

<b>App.No:</b> 151134	<b>Decision Due Date:</b> 23 December 2015	<b>Ward:</b> Meads
<b>Officer:</b> Neil Holdsworth	<b>Site visit date:</b> 14/12/2015	<b>Type:</b> Planning Permission
<b>Site Notice(s) Expiry date:</b> 3 December 2015		
<b>Neighbour Con Expiry:</b> 3 December		
<b>Press Notice(s):</b> 8 December		
<b>Over 8/13 week reason:</b> To meet committee cycle		
<b>Location:</b> Farrar's Hotel, 3-5 Wilmington Gardens, Eastbourne		
<b>Proposal:</b> Change of use to convert a 45 bedroom hotel to a 14 bedroom guest house hotel with owner's accommodation and 15 residential apartments.		
<b>Applicant:</b> Mr Matthew Hodgson		
<b>Recommendation:</b> Subject to S106 (as outlined in the report) Approve conditionally		

Planning committee previously considered on 6<sup>th</sup> January 2015 this proposal for the change of use of the existing hotel at 14 Wilmington Gardens to 1 x 14 bedroom hotel with ancillary owners accommodation and 15 residential units. At this time the committee agreed that the application should be returned to members for consideration following the receipt of viability evidence from the district valuer.

Following the January 28<sup>th</sup> Committee meeting the applicant subsequently appealed against non-determination under Section 78 of the Town and Country Planning Act, this appeal was considered and decided in the course of 2015. In the absence of a response from the district valuer, the Council took advice from BPS Chartered Surveyors, which generally supported the applicants position the hotel accommodation was not viable in its existing form.

In considering the non-determination appeal the inspector found that the applicant had successfully demonstrated in its own evidence that in light of site specific issues the existing hotel accommodation was not viable as a going concern, and as such a conversion of the premises to a partial hotel use and partial residential use fulfilled the requirements of the Policy TO1 and TO2 of the Eastbourne Borough Local Plan. The inspector also made an award of costs against the Council, finding that it had acted unreasonably in defending the appeal in light of the viability evidence put before the inspector.

The appeal was nonetheless dismissed due to the inadequacy of the legal agreement presented by the applicant which was considered necessary to make the application acceptable in planning terms. In dismissing the appeal the inspector commented that there was no fundamental reason why this matter could not be resolved.

The contents of the previous committee report are copied out immediately below this report.

The applicant has now resubmitted the application. To address the issues identified in the appeal, the applicant has submitted a revised legal agreement.

The legal agreement proposes the following measures:

- An affordable housing contribution of £35656
- A household waste and recycling facilities contribution of £345
- Agreement that the half of the residential units will not be occupied until completion of the hotel element of the scheme.

The submitted Section 106 agreement addresses the Inspectors concerns. In light of the appeal decision it would not now be reasonable to refuse the application on any other ground. As such the application is recommended for conditional approval, subject to the conditions that were previously recommended.

The policy context and planning history are assessed in the previous committee report, attached as annex 1 to this report.

As part of the consultation on this application, 342 neighbouring residents have been consulted. No responses have been received. Planning policy have confirmed that the affordable housing contribution meets current policy requirements.

**Recommendation:** Approve subject to conditions and completion of a section 106 agreement securing the following measures:

- An affordable housing contribution of £35656
- A household waste and recycling facilities contribution of £345
- Agreement that the half of the residential units will not be occupied until completion of the hotel element of the scheme.

**Conditions:**

- 1) You must apply to us for approval of how waste and recycling is to be stored on site in the final development. You must not start work on the relevant part of the development until we have approved what you have sent us. You must then provide the stores for waste and

materials for recycling according to these details, clearly mark the stores and make them available at all times to everyone using the proposed development.

Reasons : To provide suitable storage for waste within the approved development.

- 2) You must provide the parking spaces shown in accordance with the layout shown on plan number 795201/15/07 rev A B. The parking spaces shown may only be used by residents and visitors to the approved accommodation and may not be used for any other purpose.

Reason: To ensure that parking is provided for the proposed development in accordance with the Council's transportation policies.

- 3) You must provide the car parking spaces shown on drawing number 795201/15/07 rev A B prior to the first occupation of the hotel and tourist accommodation use hereby approved by this permission.

Reason: To ensure that parking is provided for the proposed development in accordance with the Council's transportation policies.

- 4) You must provide details of refurbishment measures to the hotel/guesthouse element of the scheme submitted to the local planning authority for the approval of the local planning authority. These details should include

- details of redecorations and internal fixtures and fittings (to include including bathing and sanitary ware)
- details of the new stair access

- 5) You must not start work on any part of the refurbished hotel/guest-house until we have approved what you have submitted, and you must implement this permission in accordance with details approved under the terms of this condition No 4.

Reason: To ensure that the retained guesthouse accommodation is of an appropriate standard and to ensure the likelihood of sustaining a viable business. This is in accordance with Policy TO1 and TO2 of the Eastbourne Borough Plan Saved Policies (2003).

- 6) You must provide details of secure cycle parking to be approved in writing by the Local Planning Authority. These facilities shall be fully implemented and made available for use prior to the occupation of the development hereby permitted and shall thereafter be retained for use at all times. You must not start work on the relevant part of this development until we have approved what you have sent us.

Reason: To ensure that satisfactory facilities for the parking of cycles are provided and to encourage travel by means other than private motor vehicles.

- 7) The lower ground floor flat of the guesthouse accommodation shown as residential accommodation on the approved plans must only be used by staff of the guesthouse hereby approved and must not be used as a self-contained residential unit in its own right.

