

Repurposing Vacant Space

Bringing buildings back into effective use

Executive summary

The retail sector is experiencing unprecedented change, caused by shifts in shopping behaviour, multiples downsizing their portfolios and withdrawing from urban centres and business failure, compounded by the covid-19 pandemic. Consequently, the number of vacant units in city centres has risen significantly, raising questions about how to fill the subsequent empty space.

This Policy Brief is a summary of a study which examined the repurposing of under-used and vacant retail space. The study formed part of a wider retail research project¹ conducted across the retailing cores of five regionally significant cities (Edinburgh, Glasgow, Hull, Liverpool and Nottingham). The wider project aimed to better understand the adaptive capacity and resilience of city centres.

The study's findings are intended to support policymakers charged with managing urban centres, property owners and occupiers, and property management professionals by making the following recommendations to aid the recovery of city centres through successful repurposing schemes:

Creation of High Street Policy Plans led by the business community (owners/occupiers) to pursue their developmental priorities through establishing their own planning policies.

Introduction of designated Urban Vibrancy Areas to encourage urban vitality and business viability through the relaxation of regulatory controls.

Support further research on the incorporation of residential uses in the repurposing of retailing areas to mitigate conflict and enhance enduring, positive change.

Introduce grants to support the necessary building services infrastructure required to bring significantly large former retail premises, such as department stores, back into productive use.

Spatially ring-fence Section 106/75 monies from repurposing schemes in primary shopping/principal retail areas in a more targeted manner, to ensure monies are always spent in the vicinity of the property.

Find ways to combine pedestrianisation and vehicular movement to recognise the importance of accessibility and visibility for building owners and occupiers.

Background

The transformation of obsolete floorspace is an increasingly important challenge for policymakers, especially following the significant increase in vacancies resulting from the Covid-19 pandemic. In response, they have focused on diversifying property uses in areas once dominated by retail. The new broad based, flexible use class in England – Planning Use Class E (commercial, business, and services) – gives High Street owners and occupiers more flexibility to adjust to changing circumstances (with the additional 2021 permitted development right to convert vacant Class E floorspace into residential use). Meanwhile 2019's Towns Fund aims to support and reshape urban centres away from traditional retail uses, with a twin track approach that seeks to achieve business flexibility within city centre properties, while also breathing new life into surplus space, including new homes.

While repurposing properties is an undertaking fraught with uncertainties, enhancing the adaptive capacity of existing real estate is – ultimately – key to improving the resilience of UK city centres. As such, with a focus on adaptability at the individual property level, the study's aim was to examine successful repurposing schemes to identify 'what works' in the practice of transforming vacant floorspace, and where difficulties and frustrations lie. The findings were intended to help enable future repurposing schemes, to ultimately improve the adaptive capacity of city centres in the face of the current unprecedented change and challenges.

Research approach

A case study approach was used to reflect the need for in-depth exploration of repurposing schemes in order to reveal useful and insight findings. Five repurposing schemes were examined to reduce specificity and a possible lack of replicability, sited in those parts of each city centre where planning policy had traditionally concentrated retail development, which tend to be called primary shopping/principal retail areas. The northern UK sample sought to avoid additional complexities relating to north-south economic imbalances and their influence on the resilience of retailing centres. Additionally, to enable the study to yield meaningful and applicable insights, the recent mixed fortunes of the centres also underpinned the rationale for their selection.

In selecting the individual case study properties, all had been successfully repurposed (at least in part) and included multiple occupiers and/or mixed uses and/or innovative uses which represent 'difference' in a High Street context. They also reflected the types of building facing challenges on the High Street. There were former department stores, a partly vacated mall and properties which had deteriorated to the extent they were – in part – a health and safety hazard.

Primary data were generated through semi-structured interviews with a sample of 24 professionals involved with the repurposing schemes. Interviewing enabled in-depth exploration of both complex processes and subtle case-based details. Invited to take part were developers/owners, occupiers, private sector planning agents, local authority planning officers, BID (Business Improvement District) managers, local authority city centre managers/economic development professionals and asset/centre managers.

Findings

The study recognised the importance of both the physical fabric of city centre properties and their surroundings, as well as the relationships between key stakeholders involved with the repurposing schemes. In relation to these two areas, the following provides a summary of the key findings.

