

Horsham Office Conversion Capacity Study

Horsham District Council

June 2009

Contents

1.	INTRODUCTION	1
2.	RATIONALE FOR APPROACH	3
3.	GUIDING PRINCIPLES	8
4.	APPROPRIATE TESTS	14
5.	DELIVERY.....	21

1. INTRODUCTION

- 1.1 Horsham District Council is in the process of updating their existing Core Strategy and developing other key elements of their Local Development Framework, including a Site Specific Allocations Development Plan Document (DPD).
- 1.2 Through the development of the evidence base to underpin these key elements of the LDF – most notably the Strategic Housing Land Availability Assessment – it became apparent that there was a need to develop a robust and transparent approach to evaluating sites which are not to be included in the Site Specific Allocations DPD.
- 1.3 Horsham District Council are seeking to establish a criteria-based assessment tool which will provide a flexible mechanism for addressing windfall sites and facilitate appropriate development within the District.
- 1.4 A key element of the future supply of land for housing and employment use within Horsham will be the re-use of sites where their existing function has declined or ceased to exist entirely. Following the findings of the Office Market Demand Assessment (GVA Grimley, 2009) the re-use of existing office stock may present opportunities for the delivery of new uses within key locations.
- 1.5 The purpose of this Study is to understand the key drivers for potential re-use of existing office locations, the principles which should guide future considerations for sites and set out criteria against which future proposals can be tested.
- 1.6 Whilst the principles and approach are not strictly limited to Horsham town centre, given the relative concentration of office space within the town the majority of this study will focus on this area. The Office Market Demand Study found a number of office sites within the town which were not meeting the needs of the business base and therefore offered potential for redevelopment or conversion.
- 1.7 As such the establishment of criteria for the purpose of assessing future development proposals within Horsham town centre fits with the emerging recommendations of the revisions to PPS6 (now incorporated within Consultation Draft PPS4). The Consultation Draft directly advocates an evidence based approach to proposals which do not have specific support of plan policies.

1.8 This Report is structured to build the case for a criteria based approach to assessing future redevelopment proposals and the establishment of the criteria themselves:

- [Section 2](#) – identifies the policy and strategy context which is influencing and driving the need to consider the conversion of existing office stock.
- [Section 3](#) – considers the principles which should guide the decision making process and to which conversion of premises should contribute.
- [Section 4](#) – sets out the appropriate tests against which proposals should be assessed and the evidence applicants should provide when proposing conversion.
- [Section 5](#) – provides an indicative interpretation of potential delivery based on the evidence available to this work and the Site Capacity and Massing Study.
- [Site Capacity & Massing Study](#) – this short companion study considers the estimated housing capacity of 7 sites identified as having residential potential through the Office Market Demand Study. This is supplied as a separate document.

2. RATIONALE FOR APPROACH

- 2.1 Whilst the desire to establish a transparent and robust protocol for assessing the potential of unforeseen development sites which come forward during the LDF Plan Period is clear, it is vital to understand the reasons why such an approach is required within Horsham. Understanding this rationale and the context within which decisions will be made is fundamental to shaping the criteria against which proposals should be assessed.

GROWTH ASPIRATIONS

- 2.2 Lying centrally within the South East region, and a key component of the Gatwick sub-region and Diamond for Growth, Horsham faces considerable competing land demands to accommodate significant levels of growth through to 2026.
- 2.3 The Regional Spatial Strategy for the South East (The South East Plan, adopted in May 2009) sets ambitious housing growth targets for Horsham in its own right and as part of the Gatwick sub-area. The adopted RSS sets a target of 13,000 new homes for the whole District to 2026, requiring an annual completion rate of 650 dwellings. The majority of these homes (9,200 as identified in Policy GAT3) are focussed within the Gatwick sub-area, which covers the north-eastern section of the District and includes Horsham town and a significant area designated as AONB.
- 2.4 The housing figures within the RSS are significantly higher than the District's adopted Core Strategy policy which sets housing growth at 10,575 dwellings to 2018, which was based upon the West Sussex Structure Plan.
- 2.5 A central element of increased housing delivery is the improved supply of affordable housing within the District, as recognised by both the RSS and West Sussex Strategic Housing Market Assessment (SHMA – GVA Grimley, 2009); both identify a requirement for the delivery of 40% affordable housing within Horsham.
- 2.6 Within the SHMA the greatest requirement for affordable housing is considered to be for two bed properties, however there is also significant need for one and three bed affordable homes.
- 2.7 Horsham forms a key component of the Gatwick Diamond, an identified economic growth node within the Regional Economic Strategy (SEEDA, 2006), and is therefore expected to play a central role in delivering and accommodating economic development within the region.

