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Rt Hon Greg Clark, MP
Secretary of State for Communities and Local Government
Department for Communities and Local Government
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Dear Secretary of State

Permitted Development Rights – *enabling the conversion of offices to residential use*

The country is facing a housing crisis. The only way to properly address it is to increase the supply of new housing.

Government initiatives aimed at increasing the affordability of housing via financial support in fact increases demand, not supply.

The biggest obstacle to increasing the supply in new housing is the planning system which, during thirteen years of a Labour Government, has become increasingly bureaucratic, restrictive, protracted, unpredictable and expensive. If the current Government genuinely wishes to resolve the housing crisis it must cut the Gordian Knot which binds the planning system. This letter concentrates on one measure the Government could immediately introduce to make some serious headway, although the entire planning system needs to be taken to task.

We estimate that there is currently at least 24 million square feet of out of date and ill located office space in England. Most local authorities are mistakenly hanging on to this redundant office stock in the hope that it will result in increased employment. They have failed to recognise that working habits have changed, technology has moved on and these buildings will never provide the work space they once did.

Greater London and its surrounds, where the housing shortage is perhaps most acute, has 11 million square feet of vacant office space. But this is not a London centric problem. It is nationwide.

During the last Parliament the Government sensibly introduced Permitted Development Rights for the conversion of offices to residential use, albeit on a temporary basis and in England only. Two years after its implementation we estimate that PDR will lead to the creation of at least 45,000 residential units including 17,500 within Greater London. This compares to the Capital's average annual build rate of 20,000 homes.

We estimate the policy could lead to at least a further 30,000 homes being created during the current Parliament. But the legislation is due to expire next year and, given the time it takes to undertake development, time has run out. The legislation has, in effect, already ceased to apply.

It might seem that 30,000 new homes would not make a sufficient impact in the nation's need to build 250,000 new homes per annum but such a conclusion would be the wrong to one reach:

1. PDR would be a quick "win" in the effort to tackle the housing crisis. It is not a speculative policy, as evidenced by the speed at which the industry grasped the opportunity.
2. Offices which convert to residential use typically best convert into cost effective affordable flats – assisting the segment of society that most needs the new housing.
3. It would be a travesty to open up Greenfield development for housing without also ensuring that brownfield sites, such as offices, are recycled into housing.
4. PDR would sit well alongside the Government's efforts to release enough brownfield land from local authorities to enable the construction of 150,000 homes by 2020.
5. Irrespective of the requirement that local authorities presume in favour of development, they are typically obstructing the conversion of offices to residential use.

PDR should be seen as one important arrow in what I hope will be a quiver of measures introduced by your Government to tackle the planning system.

Detractors of PDR may voice some of the following criticisms:

1. "PDR does not impose a S106 affordable housing requirement and it therefore does not produce affordable homes." This is simply not true. Typically the subject office properties are located in less than prime areas and divide well into cost effective flats. These flats would typically be eligible for the Help to Buy scheme.
2. "Tenants in otherwise perfectly viable office buildings are at risk of being evicted in order to enable their conversion." Conversions are generally only viable where the building is already largely vacant. Procuring vacant possession within a reasonable time frame, as the development process requires, is not possible where buildings are largely occupied. Tenants' interests are protected by statute.
3. "PDR undermines local authorities' efforts to deliver their Economic Development Plans". EDPs are not addressing the surfeit of vacant office space and are frustrating the supply of new homes.

Correctly the Government has identified brownfield land as one means to solve the housing crisis and we hope that you will make good your commitment to do so.

I therefore ask you to extend the life of the PDR legislation beyond May 2016 when it is currently due to expire. At the very least the legislation should be extended to the end of this Parliament which would make it co-terminus with the Help to Buy scheme.

I would be keen to meet you if possible so that I may expand upon the points made in this letter.

I look forward to hearing from you.

Many thanks

Yours sincerely



Ben Habib
Chief Executive