CABINET

DATE OF MEETING: 3 SEPTEMBER 2015

TITLE OF REPORT: APPROACH FOR ENCOURAGING BROWNFIELD DEVELOPMENT IN ADVANCE OF THE ADOPTION OF A NEW HART DISTRICT LOCAL PLAN

Report of: Joint Chief Executives

Cabinet member: Councillor Stephen Parker, Planning

1. PURPOSE OF REPORT

1.1. To consider an approach for encouraging Brownfield Development in advance of the adoption of a new Hart District Local Plan.

2. OFFICER RECOMMENDATION to Council

2.1. Cabinet recommend to Council that:

A. The Portfolio Holder for Planning be delegated authority, in consultation with respective local Ward Councillors, to identify suitable “zones of residential opportunity areas” on sites or areas where B1 office uses are experiencing high levels of, or long term, vacancy rates. This includes land where planning permission has been granted for commercial development but where the market shows little appetite to bring such development forward.

B. Once identified as “zones of residential opportunity” planning applications for residential use/redevelopment should be seen as being compliance with Policy URB7 by virtue of the enhancement of residential availability.

C. The application of Policy RUR5 be suspended pending review through the emerging Hart Local Plan process because in its current form it is in conflict with the NPPF. For the purpose of the determination of any subsequent planning application by the Planning Committee any application determined not in accordance with Policy RUR5 should not be considered as being contrary to the development plan.

D. The Planning Application Checklist – local requirements be amended for office to residential conversion to reduce the administrative burden on applicants to submit supporting information to accompany any planning application and that the main material considerations in assessing the merits of such applications should concentrate on issues such as flooding, land contamination, and transport.

E. Where only conversion to residential use is proposed the Council should take a flexible approach to the issue of developer contributions. Within the SPA 5km zone of influence SANG mitigation and SAMM is however obligatory. Affordable housing should not be required where it has been demonstrated by independent assessment that it would make such conversions unviable.
F. Where redevelopment is proposed full planning application details will be required. Applicants will also need to demonstrate that adequate infrastructure (transport, leisure/open space, community, education) is in place to meet the needs of the development but that development viability remains a material consideration. SANG mitigation and SAMM will however remain obligatory within the SPA 5km zone of influence. Affordable housing should be required unless it has been demonstrated by independent assessment that it would make such developments unviable.

3. BACKGROUND

3.1. The Government’s July 2015 Productivity Plan, Fixing the Foundations: Creating a more prosperous nation, contained a number of proposed planning reforms including:

- intervention by the Secretary of State over the production of local plans where local authorities are judged to be too slow;
- a zonal system for brownfield land creating automatic permission for housing;
- a tighter planning performance regime designed to encourage faster planning application processing times; and
- new legislation to allow major infrastructure projects with “an element” of housing to be considered as part of the Planning Act 2008 development consent regime

3.2. There is no indication of exactly how the “zonal” system for brownfield land will work but the suggestion is that the granting of "automatic permission in principle" would be "subject to the approval of a limited number of technical details". In practice this is likely to take the approach of local authorities preparing a register of available brownfield land and then using Local Development Orders (LDO’s) to automatically grant planning permission for residential development. The concept was outlined in a Coalition Government Consolation in January 2015.

3.3. LDOs are made by local planning authorities and give a grant of planning permission to specific types of development within a defined area. They streamline the planning process by removing the need for developers to make a planning application to a local planning authority.

3.4. LDOs do not remove or supersede any local authority planning permission (or permission granted on appeal) or permitted development rights which are already in place. Equally, they do not prevent a planning application being submitted for development which is not specified in the Order.

3.5. LDOs only grant planning permission, and do not remove the need to comply with other relevant legislation and regulations.

3.6. The Conservation of Habitats and Species Regulations 2010 however, means that an LDO cannot grant planning permission for development which is likely to have a significant effect on a European Site or European Offshore Marine Site (either alone or in combination with other plans and projects), and is not directly connected with or necessary to the management of the site). This therefore, makes both the
Brownfield Land Register approach using LDOs and any other “automatic planning permission approval” approach only of academic interest to much of the area covered by Hart District. This is because the use of LDOs and any other potential form of “automatic grant of planning permission” is effectively precluded within the Special Protection Area 5km zone of influence\(^1\). The land beyond the SPA zone of influence lies in the south west of the District in an area which is essentially rural in character with little meaningful brownfield land development potential.

3.7. Nevertheless, there are clearly opportunities to maximise the development of brownfield land across the whole district. The approach to be developed in the emerging Local Plan was highlighted in a paper considered by Local Plan Steering Group in May 2015 (attached as Appendix 1). It is however, important to recognise that following a “brownfield land first” approach should not be confused with the term “sustainability” and neither does it link growth with the availability of infrastructure. Effective use of available land (irrespective of whether it is brown or green field) should always be a planning objective but simply because land may previously have been developed does not mean that it must inevitably be redeveloped at an arbitrary high density. Development decisions should be given by reference to context, location, and access to services/infrastructure. It should seek to deliver a sense of place in a pleasing environment appropriate to its context rather than a numerical calculation based upon numbers alone.