The Gatwick sub-region has been set an indicative jobs growth target of 17,400 jobs to 2016 within the RSS, whilst not distributed between the different parts of the sub-region Horsham is likely to be a key contributor to meeting this target.

- 2.8 Horsham District Council's Core Strategy identifies provision for the development of 210,000sqm of employment floorspace to 2018. The Horsham District Council Annual Monitoring Report (AMR) 2008 records the progress to achieving this target with completions and commitments to April 2008 totalling 132,935sqm. A further 37,600sqm has been allocated within the LDF located at three key sites (Wealden & Warnham Brickworks, Land West of Horsham, and West of Bewbush) leaving a balance of 39,465sqm to be identified and delivered by 2018.
- 2.9 The focus for growth within the Gatwick Diamond is to build upon the characteristics of each component area to provide floorspace types which are appropriate for each location. These developments should encourage inward investment and support and develop existing small businesses and economic clusters/specialisms.
- 2.10 As identified within the Office Market Demand Study a key element of the future supply of business space within Horsham will be appropriate office provision in terms of scale, quality and location. The Study identifies the requirement to rebalance the current office stock to ensure appropriate stock is available within the main office areas of Horsham (identified as the North Street/Park Street area and the area around Foundry Lane) to accommodate the local small business base which currently underpins the office market and offers the right 'product' to attract larger inward investment in the future.
- 2.11 The ability of Horsham to accommodate these various development demands will rely on ensuring under-employed or redundant sites are fully utilised either in their current form or redeveloped for alternative provision.

SUPPLY ISSUES

- 2.12 The focus of development and growth within the Horsham District Core Strategy is towards Horsham town centre and the North Eastern sector adjoining Crawley. The increased focus of the Horsham-Crawley area for residential use and the restrictions placed in other parts of this area due to the AONB designation reduce the opportunity to deliver employment growth in this part of the District and therefore place increased demands on the existing urban centres.

-
- 2.13 In line with Consultation Draft Planning Policy Statement 4: Planning for Prosperous Economies (DCLG, 2009) a range of uses are encouraged within Horsham town centre to ensure its future viability and vitality, including residential, retail, leisure and business uses. This is creating competition for limited development opportunities within the town centre and therefore placing pressure on sites which are under-utilised at present or where existing uses are felt to be underperforming. These pressures are particularly affecting employment uses within the town, which are increasingly being considered for residential redevelopment.
- 2.14 Evidence within the Office Market Demand Study, Employment Land Review (Atkins, 2006) and Visioning Horsham Study (Experian, 2008) suggests that there is currently an over supply of large, dated office stock within the District which is proving hard to let and suppressing rental levels within the market.
- 2.15 The suppression of rental levels has made Horsham an unattractive investment proposition for both existing freeholders and office developers, reducing investment in both the refurbishment of older stock and the development of new space.
- 2.16 This disincentive to invest has created a mismatch between the demand and supply of office space within the District, with an excess supply of 'inappropriate' large office stock in relation to the current demand drivers (largely local Small and Medium-sized Enterprises).
- 2.17 Whilst overall vacancy rates are relatively low (circa 6% for all commercial property, ONS 2005, although this is likely to underestimate the current level) the mismatch between demand and supply has created some high profile vacancies which offer large town centre redevelopment opportunities.
- 2.18 It is this 'supply' of potential Brownfield development sites which will be required to meet the range of demands for development within the town and urban centres in Horsham District.

LOCATION OF DEVELOPMENT

- 2.19 As demonstrated above the desire to locate development within urban centres (and Horsham in particular) is guided by policy objectives aimed at reinforcing their function and also the opportunities presented by outdated and unused office stock.
- 2.20 A key component of both the RES and the RSS is the ability of the South East to grow along the principles of Smart Growth, minimising the impact on the natural resources of the region and directing development to sustainable locations in terms of transport and access.

