

## Questionnaire - empty upper floors above shops

Sefton Council is currently preparing a Local Plan for the Borough. It has been suggested to the Council that a significant proportion of housing need could be met by converting empty upper floors above shops etc. to housing, both in town centres and above shopping parades.

This questionnaire is being circulated to gain further intelligence on this issue. We would like to publish completed questionnaires, but will only do so with your consent (see question 5 below).

Your name:	Brendan Gleeson
Position:	Development Director
Organisation:	One Vision Housing
Date of completion:	09/07/2015

### 1. What experience do you / your organisation have of working on this type of development?

Although I find it very sad that there are so many unused residential units over shops running the length of Lord Street in particular, LOT's is something that I have dealt with on many occasions in the past and unfortunately my experiences haven't been good ones.

Apart from the difficulty that Housing management have in finding tenants for this type of unit, delivering out such accommodation has always been both a financial and legal nightmare.

Any of the schemes that I was involved in, albeit quite some time ago, did not stack up financially as the costs were disproportionate to the level of rent that you could charge and again, from memory the level of grant that you could obtain to help support the capital cost, both in mine and I suspect anyone else involved in LOT's, was totally inadequate.

### 2. Are there any practical constraints that apply to this type of development?

I seem to recall that the biggest difficulty was with the legal aspect of LOT's and in particular the insurance cover that the shop owners, leaseholders had with their insurance cover if the access to the flat over the shop was not a completely independent one and that residential access could only be gained via access through the shop itself.

This of course caused problems that in a lot of cases proved insurmountable in terms of the different leases, commercial to residential and vast amount of legal fees were expended in trying to resolve these issues.

The biggest constraint of all however, is simply the lack of demand for this type of living. OVH do have a small number of LOT's, however despite some of them being in desirable areas and in good condition, they are not popular in comparison to other schemes.

**3. Is your organisation likely to promote / deliver a significant number of dwellings on such sites?**

At present, One Vision Housing are not likely to promote or deliver any developments of this type.

**4. How likely is it that a significant increase in delivery will be achieved from these sites over the next 15 years (compared to past trends)?**

Again. Due to the constraints identified in questions 1 and 2 of this survey, OVH are not likely to promote or deliver any developments of this type.

**5. Are you happy for your completed questionnaire to be placed in the public domain?**

YES

Your assistance is greatly appreciated.

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Your name:	Chris McAllister
Position:	Development Director
Organisation:	Plus Dane Housing Group
Date of completion:	30 <sup>th</sup> July 2015

**1. What experience do you / your organisation have of working on this type of development?**

Plus Dane has relatively recent experience in developing residential properties over shops at Castlefields, Runcorn.

**2. Are there any practical constraints that apply to this type of development?**

The properties are naturally smaller property types and, depending on the type of retail operation below, will only appeal to a smaller customer base

**3. Is your organisation likely to promote / deliver a significant number of dwellings on such sites?**

Plus Dane does not currently have any sites in Sefton, its unlikely we will consider this type of opportunity in the next 5 years.

**4. How likely is it that a significant increase in delivery will be achieved from these sites over the next 15 years (compared to past trends)?**

Unlikely

**5. Are you happy for your completed questionnaire to placed in the public domain?**

YES

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Your name:	Hilary Roberts
Position:	Deputy Chief Executive
Organisation:	Adactus Housing Group
Date of completion:	3 June 2015

**1. What experience do you / your organisation have of working on this type of development?**

Entering into long leases with building owners  
Management of properties on behalf of private landlords

**2. Are there any practical constraints that apply to this type of development?**

Significant practical constraints exist including:  
Lack of ground floor accommodation  
Lack of parking  
Access constraints (eg insecure rear access)  
Poor design of existing units creating difficult to remodel footprints  
Costs associated with the uplifts required to meet modern Building Regulation Standards  
Expectations of building owners with regard to financial return

**3. Is your organisation likely to promote / deliver a significant number of dwellings on such sites?**

No, Adactus are not considering any such opportunities at present and would not prioritise these opportunities in the future due to concerns of the poor quality of accommodation and costs that conversion offers as well as the long term sustainability of the properties. This is evidenced by the issues currently experienced with sustainability of the properties that Adactus manage at present

**4. How likely is it that a significant increase in delivery will be achieved from these sites over the next 15 years (compared to past trends)?**

Very unlikely

**5. Are you happy for your completed questionnaire to placed in the public domain?**

YES

Your assistance is greatly appreciated.

