

7. Business uses and hotels



7.1 Introduction

- 7.1.1 In November 2014 the Council published, and consulted upon, what the Council termed an ‘Enterprise’ Issues and Options paper. This document focused upon the B Class business uses and upon hotel uses. This document can be viewed on the Council’s website¹⁵².
- 7.1.2 The intention had been to consider the responses made at the end of 2014 before publishing draft planning policies in the spring of 2015, with examination later in the year. However, the Council subsequently took the view that considering all the topic areas of the Local Plan Partial Review together would allow a more ‘joined up’ approach. In particular it would allow the Council to consider better the relationship between housing provision and offices across the Borough.
- 7.1.3 The legislation, policy, guidance and evidence base of the Enterprise Review will not be repeated here, for it remains as relevant today as it did at the end of 2014. Instead, this section summarises the comments received on the 2014 Issues and Options consultation. As such this section differs in structure from the others in this document.
- 7.1.4 The Council is, however, making a ‘Call for Sites’ to identify further sites which may be suitable for new B class floorspace in the future.

¹⁵² <https://planningconsult.rbkc.gov.uk/consult.ti/EnterpriseIO/consultationHome>

7.2 Existing Local Plan policies

7.2.1 For the avoidance of doubt, the existing Local Plan policies which the ‘Enterprise’ Issues and Options considered were:

- Policy CF5 Location of Business Uses
- Policy CF6 Creative and Cultural Businesses
- Policy CF8 Hotels
- Unitary Development Plan Policies E8, E11, E12, E13, E15, E19, E22

7.2.2 These policies are replicated in their entirety in **Appendix B** for ease of reference.

7.2.3 Since the publication of the initial issues and options in November 2015, the St Quintin and Woodlands Neighbourhood Forum has been preparing a Neighbourhood Plan for an area based around the St Quintin area in the north-west of the Borough. An independent inspector has considered the plan and is of the view that, with some modifications, it meets the basic conditions required.

7.2.4 The plan includes a policy which specifically considers the Latimer Road Employment Zone, north of the Westway. This allows for the introduction of residential uses on the upper floors of the single storey commercial properties, Units 1-14 Latimer Road. It also supports the creation of A1/A2/A3/A4, D1 and D2 uses throughout the northern part of the zone (Draft Policy StQW 8).

7.2.5 The Plan will be subject to a local referendum, which will decide whether or not it will be adopted.

7.3 The 2014 issues and options

Business

7.3.1 The Council noted that the differential in value between business and residential uses was the key issue which must be considered when drafting a suite of policies which relate to business uses. It is this differential in value that both drives the pressure on existing business uses and which puts a brake on the provision of any new business floorspace. It could, however, also provide the opportunities for successful mixed use development.

7.3.2 Within this context, the Council identified three key questions within the 2014 Issues and Options to start to inform a future policy for B class uses:

- What planning policies should the Council adopt which will help to bring forward new business development?
- What planning policies should be adopted which will protect the premises used by the business sector and improve the nature of the premises available?
- What, if any, spatial policies should the Council adopt in respect of business use?

7.3.3 The questions from the 2014 consultation are set out below. For the avoidance of doubt, the Council is not seeking responses to these questions as they were consulted on in 2014.

Issue 1: What planning policies should the Council adopt which will help to bring forward new business development?

Option 1: The Council should require business floorspace to be provided as part of new large scale residential developments

Option 2: The Council should support the loss of employment floorspace in one building as long it is being re-provided elsewhere in the Borough.

Option 3: The Council should be prescriptive and require the provision of those particular types of unit which would meet the specific demands of the Borough's office sector.

Issue 2: What planning policies should be adopted which will protect the premises used by the business sector and improve the nature the premises available?

Option 1: The Council should take a flexible approach and allow changes of use between the B class uses.

Option 2: The Council should seek to protect warehousing within the Borough.

Option 3: The Council should support a loss of business floorspace on a site where that which remains is of a better quality, or of a nature better suited to the local market

Option 4: The Council should promote the creation of new districts - to attract innovative, creative, and growing businesses. If so, where would they be most appropriate and what policies could enable them?

Option 5: The Council should normally resist the replacement of floorspace in basements and other sub-optimal areas.

Option 6: The Council should allow the loss of office floorspace when the loss is to a social and community uses and/or to affordable housing, or where the uplift in value is used to gain other significant local benefits.

Option 7: The Council should allow the loss of business floorspace when lying within otherwise residential buildings.

Option 8: Subject to changes to national legislation proposed by the Government, should the Council seek to require planning permission for changes of use from business uses to residential uses? If so, are there any particular areas or business sectors this should consider?

