

- 6.1.6 Outside the office to residential permitted development rights (PDR) exemption areas, more than 1.9 million sq.m. of office space had received prior approval to change to residential by March 2018<sup>99</sup> mostly, but not exclusively, in town centres in west and south London and in areas around the CAZ fringe. There are concerns that **office to residential PDR** is having disproportionate impacts on occupied office floorspace and on SMEs and that it could undermine the potential to deliver significantly more housing through more intensive forms of mixed-use development, particularly in town centres. This Plan therefore supports boroughs to consult upon and introduce Article 4 Directions for the areas currently exempted in and around the CAZ and for geographically-defined parts of other existing and viable strategic and local office locations, to ensure that their office functions are not undermined by office to residential PDR and to protect local amenity or the wellbeing of an area.
- 6.1.7 **Surplus office space** includes sites and/or premises where there is no reasonable prospect of these being used for business purposes. Evidence to demonstrate surplus office space should include strategic and local assessments of demand and supply, and evidence of vacancy and marketing (at market rates suitable for the type, use and size for at least 12 months, or greater if required by a local Development Plan Document). This evidence should be used to inform viability assessments.

## Policy E2 Providing suitable business space

- A Boroughs should include policies in local Development Plan Documents that support the provision, and where appropriate, protection of a range of B Use Class business space, in terms of type, use and size, at an appropriate range of rents, to meet the needs of micro, small and medium-sized enterprises and to support firms wishing to start-up or expand.
- B Development of B Use Class business uses should ensure that the space is fit for purpose having regard to the type and use of the space.
- C Development proposals that involve the loss of existing B Use Class business space (including creative and artists' workspace) in areas identified in a local Development Plan Document where there is a shortage of lower-cost space or workspace of particular types, uses or sizes, should:



- 1) demonstrate that there is no reasonable prospect of the site being used for business purposes, or
  - 2) ensure that an equivalent amount of B Use Class business space is re-provided in the proposal which is appropriate in terms of type, use and size, incorporating existing businesses where possible, and include affordable workspace where appropriate (see [Policy E3 Affordable workspace](#)).
- D Development proposals for new B Use Class business floorspace greater than 2,500 sq.m. (gross external area), or a locally determined lower threshold in a local Development Plan Document, should consider the scope to provide a proportion of flexible workspace or smaller units suitable for micro, small and medium-sized enterprises.

- 6.2.1 The provision of a **sufficient supply of business space of different types, uses and sizes** will ensure that workspace is available for occupation by SMEs and businesses wishing to start-up or expand. It will also help to ensure that workspace is available at an appropriate range of rents.
- 6.2.2 Development of business uses should ensure that the space is fit for purpose, with at least basic fit-out, and not compromised in terms of layout, street frontage, floor loading, floor to ceiling heights and servicing, having regard to the type and use of the space. This should take into account the varied operational and servicing requirements of different business uses.
- 6.2.3 Smaller occupiers and creative businesses are particularly vulnerable and sensitive to even small fluctuations in costs. To support a **diverse economy**, it is important that cost pressures do not squeeze out smaller businesses, particularly from fringe locations around central London, but also across the capital as a whole. There is evidence that the conversion of occupied or partially-occupied offices to residential use, through permitted development rights, is having a particular impact on secondary space in outer London and on the fringes of the CAZ.<sup>100</sup>
- 6.2.4 **Low-cost business space** refers to secondary and tertiary space that is available at open market rents, which is of a lower specification than prime space,<sup>101</sup> or found in non-prime locations such as back-of-town centre and

<sup>100</sup> Ramidus Consulting, 2017 op cit / London Development Database monitoring

<sup>101</sup> See [Glossary](#) for definitions of [Prime, secondary and tertiary commercial property](#)