Reason: To ensure that the retained guesthouse accommodation is of an appropriate standard and to ensure its ongoing viability. This is in accordance with Policy TO1 and TO2 of the Eastbourne Borough Plan Saved Policies (2003).

- 8) You must implement this planning permission in accordance with the following drawings approved as part of this application:

795201/14/07 amendment A B (site location plan)

795201/EXG01

795291/EXG02

795201/EXG03

795201/EXG04

795201/EXG05

795201/EXG06

795201/EXG07

795201/EXG09

795201/EZG10

795201/C/01 rev B

795201/C/02 rev B

795201/C/03

795201/C/04

795201/C/05

795201/C/06

795201/C/07

795201/C/08

Reason: For the avoidance of doubt.

**Appeal:**

Should the applicant appeal the decision the appropriate course of action to be followed, taking into account the criteria set by the Planning Inspectorate, is considered to be **written representations**.

**Annex 1: Previous officers report (January 6 2015 Planning committee).**

<b>App.No:</b> 140711 (PPP)	<b>Decision Due Date:</b> 13 September 2014	<b>Ward:</b> Meads
<b>Officer:</b> Leigh Palmer	<b>Site visit date:</b>	<b>Type:</b> Planning Permission
<p><b>Site Notice(s) Expiry date:</b> 05/07/2014  <b>Neighbour Con Expiry:</b> 05/07/2014  <b>Weekly list Expiry:</b> 27 June 2014  <b>Press Notice(s):</b> 27/06/2014</p>		
<p><b>Over 8/13 week reason:</b> Negotiations and consulting the District Valuers Office.</p>		
<p><b>Location:</b> Farrar's Hotel, 3-5 Wilmington Gardens, Eastbourne</p>		
<p><b>Proposal:</b> Change of use to convert a 45 bedroom hotel to a 14 bedroom guesthouse hotel and 15 residential apartments.</p>		
<p><b>Applicant:</b> Mr Matthew Hodgson</p>		
<p><b>Recommendation:</b></p> <ol style="list-style-type: none"> <li>1. That no decision is issued until such time as the District Valuers Office (DVO) have ratified the financial evidence accompanying the application.</li> <li>2. If the DVO support the financial evidence then delegated authority be given to the Senior Specialist Advisor if issue planning permission subject to a S106 and Planning Conditions as outlined below. The S106 should cover the delivery of affordable housing, the tariff based contributions for ESCC and controls over the timing of the delivery of the refurbishment of the hotel/guest house, the S106 should express that no more than 7 of the residential units hereby approved shall be sold/occupied until such time as the retained hotel/guest house has been fully refurbished in accordance with conditions.</li> <li>3. If the DVO does not support the financial evidence then the application be reappraised and reported back to Planning Committee for decision.</li> </ol>		

**Executive Summary:-**

This application has been delayed in reporting to Planning Committee as officers sought the views/opinion of the District Valuers Office (DVO) into the financial assumptions that have been made by the applicant.

The response from the DVO has not yet been received, however in discussions with the Chair of Planning Committee it was appropriate to bring the application forward to Committee so that the main principles in the case can be aired.

No decision will be issued until the DVO have responded and if the DVO have a different emphasis over the financial information submitted then the application will be reappraised and reported back to Planning Committee.

Notwithstanding the DVO issue (above) this application rests on whether the evidence supplied by the applicant is sufficient to comply with the relevant policies and thereby justifying the loss/reduction of hotel accommodation.

Members will know that any planning decision needs to be based upon material planning considerations and the assessment of these material considerations will lead the decision maker to an informed decision.

This application proposes the loss of hotel accommodation within the defined tourist accommodation zone; this policy (TO2) is long standing and is in essence a negative/restrictive policy with only the loss of accommodation being supported in wholly exceptional circumstances and based on sound and robust evidence.

Members should note that this policy along with the policy outlining the extent of the Tourist Accommodation Zone itself (TO1) will be reviewed under/within the emerging Seafront Local Plan; this policy review is in its formative stages and as such it should carry very little weight in the assessment of this application.

Members should also note the views of the Council's Tourism Officer (TO) and Eastbourne Hospitality Association (EHA) whereby they suggest in broad terms that if Eastbourne is to prosper then there needs to be a refocus in the type and nature of the accommodation that is provided. Both the TO and EHA outline in their responses that it would be preferable if Eastbourne had fewer bed-spaces but of a higher quality. This higher quality would support the ambition to move Eastbourne away from the coaching trade and more over to the independent traveller. In this regard this application mirrors the ambitions of the TO and EHA.

Notwithstanding the support for the scheme from the TO and EHA members should have regard to four issues:-

- 1. The deliverability of the enhanced accommodation.**

Officers are satisfied that sufficient controls could be delivered via planning conditions and S106 agreement to ensure that the retained hotel/guest house is refurbished prior to a proportion of the residential

units being sold/occupied (see conditions below).

Members should be aware that whilst we can control the delivery of the enhanced hotel/guest house accommodation the planning system cannot make someone actually open and run the business.

**2.** The prematurity of supporting the scheme ahead of the Seafront Local Plan.

Any decision would be based on the evidence behind the application and if refused then the decision would be based on the policy as it currently stands and as Members will be aware this is a longstanding policy that has been consistently applied. Support for the scheme could only be made if the evidence supported the claim that the current business was unviable.

The Seafront Local Plan is in its very formative stages and should not carry any material weight in the determination of this application, so there are no issues on prematurity grounds here.