4. CONSIDERATIONS

4.1. The Council has actively and positively embraced the Government’s temporary measures introduced in May 2013 to allow the conversion of offices to residential. Over 360 units now have approval but few have been delivered on the ground. Partly, this is due to uncertainty created by the Government itself in terms of the ending of the temporary measures in May 2016. The legislation requires the residential use to be begun on or prior to 30 May 2016 but the Government’s National Planning Practice Guidance considers that the development must be ‘completed’ prior to that date. In effect therefore, for the majority of the approvals issued there is no time for them to be implemented and completed in time.

4.2. In summary, the office to residential ‘permitted development rights’ was introduced to deliver housing and the initial uptake has exceeded expectations (although delivery rates remain to be seen). As a tool for housing delivery it has potential, but it has hit a road block and the current level of uncertainty is increasingly likely to stall development.

5. THE WAY FORWARD

5.1. Pending the adoption of the new Local Plan the Council should seek to continue to positively encourage development on suitable brownfield land sites and the conversion/redevelopment of offices to residential in particular.

Planning Policy Approach

\(^1\) An LDO would have to make its own standalone SANG mitigation solution which could not be delivered off site through the use of planning conditions and may not in any event satisfy the Habitats Regulations. The CIL regulations effectively would rule of the use of S106 Planning Obligations and a S106 could not in any event be required under a LDO.
5.2. 'Brownfield' (previously developed) land is defined in Annex 2 of the National Planning Policy Framework (NPPF) as:

“Land which is or was occupied by a permanent structure, including the curtilage of the developed land (although it should not be assumed that the whole of the curtilage should be developed) and any associated fixed surface infrastructure. This excludes:

- land that is or has been occupied by agricultural or forestry buildings;
- land that has been developed for minerals extraction or waste disposal by landfill purposes where provision for restoration has been made through development control procedures;
- land in built-up areas such as private residential gardens, parks, recreation grounds and allotments; and
- land that was previously-developed, but where the remains of the permanent structure have blended into the landscape in the process of time.”

5.3. This is a very broad definition and (apart from the exclusions) covers all land in Hart where there are or have been buildings or other development. Much of this land is already in productive use and would not be suitable for new housing but there are nevertheless clearly many residential development opportunities. However, planning policy impediments to their release are the following current Hart District Local Plan Policies:

**URB 7**

DEVTEMPMENT WHICH WOULD RESULT IN THE LOSS OF AN EXISTING EMPLOYMENT SITE LAWFULLY USED (OR ENJOYING LAWFUL USE RIGHTS) FOR B1 (BUSINESS) OR B2 (INDUSTRY) WILL ONLY BE PERMITTED IF THE PRESENT USE HARMS THE CHARACTER OR AMENITIES OF ITS SURROUNDINGS, THE SITE IS NOT CAPABLE OF CONTINUING SATISFACTORILY IN AN EMPLOYMENT USE OR THERE WOULD BE SUBSTANTIAL BENEFITS TO THE LOCALITY”.

**RUR 5**

PROPOSALS FOR THE REUSE OF RURAL BUILDINGS FOR RESIDENTIAL PURPOSES WILL NOT BE PERMITTED UNLESS THE LOCAL PLANNING AUTHORITY IS SATISFIED THAT A PROPOSAL FOR RESIDENTIAL USE WOULD BE LESS HARMFUL THAN A COMMERCIAL USE TO THE CHARACTER OF THE BUILDING OR THE SURROUNDING COUNTRYSIDE AND:

a) The applicant has made every attempt to secure suitable business re-use, and the application is supported by a statement of the efforts which have been made; or

b) Residential conversion is part of a scheme for business re-use within that particular complex of buildings.”

5.4. The full effectiveness of these two policies has also to some extent been limited by the Government’s temporary permitted development rights change from office to residential and also by the Government’s permanent permitted development rights
approach to allow the conversion of agricultural buildings to other uses\(^2\). Policy RUR5 in particular has no continuing value – its application should be suspended immediately and each planning application determined hereafter on its own particular merits.

5.5. **Policy URB7 has still some effect.** Strategic employment sites need to be maintained and it would be unwise to unilaterally reallocate them at this time. The new Local Plan should address this. However, where it is doubtful that there is a need to protect an employment site, the Council should make it clear now that it will positively consider residential opportunities particularly where those sites comprise vacant or underused offices such as parts of Ancells Farm, Bartley Wood, and Guillemont Park for example. This should be extended to include land that has planning permission for industrial/commercial use, but where the market shows little appetite to bring forward such uses – such as Hartland Park for example. The Council should identify “zoned” areas where residential development opportunities would in principle be acceptable. This would then give a clear message to land owners and developers that there is a degree of certainty in pursuing a residential development opportunity on such sites. This can be achieved by the Cabinet Member for Planning, working in consultation with local Ward Councillors, to identify brownfield “zones of residential opportunities”. The benefits of such an approach would be in accordance with Policy URB7 by virtue of the enhancement of residential availability.

