

East Hampshire Tourism and Marketing Partnership

Response to East Hampshire District Council proposal to implement a CIL contribution of £70 per square metre for new build hotels in East Hampshire areas outside the South Downs National Park and Whitehill and Bordon.

Our objections are as follows:

1.0 Most of the neighbouring councils and the South Downs National Park either have or propose no charge for hotels. Of the other neighbouring councils Basingstoke and Deane propose £35 per square metre for budget hotels and no charge for full service hotels. Winchester have adopted rates of £70 in the City centre only and £0 in the other parts of their district. See report by Jamie Carpenter dated 4th March 2015. <http://www.planningresource.co.uk/article/1121218/cil-watch-whos-charging-what>

The effect of this will be to increase the cost of hotel developments in East Hampshire in comparison to these areas, thus losing the council potential for long term rates income, employment opportunities (particularly for the under 25s) and of increasing the average length of visitor stays.

2.0 The Adams Integra report submitted to East Hampshire District Council in March 2014 compares a range of commercial developments and makes recommendations on the CIL charge based primarily on surplus after CIL charge.

However the above criterion is not applied consistently. The following data is taken from Appendix 8 of the report:

Category	Gross Development Value (GDV) of Example	Surplus after CIL	Surplus as % of GDV	CIL Charge
Hotel	£10,000,000	£694,704	6.9%	£70
Comparison Retailing	£933,222	£311,750	33.4%	£100
Student Housing	£15,621,429	£1,573,460	10.1%	£0

Comparison Retailing has over 4 times the CIL surplus but only has a 42% higher CIL. Student Housing has a significant surplus yet the report recommends a zero rate CIL charge.

Further to the above, we have concerns re the assumptions made in the Hotel Commercial Development Appraisal in Appendix 8 of the report.

2.1 The example is for a 100 room hotel with room size of 27.87 square metres apparently based on a Travelodge. The 300 square feet quoted on the Travelodge property development website (<https://www.travelodgepropertynews.com/property-development/design-and-construction/types-and-sizes/>) equates to 27.87 square metres as per the example. This includes all circulation space – corridors etc. and minimal facilities which might be as little as a vending machine.

This example is not typical of the type of hotel that might be built in the area. Smaller, more upmarket hotels have larger rooms and offer facilities such as lounge, restaurant

etc. As result their inclusive area per bedroom is likely to be much larger than the example, increasing the CIL charge per bedroom and thereby reducing the CIL surplus.

2.2 The capital value of each room is assumed to be £100,000. The report shows that there is no surplus available for CIL if the capital value falls to £90,000 per room. This seems high in view of current market conditions e.g. South Lawn Hotel in Lymington is a Country House hotel of the type we would want to encourage in East Hampshire with spacious public rooms and a function room. It is currently for sale for £1.25 million. It has 24 bedrooms, which equates to £52k per room. See <http://uk.businessesforsale.com/uk/search/freehold-hotels-for-sale-in-hampshire> The same website has a 29 room hotel near Salisbury for sale at £995,000, equivalent to approx. £34k per room.

3.0 In conclusion, there are questions regarding the evidence in the Adams Integra report where it concerns hotel developments, and it does not appear to us to support a CIL charge in East Hampshire. In comparison with surrounding areas, East Hampshire would become relatively expensive to hotel developers, and this would deter the building of much-needed visitor accommodation.