

<b>Subject:</b>	<b>Proposed Hotel Development on Site Adjacent to the Community Stadium</b>		
<b>Date of Meeting:</b>	<b>16 December 2014</b>		
<b>Report of:</b>	<b>Executive Director Environment Development &amp; Housing and Executive Director Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Richard Davies</b>	<b>Tel: 29-6825</b>
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<b>Ward(s) affected:</b>	<b>All</b>		

**Note:** The special circumstances for non-compliance with Council Procedure Rule 23, Access to Information Rule 5 and Section 100B (4) of the Local Government Act as amended (items not considered unless the agenda is open to inspection at least five days in advance of the meeting), are that on-going negotiations with stakeholders have been required to confirm the respective agreed positions of each party and ensure that all information is up to date and correct

## **FOR GENERAL RELEASE**

### **1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 This report covers two areas of business outstanding between The Community Stadium Limited (TCSL) and the council; payment for Highways works undertaken at the time of the construction of the stadium and a proposal submitted to the council from TCSL to build a hotel on land adjacent to the Community Stadium as shown on the annexed plan.
- 1.2 The Highways works payment is dealt with in Part 2 of this report as is further detail on the Heads of Terms for the proposed hotel development, which is commercially sensitive.
- 1.3 In terms of decisions, this report asks Members to agree the proposed Heads of Terms for the hotel development

### **2. RECOMMENDATIONS:**

- 2.1 That Policy & Resources Committee authorise the Executive Director Environment Development & Housing, Executive Director Finance & Resources and Head of Legal Services to complete a leasehold agreement with TCSL for a hotel development on land adjacent to the Community Stadium and agree delegated powers be given to the Executive Director Environment Development & Housing, Executive Director Finance & Resources and Head of Legal Services to enter into this leasehold agreement with TCSL subject to Policy & Resources Committee agreeing the Heads of Terms summarised in section 7 below and fully set out in part 2 of this report.

### **3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 In October 2013, Policy & Resources Committee authorised the Executive Director Environment Development & Housing, Executive Director Finance & Resources and Head of Legal Services to enter into negotiations with TCSL regarding the proposed construction of a hotel on land adjacent to the Community Stadium shown on the annexed plan and agreed that proposed Heads of Terms should be brought back to this Committee for final approval.
- 3.2 The land needed for the Hotel is in two parts – the first (a triangular section within the Brighton and Hove administrative area) is already leased to the Club as part of the stadium for 125 years. The second part is currently used as a car park for which the council receives a rental income. The value of the second part is determined by its use by the club as the council has no alternative way of developing the land separately or realising any value from it.
- 3.3 The TCSL proposal is for a 4 star 150 bedroom hotel adjacent to the Community Stadium along with a new ticket and box office. There are two additional elements under discussion which would add greatly to the public benefit also outlined below at 3.6.
- 3.4 The proposed hotel would be served by its own dedicated parking spaces and would serve the following markets:
- Those people attending major events (football matches, conferences, banqueting and concerts etc.) at the AMEX;
  - Visitors to the University of Brighton and University of Sussex (parents, lecturers, academic professionals);
  - The travelling over-night executive market wishing to stay outside of the City Centre;
  - A corporate market of visiting executives for Brighton companies;
  - The travelling leisure marketing making early morning departures or late evening arrivals from the cross-channel ferry at Newhaven; and
  - Visitors wishing to access the South Downs National Park.
- 3.5 TCSL do not believe that the hotel would compete with existing hotels in the area and will undertake an independent hotel and economic impact study as part of the planning application. It would also provide additional new jobs for the local area.
- 3.6 There are two further beneficial elements proposed as part of the development. TCSL are in talks with the University of Brighton about a potential joint sports research facility that could take space on the lower ground floor of the site. The club has also had serious expressions of interest to extend the existing medical centre at the stadium and add specialist facilities under the hotel.

### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 Alternative options were considered by Policy & Resources Committee in October 2013 and it was resolved to enter into negotiations for Heads of Terms with TCSL for the development of a hotel on land adjacent to the Community Stadium.

## **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 This report brings back to Members the proposed Heads of Terms as required by Policy & Resources Committee in October 2013. Further stakeholder engagement will be carried out in finalising the development proposal and as part of any planning application.

## **6. CONCLUSION**

- 6.1 The land adjacent to the Community Stadium being proposed for the hotel development is in the ownership of the council and part of it is included within the existing stadium lease to TCSL. Previously, this site was identified for development to provide accommodation for City College. However, this proposal was withdrawn in light of a change to the previous further education capital funding programme.
- 6.2 It is not possible for the council to realise any alternative value from this site which is intricately linked to the operation of the Community Stadium, and part of the site is included in the existing 125 year lease for the stadium in any case.
- 6.3 The two additional elements of a research sports facility and improved specialist medical facility under discussion at the moment are both very attractive in terms of their positive impact for the city in very different ways.
- 6.4 The addition of a hotel which increases the viability of the stadium in the longer term is also beneficial to the city as a whole.
- 6.5 It is for these reasons that it is recommended that the Heads of Terms for granting a lease for the land adjacent to the Community Stadium to TCSL for a mid-range hotel development should be agreed.
- 6.6 TCSL are proposing to build a mid-market hotel to increase the attractiveness of the stadium and its facilities and in the long term increase revenue generated from the stadium's operation. However, the council's independent advice confirms that the development cost of a mid-range hotel makes it unviable and therefore requires TCSL to build it at a loss. Therefore, the capital receipt included in the proposed Heads of Terms is based on the council's revenue from the existing car parking use.
- 6.7 At present the Stadium has planning approval for up to 50 days use annually connected to matches and events. The existing lease from the council to TCSL for the parking site includes a restriction of up to 30 days use annually for parking in connection with matches and events at the Stadium. The capital receipt proposed in the Heads of Terms is based on the existing car parking use of 30 days annually.

- 6.8 To protect the council's interest in the land, the Heads of Terms propose an overage arrangement based on the use of the stadium over the agreed 30 times a year.

## **7. FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

- 7.1 The capital receipts associated with the lease of the site is based upon the existing use of the site as a car park and the value of that income stream generated as informed by the Council's market advisors. The capital receipt will be used to either support the lost revenue stream associated with existing rent from the site or to support the Council's future capital investment strategy. The Heads of Terms will include provision for an overage agreement in the event that the number of days usage of the stadium increases.

*Finance Officer Consulted: Rob Allen*

*Date: 03/12/14*

### Legal Implications:

- 7.2 The proposed hotel would need to be the subject of new arrangements to be documented and agreed between TCSL, the council and the University of Brighton. The Part II report sets out the commercially sensitive Heads of Terms for the new arrangements and other information..
- 7.3 The proposed lease will relate to the land identified on the annexed plan. There will be a premium and overage arrangement and restrictions on use to ensure compliance with s123 Local Government Act 1972.

*Lawyer Consulted: Bob Bruce*

*Date: 02/12/14*

### Equalities Implications:

- 7.4 An Equalities Impact Assessment has not been carried out as this relates to the proposed lease arrangements to allow construction of a hotel.

### Sustainability Implications:

- 7.5 Sustainability implications will be considered as part of any planning application for the site, as for all development proposals.

### Any Other Significant Implications:

- 7.6 There are no other significant implications or risks identified at the present time.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Plan of Falmer Area showing the proposed hotel site

### **Documents in Members' Rooms**

None

### **Background Documents**

Policy & Resources Committee report, 17 October 2013, Falmer Released Land & Site Adjacent to Community Stadium

Plan of Falmer Area showing the proposed hotel site