-
- 2.21 Central to the achievement of these principles is reducing development on Greenfield land by making more efficient use of existing sites and premises (as supported by policy CP11 of the Core Strategy) to ensure new growth enables town centre renaissance and reduces the need to travel.
- 2.22 The re-use of existing under-used buildings and sites will also allow the offer of the District to expand without encroaching on Greenfield sites, protecting the valuable countryside and quality of environment. Both of these are seen as key assets for the future of the District both as a place to live and as a business location, as recognised within the Core Strategy Policy CP1.
- 2.23 Identification and allocation of appropriate uses on appropriate and deliverable sites is a key element of Consultation Draft PPS4, PPS3 and PPS6 with all requiring the review of sites through the plan-making process to ensure allocations are not carried forward when they are unlikely to be delivered.
- 2.24 Within town centres this dovetails with the aims of achieving town centre revitalisation through the development of under-utilised or vacant sites, the potential of which are not being fully utilised through their current allocation and therefore (potentially) placing blight on the wider town.
- 2.25 Investment in these sites can help improve the quality of the town by encouraging investment both in the premises/sites themselves and the wider public realm, creating an enhanced sense of place and increasing attractiveness to both business and residential users.
- 2.26 The location of either residential or office-based employment uses are both beneficial to town centres by providing an increased footfall for other traditional uses and ensuring a more regular consumer base. Maximum benefit is usually felt where employment and residential uses can both be achieved within a centre to ensure a 'resident' population and consumer base both in and out of traditional working hours.

CONCLUSIONS

- 2.27 The location, character and amenities within Horsham District have made it a focus for a new development and growth within regional, sub-regional and local policy and strategy.
- 2.28 There is clearly high demand and need for new development within Horsham driven by the RSS housing target and recognition of the need to achieve a greater choice and improved affordability within the District's housing market.

- 2.29 The economic development agenda for the region and sub-region also sets out the desire to accommodate significant employment growth and ensure a healthy range of commercial space which is attractive to both existing and future industries and sectors within the District.
- 2.30 However given the nature of the District there are limited options for accommodating growth given the desire to protect the rural and semi-rural nature of much of the District and the sub-regional agenda to focus growth within the north eastern quadrant on an axis between Horsham and Crawley.
- 2.31 There is also a need to focus development to underpin the wider regeneration and economic aims for Horsham town centre, providing opportunities to underpin town centre renaissance by developing new employment and residential offers.
- 2.32 This increasing demand and limited supply requires the need to carefully assess the current use made of sites within the town centre. This will enable an understanding of whether they are making the maximum contribution to the town centre now and whether they will continue to do so in the future.
- 2.33 In this light a number of existing office sites could be reviewed following the recognition of the existence of an over-supply of the 'wrong' type of provision when compared to the local business base. Whilst it is not desirable to lose all of the excess stock it may be that some sites could be better used for a different form of office or to accommodate residential development.

3. GUIDING PRINCIPLES

- 3.1 Having established the policy context which is driving the need to consider the conversion of existing office stock into residential units or more appropriately targeted employment space it is now important to identify the over-arching principles which will guide decisions on the appropriateness of each individual site.

TOWN CENTRE ASPIRATIONS

- 3.2 It is clear that any future development within the existing urban centres will need to enhance the viability and vitality of the centres, reinforcing their role and function whilst maintaining their character and sense of place.
- 3.3 Whilst the Core Strategy establishes a number of principles for future development within Horsham town centre (and other smaller centres) it does not set out a clear vision or strategy for the nature or objectives of future growth.
- 3.4 The Visioning Horsham Study outlines the difficulties faced by Horsham in establishing a sustainable future for its town centre in light of competition from the growth aspirations for Crawley town centre.
- 3.5 The Study recommends Horsham establishes a complementary offer to Crawley and other centres within the Gatwick Diamond by development of a niche retail offer (rather than expansion of large multiple high street offers) and a greater leisure provision. This builds on the principles for town centre regeneration established within the South East Plan, Consultation Draft PPS4 and Horsham's Core Strategy, all of which recognise the need to diversify a town's offer.
- 3.6 To underpin the future of the town centre both its economic and residential offer are identified as areas that can require strengthening alongside more traditional town centre uses such as retail, leisure and the evening economy.
- 3.7 The consideration of conversion or redevelopment of existing office stock should seek to enhance the offer of the town and seek to deliver office accommodation which more closely meets the needs of the business base; modern town centre residential accommodation which will attract new residents to the town (potentially a greater number of young people); or other mixed use schemes which provide economic, employment or other benefits to the town.