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Your name:	John Barnes
Position:	Partner
Organisation:	Fitton Estates & Arnold and Phillips
Date of completion:	29 <sup>th</sup> July 2015

**1. What experience do you / your organisation have of working on this type of development?**

Over 30 years

**2. Are there any practical constraints that apply to this type of development?**

Many as per our report / general comment 5<sup>th</sup> November 2013  
For Example :  
Planning.  
Cost of conversion , fireproofing & Sound etc.  
Bank funding & commercial investment return.  
Dedicated amenity space.  
Quality of accommodation.

**3. Is your organisation likely to promote / deliver a significant number of dwellings on such sites?**

As per report 2013 report

**4. How likely is it that a significant increase in delivery will be achieved from these sites over the next 15 years (compared to past trends)?**

Little increase likely as per report without substantial economic change and grant assistance.

**5. Are you happy for your completed questionnaire to placed in the public domain?**

YES

Alan Young  
Sefton Council Planning Department

5<sup>th</sup> November 2013

**DRAFT**

Dear Alan

Re: Potential Housing & Flats above shops

Hoghton Place  
47 Hoghton Street  
Southport  
Merseyside  
PR9 0PG

Telephone: 01704 500345

Fax: 01704 544402

E-mail: [info@fittonestates.com](mailto:info@fittonestates.com)

Further to our various recent conversations in regard to the ongoing proposed Local Plan you will be aware of my many views and opinions regarding the practical delivery of housing in the Borough respecting the due process, the commercial considerations and the necessity for investment in what is still a commercially and economically difficult world at the present time.

As you will be aware our Practice is the largest commercial and residential combined agency with our various brands including Fitton Estates and Arnold & Phillips and we have our internal planning consultancy, Consilium, to also assist with our views. I therefore feel that we are well placed to add comment as we have traded for in excess of thirty years and with my colleagues and Partners namely Graham Bowling, Nigel Little, RICS Surveyors and Phil Hardwicke with Graham having the corporate experience of having been a Partner at Knight Frank, Liverpool previously.

Over the last few years we have attended many of the forums and monitored the process of the Local Plan, both in Sefton and West Lancs and appreciate the necessity for investigation of all potential opportunities to generate housing. Therefore in connection with the principle of flats above shops we are happy to report as follows on a generalised basis, as there will obviously be a number of individual cases where the potential could be considered, respecting all the normal considerations.

As you are aware the commercial property market has been in decline for a number of reasons and although there are signs that the residential market is becoming more buoyant, one of the largest factors in commercial development is the ability to generate funding. The banks generally are still very restrictive in the commercial market and this is also a factor that would affect any commercial development of secondary vacant space, above shops, offices or redundant commercial property. The issues that would affect the conversion of vacant space above shops will be as follows.

Planning permission would be required and although there is an in principle default that would suggest this could be a reasonable concept, the practicalities would inevitably need to be investigated on a commercial basis and ultimately there is a risk that the type of property generated might not be of a quality that the Public and Planning Committee would wish to endorse. Invariably properties often have rear access, fire escapes, poor outlook and no parking and ultimately any investment by landlords would have to be considered against the conversion costs and whether the flats could ultimately generate individual titles to assist in fundraising. The final value of poor quality low rental flats would also deter investment.

Commercial Landlords have also suffered the consequences of the downturn in the market and the affect of the internet on retail rent values, where in certain cases these have halved during the recession, as has been seen on a number of occasions through our office. Therefore expecting underfunded landlords to overcome the practical issues and then obtain additional finance generating sufficient funding to deal with the costly Building Regulation difficulties of soundproofing, fire proofing, insulation on all the normal factors that affect the separation of flats is a difficult and unlikely probability. Most Landlords clearly are lacking in income, at the present time and therefore to reinvest in what would be considered to be poor quality flats which would be unlikely to be separately titled would mean that flats would only be suitable byway of a general comment to the low end rental market rather than the sale of such flats.