### Planning Application Approach

5.6. **Where planning permission is required for the conversion of office buildings to residential the Council cannot circumvent the proper planning application procedure.** However, it can encourage the submission of planning applications by reviewing the nature of information that is required to be submitted with a planning application (the Planning Application Checklist – local requirements)\(^3\). By slimming down the level of detail required (and by concentrating on issues such as flooding, land contamination, and transport) the Council could make it easier for applicants to prepare and submit appropriate planning applications.

5.7. Where only conversion to residential use is proposed the Council should continue to take a flexible approach to the issue of developer contributions as the reuse of empty or underused commercial premises is both a sustainable and desirable form of development if it results in less pressure for greenfield development. Within the SPA 5km zone of influence SANG mitigation and SAMM is however obligatory. Affordable housing should not be required where it is demonstrated through independent verification that it would otherwise make such conversions unviable.

5.8. Where redevelopment is proposed full planning application details are still required (and not slimmed down). Applicants will also still need to demonstrate that adequate infrastructure (transport, leisure/open space, community, education) is in place to

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\(^2\) Subject to a number of conditions and restrictions, agricultural buildings and land in their curtilage may convert to a “flexible use”. Flexible use means any use falling within Class A1 (shops), Class A2 (financial and professional services), Class A3 (restaurants and cafes), Class B1 (business), Class B8 (storage or distribution), Class C1 (hotels) or Class D2 (assembly and leisure) of the Schedule to the Town and Country Planning (Use Classes) Order 1987.

\(^3\) This would not apply to sites involving listed buildings, curtilage listed buildings, or development within a conservation area.
meet the needs of the development but again, development viability remains a material consideration. Affordable housing provision should also be sought unless it is shown to make the development unviable. SANG mitigation and SAMM however, will remain obligatory within the SPA 5km zone of influence.

6. **FINANCIAL IMPLICATIONS**

6.1. Other than Officer time there are no real resource implications for the Council.

7. **ACTION**

7.1. The Council needs to maintain a positive approach so that it encourages brownfield land development. It must make sure that effective use is made of land and that good quality development is delivered in a pleasing environment that is well related to access to services and infrastructure. The viability of development is a key consideration.

7.2. Creating zones of “areas of residential opportunity” would be a very positive move which will send a clear message to landowners and developers that the principle of residential use is a realistic option. It is exactly the sort of message that is being advocated by the Government.

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**Appendices**

Appendix 1 - Identifying Brownfield Land Suitable for New Housing
IDENTIFYING BROWNFIELD LAND SUITABLE FOR NEW HOUSING

It is important that brownfield land is used where it is suitable for housing, and can be viably developed. In these circumstances, where the Council can show a 5 year land supply it can, pending the adoption of the Local Plan, follow a "brownfield first" approach.

1. **The Underlying problem**

1.1 The headline "brownfield first" approach masks however, some quite fundamental underlying problems. The approach is advocated as if there was a ‘stock’ of brownfield land waiting to be brought forward. There is no such stock. It is a flow where new sites are coming on stream all the time and some brownfield sites will not come on stream for many years, if at all. It is therefore not a constant or reliable flow. The 5 year supply however iss framed as a constant flow, and it is the consistent flow of brownfield sites that matter if one is to reply upon it to meet housing targets.

1.2 Secondly, there is no direct link between the availability of “brownfield land” and the delivery/funding of infrastructure.

2 **The Hart Position**

2.1 The supply of brownfield land within Hart has never in itself been a particular issue. What is at issue is the quantum of availability to meet housing needs – in that respect the deliverable supply is simply not there.

2.2 The reason why land does not constantly come forward in volume is because the issue is far more complex that many believe. For example, the NPPF has established a policy environment, particularly in relation to how and when such land should be used. Beyond merely encouraging the effective re-use of previously developed land, national policy no longer holds any quantifiable requirements to meet development targets on brownfield land and instead promotes a wider agenda of growth to meet identified housing needs in the most sustainable locations. The overriding emphasis is now on meeting housing needs in circumstances where the 5 year supply is paramount.

2.3 Furthermore, simply because a site has previously been developed does not make it any more sustainable in meeting housing needs than an appropriately sites and infrastructure supported greenfield development. The reflects the Government position when it dropped reuse of brownfield land from its published Sustainable Development Indicators because it believed it is "not a suitable proxy for sustainable development", drives up land prices, increases residential densities and sparks development on isolated sites. (Consultation on new Sustainable Development Indicators, Government response June 2013). The response paper also said targets on minimum residential development and prioritisation of brownfield land can drive up land prices and lead to unpopular high-density development, though it offered no evidence to back either claim.
3 Defining brownfield land suitable for new housing

3.1 'Brownfield' (previously developed) land is defined in Annex 2 of the National Planning Policy Framework (NPPF) as:

Land which is or was occupied by a permanent structure, including the curtilage of the developed land (although it should not be assumed that the whole of the curtilage should be developed) and any associated fixed surface infrastructure. This excludes:

- land that is or has been occupied by agricultural or forestry buildings;
- land that has been developed for minerals extraction or waste disposal by landfill purposes where provision for restoration has been made through development control procedures;
- land in built-up areas such as private residential gardens, parks, recreation grounds and allotments; and
- land that was previously-developed, but where the remains of the permanent structure have blended into the landscape in the process of time.