-
- 3.8 As identified within the Office Market Demand Study there are two core employment/office locations within the town which, providing key tenants remain within the areas, should be preserved and enhanced to strengthen their role and contribution to the town. These key office locations are the located at North Street/Park Street (which accommodate Royal & Sun Alliance and significant public sector offices) and Foundry Lane (which offers a more mixed office and industrial provision).
- 3.9 The nature of these areas do not lend themselves to 'infill' residential development and as such should mainly be considered for commercial uses as (and when) individual sites come forward. It is these areas which should continue to provide the core employment and economic offer within the mix of town centre uses, ensuring that neighbouring uses are protected and their setting enhanced rather than threatened by residential encroachment.
- 3.10 The Office Study recognises that some offices are located in areas which are not necessarily in keeping with their surroundings and as such could be considered for redevelopment for other uses should they become vacant. A number of the sites identified were within more residentially focused areas and may provide the opportunity to introduce greater town centre dwellings into Horsham.
- 3.11 By understanding these concentrations of activity within the town it is possible to 'zone' future developments to ensure both new and existing uses are complementary and therefore make the most of limited opportunities for development within the town centre.
- 3.12 A further key element to the potential conversion of office space to residential uses is the ability for above retail space to be redeveloped. Traditionally this space has provided suitable accommodation for small professional companies; however the emergence of dedicated serviced office provision has reduced their attractiveness. This has been exacerbated by the often inflexible nature of the internal space offered by over retail offices and the inability for onsite services such as parking to be provided.
- 3.13 There are a number of examples within Horsham where above retail offices have proved difficult to let and have been identified by developers as opportunities for conversion to meet demand for town centre living.

PROVISION OF CHOICE

- 3.14 Fundamental to the achievement of a sustainable town centre, meeting the aims of Consultation Draft PPS4 and providing an appropriate range of housing within the District to

meet the needs identified through the Strategic Housing Market Assessment is the provision of a choice of employment and residential space within the Town Centre.

- 3.15 As identified within the Office Market Demand Study there is a need to rebalance the supply of offices to reduce the overall level of supply and increase the provision of smaller office and managed workspace. This would help to provide the flexibility within the Horsham commercial market envisaged within Consultation Draft PPS4 by making provision for a broad range of business types and sizes.
- 3.16 Therefore decisions concerning the future of existing office sites should assess the potential for the site to contribute to providing a different type of space to the current large office provision, providing wider choice within the market. A key element of this choice is the provision of serviced offices; this offer can often be provided through the sub division of existing large office stock and therefore would not require extensive redevelopment or changes to existing office sites.
- 3.17 Where sites could reasonably be expected to provide an alternative employment offer within the plan period it should not be considered for conversion to alternative uses such as residential.
- 3.18 The over arching principle of Planning Policy 3 (Housing) is for the planning system to enable the delivery of *“a wide choice of high quality homes.....to support a wide variety of households in all areas, both urban and rural.”* To create a balanced housing market and to underpin the development of sustainable communities PPS3 recognises the need to develop a range housing options, including a focus on town centre living to support wider town centre renaissance.
- 3.19 The West Sussex SHMA identifies the comparative lack of town centre residential development (largely flats and apartments) within Horsham when considered against other towns in the County such as Crawley, and more recently, Haywards Heath. This has largely been a reflection of the demand for housing driven by the slightly older professional cohort who require larger suburban or semi-rural houses.
- 3.20 Both the SHMA and the Visioning Horsham study recognise the impact this has had on the affordability and choice of housing options for younger age groups. It has become increasingly hard to find a home they can afford in a location which is attractive to them and, therefore, contributed to the displacement of young people within the resident population.

-
- 3.21 In line with the delivery of an improved range of services, jobs and amenities within the Town Centre the development of a greater housing offer would provide more footfall within Horsham. It would also provide extra housing choice for young professionals who either work within Horsham or commute to other places.
- 3.22 However the development of urban housing needs to be carefully targeted to ensure it meets housing need and, therefore, careful consideration needs to be given to any application for conversion of office stock. Given past trends it is unlikely a large market for apartments would be generated through increasing supply given more established options in other nearby centres. Therefore sites should also be considered for their ability to meet housing need through the delivery of urban/town houses alongside increased flatted developments – something which may not be achievable through conversion alone.
- 3.23 In summary the redevelopment or conversion of any potentially ‘surplus’ office sites needs to be specifically tailored to the needs of Horsham and its community. Whether that is to deliver more Small and Medium-sized Enterprise orientated business space or a greater opportunity for town centre living.