With the potential difficulties of parking, rear access, fire escapes and outlook in many of the cases it would be seen that landlords would be only likely to attract the low level rent values and private landlords may be concerned with the management difficulties that then often occur particularly if there are a number of flats in such developments over a number of floors.

Separately as you will be aware there may be tenure issues where many areas such as Southport are historically covered by restrictive covenants, where ground landlords would also have to provide consent which would generate development costs and cause legal delays and cost or even prevent development. There are also practical constraints, for example using Lord Street, Southport. Lord Street has many narrow shops with space above where access by an internal staircase to separate the upper floors into individual flats would be complicated, costly and the outlook to the rear of Lord Street is poor and invariably without parking. Investing and respecting building regulations to create say one large flat with low return is very unlikely to be socially or a realistic economical option. To generate better quality apartments in many cases you would require joint owners of adjoining properties to agree communal stairwells and major structural alterations, both internally and externally, which are very unlikely given a lot of the properties are in institutional or large portfolio ownerships. A further problem in many cases is the normal front to back construction which invariably doesn't allow for side windows, due to the constraints of parades/terraces.

We have dealt over many years with many individual cases where the flat conversion aspect has been considered but when one reviews the returns, the costs, the practical difficulties as indicated above very few of any of those developments have proceeded. There are clearly many social and economic pressures over and above those indicated above and whilst I accept that there may be specific cases where individual shops outside the town centre locations such as Lord Street could be considered more easily these must be taken on an individual basis and it is unlikely that they would generate significant numbers for all the constraints and issues as raised above there may be possibilities where in due course if parades of shops outside town centres become redundant as we are seeing with the predominance of the convenience stores and internet being developed at the present time then as those shops affectively lose commercial life then the ground floor areas may become available and although our view of ground floor shops is that often they front onto pavements in such a manner that they would not generate high quality apartments or flats there would be a possibility for a number of these properties to be potentially acquired, where a row of such shops could then either be demolished or redeveloped.

I enclose an example of a property in Aughton Road Birkdale which was previously a number of shops with flats above which we are now selling. The repairs/conversion costs have affected the value to such a decrease that most enquiries have concluded they would be better demolished. There are other examples that we can offer with our general view. I would therefore comment that not on a site specific basis, we feel in practice that the number of flats likely to be generated when taking the total available space above shops into account would be a very low percentage assuming

that you had the economic improvements, funding and willingness from owners/landlords to invest in such decisions and separately the financial institutions prepared to back such proposals.

Overall therefore I would not feel that Sefton should invest significant costs in professional time to identify the potential of such proposals but as an Authority merely continue to promote and assist landlords through the planning process as is the case presently. If an individual property can be developed it is likely that private landlords will investigate this themselves but there is likely to only be a small percentage relative to the Local Plan process when one considers the required quality housing and the difficulties in timescales and supply with the likelihood that any conversion would be problematical, longwinded with financial and other practical restraints.

I must reiterate that this is an internal general opinion and report by way of a general commentary and we will be happy to investigate further the principles discussed with your direct instructions or with any consultants you may wish to instruct.

It may be that in due course the Government or Local Authorities may generate grant assistance that may overcome some of the practical and economic barriers of delivering such opportunities but my own view is that this probably unlikely at the present time given that Local Authorities are still having to make cuts rather than invest generally. There is a small potential for such conversions to be looked upon as offsite affordable solutions for release of alternative new sites for market housing, which is required. It is also important that we promote deliverable and sustainable principles of expansion and investment in the population and economy within the Borough and insure that the population expands rather than contracts with the much needed quality homes.

Therefore I am satisfied that over the next few years the factors I have detailed above are unlikely to change therefore delivery of significant numbers of converted flats above shops without grant assistance is unlikely. I would be happy to work further on this point and trust our initial broad views will assist you in focussing your requirements for further advice going forward.

Please do not hesitate to contact me in the meantime if you require any further discussions or information.

Yours sincerely

John Barnes