3.2 This is a very broad definition and (apart from the exclusions) covers all land in Hart where there are or have been buildings or other development. Much of this land is already in productive use and would not be suitable for new housing.

3.3 To address the potential contribution of brownfield land to meeting Local Plan housing targets the Council should identify land which follows the definition in the NPPF and also meets the following criteria:

Deliverable

- The site must be available for development now or in the near future. This will be a site not in current use, or a site in use (though not for housing) or under-utilised where we have evidence that the owner would be willing to make the land or buildings available for new housing, provided planning permission can be obtained.

Free of constraint

- Land that is subject to severe physical, environmental or policy constraints should not be identified as suitable for housing unless the constraints can realistically be mitigated while retaining the viability of redevelopment. Contaminated land should also be excluded if the cost of remediation would be out of proportion to its potential value, making re-development unviable.

Capable of development

- The site must be in a condition and location that would make it a genuine option for developers: that is, it must be clear to everyone that there would be interest from developers in purchasing the site and building housing there in the near future.

Capable of supporting five or more dwellings

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4 Building more homes on brownfield land - consultation proposals – DCLG 2015
• This criterion is intended to provide a proportionate threshold and is in line with the Government’s advice in Planning Practice Guidance to local planning authorities when conducting their Strategic Housing Land Availability Assessments. However the Council should as a policy objective still aim to get permissions in place on smaller sites whenever possible because of their valuable contribution to meeting overall housing supply.

3.4 Secondly, it is important to put everything into context. It is not an abstract standalone debate. No debate about land potential can take place without a corresponding debate about the availability of suitable infrastructure to meet the needs arising from development of that land. That goes to the heart of sustainability, viability, and deliverability. A policy approach that ignores the practical realities of development is in itself unsound. If suitable infrastructure is already in existence then new development may be acceptable but if there is or will be an infrastructure deficit that cannot be made up to meet the needs arising from development then any policy approach is academic. The overriding point being that a "brownfield first" approach is not in itself a panacea for meeting all housing needs.

4 The Obstacles

4.1 Much brownfield land suitable for new housing will be easily identifiable and clearly fall within the suggested definition. Most of this land is located within the urban area. However, the question remains, if this land is available and is suitable for housing and why has it not been developed?

The Planning Position

4.2 There are a number of vacant business premises within the District and in particular at Ancells Farm, Fleet and Bartley Wood, Hook. In planning terms there are no reason why these sorts of sites should not come forward for residential development (albeit that loss of employment land is an issue for current Hart Local Plan policy). Indeed, planning permission is not currently required to convert these empty premises into residential use (the Government has introduced temporary permitted development rights to convert from office to residential but these rights expire in April 2016 by which time all such developments must be complete) and most are exempt from affordable housing and other infrastructure requirements to assist in terms of viability.

4.3 The vacant building credit (VBC) (Revised planning practice guidance issued in November 2014 also says where a vacant building is brought back into any lawful use or demolished for replacement, the developer should be offered a financial credit equivalent to the existing gross floorspace of "relevant" vacant buildings in the local authority’s calculation of any affordable housing contribution to be sought. The revised guidance also specifically requires the VBC to be applied in calculating total affordable housing in adopted local plans. Interpreted strictly, the new guidance would only require affordable housing obligations to apply to any increase in floorspace).

4.4 There are however, other sites that lie within the countryside such as Bramshill House or Minley Manor where the constraints imposed by sustainability criteria and more importantly strict heritage and environmental limitations mean that large scale housing development may not necessarily be acceptable.
4.5 In principle therefore, it is not the planning system nor the Council that is preventing their redevelopment, conversion or reuse. It is solely a developer/market issue.

**Funding Institution Implications**

4.6 Local commercial agent advice is that it is often the funding institutes that are the impediments to redevelopment/reuse. This is because for accountancy purposes premises often have an investment “book” value. To change that status is often seen by an unwilling investment company as an unnecessary risk which could destabilise other financial interests. Some owners also often see their commercial premises as sources of revenue and do not wish to seek a capital return. Conversations with local commercial agents have confirmed that this is often the case even through many owners are in no doubt about a potential for residential use option.

**Understanding the construction sector**

4.7 The construction sector is overly reliant on profit driven, large-scale house builders looking to maximise value from each new home sold and to capitalise on cost efficiencies to boost profitability. The inevitable result is that the land which is the cheapest to purchase and the most efficient to develop will be targeted. This is often contentious green space at the edge of urban areas, the development of which is unpopular amongst local communities.

4.8 However, viability is another key obstacle that prevents brownfield development. To carry out construction, developers require profit levels of between 15-25% while they also need to factor into appraisals a realistic price that will incentivise landowners to part with land. Due to the high expense of the development process and landowners often unrealistic perceptions about how much a developer can pay to secure their land, brownfield sites are often perceived as unviable.

**Physical issues increase development costs**

4.9 Brownfield land often has significant physical issues that increase site preparation costs. While contamination is often cited as a key issue, developers can also face abnormal costs such as the removal of underground obstacles, the demolition of existing buildings and the irregular shape of many plots of land also hinders development. These abnormal costs can severely impact upon the viability of development schemes.

