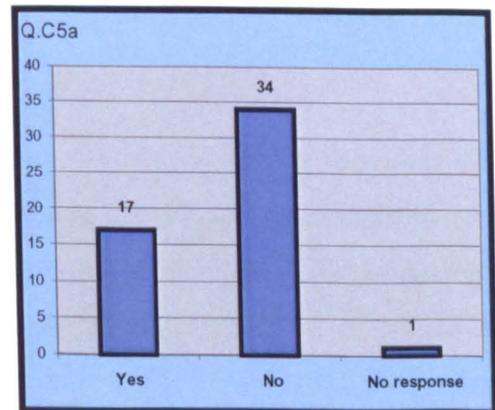
Figure 7.48: The number of LPAs where housing associations have shown interest in the conversion of post World War II office buildings into residential use.
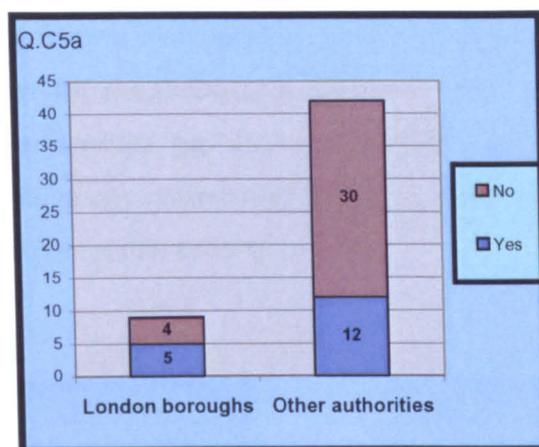
Figure 7.49: The location of LPAs where housing associations have shown interest in the conversion of post World War II office buildings into residential use.

Fifthly, authorities are asked to outline any initiatives in their area that encourage such development:

- *Are there any initiatives for office to residential conversion operating in your city / town? If initiatives are available, are they privately or publicly orchestrated?*

Encouragingly, a number of local authorities had recognised the opportunity, potential and benefits of this type of development activity and put measures in place to encourage this. As such, 9 of the 49 authorities (17 per cent) that responded to this question had specific initiatives within their borough or district that facilitated the conversion of offices to residential use. Interestingly, eight of these authorities were outside of London. In London, because of the residential development pressure it was generally felt that such a pro-active approach was unnecessary. In other cities that were proving less attractive to developers, however, some local authorities were introducing measures to stimulate development activity.

The nine authorities with initiatives to facilitate office to residential conversions were with the exception of Westminster all outside of London. All of these other authorities, - Bolton, Bradford, Derby, Kirklees, Liverpool, Newcastle-upon-Tyne, Rochdale and Wolverhampton – have already been identified as planning authorities that also have policies or generally encourage such development activity. These authorities are, therefore, pro-actively attempting to piece together a package of measures to facilitate this objective. These

initiatives are all public-sector funded with those in Bolton and Kirklees being part of Single Regeneration Budget programmes and those in Bradford, Rochdale and Wolverhampton forming part of living over the shop strategies. Liverpool and Newcastle-upon-Tyne both had identified English Partnerships gap funding resources that would be available for conversions in their respective city centres and Derby had made available funding from its own resources to stimulate conversion activity.
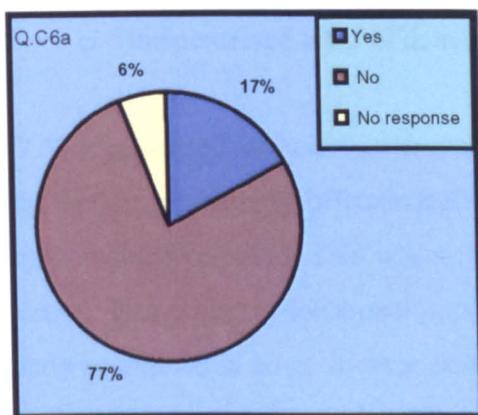
Figure 7.50: The percentage of LPAs who have initiatives that encourage office to residential conversion.
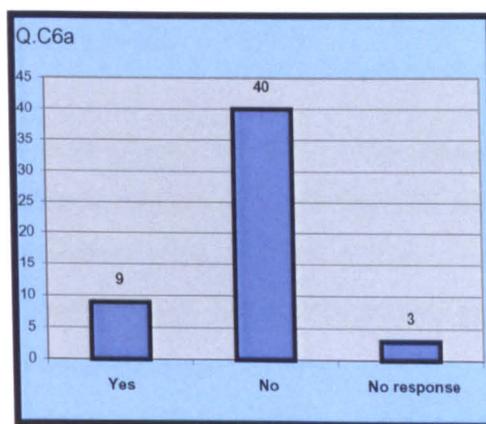
Figure 7.51: The number of LPAs who have initiatives that encourage office to residential conversion.
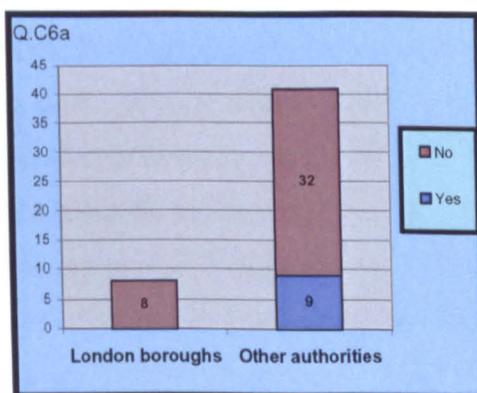
Figure 7.52: The location of LPAs who have initiatives which encourage office to residential conversion.

Finally, local authorities were asked to identify what they thought were the most significant barriers to the conversion process:

- *What do you feel are the main barriers to converting offices for residential use?*

The main barriers to post-war office to residential conversions identified by the forty-one local planning authorities that responded to this question were:

- o the physical adaptability of the building   - 29%
- o the capacity to provide car parking spaces   - 29%
- o the imposition of employment protection policies - 20%
- o the capacity to provide amenity or open space   - 17%
- o the perceived level of demand for such conversions - 17%

Figure 7.53 is organised into the five key themes identified in Chapter Six and clearly shows that local authority planning officers feel that a significant majority of these barriers are statutory or legislative-based. This is not unexpected, however, given that this is their area of expertise. Interestingly, locational and economic factors were not considered to be particularly significant in terms of presenting barriers to development.

Bradford City Council noted that one of the difficulties faced in terms of parking, density and amenity was that: *"They [post-war office building] are not able to fully comply with the standards set by the borough, because of the physical constraints of the existing buildings, for example 100 per cent site coverage."* (Interview with Bradford City Council, July 1998). Some of authorities (Bradford; Nottingham; and Portsmouth) that were interviewed also identified other competing uses such as foyers, hotels and managed workspace as a significant barrier to redundant offices being converted to residential. Indeed, Portsmouth City Council also identified significant pressure for student accommodation within the city centre, some of which was being provided through post-war office conversions (Interview with Portsmouth City Council, July 1998). In addition, the City of Westminster (Interview: July 1998) identified that within their Borough that: *"...the strength of the office market, particularly the demand for space from Government departments, is such that the opportunities for conversions to residential use are few and far between."* Interestingly Portsmouth City Council felt that for some authorities the desire to approve *"...planning permission could be dependent upon the respective authority's ability to meet its housing requirements regardless of any employment considerations."*

	PHYSICAL / DESIGN		LOCATIONAL					FINANCIAL / ECONOMIC					DEMAND	STATUTORY / LEGISLATIVE					
	Adaptability for conversion	Poor physical environment	Noise and pollution	Safety and security	Traffic and congestion	Neighbouring land uses	Proximity to amenities	Institutional finance / confidence	Ownership-related issues	Financial cost of conversion	High commercial land values	Low value of converted units	Level of demand (or perceived)	Building regulations	General planning policies	Privacy issues	Provision of amenity/open space	Provision of parking	Employment protection policies
Camden															X				
Croydon										X	X								X
Hackney					X												X	X	X
Hammersmith and Fulham																			X
Islington																X	X	X	
London Corporation of																			
Southwark																X	X	X	
Wandsworth			X					X								X	X	X	X
Westminster City																			X
Barnsley									X			X	X						
Birmingham														X					
Bradford														X					
Calderdale	X																		X
Kirklees																			
Liverpool		X						X											
Newcastle Upon Tyne	X		X			X									X				X
Rochdale				X				X											
Rotherham		X																	X
Sheffield													X						
South Tyneside						X												X	
Sunderland	X																		
Walsall									X			X							
Wolverhampton	X																		
Bedford	X								X					X					
Blackburn														X					X
Bournemouth															X				
Chelmsford	X														X		X	X	X
Chesterfield														X					
Dacorum											X								
Darlington														X					
Derby City																	X	X	
Gloucester	X																		X
Leicester																			
Lincoln												X							
Norwich	X										X								
Nottingham																			
Plymouth	X				X													X	X
Portsmouth	X			X														X	X
Stoke-on-Trent	X		X								X							X	
Kingston upon Hull					X									X					
Middlesbrough	X	X									X		X	X					X

Figure 7.53: Factors identified by local planning authorities as the main barriers to office to residential conversions.

Discrepancies in the Responses

Some discrepancies are apparent when analysing the results and responses in the survey. Indeed, some of this may be due to misinterpretation of the questions or due to the time or care taken in responding. Newcastle-upon-Tyne, for instance claimed in question A1b that the residential development pressure was only demand-led, however, their response to question A2b states that *"...housing associations and private developers are showing increased confidence in city centre housing"*. This may, however, be explained by the fact that the demand-led pressure has subsequently instigated developer interest.

Bradford, Dudley and Rotherham claim in question A2a not to have policies encouraging town/city centre living, however, in response to question A3a they confirm that they have a policy that encourages city living through the conversion of offices. Subsequent verification with these respondents revealed that they do indeed have some policies that encourage residential development in their urban centres.

Conclusions: key findings of survey and in-depth interviews

The self-response questionnaire survey and the semi-structured interviews enabled a detailed understanding of the extent of post-war office to residential conversions in England and the role of the planning system in the conversion process. The responses to the questionnaire illustrated not only a wide range of experiences in terms of city living and conversion activity but also of the interpretation and implementation of the local strategic planning and development control process amongst local planning authorities. On one hand, some authorities were extremely pro-active in attempting to increase resident numbers in their city centre - some through office to residential conversions - whilst on the other, some authorities appeared reluctant to embrace these emerging phenomena. Clearly, however, a number of local planning authorities are beginning to produce policies and guidance that facilitates the process of conversion and city centre living and in so doing helping to guide development and providing more certainty for owners and developers.

The results of the questionnaire survey indicate that a significant number of town and city centres are experiencing development pressure for residential accommodation, indeed, 63 per cent of responding local planning authorities identified the potential growth in the number of homes provided within their 'city-centre'. This is encouraging for policy makers given that the intent of the latest Planning Policy Guidance Note 3: Housing and the recent

Urban White Paper is to concentrate more and more new homes in urban areas (Department of the Environment, Transport and the Regions, 1999e; 2000c).

This research clearly indicates that many local planning authorities are increasingly recognising that housing can play a key role in the revitalisation of town and city centres and in terms of making them more sustainable. As such, 77 per cent - of the 52 local planning authorities that responded - had policies that encouraged city centre living, which is comparable with Couch's survey of 29 local authorities, which found that 86 per cent were *"...seeking to attract more people to live in their town centres."* (Couch, 1997, p.102) Significantly, an earlier Department of the Environment survey *"...found that only 43 per cent of towns had undertaken housing initiatives, including most major cities but also some smaller towns, but many more were considering them."* (URBED *et al.*, 1994, p.45).

The emergence of office conversions has been generally encouraged by central government and local planning authorities, however, most development plan policies for residential and offices were written before the collapse of the office market and when the extent of the pressure to replace obsolete office space with residential accommodation was not envisaged. Until local authorities are able to revise their planning policies, however, Planning Policy Guidance Note 3 will be a material consideration that potentially carries more weight than a 'current' development plan. A significant number of local authorities were, however, responding to Government advice and 44 per cent of local planning authorities already had planning policies that encouraged the conversion of redundant office space into residential use.

Indeed, some urban authorities, especially in London, do have general policies on conversion from office to residential but often they do not deal with the detailed problems and opportunities that the conversion of post-war offices creates. Due mainly to the contemporary nature of this phenomenon, there were only 17 per cent of responding authorities with specific policies that covered the conversion of post-war office buildings and many of these were burdened by onerous constraints in terms of proving redundancy.

The survey of local planning authorities suggests that they can be divided into three groups, broadly characterised by their policy stance on office conversion:

- authorities that positively encourage city centre living including the conversion of post-war office space into residential use - through

development plan policies, initiatives and a flexible approach to development control - as an integrated component of revitalisation and sustainability objectives;

- authorities that are seeking to increase the number of residents within their city centre but with more stringent development plan policies - such as preserving employment-generating space, car-parking, density and amenity standards - which may serve as a barrier to potential conversions; and

- authorities that have no development plan policies in place that relate to city centre living either because the plan is 'out-of-date', because there is no development pressure for residential pressure or because the authority has no desire to see (more) residential accommodation in this location.

This contrasts slightly with an earlier and much smaller but similar survey that found four groups:

- authorities favouring conversion into flats;
- authorities concerned about the effects on employment levels;
- authorities willing to consider conversion as an exception to policy under certain circumstances; and
- authorities with no experience of conversion.

(adapted from Barlow and Gann, 1993, p.25)

The literature review of national and local planning policy (see Chapter Six) indicated that there were four key factors influencing the planning process in terms of conversion activity: density and amenity standards; car-parking standards; protection of employment-generating floor space; and affordable housing requirements. Analysis of the survey indicates that there are some significant differences in the potential effects of these factors between London and the rest of England, indeed, local planning authorities in London tend to apply density, parking and affordability policies much more stringently that in the rest of the country. It is clear that these planning-related factors can provide significant barriers to the office to residential conversion process, however, authorities are taking a realistic view in terms of density and amenity standards - especially outside of London - with only 17 per cent applying such standards to conversion schemes. As such, a significant proportion of local planning authorities are prepared to be flexible and examine each application for a change of

use on its merits, which is particularly encouraging given that quantitative planning measures have for too long dictated the design of urban areas.

Many planning authorities are also prepared to relax car parking standards from those specified in their development plan policies in favour of lower parking provision. There are two main reasons for this relaxation, firstly, the proximity of conversions to public transport and employment sources and because it is often very expensive or physically impossible to provide parking spaces as part of the conversion. Nevertheless, some 67 per cent of authorities do have parking standards that they would expect developers to meet or if not some are accepting commuted payments in lieu of on-site provision. In terms of affordable housing, increasingly, local planning authorities (69 per cent) are following government guidelines and expecting provision from all but small residential developments. Commuted payments have however become the norm in terms of affordable housing provision and few local planning authorities are insisting on element of affordable housing within private sector office to residential conversions. More authorities are producing clearer policies on planning obligations for affordable housing and on commuted payments, which is enabling developers to take these into account during the feasibility stage of a project with some level of certainty.

The desire of many local planning authorities - particularly their elected committee members - to protect employment generating floor space is possibly the most significant planning-related barrier to the conversion of former post-war office buildings. Indeed, 82 per cent of authorities that responded to the questionnaire had policies that discouraged the loss of floor space that was previously occupied by employment uses. Many had a discretionary approach, yet ironically the conditions that developers' had to meet in order redundancy were particularly onerous in terms of the time period of vacancy or proving unsuccessful marketing of the building.

It is obvious from the survey and the interviews that there is the opportunity for post-war office conversions in terms of an extensive stock of this building type in most towns and cities across England, many of which are vacant or only partially occupied. This research does identify, however, that local planning authorities have little detailed information regarding the stock of such space and therefore potential for conversion activity. As such, when such conversions progress through the planning process they are considered as 'windfall' developments rather than being an integral part of any urban capacity study. At the time of the surveys in 1998, the focus of post-war office to residential conversion

activity was clearly London, where pioneering schemes occurred and where all responding authorities had dealt with such planning applications. Outside of London, only 26 per cent of local planning authorities had processed planning applications for this type of conversion. The interviews indicated, however, that this development type was beginning to emerge and increasingly pre-application discussions were occurring elsewhere in England.

CHAPTER 8

UNDERSTANDING CITY CENTRE LIVING: A RESEARCH GAP

UNDERSTANDING CITY CENTRE LIVING: A RESEARCH GAP

People came together in cities in order to live.

They remain together in order to live the good life.

Aristotle *Politics*

Introduction

Thus far, emphasis has been placed upon the policy context in which conversions occur and the supply-side aspects of the conversion process. Little detailed attention has been given to questions of demand. Reeves (1997), however, argues that any policy towards re-using buildings must start from the perspective of the user (the demand-side) rather than from availability (the supply-side) and therefore it is to this that attention is now directed. Until recently, the level of demand for city centre housing and the locational preferences of different groups were neglected areas of discussion in the debate about where to accommodate projected household growth. Indeed, throughout the debate about household projections there has been little analysis of consumer preferences in housing, and minimal research into the issue (Varady, 1990; Hooper, 1999). Clearly, a better understanding of people's attitudes to urban living is fundamental to attracting new residents and retaining those who already live in cities. Earlier chapters have illustrated how increasing the numbers of households living in the heart of the city can help to achieve a whole range of social, economic and environmental goals. Despite the numerous benefits, the demand for the product of adaptive reuse to create residential units is one of the fundamental barriers to the process of conversion.

This chapter will, therefore, examine existing research into the type and quantity of demand for residential units in the centre of our cities as well as any underlying perceptions and attitudes that may be influencing the effective demand for such accommodation. As such, the chapter is organised into three sections, the first examines the context for living in the city centre; the second identifies the factors influencing the demand for homes; and the final section analyses attitudes and the demand for city centre living.

The Context for the Demand for City Centre Accommodation

Significantly, the twentieth century is ending as it began with a forecasted need for large numbers of new homes:

> *"In 1900 it was to replace the slums left by the Industrial Revolution. Today it is to accommodate a rapidly growing number of new households, the majority of which will be single people and couples with no children, often young or elderly. There is general agreement that additional housing should be centred on the re-use of existing buildings and the development of brownfield sites to offer new life to urban areas. Yet many people have little affinity for urban life and also have an inherent distrust of new concepts due to the failures of 1960s housing."*   (Colquhoun, 1999, p.1)

Indeed, for most of the twentieth century, cities have represented places of economic decline, physical decay and social disorder (Hall, 1992). Those able to make a choice have generally chosen to live in a suburban environment with all the perceived advantages on offer, such as a better standard of education, less crime, and a pleasanter environment. This residential choice has been made possible by increased reliance on the car, which has enabled people to access the services and job opportunities of the city whilst living elsewhere. Other equally compelling but less obvious reasons why people choose the suburbs over the city include the lack of available land for new housing development within cities. As such, most new homes have been built in suburban areas, thereby restricting choice for people who might otherwise wish to live in cities. The more important determinant of this locational choice, however, is that the public's perception of urban areas has been very poor and during the twentieth century people have abandoned cities in droves.

In England, there appears to be a cultural resistance to urban living and that high-density living is incompatible with the British way of life. Both Davidson (1995) and Breheny (1993), make this observation and KPMG (1999, p.19) argue that: *"In effect, the drive to increase the reuse of urban land for housing runs counter to the national trends in population movement."* There are also arguments that urban intensification will result in town cramming and all the negative effects associated with it as outlined in Chapter Three. As such, current policies to encourage more homes in urban areas clearly appear to conflict with the expressed desires of the public and indeed to the house building industry (Department of the Environment, Transport and the Regions, 1999c). URBED (1998, p.9) identify, however, that there has been *"...a resurgence of interest in urban living driven*

largely by the issue of environmental sustainability. " The National Housing Federation (in Willis, 2001, p.20) also recognise these changes in the housing market and suggest that: *"Not only is this because of increasing government pressure..., but also because the increasing number of young, single and couple households will find in urban living the kinds of employment, leisure, and other day-to-day living opportunities they are looking for."*

The results of recent research suggest that the underlying influences upon the choice of residential location are complex, however, that many people can potentially be persuaded to happily live in urban areas (Moss, 1997; Oakes and McKee, 1997; Oc and Heath, 2000). Indeed, Knight Frank Research (2000, p.2) identify that *"New lifestyle patterns continue to drive the demand for certain types of property, whilst shifting population demographics have reawakened a desire for city living. This has been accompanied by a desire for consumers to remain close to their place of work in the evenings and at weekends and to spend less time commuting.*" Of greater significance is the indication from URBED *et al.* (1999) that a substantial number of others can potentially be persuaded to happily live in urban areas. As such, Davidson (1995, p.iii) argues that: *"Perhaps we divide naturally into two types: those for whom cities are vibrant and exciting, a focus for human activity; and those for whom they are dirty, noisy and dangerous.*" Clearly, the crucial question with regard to urban living is therefore, whether there is any demand for such accommodation: *Do people want to live in the city centre?*

The Demand for Homes: decision-making

Housing demand is multi-dimensional with numerous influences that vary in importance between households and over time. These factors include family life cycle stage, socio-economic status, and lifestyle/personal characteristics (see Harriott and Matthews, 1998) whilst Mulholland Research Associates (1995a) suggest that life stage, environmental reasons and financial considerations are the three major influences for moving people choosing to move home. Obviously the overriding assumption in residential decision-making is that, ignoring financial considerations, households will only move providing the benefits outweigh the costs. Although households in the same life cycle may have the same needs, their opportunities to achieve those needs may vary considerably, indeed, the stage in the life cycle and nature of lifestyle may generate housing need, but in the housing market resources are not distributed according to need. As such, changes in life cycle or lifestyle may lead to the desire to move but for many households this may be impossible due to

financial constraints. As such, households usually have to make trade-offs in deciding where to live (see Alonso, 1964).

The importance of life cycle

The specific factor that emerges strongly from literature is the importance of household life-cycle stage in the choice of geographic residential location (Bell, 1958; Abu-Lughod and Foley, 1960; Gans, 1962 and 1968; Morgan, 1976; Michelson, 1977; Kain, 1986; Varady, 1990). This refers to the stages that a household moves through from formation to death. Each stage strongly influences both the physical housing unit demanded and its environment or location, however, there are other influences such as expectations and aspirations related to social status.

