

## **Agenda Item 35 Appendix 2**

### **Property & Design and Planning's Response to BHEP letter of 11 July 2011**

#### **i) How does this decision comply with a variety of established strategies eg Local Plan, emerging core strategy, Hotel Futures Study, Local Transport Plan etc.**

a) The disposal of the site is subject to the developer obtaining planning consent and does not circumvent the planning process. The developer will have to present a comprehensive planning application and supporting case for their proposed scheme in the usual way. This will have to address all of the established planning strategies including the Local Plan, the emerging core strategy the Hotel Futures Study and the Local Transport plan. These issues will need to be fully tested and demonstrated at the planning application stage if the development is to secure permission.

#### **The Local Plan**

b) The Brighton & Hove Local Plan (adopted in 2005) provided the statutory local planning policy context for the site. The site is allocated under policy EM2 of the Local Plan as an employment generating site suitable for high-tech business uses or general office uses with in classes B1 (a and b). Although an employment generating office development has been the planning and economic objective for the site, the Council has been unable to secure its development for offices despite many years of active marketing some of which were during the economic boom years. For this reason the marketing and development brief of the site was widened in 2009 to include possible hotel and leisure uses and an accompanying informal planning brief advised that a sufficiently strong planning case would need to be made as part of any planning application in respect of potential development proposals seeking "enabling" development in the form of alternative employment-generating uses (e.g. a hotel/leisure use).

c) The few office developers who bid in 2009, did so on a speculative basis without firm lettings in place. Speculative office developers invariably undertake construction in phases on a piecemeal basis leaving large parts of the site undeveloped over an extended period of time. This is a scenario which the Council have always been keen to avoid and the Village Hotel proposal has the merit of an immediate occupier and complete redevelopment of the site within a tight timeframe.

d) The Village Hotel also includes 4,900 sq.ft. of offices which would be operated as a serviced office. Associated companies of the developer are experienced specialists in the provision and management of serviced offices. There would be a strong synergy between the hotel and office users in this edge of city location which would reinforce the attractiveness to both types of users.

### **Emerging Planning Policy**

e) The Local Development Framework is the term used to describe the set of documents that will eventually include all of the planning authority's local development documents, one of which will be the Core Strategy or the City Wide Plan. As these new documents become adopted by the Council, they will eventually replace the 2005 Brighton & Hove Local Plan. The Council at its 21<sup>st</sup> July 2011 meeting has agreed to ask permission of the Secretary of State to withdraw the current Submission version of the Core Strategy from the Examination process. A new 'citywide plan' part 1 will then be prepared with a timetable published in a revised Local Development Scheme (the 3 year work programme for the Local Development Framework) in September 2011. The existing allocation of the site as an EM2 site is recommended to remain unchanged in the Core Strategy. The planners will seek to ensure that the proposed Village Hotel development will be consistent with the emerging Core Strategy.

### **The Hotel Futures Study**

f) The Brighton & Hove Hotel Futures Study (2007) was commissioned by the Council to provide up-to-date information on hotel and guest accommodation performance and development potential in the city. This information has informed the planning policies for hotels and guesthouses in the emerging Local Development Framework and is used to assist the development control process in determining planning applications for new hotel and guest accommodation development and changes of use.

g) The Village Hotel proposal is an entirely new concept for the City's current hotel mix but would not be inconsistent with the Hotel Futures Study. The combination of 'out of town centre' accommodation with parking, leisure, and food and drink, though common to other locations, does not exist here. Having consulted with the Head of Tourism throughout the marketing and redevelopment of this site their advice is that this proposal could compliment the existing mix, provide for markets that we do not currently serve and would not necessarily have an adverse impact on existing demand.

h) Though we have seen supply increase in recent years and this has coincided with weakening markets, the operational profitability of the hotel accommodation sector remains strong in comparison to many other destinations.

i) Located on the A23/A27 junction the Village Hotel would not benefit from the City Centre location of the majority of our bed stock but does provide

benefits for the travelling public and business user for whom speed of access to the major highway network or Gatwick is important. While sustaining or growing employment in the local area it may well compete with other hotel stock on the A23 and A27, all outside of the City boundaries, but the Village Hotel group also has its own national contracts that would use this property and which are potentially not currently using the City or its accommodation providers and so would support market growth.