**Physical unsuitability buildings for conversions**

4.10 One of the biggest impediments in Hart to the take up of office conversion is the suitability of the buildings themselves. Many are simply not designed to be converted or are in the wrong place to meet the needs of the market.

4.11 Business Parks have little infrastructure to meet the needs of residents. Steele frame construction rules out many types of mortgage, building depths are too great to allow sensible conversions, flats on business parks don’t necessarily generate sufficient value to make conversions viable, and family housing is generally ruled out given such a surrounding context.

4.12 Overall such developments are unlikely to generate sufficient value to fund additional infrastructure without the development becoming unviable but moreover, the
Council could not demonstrate that it was providing sufficient housing of the right type, in the right place, and at the right time to meet housing needs as reflected in the SHMA. There is also the whole question of how one delivers affordable housing to meet those most in need of housing albeit that some housing associations do look at office to residential conversions but few pursue them?

5 What is the Council doing to maximise the contribution that brownfield land can make to meeting Local Plan housing targets

Being Realistic
5.1 The Council is being realistic. The Local Plan must be sound and based upon realistic evidence – it cannot work on the basis of inflated expectations on what is actually deliverable. The criteria set out earlier in this paper should be used to justify and potential expectation of delivery through the Local Plan.

Working with Commercial Agents
5.2 Active engagement has occurred with local commercial agents to encourage them to inform their clients that residential conversion or redevelopment is a realistic option. This action has undoubtedly increased interest in the potential availability of residential conversion. In this regard it is the Council can reasonably increase potential Local Plan delivery from brownfield sites to over 1,800 dwellings which at this stage can be readily quantified.

Working to Establish Viability
5.3 The current permitted development rights to convert offices to residential expire in April 2016 by which time all works must be substantially complete. Thereafter, unless extended by the Government, there will be no permitted development right regime. Planning permission will therefore be required. This then triggers the potential requirement for S106 developer contributions. There is absolutely no doubt that if the Council were to purse the S106 developer contribution route in the way that it has done in the past then most future conversion opportunities will become unviable or unattractive. This is reflected in the work (attached as Appendix 1) prepared for the Council by Stonegate Homes. If the Council is truly seeking to maximise its delivery of office conversions to residential it will (with the exception of SANG) have to compromise on the issue of S106 contributions to ensure that such redevelopment sites remain viable. Viability should therefore, be assessed on a case by case basis but with the Council recognising that if there is any question over viability, the principle should be that the developer gets the benefit of the doubt. Any other position would discourage developers investing time in exploring such opportunities and the current potential supply would quickly dry up.

5 Stonegate Homes have bought and developed office to residential schemes throughout Surrey, Sussex and Hampshire and therefore have in depth knowledge of the development potential of such schemes.
Viability of office to residential conversions to meet Hart DC Housing supply

Donncha Murphy
Stonegate Homes Ltd
5/21/2015
Brief

Stonegate Homes has been asked to assess the viability of meeting the Councils housing need through the conversion of disused office space into residential via the Prior Approval process (please see appendix 1 for a summary what the prior approval process entails).

Founded on a wealth of planning experience, Stonegate Homes are a diverse property investment and development company based in Surrey. We have bought and developed office to residential schemes throughout Surrey, Sussex and Hampshire and therefore we have in depth knowledge of the development potential of such schemes.

In preparing this document we have discussed the viability of the schemes with local commercial and residential agents based in Fleet who have an in depth knowledge of the current office to residential market.

We have also discussed the market demand for such conversions with auctioneers Allsops who have been involved in the sale of such properties for the past 24 months.

Introduction

Hart District has a population of approximately 92,200 people and is a predominately rural district within North Hampshire although around half the population live within the two largest towns - Fleet (population circa 32,000) and Yateley (population circa 21,000).

In 2014 Hart District was named as the most desirable place to live in the UK for the 4th year in a row. Hart, which is centred on the town of Fleet, boasts vast open spaces of heathland and woodland, as well as the county’s largest freshwater lake which all serve to make the area an attractive location in which to live in. However, Hart residents pay a premium to live here as the average house price is nearly seven-and-a-half times the typical local annual income. Therefore additional housing is required to meet the local need and quickly.
According to the Objectively Assessed Housing Need (OAHN) Hart needs to provide approximately 370 houses per annum up to the period to 2023. This equates to approximately 3000 dwellings in this period.

In this document we will outline the future housing requirements for the district and the potential solutions for solving the area's housing issues.

**Demographics**

According to the recent Strategic Housing Market Assessment produced for the District, the strongest growth in population over the last decade has been amongst the older age groups. The older population (those aged 65+) make up around 15% of the population as a whole. There has also been a significant increase in the number of people in advanced old age (85+) in the housing market area, compared to the growth in the proportion of people in this age group in the South East and England.

The area has also experienced a decline in the younger working age groups (aged 25-29 and 30-44). This is in stark contrast to the growth in the younger group in the South East and England as a whole.