VIABILITY AND QUALITY

- 3.24 Whilst the provision of choice to meet demand drivers is clearly important to meet the requirements of policy and achieve aspirations for Horsham it is vital that decisions are also made on the viability of actual delivery and the contribution each development would make to the design quality and character of the town.
- 3.25 The Office Market Demand Study recognises the low achieved rents within Horsham for office space compared to other competing centres such as Crawley and therefore the viability of continued office provision is seen as marginal in some cases.
- 3.26 Consultation Draft PPS4 advocates the review of allocations to ensure they are viable and deliverable for their identified commercial use and where they are found unlikely to come forward an alternative use considered. This could be either the delivery of other employment-generating uses, the establishment of a residential use, or a mix of uses to enhance the viability of some of the marginal elements.
- 3.27 It is important that viability is considered over the long term and that short term downturns in the economy are not given too high a weighting in the decision making process. Whilst current conditions are likely to adversely affect the viability of office schemes within Horsham in the short term it is important supply and choice is maintained to accommodate growth

through any economic recovery. Therefore viability should be considered in light of economic growth aspirations, shifts in the nature of supply required to deliver this and the long term requirement/demand trends for the premises in question.

- 3.28 Financial viability therefore needs to be considered from the short term build and disposal basis (probably related to residential value or freehold commercial sale) and the longer term view of rental income to understand whether allocations are viable and therefore likely to be delivered within the plan period.
- 3.29 Viability should also be considered by the effect the development will have on the wider viability of the town centre both through the removal of vacant premises and potential 'blights' within the town and also the introduction of new economic drivers for town centre growth.
- 3.30 Any changes to the existing provision (whether commercial or residential) within the town centre should enhance the character of the town and improve the public realm, making a greater contribution to a sense of place than existing under-utilised buildings.
- 3.31 Therefore part of the viability assessment would need to consider the relative merits of any proposed conversion to both maintenance of the existing use and complete redevelopment to understand which would be of most benefit to the town.
- 3.32 Assessments need to strike a balance with long term supply of sites and what the predicted requirement for employment and residential space is over the whole plan period. It is not necessarily sufficient for immediate low demand for a site to be the sole indicator of its unsuitability for the use as it may be required in the medium to long term.
- 3.33 Whilst this may initially conflict with assessments of contributions sites can make to the wider viability of the town centre it is important to understand the long term role the sites could play in sustaining town centre regeneration over the long term by providing a supply of employment opportunities and/or housing sites.

CONCLUSIONS

- 3.34 By understanding the policy and sub-regional strategy aspirations for the future delivery of business and residential uses within Horsham it has been possible to develop a set of principles against which any conversion proposals should be assessed.
- 3.35 Firstly, developments should contribute to the wider aspirations for the regeneration of the town centre by:

- Enhancing the existing core office areas;
- Ensuring neighbouring uses within the town are complementary; and
- Broadens the range of facilities and services within the town centre.

3.36 Secondly, any future proposals should provide a greater range of choice within Horsham by:

- Introducing more appropriate office space for the business base; and
- Providing greater choice/options for town centre living.

3.37 Thirdly, any conversions should be viable and improve quality by:

- Being financially viable and therefore deliverable;
- Consider mixed-use to support delivery of less viable options;
- Address financial viability and deliverability over the long term;
- Make a contribution to enhancing the town centre; and
- Ensure a supply of sites/opportunities throughout the plan period.

4. APPROPRIATE TESTS

- 4.1 The previous two sections have established both the need for undertaking a criteria based approach to sites within the Horsham Local Development Framework and also the principles within which changes on sites need to be assessed.
- 4.2 Having set the context and drivers this section will identify the appropriate tests which should be applied to proposals which come forward on sites which are not allocated (or alternatively allocated) within the Local Development Framework to understand how they contribute to delivering the identified principles for growth.
- 4.3 The purpose of a criteria based approach is to set out a clear set of information requirements within planning policy against which 'windfall' sites can be judged. The tests should enable planning officers and the planning committee to make sound decisions based on robust evidence.
- 4.4 This information should be provided by the applicant and therefore reduce the burden on the planning department in ensuring the full context of the proposed conversion is understood. It also creates certainty for applicants who can be confident that in meeting the tests their proposals will be policy compliant and more likely to be granted permission.
- 4.5 The appropriate tests seek to provide two key elements of evidence for planning officers to facilitate the decision making process:
- Firstly, they require the applicant to make the case for the loss of office space within Horsham by the provision of relevant demand and marketing data and setting out why refurbishment/conversion to alternative office provision is not possible or viable.
 - Secondly, they require the applicant to demonstrate that conversion of the existing structure is the most appropriate solution for the site and provides a residential development of appropriate quality to benefit the town and District.
- 4.6 These assessment criteria are complementary to the 'usual' tests applied to all applications through the planning and building control system and should be deployed alongside these where applications propose the conversion of office stock rather than provide an alternative or replacement set of assessment criteria.