**3.** Whether this scheme provides a set of unique circumstances such that they could not be readily repeated on other sites/properties in the Tourist Accommodation Zone and thereby reduce the accommodation in an uncontrolled manner.

This issue is amplified within the main body of this report.

Officers are satisfied that the type and nature of the accommodation falls within the grading threshold that is very common within Eastbourne (2\* - 3\*) and to some extent there may be perceived to be an oversupply. In this regard the delivery of fewer bed spaces at the site but finished to a higher/more modern quality would add to the range/type of accommodation available and may better support the wider tourist economy.

In addition to the grading level, the size, location and the room frequency rates (an indication of the client group and repeat business) are such that the principle of the loss of tourist accommodation could be supported. In addition this scheme proposes the retention of enhanced accommodation within a building that will have the ability to operate independently.

Given the above the likelihood of this set of circumstances being repeated elsewhere in the Tourist Accommodation Zone is remote/ but not unlikely.

As with any application any future submission that promotes the loss of tourist accommodation would be based on its individual merits and

as such whilst supporting the scheme would not create such a precedent that would obstruct alternative decisions on other sites/properties in the future.

4. Whether members feel that sufficient evidence accompanies the application to demonstrate that the current business is unviable.

This issues is articulated with the body of the report below.

In broad terms officers accept that the provision of a smaller operating establishment would make the business more viable and deliver a return on investment that would be likely to sustain going forward.

The report outlines that based on the evidence submitted with the application that not all of the criteria of Policy TO2 have been complied with, however in support of the ambitions of the EHA and the TO that officers are persuaded that the current business model is unlikely to sustain and the development scenario as outlined by this submission should be explored and supported.

### **Planning Status:**

#### **Conservation Area**

College Conservation Area

#### **Relevant Planning Policies:**

##### National Planning Policy Framework

The NPPF was formally adopted on 27 March 2012 and sets out the Government's economic, environmental and social planning policies for England. These policies articulate the Government's vision of achieving sustainable development, which should be interpreted and applied locally to meet local aspirations.

Paragraph 21 goes on to state that local planning authorities should support existing business sectors, taking account of whether they are expanding or contracting. Policies should be flexible enough to accommodate needs not anticipated in the plan and to allow for rapid response to changes in economic circumstances.

With regard to main town centre uses, such as hotels, paragraph 24 states that local planning authorities should apply the sequential test and require such uses to be located within town centres, and then to edge of centre sites.

##### National Planning Practice Guidance

The NPPG was published as an online resource to guide plan-makers, applicants and decision-makers on 6<sup>th</sup> March 2014. With regard to tourism, paragraph 007 of the section on ensuring the viability of town centres,



directs the reader to tourism planning guidance hosted on the Visit England website. This states that:-

*"There may be circumstances where a traditional market has changed and the local tourism provision needs to restructure; in some areas long standing changes in visitor numbers may have left a considerable surplus of hotel, guest house, pub and bed & breakfast accommodation. This can leave many businesses struggling on very low turnover, unable to reinvest in improving their facilities. In such circumstances, owners and developers will need to work collaboratively with local planning authorities and others to provide where appropriate a productive alternative use for premises."*

Eastbourne Core Strategy Local Plan Policies 2013 & Eastbourne Borough Plan Saved Policies 2007

The following policies are considered relevant to this application with expanded summaries below:-

**Eastbourne Core Strategy Policies & Eastbourne Core Strategy Local Plan 2006-2027**

B1 Spatial Development Strategy and Distribution Sustainable Neighbourhood  
C11 Meads Neighbourhood Policy  
D3 Tourism  
Tourist Accommodation Area  
D5 Housing  
D10 Historic Environment  
Conservation Area

**Borough Plan Policies Eastbourne Borough Plan 2001-2011**

TO1 Tourist Accommodation Area  
TO2 Retention of Tourist Accommodation  
TO5 New Tourist Accommodation  
UHT15 Conservation Area

**Policy D3 (Tourism)** states that the Council will resist the loss of visitor accommodation through the retention of a tourist accommodation area and protection policy, support the appropriate upgrading of existing hotels, and prepare a strategy for the future of the seafront area through the production of a Seafront Local Plan; this document is in its formative stages.

**Saved Policy TO1 (Tourist Accommodation Zone)** states that within the Tourist Accommodation Area, planning permission will be refused for proposals that are incompatible with the tourist accommodation use in consideration of the different lifestyles and special requirements of tourists. As highlighted above the Tourist Accommodation Zone will be reviewed under the Seafront Local Plan

**Saved Policy TO2 (Retention of Tourist Accommodation).** This states that change of use of tourist accommodation within the tourist accommodation area to any other use will only be granted in exceptional circumstances where the applicant has demonstrated that the use is no longer viable. In determining viability, the policy states that the council will consider a number of criteria that are considered in more detail in Supplementary Planning Guidance. Commentary on this SPG is outlined below.

**Policy D5 (Housing)** provides the new local plan policy on affordable housing. It states that all development will be required to contribute towards affordable housing where there is a net gain of 1 or more residential units. The proportion of affordable housing sought will vary; with 40% sought in high value areas and 30% in low value areas. Where the percentage will not result in a whole residential unit, a commuted sum will be sought for the remaining requirement. Every whole affordable unit required should be delivered on site. A balance of 70:30 rented to shared ownership will be accepted subject to negotiations. This application will provide 15 residential apartments of which it is proposed that six (40%) will be affordable, with four being made available for rent and two for shared ownership subject to the requirements of the Council's Housing Department.

