



FRANKHAM

# Office to Residential Permitted Development Rights

Extracting added value from the office space  
you no longer require

# What is Office to Residential Permitted Development Rights?

## **Introduced in 2013**

The government first introduced Office to Residential Permitted Development Rights (PDR) to mitigate the UK's chronic housing shortage in 2013. The scheme was initially set to expire in May 2016, with a great deal of confusion over whether schemes needed to be fully implemented and occupied by the deadline to be lawful.

In addition to the continuation of conversions, PDR has also been extended to enable the demolition of offices to make way for residential uses (although this will be subject to limitations and prior approval from local planning authorities), as well as the use of light industrial buildings and laundrettes. This broadening of scope marks a fundamental shift in the way the regulations work and arguably stands as a ringing endorsement of their better-than-expected performance to date.

## **Planning process of 8 weeks**

In short, the PDR route allows office buildings to be converted to residential, subject to certain caveats such as Listing Status and Flood Risk amongst others, in a streamlined planning process of 8 weeks. The process requires less information to be submitted and therefore carries significantly lower cost and planning risk.

# Why should you consider this?

With the current slow relaxation of lockdown measures from the COVID-19 pandemic and the restrictions this will likely place on our ability to work in a collective office environment, coupled with the enforced working from home measures being successfully implemented by most businesses, it is likely that the way every business uses their office space is subject to review.

PDR offers freehold office owners, either in self occupation or with tenants wishing to reduce their space take up, to quickly and cost effectively release office space to residential and extract a residential development value which is often significantly higher than commercial rates.



# What are the advantages of PDR?



## **A STREAMLINED PLANNING ROUTE**

A normal planning process can be a long and costly affair where money is effectively expended at risk right up until the point that a planning permission is granted. Depending on the size and nature of the project, a planning application can typically take months to be successfully granted and require the commissioning of a number of supporting documents required by the Council.

The PDR route is a streamlined planning route typically with an 8 week timescale for an officer level decision under delegated approval. The number of supporting documents required to substantiate any application is severely reduced and the cost exposure to clients limited as such.



## **MORE SCOPE TO CREATE UNITS**

Residential schemes proposed under this mechanism are also not subject to the same design criteria as new build residential which provides more scope to create units which would otherwise fall beneath the Prescribed National Space Standards or London Plan criteria which specify minimum design and size criteria.



# Is there any time pressure?

It is unlikely that the Government will seek to absolve the PDR office to residential route in the short term but Local Government may seek to curb the number of office buildings being lost under an Article 4 Direction, which removes these rights and implements a requirement for proper planning procedures for any proposed change of use. It is possible that this will be implemented if significant numbers of PDR applications are received in a short period.

The other factor to consider is the current Help to Buy scheme which allows home buyers to get a property with just a 5% deposit. This scheme has substantially supported the uplift of the housing market since its introduction. The Help to Buy scheme offers an equity loan where the government lends first-time buyers and existing homeowners' money to buy a newly-built home. Under this scheme, you can borrow 20% of the purchase price interest-free for the first five years as long as you have at least a 5% deposit. If you live in London, you can borrow up to 40% of the purchase price. The purchase price must be no more than £600,000.

The Government has confirmed it will extend its Help to Buy equity loan scheme from 2021 to 2023. However, this extension will be restricted to first-time buyers purchasing newly built homes. From 2021, there will also be new regional price caps which could reduce the maximum value of homes that can be bought through the Equity Loan Scheme.

A window therefore exists to create new properties able to hit the market and successfully complete before a substantial turbo charger to the housing market is removed.



# How can we help?



### **In-House Team**

We are well placed to help you consider whether your current office building is suitable and viable for a change of use to residential, and then undertake all aspects of the work in-house.



### **Holistic and managed solution**

The Frankham Consultancy Group are a team of measured building surveyors, architects, building surveyors, town planning consultants and development consultants, who are able to undertake all aspects of the required work in a holistic and managed solution.



### **Further advice to extract asset value**

We are also able to advise further on the ability to extend and enhance the existing building to extract the optimum asset value.



## HANOVER HOUSE

### READING

Hanover House, originally built as an office block in the 1970s, is situated in the eastern side of Reading Town Centre. The project involved alterations and conversion to provide 82 apartments for private sale, comprising a selection of studio, one, two and three bedroom units. The redevelopment works were carried out on the basis permitted development, with the exception of the 4th floor which required planning consent for change of use.

The existing building fabric presented significant challenges to achieve compliant sound reduction levels between adjacent apartments. In particular, the abutment of separating partitions with the existing window mullions required bespoke detailing and components. The project involved upgrading of the external envelope to improve the thermal performance of the building.

Client

**Dartmouth PM**

Contract value

**£5.5m**

Services

**Architecture**

**Structural & Civil Engineering**

**CDM Services**



FRANKHAM

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