

# Safe, decent office conversions can boost social homes and avoid carbon emissions

Positive Money welcomes the opportunity to respond to this call for evidence.

[Positive Money](#) is a not-for-profit research and campaigning organisation, working towards reform of the money and banking system to support a fair, democratic and sustainable economy. We are funded by trusts, foundations and small donations.

Our submission draws on evidence from our 2022 report *Banking on Property*, and other research and policy work we have been involved with relevant to this consultation.

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## Recommendations/ Key points:

- We agree that adapting commercial properties for use as homes can help to mitigate homelessness. They also provide an important opportunity to create new social rent homes for people of all socio-economic backgrounds.
- The conversion will be most effective and beneficial for the local community and tenants where the resulting homes are energy efficient, fossil gas-free, social-rent homes that are protected against overheating and flooding.
- Robust data on the ecological and financial impacts of conversions is lacking; commercial valuations of the cost of conversions relative to 'demolition and rebuild' cases are highly subjective and have often been criticised by independent reviewers.
- The local, economic and health benefits of conversions can be significant where carried out successfully:
  - Clean, green new homes will reduce costs to local health services, help deliver on national retrofit, energy efficiency and social housing goals, and reduce fuel poverty.
  - Conversions can reduce the demand for carbon-intensive new buildings, which currently risk blowing the UK carbon budget.
- We recommend:
  - Requiring conversion projects to measure and report on whole life carbon and cost to build evidence on this topic and dispel misconceptions
  - Integrate standards for conversions into existing planning mechanisms, build frameworks to stimulate new projects, and provide more explicit guidance for large-scale conversions.

- Ensuring that conversions are community-led, and open to people from mixed socio-economic backgrounds, so they contribute to thriving local places
- Requiring developers to maintain and upgrade homes they converted from offices under Permitted Development Rights if they are failing the Decent Homes Standard.

## Response

**Question 1. Do you agree that there is scope to use commercial to residential conversions to deliver good quality, genuinely affordable settled homes for people experiencing or at risk of homelessness and others on low incomes?**

1. **Yes, we strongly agree that commercial properties can be adapted for use as safe, resilient and ecologically sound homes.** This is eminently possible with the skills, technologies and materials available today: there are countless examples of successful, safe and high quality retrofits and conversions in the UK and beyond.<sup>1 2</sup> We note that successful conversions and ‘adaptive reuse’ projects have often been community-led, and have been home to people of all socio-economic backgrounds, helping local areas to flourish, businesses to thrive and to provide low cost homes for all.<sup>3</sup>
2. **High costs are often cited by developers as reasons not to complete conversions or even existing home refurbishments. However, information from property developers and landowners in relation to the cost of refurbishments and conversions is often skewed.** Academics at UCL, in their 2014 review of the evidence into social housing refurbishment versus demolition, said that there was ‘growing evidence’ that the cost of refurbishment was favourable compared to rebuild, but warned that costing the benefits of conversions is often ‘subjective’, with a lack of transparency or monitoring around data and pricing, and few penalties for developers who do not meet proposed standards.<sup>4</sup> They note that financing and legal mechanisms for refurbishments are less well-established than for construction, there is a lack of willingness in the construction sector to pursue refurbishments, and the economic cost to tenants and wider communities are poorly understood or not included. Accordingly, the accuracy of calculations of

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<sup>1</sup>

<https://www.architecture.com/knowledge-and-resources/resources-landing-page/built-for-the-environment-report> p12, 31-34, 47-49, 59, 62

<sup>2</sup> <https://www.architectsjournal.co.uk/news/retrofirst>

<sup>3</sup> <https://www.c40reinventingcities.org/>

<sup>4</sup> [report-refurbishment-demolition-social-housing\\_1.pdf \(ucl.ac.uk\)](#) p3, 25, 62

cost and carbon assessments of several recent rebuild projects in London have been called into question by independent experts.<sup>5</sup>

3. **We see the single most important reason for conversions as being their effectiveness in providing new, low cost social homes which are attractive for people from varied socioeconomic backgrounds**, including people who have been homeless, in relatively quick timescales. They can help to grow new communities in underused areas, and enable people from all walks of life to access dignified homes, without being forced into the increasingly unaffordable options of private renting or property ownership. We provide a longer list of other economic and ecological benefits of conversions - to the housing crisis, to people who experience homelessness, to local communities and to the environment - under our responses to questions 7 and 10.
  