**Policy D10 ( Historic Environment)** states that development within conservation areas will be permitted if it enhances the character of the area, does not involve the loss of important features that positively contribute to the character of the area.

**Saved Policy UHT15 (Conservation Areas)** requires that planning applications will be required to preserve or enhance the character or appearance of the area.

#### Supplementary Planning Guidance of Hotels

The Council have produced **Supplementary Planning Guidance for the Assessment of Financial Viability of Tourist Accommodation** which was adopted in 2004 to guide applicants in addressing policy TO2 of the former Borough Plan. As commented above this SPG will be reviewed and refreshed as part of the Seafront Local Plan.

#### **Site Description:**

The Courtlands Hotel is located on Wilmington Gardens opposite the Devonshire Park. The surrounding area is characterised by mixture of Victorian town houses converted into residential apartments, guest houses and hotels and more recent purpose-built apartment blocks. The site is within walking distance of the beach (though the sea is not visible from any hotel rooms) and the town centre.

The hotel lies between a former town house divided into residential apartments on its south eastern side, and the Trevancore Holiday Apartments to the north west. We understand that the Trevancore now has planning permission to be used residentially by approval of application EB/2009/0255.

Internally, the former hotel is divided into 45 bedrooms on ground and upper floors, a bar, lounge areas, and a small function room at ground floor, an entrance reception at a mezzanine level between ground and basement and a small meeting room, kitchen, stores and dining room at basement level. The dining room, therefore, does not benefit from any particularly favourable views or aspect.

**Relevant Planning History:**

EB/1968/0032  
 PROVISION OF LINK BETWEEN 4 & 5, LIFT & ADDITIONAL ACCOMMODATION & INTERNAL ALTERATIONS Approved Unconditional, 1968-01-25

EB/1963/0443 ALTERATIONS & ADDITIONS, CONVERSION OF 2 PRIVATE HOTELS INTO 1, Approved Unconditional 1963-10-10

060024 Certificate of Lawful Use for the proposed use of flats on a Permanent basis as residential accommodation for leaseholders.  
 LD Certificate (proposed) 6-7 Wilmington Square, Issued, 20/02/2006 (This allowed holiday flats)

090253 Application for removal of Condition 2 of Planning Application EB/1973/0523 to allow flats to be let on a permanent basis  
 Planning Permission, Approved unconditionally, 28/05/2009 (This allowed holiday flats)

**Proposed development:**

Application relates to the change of use of the existing 45 bedroom hotel to a 14 bedroom guest house/hotel and 15 residential apartments.

Residential Accommodation Schedule:-

Lower Ground Floor		
Flat 1	2 Bed	79 Sqm
2	2Bed	93 Sqm
Ground Floor		
3	2 Bed	77 Sqm
4	2 Bed	87 Sqm
First Floor		
5	2 Bed	78 Sqm
6	2 Bed	53 Sqm

7	1 Bed	44 Sqm
Second Floor		
8	2 Bed	78 Sqm
9	2 Bed	53 Sqm
10	1 Bed	44 Sqm
Third Floor		
11	2 Bed	78 Sqm
12	2 Bed	53 Sqm
13	1 Bed	44 Sqm
Fourth Floor		
14	1 Bed	76 Sqm
15	2 Bed	76 Sqm

The application is supported by a number of reports, these cover a planning statement, a viability statement, a needs assessment; these reports cover a number of issues/arguments for the applicant, but in the main cover the following points:-

*The applicants, since taking over the ownership of the hotel have upgraded the property sufficient to obtain an AA3\* rating; this has been maintained to date.*

*The internal arrangements results in poor accessibility, multiple split levels and the lack of plot restricts development potential for support accommodation.*

*Declining coaching market has resulted in falling room occupancy*

*Hotel cannot compete with other hotels of similar size as they have better facilities like sea views, conference facilities and also swimming pools.*

*AA3\* accommodation represents approximately 80% of the available bed spaces within Eastbourne.*

*Hotel has been marketed several times since 2006 without any takers wishing to take on a failing hotel.*

*The arrival of Premier Inn to Eastbourne has placed 60+ bed spaces in what is an already a saturated mid-low range market place.*

*For Eastbourne the 'Holiday Flat Market' is not buoyant and as such has been discounted as an option for this property.*

*This proposal complies with local policy in that it relates to an unviable business.*

*The creation of a boutique hotel/guest house would raise the quality of the accommodation and thereby be likely to increase the room rate/occupancy and thereby creating an enhanced offer.*

*The applicant acknowledges the development finance has dried up during this recession, notwithstanding this they have undertaken an analysis of a number of development/business options and these have rested on the creation of a 14 bed boutique hotel/guest house with the remainder of the existing hotel converted to 15 apartments as the only viable return on investment.*

*The applicants have acknowledged that unless linked to a national brand then the likelihood of development finance coming forward is highly remote and as such the funding for the refurbishment of the retained hotel would have to come from the applicants own resources. In this regard the applicants outline that some of the profit from the residential conversion would be used to refurbish and upgrade the retained hotel accommodation.*

*Despite the hotel's close proximity to Devonshire Park the venue has been of relatively little benefit in driving guests to the hotel. As a small 45 bedroom three-star hotel with limited public areas, Courtlands is unable provide the facilities expected by most conference organisers for their delegates, nor is it large enough to provide a conference HQ venue unlike hotels such as the Grand, the Eastbourne Centre (TGWU) and Cavendish hotels. The hotel has benefited from events such as the annual Lawn Tennis Championship and the Airshow. However, these one off events are not sufficient to maintain a medium sized hotel business all year.*