In terms of life cycles, Pollakowski and Edwards (1987) found that marriage led to an increased likelihood of suburbanisation, however, Varady (1990) suggests that the presence of children was a family life cycle position that is an important indicator of the desire to live in the suburbs, whereas, marital status was of limited significance in terms of choice. The emerging model of new city dwellers is of people living in the city until they have children, then moving to the country and returning as the children leave home (Tinworth, 1999). Indeed, Rudlin and Falk (1995) indicate that as more people delay having children and with a greater proportion of active pensioners more people inhabit the life stage where the vitality and life offered by city centre living is attractive provided that it is safe and comfortable. The final life cycle has also become increasingly relevant in the housing debate with people living longer and often widowed. Indeed, Champion *et al.* (1998, p.54) note how *"...people are retiring at an earlier age or are prepared to move earlier in anticipation of eventual retirement"*. Such demographic changes and changes in household structures have encouraged both planners and developers to consider providing a more diverse range of dwellings in terms of size, type and location.

The influence of lifestyle

Another critical factor in the process of household decision-making predicting the choice of residential location is the lifestyle of the household (Varady, 1990). Johnston (1971) identifies the following lifestyle groups:

- family-orientated (decisions based on the needs of the family);
- careerists (decisions based on needs of job, self-image, etc.);
- consumerist (decisions based on material benefits and amenities); and

- community seekers (decisions based on desire for social interaction).

Despite the now historical nature of this research, there are some interesting contemporary similarities, indeed, Johnston (1971, p.102) notes how: *"The greater the commitment to familism, especially compared to consumerism, the less important the city centre should be in the total activities of the household."* He continues by stating that careerists and consumerists are those most likely to find their needs met in the city centre. Varady (1990, p.23) also notes that *"Since the mid-1970s, researchers have identified a new generation of young people who place less emphasis on child-rearing and traditional family life, and to work-oriented women as increasing demand for city living (Gale, 1984; 1987; Palen and London, 1987)"*. Berry (1982) argues that the impact of this trend will be minimal whereas Alonso (1982) suggests that it will lead to the rebirth of cities. A late twentieth century phenomenon has been the number of women that are now in the careerist category and Skaburskis (1997, p.275) claims that *"...the continuing increase in women's income prospects and career orientation will reduce family formation, fertility and divorce rates and change housing demand..."* Consequently, Kasarda (1985) suggests that cities should target households pursuing non-traditional lifestyles or a non-family value approach.

The prevalence of single-person households as discussed in Chapter Three is increasingly impacting upon the housing market and Kasarda (1985) and Spain (1989) argue that younger educated singles and childless couples often prefer cities and high-density living. The House Builders Federation (1997, p.6) claim, however, that *"...single person households are highly diverse and singleness is their least relevant characteristic in terms of housing market behaviour. Disposable income, age, gender and location are all far more important determinants of their behaviour."* As such, these demographic changes do not necessarily give a clear indication of the most appropriate type of dwelling, indeed, research by Hooper et al. (1998, p.32) confirms that the simple equation of one-bedroom dwelling for a one-person household is far too simplistic an approach to housing provision. Indeed, life styles and expectations change, with experience and higher incomes and some householders may wish to have spare bedrooms to accommodate visitors, or future children, or require home working space, or have the option of taking in a lodger.

There is a strong argument that families are still expected to represent over half the total number of households in 2016, and that they have a predominant desire to live in suburban and rural areas (The House Builders Federation, 1996). This should, however, be seen in the context of the current household formation and housing provision (see Chapter Three).

Currently, 64 per cent of households are families and provision is typically geared towards this group, whereas, the new households formed in the period to 2016 will be predominantly of other household formations. Indeed, the traditional family household is becoming less common with three in every four households in the UK being childless with more than half of these below retirement age (URBED *et al.*, 1999). Indeed, the Department of the Environment, Transport and the Regions (2000c) identified a 20 per cent increase in the number of *single person households* since 1990 and expect a further 40 per cent increase by 2021. In addition, the UK Round Table on Sustainable Development (1997, p.12) suggest that: *"...there is a growing number of single person households, particularly male, whose needs and aspirations will differ from those of the traditional family unit. "* Neither does the traditional household of male breadwinner, female homemaker and two-plus children any longer dominate American society (Palen and London, 1987; Lang *et al.*, 1997; Moss, 1997). Indeed, American Demographics (1995) identify that the stereotypical family now accounts for only a quarter of all households. The majority of new housing provision, therefore, needs to focus on providing appropriate types of housing and in appropriate locations.

Hall (1999, p.12) highlights the impact of these changes very succinctly. He argues that the assumption in the post-war period has been that:

> *"The assumption was that we were building homes for households which had mum, dad, two or three children, and minimal space. But for the next twenty years, as the household projections have shown us, we will be building new homes principally for households that typically have one or at most two professional people, no children (or maybe some children who are in the custody of a divorced partner, but come back to the other one at weekends) and some friends and quite a lot of need for workspace. Ironically, these two very different households may want the same kind of space in quantitative terms, though it is going to be used very differently. "*

Hall continues to argue that these changes upset our basic assumptions in two ways:

> *"First, they alter all the relationships between dwellings per unit of area, bedspaces per unit of area, and people per unit of area. The number of bedspaces per unit comes down, but not so much as you might think because of the need to provide for those separated children or friends, and because the*

concept of 'bedspaces' completely ignores the other kinds of spaces that a home is now increasingly required to provide, especially home offices. The resulting equation is anyone's guess.

Locational or environmental factors

The quality of a particular environment can also be a significant factor in influencing a household's choice of where to live. In relation to the decision to live in city centres, Hooper *et al.* (1998, p.29) note that *"...the single people who opted for the bright lights central urban areas in which to live do so for convenience, both to save commuting time to work and for easy access to a good range of entertainment and culture."* Referring to the situation in the US, Michelson (1977, p.56) stated that: *"Persons moving towards city centers are generally attracted by the convenience of that environment, while those who are decentralizing are attracted by aesthetic components of the residential environment..."*

Chapter Three clearly indicates that urban areas are still suffering from a net out-migration of residents and Champion *et al.* (1998, p.52) suggest that the two predominant reasons for people choosing not to live in cities are *"...the advantages of living in a physically attractive environment and the search for a different type of community and lifestyle compared to the city."* Halliday and Coombes (1995) and the Department of the Environment, Transport and the Regions (2000d) also refer to urban 'push-factors' - including crime, congestion and pollution – associated with larger cities and towns.

Deterrent	Percentage
Traffic noise/danger	58%
Too busy/crowded	58%
Poor environment for children	31%
Unsafe area/crime	27%
Too noisy generally	27%
Dirty environment	18%
Houses too cramped/close	15%
No/small garden	13%
Poor parking facilities	13%
Poor local schools	7%

Figure 8.1: Reasons for not living in a town or city centre

(adapted from Mulholland Research Associates, 1995a, p.14).

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The Department of the Environment, Transport and the Regions (2000d, p.11) identify that compared to other locations, urban areas were much more likely to have problems with: poor ambient air quality; heavy traffic; nuisance from street parking; litter/rubbish/dumping; scruffy gardens; vandalism; and graffiti. In addition, Mulholland Research Associates' (1995a, p.14) research into residential movements listed ten reasons that led their sample of 624 people to not consider living in the city centre (see Figure 8.1). The report states that traffic concerns were felt most heavily by women and those with young children whilst the crime concerns were felt most heavily by 'wealthy achievers' and new home owners.

City Centre Living: Attitudes and Demand

"The people who choose the city, in sum, are of many different kinds, but they have one thing in common: they like the city. They like the privacy, they like the specialisation, and the hundreds of one-of-the-kind shops; they like the excitement – to some, the sirens at night are music – they like the heterogeneity, the contrasts, the mixture of odd people. Even the touch of Sodom and Gomorrah intrigues them; they may never go to a nightclub, but they enjoy the thought that if they were of the mind, there would be something interesting to go out to."

(William Whyte, 1993, p.40)

Much of the research into the preferences of residential location has been undertaken for organisations with a vested interest in the outcome and this has often led to biased samples. Furthermore, in both the private and rental sectors, most consumer research is overwhelmingly concerned with the preferences of families with children, when this household form is projected to become a minority type in the early part of the new millennium (Rudlin and Falk, 1999).

Research by Mulholland Research Associates (1995a) for The House Builders Federation examined the importance of environmental factors in the decision to buy a new home. Some 818 households were surveyed with 76 per cent rejecting the idea of living in urban areas. The main reasons were cited as the hostile environment, traffic, noise, bustle and dirt, whilst concern was also expressed about crime and respondents saw urban areas as a poor environment in which to bring up children, particularly due to the poor quality of local schools. There were also worries about the density of urban living, particularly in relation to the size of houses, gardens and parking spaces. This survey was, however, confined to a very specific group of people, namely families who had recently bought 'brand new'

suburban housing. In addition, 73 per cent of interviewees were in the 30-to-49 age group and every household had children of which 94 per cent were couples with children living at home. It was therefore not surprising that they should express a preference for the type of housing that they had recently decided to purchase, therefore not giving a fair reflection of the overall demand for urban living. The House Builders Federation (1996) suggest that these views are representative of the majority of households, confirming the view of many in the house building industry that the typical household consists of two parents with children, in regular employment and mobile. Rudlin and Falk (1999, p.90) argue that this *"...no longer reflects the demographic make-up of the country."*

In another survey of 500 people, conducted as part of the *House Beautiful* New Homes Awards, 63 per cent of respondents felt that new homes should go in redeveloped urban areas, however, only eleven per cent said they would choose to live in a town centre (NOP, 1997). These surveys, nevertheless, indicate that there is a significant minority - 24 per cent and 11 per cent - who could be persuaded to live in city centre homes. These figures are all the more encouraging for city centre housing due to the sample groups targeted by this research. Interestingly, in a survey of 2700 households in the urban areas of Hampshire, Llewelyn Davies and Geraldine Petterson Associates (1998) indicate that the presence of a garden topped the list of people's key issues in urban living and choosing a home. This together with the type of property came above issues of safety, local facilities, transport and the environment.

Government research confirms many of the findings of these surveys, indeed the Department of the Environment, Transport and the Regions (1999c) suggest that people's quality of life priorities are low crime rates, good health care, low pollution, low cost of living and good shopping. The Urban Task Force report also identifies key prejudices against urban living as being the fear of crime, dislike of modern architecture and concern about the quality of the environment, housing and schools (Urban Task Force, 1999a). Nevertheless, it is important to note that these aspirations are not necessarily anti-urban. Indeed, the research report *But would you live there? Shaping attitudes to urban living* commissioned by the Urban Task Force from MORI, URBED and the University of Bristol challenges the assumption that Britain is an inherently anti-urban nation (URBED *et al.*, 1999). The report represents a step forward in the way people's aspirations are assessed, going beyond the conventional approach of simply asking where they want to live. The research analysed the factors that influenced public attitudes to urban living. Focus groups in Bristol, London and Manchester were questioned on their views of urban lifestyles and a

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significant group of urban persuadables was identified who were willing to consider urban living. The report claims that: *"Their views about where they live are based on a balance of what might be called suburban and urban aspirations. There is scope to tap into their urban aspirations, to tip the balance of individual decisions more firmly in favour of urban areas."* (URBED *et al.*, 1999, p.3). Lang *et al.* (1997) refer to such individuals as suburban urbanites who pursue essentially urban lifestyles and are therefore the group most likely to relocate to the city centre.

Who moves into the city centre?

An equally unrepresentative but contrasting survey by Robson *et al.* (1998; 2000) confirms that single person households are clearly one of the most likely groups to inhabit the city centre. Indeed a survey of 170 households in Manchester City Centre indicated that 40 per cent were single people and that only 5 per cent of households contained children (see Figure 8.2). Knight Frank (in Langton, 1999) also identified that the demand for city centre housing continued to be dominated by professional single people or couples aged between 25 and 45.

A survey of 170 households in Manchester City Centre in 1995 revealed that:

- 40 per cent were single-person households, and over 50 per cent were 2-person.
- Only 5 households contained children;
- Most were employed in professional occupations;
- 44 per cent of those employed worked in the city centre;
- 30 per cent of households included at least one student;
- 51 per cent were renting their homes;
- 68 per cent of owners were first-time buyers;
- 25 per cent had primary residences elsewhere.

Figure 8.2: Characteristics of residents in Manchester City Centre (adapted from Robson *et al.*, 2000, p.28).

Similarly, research by Oakes and McKee for the Joseph Rowntree Foundation supported the view that changing household structures are resulting in different housing choices. They claim that 60 per cent of single people working in central Leeds would welcome the opportunity to rent apartments in the city centre. This qualitative research project revealed that the highest priority for private renters is location especially safe and convenient areas with good access to amenities, leisure, work, public transport and roads out of town. The research indicated that there was a clear division between the 'urbanised' who appreciated the 'buzz' and social anonymity of city life and the 'country life'/'suburbanised'. The

advantages to living in the city centre were seen as less time wasted in travelling, the ability to get around easily without driving, freedom to lead a more cosmopolitan social life, with convenient access to shopping and leisure opportunities (Oakes and McKee, 1997).

Hooper *et al.* (1998, p.19) identify five main types of single-person households: young professionals; younger less well-off one person households; alone following relationship breakdown; lone second home buyers/renters; and elderly one-person households. Significantly, all of these categories of single person households are shown in this research to contain a significant proportion of people willing to live in the city centre or currently living there (see Chapter Nine). Single person households cannot be treated as a homogeneous group, however, and it is a myth that they can all be catered for by simply unlocking space in city centres. Indeed, Hooper (1999, p.10) argues that: *"Rather than focussing upon the absolute and relative increase in the proportion of single-person households projected for this period, it is more helpful to concentrate upon the implications for housing provision, in terms of what is known about housing preferences."* Nevertheless, Reynolds (in Champion *et al.*, 1998, p.5) suggests: *"City life is attractive to many and should be celebrated – we should build on the growing mood of optimism in urban living and support the growing number of households – including the elderly, single people, and young professionals – who wish to live there."*

Increasingly in the UK since the 1990s there have been examples of new 'pockets' of city centre housing such as the Bold Street/Duke Street area of Liverpool city centre where a 'creative quarter' has been created from a run-down industrial and commercial area. KPMG (1999, p.61) note how the demand for apartments there has arisen mainly from the young, more affluent professionals seeking city centre living opportunities with good access to facilities. Significantly, many of these new residents are identified as second time buyers moving from terraced property within the city. This concords with research on locational choice which indicates that current urban residence strongly predicts future urban residence (Spain, 1989). The phenomenon of existing city dwellers occupying pioneering developments in the city centre is also identified by Neil Smith's study of the gentrification of Philadelphia's Society Hill during the 1960. Indeed, Smith (1979, p.540) found that only a small proportion (14 per cent) returned from the suburbs compared with 72 per cent who moved from within the city boundaries and argued that: *"This suggests a consolidation of upper- and middle-class white residents in the city, not a return from the present day suburbs."* A similar pattern also emerged in two other US cities at a similar time as indicated in the table below:

	Percent city dwellers	Percent ex-suburb dwellers
Philadelphia:		
Society Hill	72	14
Baltimore:		
Homestead Properties	65.2	27
Washington D.C.:		
Mount Pleasant	67	18
Capitol Hill	72	15

Figure 8.3: The origin of rehabilitators in three US cities

(Source: Baltimore City Department of Housing and Community Development (1977) in Smith, 1979, p.540).

Type of accommodation

The Department of the Environment's *Housing Attitudes Survey* highlighted a number of important factors in terms of residential locational preference (Hedges and Clemens, 1994). The survey featured responses from all sectors of the household population in England and some 3285 responses were analysed to both factual and attitudinal issues concerning housing. Unsurprisingly, it revealed that householders thought that location was as important as the quality of the accommodation. On the basis of survey evidence - which included all tenure types - of those respondents anticipating a move at some point, 83 per cent preferred a house, 8 per cent a flat and 9 per cent expressed no preference. 40 per cent of respondents would be willing to live in flats, with flats being relatively popular among older people (31 per cent of people over 60 living alone prefer flats). Life cycle stage also strongly correlated with the preference for houses being most marked in the middle of the life-cycle and flats more acceptable to older and younger respondents.

Holmans (1996) also argues that there is no evidence to suggest that smaller households will opt for flats rather than houses. He suggests that most single and divorced people are under 60 and that 77 per cent of these live in houses and that is the natural state of things. Rudlin and Falk (1999, p.96), however, point out that he fails to recognise that they may not be opting for flats because there are few suitable flats available and that: *"Implicit in his*

argument is the idea that flat dwellers are second-class citizens and it is therefore logical that people will opt for a house if they can afford it. "

Research by the Office for National Statistics (Office for National Statistics, 1998b) indicates that the households most likely to occupy converted flats and maisonettes are those living alone. Significantly, 46 per cent of one adult households aged 16-59 live in flats, indicating the willingness of this household type to live in this type of accommodation. In addition, 17 per cent of adults aged 16 - 59 and living alone occupy converted flats or maisonettes (see Figure 8.4).

Household Type	Type of accommodation
	Percentage of each household type living in a converted flat or maisonette/rooms.
One adult aged 16-59	17
Two adults aged 16-59	6
Small family	3
Large family	1
Large adult household	1
Two adults, one or both aged 60 or over	2
One adult aged 60 or over	4
Total	**5%**

Figure 8.4: Type of accommodation by household type in England
(adapted from Office for National Statistics, 1998b, p.32).

Conclusion

Traditionally, the resident population of the city centre was extensive and diverse whereas contemporary studies seem to indicate that it is small and the current demographic profile is very narrow. Indeed, partly as a result of strong negative perceptions through most of the twentieth century, the city centre has not been seen as a popular location in which to live. As such, the rebirth of the city centre as a residential environment - despite encouragement through planning policy – has been a slow process that has yet to reach all urban areas.

Factors influencing the decision-making process for householders in terms of where to live are obviously constantly changing, however, they can be organised into three constituent types: lifecycle; life style; and locational or environmental factors. Existing studies indicate that in terms of lifecycle and lifestyle, the 'new' city centre resident comes from a very narrow socio-economic and demographic group that is typified by the young, single, childless and affluent professional. Significantly, various societal changes are resulting in dramatic increases of this household type that is providing the stimulus for much city centre development (see Chapter Three). In addition, the urban renaissance that began to emerge in some cities at the end of the twentieth century is also beginning to result in the type of location and environmental quality that will encourage further repopulation of the urban core.

The demand for the end product is possibly the key barrier or driver in determining the feasibility and, therefore, likelihood of development activity. An understanding of the attitudes and perceptions that influence a householder's decision about where to live and in what type of accommodation would therefore seem critical – from both a construction and policy standpoint - as part of the decision-making process of both the private and public sector. Surprisingly, there has been little previous research into these issues and that which has been conducted tends to be of one of the following types:

- commissioned by groups with strong self-interest in the results (such as The House Builders Federation);
- place specific (see Robson *et al.*, 2000); and
- not specific in terms of locational attributes (such as Department of the Environment, 1994c; Office for National Statistics, 1998b).

As such, research that focuses upon the demand for city centre living and attitudes towards this type of residential environment that is not biased by organisational interests is clearly lacking. Clearly, the indication is that developers are conducting little systematic research into the demand for city centre living in order to answer the following six key issues:

- Which markets are appropriate for developers to target?
- What is the extent of the demand – price/product/whom?
- Is this effective demand rather than just an aspiration?
- Are there un-tapped gaps – in terms of potential city centre dwellers - in the market?

- What are the implications for the social infrastructure of the city?

- What is stimulating demand?

In addition, policy-makers appear to be making decisions based more upon perception than fact. In an attempt to both gauge the level and type of demand, and to investigate people's housing aspirations, qualitative and quantitative survey methods are used in Chapter Nine to attempt to provide answers to some of the questions above and many others relevant to the demand for post-war office to residential conversions in city centres.

CHAPTER 9

DEMAND FOR CITY CENTRE LIVING:

ANALYSIS OF ATTITUDES AND PERCEPTIONS

DEMAND FOR CITY CENTRE LIVING:

ANALYSIS OF ATTITUDES AND PERCEPTIONS

Introduction: understanding demand

The Urban Task Force report identifies key prejudices against urban living as being the fear of crime, dislike of modern architecture and concern about the quality of the environment, housing and schools (URBED et al., 1999). As part of the research for this thesis, three complimentary surveys were conducted in order to gain a further understanding of people's attitudes and perceptions in relation to city centre living and what influences their decision-making process. The structure of this chapter is organised in three sections around the following surveys:

- an on-street questionnaire survey was conducted of 525 people in three provincial UK cities;

- a postal questionnaire survey of residents in post-war office conversions; and

- a pre-survey focus group and a follow-up focus group of residents in post-war office conversions.

This chapter therefore addresses the following two key research objectives as outlined in Chapter Two:

- *To analyse the barriers and drivers to the post-war office to residential conversion process;* and

- *To evaluate perceptions for city centre living and the nature of the demand for such accommodation.*

On-Street Questionnaire Survey

An on-street questionnaire survey was chosen as a key research method for assessing the attitudes of those people most likely to consider city centre living in this thesis for a number of reasons:

- a high response rate was required;
- it was relatively inexpensive to conduct (time and cost);
- it enabled a pre-determined population to be targeted; and
- particular demographic quotas could be fulfilled.

On-street interviews are a key method for market researchers to examine public attitudes by means of a sample survey. This method of interviewing – commonly known in the United States as the 'mall intercept interview' was, therefore, felt appropriate to study the attitudes of existing city centre users. Hawkins and Tull (1994, p.132) suggest that the mall intercept is the *"...predominant type of personal interview"* and it considered to be the second most popular technique for commercial survey research after telephone interviewing due mainly to its relative cheapness because of the faster rate of interview because of the short time elapsed between interviews (Gates and Solomon, 1982; Andreason, 1988). One of the underlying aims of such a survey is to be able to say something about a pre-identified population by collecting and analysing information relating to a sample of that population (Barnett, 1974).

There are two main concerns related to on-street interviews:

- that the survey does not represent the total population and is therefore a biased sampling frame; and
- the interviewers may choose atypical people.