### **Local Transport Plan**

j) Local Transport Plans (divided into full local transport plans and local implementation plans for transport) are an important part of transport planning in England. Strategic transport authorities (such as Brighton & Hove City Council) are expected to prepare them, typically five year periods, and present them to the Department for Transport. The current full Local Transport Plan for Brighton & Hove sets out the council's vision for a successful transport system within and beyond the city. Its key aim is to assist in delivering the priorities for transport of reducing congestion, improving road safety, improving air quality and providing greater accessibility.

k) The developers will have to prepare a Transport Assessment in conjunction with their planning application. The traffic generated by the Village Hotel would be spread throughout the day and evening. There would therefore be less pressure on the transport infrastructure during the rush hours than with a conventional office development. The planning consultants for the developers have met with the council's transport planning team on several occasions and provided detailed proposals for sustainable transport. This analysed the trip generation from the Village Hotel showing a broad spread of traffic throughout the day and a much lower impact than offices in the rush hours. Village Hotels also have a well established travel plan framework which has been successfully applied to other edge of city locations. Their Green Travel Plan will encourage car sharing, walking, cycling and discussions will be held with local bus companies regarding bus stops for the site.

### **ii) Is this the best strategic use of the land?**

a) Yes, the Council believe that this is the best strategic use of the land. The Council's policies in terms of planning, economic development/employment, tourism and asset strategy all support this strategic use of the land.

b) This site has had a chequered history over the last 2 decades since construction of the A27 in the early 1990's. An early study in 1992 considered the possibility of a park and ride scheme. In 1993 interest was shown by a number of supermarkets but this idea was rejected by the Council in the light of continuing local opposition. In 1995 a proposal from Waitrose for a retail development including a Park and Ride facility was considered but eventually dropped. In 1997 the site was marketed for office and hotel schemes and terms agreed for an office development on a speculative basis. In the event negotiations broke down and the developer withdrew. There was a further marketing of the site in 2002 and terms agreed with a preferred developer who again withdrew because of the demise of the speculative office market. In

2004 the site was identified as one of a number of potential sites for a Park & Ride scheme which was abandoned in 2005. Following re-marketing of the site in 2006 and considerable interest for both office and hotel schemes terms were agreed for disposal on a pre let basis for offices but the end user pulled out. The preferred bidder was a large local employer who anticipated providing 800 to 900 work stations for approximately 1,300 to 1,400 staff. There were 180 car park spaces proposed to accommodate staff working on a shift basis.

c) There has therefore been extensive and wide ranging marketing of the site over a very long period which has not proved successful in achieving office development on the site. The current proposals on the table are the result of fresh marketing in 2009 following a widening of the planning brief to encompass hotel and leisure schemes in addition to offices.

d) With the broadening of the informal planning brief to include hotel and leisure uses as possible enabling uses of the site, the marketing produced 10 bids from 8 developers. There were 6 office proposals and 4 for hotels or mixed hotel schemes all of which were evaluated by the agents DTZ and 5 of the bidders were invited for interview. This was before an interview panel comprising officers from Property & Design, Planning, Finance, and Tourism together with DTZ the agents. All 5 parties were evaluated on a standard matrix of scoring under 8 headings : Track record, Deliverability Financial appraisal/Price, Funding, Planning, Quality/Innovation, Added Value and Timing. After interview and a thorough assessment of their scheme with officers and planners over an extended period a formal recommendation was made to Cabinet in February 2011. This included details of the other bids, the interview process and the criteria for selection of the preferred bidder.