*The applicant outlines that the only viable option would be a 14 bedroom up-market guest house, for Eastbourne this would mirror similar existing establishments at The Mowberry and The Da Vinici. If this model were to be adopted then such an operation can be a lifestyle choice, does not require a pool additional professional staff beyond the owners, normally a family, and can provide a higher standard of accommodation and more personal touch.*

*The applicant contends that if an enhanced hotel/guest house were to be developed the likelihood is that the frequency of the room lettings would increase.*

*There have been a number of recent planning applications affecting the tourist accommodation market in Eastbourne.*

*National multiple chain Premier Inn have been given permission for a budget hotel in the town centre on Terminus Road by the approval of application EB/2012/0110. This is actually outside the designated*

*Tourist Accommodation area but complies with national planning policy which favours the location of hotels within town centres. This hotel will add 65 new modern hotel bedrooms to the town's stock and given the operator's national marketing power and ability to sell beds outside the AA rating system thereby lowering costs, it will be able to draw many visitors from existing hotel operators with higher costs in less favourable locations.*

*An application to convert the former Lathom Hotel at Howard Square into 2 town houses and 6 self-contained flats was submitted under reference EB/2012/0711. The hotel which has been closed for several years is located within the designated Tourist Accommodation Area and therefore the principle of the loss of the hotel was considered by officers. Nevertheless, given the length of time the hotel had been vacant, the cost of bringing the building up to a reasonable standard, and the lack of likelihood that another buyer with the resources of the new owners of the Ambassador would come forward, it was considered that the development proposals met the criteria based exceptions of the relevant Borough plan policy and it was therefore recommended for approval. Notwithstanding this recommendation, the application was refused by the planning committee due to the loss of a hotel in a prime location in the Tourist Accommodation Area.*

*The applicants appealed against this refusal and the application was allowed in August 2013. The Inspector referred to a marketing report submitted with the application which demonstrated that there was no interest from any hotel operator in taking the Lathom Hotel. The Inspector attached greater weight to this marketing evidence than the Council's Hotel and Visitor Accommodation Study. He concluded that the loss of the hotel would not be harmful to the supply of tourist accommodation in Eastbourne.*

*The Travancore holiday apartments that adjoin the hotel at 6-7 Wilmington Place have recently been given planning permission for the removal of a previous condition (dating from 1973) to allow them to be let on a permanent basis (i.e. residentially) by the approval of application EB/2009/0255. The loss of tourist accommodation in this case was also considered to be in accordance with policy T02 of the Eastbourne Borough Plan 2001-2011.*

*In relation to National Advice and the Local Plan the applicant makes the following points:-*

*The NPPF states that there are three dimensions to sustainable development, namely the economic role, social role and environmental role (paragraph 7). We consider that in terms of this proposal, the roles are met as follows:*

- *An economic role – the hotel makes very little profit and provides an inadequate return on the investment made. It catered for 3,134 tourist room nights in 2008, a figure which has dropped ever since. The proposed guest house will be of a higher quality more suited to the leisure market and, GVA RGA’s hotel consultants consider, will be successful in a stable year in attracting approximately 3,326 tourist room nights - a slightly higher number of room nights from generally higher spending visitors than the existing hotel managed before the recession. This will be of a positive benefit to the local economy alongside the jobs created in the conversion of the remainder of the hotel to residential use and the increase in the resident population from the 15 residential apartments;*
- *A social role – the proposal will maintain and increase spending by tourists in the area and this will help to maintain important local community jobs and services including sports & recreational facilities, local shops & post offices, cafes, pubs & restaurants, small builders and suppliers. In addition, the proposed new residential apartments will provide much needed sustainable residential development to meet the housing needs of the town; and*
- *An environmental role – the proposal will result in the maintenance and restoration of three historic buildings within the conservation area.*

*The applicant contends that with regard to paragraph 14 of the NPPF, this proposal is sustainable development and should be approved.*

*Clearly that is the situation here where this mid-market hotel, like many others, has been hit by a decline in staying visitors and an increase in costs to the point where it has become no longer viable to continue to run the hotel. In such circumstances, the NPPF requires that local planning authorities should be responsive to such changes in the local hotel market.*

*That is precisely the case in this instance where the owners and prospective developer of a struggling hotel in a saturated market has been attempting to work collaboratively with the local planning authority through pre-application approaches to discuss the opportunity to restructure the building to provide a smaller higher quality hotel/guest house that can serve the growing market for higher quality accommodation for short leisure breaks in small boutique town house hotels, rather than the ever declining market for larger old three star hotels.*

*The restructuring of the hotel sector is such a consequence and the NPPF requires flexibility in the implementation of local policies so as to encourage and not prevent economic growth.*

*The Eastbourne Core Strategy Local Plan was adopted in February 2013. However, its tourism policy was written based on the 2009 Hotel Solutions report which itself was based on market information from 2008 and before at the end of a long period of sustained economic growth and at a time when one would not have predicted so long and sustained a recession.*

*The application has been accompanied by a robust suite of marketing evidence and that it has been marketed for sale at a reasonable and realistic price sufficient to comply with the Councils SPG on unviability.*

*The financial information available to the applicant is such to demonstrate that the current owners are not maintaining a viable business given the very low occupancy rates over the recent years.*