Hawkins and Tull (1994, p.132) suggest that although such surveys are not representative of an entire population *"...most applied research studies do not require such a sample."* Attitudes will clearly vary from one section of a community to another and although a random selection enables a researcher to generalise results to a population, one may need to settle for a 'convenience sample' because of availability (Frankfort-Nachmias and Nachmias, 1992; Creswell, 1994). In addition, Andreason (1988, p.165) suggests that: *"Mall intercepts are efficient because they include a very high proportion of most populations of interest..."* As such, respondents who represent a major share of the potential

market are selected and are therefore assumed to be an adequate sampling universe. Careful control procedures can help to provide a fairly representative sample.

It was therefore decided that, although not a common survey technique amongst social scientists, this common marketing research technique would be appropriate as part of a multi-method approach to addressing the key research objectives outlined above. As such the three main aims of this particular survey were:

- to assess the attitudes of potential residents to city centre living;

- to identify the key attractions and deterrents; and

- to understand the residential preferences of those amenable to such a lifestyle.

Methodology

The three cities selected for the survey are broadly representative of the physical, social and economic conditions of all English cities (except London) and are located in different geographic regions. Nottingham is at the centre of a conurbation of approximately 700,000 and is located in the East Midlands some 50 miles to the east of Birmingham. Its city centre is a major commercial, entertainment and cultural location as well as being one of the UK's leading retail centres. Portsmouth has a population of 175,000 with a further 500,000 living within a 25-mile radius. The city lies on the south-coast of England and is a retail, entertainment and business centre with a strong maritime history having a continental ferry port and being home to the Royal Navy for over 500 years. Wolverhampton lies in the West Midlands about 13 miles north-west of Birmingham and has a population of 240,000. The city was at the heart of the Industrial Revolution and therefore has a tradition of heavy industry and manufacturing alongside more recent commercial development. These cities provide a good range of similarities (e.g. decline in traditional industries and a small existing city centre population) and differences (e.g. employment base) to provide a good base for the research.

The choice of these cities was informed by a national survey of city planning authorities (see Chapter Seven). The survey identified that they had each attracted interest in terms of the possibility of increasing their residential population through city centre living from developers and the respective local authority. The structure of the questionnaire was developed following a focus group held in Portsmouth consisting of six people currently expressing different residential location choices (see later section on focus group

methodology). The focus group and reference to other research indicated that predominantly those who had reason to visit the city centre either for work or leisure were the most likely to consider living in this location. The attitudes and preferences of the existing users of the city centre were therefore of most interest in relation to this research and as such it was decided to conduct interviews that targeted people who currently have reason to visit this location. Indeed, the city centre in each of these three English cities remains the primary destination for employment, non-food retail and leisure and entertainment facilities for a wide range of demographic and lifestyle groups within their respective region.

Questionnaire design

One of the key aims of this survey was to obtain a better understanding of attitudes and perceptions of city centre living. Interestingly, Crouch and Housden (1996, p.93) suggest that there are three components to attitudes:

- cognitive component: what the individual *knows or believes* about an act;
- affective component: what the individual *feels emotionally* about an act; and
- conative component: how the individual is *disposed to behave* towards an act.

Because this survey does not focus solely upon existing city centre residents it concentrates on the affective and conative components. The following stages in the research - the postal questionnaire and focus groups - encompass the cognitive components where attitudes towards city centre living are much more based on knowledge and experience. To address the aims of this survey the on-street questionnaire was structured into the following four sections (see questionnaire pro-forma in Appendix G):

- personal details;
- attitude to city centre living
- housing/lifestyle requirements; and
- reaction to prompt cards.

The initial questions requesting personal information through classification questions were designed to be easy so as to act as a 'warming-up' exercise for the respondents. Categories were created for these questions to preserve privacy and to speed up the process of recording answers. In addition, many peoples' experience of being interviewed will be of

very short answers to set questions and therefore it was decided that this recognisable format should be adopted to help respondents feel at ease (see Valentine, 1997). The interviews were for the most part fully structured to enable a more controlled interview situation where the interviewers can do little to bias answers and the response times are quicker. Nevertheless, a number of different question types were employed to keep the interview interesting for the respondents and to enable different types of information to be gained. As such, two open-ended questions were included, firstly to enable respondents to identify potential attractants and deterrents to city centre living and secondly, to gauge reactions to a prompt card illustrating a variety of stereotypical city centre residential developments (see Figure 9.1).

Selecting and briefing interviewers

The danger of bias is always prevalent in 'face-to-face' interviews, largely because, as Sellitz et al. (1962, p.583) argue: "...interviewers are human beings and not machines" and as such their manner and demeanour may have an effect upon respondents. It was therefore decided that a team of interviewers would be preferable, because although prone to slight differences and idiosyncrasies, the influence on the results of any potential bias of a single interviewer is more likely to be minimised. Three interviewers were carefully selected from students at the University of Nottingham taking an MA or Diploma in Urban Planning who had taken specialised planning studies in urban regeneration and therefore had an understanding of the basic issues and some prior knowledge of the phenomenon of city living.

The selected interviewers were then clearly briefed on the nature of the research and the purpose of the questionnaire and its role in the project so that they would be more diligent and careful in their work. As such, the interviewers were clear about how they fitted into the overall process and were made to feel part of a research team. The interviewers were then familiarised with the content of the questionnaire and taken through each question with its meaning, relevance and reason for inclusion being discussed. After completion of the survey, the interviewers were given preliminary feedback on the findings of the survey and how this would feed into the overall project to help them understand the significance of the role that they had played and the outcomes of the study.

Street interviewing is highly sensitive to the demeanour of the interviewer when approaching someone to request an interview and as such careful briefing sessions were held not just to cover the research material and questionnaire but also their appearance and

approach to be adopted. It was important that the interviewers came across as pleasant, relaxed, friendly and communicated a genuine interest in getting to know the respondents without appearing to pry. The interviewers had to be able to react very quickly to the different types of interviewee encountered - from the businessperson, to the student, to the pensioner on a shopping trip – and become the type of person that the respondent would be more comfortable with and therefore most enjoy talking to. Practice interviews were, therefore, held with other students to attempt to simulate some of the situations that may have arisen in the field as well as to iron-out ambiguities or sensitive questions included in the survey. Because more than one interviewer was used they were given the same instructions on the approach to the interview, as well as to their own general appearance. In order to secure the trust of a potential respondent they were instructed to show their student identification card which includes a photograph and a covering letter from the University explaining what they were doing and why (see Appendix H).

Selecting the respondents

The main justifications for this research method are based on cost, time and the relative ease of access to the sample concerned, however, the pitfalls in terms of lack of representativeness are obvious. Indeed, as outlined earlier in this chapter, the two main criticisms of on-street surveys are that the sample is biased and that interviewees may be atypical. Indeed, many categories of person will not be present on the streets of these city centres and because some people may resent being approached in the street and refuse to co-operate the on-street interviews can quite clearly lead to an unrepresentative sample due to non-responses and missing sections of the population. In addition, both the location and the timing of the interviews can also lead to an imbalance.

Barnett (1974, p.4) suggests that: *"Quota sampling is a technique commonly employed to cope with such problems of representativity and non-response."* In quota sampling both accessibility and judgement can be combined. Indeed, a sample can be described as judgemental or purposive where the researcher exercises *"...deliberate subjective choice in drawing what he regards as a 'representative' sample."* (Barnett, 1974, p.13). For this to be an acceptable sampling procedure the researchers judgement has therefore to be sound and based upon prior knowledge or evidence. This method of selecting a survey sample is clearly fraught with probable sampling bias and will clearly not provide a representative sample of the populations of these cities.

The objective of this survey was to gauge attitudes towards city centre living from a broad cross-section of the current users of the city centre rather than to provide any estimate of the total level of demand for this type of accommodation. This survey method was begun, therefore, from a point of realising that there would be a conscious sample bias by adopting such non-probability sampling. It was felt that as the literature had highlighted that those most likely to live in the city centre were those with another reason to visit this location - such as employment, leisure, entertainment or shopping - that non-probability method would be most appropriate and cost-effective. It was important to the survey that despite the use of non-probability sampling that the procured sample was as representative of the city centre users as possible. The sampling methodology was therefore based upon a mix of quota, judgment and convenience or accessibility.

The samples produced are still clearly not random as an element of subjective choice on the part of the researcher or interviewer enters into the sampling practice because of the manner in which it is conducted. Because it was decided to survey those who currently use the city centre the sample cannot therefore be used to generalise to the total population. Given that there is a relatively finite capacity to city centre residential accommodation and that other research and the focus group which preceded the survey revealed that current city centre users are the most likely to live in the there it was decided that such a bias was acceptable. The quantitative research in this study does not therefore rely heavily on statistical methods because as Andreason (1988, p.164) argues *"...the researcher should not apply to quota studies statistical tests that require the assumption of random selection."*

In order to achieve what Mutchnick and Berg (1996) describe as a 'purpose sample', which assures that certain characteristics are represented the interviewers therefore had to 'qualify' a potential respondent based on the demographic characteristics of gender and age. The interviewers were given quotas to attempt to fulfil to in terms of selecting respondents in the three cities in order to be representative of potential city centre residents (see Figure 9.1). The total number of respondents was derived from the time and expense of conducting the interviews whilst the sample quotas were calculated - following interviews with two developers of office to residential conversions - based upon the profiles of people enquiring about previously marketed city centre residential units. Interviewers were then instructed to fill these quotas in achieving the target number of 175 respondents, in each city, however, as such the selection of respondents is not a random one. To fill the quotas by arbitrary selection would have been a time consuming one, however, successively more and more observations were rejected as time progressed and quotas were filled. The interviewer

therefore exercises more personal choice in selecting respondents as the interviews are conducted. Barnett (1974, p.103) argues that quota sampling *"...can, and often does ...produce very good results. The difficulty is that we have no proper basis for measuring their propriety, since the sampling scheme is not truly probability based."*

Attribute:		Target number of respondents:	
Total number of interviews (per city)		175	
Female respondents:		60%	(105/175)
Age group:	18-25	25%	(44/175)
	26-40	50%	(87/175)
	41-60	20%	(35/175)
	61+	5%	(9/175)

Figure 9.1: Sample quota for selection of respondents.

The survey was restricted in size by both time and money. In each of the survey cities, 175 structured on-street interviews were conducted over a two-day period in July 1998. Interviewers were placed at two locations concurrently within the centre of the respective cities over a two-day period in order to reduce potential location bias and to enable a representative sample of city centre users. Similarly, to reduce any bias associated with the time of day that the interviews were conducted, the interview periods were from 8.00am to 11.00am, 12.00pm to 3.00pm and 4.00pm to 8.00pm in order to expose the survey to as many user types as feasibly possible.

Conducting the interview

The interview questionnaire contained a verbatim script for the interviewer to read in interviewing which was designed to sound natural and conversational. Indeed, the entire interview was included in the script from the initial introduction to the final remarks (*"That concludes the interview. We would like to thank your time and thoughts to this survey"*) and also all transitional statements (*"Now we would like to turn from discussing your attitude towards city centre living to consider your own requirements in terms of a home and lifestyle."*). The following standardized introductory statement was prepared to attempt to

put the respondents at ease: *"Hello, I'm ..., from the University of Nottingham* (show letter of explanation and identification). *I'm carrying out a survey about attitudes towards city centre living and I would be very grateful if you would answer a few questions. The questionnaire is structured in to four parts:* information about you; your attitude towards city centre living; your housing and lifestyle requirements; and your views on some illustration of housing developments. *Any information which you provide will be kept strictly confidential and only used for statistical purposes.* " A standardised interview format with the questions asked in the same way to each participant also helped to control the stimuli so that the responses would be comparable (see Babbie, 1998). In addition, Bell (1993, p.94) claims that: *"The advantage of a focussed interview is that the framework is established beforehand and so analysis is greatly simplified. "*

Composition of respondents

The composition of the survey respondents was closely monitored and the sample in terms of age, gender, marital status, dependants and current residential location is indicated in Figure 9.2. Careful analysis of this data in relation to their attitudes and preferences enabled a detailed analysis of the housing attitudes and aspirations of a selected cross-section of people.

Overall the interviewers were reasonably successful in meeting the survey quota targets, however there were some slight discrepancies within individual cities. The total gender quota was met with a slight overshoot of female respondents in Nottingham compensating for Wolverhampton being under target. The age profile quotas were slightly off the targets particularly with the 26-40 age group, which achieved 41 per cent as opposed to the target quota of 50 per cent. This can probably be explained by the greater difficulty for interviewers in quickly guessing the age of potential respondents that they approached. Nevertheless, the survey sample is reasonably close to the ideal judgmental sample required for the study. In addition, a good range of other personal characteristics were obtained in terms of current marital status, number of children living at home, and the current residential location of respondents. It is worth noting, however, that with only 8 per cent (45 respondents) of the total respondents in the 61+ age group that the results from this cohort are likely to be too small to be meaningful.

	Nottingham	Portsmouth	Wolverhampton	Total	Quota target
Sex:					
Male	**56** (32%)	**84** (48%)	**65** (37%)	**205** (39%)	40%
Female	**119** (68%)	**91** (52%)	**110** (63%)	**320** (61%)	60%
Age:					
18-25	**36** (20%)	**50** (29%)	**49** (29%)	**135** (26%)	25%
26-40	**85** (49%)	**74** (42%)	**57** (33%)	**216** (41%)	50%
41-60	**40** (23%)	**39** (22%)	**50** (29%)	**129** (25%)	20%
61 +	**14** (8%)	**12** (7%)	**19** (9%)	**45** (8%)	5%
Marital Status:					
Single	**62** (35%)	**46** (27%)	**61** (35%)	**169** (32%)	
Divorced	**11** (6%)	**14** (8%)	**12** (7%)	**37** (7%)	
Widowed	**9** (5%)	**11** (6%)	**0**	**20** (4%)	
Living with partner	**20** (12%)	**18** (10%)	**22** (13%)	**60** (11%)	
Married	**73** (42%)	**86** (49%)	**80** (45%)	**239** (46%)	
Children:					
No children	**80** (46%)	**80** (46%)	**78** (45%)	**238** (46%)	
One	**20** (11%)	**49** (28%)	**48** (27%)	**117** (22%)	
Two or more	**51** (29%)	**23** (13%)	**26** (15%)	**100** (19%)	
Empty nesters	**24** (14%)	**23** (13%)	**23** (13%)	**70** (13%)	
Current residence:					
City Centre	**9** (5%)	**30** (17%)	**2** (1%)	**41** (8%)	
Inner City	**24** (14%)	**34** (19%)	**26** (15%)	**84** (16%)	
Suburb	**91** (52%)	**54** (31%)	**95** (54%)	**240** (46%)	
Small Town	**31** (18%)	**30** (17%)	**29** (17%)	**90** (17%)	
Village	**20** (11%)	**27** (16%)	**23** (13%)	**70** (13%)	

Figure 9.2: The characteristics of the 525 people in the survey groups.

On-Street Survey Analysis

The survey analysis for the on-street questionnaire is organised into four sections with the first focussing on the general appeal of city centre living. The second section considers the attractions and deterrents to living in the city centre whilst the third examines the dwelling-type preferences and requirements of respondents. The final section analyses the reactions of respondents to the prompt card images of a variety of city centre residential developments.

The Appeal of City Centre Living

Of the questions posed to the survey groups one of the most pertinent was whether they would consider living in the city centre. Their willingness to live in this location is analysed by different criteria such as city, gender, age, marital status, number of children and current residential location in Figure 9.3. Some 27 per cent of all the respondents said that they would be prepared to live in the city centre, however, this varied considerably depending upon the respective city and the demographic characteristics of the respondents. The survey group in Portsmouth indicated a much stronger affinity with city centre living, however, if the higher number of existing city centre residents are discounted then the number expressing a positive tendency is similar to that in Nottingham. Wolverhampton suffers by comparison partly due the higher proportion of respondents in the older age groups, however, the respondents also had a poorer perception of the quality of the physical environment and perhaps more importantly referred to the stronger destination-pull of neighbouring Birmingham.

Having a greater proportion of male respondents than the other two cities also influences the results from the Portsmouth group. Indeed, males were generally more disposed to the idea of city centre living with 32 per cent compared to 24 per cent of females. In terms of age profile, the findings accord with the literature review and reveal that those most willing to consider this residential locational choice are those in the 18-to-25 age group. Similarly, there is a strong indication from the survey that this lifestyle appeals to a considerable number of single people and single divorcees especially those without children. In terms of the influence of current residential choice it is clear that it is those currently living in the city centre (100 per cent) and other urban areas (43 per cent) who indicate a clear willingness to consider this residential location.

This accords with research in the United States by Nelson (1988) and Spain (1989) that identifies previous location as a important determinant of the future choice of residence. Nevertheless, Lang *et al.* (1997) identify many suburban dwellers showing an affinity for cities and indeed this survey in the England indicates that 18 per cent of suburbanite respondents are willing to consider living in the city centre. URBED *et al.* (1999, p.39) describe this group as 'urban persuadables' who while valuing *"...what might be called the suburban characteristics of peace and quiet, space, safety and greenery, they also miss urban characteristics such as convenience, diversity, life and variety."*

Willing to Consider City Centre Living	
City:	
Nottingham	29%
Portsmouth	43%
Wolverhampton	16%
Sex:	
Male	32%
Female	24%
Age:	
18-25	46%
26-40	24%
41-60	18%
61 +	5%
Marital Status:	
Single	41%
Divorced	50%
Widowed	29%
Living with partner	32%
Married	12%
Children:	
No children	41%
One	21%
Two or more	10%
Empty nesters	13%
Current residence:	
City Centre	100%
Inner City	43%
Suburb	18%
Small Town	28%
Village	10%

Figure 9.3: The percentage of different characteristic groups prepared to consider city centre living.

The demographic characteristics of those identifying the city centre as an attractive residential location reinforce many of the findings of other United Kingdom and United States research. Analysis of the demographic composition of those most likely to consider city centre living reveals that all single divorcees of either sex in the 18-to-25 age group were amenable to this lifestyle choice. Also 75 per cent of single female divorcees in the 26-to-40 age group were attracted to the idea of living in the city centre. Single males in all age categories and single females in the 18-to-25 age group were also particularly favourable to city centre living as indicated in figure 9.4. Notably, a much smaller number of married interviewees were interested in living in the city centre with many expressing the view that this location was inappropriate for raising a family. However, a substantial number of those living with a partner in the 18-to-25 age group and males living with a partner in the 26-to-40 age group were willing to consider city centre living. The survey did, however, find little evidence of empty-nesters and retirees expressing the urge to move into the city despite

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anecdotal evidence to the contrary from both the UK and America (El Nasser, 1996; Kelly, 1998b; Moulton, 2000). Over 50s tend to be more concerned with a convenient location than something in the middle of nowhere (Kelly, 1998b).

Age Group	Sex	Marital Status	% Consider City Centre Living
18 to 25	Female	Single	44%
		Divorced	100%
		Living with Partner	30%
	Male	Single	50%
		Divorced	100%
		Living with Partner	45%
26 to 40	Female	Single	21%
		Living with Partner	10%
		Married	6%
		Divorced	75%
	Male	Single	47%
		Living with Partner	30%
		Married	31%
41 to 60	Female	Married	21%
		Divorced	29%
		Widowed	33%
	Male	Single	33%
		Married	9%
61 +	Female	Widowed	25%

Figure 9.4: The composition of those willing to consider city centre living by age, sex and marital status.

An earlier study by Goodman (1978) had identified that the demographic characteristics of households moving into city and suburban locations did not differ significantly. The results of this survey and other research, however, suggest that the characteristics of those households showing an affinity with the city centre have become narrower in recent years. This survey of three UK cities confirms popular speculation that it is the young and single population that is the most amenable to living in the city. Research by Kasarda (1985), Pollakowski and Edwards (1987 in Varady 1990) and Spain (1989) confirm a similar situation in America with single people preferring to move into cities and married couples especially those with children choosing the suburbs.

This research also accords with that of Varady (1990) that identifies life cycle and household composition as being important in determining preferences for residential location and that the presence of children is more important than marriage. Such information on the characteristics of those most amenable to city centre living is invaluable to those responsible for packaging, selling and promoting the product of urban residential

development. Equally, knowledge of those groups on the margins of making this decision enables targeted research to further understand and subsequently address some of the negative factors or barriers that are inhibiting the decision to favour city centre living.

Attractions and Deterrents to City Centre Living

Despite numerous assumptions regarding the attractions and deterrents of city centre living there has been little empirical research to date that has examined the relative importance of the factors involved in people's decision-making regarding residential location. One of the main objectives of this survey was to enable a better understanding of the 'push and pull' factors or the characteristics of cities that influence people's perceptions, attitudes and, therefore, the level of demand for city centre accommodation.

Those respondents who were willing to consider living in the city centre were asked to rank their top three attractions to city centre living in order of importance to ascertain those aspects which could be encouraged and promoted to potential city centre dwellers. The main attractions indicated by the respondents offer encouragement to the sustainability debate with proximity to the place of employment being the most important. The convenience of public transport also featured in people's list of city centre attractions and both of these issues are encouraging in terms of promoting the sustainable city through reducing the need for and use of private transport. The convenience and range of choices related to leisure and social life also figure very heavily in the attraction of city centre living.

Attractions	1	2	3
Proximity to work	37%	8%	8%
Convenience of shopping facilities	18%	17%	25%
Convenience of leisure / entertainment facilities	18%	19%	17%
The image of city centre living	14%	0%	4%
Proximity to nightlife (pubs/bars/clubs)	7%	28%	24%
Convenience of public transport	6%	17%	1%
Choice of eating places / restaurants	0%	11%	20%

Figure 9.5: The ranking of the attractions of city centre living by those willing to consider such a lifestyle.
(1 being the most important attraction)

Significantly, the potential 24-hour vibrancy offered by entertainment facilities, the proximity to nightlife such as pubs, bars and clubs and the range of eating-places are amongst the main pulls of the city. The convenience of shopping and retail facilities was also seen as an important benefit associated with living in the city centre. It is interesting given the recent upsurge in initiatives to stimulate and promote residential accommodation

within cities that the image of the city living was also rated as important by those attracted by this lifestyle. It is clear from the survey that there are two major features of the attractions of city centre living, first, the convenience of the location for day-to-day activities such as work and secondly the proximity and choice of social and recreational experiences. These results reflect similarities with the US situation where Varady (1990) suggests that it is the diversity and proximity to employment and retail facilities that primarily attract city dwellers.