This indicates there is significant potential for demographic change in the next 30 years with a severe unbalance in favour of the over 65's. This could have serious consequences for the area unless this issue is addressed. A balance across all age groups needs to be achieved in order to create a viable community.

From this evidence it would appear that the high house prices and lack of suitable accommodation for first time buyers is forcing young local people to look elsewhere for suitable accommodation.
At present, the majority of homes in the market area have three or more bedrooms with the proportion of smaller (one and two bedroom) properties in Hart currently at 26%. In Hart, over the last 10 years, 76% of new dwellings have been houses.

In the market sector in Hart, the largest proportion of completions has been three bedroom houses, followed by 4 bedroom houses and then equal proportions of two and five bed homes. In the affordable sector, the largest proportion of completions have been two bedroom flats, followed by one bedroom flats and two bedroom houses.

**Housing need**

The Strategic Housing Market Assessment for the Districts of Hart, Rushmoor and Surrey Heath which was published in December 2014 has outlined the housing requirements for the District and the challenges facing Hart in the coming years.

The assessment outlined that approximately 370 units will be required per annum to meet the Districts housing needs up to 2023 with 35% to 40% of these units being affordable. This equates to approximately 3000 dwellings being required in this period.

**Mix of Housing Required**

The Strategic Housing Market Assessment for the District estimates of the size of market homes required from now to 2031 based on demographic trends indicate that the majority requirement is for two and three bedroom homes.

In terms of the sizes of affordable housing implied by demographic trends, around three-quarters of the requirement is for homes with one or two bedrooms with around a quarter of the requirement being for larger homes with three or more bedrooms.

It is also noted that the strongest growth in population over the last decade has been amongst the older age groups. Therefore some additional retirement properties in sustainable locations are likely to be required.

The area has experienced a decline in the younger working age groups (aged 25-29 and 30-44). This is in contrast to the growth in the younger group in the South East and England as a whole. Therefore more suitable units for first time buyers are needed to encourage young people to stay in the area and indeed encourage younger people to move to the area.

**Are office to residential conversions the solution?**

As you travel throughout the district it is evident from the number of advertisement boards present that there is an obvious surplus of office space within the district. Contrary to claims made by certain commentators, Prior Approval has not resulted in the loss of viable office buildings. Had they been viable as offices they would not be open to conversion. There is no doubt that the UK’s working habits have changed irreversibly over the years and a great many of the offices developed in the 1970-90’s are no longer fit for purpose.
Benefits of the office to residential conversions

The key to solving the housing shortage and reducing the speed with which house prices rise is to increase the supply of new homes. The traditional planning route has become extremely restrictive and needs a massive overhaul. Since its introduction two years ago Prior Approval has enabled the creation of an estimated 15-20,000 residential units. This would have been unachievable in the same period via the traditional planning route.

- Disused office blocks can easily be converted to apartments with good design

The introduction of Prior Approval for the conversion of offices to residential was a very significant step in the right direction towards addressing the UK’s housing shortage. The benefits of the process include:

- 56 day deadlines for determination of applications means that there none of the delays associated with the traditional planning route;
- developing brownfield sites and preventing unnecessary encroachment of development into green fields;
- reducing the surplus of vacant obsolete office space developed over the last thirty years;
- the infrastructure is already in place to serve the offices, thus making the transition to residential relatively easy;
• offices are generally located within sustainable locations with good public transport links, thus readily suitable for residential use;
• Many of these office buildings are physically ideal for conversion to residential use with much stronger foundations and supporting structures than would normally be required;
• Attractive to developers as there are no affordable housing or infrastructure contributions associated with the conversions.

The conversions also act as a valuable tool for economic growth and potentially the development of more modern office space suitable for today’s working standards. The conversions are a sensible use of suitable buildings which make most use of unwanted office space by providing much needed housing in sustainable locations.

How the office to residential conversions relate to the Hart districts housing needs

From assessing the evidence contained with the Council’s Strategic Housing Market Assessment it is considered that new housing in the district needs to focus on three distinct groups. The office conversions would work favourably to addressing the housing shortage in all of these areas:

**First time buyers**

In the past 10 years Hart has experienced a decline in the younger working age groups (aged 25-29 and 30-44). This needs to be addressed. These office buildings are typically best converted into one and two bedroom flats, providing ideal homes for first time buyers, the same constituency at which the Governments new “Help to Buy” scheme is aimed.

**Retirement properties**

Hart experienced a significant increase in population over the last decade amongst the older age groups. The older population (those aged 65+) make up around 15% of the population as a whole, which exceeds the national standards.

The one and two bedroom conversions are perfectly suited to accommodate retirement properties for the high numbers of the elderly population in the area.
It is incorrect to suggest that Prior Approval prohibits the creation of affordable homes as many housing associations are buying up such buildings for affordable homes.

As a company we have received significant interest from local housing associations in such schemes throughout Hampshire, Sussex and Surrey.

From the Strategic Housing Market Assessment figures it is considered that 1,200 new affordable units will to be provided up to 2023 with 900 of these needing to be in the form of 1/2 bed units.

The office conversions are perfectly suited to meet these requirements.
Can the offices to residential conversions meet the districts housing targets?