e) Funding for office developments continue to be a problem for the office sector and is particularly acute for speculative schemes without a pre-let. Dramatic falls in property values and rents have called into question the viability of many office developments outside Central London. Even if built office schemes are likely to be limited to initial phases which can remain vacant and un-let for years and blight the further development of the site. There is the risk of developers failing during construction leaving the site derelict with half completed buildings. Any of these scenarios would provide a very poor gateway to the City and deter other potential investors.

f) Given the prevailing economic climate where there is very little prospect for speculative office development in Brighton & Hove for at least several years, the Village Hotels proposal has the potential to represent a good and achievable use of the land, that is able to deliver a wide range of jobs that will be of particular benefit to the city in a time of high unemployment. The Village Hotels proposal represents a better strategic use of Patcham Court Farm than a site that continues to remain derelict and undeveloped for many more years. The immediate development of the site will also generate substantial rating income for the City on a currently moribund site.

g) From a sustainability perspective it is increasingly desirable to prioritise central locations over peripheral sites for high tech office development because of the better connections to sustainable transport. The report on New England House in October 2010 identified a lack of suitable space for high tech businesses in the central area. The update of the Employment Land Study in 2009 also highlighted the adverse impact of the recession on commercial development and the office market.

h) Hotels do not tend to create a high number of high paid jobs, but this particular proposal will create a wide range of employment opportunities; 250 jobs in total (166 jobs full time equivalent) including 56 function and conference managers and staff, 26 professional health instructors and health staff. In addition, the serviced office floor space would be expected to provide around 25 office-based jobs. The hotel will provide a range of jobs, as well as serviced offices, thereby providing a variety of job opportunities for local people. The variety of uses on the site will also generate off site employment for suppliers, trades and companies throughout the City.

i) The current uncertain economic climate does not bode well for developments of any kind. Economic growth is slowing and developers are having more difficulty in obtaining funding for even the most profitable of developments. This funding drought is particularly acute in the office development sector especially where there is no pre let.

j) The Village Hotel has the advantage of a known local operator who will be undertaking the development of the whole site for their own occupation. They have the funding, the commitment to complete the development and the track record to show that they have the necessary expertise and credibility.

### **iii) What precedents will be established if the sale proceeds?**

The Council do not believe that a precedent will be established if the sale proceeds.

a) All site disposals are done on a case by case basis, there is not a one size fits all solution that captures every issue inherent on different sites. So the likelihood of a similar proposal coming forward for another site is remote. Again each planning application is treated on it's merits and would have to be considered in the light of the planning guidelines for the particular site. It seems difficult therefore to set precedents under these circumstances.

b) The proposal will increase the city's overall hotel and office offer. Village Hotels consider their brand to represent a unique 'product' providing facilities geared towards a local market, rather than competing directly with hotels in city centres. There is also an office element to the scheme and the combination of hotel and serviced office floor space will provide a facility unique within the Brighton & Hove office market, as it combines the amenity of the Village Hotel (gym, swimming pool, coffee shop & restaurant) with immediate access to the A27 and A23 and national motorway network. This could be an attractive venue for a wide range of occupiers, including:

- Small & Medium sized businesses attracted by the offer and ability to take a flexible lease structure
- Airport related businesses requiring good access to Crawley/Gatwick
- Satellite Office Requirements (Professional and Construction Sectors)
- Educational support companies attracted by the City's large student population
- One off requirements including the new South Downs National Park

c) The proposal presents social, economic and environmental benefits to the City and its surrounding National Park

### **Transparency**

a) In accordance with Property's consultation protocol on disposals the ward councillors were consulted on the proposed use of the preferred developer and were all supportive of the Village Hotel scheme.

b) As a key decision the disposal was put on the council's Forward Plan in advance of the Cabinet meeting.

c) The Cabinet meeting on 17 February considered the disposal together with the alternatives and accepted the recommendation to proceed with the preferred developer. The public can attend any Cabinet meeting and all Cabinet meetings are webcast.