Ascertaining the importance of those factors that are deterring potential city centre dwellers is equally important. Accordingly, the 73 per cent of those interviewed who would not consider city centre living were asked to identify and rank the deterrents in order of importance. The majority of interviewees expressing this view were dissuaded from city centre living primarily by the busyness and the noise associated with the location as well as the perception of crime levels and personal safety. Other associated negative factors such as the perceived level of pollution and the amount of traffic or congestion are also strong deterrents associated with the city centre living (see Figure 9.6).

Deterrents	1	2	3
Noise	25%	24%	20%
Too busy / pace of life	21%	5%	5%
Prefer alternative location	18%	3%	1%
Crime levels and personal safety	11%	21%	21%
Pollution	5%	20%	14%
Traffic / congestion	5%	2%	1%
Lack of garden space	4%	10%	22%
Lack of open space / high density	3%	3%	3%
Lack of parking provision	2%	7%	4%
Poor educational facilities	2%	1%	4%

Figure 9.6: The ranking of the deterrents to city centre living by those unwilling to consider such a lifestyle.
(1 being the most significant deterrent)

Many interviewees were also concerned about the density of cities especially with regard to the lack of garden space and parking provision for urban dwellings as well as the lack of public open space. Significantly, many dismissed the idea of living in the city not necessarily because of negative associations with the city centre itself but because they had a strong preferences for the alternatives of either rural or suburban living. It is these groups which will remain the most difficult to persuade that city centre living is an attractive proposition because of their unwillingness to analyse the relative merits of alternative locations. These results suggest that city centre living will not be appropriate or desirable for

everyone, and indeed it is probably unlikely to be appropriate for many people throughout their life cycle. Despite the lack of interest in city centre living amongst couples and households with children the poor quality of schools appears to be a minor deterrent. This result was surprising given that it is commonly accepted that the poor quality of state education in cities is halting the return of families to these locations (Varady and Raffel, 1995; Downs, 1997). Interestingly, research for the Countryside Commission (Murdoch, 1997) suggested that residential preferences have as much to do with the pull factors of the countryside as the 'push' factors of urban decline.

Traditionally the city attracted a diverse population, however, recent city dwellers have tended to have a narrow socio-economic profile. A major obstacle to creating a balanced community in the city centre, however, is the fact that some of the deterrents to certain groups - such as the pace of life and noise – can be related to the attractions of others including those currently residing in the city centre. Indeed, in *Are Cities Un-American?*, William Whyte (1993, p.40) observes this dichotomy of experiences, noting that *"...to some the sirens at night are music – they like the heterogeneity, the contrasts, the mixture of odd people."* Enabling a better understanding of the forces that influence the choice of location and the obstacles to attracting increasing numbers residents is essential if policy and funding initiatives have the objective of increasing the total number and the mix of residents in the city centre.

Dwelling-Type Preferences and Requirements

Having identified the demographic characteristics of those most amenable to city centre living and the attractions and deterrents it is important to develop an understanding of the type of dwelling that these people are likely to demand. Indeed, if more people are to be encouraged to make the city centre a positive residential choice it is important that developers, house builders and policy makers have a clear understanding of the type of product that different groups desire. As such, the survey group expressing a willingness to live in the city centre was questioned about their residential-type preferences. Analysis of these respondents' reveals that some 60 per cent would choose to rent accommodation within the city centre with the remainder preferring to be owner-occupiers.

In terms of the morphological types of residential property, 45 per cent of those amenable to a city centre lifestyle expressed a desire for living in a detached or semi-detached house. The choice of this kind of property would generally, however, appear to be contradictory to the desire to live in this location. Nevertheless, 19 per cent indicated a preference for a town

house and 36 per cent for a flat or apartment in a building in multiple occupation. The number expressing a preference for living in an apartment or townhouse equates to nearly 15 per cent of the total number of interviewees showing an affinity for living in the type of residential accommodation that can feasibly be provided within most city centres.

Some notable differences can be identified when these dwelling-type preferences are analysed against the demographic characteristics. There was an almost equal divide in the preferences of males between a house and an apartment, whereas, 71 per cent of females preferred to live in a house. There were also substantial differences between different age groups with 54 per cent of the 18-to-25 cohort preferring to live in flats or apartments. This preference was substantially reduced for the older age groups with only 20 per cent of the 26-to-40 and 30 per cent of the 41-to-60 age categories expressing the same desire. Marital status adds another interesting dimension to these housing preferences. The most significant finding was the preference for apartment living in the city centre by single people in the 18-to-25 age group and single divorcees of all ages. Half of all divorcees expressed the preference for living in multiply occupied buildings and notably all of those male divorcees interviewed indicated this choice. Interesting given that 26 per cent of male and 16 per cent of female single-person households are divorced or separated and that 45 per cent of all single person households aged 45-54 are divorced (Hooper et al., 1998, p.24). Amongst singles in the 18-to-25 group willing to be city centre dwellers there were 52 per cent desiring a flat or apartment with 75 per cent of males with these characteristics expressing this preference. As expected, married couples expressed a strong preference for a house with 83 per cent of those married and under 41 years indicating this choice. The main considerations expressed by this group were the need for space and gardens particularly when there were children within the household. The survey's results indicate that traditional house types (especially detached and semi-detached) remain popular with respondents, however, that a substantial minority of respondents consider apartments to be a desirable dwelling type is encouraging within the context of the research, with its emphasis on city centre living.

The actual location of a residential development within the city centre itself was seen as being particularly important with 97 per cent requiring convenient access to convenience shopping and 92 per cent stating the need for close proximity to public transport provision. In terms of the accommodation requirements the interviewees amenable to city centre living

were questioned about their needs in terms of the number of bedrooms, parking provision and garden space (see Figure 9.7).

Despite the considerable number of single interviewees prepared to live in the city centre, interestingly only 10 per cent expressed a requirement for one bedroom. Indeed, 81 per cent of potential city centre residents expressed a requirement for 2 or 3 bedrooms. This gives some support to the view that smaller households do not necessarily expect smaller residential units (Hooper *et al.*, 1998). A garden or outdoor amenity space was desired by 78 per cent of potential city centre dwellers, however, many suggested that they would be satisfied with a communal or shared facility. An encouraging factor in terms of promoting the sustainability of city centre living was that 27 per cent had no requirement for parking provision and only 19 per cent required two or more parking spaces. This result reflects the fact that proximity to work and therefore reduced or no commuting is a key attraction of city centre living.

Accommodation Requirements	
Number of bedrooms:	
1	10%
2	46%
3	35%
4	9%
Number of parking spaces:	
0	27%
1	54%
2	17%
3	2%
Garden/amenity space:	72%
Locational Characteristics	
Convenient access to public transport:	92%
Good access to convenience shopping:	97%

Figure 9.7: The accommodation and locational requirements of those willing to consider city centre living.

The Housing Attitudes Survey was commissioned in 1991 by the Department of the Environment, to give an overview of the perceptions, needs and attitudes to their housing of English householders whatever their tenure. With respect to the dwelling type preferences of those respondents who anticipated a move at some point, ten times as many preferred houses (83 per cent) as preferred flats (8 per cent). Analysis showed that there was a marked pattern of difference in preferences by different household types. Preference for a flat starts at 11 per cent, falls to 1 per cent as the family grows, and then climbs to 31 per cent among single older people. (Department of the Environment, 1994c, p.156). Interestingly, URBED

(1994) note that the most common household today is a couple with no children (36 per cent). The proportion willing to live in a flat was shown to be appreciably higher than the proportion for whom it is a preference. Despite only 8 per cent preferring a flat, a further 28 per cent said that they would be willing to live in one. This figure together with 4 per cent who expressed no preference indicated a total of 40 per cent willing to live in a flat.

Household type	Base:	
One adult aged 16 - 59	268	65%
Two adults aged 16 - 59	413	36%
Small family	501	26%
Large family	163	27%
Large adult household	296	34%
Two adults, one or both aged 60+	183	51%
One adult aged 60+	128	70%

Figure 9.8: Proportion willing to live in a flat by household type
(from Department of the Environment, 1994, p.156).

Reaction to City Centre Developments

The interviewees in the on-street questionnaire who responded favourably to living in the city centre were shown a prompt card with illustrations of four recent 'anonymous' city centre residential developments (see Figure 9.9). These included:

1. a new-build apartment complex developed by a housing association as market-rent units;

2. a converted late-nineteenth century department store with ground floor retail units developed by a housing association as social rented and market-rent units;

3. a post-war office conversion of units for sale by a private developer which retained an 'office-feel' to its appearance; and

4. a post-war office conversion of units for sale by a private developer which was re-clad to create a contemporary image.

The interviewees were then asked whether they would consider living in each of these and also what they liked and disliked about the illustrated residential developments. Significantly, given the focus of this research on the conversion of post-war offices, these two developments were the least favoured and respondents by far preferred the conversion of the more historic building (see Figure 9.10).

1. Warehouse-type conversion

2. Purpose-built apartments

3. Post-war office conversion

4. Post-war office conversion

Figure 9.9: Prompt illustrations of city centre residential developments shown to interviewees.

1. NEW-BUILD APARTMENTS

Consider living in development:	Yes = 40%		No = 60%	
	Like:		Dislike:	
	Modern appearance	19%	Ugly appearance	20%
	Purpose built	9%	Modern design	15%
	Stylish design	9%	Non-residential look	8%
			No character	7%
			Small windows	6%

2. LATE-NINETEENTH CENTURY CONVERSION

Consider living in development:	Yes = 66%		No = 34%	
	Like:		Dislike:	
	Period character	47%	Old-fashioned	9%
	Old building	30%	Unattractive	6%
	Large windows	8%	Shops beneath	4%

3. POST-WAR OFFICE CONVERSION ('office appearance')

Consider living in development:	Yes = 26%		No = 74%	
	Like:		Dislike:	
	Modern design	11%	Box-like design	24%
	Large windows	7%	Office appearance	10%
			Ugly	8%
			Modern appearance	5%
			No character	4%

4. POST-WAR OFFICE CONVERSION ('contemporary appearance')

Consider living in development:	Yes = 29%		No = 71%	
	Like:		Dislike:	
	Modern appearance	25%	Unattractive design	24%
	Expensive look	4%	Non-residential look	23%
			No character	10%
			Too modern	3%

Figure 9.10: Interviewees reactions to prompt illustrations.

Analysis of the responses to these prompt illustrations can obviously only gauge peoples' reactions to the external appearance of developments isolated from any context, however, they do reveal certain biases in terms of aesthetic judgements. The period character of the converted late-nineteenth century building was clearly highly favoured and in terms of post-war office conversions something that is realistically unattainable. By contrast a modern or contemporary appearance appears to draw a much more mixed response with almost equal

number favouring and disliking such buildings. Other significant responses included the desire for buildings to have a 'residential appearance' and a preference for large windows.

This survey offers encouragement to those advocating city living, indeed, they support the view that there appears to be a significant number of people potentially attracted to these types of schemes. The fact that a greater proportion of non-city centre residents would consider a move into this location than city centre respondents that would consider a move in the reverse can be seen as a positive discovery. There are clear indications from the survey that young singles in the 18-to-25 age group, single divorcees, those with no children and currently residing in urban areas are those currently most amenable to the idea of city centre living.

Postal Survey of Residents Living in Conversions *(Realised Demand)*

A self-completion questionnaire survey of residents in existing office to residential conversions was carried out to explore whether those actually living in such an environment experienced the concerns expressed in the *'Attitudes to City Centre Living'* on-street survey.

The self-response questionnaire survey was also implemented for a number of other key reasons, including:

- to examine the profile of residents living in post-war office conversions;
- to understand their decision-making process; and
- to analyse the reality of the attractions and deterrents to city centre living identified in the on-street questionnaire survey.

As such, the survey enabled a better understanding of the characteristics of those who have chosen to live in office to residential schemes and their reasons for choosing such accommodation.

Methodology

Frankfort-Nachmias and Nachmias (1992, pp.216-217) examine the various advantages and disadvantages of employing mail questionnaires as a survey method. They identify the advantages as being: low cost; reduction in biasing error; greater anonymity; considered answers and consultations; and accessibility. On the other hand, they suggest that the disadvantages of this research method include: the requirement for simple questions; no

opportunity for probing; no control over who fills out the questionnaire; and a low response rate.

The postal questionnaire survey was chosen as a cost-effective method - in terms of time and expense - of achieving a broad coverage of residents living in post-war office to residential conversions as well as enabling respondents to complete the survey at a time convenient to them. A better response rate was therefore anticipated than through personal or telephone interviews (Creswell, 1994; Marsh, 1982). This technique did however mean that extra care was needed in terms of design and layout. In addition, careful attention was paid to developing clear, non-leading and useful questions, nevertheless it proved relatively cheap when compared with the alternative of an interviewer-administered survey (Herzog, 1996).

The questionnaire was organised into four key sections (see questionnaire pro-forma in Appendix I):

- *Yourself*: personal profile of the respondent;

- *The City Centre*: attitudes towards the city centre from a residents perspective;

- *The Location*: characteristics of the specific location of the respondents home; and

- *Your Home*: details about the actual accommodation.

180 questionnaires were sent to occupants in seven conversions in three UK cities (Leicester, London and Portsmouth). The schemes were chosen to provide a range of conversion types from social rented apartments to high-specification private conversions and were identified from responses to the questionnaire survey and interviews with local planning authorities documented in Chapter Seven. The selected developments were:

- Beaumont House, 141 Granby Street, Leicester: a seven-storey office block converted into 29 units by Coventry Churches Housing Association (now Touchstone Housing Association);

- Avalon House, 2 Surrey Street / 1 Commercial Road, Portsmouth: conversion into 18 flats;

- Royal Tower Lodge, East Smithfield, conversion into 41 units by Barratt Homes;

- Bridge View Court, 19 Grange Road, Bermondsey: former Southwark Council offices converted into 62 apartments by Barratt Homes;

- Cathedral Lodge, 110-115 Aldersgate Street, London: converted into 49 flats by Barratt Homes;

- St. Pauls Court, 128-148 Clapham Park Road, London: former Lambeth Borough offices converted into 38 flats by Barratt Homes; and

- Lexington Apartments, City Road, Islington: former Independent Building converted into 88 flats for Metropolis.

The residents' questionnaire survey was sent on the 2nd and 3rd September 1998 with a deadline of 7th October 1998. A covering letter, which included a brief outline of the research project, was sent out with each questionnaire and a stamped addressed envelope was included to facilitate return (see sample letter in Appendix J). In addition, a prize of £150 in gift vouchers was offered to the respondent randomly drawn from those who returned completed questionnaires. Households who had not responded by 14th October 1998 were sent another copy of the questionnaire and given a revised deadline of 4th November 1998 in order to improve the response rate. The first wave of questionnaire surveys resulted in a response rate of 39.44 per cent (71 responses), however, by the revised response deadline some 86 of the 180 questionnaires were returned representing a response rate of 47.77 per cent.

Survey Analysis: Residents View of Office to Residential Conversions

The cohort was predominantly in the 18-to-40 age groups (90 per cent) with the majority of households consisting of either one or two persons (90 per cent). Figure 9.11 outlines the personal and demographic characteristics of these residents of office to residential conversions. Of the 86 respondents, 44 per cent were owner-occupiers, 29 per cent were in private-rented accommodation and 27 per cent were living in social-rented apartments. Many of the group were first-time buyers with only 25 per cent being owner-occupiers of their previous home and another 25 per cent previously living with either family or friends. Rather disappointingly in terms of office conversions attracting more people to live in city centres some 65 per cent of the residents surveyed had moved from other city centre locations (see Figure 9.12). Nevertheless, the net result of the conversion of commercial buildings to residential use is an increased resident population within city centres.

PERSONAL DETAILS					
Age	18 - 25	26 - 40		41 - 59	60 +
	33%	57%		8%	2%
Sex	Female	Male			
	40%	60%			
Marital Status	Single	Married	Living with Partner		
	60%	18%	22%		
Number living in apartment	1	2	3	4	
	38%	52%	8%	2%	
Employment	Managerial/ professional	White collar	Skilled/un-skilled manual	Retired	Student
	61%	10%	9%	11%	9%

Figure 9.11: Composition of residents in office to residential conversions (A).

It is apparent that a substantial proportion of questionnaire respondents are engaged in white-collar employment, using the term in its broadest sense[1]. Although only 10 per cent of respondents specifically indicated that they were white-collar workers (see Figure 9.11), a further 61 per cent identified themselves as being employed in either a managerial or professional capacity. Only 9 per cent of respondents indicated that they were engaged in either skilled or unskilled manual occupations. The second largest single employment category (after 'managerial / professional') was 'retired' with a significant 9 of the 86 responses (11 per cent). It is unclear, however, what the employment backgrounds of these respondents had been previously.

Single person households are clearly one of the most likely groups to inhabit the city centre, indeed a survey of 170 households in Manchester City Centre indicated that 40 per cent were single people and just over half were made up of two adults and only five had children. The sample was evenly split between private owners and private renting and nearly two thirds had all their adults in employment, predominantly in professional occupations with 43 per cent working in the city centre (Robson *et al.*, 1998). Smith (1996, p.57) argues that the *"...so-called 'urban renaissance' has been stimulated more by economic than cultural forces. In the decision to rehabilitate an inner-city structure, one consumer preference tends to stand out through the others: the need to make a sound financial investment in*

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[1] That employment classifications are problematic, especially in an increasingly service orientated economy, is reflected in the Office for National Statistic's decision, announced in 1998, to replace Social Class based on Occupation with the National Statistics Socio-economic Classification. While both measures are based on occupation, the latter emphasises employment conditions in recognition of the fact that service sector employees is now seen as being outdated.

purchasing a home." He continues by emphasising that not all people choosing to move to the centre may articulate this preference, it is fundamental, because few would make this move if a financial loss were expected. In the US, Lang *et al.* (1997, p.445) note that: *"Urban Uptowners comprise the nation's second most affluent social group, following wealthy suburbanites. Urban Uptowners mainly work as executives and professionals in business, finance, entertainment, and education. They have diverse ethnic and racial backgrounds and are mostly young and childless."*

PREVIOUS RESIDENTIAL INFORMATION			
Dwelling Type	Detached	Semi-detached	Terraced	Apartment
	17%	**8%**	**7%**	**68%**
Location	City Centre	Suburb	Small Town	Village
	65%	**25%**	**7%**	**3%**
Tenure	Owner Occupied	Private Rented	Social Rented	Living with Family/Friends
	25%	**47%**	**3%**	**25%**
Age of Previous Home	1980+	1950-1979	1915-1949	Pre-1914
	28%	**25%**	**27%**	**20%**

Figure 9.12: Composition of residents in office to residential conversions (B).

It is interesting to note that a significant number of the respondents had previously lived in similar accommodation, indeed, 68 per cent had moved from other apartments and 65 per cent came from other city centre addresses (see Figure 9.12). This adds weight to Spain's (1989) findings, which indicate that current residential location is a strong indication of future decision-making. In the case of post-war office to residential conversions it appears that existing city centre residents were more amenable to a pioneering property type in this location. Some 19 per cent of the residents in these conversions were also first-time buyers many of whom had previously lived with friends or family.

In terms of increasing the numbers living in city centres to promote a sustainable way of life and reduce the need for private transport it is interesting to note that only 60 per cent of those surveyed in office to residential conversions were car owners. Significantly, 33 per cent lived within two miles and a further 37 per cent lived within five miles of their place of work. Indeed, for 82 per cent the proximity of home to work was an attraction of city centre living for those in office to residential conversions. As a consequence, some 25 per cent walked to work and 58 per cent used public transport to reach their place of employment. Interestingly, only 38 per cent considered good access to public transport to be an attraction to living in the city centre.

For the residents of office to residential conversions the main attraction was location rather than any characteristics of the scheme itself. However, 47 per cent were attracted to the development by the specification and accommodation of the apartment, whereas, 30 per cent felt that the modern appearance of the building was an important factor in their choice of home. Other important attractions of the city centre were the proximity to cultural and entertainment venues, the cosmopolitan lifestyle, nightlife and the proximity to shops.

Many of the residents also experienced disadvantages associated with living in the city centre and these make an interesting comparison with the findings of the on-street questionnaire. Pollution proved a problem for 65 per cent, whilst 55 per cent of residents felt that noise and the lack of open space were a disadvantage. 40 per cent felt that congestion and 20 per cent considered the lack of parking to be a problem. A few of the residents felt that the lack of convenience shopping was a disadvantage of living in the city centre whilst others also noted a limited choice of residential accommodation. Significantly, in terms of safety – a major concern of those in the *'Attitudes to City Centre Living'* survey – some 73 per cent of those living in the conversions felt safe at all times whilst the other 27 per cent felt safe during daylight hours.

Key Findings of Questionnaire Surveys

A summary of the key findings from the on-street and postal questionnaire surveys are listed below:

Who is likely to choose the city centre as a place to live?
- slightly over a quarter of all those people interviewed stated that they would consider living in the city centre (27 per cent);
- males (32 per cent) were slightly more amenable to this residential location than females (24 per cent);
- a significant proportion of young people were willing to live in the city centre (46 per cent of those in the 18-25 age group);
- a considerable number of single people were likely to choose the city centre as a place to live (41 per cent);
- more people without children favour the city centre for their home compared to those with a family (41 per cent); and

- those currently living in urban areas are far more likely to choose the city centre as a residential location than those currently living in other locations.

Who is currently living in post-war office to residential conversions in the city centre?

- the 18-25 (33 per cent) and 26-40 (57 per cent) age groups dominate amongst the residents of the developments selected for the survey;

- some 60 per cent of those living in the conversions were single;

- there was a 60:40 ratio of males to females; and

- residents were predominantly employed in managerial and professional roles (61 per cent).

What are the main attractions of city centre living?

- the location with its proximity to work, shops and leisure/entertainment activities was a key attraction amongst both potential and existing residents; and

- interestingly, the image of city living featured prominently amongst those in the on-street survey.

What are the main deterrents to city centre living?

- the noise and busyness of the city centre was the main factor in many people expressing no desire to live in the city centre;

- the positive attraction of alternative locations also deterred people from considering the city centre;

- concerns about crime and safety in the city centre were considered to be important by those not currently living there, however, current city centre residents generally felt safe in the city; and

- problems with parking and congestion were two of the most important disadvantages identified by those currently living in the city centre.