In the immediate future, the answer is yes. To illustrate the potential of the conversions we have provided two case studies at appendices 2 and 3.

The current development potential at Ancell’s Business Park (appendix 2) illustrates that the area has the potential for providing up to 370 units. This number can be achieved from developing only 7 of the 23 office sites within the business park. 300 units can be provided simply through conversions with an additional 70 units through extensions. This small area alone has the potential to meet the entire districts housing needs for 1 year.

There are other office blocks in the area which are under used and according to the local commercial agents more sites will become available in the future thus unlocking further development potential.

The second case study at Greenwell, Bartley Way Business Park, Hook (Appendix 3) illustrates the significant potential of just one office site which has the potential to provide up to 200 residential units through conversion and new build and also provide additional retail/commercial floor space.

Furthermore, in Fleet alone, at the time of writing, there are an additional 25 vacant offices with a floor area of approximately 12,900 sqm. These offices have the potential to convert to approximately 220 x 2 bedroom apartments.

Further research needs to carried out ascertain the full potential for the office to residential conversion throughout the District, but in Fleet alone, there is currently provision for up to 600 units to be provided through the prior approval process.

- Derelict site in Fleet with significant development potential

In isolation it is unlikely that the office conversions would be able to meet the housing needs for the long term. However, there are also several other brownfield sites in the area which are capable of contributing significantly to the districts housing needs. The photo above shows a prime site within Fleet town which could make a significant contribution if developed correctly. This is one of a number of similar sites located throughout the district.

The Government has also introduced new permitted development rights for the conversion of warehouses to residential. Therefore the office conversions, in conjunction with the abundant
brownfield sites located throughout the district, and the potential warehouse conversions, are a realistic option for addressing the Councils housing needs.

**Main issues with the office to residential conversions**

The main issue with the viability of the office to residential conversions relates to the impending 30th May 2016 deadline by which time these conversions need to be completed. However, it is anticipated that the Government will make an announcement shortly on whether or not this will be extended until 2019.

Local Authorities have taken a different view on whether or not the conversions need to be fully completed or substantially completed by the May 2016 deadline. Indeed Tunbridge Wells Borough Council have taken the approach that the conversion only needs to have commenced by the May 2016 deadline. Hart DC will have to take a view on this as this is the main threat to the viability of the office conversions addressing the Districts housing needs.

Residential auctioneers Allsop’s have stated that whilst the market for the office blocks was very attractive initially as the conversions do not require affordable housing or infrastructure contributions, developers are now becoming more nervous as the completion date for such schemes is now only 12 months away – 30th May 2016. Realistically, many of the schemes recently permitted will struggle to complete by this deadline.

If the May 2016 deadline is not extended, the demand for such sites would fall considerably as full planning applications after this date would require affordable thresholds of up to 40% for any development over 15 units. The affordable provision, in conjunction with the large mitigation payments required for the Special Protection Area, would make the process economically unviable.

If the deadline is not extended, Councils such as Hart will be danger of being left with large unusable office blocks which will fall into disrepair. Other options for residential development will need to be looked at in this instance, such as building in the countryside.

The other constraints to the viability of the office conversions are the significant contributions required in relation to the SANGS payments in order to mitigate the potential impact on the nearby Thames Basin Heath Special Protection Area. This may be a deterrent to some potential developers as the costs can be significant. However, it appears that developers are happy to pay these costs at present but only as there are no additional costs in terms of affordable housing or infrastructure.

The high parking requirements of the Council also restrict the numbers of additional units which can be built within the office sites. Whilst not a major deterrent for developers, it does restrict the final number of units achievable on any site.

Having regard to the above, provided that the May 2016 deadline is extended, it is considered that the office to residential conversions are capable of making a significant contribution to the housing requirements of the district for the next few years, but it is acknowledged that additional brownfield land will be needed to supplement the housing requirements in order to meet the demand housing up to 2031.
The alternative?

The alternative is to develop on green field sites and encroach into the countryside.

We are aware of the ongoing discussions regarding a New Settlement in Winchfield. The introduction of 5,000 new homes would deplete a large area of unspoilt countryside in the area and destroy one of the key factors which make Hart such a sought after location to live in.

The negatives for developing in the countryside include:

- Once land has been converted to development, it is unlikely to ever be converted back to Greenfield use;
- Destruction of the natural habitat of some animal and plant species;
- Loss of agricultural land results in loss of production and loss of employment;
- Reduction of or complete loss of amenity or recreation value.

Using Greenfield sites is not sustainable—there is too much pressure on the rural-urban fringe and the use of Brownfield sites has to be a better option as the infrastructure already exists in urban areas—in Greenfield sites new drainage, electricity, roads etc. would all have to be produced. It seems ludicrous to encroach into the unspoilt countryside when there is a viable alternative option available.

Therefore the upcoming decision of the Government on whether or not to extend the Prior Approval deadline beyond May 2016 will have massive implications for the residents of Hart and the surrounding area.
Conclusion

The conversions of office to residential is an ideal way of addressing the districts housing needs by replacing obsolete office blocks with modern apartments and preventing unnecessary encroachment of development into green fields. The process is quick and there none of the delays associated with the traditional planning route.