VIABILITY OF EXISTING USE

- 4.7 Should interest be demonstrated to convert existing office buildings to residential or other uses the first set of tests applied should be to establish why the change of use should be considered through understanding why the maintenance of office provision on site isn't viable.
- 4.8 Applications should make the case for the loss of office provision by demonstrating a lack of demand and that there are no factors which are restricting the attractiveness of the provision which could not reasonably be expected to be overcome.
- 4.9 Applications should demonstrate the current condition of the premises, whether this is suitable for reletting and the cost of refurbishment to bring the office up to a lettable standard. This should be compared to the likely achievable rent of a fully refurbished office on the open market.
- 4.10 Allied to the condition assessment should be a statement explaining the appropriateness of the internal layout of the building given market demand largely being driven by small businesses. Applicants should be required to demonstrate that internal layout could not be reasonably reconfigured to provide smaller office suites either due to cost considerations or the technical specifications of the building.
- 4.11 Where applicants are making a case for conversion based on a lack of demand for the office space key to the viability assessment should be evidence of the marketing strategy used for the existing space. This should set out the efforts made to market the building, the interest received in response, the reasons for this interest not resulting in sale or letting, and the length of time the premises has been on the market for in relation to the 'market average'.
- 4.12 Central to understanding the quality of the office and its attractiveness to the market will be a review of the lease terms to ensure there are no overly restrictive terms which could artificially reduce the interest in the premises, such as high rents or service charges, restricted access, other imposed costs or notice periods.
- 4.13 To test these viability considerations the following indicators should be used:
- Building Condition
 - V1: Condition statement from appropriately qualified surveyor;
 - V2: Cost estimate of refurbishment for office use to 'market standard' compared to likely achieved rent (based on market average for Horsham);

- V3: Cost estimate of reconfiguration of internal space to provide more appropriate provision compared to likely achieved rent (based on market average for Horsham).
- Marketing & Lease Details
 - V4: Details of marketing approach to include marketing schedule, example adverts, evidence of placed advertisements in appropriate journals etc over a minimum period equal to the average for successful historic lettings.
 - As a benchmark for this test the average time on market prior to a successful deal within Horsham over the past 10 years has been 319 days, this is comparable to Crawley (365 days) and Brighton (311 days), but significantly higher than Haywards Heath (206 days). Source data taken from EGi and Focus.
 - V5: Details of interest shown in the premises and feedback from potential occupiers for not taking up space.
 - V6: Evidence of marketed rent/sale value compared to market average for comparable Horsham, Haywards Heath, Crawley and Brighton office provision as comparators within the same office market.
 - As a benchmark for this test the average rent over the past 10 years within Horsham is £185/sqm, top level rents in the comparator areas, which appear to have higher levels of demand, are: Crawley = £285/sqm, Haywards Heath = £220/sqm, and Brighton = £230/sqm. Source data taken from EGi and Focus.
 - V7: Provision of exemplar lease which demonstrates that no unreasonable obligations were placed on prospective tenants to reduce the attractiveness of the premises.
 - V8: If not fully vacant developers should provide details of existing occupancy levels, occupiers and lease expiry dates. If they are vacant evidence should be provided of the period of vacancy and the last occupiers

LOCATION

- 4.14 The second set of tests relate to the location of the site and the appropriateness of the proposed use in relation to the rest of the town centre offer.
- 4.15 Developments should not be considered which are likely to provide a use which is incompatible with those on neighbouring sites or which may (either now or in the future) reduce amenity for either residents of the converted property or the ability of operations on neighbouring sites to operate as their business requires.