The surveys clearly reveal that there are some important differences between the expectations of living in the city centre and the actual experiences of people currently making this choice in terms of residential location. On the whole, however, there was a surprising degree of accordance between the two surveys, nevertheless it is important that any misperceptions regarding city centre living are understood if policy-makers and developers are to further increase the demand for this type of accommodation.

Focus Group Surveys

Traditionally the mainstay of private sector marketing research, focus groups are not a new research method for social sciences, indeed they were used to examine the persuasiveness of wartime propaganda (Merton and Kendall, 1946; Merton, 1987). Morgan (1988, pp.9-10) describes how: *"As a form of qualitative research, focus groups are basically group interviews, although not in the sense of an alternation between the researcher's questions and the research participant's responses. Instead the reliance is on interaction within the group, based on topics that are supplied by the researcher, who typically takes the role of a moderator."* Within the context of this research, the focus group technique was selected as an appropriate research method, first in a developmental manner prior to the preparation of the on-street questionnaire. Secondly, a focus group enabled further exploration of issues that came up during the analysis of the on-street and postal questionnaire surveys within a group context and to supplement both of these previous surveys. As such, they enabled the observation of idea-sharing, perceptions and opinions amongst participants that would help to explain how people form their attitudes towards city centre living. The focus group also enables in-depth information including the background to an answer that cannot be conveyed through a traditional questionnaire by probing and following up ideas to investigate motives and feelings (Bell, 1993; Krueger, 1994).

The main advantage focus group offered was the opportunity to observe a large amount of group interaction on a topic in a limited period of time and can give a greater insight into why certain opinions are formed (Krueger, 1994). Indeed, as Morgan (1988, p.12) notes: *"The hallmark of focus groups is the explicit use of the group interaction to produce data and insights that would be less accessible without the interaction found in a group."* The focus group can also bring out information that would not come out in response to the researcher's preconceived questions, however, a disadvantage is that they are inevitably unnatural settings. Nevertheless, the focus group can ensure that the researcher has as complete a picture of participants' thinking as possible and to get closer to participants' understandings of the research topic. As such, this research method proved useful in investigating *what* participants think, but more importantly helped to uncover *why* participants think as they do.

Methodology

The participants for the first focus group were chosen from responses to a short advert requesting focus group participants in *The News* – a Portsmouth local daily newspaper.

Potential participants were asked to provide gender, age and details about their current residential location. Six respondents were then chosen to give an equal mix of male and female participants with two selected from each of the city centre, the inner city and the suburbs. The key objectives of the focus group study were to discover people's perceptions of and attitudes towards:

- living in the city centre; and
- city centre residential accommodation.

In selecting participants for the second focus group it was recognised that there would be sample bias given that all invitees were selected from the residential questionnaire survey. All participants therefore lived in an existing office conversion in Portsmouth and as such the group was never going to be representative of a large population. The key objective of the focus group with residents was:

- to substantiate and clarify issues raised in the on-street survey and postal questionnaire of residents.

It was decided to have moderate sized groups of 8 from systematically selected samples to provide some commonality or homogeneity to aid the group dynamics. The intention was that this would facilitate participants talking to each other where wide gaps in social background or lifestyle may have defeated this and led to an unproductive discussion. Indeed, Morgan (1988, p.46) identifies *"...the goal is homogeneity in background, not homogeneity in attitudes."* Nevertheless, for the second group a mix in terms of gender, age groups and other characteristics was sought and the responses to the postal questionnaire acted as a screening survey and provided a brief profile of potential participants before the final invitation to partake in the group in addition to providing some background information for the focus group itself.

The first focus group was held on Thursday 14th May 1998 following responses to the advert placed in early April 1998. Potential participants for the second focus group - drawn from the postal questionnaire survey respondents - were contacted by letter in January 1999. The date for the second focus group was Wednesday 3rd February 1999 in Portsmouth (see sample invitation letter in Appendix K). An incentive payment of £25 per participant was offered for each group, which would last for one and a half hours. The length of session was set to one hour and fifteen minutes but participants told that it would run for one and a half

hours to allow a cushion to avoid the disruption of early leavers. The sessions were held in a privately hired room in a public library in Portsmouth and arranged to commence at 7.30pm. Initially, ten invitations were sent prior to both groups, which resulted in seven and five positive responses, respectively. A decision was therefore made to send another six invitations to residents in the Portsmouth conversion for the second group and this resulted in three more acceptances. In the event, six actually materialised at the first group and seven at the second group (see demographic composition of the groups in Figure 9.13).

FOCUS GROUPS		Portsmouth	
		Group One May 1998	Group Two February 1999
No. of participants		6	7
Gender:	Male	3	3
	Female	3	4
Age:	18-25	2	2
	26-40	3	4
	41-60	1	1
	61+	0	
Marital status:	Single	2	4
	Divorced	1	1
	Married	1	
	Living with partner	2	2
Current location:	City Centre	2	7
	Inner City	2	
	Suburb	2	

Figure 9.13: Demographic composition of focus group participants.

The author moderated both focus groups. One of the benefits of a focus group over an interview is that it reduces any excessive influence of the interviewer, nevertheless, the two focus groups were designed to combine both high and low level moderator involvement. The first was structured as a self-managed group and the data was then used to further develop the on-street interview questionnaire. The second group was then more highly moderated because their were particular dimensions of city centre living that needed to be examined in more depth as a result of the earlier surveys. The level of moderator involvement generally varied from a small role in the ongoing group discussion and attempt to keep their comments as non-directive as possible in the first group to the second group

where there was moderator control of both the set of topics that were discussed and the dynamics of the group discussion. The low level enabled further exploratory research into the topic where the participants' perspectives drove the session rather than a researcher-imposed agenda. The second group with higher moderation meant that unproductive discussion could be discontinued and that areas that had arisen in the earlier surveys could be probed whilst ensuring that ensure that the desired set of topics was covered. Care had to be taken, however, not to impose the researchers own sense of what was important or interesting, in other words a balance between what Bellenger *et al.* (1976) term *understanding empathy* and *disciplined detachment*.

With the exception of a few factual questions that needed to be asked of everyone, a list of themes that needed to be covered were drawn up in the form of a topic guide rather than a rigid set of questions worded beforehand (see Appendices L and M). These themes were then developed as the focus group progressed. The nature of the open-ended questions was designed to enable participants *"...to say what they think and do so with greater richness and spontaneity."* (Oppenheim, 1992, p.81). A few key questions - which could then serve as 'hangers' for a series of follow-up ideas - were developed, however, as a fall back in case of 'drying-up' or losing the 'train of thought'. The essence of the focus group structure was to maintain the focus on either attitudes towards or experiences of city centre living rather than to explore too many topics. The questions and statements were carefully constructed so as to avoid potential "yes" or "no" answers that would stifle discussion and the expansion of thoughts and ideas. The questions were also organised into well-defined sections and designed to be short, clear and comprehensible in order to avoid confusion or misunderstanding on the part of the participants.

The focus groups were tape recorded in order to avoid the necessity to take notes and listen, respond and stimulate the discussion. The tape also produced a more accurate and detailed record of the event, including capturing all the nuances of sarcasm and humour. It also enabled the event to be revisited and anything missed when live to be analysed after the occasion.

Conducting the focus group

The group discussion began with each participant making an individual, uninterrupted statement about himself or herself – as an icebreaker getting everyone to speak but also to give moderator and participants some background information about everyone that could be used to ask a question later. People were asked to take a couple of minutes to write down

notes for their opening statement which reinforced their commitment to contributing them to the group (Templeton, 1987). This also helped to deter 'groupthink' (Janis, 1982) – tendency for dissenters to suppress their disagreements in favour of maintaining consensus in the group by getting everyone on record with their different experiences and opinions before a consensus emerges. After these opening introductions it was emphasised that an objective of the group was to hear as many viewpoints as possible and as such the participants were told that: *"If your experience is a little difference, then that is exactly what I want to hear."* Emphasis was also put upon hearing about experiences, as not everyone would be willing to state or defend an opinion but most would be prepared to recount stories. Participants were also told that all experiences were equally important to the research and that: *"I need to hear as many different things from you as time allows. There aren't right or wrong answers in this area. I'm here to learn from your experiences."*

To generate some momentum, the groups were asked to respond to the following statement: *"The city centre provides an ideal residential environment for all young or single people".* The intent of starting a structured group with a general question was not to get a full answer, but to set up an agenda of topics to be discussed within the limits of a flexible guide. So after ten minutes of open discussion, an opportunity was created to introduce the first substantive topic on the guide: *"One thing that I've heard several people mention is that the city centre is not suited to many sections of society. I wonder what the rest of you have to say about that?"* The key to these interventions is the ability of the observer to control the assembly and to run the focus group sessions by directing discussion without as Templeton (1987, p.45) describes *"...putting words into panellists' mouths."* Following the discussion that followed, therefore, an opportunity was taken to pick up on some of the key issues raised, for example: *"I recall that some of you mentioned something a little different earlier, and I wonder how things like crime and safety fit into the picture?"*

One of the advantages of this survey method is that themes often emerge that were not anticipated by the interviewer (Valentine, 1997). As such, it was important to be alert and quick-witted to pick up on ideas and thoughts that emerged and to follow them through and also to listen for inconsistent comments and probe for understanding. Equally, were someone hadn't really joined in or the same people had been dominating the speaking then a question was directed at a particular individual. The self-managed group was concluded with more specific questions, for example, *"One thing that I am more specifically interested in hearing about is whether there could be any changes to the city centre would alter your attitudes?"*

To facilitate a final discussion at the end of the group sessions, stimulus material was displayed in the form of two A1-size 'story boards'. The first portrayed 'favourable' stereotypical images - such as a well-peopled pedestrianised shopping street, street café's, an urban park and a modern entertainment complex - of an 'anonymous city' whilst the second contained 'negative' images - such as congested roads, subways and a person begging on the street - of urban life.

Focus Group Analysis

Tynan and Drayton (1988, p.8) argue that the analysis of focus groups should involve *"...the seeking of patterns, relationships and ideas relating new-found with existing data, seeking to construct, support or explode hypotheses."* As such the analysis of the focus groups took a systematic and structured approach through the coding and classifying of responses. Various analysis guidelines advanced by Krueger (1994) were followed with the process consisting of consideration of the following:

- identification of trends and patterns of responses;
- words, tone and non-verbal comments;
- internal inconsistency (especially between original statements and further discussion);
- frequency and/or extensiveness of comments;
- intensity of comments;
- level of support for comments; and
- specificity of comments.

The transcripts were coded as far as possible so that each participant's views could be classified and grouped together to enable the quantification of the items discussed. The following sections will analyse the views and opinions expressed in the focus groups and are organised into:

- advantages of living in the city centre;
- dis-advantages of living in the city centre; and
- views on city centre residential development.

These sections contain numerous quotes from the groups in order to represent strong strands of opinion that emerged and therefore represent more fully the in-depth nature of the

discussions. As such, the analysis focuses on the key questions and the statements are abridged for comprehensibility and readability however the meaning is accurately represented. A summary of the general findings will then outline the key attitudes and experiences observed in these groups.

Advantages of Living in the City Centre

The groups highlighted a number of perceived or experienced benefits associated with living in the city centre. These tended to concentrate on issues related to convenience and lifestyle. Indeed, the proximity of home to workplace, amenities and public transport featured strongly in responses.

Facilities

Many participants referred to the benefit of having amenities and facilities - such as shops, restaurants and cinemas - close by. Indeed, it was a common consensus amongst both focus groups including those who did not currently live in the city centre that the convenience of amenities such as entertainment, culture and shopping was a major positive factor associated with living in the centre. Indeed, comments such as:

> *"I like the fact that I can get up in a morning pop into a shop and then fall back into bed."*

> *"I have all the facilities that I want on my doorstep. Like cinemas, the theatre and restaurants."*

> *"I have access to hundreds of bars and clubs."*

It was commonly agreed that having all of these other activities in close proximity to homes was a big selling point of city centre living where all amenities are within walking distance. A number had also forgone their car after moving into the city centre partly because of the difficulties in parking but also because of the wider availability of public transport and less need to use one. One participant suggested that: *"You do not have to be dependent on public transport or the car."* Brief mention was also made to the closeness to public open spaces such as parks that gave many benefits of a garden without the worry of maintenance.

Proximity to work

In addition, to closeness to facilities an equally important advantage of living in the city centre appears to be the ability to avoid commuting with statements such as: *"My reason for living in the city centre is my job as I didn't want to commute any longer."* Others referred to being able to walk to the office and being home in a few minutes which *"...results in more quality time and having time to enjoy the evenings. [and] ...also means that my lunch hour becomes more useful and I can nip home to deal with things there or do some shopping and drop it off at home".* Significantly, most participants who lived in the city centre did not use their car to travel to work and one who worked unsociable hours noted that: *"...because of my work pattern I need to go to work at times when public transport services are poor and living in the city [centre] means that I can walk to work."*

Lifestyle

The whole concept of lifestyle, which certainly encompasses many of the other highlighted factors, associated with living in the city centre was actually raised by participants in the groups. Indeed, one current city centre resident suggested that: *"People are buying the lifestyle rather than the location."* Another responded by arguing that: *Aren't the two inseparable when considering city living?*

Many of the other lifestyle comments that were made relate to the vitality and vibrancy of the city centre much of which is portrayed in contemporary sit-coms such as *Friends* and *Frasier* as well as being a key dimension of developers marketing campaigns.

"It is that bar, restaurant and nightclub lifestyle that one associates with city centre living."

"With longer and longer working hours, the city centre lifestyle is more attractive."

"The area is happening and I wanted to be part of the action ...at night you can just go out and you're in the middle of it."

"My area is very trendy and living there carries a lot of street cred."

"I enjoy the hustle and bustle..."

"Once you've experienced it you don't want to leave."

Clearly for many of those who have 'lived the life' there is no substitute for the buzz of residing in the city centre, however, two of the non-city centre residents also subscribed to these attractions but expressed a strong preference for being able to opt in and out when they desired. One such participant suggested that he enjoyed *"...nights out in the city but glad to be able escape the intensity by hopping into a taxi and waking up in normality."* Clearly the city centre does provide an inclusive environment for many - particularly the young – with some wishing to be an integral part of the cities character whereas others venture into this environment to absorb the lifestyle for shorter periods.

Crime

The choice of location within the city centre was particularly important to some of the participants and some felt that there were parts of the city centre where they would have concerns about personal safety and crime to their property or vehicles. Most current city centre dwellers admitted to little anxiety in terms of safety and made cooments such as:

"I generally feel safe during the day and night walking to and from home."

The residents from the first group who lived in the suburbs both expressed concerns about crime and safety in the city centre. When asked about the origins of these feelings it was clear that they were not the result of personal or anecdotal experiences but had been formed as a result of media coverage. This resulted in an interesting debate between the participants in which it was commonly agreed that most news coverage tended to relate to crimes committed in what are considered inner city areas rather than the city centre itself. It became clear that perceptions of crime and particularly what the city centre actually consisted of could be a problematic issue in persuading non-urban dwellers to move into dwellings in the city centre.

Interestingly, one of the participants in the second group agreed that there might be some safety issues in the city centre and that: *"There are crime issues, however, these seem to be the same everywhere these days even in the suburbs."*

Civic pride

Encouragingly, most participants in the focus groups including those who currently lived in the inner city or suburbs claimed to be proud of their city and noted the increased vitality and environmental improvements over recent years. It was suggested that these factors were

encouraging more people to use the city and one city centre residents actually claimed that: *"It makes me feel good to be living in the City as all the changes are happening and I am often telling my friends what a great place it is to live."* This whole notion of talking up the city is particularly important in dispelling any misconceptions about city centre living and is also important as part of city promotion with existing residents being important yet sometimes forgotten ambassadors for the city.

Transience

The Department of the Environment, Transport and the Regions (2000c, p.124) has claimed that: *"The labour market makes increasing demands on mobility that may require us to move more often."* The idea of transience was an unexpected benefit of city centre living raised in the second focus group. Some of the group felt that living there gave them more flexibility in the job market and that this was aided by the high proportion of rented accommodation in the city centre. This situation appears tailor-made for newcomers to a city, indeed one participant identified that: *"It is easy to rent in the [city] centre and having moved into the City I found many others in my building in a similar position and quickly made new friends."* It appears that many city centre dwellers are young professionals who desire to be highly mobile in terms of their residential and employment lifestyle and that this location and the accommodation available fits their needs. One participant expressed an interesting view of living in the city centre related to transience: *"Given the nature of city centre residents there will always be quite a high turnover of residents and it will be difficult to develop a community spirit. ...I actually like the anonymity and a feeling of privacy because no one knows me."*

Disadvantages of Living in the City Centre

There were a wide-range of disadvantages to living in the city centre experienced or perceived by the participants, however, few with the exception of noise and the related busyness and traffic solicited any consensus amongst the groups.

Safety

Safety and crime was one of the most contentious issues raised in the focus groups as outlined in the previous section on crime. The almost heated debate that centred on safety as outlined above gives an indication of the significant difference in terms of perceptions and actual experiences. It is clear that those living in the city centre appear to be relatively at ease in terms of safety, however, the fact that a significant number of non-city dwellers have very negative perceptions related to these issues makes it worthy of listing as a strong

disadvantage to city centre living. One suburban dweller in the first focus group actually said *"I would only use the city centre during the evening if I was with friends and I certainly wouldn't leave my car there."* Interestingly those with experience of city living tried to dispel this fear and to reassure her that this crime-ridden image was totally unjust and the *"...result of fictional crime-related television programmes."* To encourage new residents to move into the city centre, however, these perceptions will have to be addressed whether this is through public or private marketing campaigns or indirectly through the media.

Noise and congestion

Most current city centre residents did not really identify with the city as a noisy place rather as a vibrant and lively one, making comments like: *"I really enjoy living in the city centre and I don't think it's very polluted and I don't think its very noisy either."* One city centre resident did however, admit that: *"The amount of traffic can create problems with noise and pollution."* Some of the participants commented that in the higher apartments street noise was not a problem.

There was a consensus amongst current city centre residents that pubs or nightclubs in close proximity to a residential building did create problems of noise and rowdy behaviour, however, it was felt that wine bars and cafes or restaurants were compatible uses. Interestingly, these same residents did *"...like to be able to walk home after a night of clubbing."*

Suitability for families

It was generally agreed by both groups that the city centre was not a place for families to live mainly because *"...there is a lack of secure play space for children and the schools are poor."* Interestingly, one of the current city centre residents did suggest that she would seriously consider continuing to live in the centre when she had children, however, another claimed that: *"When I settle down and think about having children I will move to a suburb where the schools are good, my children will have friends and I can have a garden."*

Significantly, one participant noted that his lease had a 'no children' clause and as such those families who might wish to live in the centre were restricted in terms of their choice. This could also lead to existing residents who may start a family being forced to move to other accommodation possibly in a different location. It was also suggested that the narrow spectrum of dwelling types provided in the city centre was leading to a narrow mix of residents in social, demographic and economic terms.

Parking

Concern was expressed regarding the lack of off-street secure parking in the city centre with multi-storey car parks generally considered too expensive and unsafe for residents to use. The only on-street parking tended to be short-stay or difficult to find and it many felt that *"...there is not enough provision for residents only parking."* The poor availability of visitor parking was also seen as a problem because *"...when my friends come to stay the only option for them is to park in the multi-storey car park and for long-stay parking this is very expensive."*

Significantly, two of the current city centre residents questioned whether the majority of people who lived there actually needed a car and both found that public transport including taxi's provided them with an excellent service and suggested that: *"...given the cost of keeping a car such as tax, insurance, parking together with the issue of crime..."* meant that on the occasions they needed one they tended to hire a car.

Amenities

Despite the general agreement that proximity to facilities was an asset of the city centre, many residents did express difficulties in terms of convenience shopping. Most city centre dwellers at the focus groups felt that food shopping was difficult when you live in the city centre because most supermarkets are located in suburban locations and the common trend is for people to shop by car, which worked against many of the advantages of the city centre. One resident stated that: *"Being near the shops is great, but it's difficult to do a supermarket shop."* One interesting contemporary solution to this problem advocated by one of the group was that *"...internet food shopping should emerge more strongly for those living in the centre given the technology literate population. My friend in America lives in the city centre and he has a regular delivery of groceries ordered through the web."*

Lack of Open Space

The lack of gardens or private open space was a commonly referred to disadvantage associated with living in the city, however, two participants suggested that balconies did help to offset this. Interestingly, one participant thought that not having to maintain a garden was a positive factor (see *Facilities*).

Views on City Centre Residential Developments

Most participants in the focus groups agreed that the external appearance of a residential conversion was considered to be very important, particularly in terms of the image or status attached to a particular development. There were different opinions, however, as to what would constitute an appealing style of building. A few of the existing city centre residents were looking for something that epitomised *"..modern, contemporary, chic..."* whereas the others especially those who lived in suburban locations aspired to a more traditional or historic external appearance. Clearly, most cities can accommodate most tastes, however, post-war offices tend to lend themselves less to the latter appearance.

When asked specifically about the idea of living in a converted post-war office building there were interesting or mixed reactions. Some would not entertain the concept at all:

> *"Office buildings are the ugliest buildings in the city."*

> *"I wouldn't live in an eye-sore and they would look like council flats."*

Other participants could see that there may be positive dimensions to such conversions:

> *"I would imagine the views across the city would be good and there would be loads of light from big windows."*

Some also took a more philosophical view:

> *"...it would depend on how it was fitted out."*

Clearly, post-war offices are an emotive subject to a certain degree influenced by prominent figures such as HRH Prince Charles (1989) (see image obsolescence in Chapter Four). It appears, however, that existing city centre residents are more amenable to pioneering types of dwellings having already satisfied themselves that living in the city centre is a lifestyle that suits them. Despite those with a less conservative taste in their choice of dwellings the reaction to prompt panels clearly indicated that the conversion of large brick warehouse-type structures was a popular favourite amongst the majority of participants. Such conversions were associated with *"character and quality"* and from the group discussions appeared to be a familiar model of urban living portrayed through film and television.

