Title	**Can unused office space solve the housing crisis?**
Strap line	If done well, conversion of vacant commercial space to residential units will yield supply and sustainability benefits. But simple deregulation of planning and development controls is a blunt tool and could bring swathes of substandard homes to market.
Author, Date	**Dr Ben Clifford**, Associate Professor – Bartlett School of Planning, UCL 3 June 2021
Category	**Urbanisation**
Main Copy	There has long been interest in what is termed adaptive reuse of office buildings. Changes in technology and local socio-economic conditions guide commercial real estate trends and influence location, space and use class requirements. In many British cities, for example, grand nineteenth century houses were converted into offices in the 1960s and 70s. Many are now being restored to their original residential purpose. This phenomenon, known as adaptive reuse, is further driven by a range of local and universal factors. One current such universal driver is sustainability. Buildings are a significant source of global carbon emissions; as they become more energy efficient during their operational phase, embodied carbon becomes a greater concern (please hyperlink: **The other side of the coin: Understanding embodied carbon** – publishing 27 May 2021). In many cases, conversion is an environmentally friendly alternative to demolition and redevelopment. But conversion of commercial built assets into housing units carries both opportunity and risk. **The COVID-19 pandemic and changing space demands** Changing demand trends for commercial space predate the COVID-19 crisis. Online retail has lessened the appeal of high-street space, while digitalisation has changed office space requirements. Nonetheless, the pandemic has acted as an accelerator. It will probably take some time before we get a clear sight on just how far the ground has shifted. Not everyone who has worked from home over the past year will choose to continue doing so when social distancing rules are relaxed. But changes to technological capabilities and organisational values rendered unavoidable by the lockdown seem unlikely to be completely undone. Work habits are unlikely to return to pre-pandemic norms. We may well see, for instance, continuing use of virtual meetings and hybrid-working. Many will seek flexible workspace closer to home – particularly those who joined the “urban exodus” that occurred across much of the western world last summer. Care must be taken not to overstate the level of likely longer-term change in demand for office space. Having been exposed to the possibilities of virtual and remote working in the early days of the pandemic, we are now increasingly aware also of its limitations. The authenticity and collaborative richness of face-to-face contact is sorely missed by many. Work is inherently social, and personal contact with colleagues is often important for personal wellbeing. Home working can also be particularly challenging for those without adequate space, or new to an organisation and unfamiliar with work cultures and processes. The pandemic is likely to change demand for office space, but it will not completely remove it. With all that in mind, and given the depth of the housing crisis in many cities, an uptick in office-to-residential conversions is a highly plausible medium-term outcome. The timing of this is particularly interesting in England on account of a fairly recent, and controversial, local regulatory change: permitted development (PD). Under permitted development, particular types of activity do not require the

usual case-by-case planning permissions, normally granted by local authorities after extended consideration. Instead, subject to a narrow number of technical issues, the particular type of development is assumed to be acceptable in planning terms. Permitted development has existed for as long as there have been planning controls in England. Ordinarily, though, it was limited to small extensions to the rear of existing buildings, or temporary structures. Since 2013 the UK government has been expanding definitions of permitted development to incorporate the conversion of a range of commercial buildings – including offices – to residential use.

This policy has had several impacts (please hyperlink: https://www.rics.org/uk/news-insight/research/research-reports/assessing-the-impacts-of-extending-permitted-development-rights-to-office-to-residential-change-of-use-in-england/), not least among them is an increasing volume of housing created via office-to-residential conversions. This may have been driven by the fact that local authorities can no longer consider the suitability of the location or design of conversions under permitted development. As a result, a greater number of buildings have been changed from office to residential and larger numbers of apartments have been squeezed into each scheme. In addition, local authorities can no longer benefit from levy planning gain – contributions to local infrastructure and affordable housing provision, etc. And these are just two of the downsides of deregulation; there are many more. Authorities have been unable to safeguard office space in areas with high housing demand but still wanting a mix of uses. They have also been hamstrung in their abilities to plan sufficient infrastructure – particularly green and social infrastructure (please hyperlink: https://www.rics.org/uk/wbef/megatrends/urbanisation/the-role-of-green-space-in-londons-covid-19-recovery/) – to support new residents. The greatest challenge of all, though has been the extremely low quality of some of the housing created. Certain schemes are so substandard that they are detrimentally impacting the health and wellbeing of their residents.

Improving standards of adaptive reuse properties

UK government statistics show that the number of new homes created by commercial-to-residential conversions peaked in 2016-17. Numbers have declined year-on-year ever since. This may be because the largest long-term vacant office buildings – the 'easy wins' – have now been converted, leaving behind a reduced supply of suitable buildings for adaptive reuse. There has also been action to improve the minimum design standards of conversions, with new standards on space and natural light further reducing the availability of readily convertible assets.

Nevertheless, the UK government has in recent months further expanded the range of commercial buildings eligible for conversion, meaning we may see more short-term enthusiasm for such projects. We are still dealing with the pandemic and remain far from a settled 'new normal' pattern of use of such commercial space. There is, therefore, a risk of new conversions being made in a largely unplanned manner, and without the necessary community involvement.

Adaptive reuse is, in principle, a sensible idea. But deregulation is not the only means by which to enable its spread. In research with University College London colleagues, I have found a proven alternative approach in the Netherlands. Driven by an oversupply of office space and local government finance considerations, central government has acted in a collaborative way to encourage conversions to other uses – including residential. Comprehensive best practice guidance has been drafted, while local government has acted proactively with stakeholders to consider which buildings would be most

	suitable for conversion. Landowners and developers have been supported to deliver higher quality schemes. The COVID-19 pandemic is changing how we use commercial space, and adaptive reuse to residential stock will inevitably form part of the picture. It is vital, however, to ensure a plan-led approach is adopted. Knee-jerk short-termism will have long-term consequences. The establishment of adequate urban planning and building control regulations is paramount; only then can we ensure that conversions create residential spaces fit for habitation. The pandemic has shone a light on the need for better quality housing. The economic distress that it has caused cannot be used as a pretext for creating the slums of the future.
Box quotes	"The pandemic is likely to change demand for office space. Given the depth of the housing crisis in many cities, an uptick in office-to-residential conversions is a highly plausible medium-term outcome." "We remain far from a settled 'new normal' pattern of use for commercial space. There is a risk of new conversions being made in a largely unplanned manner, and without necessary community involvement."
Reader poll	**Office to residential conversion is a viable means of addressing housing shortages** • Strongly Agree • Agree • Neither agree nor disagree • Disagree • Strongly disagree
Related articles	**Experts in conversation: Affordable housing in the developing world** https://www.rics.org/uk/wbef/megatrends/markets-geopolitics/experts-in-conversation-affordable-housing-in-the-developing-world/ **The History and Future of Places – Part 14: Urban growth and decline over the coming century** https://www.rics.org/uk/wbef/megatrends/urbanisation/the-history-and-future-of-places--part-14-urban-growth-and-decline-over-the-coming-century/
Call to action	**WBEF webinar:** **The office is dead, long live the office: PropTech's golden opportunity** (Please insert registration link) **WBEF Dubai 2022** Register your interest: https://www.rics.org/uk/wbef/summits/global-summit-dubai-2022/