The infrastructure is already in place to serve the offices and the sites are generally located within sustainable locations with good public transport links, thus making the transition to residential relatively easy.

From a construction point of view, many of these office buildings are physically ideal for conversion to residential use with much stronger foundations and supporting structures than would normally be required.

From a housing need perspective, the proposed conversions are ideally suited to meeting the requirements of first time buyers or providing affordable housing units. Alternatively the buildings are easily converted into retirement flats for the aging population of the District.

In preparing this document we have discussed the viability of the schemes with local commercial and residential agents who have in depth knowledge of the current office market to residential market. It is clear that there is a demand for these units particularly from younger couples, housing associations and indeed retirement home operators.

The alternative option of delivering housing requires developing a new village in the countryside. This will take time and therefore it will do little to address the immediate housing needs of the district. Moreover it will also result in loss of valuable habitats and countryside which can never be reversed. Meanwhile the office block and derelict brownfield sites will remain.

Having regard to the above, it is considered that the redundant office space in the district is capable of making a significant and viable contribution to Harts housing needs going forward. This will need to be supported by the reuse and redevelopment of brownfield sites but the information contained within this document outlines that the Districts housing needs can be met without encroachment into the countryside.

It is considered that the only negative at present to the Prior Approval process and its viability of providing housing to meet the needs of the district is the uncertainty over whether or not the May 2016 deadline will be extended. Therefore the Government has a very important decision to make.
PRIOR NOTIFICATION PROCESS

The Town and Country General Permitted Development Order is effectively a national granting of planning permission which operates by giving deemed permission for certain developments, without the operator having to make a full application to the Local Planning Authority for planning permission.

Schedule 2 of the GPDO grants permission for classes of development described as 'permitted development'.

On the 30th May 2013 the GPDO was amended and part 3 of the schedule now includes Class J, which relates to the Change of Use to a use falling within Class C from a use falling within Class B1(a).

Development permitted by the above Class is conditional on the applicant making a Prior Approval application to the Local Authority. In determining the application, the Local Planning Authority can only consider the highway, flooding and contamination issues in respect of the Change of Use.

The Principle of development cannot be considered as the development is permitted by the GPDO.

The Local Planning Authority has 56 days from the date of receipt to advise the applicant as to whether Prior Approval is required, or whether the application for prior approval has been granted or refused.

The Local Authority must publicise the application or consult interested parties giving 21 days for comments.

If the change of use is likely to result in a material increase or a material change in the character of traffic locally the Council will consult the highway authority for a view.

Similarly, where the prior approval application relates to areas at risk of flood or at risk of contamination the Environment Agency and/ or the Environmental Health Department will be consulted.

If Prior Approval is not required the applicant can proceed once it receives written notice to this effect, or once the 56 day period has expired. If prior approval is required, the Local Planning Authority has the ability to either approve or refuse the proposed change of use on the basis of highway, flooding or contamination only.
APPENDIX 2 - Case study 1: Ancells Business Park, Fleet.

Ancells Business Park is located approximately 3 km from Fleet town centre. The site is located just over 1km from Fleet Railway Station. Fleet Railway station provides a direct train service into London Waterloo, and this service provides a peak weekday average frequency of every 15 minutes and takes 45 - 50 minutes. In the other direction, Fleet station provides a direct train service to Basingstoke, with a peak weekday average frequency of every 20 minutes and takes 12 – 20 minutes.

The business park comprises 23 individual office blocks. At present 4 of these office blocks are empty but many of the offices are only partially occupied and are for sale or to let.

At present permission has been granted for the conversion of Ancells House and Oakhouse under the prior approval procedure which will provide a total of 59 apartments. There is also a live application for the conversion of Pioneer House into an additional 33 apartments.

As per the above map there is a potential for an additional 210 units within the remaining units which are currently for sale.

The figures provided relate to the conversion of the buildings only. Each of these properties benefits from large car parking areas within which additional units could be provided. It is estimated that an additional 70 units could be provided through extensions or new build.
APPENDIX 3 – Case study 2: Greenwell, Bartley Way Business Park

Greenwell is prominently located in the centre of Bartley Wood Business Park offering up to 5,902 sqm of office space. There are a total 323 car spaces available within the 4 acre landscaped grounds. Since the building was built there has been a significant decrease in demand for office space in the area and indeed countrywide.

Bartley Wood Business Park is only a half mile from junction 5 of the M3. It’s within walking distance of Hook station and the town centre retail and leisure facilities. London is within easy reach with a journey time of under 1 hour. Thus the site is considered to be suitably located for residential use.

There is a current application submitted to convert the existing building into 113 apartments. There is also significant potential for many more units. The option above illustrates two new blocks each with 2 bed units - up to 73 units are illustrated. In addition, there is the retail area. We feel that there is great potential for a local retail centre here to serve the new residential units and indeed the employees of the surrounding businesses. The introduction
of a suitable retail element on site would help add vitality and character to the area whilst creating a more sustainable form of development where car journeys are greatly reduced.