In terms of the actual accommodation within the building, most participants felt that in apartment developments there would need to be some internal or external communal space. Resident-only gyms or meeting rooms were seen as being a beneficial feature of an apartment building so long as they are *"...managed and maintained."* In terms of privacy, participants who lived in a more recent residential conversion did comment that a common problem was poor sound insulation between apartments.

Particularly those who lived outside of the city centre saw good security measures such as CCTV and concierges as being essential if they were to consider moving into the city. Those existing city centre residents also recognised the benefit of such precautions and one suggested that *"...having a camera door entry system does give us peace of mind."* Many of the views on security and safety issues related to the actual location of the building within the city centre. Also related to location, the views from apartments were seen as being important by those who lived in the city centre and many expressed a desire for views of open spaces, greenery, water or attractive buildings.

Focus Group Findings

The group interviews were loosely structured to cover two broad areas of interest: first, reactions to city living in general terms and, second, reactions to different types of converted property. The topics covered therefore included the physical characteristics of buildings as well as the character of the neighbourhoods in which they were located. From the two groups, a number of common themes emerged. In summary, these were as follows:

- The main advantages of city centre living were its convenience, primarily in terms of its proximity to work and various amenities such as shops, pubs, restaurants and entertainment facilities. Few environmental benefits were mentioned by participants;

- Paradoxically, one of the disadvantages of city centre living was seen to be its inconvenience. Despite the benefits of its proximity to a wide range of facilities outlined above it was agreed that supermarkets are noticeably lacking. It was felt that the lack of this facility could discourage people from moving into the city centre. Other disadvantages emphasised the negative aspects of the city centre environment. Levels of noise and disturbance were seen by those not currently living in the city centre as being problematic and also suggesting that the city could be intimidating at

night. Crime and the fear of crime were also seen as being of major concern but not by those currently living in the city centre;

- While one of the benefits to be gained from city centre living is the reduced need to travel by car, many participants felt that car-related issues were of importance to them. Many wanted a car and therefore wanted parking facilities provided. The use of multi-storey car parks in close proximity to residential developments were not seen as being a reasonable solution to the problem as they were considered unsafe and expensive. Similarly, on-street car parking was considered to leave cars vulnerable to crime, and was also seen as frequently being in short supply, in any case. In addition to car parking spaces for residents, there was a need expressed for parking spaces for visitors;

- There was little consensus offered in terms of the desirability or otherwise of green spaces and / or communal gardens. These were seen as being of importance primarily if children were to be attracted to the city centres;

- There was a general feeling, however, that city centres were not child-friendly environments. They were seen as being unsuitable locations in which to raise a family and it was suggested that families with children would be forced to relocate into more suitable areas. This perception was accentuated by evidence that no-children clauses were being included in the leases of certain developments;

- Unfortunately for those who advocate a community atmosphere in residential areas it appears that the transient nature of city centre living may preclude this. Indeed, it appears that many households will be resident in one particular city centre for only short periods of time due to changing employment or social situations;

- In terms of the physical attributes of building conversions, interviewees showed a preference for former industrial buildings over office blocks. Some participants saw the latter as being too reminiscent of the type of high-rise tower blocks favoured by local authorities during the 1960s. Good soundproofing and security (such as video cameras, entry phones and

good lighting) were seen to be highly desirable, if not essential. Balconies were also seen to be desirable, making up in part for the lack of a garden.

Interestingly, given the findings of these focus groups, Lang *et al.* (1997, p.439) suggest that: *"Although many, if not most, suburbanites view the city with caution, a sizeable minority of suburbanites show an affinity for cities. ...The presence of these suburban urbanites allows cities to build on their comparative advantages over the suburbs, rather than flattening such distinctions to accommodate the tastes of the most resistant suburbanites."* Those willing to consider living in the city centre are mostly distinct from those currently making this choice, this is why they are not currently taking the decision to live there. They are likely to insist on many changes to the accommodation and environment currently offered and make demands such as for increased privacy and security standards and better parking provision. Indeed, many *"...identify culturally with cities but are functionally inconvenienced by the daily problems of living in high density, such as having to fight for a parking space."* (Lang *et al.*, 1997, p.464).

This research provides a greater insight into the push and pull factors that influence perceptions and therefore determine the level of demand amongst different groups. The level and type of demand for city centre or downtown housing will clearly vary from city to city, as does the definition of the city centre itself. Indeed, city centres differ substantially in terms of physical size and proportion of the urban area that they comprise, character, composition of existing land uses, the health of the local economy, the amount of existing residential accommodation and tradition of housing, as well as a multitude of other factors. Each of these issues relate to the local context and will affect not only the relative demand for city centre living but also the likelihood of developers creating the supply of new homes and the overall physical capacity of the city to accommodate household growth.

Methodological Problems

These findings were based upon the responses of a small number of existing city centre residents and a 'mixed-location' selection at the two focus groups. While they were seen as being indicative of the range of concerns people had with regard to city centre living, they are not seen as being conclusive in their own right, however, they did help to inform the questionnaire surveys and to test some of the findings of these surveys further. As such, the mixed method approach helped to ascertain the attitudes towards city centre living of a wider cross section of the population although still concentrated on those more likely to consider this residential choice.

It should be borne in mid that these two focus groups cannot be said to form statistically reliable or representative samples. Indeed, many sections of the community would clearly not consider participating in such focus groups. The findings of such qualitative research therefore have to be treated with some degree of caution in their interpretation. In addition, the influence of attitudes and decisions based upon them are not simple or direct, indeed Crouch and Housden (1996, p.93) note that: *"Strong personal or social influences may cause an individual not to act in accordance with his or her general attitude."*

Conclusions

City centre living will not be appropriate for everyone, and indeed is unlikely to be appropriate for many people throughout their life cycle. Nevertheless, there is clearly a niche market for this type of housing and it can provide a very attractive and convenient form of living for many people at different stages of their lives. The conversion of office buildings to residential use can be justified as a means of contributing towards meeting the increasing demand for housing and providing a greater choice of dwelling type and location. Given the dearth of existing supply of residential units in city centres, an increase in such accommodation might therefore help to meet a latent demand for city centre living.

The survey of attitudes and preferences to city centre living conducted as part of this research offers encouragement to those advocating this concept and the view that there appears to be a substantial minority of people attracted to this residential location. All of those respondents in the surveys expressing a willingness to live in the city centre will clearly not make this choice when they next move home, however, given the right type of product at the right price many will choose city centre homes. The surveys illustrate a clear demand for such a lifestyle from a relatively narrow socio-economic profile, however, the percentage of people willing to consider city centre living appears to be far greater than that indicated by many of the self-interest surveys discussed in Chapter Eight. It is evident, however, that attracting groups such as families and the elderly to return to the city will prove to be a difficult challenge at least until a critical mass of residents is established. Cities must, nevertheless, be aware of demographic shifts and the increasing predominance of non-traditional household types and the relative decline in the number of 'two-parents and two-children' families.

The surveys indicate that people's quality of life aspirations are not necessarily anti-urban, however, traditionally the public's perception has been that such an environment is not

conducive to offering a quality lifestyle and it is these attitudes that predominantly influence the demand for residential accommodation. If an objective is to increase the residential component in city centres then local authorities need to implement research programmes that identify local household structures and the barriers and drivers in terms of the choice of residential location within their respective region. Such information is equally important if they wish to avoid being caught off-guard by this emerging trend thereby leaving the residential make-up of the city to market forces that are tending to favour affluent professional households as opposed to a balanced socio-economic profile.

As the move back into city centres gains impetus there will be significant policy and funding implications in terms of serving the needs of these new residents. The demand for services such as hospitals, refuse collection, day care, education and other infrastructure from certain groups will increase and as such it is essential that authorities are aware of the demographic profile of these new settlers. Indeed, securing the viability of existing or indeed new service provision may be one justification for cities to target a varied mix of residents or indeed under-represented groups.

The impacts of public policies and funding regimes on crime, education, transport, social exclusion, economic development and many others, will all affect the liveability of the city and a number of these areas for concern are highlighted by the deterrents to city centre living identified by the survey's respondents. Indeed, people cannot be forced to live and invest in urban areas and SAVE (1998, p.7) argue that: *"Instead it is necessary to create the prosperous, vibrant, and sustainable communities which will encourage them to do so."* The urban environment will have to be revitalised to create the conditions and the type of environment in which people will want to live and work thereby reversing public opinions and market realities. In essence, what is needed is a confidence building process extolling the virtues of city living and an urban lifestyle, which goes beyond purely marketing and promoting the product and its location. If cities are to exploit the opportunity of this revived interest in city centre living they need to adopt revitalisation strategies that reinforce, restore or create new confidence in the city centre housing market. To achieve this goal it will be necessary to:

- address the physical capacity of urban areas to accommodate household growth;
- ensure the economic viability of providing such accommodation;
- create an appropriate quality of environment for residents; and

- encourage, create and then satisfy the demand for city centre living.

URBED *et al.* (1999) suggest that sophisticated marketing campaigns are needed to help persuade those on the margins of choosing this residential location. Similarly, Lang *et al.* (1997, p.438) advocate the adoption of target marketing strategies as a policy tool and that: *"Given the right marketing approach, central-city housing can perhaps be packaged as a commodity itself"*. If the initial aim of promoting this choice of location is to increase the numbers of city centre residents rather than the mix then those most amenable to the concept should be targeted in terms of promotion activity. Clearly the design and marketing of city centre living is more likely to prove successful in the short-term if it is aimed specifically at those already living in urban areas and groups such as the young, single and childless. However, if a better balance in terms of the mix and social background of residents is sought, then policies and strategies for the city centre need to address some of the many deterrents to city living identified by the survey respondents. It must be recognised, however, that many of these deterrents - such as the busyness and pace of life - are also amongst the things that attract many others including existing residents of the city. It may, therefore, be undesirable to address all of the perceived deterrents to city living as this may alienate existing residents or other potential city dwellers. In addition to carefully targeted marketing and publicity it will be necessary to provide incentives to encourage and stimulate city centre living from the perspective of both demand and supply.

CHAPTER 10

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS AND RECOMMENDATIONS

Conclusion: Re-populating the city

Conversions are beginning to make an appreciable contribution to providing new homes in many of our towns and cities, however, to accommodate all of the projected household growth it will be necessary to exploit every opportunity available. This thesis has concentrated on one option - the conversion of post war offices into residential use - however, it is clear that it will only be possible to accommodate a small proportion of the new households required in this way. Similarly, not all household growth will be able to be accommodated within urban areas and there will continue to be some greenfield development. The arguments are therefore clearly not about absolutes but about the balance between the different solutions. Nevertheless, in the short term, adaptive re-use has a particularly important role to play both in terms of meeting housing need and providing a sustainable use for existing resources. In addition, city centre living can act as the catalyst for an urban renaissance in our towns and cities.

During the twentieth century, most UK cities lost their most economically active population to the leafy suburbs with those who remained generally being the less affluent, the less well educated, the unemployed and those unable to leave for other reasons. As a result the client base of many city services, such as schools, public transport and local shops declined thereby affecting their viability. By contrast, since the late-1990s there have been increasing numbers of residents making a positive choice to live in central locations and cities have had to reinvent themselves as places for living. The benefits of further increasing the number of people living in city centres can be seen to be long-term and wide-ranging and accord with the current sustainability debate that promotes urban compaction and intensification.

City centre living will not be appropriate for everyone and it is unlikely to be appropriate for many people throughout their life cycle. Nevertheless, it can provide a very attractive and convenient form of living for many people at different stages of their lives and although many people *"...value what might be called the suburban characteristics of peace and*

quiet, space, safety and greenery, they also miss urban characteristics such as convenience, diversity, life and variety. " (URBED *et al.* (1999, p.39).

Since the mid-1990s, the policy environment has become much more oriented towards city centre living, however, it is debatable whether such policies initiated conversion activity or are encouraging what is already happening. Indeed, during the late-1990s, developers and property owners became increasingly aware of the technical and economic viability of converting redundant office space into residential accommodation. While the idea of converting buildings to residential use was not a recent one, the conversion of offices was a relatively new phenomenon that was initially purely a commercial response to the glut of office space in the early 1990s.

At time of the surveys conducted for this thesis there had been relatively few planning applications and completions of post-war office conversions relative to the interest that had been generated, however, most of the buildings that had been converted were built pre-1970 and had become commercially obsolete. Initially, many property commentators and analysts were writing off these post-war edifices as the most problematic part of the commercial building stock, however, their design and specification often makes them technically highly appropriate for conversion. Subsequently, there has been a significant growth of the conversions market due to a number of factors including shifting consumer attitudes, changing attitudes amongst local planning authorities as well as the demand for existing or other potential uses of the building. Nevertheless, there has still been less conversion activity to date outside of London because conditions have been less favourable.

Conversions cannot be abstracted out of the city and interestingly they offer an opportunity to counter previous mistakes through salvaging and improving the built form to - physically, economically and socially - re-weave these buildings back into the fabric of the city. As such, housing activity through office to residential conversion can act as a catalyst for urban regeneration and revitalisation. Nevertheless, the conversion of obsolete offices into residential use is not a panacea for the oversupply of offices, the demand for housing or for the problems of city centres. This chapter is organised into two main sections, the first outlines the key findings of this research and the second, expounds a set of recommendations that could maximise the conversion of obsolete offices into residential use and further stimulate the demand for city centre living.

Key Findings

The key aim of the research to be tested in this thesis was:

- *To identify and evaluate the key barriers and drivers to the office to residential conversion process as a means to make recommendations on facilitating the adaptive re-use of redundant post-war office space in city centres.*

This section will summarise the key findings of this research that address the above aim.

The Context

The context for city centre living has improved immeasurably since the mid-1990s in a number of cities across England. A politically driven but policy-led approach to accommodating a significant proportion of the projected need for new homes in this location has coincided with an increase in demand for such a lifestyle. This is partly due to changing socio-economic and demographic characteristics that are influencing household profiles but also the result of and a factor in the on-going urban renaissance being experienced in many of our towns and cities. The Government has been instrumental in creating a planning policy environment that directs development onto brownfield sites and the conversion of existing buildings as part of its strategies for creating a more sustainable environment. In addition, despite some concerns regarding density, the pioneering residential projects in this re-population of the city centre have begun to justify claims that there will be social, environmental and economic benefits to housing more people in cities.

The Opportunity

The changes in the market for residential accommodation in city centres coincided with a glut of obsolete post-war offices in urban centres across England, hence the opportunity for their adaptive re-use. Despite a number of booms and slump, the mid-to-late twentieth century was the era of large-scale office construction in many towns and cities. In the 1980s, however, the nature of the demand for floor space began to change quite dramatically and much of the older office stock became redundant in terms of contemporary requirements. Increasingly post-war office buildings - that had the same problems of accommodating modern technology as older office stock but without the character, allure or prestige - filtered down through the hierarchy of available space. As such, a significant quantity of the poorest Grade 3 accommodation consisted of obsolete post-war buildings.

Owners of these buildings were left with few options in terms of maximising their returns once their original use was no longer viable. Those with the resources to do so could wait in hope that the market for such stock would recover or possibly refurbish the building in an attempt to re-let the space. Another option is to demolish and redevelop the site, however the amount of floor space likely to be achieved is likely to be significantly less than in the original structure. The most favourable alternative is often therefore to explore the possibility of the adaptive re-use of the building and given the current favourable context for new homes in city centres many buildings are being converted into residential accommodation.

Conversion Process

Increasingly, developers including mainstream volume house builders and perhaps more importantly investors are recognising the un-tapped demand for city centre living and the potential for accommodating this demand through the adaptive re-use of existing buildings. A few pioneering post-war office to residential conversion projects – mainly in London and some by housing associations - helped to establish a market for such accommodation and therefore reassured larger developers and investors. Very gradually this phenomenon has begun to spread to other cities and urban centres throughout England as the demand for city centre accommodation permeates across the country.

Despite the emergence of office to residential activity there are a number of barriers and drivers that are influencing further growth in this sector of the market. These factors can be organised into five categories:

- physical or design-related;
- locational;
- financial or economic;
- demand; and
- legislative.

Each of these factors can affect most development projects, however, partly because of its infancy, also because the nature of adaptive re-use is that there are more unknowns and because it spans different property markets, the post-war office to residential conversion process is especially sensitive to changes in any of these influences upon development activity.

Role of the Planning System

All office to residential projects are subjected to the planning process and therefore the approach of the planning system in terms of strategic policy and development control can have a fundamental impact upon the likelihood of conversions occurring. Positive planning policies can not only stimulate and direct development activity but also secure the quality of the end product. Since the early 1990s, the national Government has created a supportive platform in terms of planning policy guidance for city centre living particularly through te conversion of existing buildings as a key component of securing a more sustainable environment. Nevertheless, partly due to its reactive nature and slowness in preparation, the local development plan process is still creating many barriers to the success of conversion activity. Many local authorities justify the fundamental obstacles that include parking and density standards, employment-protection policies and affordable housing provision as a means of ensuring equity and residential amenity. The planning process can therefore have a major impact not only upon the likelihood of conversion activity and its location but also upon its success.

Local Planning Process

The survey of local planning authorities revealed that there are significant differences in terms of the experience of city centre living and post-war office to residential conversions across the country and also in the way that different cities are approaching this opportunity. Many authorities are not responding to the potential for new homes to be created in this way either because there is no perceived demand or because they have no desire to increase residential accommodation in this location. Other cities are encouraging residential growth but strictly controlling both its location and form through stringent development plan policies. Nevertheless, some authorities are being more pro-active and are adopting a more realistic and flexible approach - in line with government advice - when dealing with certain development types such as proposals for conversions in their city centre. At the time of the survey and interviews with local authorities there had been little office to residential conversion activity outside of London despite the large stock of post-war office space within most urban centres in England. Nevertheless, many of the local authorities that responded to the survey were witnessing increased interest from owners and developers and therefore expected the level of activity to increase in forthcoming years.

Understanding City Centre Living

No development activity would occur without an effective demand for the product of conversions in city centres. The demand for city centre living is therefore the key barrier to

the conversion process. Significantly, however, very little research of substance existed that could establish either the level or the nature of the demand for providing new homes in this manner and in this location. The profile of households had apparently become increasingly favourable with the rapid growth single-person households, however, existing research into their attitudes towards city centre living was either biased by self-interest groups, anecdotal or lacking in depth. Most of this research pointed a small minority of households being interested in living in apartments in the centre of cities or urban areas. As such, it was commonly thought that only a small proportion of young, single professional people would consider such residential accommodation.

Demand for City Centre Living

A number of surveys conducted as part of this research clearly indicate that city centre living is not likely to be acceptable to everyone and especially not for many people throughout their life cycle. There is however, clearly a niche market that is currently being under-exploited in many town and cities across England. City centre living can provide a convenient and attractive lifestyle for a substantial minority of the population across a range of household types. The survey did confirm that a significant proportion of the demand is likely to come from young, single professional households, however, interestingly a number of other household profiles such as divorcees, empty-nesters and others without children expressed an interest in living in this location. The market has still to recognise much of this potential demand and is currently only servicing the most prolific sectors, however, there is clearly a demand from a number of other niche groups that has yet to be tapped into by developers.

Local authorities have an important role to play in addressing many of the factors that are currently dissuading many of these other groups to making the decision to move into the city. If cities wish to achieve a socio-economic and demographic balance amongst city centre residents they will also need to introduce measure that help to control the type of accommodation being provide and to help ensure that a wide variety of people making a positive choice to live in this location. Greater attention therefore needs to be paid to understanding not just the attractions of living in the city centre but also the deterrents identified by respondents. Nevertheless, cities need to be aware of the desires and requirements of current city centre residents in order that any measures to make cities more attractive to others do not lead to the displacement of existing residents. Indeed, the pace of life, the 'hustle and bustle' and the anonymity of the city are what attracted many existing residents.

Recommendations: Facilitating the processes

This thesis firmly supports the concept of creating sustainable cities through centralisation and containment rather than dispersal and low-density development and is written with the view that cities and in particular, their centres will continue to be important. The chance to create a more sustainable city through adaptive re-use can be grasped through the co-ordination of a whole range of measures at both local and national level together with a programme of related initiatives that can all affect the liveability of the city centre. One solution is the adaptive re-use of obsolete offices for residential use, however, this process is complex and clearly depends on a number of interrelated factors. Indeed there is a huge difference between the unconstrained capacity and the capacity likely to be brought forward by the market within the current policy and market context. Given the premise that such conversions are desirable the following recommendations will address: what actions can be taken to reconcile any mismatch between supply and demand?

The detailed thesis objective outlined in Chapter Two have been examined in Chapters Three through to Nine by means of empirical research and this section therefore attempts to address the final detailed research objective of this thesis:

- *To make recommendations that will influence both the supply- and demand-side of the development process in order to facilitate the conversion of obsolete office stock to residential use and to propose measures that could be taken to remove or lessen the impact of the barriers identified.*

Stimulating the Supply of Office Conversions

This section will identify potential initiatives for unblocking supply-side constraints on the development potential of office to residential conversions in order to stimulate developers' interest in the available opportunities. The market is clearly the key to unlocking capacity and any policy that tries to work against the market is destined to fail, or at least to have limited impact. For investment to occur within a particular area, there must be a commercial rationale for that investment and incentives and other public actions may frequently be an important factor or component of that desire to invest. Effective stimulation of the supply of office conversions will therefore have to be at government level, either national or local. Government intervention in urban areas is justified where market failure is wasting scarce resources and any initiative fall into line with significant policy objectives.

There are two main categories of initiatives through which the public sector can have an impact upon the supply-side of new homes within conversions and/or the city centre. The Government and local authorities can encourage such developments through the planning system and also through a range of incentives (fiscal or otherwise) to render conversion a more economically attractive option. It is important that the more efficient use of existing buildings should be a central element of policies affecting urban areas and that the opportunities offered by the current glut of obsolete office buildings are not left to the ad hoc whims of the market. In addition, there are times and places when the public sector may have to lead the risk-averse private sector. The following sections are therefore organised into planning-related and fiscal-related recommendations that could stimulate the conversion process.

Planning-related drivers

The planning system and local authorities are important in helping to bring forward developments that might not otherwise come to fruition by the development industry alone.

- *Approach:* Strategic and local planning authorities must open a constructive and informed debate with the property industry, to explore the problems and very real opportunities that have emerged. Planners need to be more positive and pro-active in encouraging conversions and must use all the mechanisms at their disposal. The survey of local planning authorities revealed that many authorities are indeed adopting a flexible approach, however, there is still a need for them to take the lead in mapping the future for their towns and cities.