Issue 3: What, if any, spatial policies should the Council adopt in respect of business use?

Option 1: The Council should take a different approach for business uses within town centres than elsewhere.

Option 2: The Council should take a different approach to the protection of business floorspace in Earl's Court than that taken elsewhere the Borough.

Option 3: The Council should continue take a different approach to development within the Employment Zones than elsewhere in the Borough.

Option 4: Should the Council develop policies tailored to the character of each Employment Zone?

Hotels

7.3.4 The issues relating to the Borough's stock of hotels was less complex. In essence, as with offices, despite high levels of demand, much of the Borough's hotel stock is under pressure from higher-value residential use.

7.3.5 The questions from the 2014 consultation are set out below. For the avoidance of doubt, the Council is not seeking responses to these questions as they were consulted on in 2014

Issue 4: Hotels

Option 1: The Council should support the creation of new hotels and hotel bed spaces, across the Borough, where they can be shown to support the function of that area.

Option 2: The Council should allow the loss of hotels and hotel bed spaces to residential uses.

Option 3: The Council should differentiate between Earl's Court Ward and the rest of the Borough.

7.4 Summary of the representations received

7.4.1 Comments were received from a total of 31 people or organisations. These included statutory consultees commenting primarily on the Sustainability Appraisal, land owners, agents, residents and residents' associations, the Kensington and Chelsea Chamber of Commerce, and the St Quintin and Woodlands Neighbourhood Forum.

7.4.2 All the comments received are available to read on the Council's website¹⁵³. The responses are summarised as follows:

¹⁵³ <https://planningconsult.rbkc.gov.uk/consult.ti/EnterpriseIO/listRespondents>

Planning policies to bring forward new business development

- 7.4.3 There was only very limited support for requiring the provision of new business floorspace within new large scale residential developments. There was concern that such an approach could jeopardise new development through the fragmentation of the ownership of sites and through reductions in viability. Furthermore such an approach was seen by some to be inappropriate given the overwhelming need for new housing across the capital.
- 7.4.4 Similarly there was only limited support for the Council being prescriptive about the types of units being provided in new development. The market was seen as better placed to decide what would let in any given location.
- 7.4.5 There was, however, some support, for the Council resisting the loss of employment floorspace in one location where it is being re-provided elsewhere. There was concern that such liberalisation would lead to a reduction in diversity within a given area and a movement of offices to less valuable areas within the north of the Borough. This concern was not shared by land owners seeking to make use of such swaps.

Planning policies to protect existing business premises and to improve the nature of premises available

- 7.4.6 Whilst not unanimous, the majority of those who responded supported a liberalisation whereby the Council would allow changes of use within (if not outside) the B class uses. Controls should, however, be in place to stop a possible loophole whereby a change to a B8 warehousing use is merely a step towards residential.
- 7.4.7 A similarly libertarian approach was supported by the majority, whereby business floorspace can be lost where that which remains is of better quality. There was a view that some loss of business floorspace can add value which can help contribute to the long term and ongoing viability of a business premises. Such flexibility helps promote the provision of high quality, fit for purpose, floorspace. This was the view taken by the majority of those with a particular interest in the northern part of the Latimer Road Employment Zone.
- 7.4.8 Whilst there was widespread support for the protection of business uses across the Borough some flexibility was sought, particularly when being lost to affordable housing or to a social and community use.
- 7.4.9 The Council asked whether the Council should promote the creation of new innovation districts to attract new businesses. There was little appetite for such an approach, with a view that such areas should evolve organically. That is not to say there is no opportunity to rebrand existing areas

What spatial policies should the Council adopt?

- 7.4.10 With regard to Employment Zones, many respondees did not express an opinion. Those that did were divided, but with the majority supporting a suite of policies reflecting the particular characteristics of the Employment Zones.

- 7.4.11 A number of representations were received from those with a particular interest in the northern part of the Latimer Road Employment Zone. These include those with land holdings in the area as well as from the St Quintin and Woodland Neighbourhood Forum. Many of these supported a less restrictive approach to Latimer Road, with mixed uses, and the introduction of residential use being supported where this can add vitality to the area as well as helping support the long term future of the business uses through cross subsidy.
- 7.4.12 Representations were received concerning the Lots Road Employment Zone. Whilst the general approach currently taken by the Council was supported, a new policy should emphasise the need to support both the small creative businesses in the area as well as the important antiques sector.
- 7.4.13 With regard to town centres, of those who expressed an opinion, there was general, if not unanimous, support for recognising the particular value in town centres as locations for office floorspace.

Should the Council require planning permission for changes of use from business uses to residential uses, when the planning regulations change in the future?