Physical fabric

- In identifying properties that offered the potential for financially viable repurposing, investors were attracted to areas where public realm and general improvement works were planned nearby. This highlighted the importance of public sector commitment to an area and the role it plays in attracting private sector investment.
- Investors were also attracted to properties where vacancies had led to falling values, and the opportunities they saw to enact change and enhance value. However, in order to maintain property values in the long term and to ensure future, ongoing adaptability was possible, owners were drawn to new uses which did not require significant structural changes (as they could hinder subsequent conversions). This meant the avoidance of conversion to (high density) residential uses. Moreover, in terms of current perceptions of market direction, investors identified: artisan food/street food vendors, doctors/dentists/other surgeries, clinics relating to the wellness movement, education, culture and call centres.
- For investors, ideas of 'vitality' included the presence of motorised traffic, with most choosing to invest in properties on the very edge of pedestrianised areas. Not only did such 'edge' locations enhance the visibility of occupiers and uses, but enabled a property to profit from both pedestrianised areas (for example, having outdoor seating) and trafficked routes (for example, benefitting from taxi drop off points and hurriedly visited façade cash points).
- As none of the repurposed case study properties were purpose built for their current uses, from the street, it was not easy to 'read' their facades to ascertain their changed functions. Indeed, for larger repurposed properties with multiple occupiers/uses, such as malls and former department stores, many occupiers were unable to engage visitors unless people entered the building.
- The research suggests that, when a property undergoes the transition to a new use, it does not leave its previous use fully behind. Former department stores, in particular, tended to be associated with good memories, while also being housed in prominent and locally iconic buildings. In this respect, there appeared to be an element of 'icon regeneration' in successful repurposing schemes, as developers built-on existing 'feel good' associations.
- The verticality of multi-level properties was a key challenge in repurposing works. In terms of productive space, a large amount of internal floorspace was lost to servicing infrastructure which must scale the height of the building, such as new lifts and stairwells and M&E (mechanical and electrical) systems – particularly new ventilation systems and IT infrastructure ducts. Mechanical ventilation for office space was a particular issue because repurposing can bring an increased density of occupation within properties which were too deep to ventilate naturally via open windows. However, a great deal of innovation was evidenced in accommodating new systems. Meanwhile, with city centres moving towards mixed use, all five case study properties were now serving food to some extent. As such, extraction was an issue (dealing with steam, odours and grease-laden air). Given much of the necessary extraction/ventilation infrastructure must discharge at roof level, this exacerbated verticality issues as new food uses have tended to locate as near the street level as possible.
- At the feasibility stage of a repurposing scheme, disrepair was an issue raised across most case study properties by potential owners and occupiers, but – in all instances – this was outweighed by ways they could potentially occupy a property's space. Attention was particularly paid to plentiful floorspace and multiple access/egress points, to enable subdivisions of an overall building, especially when the building had the ability to accommodate new reception areas at those points. In this respect, to help facilitate conversion of a former department store to multi-occupancy, a local planning authority allowed former shop windows to be converted to doorways, despite the building's conservation area status.

Key stakeholders

- While some repurposing schemes were more aligned with local authority strategies for an area than others, stakeholders from all parties highlighted the importance and the potential of building upon common desires to create shared governance arrangements in the restructuring of High Streets, policy making and decision-making.
- Although the government's policy agenda was to encourage residential units within city centres, interviewees repeatedly discussed that residential requires such strong protection from other uses that it can be problematic to have as a neighbour. For example, if there were further repurposing works, there were concerns that neighbouring residents would seek to de-rail a planning application through objecting, in a way neighbouring businesses would not.
- At the large scale, given the inherently risky nature of redeveloping city centre space, risk-sharing is recognised as increasingly necessary. However, this did not seem to be the case at the scale of repurposing individual properties. The frustrations and burdens felt by owners were clear. This was compounded by additional financial burdens associated with Section 106 Agreements (to compensate a community against the impact of a new development), when repurposing schemes were creating employment and adding, incrementally, to the overall upgrading of the area.
- As would often be the case with city centre buildings, most of the case studies properties had a footprint which was entirely taken-up by constructed space, with external walls directly abutting the pavement or pedestrianised area. This caused some frustration amongst owners/occupiers with local authorities refusing to permit them to use the adjacent land for any basic business need, such as a vehicular pick up/drop off area, A-board style signage, or the dressing of the main entrance. This represented the privatisation or commercialisation of public space. Moreover, owners/occupiers were frustrated that they were reliant on the local authorities to maintain and enhance the directly adjacent land and, even, refusing their offers of private investment in pursuit of such improvements.

Policy Recommendations

To enable city centres to renew and adapt, through successful repurposing schemes, the following recommendations are made:

- **The creation of High Street Policy Plans** led by a business community forum of owners and occupiers to establish locally sensitive planning policies. Akin to English Neighbourhood Plans, owners and occupiers would establish their own boundaries and their own planning policies which would carry legal weight in land-use planning decisions². Envisaged as a co-produced effort, High Street Policy Plans would require institutional support from local authorities, along the lines of their existing legal 'duty to cooperate' in the making of Neighbourhood Plans. In this way, High Street Policy Plans would help create the desired shared governance arrangements highlighted in the research. From the findings, it is anticipated their policies would relate to issues such as alterations to building facades/external appearances to help repurposed buildings better articulate their new internal uses (for example, policies relating to balconies for diners, and façade lighting schemes); and conversion works which would facilitate a building being repurposed and brought (and kept) in active use, including those changes needed to accommodate mixed uses (for example, shop windows converted into new doorways where multiple business require their own entrances; basement works; and roof extensions/terraces).