- Increased levels of certainty for developers in terms of the way local planning authorities deal with and respond to applications and suggestions of conversion schemes - not just within authorities but also between different authorities - would significantly enhance the prospects of development activity.

- *Strategy:* The majority of planning authorities have responded very flexibly to the phenomenon of office to residential conversions even though these pressures emerged after their development plans were drafted and often adopted. Nevertheless, future development plans should be written to increase certainty and improve implementation without lessening

responsiveness. In addition, plans should include policies requiring regular re-appraisal of under-utilised and vacant commercial space in the light of overall sustainability.

- Local planning authorities should be encouraged to adopt a positive approach towards identifying empty buildings with a view to bringing them back into use. Local authorities need to become increasingly aware of the opportunities for conversion within their areas. Authorities should therefore be required to develop, maintain and monitor comprehensive empty property strategies that can serve as an inventory and early warning system as part of their requirement to prepare urban capacity studies. These databases detailing the attributes of buildings available for re-use should be publicly available and as such they would be an important resource for potential developers in enabling conversions. The database could play an important facilitating role in publicising the qualities and opportunities of buildings, pairing building owners with developers and in giving an indication of the appropriateness and potential capacity of conversion activity.

- *Policy:* Some cities such as New York and Toronto introduced a successful variable use class in the mid-1990s that allowed owners of buildings in inner-city fringe locations to switch between residential and work-related uses, without the need for planning consent. This approach could be adopted in selected towns and cities in the UK or parts of city centres where local planning authorities wish to stimulate development by offering owners and developers the flexibility to adapt to market situations. Such a policy is clearly fraught with potential pitfalls such as the lack of control over the quantity of floor space in these use types and the possibility that either employment or residential uses may be displaced. In addition, it would prove difficult for authorities to have any control over amenity for either existing or new occupiers.

- Inertia in the planning system created by the hope - often amongst planning committee members - that the previous employment use may still be viable in the future needs to addressed where it is unrealistic. As such, authorities could introduce their own tests as to the viability of buildings previously occupied by employment-generating uses.

- Local authority imposed standards - such as car parking, housing density and amenity - could be more explicit in relation to conversions. Many authorities currently adopt a flexible approach in terms of applying such standards, however, this still leaves an element of uncertainty on the part of the developer.

- *Implementation:* The nature of development control in the conversion process varies greatly, as does the effectiveness of the actual control measures. Developers have been more reluctant to fight their cause in places in which control is more severe. Local planning authorities should therefore develop a clear strategy for handling conversion activity based on greater use of detailed supplementary planning guidance promoting adaptive re-use in specific locations, building types or to create particular types of accommodation.

- Currently it is very difficult for developers to predict what local planning authorities will try to secure in terms of planning gain. Local authorities should be required to take a corporate view as to what they expect to be provided in terms of planning gain whether it be for affordable housing, transport infrastructure or environmental improvements. Any contributions or other expectations could then be included in development plans as specific, identifiable and quantifiable requirements. Developers would then have a clearer understanding of the amounts that they might be expected to contribute and for what purpose. Even more beneficial for developers would be the rolling up all contributions into a single, predictable and auditable figure that can be calculated in advance.

- Greater use of compulsory purchase order powers would assist in making more buildings available for adaptive re-use by facilitating site assembly. Local authorities or another government agency could be given greater powers to enable such an initiative stimulating the conversion of obsolete buildings for new homes. With their current remit it would be difficult for the Regional Development Agencies to fulfil this role as they have an overriding interest in job creation which potentially conflicts with the creation of homes in former employment generating buildings.

- *Public realm investment:* Public sector investment in the public realm and transport infrastructure in urban areas can strongly assist in boosting

developer confidence. Indeed, environmental improvements are often crucial in bringing forward sustained investment from the private sector.

- *Legibility and transparency:* It is essential that the roles of the plethora of agencies, authorities, Government offices, regional conferences, regional chambers and many other quasi bodies involved in urban regeneration are clarified in relation to housing and planning policies. Developers currently have little knowledge regarding the remit of these organisations and the assistance that they can provide despite the fact that their objectives are often mutually complimentary.

- *Information provision:* The current structure of organisations alluded to above needs to be streamlined in order to provide better information for building owners and developers regarding demand and supply, funding routes, and the barriers or drivers of adaptive re-use. Multi-agency partnerships or single point of reference could also help to tackle the range of problems and perhaps more importantly to assemble sufficient resources to facilitate conversion activity. Better availability of data that the financial community can understand and use to evaluate projects - particularly those with a mixed use element - would also encourage investors to participate more willingly in adaptive re-use. Currently, mixed-use adds a layer of complexity that many funders and investors still find difficult to evaluate and as such increased uncertainty raises the risk and required returns for investors and lenders.

In addition to the encouragement of conversion activity through planning guidance and policies it will be necessary for other measures to stimulate this type of activity. Indeed, financial incentives will often be needed to supplement the planning system. The taxation system can be used proactively to incentivise investment in particular urban areas whilst deterring development in other competing locations. Indeed, financial incentives, taxes or subsidies could supplement the planning process to steer new development.

Fiscal measures and drivers

Several options have been put forward, including reductions in small business rates for owners bringing forwards parts of buildings for conversion, rating holidays for converted stock or mirroring the concept of Health or Education Action Zones through the application

of special tax incentives in defined geographical areas in conjunction with the extension of supplementary planning guidance.

Taxation can be more effective than subsidies in promoting rather than stifling conversion development opportunities.

- *Taxation:* The 100 per cent capital allowance in the form of tax relief available to certain development types could be broadened to include other buildings such as post-war offices. Currently, this tax relief has so many criteria that it precludes many buildings - particularly post-war offices - such as those constructed since 1980; those over five storeys; and any originally built for purposes other than residential.

- There is a need to harmonise VAT process on conversions and new-build.

- The attitude of owners is one of the key barriers to conversion activity with recalcitrant property owners deliberately holding vacant property. Building owners need to be encouraged to re-appraise the value of buildings on the basis that they no longer have a future in commercial use. One option would be to introduce a local tax that adds significantly to building-holding costs for landowners. A vacant land or building-holding tax would help to overcome the problem of hope value and coerce owners into making their calculations on the buildings future based on its current use value rather than its previous highest use value. Withdrawing the 50 per cent property uniform business rate relief for vacant buildings and 100 per cent relief for uninhabitable buildings – particularly were the lack of occupancy is due to speculative reasons – will also assist in bringing opportunities into the development pipeline. In such circumstances a local authority ought to have the right to levy a higher tax because of the negative impact that the state of empty properties has upon the neighbouring environment.

- For developers, a combination of corporation tax deferment on building acquisition and stamp duty relief could reduce the development costs of conversions significantly. To assist with measures to reduce vacant building-holding corporation tax could also be imposed at an ever-increasing rate on owners whose offices had gone over a defined number of years without attracting a tenant.

- Developers currently pay stamp duty on the purchase of land and buildings (1 to 3.5 per cent of purchase price). Although stamp duty and the cost of

land qualify as allowable deductions against income received in calculating annual tax liability the removal or reduction of stamp duty on property acquisitions within designated areas would enhance the financial feasibility of building conversion.

- *Public funding mechanisms:* a public subsidy can help to bridge the gap between cost and value to make a conversion viable. The increasing impact of EU legislation in the UK has reduced the possibilities of using public funds to subsidise development. In any case, gap funding would have to be justified on the basis that the project would result in a social or community benefit, for example, by increasing the vitality of the city centre. Nevertheless, gap funding has been extremely beneficial in stimulating conversion activity and it could be more effective if it is tapered so that as there becomes a proven market for office-to-residential conversions within an area - thereby reducing the risk to developers - the amount of subsidy could be reduced.

- In terms of conversion activity, housing association grants are difficult to secure for the re-use of existing buildings for social housing in England because of the low-cost criteria governing financial support for social housing. Increasingly, it is becoming difficult for social housing providers to compete with private sector developers in city centre and unless grant constraints are relaxed then a variety of tenure types and levels of affordability may not exist in these locations.

Stimulating the Demand for City Centre Living

Despite the numerous measures that could be introduced to ensure a supply of buildings with the potential to be adaptively re-used for new homes in city centres, what is equally - if not more - important is an effective demand for such accommodation. Indeed, ultimately the markets demand for the product of conversion activity and city centre living will determine its success and as such the housing market will determine whether an owner or developer will consider carrying out a conversion. To achieve the objective of increasing the number of residents in city centres it is therefore partly about the physical capacity of urban areas to accommodate household growth but much more about attitudes to cities and a willingness to reverse trends.

- *Quality of life:* To encourage people to remain and move back into urban areas, particularly the centres of our major cities and conurbations, by making them places which offer a good quality of life. If the potential of obsolete buildings is to be seized through adaptive re-use then there is a need for a more supportive environment for city centre living. It is also important for cities to retain existing residents and to do so they need to develop a better understanding of how to accommodate their urban lifestyles.

- Attracting increasing numbers of residents in the city centre - especially from those groups currently under-represented - will require public sector investment in terms of environmental improvements, safety measures and upgrading infrastructure provision. This will also help to build confidence in the city centre as a residential location, something that is clearly necessary in a number of towns and cities across the UK.

- Investment is needed in facilities and amenities to create an attractive urban environment with employment opportunities and good quality services. Social issues like education are essential if couples are to remain when they have children and if a true cross-section of people is to be attracted to city centres. Indeed, policies must ensure that the aspirations of those on all income scales are met in order to diversify tenure within cities and to ensure that a good range of housing is provided.

- *Persuasion:* Incentives to live in the city centre can include measures that make living elsewhere less convenient for those who regularly use the city. Such approaches are likely to be less effective and palatable than those that attract residents, however, initiatives such as workplace parking levies and higher car-parking charges for commuters and shoppers would make city centre living more convenient and relatively less expensive than the alternatives. Such approaches could have a negative impact upon the vitality and viability of the city centre environment however as users and investors may search for alternative locations.

- *Reducing the relative cost of city centre living:* Government policies are important variables to consider as demand can be influenced by taxes and subsidies. Discounted rates or exemption from stamp duty - for designated

areas or types of home – will help to stimulate demand relative to competing residential units.

- Mortgage interest tax relief was a major form of general subsidy to house-buyers that was motivated in part by the government's aim of promoting home ownership. This has been revoked in recent years, however, carefully targeted mortgage-related tax relief would provide an incentive to live in designated areas or property types.

- Local property taxes such as the Council Tax - intended to finance local authorities and the local public services they provide - are levied on some measure of the value or quantity of housing, and can therefore, have a strong effect on the housing market. Obviously, any changes in these taxes will impact upon the housing market, either generally or in relation to other areas, tenure or types of housing. Differential levels of council tax could be used to encourage people to move to or stay in the city centre.

- *Promotion:* Local authorities could enhance the opportunities for residential conversions by promoting areas within city centres as residential quarters through place marketing and image reconstruction. Public relations exercises that inform and involve a wide cross-section of community through exhibitions and media coverage could help to build public confidence in city centre living. Creating a higher profile - locally and nationally - will help to create and project new and realistic images of city centre living.

The Future: City Centre Living and Conversion Activity

The government - both national and local - must fully embrace the opportunities offered by the existing built environment to create a better, more sustainable future. There is no simple formula for either increasing the resident population of city centres or the successful conversion of post-war office buildings into residential use, indeed, they both depend upon the positive outcome of a wide range of economic, environmental, political, social and technical variables. If any one of these variables fails then in all likelihood it will jeopardise these objectives. Although opportunities can be identified, the potential of office conversions to contribute to the provision of new homes in city centres is currently still under-exploited. The recommendations above attempt to address why the opportunities are not being taken up. Most of these initiatives will involve either local or national government intervention in urban areas, which is justified where market failures are wasting scarce

resources. To change attitudes will take time so that it is important to consider a range of incentives to promote urban development alongside planning and fiscal measures and as such a complex range of policy approaches is required.

The built environment can be viewed in terms of a hierarchy of levels according to the ease with which they can be adapted. Higher levels - such as urban infrastructure – tend to be less flexible and need to have the capacity to support flexibility in the lower levels, such as the buildings and their uses. To a large degree, the phenomenon of office to residential conversion examined in this thesis raises the following related issues:

- at what scale is it most sustainable to plug built forms into pre-existing city structures?
- is it at the level of 'plugging' a new home into an existing building?
- or should that building be demolished and a new one 'plugged' into the city structure?

There are clearly important implications identified in this thesis for the design of new buildings, which along with transportation and communications infrastructure need to be adaptable and flexible in order to maximise their ability to accommodate different uses and roles in the future. Indeed, the issue of flexibility has become increasingly important, as the difficulty of converting obsolete structures has been recognised. The potential impact of obsolescence can be minimised at its source by ensuring that buildings are flexible, thereby reducing the future risk of a major reduction in the market value of a building. As such, new buildings should have the potential to enable maintenance, change, adaptation and refurbishment to be carried out economically over a building's lifetime. Plans for new large office buildings in potential residential areas should therefore demonstrate their robustness and ability for economic adaptation or capacity to change to other uses in the future.

Overall, this research concludes that the structural oversupply of office buildings in city centres provides an opportunity to make a significant contribution to housing stock over the period of the current housing projections without jeopardising the office market sector. Indeed, the drive for commercial efficiency together with the need to respond to social and environmental objectives suggests that redundant floor space should be a thing of the past. The peculiarities of each office to residential conversion, however, render each development unique and as such there is no blueprint for success and an approach that works in one location may well not be suitable in another. Nevertheless, such is the current strength of

residential demand even in many provincial city centres, that even when the office market improves, the likelihood is that many commercial buildings coming onto the market will be considered for residential conversion. Indeed, developers are increasingly searching for suitable buildings in new areas such as suburban office centres and radial routes into cities.

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APPENDIX A:

Copy of letter to developer confirming semi-structured interview

fax
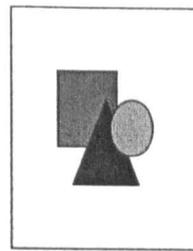
To	Ray Stradling	No. of pages	Cover + 4
Company	Barratt (East London)	Date	28 May 1998
Fax number	0181 519 5536		
From	Tim Heath		
Direct line	0115 951 4887	E-mail	tim.heath@nottingham.ac.uk
Fax number	0115 951 3159		
Subject	Discussion re: post-war office conversions		

Institute of Urban Planning
School of the
Built Environment
University of Nottingham

University Park
Nottingham
NG7 2RD

Dear Ray,

Further to our telephone conversation of 26 May 1998, I have enclosed a list of questions which I would like to form the basis for our proposed meeting. I hope this enable you to gather any appropriate information. As I explained during our conversation, I am working towards a PhD which will explore the potential and any barriers and drivers to the conversion process to residential use with particular emphasis on post-war office buildings.

Once again I would like to express my thanks to you for agreeing to a meeting and I will telephone you again early next week to arrange a convenient time.

Regards

Tim Heath
Lecturer

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APPENDIX B:

Copy of topic guide for developer semi-structured interviews

RESETTLING CITIES: THE RE-USE OF POST-WAR OFFICE BUILDINGS AS RESIDENTIAL ACCOMMODATION

SEMI-STRUCTURED INTERVIEWS: **PRIVATE DEVELOPER**

COMPANY: CONTACT NAME:

ADDRESS: POSITION:

TELEPHONE:

DATE OF INTERVIEW:

STRUCTURE OF QUESTIONS:

1. EXPERIENCE OF COMPANY IN OFFICE CONVERSIONS.
2. BUILDING / SITE IDENTIFICATION.
3. CHARACTERISTICS OF SUITABLE BUILDINGS.
4. FUNDING.
5. OBTAINING PERMISSIONS.
6. CHARACTERISTICS OF THE CONVERSION.
7. SALES AND MARKETING.
8. PURCHASERS CHARACTERISTICS
9. SPECIFIC PROJECTS.
10. GENERAL DISCUSSION.

EXPERIENCE OF COMPANY IN OFFICE CONVERSIONS.

1 Why is the company interested in converting post world war II office buildings into residential units?

1.1 How many conversions of post world war II offices buildings to residential use has the company been involved in?

1.2 What are the size of these schemes in sq. Metres or sq. feet, and how many units will be created?

1.3 Where are their locations?

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Department of Urban Planning, University Park, Nottingham, NG7 2RD.

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1.4 Has the company been interested in any other post world war II office buildings?

1.5 If yes why haven't these schemes come to fruition?

.

BUILDING / SITE IDENTIFICATION.

2   What do you look for in a building suitable for conversion?

2.1 How do you identify suitable buildings?

CHARACTERISTICS OF SUITABLE BUILDINGS.

3 What is the buildings size, in terms of number of floors and floor area?

3.1 What are the floor to floor heights

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Department of Urban Planning, University Park, Nottingham, NG7 2RD.

3.2 what are the floor to ceiling heights?

3.3 What is the depth of the building?

3.4 What cladding or fenestration is used?

3.5 what kind of vertical circulation does the building have, stairs or lifts?

3.6 What kind of service provision is catered for in the building, gas water, drainage?

USE

3.7 Do you look for completely vacant buildings for conversion?

3.8 Are forms of mixed uses with the completed building acceptable?

LOCATION

3.9 Do you consider a buildings proximity to facilities?

3.10 Do any of the surrounding areas have specific characteristics?

3.11 Is the provision of parking a consideration in terms of location: on-site potential, local off-street and local on-street?

FUNDING

4 Which sources of funding have proved most appropriate for such conversions?

4.1 What types of funding have proved most appropriate for such conversions?

4.2 How do you carry out your initial feasibility for the project?

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APPENDIX C:

Copy of letter requesting LPA participation in survey

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0115 951 4887
tim.heath@nottingham.ac.uk

Zbig Blonski,
Senior Planning Officer
Planning Services
Wandsworth Council
The Town Hall
Wandsworth High Street
London SW18 2PU

15 February 1998

Dear Zbig,

Re: Questionnaire survey of office to residential conversions

Further to our telephone conversation of 7th January I am enclosing the copy of the questionnaire survey as discussed. As I explained during our conversation, I am working towards a PhD exploring the incidence and potential of post-war office to residential conversions. As part of this process this questionnaire - which is being sent to 71 urban local planning authorities – is intended to examine the role and experiences of such conversions amongst LPAs.

Once again many thanks for agreeing to take part in the survey and I would be grateful if you could return the questionnaire in the pre-paid envelope by 6th February. I will of course be more than happy to make the results available to anyone participating in the survey.

Kind regards

Tim Heath

Professor S B Riffat BSc MSc DPhil DSc CEng MIMechE MCIBSE MInstE
 Head of the School of the Built Environment, Director of the Institute of Building Technology
Professor A P Fawcett BA (Arch) (Manc) RIBA ARIAI FRSA (Hon) ARUA
 Professor of Architecture, Director of the Institute of Architecture
Dr Taner Oc BArch MCP(METU) MA(Chicago) PhD (Penn) TMO
 Director of the Institute of Urban Planning

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APPENDIX D:

Copy of pro-forma for LPA postal questionnaire survey

RESETTLING CITIES: THE RE-USE OF POST-WAR OFFICE BUILDINGS AS RESIDENTIAL ACCOMMODATION

Local Authority: Contact Name:

Section A: City Centre Living

1a) Is there pressure within your city/ town centre for the provision of residential accommodation?

☐ Yes   ☐ No   ☐ N/A

b)   Is this pressure:

☐ i) Supply-led?   ☐ ii) Demand-led?   ☐ iii) Both?

2a) Does your Local Authority have planning policies, which encourage city / town centre living?

☐ Yes   ☐ No

b)   If yes please enclose a copy of the policies.

3a) As a Local Authority are you encouraging living in the city / town through office conversions?

☐ Yes   ☐ No

b)   If yes Please give details:

Section B: Policies

1a) Please give details of your Local Authority's most recent Local Plan / Unitary Development Plan and any supplementary guidance relating to residential conversions.

Title of Document	Date of Publishing

2a) Do any of your planning policies favour the conversion of vacant post World War II offices into residential units?

[   ] Yes   [   ] No

b)   If yes, please enclose a copy of the policies

3a) Does your Local Authority have minimum / maximum housing density standards, which could affect conversions?

[   ] Yes   [   ] No

b)   Please give details of these standards?

4a) Within your Local Authority are there specific car parking standards which would apply if conversion to residential use took place?

[   ] Yes   [   ] No

Please give details of these standards?

5a) Does your local authority invoke employment protection policies that could affect the likelihood of office to residential conversions?

☐ Yes   ☐ No

b)   Please give details of these policies?

5a) Would the conversion of office buildings in the town/city centre be affected by any affordable housing policy?

☐ Yes   ☐ No

b)   Please give details of these policies?

Section C: Office to Residential Conversions

1a) Are there any post World War II office buildings within your city/ town centre?

☐ Yes   ☐ No   ☐ N/A

b)   If yes, approximately how many?

<5	5 to10	11 to 25	26 to 50	>50	N/A

2a) Are any of these buildings completely vacant at the present time?

☐ Yes   ☐ No   ☐ N/A

b)   If yes, how many?

<5	5 to10	>10	N/A

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Tel. 0115 951 4887

3a) Do any of these buildings have less than a 50% occupancy rate?

[ ] Yes   [ ] No   [ ] N/A

b)   If yes, how many?

<5	5 to10	>10	N/A

4a) Has your Local Authority received any planning applications for the conversion of post World War II office buildings into residential use, within the last 5 years?

[ ] Yes   [ ] No   [ ] N/A

b)   If any applications have been received, how many fall into the following category, including both units created and proposed?

Developers Name	Name of Site	Applications (Current)	Permissions (Granted)	Conversions (Completed)	Market Price	Affordable Housing	Number of Units (Approx)
Example Gateway Builders	*Smith Street Nottingham*	✔				✔	*25*

Please continue onto a separate sheet if needed.

5a) Have any housing associations shown interest in office to residential conversions within your area?

[ ] Yes   [ ] No   [ ] N/A

b)   Please list any associations:

Name of Housing association(s)

6a) Are there any initiatives for office to residential conversion operating in your city /town?

[ ] Yes   [ ] No   [ ] N/A

b)   If initiatives are available, are they privately or publicly orchestrated?