*As outlined by a surveyors report (that the applicant has commissioned) there are no structural issues with the building and there are no claims by the applicant that this application needs to be supported to support repairs to the structure of the building. The refurbishments as outlined in the scheme are only cosmetic, save to say that poor internal configuration has had an impact upon the viability of the existing hotel as it has limited market appeal.*

*Other tourist accommodation types have been explored (Holiday Flats and also the residential language schools and have been discounted for not be viable and there would not be return on investment.*

*In conclusion the applicant comments:-*

*'An emerging trend in the UK accommodation sector is the development of upmarket small independent hotels / guesthouses, as well as upmarket B&Bs. These properties are generally operated independently, usually as a lifestyle investment and operate under the VAT based on turnover (not profit) – currently around £77,000 – so only the very smallest guesthouses would fall under the threshold. There are some very successful examples of boutique guesthouses located along the South Coast.*

*Hotels and guesthouses in Eastbourne who have positioned themselves towards boutique style accommodation (typically of a good three-star offering) appear to be trading relatively well. The Hotel Solutions study recognises a good future for the guesthouse market in Eastbourne, which we agree with. One of the key recommendations within the report is to encourage the development of good quality guesthouses in Eastbourne which we wholeheartedly support. It highlights that splitting or partial conversion of existing hotels would provide scope for new and/or improved guesthouses to enter the market. There are a*



*number of good examples in Eastbourne where this has worked successfully.*

*We consider that a 15-bedroom upmarket guesthouse could operate relatively successfully on the site of the existing Courtlands Hotel. This would help meet the requirement to improve and upgrade Eastbourne's accommodation stock to meet rising consumer expectations. This would completely reposition the Courtlands Hotel to another level whilst removing identified excess stock in the two/three-star market. We consider that this would be a positive development for Eastbourne which should, in turn, have a positive impact upon the local visitor economy*

**Consultations:**

Internal:

**Estate Manager:-** No Response

**Housing Services Manager:-** No response

**Specialist Advisor (Policy):-** Scheme should comply with the current affordable housing policy and deliver 6 or equivalent units.

The acceptability of this planning application in policy terms is dependent on the evidence provided being accepted as demonstrating that the tourist accommodation is no longer viable, and confirmation from Housing that the proposed affordable housing contribution of six units on-site would be acceptable.

**Tourism Manager:-** Recent plans for the regeneration of Eastbourne namely The Arndale extension and the refurbishment of Devonshire Park will increase income generation and will drive footfall to Eastbourne with an increase in overnight stays.

Recent trends in the hotel market have been analysed and there is an increase in the need for family accommodation as well as a much younger demographic and a reduction in the desire for the traditional coaching market.

The destination marketing is moving more towards prompting younger audiences and the bed stock within the town should reflect this.

Any change of use application in a high footfall tourist area, such as Devonshire Park should be assessed on whether the current bed stock adds value to the existing and progressing markets and as I say from a tourism perspective the 'quality over quantity' has significant relevance.

We know that the last Cambridge Model research showed a slight drop in actual occupancy but an increase in income which shows that accommodation providers are achieving a higher yield.

With regard to the Courtlands Hotel we are supportive of maintaining a lower number of rooms on the assumption that this offers higher quality accommodation.

**Specialist Advisor (Economic Development):-** The hotel trade is an important local employer and the reduction in the staffing levels to facilitate a smaller business operation would be regrettable and unable to be supported.

External:

**ESCC Economic Infrastructure:-** Seek contributions towards Library £3540 and £345 towards recycling.

**Eastbourne Hotels' Association (EHA):-** Endorses the need for an updated hotels survey as this may indicate that the current retention policy is outdated.

They acknowledge the hotel is not suitable for the coaching trade due to its internal layout and not considered to be a prime seafront location.

EHA support any initiatives that upgrades tourist accommodation and also any initiative that that would attract 'higher -end' customers.

Location of the hotel is an issue as it suffers in trade given not having/benefiting from direct sea views.

EHA acknowledge that room rates have fallen significantly during the recession at the same time as booking agents taking a significant element from the advertised room rate. This added to a saturated coaching market results in rooms rates of £18 - £40 per night full board. This is an indication that Eastbourne is attracting the lower end of the market which in turn brings the resort down.

Eastbourne should be focusing on quality and not quantity.

EHA do not calculate occupancy levels across their membership and it is their belief neither do the Council Tourism section.

Market saturation at the lower end 2\*-3\* has resulted in too many room at a low price and thereby reducing the potential investment in upgrading the hotel stock.

In conclusion EHA's position is that we need fewer but higher quality bed spaces.

**Highways ESCC:-** The parking area provides enough space for 18 cars and it is proposed to split this allocation with 12 for the flats and 6 for the hotel. It is noted that as a 45 bed hotel, the 18 spaces available were a significant reduction from the parking guidelines which suggest that 45 spaces would be appropriate. The 18 spaces therefore represent 40% of the total.

The proposal for 6 spaces for the 15 rooms would also provide 40% of the total parking demand and therefore the situation would not be altered.

It is noted that the submitted planning statement make reference to a zonal reduction for parking, which no longer applies as this related to the now rescinded ESCC, Parking Standards. Also included in the submission is a 'screen shot' of the current ESCC, Parking calculator showing that 10 spaces are required. This is incorrect as the wrong ward was used for the calculation and not all the required information had been submitted. Having put the correct data into the parking calculator a development of this size and type, in this location a demand for 16 spaces is likely to be created.

The 12 spaces proposed would therefore provide 75% of the likely demand which is obviously a greater proportion than the current hotel use.