- **Introduction of designated Urban Vibrancy Areas** as a new pro-business initiative, with the objective of enhancing urban vitality and business viability through enhancing the visibility of businesses and leisure opportunities, and thus increasing customer draw and footfall. The Urban Vibrancy Areas would benefit from the relaxation of regulatory controls with respect to specific and focused issues which were highlighted in the research as causing difficulties for repurposing schemes. As such, there would be relaxation of licenses granted by the local authority/highway authority relating to pavement licences (tables, seating, umbrellas, heaters, barriers) and fixtures on public land to help create a sense of arrival outside a business (planters, for example); signage control (planning consent³) and any associated highway authority permissions where signage is sited on public land; and planning/highways control relating the execution of works on public land by persons other than the council (for facilities such as drop-off/pick-points).

These forms of relaxation of regulatory controls would be most helpful for those properties which have no private outdoor space, but instead directly abut public land. It is recommended that there may be one or more Urban Vibrancy Areas within a central retailing core. Each would be necessarily spatially limited, where the targeted relaxation of specific regulations would not be disruptive to residential occupiers. Moreover, they would be sensitive to accessibility requirements and the fact many urban centres have parts designated as conservation areas.

- **Support further research on the incorporation of residential uses in the repurposing of retailing areas** to mitigate conflict and enhance enduring, positive change. The study revealed there can be conflict between residential and other uses, and this can be a perceived barrier to some repurposing schemes. Given the government's policies to encourage residential use in areas once dominated by retail, further work is needed to better understand these changing urban environments.
- **Introduce grants to support the necessary building services infrastructure** required to bring significantly large former retail premises, such as department stores, back into productive use. At present, the significant challenges faced by large buildings may make repurposing financially unviable. Core technical difficulties highlighted by the research relate to the mechanical ventilation of floorspaces and installing infrastructure such as stairwells, lifts, flues, vent stacks and ducting which must scale the height of a building, either internally or externally. Help with building services costs would enable more of these large, vacant properties to be reimagined and brought back into active use.
- **Targeted spatial ring-fencing of Section 106 and Section 75⁴ monies from repurposing schemes** in primary shopping/principal retail areas, to ensure they are always spent in the vicinity of the property. While Section 106/75 monies are generally ring-fenced, given the inherently risky nature of repurposing city centre space, the more spatially targeted spending of Section 106/75 monies is a way the risks felt by owners could be mitigated to a degree.
- **Find ways to combine pedestrianisation and vehicular movement** to recognise the importance of accessibility and visibility for building owners and occupiers, as highlighted by the research. Rather than wholesale pedestrianisation, the creation of shared spaces and routes through city centres, for pedestrians, cycles and vehicles is recommended. This can be key in attracting investors to repurpose vacant space, due to the enhanced visibility for the properties and businesses within. In conjunction with public realm improvements (street trees and planting, paving, street furniture), this would ensure that a wider range of properties could benefit from both pedestrianisation and vehicular access.

Further reading

Orr, A M (2021) Death of the high street? *The Property Chronicle*, 14th December 2021. Available at <https://www.propertychronicle.com/death-of-the-high-street/>

Orr, A M, Jackson, C C, White, J T, Lawson, V, Gardner, A, Hickie, J, Stewart, J L and Richardson, R (2022) Change and Transition on the UK's Retail High Street, Real Estate, Place Adaptation and Innovation within an integrated Retailing System: REPAIR End of Project Report, University of Glasgow, Glasgow

Endnotes

¹ Real Estate, Place Adaptation and Innovation within an integrated Retailing System (REPAIR) supported by the Economic, Social and Research Council [grant number ES/R005117/1].

² In the 'plan-led' English planning system, planning application decisions usually give primacy to the policies of the local development plan. Importantly, an adopted Neighbourhood Plan (England) becomes, *de facto*, part of that local development plan. The same legal framework is proposed for High Street Policy Plans.

³ To relax planning controls, the existing mechanism of 'Local Development Orders' could be expanded upon and utilised. Made by local authorities, they extend permitted development rights, therefore removing the need to apply for planning permission for certain specified development in a defined area. Likewise, 'Neighbourhood Development Orders' are similar, but are a bottom-up approach led by local forums through processes similar to Neighbourhood Planning.

⁴ In Scotland, Section 75 agreements are broadly equivalent to Section 106 agreements in England and Wales.