Initiatives Title	public?	private?

7) Do you know of any useful addresses/ contacts regarding town/ city centre office conversion to residential us, please list below.

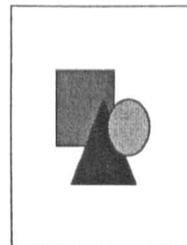8) What do you feel are the main barriers to converting offices for residential use?

Many thanks for your time in completing this questionnaire.

The analysis of this questionnaire survey will be made available upon request from any contributing authorities.

APPENDIX E:

Copy of letter to LPA confirming semi-structured interview

fax

To	Donald Hanclies	No. of pages	1 + 2	Institute of Urban Planning
				School of the
Company	Southwark Borough Council	Date	9 June 1998	Built Environment
				University of Nottingham
Fax number	0171 525432			
				University Park
From	Tim Heath			Nottingham
	Lecturer			NG7 2RD
Direct line	0115 951 4887	E-mail	tim.heath@nottingham.ac.uk	
Fax number	0115 951 3159			
Subject	Conversion of Office Buildings			

Dear Donald Hanclies

Further my research assistants conversation with you of 9th June, I have enclosed a list of questions which I would like to form the basis for our proposed meeting. I hope this enables you to gather any appropriate information. As was explained earlier, I am working towards a PhD which will explore the potential and any barriers and drivers to the conversion process to residential use with particular emphasis on post- war office buildings.

Once again I would like to express my thanks to you for agreeing to a meeting.

Many thanks

Tim Heath
Lecturer

APPENDIX F:

Copy of topic guide for LPA semi-structured interviews

University of Nottingham
Department of Urban Planning

RESETTLING CITIES: THE RE-USE OF POST-WAR OFFICE BUILDINGS AS RESIDENTIAL ACCOMMODATION

SEMI-STRUCTURED INTERVIEWS:	LOCAL AUTHORITY
LOCAL AUTHORITY:	CONTACT NAME:
ADDRESS:	POSITION:

TELEPHONE:

DATE OF INTERVIEW:

STRUCTURE OF QUESTIONS:
1. POLICY
2. DEVELOPMENT CONTROL
3. GENERAL QUESTIONS

POLICY

1. Current development plan/ Local plan /UDP title:
-Date of plan
-Is a new plan imminent, if so what stage is it at?

1.1 To what extent do policies encourage the supply of residential accommodation within the city / town centre?

1.2 Are specific types of residential accommodation encouraged?

1.3 Are office conversions encouraged?

1.4 Would you see any benefits of incorporating such policies?

1.5 Do you see any problems in incorporating such policies?

1.6 Do you have housing density standards?

1.7 Are these flexible /project specific?

1.8 Do you have any car parking standards?

1.9 Are they flexible /site specific?

1.10 Do you have any affordable housing policies that would affect conversions?

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Department of Urban Planning, University Park, Nottingham, NG7 2RD.

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1.11 Do you have any supplementary guidance related to residential development within the city /town centre?

1.12 Does this relate to affect conversions?

DEVELOPMENT CONTROL

2. Has the Local Authority dealt with applications for the conversion of offices to residential use?

2.1 What have been the particular planning problems associated with such applications?

2.2 How many schemes

2.3 Have any been refused planning permission, why?

2.4 Examples of successful schemes:
Name of Building
Address
Developer
Consultant/ Agent

Size:
-sq. metres
-Number of units

Tenure:
-Private sale
- Private rent
-Affordable housing

GENERAL QUESTIONS

3. What do you feel are the main factors encouraging office conversions within your town /city?

3.1 What do you feel are the main barriers to such conversions?

3.2 How could policy or its implementation be changed to improve opportunities for such schemes?

3.3 Do you know of any further useful relevant contacts within the city?

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APPENDIX G:

Copy of pro-forma for on-street interview questionnaire

University of Nottingham
Department of Urban Planning

RESETTLING CITIES: THE RE-USE OF POST-WAR OFFICE BUILDINGS AS RESIDENTIAL ACCOMMODATION

ATTITUDES TO CITY CENTRE LIVING   (On street Interviews)

Interviews are structured into four sections:
1. Personal (personal details and current residential information);
2. Attitude to City Centre Living;
3. Housing/Lifestyle Requirements;
4. Reaction to Prompt Cards.

Location of the Interview: ☐ Nottingham   ☐ Portsmouth   ☐ Wolverhampton

Date of the Interview: ☐ Day   July 1998

1. PERSONAL
A. Personal Details:

Age of respondent: ☐ 18 to 25   ☐ 26 to 40   ☐ 41 to 59   ☐ 60+

Sex: ☐ M   ☐ F

Marital Status: ☐ S   ☐ M   ☐ D   ☐ W

Number of Children: ☐ 0   ☐ 1   ☐ 2   ☐ 3   ☐ 4

B. Current Residential Information:

Current Residential Type: ☐ Detached   ☐ Semi-detached   ☐ Terraced
     ☐ Bungalow   ☐ Flat/Apartment

Current Residential Location: ☐ City Centre   ☐ Inner City   ☐ Suburb
     ☐ Small Town   ☐ Village

Current Tenure: ☐ Owner Occupier   ☐ Private Rented
     ☐ Social Rented   ☐ Living with family/friends

Length of Time in this Home: ☐ 0 to 2yrs   ☐ 2 to 5yrs
     ☐ 5 to 10yrs   ☐ 10yrs+

2. ATTITUDE TO CITY CENTRE LIVING

Would you consider living in the City Centre?

YES		NO	
What attracts you to city centre living? • Proximity to work • Convenience of public transport • Convenience of leisure/entertainment • Proximity to nightlife (pubs/clubs) • Choice of eating places/restaurants • Convenience of shopping facilities • The image of city centre living • [Others] • •	Rank 1-3	**What puts you off city centre living?** • Personal safety • Crime levels • Pollution • Noise • Lack of convenience shopping • Poor educational facilities • Lack of choice of accommodation • Lack of parking provision • Lack of garden space • [Others] • •	Rank 1-3

3. HOUSING/LIFESTYLE REQUIREMENTS: What type of home would you prefer?		If any of your personal circumstances changed would you consider living in the city centre?	
House	Flat/Apartment		

What requirements do you have?
Bedrooms: 1   2   3
 	
Parking: 0   1   2   3
 	
Garden: Y   N
 	
Convenient access to public transport:
          Y   N
Access to convenience shopping:
          Y   N
		YES	NO

Would you consider an apartment within a converted building?		Details: • • •	
YES	NO	If any of characteristics of the city centre changed would you consider living there?	
How much would you be prepared/able to pay? Rent(pw): <£75 £75 to £100 £100 to £150 £150+ Buy: <£50k £50 to £100k £100 to £150k £150k+		YES	NO
		Details: • •	

4. PROMPT CARDS

Would you consider living in any of the following?		
1. new-build apartment:	Y	N
Like:	Dislike:	
2. warehouse-type conversion:	Y	N
Like:	Dislike:	
3. post-war office conversion A:	Y	N
Like:	Dislike:	
4. post-war office conversion B:	Y	N
Like:	Dislike:	

APPENDIX H:

Copy of University letter confirming identity
of on-street interviewers

Our reference

Your reference

Direct line/email

0115 951 4887
tim.heath@nottingham.ac.uk

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Built Environment

University Park
Nottingham
NG7 2RD
Tel: +44 (0) 115 951 3134
Fax: +44 (0) 115 951 3159
www.nottingham.ac.uk/sbe

1 July 1998

Dear Questionnaire Respondent,

Questionnaire Survey: Resettling Cities: The Re-Use of Post-War Office Buildings as Residential Accommodation

Many thanks for agreeing to take part in this questionnaire survey which is being undertaken as an important part of my PhD research.

The survey is intended to further develop our understanding of the potential for increasing the number of people living in our city centres.

The interviewer is a registered student within the Department of Urban Planning at the University of Nottingham and they will show you their student identification card to confirm this.

Once again, your time and opinions are most appreciated.

Kind regards

Tim Heath

Professor S B Riffat BSc MSc DPhil DSc CEng MIMechE MCIBSE MInstE
Head of the School of the Built Environment, Director of the Institute of Building Technology
Professor A P Fawcett BA (Arch) (Manc) RIBA ARIAI FRSA (Hon) ARUA
Professor of Architecture, Director of the Institute of Architecture
Dr Taner Oc BArch MCP(METU) MA(Chicago) PhD (Penn) TMO
Director of the Institute of Urban Planning

APPENDIX I:

Copy of pro-forma for postal questionnaire survey of residents in post-war office conversions

RESETTLING CITIES: THE RE-USE OF POST-WAR OFFICE BUILDINGS AS RESIDENTIAL ACCOMMODATION

A

THIS QUESTIONNAIRE IS STRUCTURED INTO FOUR SECTIONS:

1. YOURSELF
2. THE CITY CENTRE
3. THE LOCATION
4. YOUR HOME

1. YOURSELF

1.1 Personal Details (optional)

1.1.1 ☐ Male   ☐ Female

Please tick the most appropriate box

1.1.2 What is your age?

☐ Under 20   ☐ 20-29   ☐ 30-39   ☐ 40-49   ☐ 50-59   ☐ 60+

Please tick the most appropriate box

1.1.3 What is your marital status?

☐ Single   ☐ Married   ☐ Living with partner   Divorced   Widowed

1.1.4a Do you have any children?   ☐ Yes   ☐ No

1.1.4b If yes do they live with you at this address?   ☐ Yes   ☐ No

1.1.5 How many people live at this address ?   ☐

1.1.6 What is your employment status?

☐ Professional Management   ☐ White collar   ☐ Blue collar   ☐ Unskilled/manual

☐ Retired   ☐ Student   ☐ Home maker   ☐ Unemployed

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Tel 0115 9515151

1.2 Current residence

1.2.1 How long have you lived in you current home?

[____] Years   [____] Months

1.2.2 What is your current tenure?

[____] Owner occupier   [____] Rented accommodation   [____] Other (please specify)

Please tick the most appropriate box

1.3 Previous residence

1.3.1 Where did you live previously?

[____] Other city centre location   [____] Suburbs   [____] Small town

[____] Village   [____] Other, please specify:

Please tick the most appropriate box

1.3.2 What type of property did you live in previously?

☐ Flat/ Apartment   ☐ Terraced house   ☐ Semi-detached   ☐ Detached house

Please tick the most appropriate box

1.3.3 What was the approximate age of your previous home?

[____] 1980+   [____] 1950- 1979   [____] 1915- 1949   [____] Pre - 1914

Please tick the most appropriate box

1.3.4 What was the tenure of you previous home?

[____] Owner occupier   [____] Private-rented   [____] Social-rented accommodation

[____] Living with family and friends   [____] Other (please specify)

Please tick the most appropriate box

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Tel 0115 9515151

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1.4 Travel

1.4.1 Are you a car owner?

[ ] Yes   [ ] No

1.4.2 How far do you live from your place of employment?

[ ] Less than 1 mile   [ ] 1-2 miles   [ ] 2-3 miles   [ ] 3-5miles

[ ] over 5 miles

Please tick the most appropriate box

1.4.3 How do you regularly travel to work?

[ ] Walk   [ ] Cycle   [ ] Car (Driver)   [ ] Train

[ ] Underground   [ ] Bus   [ ] Car (passenger)

Please tick the most appropriate box

2. THE CITY CENTRE

2.1 What attracted you to live in the city centre?

[ ] Proximity to work   [ ] Proximity to shops   [ ] Access to public transport

[ ] Night life   [ ] Cosmopolitan lifestyle

[ ] Proximity to cultural / entertainment venues   [ ] Others (please specify)

Please tick any of the above

2.2 Do you find any disadvantages associated with living in the city centre?

[ ] Lack of parking   [ ] Congestion   [ ] Lack of open space

[ ] Pollution   [ ] Noise   [ ] Poor educational facilities

[ ] Lack of convenience shopping   [ ] Lack of housing choice

[ ] Others (please specify)

Please tick any of the above

2.3.1   How safe do you feel living in the city centre?

☐ I feel safe all the time

☐ I feel safe during daylight hours

☐ I feel safe between 8am and 6pm (Office Hours)

☐ I feel safe less than any of the above

Please tick any of the above

2.3.2a   Do you think you would feel safer living in a different location?

☐ Yes   ☐ No

2.3.2b   If yes, please specify where:

☐ Other city centre location   ☐ Suburbs   ☐ Small Town

☐ Village   ☐ Countryside

---

3 LOCATION

3.1   Do you consider there to be a noise problem where you live?

☐ Yes   ☐ No

If yes please state the source(s) of the noise

3.2   Is there good provision of public transport within easy walking distance of your home?

☐ Yes   ☐ No

3.3   Is car parking difficult in the area you live?

☐ Yes   ☐ No

3.4   Do you consider there to be adequate provision of the following in the area you live?

☐ Restaurants   ☐ Cafes/ bars/ pubs   ☐ Nightclubs

☐ Convenience shopping   ☐ Open space

4 YOUR HOME

4.1   What attracted you to the development that you live in?

☐ It's modern appearance   ☐ The facilities within the development

☐ The specification of the apartment   ☐ Its location

☐ The accommodation within the apartment   ☐ Other (please specify)

Please tick any of the above

4.2   Please give three words that you feel describe the external appearance/ image of
       the development you live in.
       1.
       2.
       3.

4.3a   What level of parking provision do you personally have on site?

☐ No parking ☐ One space ☐ Two spaces ☐ More than 2 spaces

4.3b   Do you feel that this is adequate?

☐ Yes   ☐ No

4.4a   What security provision is provided within the development?

☐ 24hr concierge/ porter   ☐ Part-time concierge/ porter

☐ Door security   ☐ Video surveillance

☐ Other (please specify)

4.4b   Do you feel that this is adequate?

☐ Yes   ☐ No

Many thanks for completing the questionnaire. Your answers will be treated with the strictest confidence. Should you which to be entered into the prize draw, please enter your name and address below:

Tim Heath
.School of the Built Environment . University of Nottingham . University Park . Nottingham NG7 2RD
Tel 0115 9515151

Name:

Address:

These details will be separated from your answers immediately upon receipt to maintain anonymity.

Tim Heath

.School of the Built Environment . University of Nottingham . University Park . Nottingham NG7 2RD
Tel 0115 9515151

APPENDIX J:

Copy of letter to request participation in postal questionnaire survey of residents in post-war office conversions

Our reference

Your reference

Direct line/email

0115 951 4887
tim.heath@nottingham.ac.uk

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The Occupier,
Flat 27,
Bridge View Court
19 Grange Raad
Bermondsey
London SE1 3BT

2 September 1998

Dear occupier,

Questionnaire Survey: Resettling Cities: The Re-Use of Post-War Office Buildings as Residential Accommodation

My name is Tim Heath and I am working towards a PhD at the Univeristy of Nottingham. My research involves an examination of the potential for accommodating more households within city centres through the conversion of vacant office buildings. An important component of this research involves gaining an understanding of the experiences of residentis of such schemes and as such I am conducting a postal questionnaire survey of people living in converted office buildings.

I have therefore included a questionnaire which I would be extremely pleased if you could spare a few minutes to complete. The questionnaire is intended to be anonymous, however, there will be a prize draw for £150 of Marks and Spencer gift vouchers for those that wish to be entered. To maintain anonymity name and address details can be added to the detatchable sheet at the end of the questionnaire and these will be separated from the responses upon receipt.

Many thanks in anticipation of your response and I would be very grateful if you could return the questionnaire in the pre-paid envelope by 7th October.

Kind regards

Tim Heath

Professor S B Riffat BSc MSc DPhil DSc CEng MIMechE MCIBSE MInstE
   Head of the School of the Built Environment, Director of the Institute of Building Technology
Professor A P Fawcett BA (Arch) (Manc) RIBA ARIAI FRSA (Hon) ARUA
   Professor of Architecture, Director of the Institute of Architecture
Dr Taner Oc BArch MCP(METU) MA(Chicago) PhD (Penn) TMO
   Director of the Institute of Urban Planning

APPENDIX K:

Copy of letter to invite focus group participants

0115 951 4887
tim.heath@nottingham.ac.uk

Michael Saunders,
9 Avalon House,
Surrey Street,
Portsmouth PO1 1JT

7th January 1999

Dear Michael,

Research Project: Resettling Cities: The Re-Use of Post-War Office Buildings as Residential Accommodation

I would like to take this opportunity to thank you for kindly completing the questionnaire that I sent to you last September. The results of that surbvey will form an important part of my PhD at the Univeristy of Nottingham.

I am writing to you again to ask if you would be prepared to take part in a small group discussion (I expect there to be eight residents) which I am proposing to chair in Portsmouth at 7.30pm on Wednesday 3rd February 1999. This will give me the opportunity to further understand some of the issues that were raised in the questionnaire responses. I am able to offer an incentive payment of £25 for those who partake in this session which would last for one and a half hours.

Many thanks in anticipation of your response and I would be very grateful if you could let me know if you are willing to partake in this group discussion by Monday 18th January.

Kind regards

Tim Heath

Professor S B Riffat BSc MSc DPhil DSc CEng MIMechE MCIBSE MInstE
Head of the School of the Built Environment, Director of the Institute of Building Technology
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Director of the Institute of Urban Planning

APPENDIX L:

Copy of focus group topic guide regarding attitudes to city centre living

Topic Guide for Focus Group (A):
to examine attitudes and perceptions of city centre living

Research Objective:
The key objectives of this focus group study are to discover and understand people's attitudes towards and perceptions of:

- city centre living; and

- city centre residential accommodation.

Time allowed: one hour and fifteen minutes (maximum 15 minutes overrun).

1. **Introduction** (5 minutes)
    - Welcome;
    - About the study (explain the project and background);
    - No 'right' or 'wrong' answers;
    - Tape recording;
    - Confidentiality.

    Any questions before we start?

2. **Background** (15 minutes including 5 minutes preparation period)
    (Participants issued with paper and pen)
    - Christian name; Age, Marital status; Type of Employment; Location of employment.

    - Location of current home; How long lived at current home; Tenure.
    - Reasons for moving to/choosing current home.

    - 3 best/worst things about living in the city centre.

Discussion statement:
"The city centre provides an ideal residential environment for all young or single people"

"If your experience is a little difference, then that is exactly what I want to hear."

"I need to hear as many different things from you as time allows. There aren't right or wrong answers in this area. I'm here to learn from your experiences."

3. **Attitudes towards living in the city centre** (25 minutes)

    What do you feel are the main attractions of city centre living?

    What do you feel are the main deterrents to city centre living?

    What factors would need to change for you to consider living in the city centre?

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4. **Dwelling attributes/lifestyle requirements** (15 minutes)

What are the key factors other than cost (£) that inform your choice of home?
- Location;
- Space requirements;
- Other.

What physical attributes, facilities or services do you look for in a home?

5. **Next home** (5 minutes)
- Where do you aspire to live? Ideally/realistically?
- If you were to move in the near future would you consider living in the city centre (which other locations)?
- What type of property would you like to move to?
- Would you consider living in an apartment?

6. **Concluding thoughts** (10 minutes)

'Story boards'
- 'favourable city'; and
- 'negative city'.

(THANK PARTICIPANTS AND HAND ROUND INCENTIVES)

APPENDIX M:

**Copy of focus group topic guide with residents
of city centre conversions**

Topic Guide for Focus Group (B):
residents of post-war office conversions

Research Objective:
The key objectives of this focus group study are to discover and understand residents' experiences of:

- living in the city centre; and
- city centre residential accommodation.

Time allowed: one hour and fifteen minutes (maximum 15 minutes overrun).

1. **Introduction** (5 minutes)
    - Welcome;
    - About the study (explain the project and background);
    - No 'right' or 'wrong' answers;
    - Tape recording;
    - Confidentiality.

Any questions before we start?

2. **Background** (15 minutes including 5 minutes preparation period)
    (Participants issued with paper and pen)
    - Christian name; Age, Marital status; Type of Employment; Location of employment.
    - How long lived at current home; Tenure.

    - Reasons for moving to/choosing current home.
    - 3 best/worst things about living in the city centre.

Discussion statement:
"The city centre provides an ideal residential environment for all young or single people"

"If your experience is a little difference, then that is exactly what I want to hear."

"I need to hear as many different things from you as time allows. There aren't right or wrong answers in this area. I'm here to learn from your experiences."

3. **Aspects of city centre living** (10 minutes)
    - What is the area you live in like?
    - What is the identity of the city centre?
    - Are there signs that it is changing?

3.1 **Convenience: Proximity to shops, amenities, employment, etc.?** (5 minutes)
    - Is proximity to shops a positive feature of the city centre? What type of shops? Do you need to go out of the city centre for your major household shopping?

    - Are leisure and entertainment facilities easily accessible? Restaurants? Cinemas? Theatres? Pubs? How often do you use these?

- Does living in the city enable ease of access to your employment? Is it an advantage to live close to your work? How do you travel to work?

- Is use of public transport convenient? Are you less reliant on a private car because you live in the centre?

- Do you think there are areas of quality open space close by in the centre? Do you or would you take advantage of these? Are they important to your choice of where to live?

3.2   General atmosphere of city centre? (5 minutes)
- What is the atmosphere of the city centre like? Does this change at different times of the day and at weekends? In what ways?

3.3   Social environment of city centre? (10 minutes)
- Is there a sense of community in the city centre?

- How would you describe other residents within your building? Within the city centre?

- What other land uses are prevalent in you area of the city centre? Do any of these create problems?

- Do you think the city centre is a safe place to live? Do you feel that the risks of crime any greater than outside of the city centre?

3.4   Physical environment of city centre? (5 minutes)
- How do you feel about the physical environment of the city centre?
- What is the traffic situation like in the city centre? How does this impact upon city centre living? What is the situation regarding car parking?

4.   Living in an Office Conversion (10 minutes)
- Why did you choose your current home?
- What are the qualities of the building?
- What are the qualities of the apartment?

5.   Next home (10 minutes)
- Where do you aspire to live? Ideally/realistically?
- If you were to move in the near future would you stay in the city centre or consider other locations?
- What type of property would you like to move to?
- Would you consider a converted apartment again?

6.   Concluding thoughts (5 minutes)
'Story boards'
- 'favourable city'; and
- 'negative city'.

(THANK PARTICIPANTS AND HAND ROUND INCENTIVES)