-
- 4.16 Therefore conversion sites should not be located within areas with a predominantly commercial use and, specifically, should not be permitted in the two prime office areas identified by the Office Market Demand Study.
- 4.17 The assessment of potential residential conversions should also take into consideration the proposed sites access and relationship to other residential offers, local amenities, health, education and social facilities, and open space provision. This should include consideration of both existing infrastructure endowments and those that are already planned to be developed in the future.
- 4.18 To assess the appropriateness of the location for residential use the applicant should meet the following tests:
- L1: Demonstrate the office is not within the two prime office areas as identified in the Office Market Demand Study.
 - These are recognised as the areas around Park Street/North Street and Foundry Lane and are mapped in Appendix 3 of the Office Market Demand Study.
 - L2: Show residential use is compatible with neighbouring operations through an impact assessment of the development on neighbouring sites use, hours of operation etc. This should also show consideration of whether these are planned to change at present or in the future.
 - L3: Outline any mitigation measures to prevent adverse impact on neighbouring uses.
 - L4: Map the site in relation to health facilities, schools, public transport and open space and demonstrate these meet with national standards and guidance.

PROPOSED DEVELOPMENT

- 4.19 Having established that continued office provision is not viable in its current form and the location in principle is suitable for residential use further tests should be applied to ensure the proposed conversion provides the optimal solution for the site and town centre.
- 4.20 Given that the proposals would be for conversion of the existing building it is important to establish the suitability and feasibility of the premises for conversion and that the resulting development would be of suitable quality to provide good quality housing and contribute to the character of the town.

- 4.21 Whilst there are a number of examples where redundant office buildings have been successfully converted to provide housing there are also a number of examples where the internal space has been compromised by the structure itself.
- 4.22 Therefore proposals should demonstrate the ability for the building to accommodate rooms which not only meet minimum space standards but are also functional and not compromised by the structure or location of supporting pillars or beams etc. Providing flats which go beyond minimum standards will help ensure success of the scheme and the introduction of a high quality residential offer within Horsham town centre.
- 4.23 External appearance and treatments are also key to the success and perceived quality of the scheme and should seek to clearly establish the buildings as residential rather than office premises. However conversion should respect the integrity of the original building and be in keeping with the town in terms of character, scale and the palette of materials used.
- 4.24 Beyond the appearance and functionality of the provision the proposed developments should be assessed against the understood housing need within Horsham. They should provide homes at a sufficient density to ensure sustainability of the site and meet the guidelines set out in Strategic Housing Market Assessment of appropriate urban development density of 70 dwellings per hectare.
- 4.25 The nature of the office buildings within Horsham is likely to deliver flatted development through conversion and the level and demand for this provision should be regularly monitored to ensure that over-supply does not occur and developments are phased to provide a consistent delivery pipeline.
- 4.26 Where the suitability of the proposed conversion is considered marginal alternative solutions should be considered to justify why conversion is the most suitable approach. This should include a high level review of whether full demolition and redevelopment would provide a better development within the site.
- 4.27 This assessment should demonstrate alternative cost scenario's, capacities and impact assessments of the alternative solution.
- 4.28 The impact tests to assess the development proposals should be:
- D1: An appraisal of the structural soundness of the building.
 - D2: Layout plans which show structural details and their effect on room sizes/usability and compliance with space standards.

- D3: Proposed external treatments, cladding etc to provide residential façade to the building.
- D4: Development density.
 - As a benchmark for this test the West Sussex HMA recommends development in urban locations achieves a density of 70 dwellings per hectare.
- D5: Type of units provided and current level of comparable supply within the market.
- D6: Evidence of ongoing housing need for provision of the nature proposed.
- D7: Assessment of alternative development solutions including comparative cost/viability assessment, ability to deliver wider range of units, contribution to town character.

SITE SPECIFICS

- 4.29 Allied to the assessment of the proposed development solution should be a series of tests which evaluate the ability of the site to accommodate the development proposed and the impact this has on the wider town centre.
- 4.30 These tests will be in line with the 'standard' requirements set for all development proposals within the District in terms of traffic impact, access to the site and servicing. A number of these issues are addressed within other guidance (such as Manual for Streets) and therefore do not need to be repeated here.
- 4.31 However it is important that applications for conversion of office space specifically demonstrate the following:
- S1: That refurbishment provides appropriate levels of parking within the site in relation to the scale of housing provided.
 - S2: That sufficient capacity exists within the site for residential servicing such as refuse points, cycle stores etc and provides suitable access for emergency services (in line with existing guidance).
 - S3: That the site and (more specifically) the building are able to meet building control conditions.

- S4: That the completed development will not adversely affect traffic movement and congestion within the town above movements created by the existing use (when it was fully functional).