- 7.4.14 In 2013 the Borough sought, and achieved, an exemption from the permitted development rights which would remove the need for planning permission for changes of use of offices to residential. In November 2014 the Council was aware that in all likelihood this exemption would expire at some unspecified time in the future. As such the Council asked stakeholders whether the Council should use an Article 4 direction to retain some control of such changes of use. In October 2015 the Government confirmed its approach and announced that Borough's exemption would only run to May 2019¹⁵⁴.
- 7.4.15 Perhaps unsurprisingly the responses received which directly addressed this issue largely reflected the nature of the respondee. In general terms landowners sought greater flexibility – and a relaxation of permitted development rights - whilst residents and amenity groups supported the use of Article 4 directions.
- 7.4.16 Whilst the St Quintin and Woodlands Neighbourhood Forum made no comments as to the appropriateness of an Article 4 direction as a response to the Issues and Options they have since made their position clear. In the NF's basic conditions statement¹⁵⁵ drafted in preparation for the examination of their own Neighbourhood Plan they stated that they support the use of an Article 4 direction to resist the removal of permitted development rights on changes of use from B1 to residential on the ground and mezzanine floors of commercial buildings. By inference, they do not support an Article 4 direction for the upper floors of commercial properties in the St Quintin and Woodlands area.

¹⁵⁴ www.gov.uk/government/news/thousands-more-homes-to-be-developed-in-planning-shake-up

¹⁵⁵ St Quintin and Woodlands Neighbourhood Plan Basic Conditions Statement, Submission Version, May 2015, paragraph 17.7 <https://planningconsult.rbkc.gov.uk/consult.ti/StQW/consultationHome>

Hotels

- 7.4.17 Few responses were received on this issue. Of those who did respond, the majority supported greater flexibility in terms of the locations suitable for building new hotels. Whilst impact on residential amenity was important, hotels could successfully operate both within and outside of established town centres. There was not, however, widespread support for any relaxation on the protection of existing hotels. Liberalisation could see a significant loss of the Borough's hotel stock as owners and investors seek to maximise value through changes of use to residential.

7.5 Issues and options

Issue 5: Call for Sites

- 7.5.1 Macro forecasting carried out for the London Plan¹⁵⁶, and fine tuned for this Borough¹⁵⁷, concludes that there is a demand for approximately 2,500 sqm of additional office floorspace per year over the plan period, or 50,000 sqm to 2032. This equates to a net increase of some 7%, with the existing office floorspace estimated to be 718,000 sq m¹⁵⁸.
- 7.5.2 Whilst not a 'target' in the way that the London Plan's housing figures are, the Council recognises that there are considerable benefits associated with the creation of new business floorspace. As such the Council wants to see this demand met as far as is practicable.
- 7.5.3 Whilst the nature of both the office supply and the demand may change over time, the conclusions of subsequent studies remain consistent. There is not enough supply to accommodate the levels of demand¹⁵⁹.
- 7.5.4 Indeed, despite the passage of time, whilst the sites have changed, the amount of development within the supply chain differs little from that when the Local Plan (then the Core Strategy) was initially drafted in 2008. At that time there was 37,000 sqm of office floorspace in the development pipeline, made up of 'office permissions under construction' and 'outstanding permissions'¹⁶⁰. As of April 2015, this figure had dropped slightly to 36,000 sqm. Of this, 18,000 sqm of floorspace comes from outstanding permissions which have yet to have started on site, the remaining 18,000 sqm being under construction.
- 7.5.5 Some of this floorspace is likely to be met in the future through site allocations (and in particular the 10,000 sqm of office floorspace allocated within the Local Plan in the Kensal Gasworks Site). The Council recognises that additional sites will need to be identified, and/or existing sites intensified if the future identified

¹⁵⁶ London Office Policy Review, Ramidus Consulting Limited, 2012 and GLA Economics, Working Paper 51, 2013

¹⁵⁷ RBKC Commercial Property Study, Peter Brett Associates, 2013

¹⁵⁸ Office Market Review and Viability in the Royal Borough of Kensington and Chelsea, Frost Meadowcroft, 2014

¹⁵⁹ *ibid*

¹⁶⁰ Paragraph 31.3.33 of the Local Plan

need and the historic under provision since the adoption of the current plan is to be met.

- 7.5.6 Clearly further liberalisation, be this through a relaxation of the Council's polices or through a liberalisation of the planning regulations, will make the ability to meet any need very difficult.

Question 1

Are there any sites that should be considered as a site allocation as part of the Local Plan Partial Review for Class B business uses? If so, please complete the Call for Sites section of the Consultation Response Form (**Appendix C**).

Do you have any other comments, issues or options (reasonable alternatives) you would like to raise regarding this section?