4. **Office conversions are technically and economically feasible, but many of those completed under the current Permitted Development Rights system have not been carried out appropriately.** The above points show that it is technically and financially possible to convert offices for use as safe, high quality, low carbon homes for people of all socio-economic backgrounds, adding new homes to local areas. However, there are well-documented examples of poorly led development projects, usually where tenants are low income groups,<sup>6</sup> and conversions which have been used to ‘dump’ people who are not currently in safe homes.<sup>7</sup> This has often been linked to conversions that have taken place under Permitted Development Rights, where developers do not need to seek planning permissions and the normal process of local authority scrutiny.<sup>8</sup> The RICS have argued that in these cases there is obvious ‘profitability of conversions for developers and land owners, but little evidence of contribution to the additional public infrastructure’.<sup>9</sup> Whether through the usual planning process or a dedicated framework for conversions, office conversions must be managed and carried out as per the standards expected of typical local planning or neighbourhood improvement projects: they must meet building regulations, be initiated as part of broader local planning goals - incorporating sustainability and ecological principles, local connectedness and provision of amenities - and delivered through participatory design and consultation with future residents and local communities.

**Question 2, 3. Not answered.**

<sup>5</sup> [Developers challenged over carbon footprint of new buildings in UK | Planning policy | The Guardian](#)

<sup>6</sup> [https://twitter.com/Victoria\\_Spratt/status/1630189207187496962?s=20](https://twitter.com/Victoria_Spratt/status/1630189207187496962?s=20)

<sup>7</sup> <https://www.thebrutalist.co.uk/office/terminus-house-harlow/>

<sup>8</sup> [Impact of extending development rights to office-to-residential change \(rics.org\)](#)

<sup>9</sup> [Impact of extending development rights to office-to-residential change \(rics.org\)](#)

**Question 4. How would you define affordability criteria in regards to housing, both in terms of these potential conversions and the wider context of affordable housing across other tenures?**

5. **It is critical that homes provided through conversion are provided at social rent and/or owned by local authorities and housing associations where possible.** The economic and social case for more social rent homes and homes owned by the public sector has been made extensively by housing campaigners, who have warned that ‘80% of market rates’ is not affordable to most people and does little to reduce housing costs.<sup>10</sup> Affordability rates should be income-linked.

**Question 5, 6. Not answered.**

**Question 7. What would a set of minimum standards look like? Should these be enshrined in planning law so that sub-standard conversions are not possible?**

6. **Converted homes should be highly energy efficient**, aligning with the CCC’s science-aligned targets for all new homes to reach EPC C by 2028.<sup>11</sup> The House of Commons’ Environmental Audit Committee has similarly called for a ‘war effort’ and ‘revolution’ on energy efficiency and retrofit,<sup>12</sup> with Chris Skidmore MP’s ‘Net Zero Review’ summarising the extensive benefits of energy efficient homes for fuel poverty, local businesses and health.<sup>13</sup>
7. **Converted homes should be powered electrically**, for example with Air Source Heat Pumps, and should not include gas connections or gas boilers. Heat pumps are the most efficient form of heating technology and can provide zero carbon power when connected to renewables or a clean grid. They are an effective and proven technology, despite the low rate of roll-out in the UK relative to Europe.<sup>14</sup> As well as their carbon and energy efficiency benefits, heat pumps avoid the significant and underreported air pollution risks of gas boilers.<sup>15</sup>
8. **Converted homes should be protected against overheating and flooding**, and contribute to principles of ecological protection in line with

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<sup>10</sup> See, for example:

- [Microsoft Word - NEF\\_Beyond-new-build\\_v2a.docx \(neweconomics.org\)](#)
- <https://researchbriefings.files.parliament.uk/documents/CBP-8963/CBP-8963.pdf>
- <https://committees.parliament.uk/publications/2102/documents/19835/default/>
- [SHFA, 2020.](#)