CONCLUSIONS

- 4.32 The tests identified within this study will provide clarity for both applicants and planning officers by demonstrating the criteria against which proposals for conversion of existing office space would be assessed. It will also ensure that comparable and consistent information is provided to the Council to ensure consistent decisions can be made.
- 4.33 By basing decisions on the criteria identified in this Report developments which come forward should make the most of land assets within Horsham to achieve housing and town centre regeneration aims without prejudicing the ability of the town to benefit from future economic growth. These should, therefore, assist the Council in achieving a sustainable future for the town centre by ensuring a long term supply of sites and opportunities for both housing and economic development through the full plan period.
- 4.34 To ensure that the criteria based approach remains fit for purpose it is vital that the benchmark data used is kept up to date to ensure proposals are tested in light of appropriate information.
- 4.35 Benchmarks such as comparable rents and average time on the market before letting should be reviewed approximately every six months to ensure changes in the market are fully reflected and understood in the decision making process.
- 4.36 In summary this Study recommends a three stage approach to assessing proposed conversion of office space to residential uses:
- Firstly establishing that continued office use is not viable within the site,
 - Secondly establishing that the location is suitable for residential use,
 - Thirdly establishing that the proposed conversion provides the optimum solution for the site and the town.

5. DELIVERY

- 5.1 It is not possible to assess the total housing yield which could be achieved from the conversion of office premises within Horsham within the scope of this study. Given the current uncertainties in both the housing market and wider economy, estimates made at this point are likely to be made invalid as the situation changes.
- 5.2 However from the survey work undertaken as part of the Office Market Demand Study and the development of criteria through this Study it has been possible to undertake a short Site Capacity and Massing Study to accompany this Report. The Study considers the potential housing achievable from seven sites which were deemed to have potential for change of use and broadly (from the information available) would meet a number of the criteria.
- 5.3 It should be noted that a number of these buildings are currently performing well as offices and therefore this Study does not advocate targeting these for future conversion. However a number of factors (such as their location) suggest that should the letting situation change they could meet the specified criteria and provide good residential opportunities.
- 5.4 Others assessed are currently not performing well as offices and therefore may provide more immediate opportunities for redevelopment. However given the level of knowledge available to this Study it has not been possible to fully assess them against the criteria set out above.
- 5.5 The Study is appended to this Report and sets out potential housing delivery of converting the existing structures and is based on achieving the standards set by Horsham Council's existing planning and building control policies.
- 5.6 The Study also sets out a potential alternative scenario which considers the outputs of undertaking a comprehensive redevelopment of each site to make best use of the site assets and attempt to provide a greater range of housing types where possible.
- 5.7 Comparing the two outputs provides guidance to the efficiency of conversion compared to redevelopment in terms of housing numbers and mix and, therefore, an indication of which approach may best meet the housing needs of Horsham District. Table 1 sets out the potential achieved housing numbers from each approach for each site.

Table 1 – Potential Housing Delivery of Sample Sites

PREMISES	CONVERSION			REDEVELOPMENT		
	Flats	Houses	Total	Flats	Houses	Total
Bishops Weald	139	0	139	86	7	93
Barclays House	18	0	18	10	6	16
Exchange House	23	0	23	19	0	19
Premier House	24	0	24	16	6	22
Century House	19	0	19	24	0	24
Fivash House	14	0	14	16	0	16
Ridgeland House	19	0	19	13	0	13
TOTAL	256	0	256	184	19	203

Source: GVA Grimley, 2009

- 5.8 It should be noted that the capacity assessments have also sought to introduce limited mixed use elements within the redevelopment where potential was considered to exist (namely Bishops Weald, Barclays House, Exchange House, Ridgeland House).
- 5.9 Whilst no timeframe has been given to the sites in terms of delivery it is likely that these could come forward in the short to medium term (albeit current occupancy agreements would need to be investigated more thoroughly) and therefore provide an indicative estimate of the units which could be delivered within the plan period.
- 5.10 As demonstrated in Table 1 potential has been identified (subject to further testing) to deliver 256 new homes from conversion of all of the sites considered, although potentially it is possible to deliver 263 homes where complete redevelopment yields a higher return.
- 5.11 The alternative scenario delivers a lower total number of units but does provide more flexibility in terms of the range of units delivered which may more closely match the demand pattern within Horsham.
- 5.12 The sites are intended to provide high level case studies and identify the potential of the main office typologies within Horsham as much as the specific individual premises. They provide a guide to the potential that each site and (more broadly) each typology could provide to achieving housing growth. However they should not be considered as fully 'worked up' viable schemes and would require much greater investigation and testing to be fully deliverable plans for the sites.