Although not ideal, as the on-site parking cannot be increased and the proportion proposed is higher than the current use, it is not considered that a refusal on highway grounds could be sustained.

It is also noted that a total of 18 cycle spaces are to be installed which is considered a suitable level of provision. No details have been provided so a condition is suggested below to ensure that suitable long term (covered and secure) storage is installed.

I recommend that any consent shall include conditions that control the provision of cycle parking and also the layout and retention of the car park for parking uses.

**Eastbourne Chamber of Commerce:-** Raise some concerns as they perceive that they may a direct link between the reduction in bed spaces and the spend in the local economy.

It is considered that the application site is well placed to capture the growing demand for bed spaces that will follow the developments in Devonshire Park.

Neighbour Representations:

None received

## **Appraisal:**

### Principle of development:

Members will acknowledge that the tourist industry plays a significant part in Eastbourne's local economy and as outlined within the current Local Plan policies and National advice only schemes that do not have a negative impact upon the local economy will/should be supported.

In this regard Eastbourne have consistently applied the policy tests for the retention of tourist accommodation within the Tourist Accommodation Zone. Whilst it is accepted that the tourist accommodation zone is under review within the emerging Seafront Local Plan however Members will acknowledge that the current policy and geographical area is longstanding and given that it has been consistently applied since its adoption has resulted in in Eastbourne retaining a large number of bed spaces, currently greater than Brighton.

The consistent application of the retention policy has also reinforced that only in exceptional circumstances will/should tourist accommodation be lost and only where there has been a robust suite of evidence that outlines that the retention of the accommodation is unviable.

The test in this application is to evaluate whether the applicants are promoting a scheme that if supported would amount to a wholly exceptional set of circumstances such that it would not undermine the Councils evaluation of other sites/schemes elsewhere.

If based on the evidence a judgement is made that the tourist accommodation could be lost/reduced then the scheme would be policy compliant as the provision of windfall residential units within this neighbourhood would be acceptable in principle.

There have been circumstances over the years where the Council and The Planning Inspectorate have supported the loss of tourist accommodation. The most recent of these has been The Lathom; this was supported given the desire to bring back into use a long standing empty Listed Building.

The scheme has the support of East Sussex County Highways Officer and as such there are no objections to the scheme on highway/access related grounds.

### General Assessment

The retention of tourist accommodation policy is a restrictive policy but does outline within the supporting SPG the extent and nature of the evidence that would need to be evaluated in order to accept that the existing business is not viable.

Policy TO2 sets out a number of factors that should be taken into account in determining viability:

**a) the location of the premises;**

The applicants contend that a contributory factor in the unviability of the currently business is that the hotel does not command a key seafront location. Officers acknowledge that the location is not prime if one considers having a seafront location commands the highest yields in terms of room charging rates and repeat business. It is also acknowledged that by the very nature of the tourist accommodation area there will be different characteristics across it. Having said this though the current policy does not make any distinction between areas within it.

Officers accept that within the tourist accommodation area there are differences in the character of the 'place' and also differences in the range of the offer provided.

The application property whilst not having a prime seafront location it does for some of the rooms command oblique sea views while others have views over Devonshire Park, Eastbourne Town Centre and the Southdowns National Park.

Officers' do not accept that the location of the property, seen in isolation, is the determining factor as to why this business is not viable.

**b) the physical condition and cost of repair of the premises;**

The applicants have confirmed that there are no issues with the structural integrity and the property is in generally good order.

Officers conclude therefore that there are no costs associated with repairs of the host building that would make the business unviable.

**c) the potential for refurbishment, including the cost of works;**

The applicants have identified the common problem of securing development finance for speculative developments, especially in the tourist related industries.

Given this they identify a need to cross finance from the residential sales to cover the refurbishment and fit out for the retained hotel/guest house accommodation.

Officers acknowledge that this is likely to be the only way in the short to medium term to secure the redevelopment that is promoted by this application and as such should be given material weight in the assessment of this application.

Notwithstanding this save for the applicant directing officers to similar establishments within the Eastbourne there is no other information supplied to cover the details of the refurbishment/refit.

Officers consider that this issue could be controlled via planning condition/S106.

The applicants claim that their scheme would deliver an enhanced hotel/guest house in terms of the quality of the bedroom fit-out and also the offer in general for this to be delivered there is a need for cross subsidy as outlined above but there also needs to be some controls over the timing and the delivery of the residential units as there is no guarantee that the hotel will even open.

On this issue officers recommend controls over the timing should form a part of a S106 if members are looking to support the scheme. Officers would recommend something along the lines of no more than 7 of the residential units shall be sold or occupied until such time as the hotel is refurbished in accordance with details previously agreed.

Controls such as this would ensure that the hotel/guest house is refurbished and thereby increasing the potential of a sale/re-let, members should be aware that the planning system cannot make the new business open.

**d) the potential for conversion to other tourist uses, including the cost of works;**

The applicant has supplied evidence that they have explored various development options; these broadly relate to:-

- keeping the existing hotel but reducing the bedrooms, all of these save for the option promoted by this application were unviable,
- converting existing hotel into 'holiday flats', this has been discounted by the applicant as there is no market for this type of accommodation with Eastbourne.
- Converting/adapting the building into a residential language school; the evidence supplied by the applicants suggests that there is no market for language school accommodation.