<sup>11</sup> [Sector-summary-Buildings.pdf \(theccc.org.uk\)](#) p40

<sup>12</sup> [Accelerating the transition from fossil fuels and securing energy supplies \(parliament.uk\)](#)

<sup>13</sup> [Net Zero Review: UK could do more to reap economic benefits of green growth](#) Section 5.3.3

<sup>14</sup> [How to solve the UK’s heat pump problem - New Statesman](#)

<sup>15</sup> [Energy & Climate Intelligence Unit | Analysis: Gas boilers and NOx:... \(eciu.net\)](#)

recommendations by the Committee on Climate Change<sup>16</sup> and the UK Green Building Council.<sup>17</sup>

9. **We agree that these standards should be enshrined in planning law and also associated Minimum Energy Efficiency Standards, Building Regulations and Local Plans.** As per point (4), the current Permitted Development Rights route for office conversions, which enables office conversions that are not subject to the usual level of local planning scrutiny, has resulted in low quality homes with profits to developers and landowners, but little return for local areas. This is not acceptable, and is an indication that standards and enforcement for conversions are needed in order to capture their high potential (see points 3, 10-12).

**Question 10. What is needed to overcome negative perceptions of such conversions and make them a viable contribution to the housing crisis? For instance, are there wider community benefits that could be achieved?**

10. **Home conversions are an opportunity to rapidly unlock significant portions of new social housing, easing local homes shortages and providing homeless people and the millions in need of social housing with places to live.** We propose that these benefits will be better communicated if converted homes are included in the Department for Levelling Up, Housing & Communities' (DLUHC) reporting on additions to the building stock and counted towards government housing targets. The impact of conversions on house prices should be measured by the ONS and DLUHC to help understand their economic impacts.
11. **As described in our response to question 7, refurbishments can provide clean, energy efficient and low carbon homes, helping to meet fuel poverty goals, retrofit ambitions and reduce operational carbon emissions.** If gas connections and building demolition are avoided through the conversion, then it also has the potential to reduce local air pollution levels, and the associated healthcare costs of these issues. These changes are well understood, as evidenced above, but poorly communicated, so publishing case studies and including an emphasis on these benefits in the development of new policies and regulations would be sensible.
12. **A critical additional benefit is that safe, appropriate office conversions will reduce the demand for carbon-intensive new buildings,** which currently risk blowing the UK carbon budget<sup>18</sup> and continuing our dependence

<sup>16</sup> [Independent Assessment of UK Climate Risk - Climate Change Committee \(theccc.org.uk\)](https://www.theccc.org.uk)

<sup>17</sup> [The Nature Recovery and Climate Resilience Playbook - UKGBC - UK Green Building Council](https://www.ukgbc.org.uk)

<sup>18</sup> [England's housing strategy carries a high carbon cost – unless politicians are willing to change plans \(theconversation.com\)](https://www.theconversation.com)

on polluting, ecologically damaging raw materials. C40 Cities and Arup have found that reducing the global demand for new buildings by 20%, for example through converting existing buildings, would reduce global carbon emissions from buildings and infrastructure construction by at least 12%.<sup>19</sup> Requiring office conversion projects to measure, monitor and report whole life costs, carbon and local impacts will help to build evidence around this approach, raise developer confidence and dispel misconceptions about office conversions.

13. **Tackling misconceptions about office conversions that have arisen following developer malpractice under Permitted Development Rights (4) is essential.** As shown in (1), there are many examples of safe, affordable and low carbon adaptive reuse projects and office conversions around the world. Community and local confidence in decent conversions can be built by requiring proper planning and consultation on all new projects (9), mandating developers to upgrade failed previous conversions to Decent Homes Standard and requesting councils to publish data and case studies on successful conversion projects to show their potential (this could be combined with publishing benefits data, 11).

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<sup>19</sup> [Building and Infrastructure Consumption Emissions report - Arup](#) p28, p34