Officers acknowledge that the 'holiday flat' option is a difficult market place for Eastbourne with a number of existing establishments enquiring with the Council to secure alternative uses in recent months. This pressure for alternative uses may be a combination of lack of investment into the quality of the accommodation as of the financial return on short term tenancies. As a result of this a number of the 'holiday flats' in Eastbourne do not contribute significantly to the tourist offer within the town. Officers feel this is a missed opportunity, however acknowledge that securing development investments

without security of return will result in the down grading of the stock currently on the books and would also prohibit the commencement of any new initiatives.

There are a number that have been lost to formal residential accommodation over the years. Officers support the applicant that in this location there is a high probability that if holiday flats were pursued the Council would come under increasing pressure to release the holiday ties given the lack of demand. This is evident with the decision taken on the adjoining building.

Officers do not accept without further evidence that there is not the demand within Eastbourne for a residential language school. Members will be aware of the degree to which this sector supports the local economy and will also be aware that EF Language schools have recently opened within Eastbourne and that Twinn Language School are looking for alternative accommodation.

Officers support the applicants intention to retain an element of traditional hotel/guest house accommodation on this site as being the most likely to succeed.

**e) the market valuation of the property reflecting the above factors;**

Officers accept that the site has been marketed as a going concern (hotel), however officers have not seen evidence that the property has been marketed as any other type of holiday accommodation. Notwithstanding this in the short term it is considered that the retention of the hotel/guest house accommodation on this site is the only deliverable option.

**f) whether the direct costs of running the business can be covered;**

Officers accept the evidence that occupancy rates that the applicant has supplied are not sufficient to cover the full operational costs of a 45 bedroom hotel. There may be a host of reasons for this and some of these may not have been declared within the application, however Members have to make a decision on the information before them.

Officers accept the claim from the applicant in that holiday coach trade is a declining market and that given Eastbourne has an oversupply of bedrooms all competing at a similar grading level (2\* - 3\*) for a market share it is unlikely that the room frequency rate would increase nor would the applicants be able to justify an enhanced room rate to cover the operational costs.

The result of this is that there is an ever decreasing rate of under investment in the building/business; ultimately resulting in business closures.

Members will be aware of the contribution that the tourism plays to the local economy, and on this issue officers have concluded that a closed business and boarded up property in this location would potentially be harmful to the emerging Devonshire Park master plans. In addition if this were to happen it portrays to some degree a decline resort; and the image of Eastbourne as a tourist destination may be impacted.

Officers consider that this should be given material weight in the assessment of this application.

**g) whether a commercial rate of return on investment can be achieved.**

Officers accept that the operational requirements of the existing hotel negatively outstrip the current market and as such an alternative needs to be explored.

Officers accept that with the controls via the S106 and planning conditions are such that the retained hotel/guest house would be refurbished to a high degree and thereby supporting the ambitions and desires of the Eastbourne Hospitality Association and the Council's tourism officer in that retained at the site would be fewer bedrooms but of an enhanced quality.

Officers are also persuaded that if the hotel/guest house were to be refurbished in the manner outlined then it is likely that the room frequency would be able to be maintained and that these residing tourists would also contribute to the local economy in other ways during their stay ( restaurants, shops and tourist attractions) .

Impact of proposed development on amenity of adjoining occupiers and surrounding area:

The scheme would not have any impacts upon the amenities of the adjoining occupiers sufficient to justify a refusal.

Design issues:

The scheme does not promote any external alterations and as such there are no changes to the external fabric of the building.

Impact on character and setting of a listed building or conservation area:

Given that there are no external changes to the fabric of the building there are no implications for the conservation area. Members should note though if this scheme is not supported there is the potential that the business may fail and close which may have an adverse impact upon the character and appearance of this part of the Conservation Area.



Impacts on trees:

None

Impacts on highway network or access:

The scheme has the full support of the East Sussex County Council Highways Officer and as such a refusal based on or around the highway implication of the scheme could not be substantiated.

Other issues

It is considered that the delivery of new windfall residential accommodation is acceptable in principle and should be supported. The size of the residential accommodation exceeds the common standards and should provide a level of return that would assist in the cross subsidy of the enhanced tourist accommodation.

The applicant has committed to comply with the Councils Affordable Housing Policy.

**Human Rights Implications:**

The impacts of the proposal have been assessed as part of the application process. Consultation with the community has been undertaken and the impact on local people is set out above. The human rights considerations have been taken into account fully in balancing the planning issues; and furthermore the proposals will not result in any breach of the Equalities Act 2010.

**Conclusion:**

Members should note that the delivery of the Seafront Local Plan is some years away from formal adoption and as such the evidence that supported the current policy position is becoming more and more out-dated and to some degree has been superseded by National advice which supports and promotes schemes that would deliver the Government's growth agenda.

For the reasons as outlined within this report officers consider that this scheme/proposal is finely balanced and given the aspirations expressed to increase the quality of the bed stock rather than maintain the quantity as being the overriding material consideration in this application.

**Recommendation:**

Subject to the District Valuers officer confirming the applicants financial arguments then the scheme should be supported and permission be granted subject to S106.

The S106 should cover the delivery of affordable housing, the tariff based contributions for ESCC and controls over the timing of the delivery of the refurbishment of the hotel/guest house.

Conditions:

1Time limit

2Car park layout supplied

3Car park provided before first beneficial use.

4Cycle parking

5Details of the refurbishment measures to the hotel/guesthouse shall be submitted to and approved in writing prior to any development commencing.

The details as submitted shall include details of redecorations and internal fixtures and fittings and also details of the new stair access between the ground and lower ground floor.

**Appeal:**

Should the applicant appeal the decision the appropriate followed, taking into account the criteria set by the Planning Inspectorate, is considered to be **written representations**.