

Subject:		Patcham Court Farm site – long leasehold disposal for commercial development	
Date of Meeting:		17 February 2011	
Report of:		Strategic Director Resources	
Contact Officer:	Name:	Angela Dymott	Tel 29-1450
	E-mail:	angela.dymott@brighton-hove.gov.uk	
Key Decision:	Yes	Forward Plan No: CAB20344	
Wards Affected:	Patcham		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 To advise Cabinet on the bids for the disposal of Patcham Court Farm Site, following re-marketing by appointed agents, DTZ, Debenham Tie Leung Limited (DTZ). The 16th October 2008 Cabinet Report gave approval to the re-marketing of the site with a broadened planning brief. The report is complemented by a report in Part Two of the Agenda.

2. RECOMMENDATION:

- 2.1 That Cabinet approves:

- (a) The disposal of the site to Bidder A on a long lease of 125 years at a premium for a mixed hotel and office development subject to planning.
- (b) Continuing discussions with Bidder B or any of the other bidders, or other parties which may come forward, in the event that the terms are not concluded.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 The site of 3.6 acres (1.4Ha) is located on the northern fringe of the City, just south of the A27 bypass and adjacent to the interchange of the A27 and A23. The site was previously part of the wider landholding Patcham Court Farm. The now derelict farm buildings were severed from the associated agricultural land when the bypass was constructed a decade and a half ago. The site falls within the southern fringe of the Sussex Downs Area of Outstanding Natural Beauty, but outside of the new South Downs National Park and adjoins Patcham Conservation Area. For avoidance of doubt the site does not include the adjoining allotments or houses and is shown by bold outline in the attached plan at Appendix 1.

Outcome of Marketing

- 3.2 The site was widely marketed for sale on a long lease for commercial development by DTZ, the Council's agents in October 2009. There were 8 bids from 8 separate parties received on 10th December 2009 comprising office schemes and mixed hotel schemes including offices and warehouse.

Interview process and short listed parties

- 3.3 The interviews were held over 2 days in January 2010 but because of the severe weather conditions they were delayed. Officers from Property & Design, Planning, Finance and Tourism together with DTZ formed the assessment panel. The criteria used to produce a short list were: the financial bid, the credibility of the developer's proposal and compliance with planning policy considerations.
- 3.4 All 5 parties invited for interview 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 full assessment Bidder A were the clear preferred bidder with Bidder B as the second choice. This was the formal recommendation of our agents DTZ in an evaluation report

1st Bidder A – Preferred Purchaser

- 3.5 Bidder A's scheme proposes a 128 bed 4 star Village Hotel and Leisure Club providing conferencing, banqueting and community facilities, a full service restaurant, café and wine bar together with a health and fitness centre including a swimming pool, spa, sauna and gym. They are also incorporating 4,900 sq.ft of offices within the envelope of the Village Hotel.
- 3.6 As Bidder A are building, funding and occupying the hotel, the speed of the process is likely to be increased with effectively a pre-let already being in place. They are proposing to fund the acquisition and the development with their funding partner. They have undertaken a full business appraisal along with thorough research of the market and strongly believe that the concept would succeed in this location.
- 3.7 Patcham Court Farm is an employment site and their proposed development will provide 250 jobs for the hotel (166 full time equivalents and 84 part time) plus 25 jobs for the offices. Whilst their bid does not comply with local plan policy there are sufficient material considerations for them to pursue a planning application for their proposal. Their scheme would provide for a range of local employment needs, along with many additional benefits to the local community, with the hotel's facilities including a leisure centre, restaurant and bar. They have sufficient information to proceed with the long lease and would be able to complete a Development Agreement with 6 weeks of Cabinet approval. The Development Agreement would allow them to apply for planning permission at their cost. When planning consent has been obtained a long lease of 125 years would be granted at the agreed premium.
- 3.8 In order to remove some of the planning uncertainty, the developers and their design team have held a number of pre-meetings with the planners transport and highways officers throughout 2010. This has enabled the planners to set out

clearly the justification, information and planning case that would have to be provided to obtain a successful planning consent.

2nd Bidder B – Reserve Purchaser

- 3.9 Bidder B are a privately owned south coast based property company currently undertaking a mixture of office, retail and residential developments. Their proposals provide a 60 bed hotel with associated restaurant. For the balance of the site Bidder B have designed a number of different office options. The principle of an office proposal on the site would meet planning policy objectives, and the hotel would have to be supported by a strong planning case. However the warehouse accommodation does not comply with planning policy but does provide a pre-let.

Planning issues

- 3.10 The council as local planning authority (LPA) would need to consider any proposal for the site with regard to the development plan (the Brighton & Hove Local Plan) and other material considerations. The site is currently allocated under Policy EM2 of the city council's adopted Local Plan (2005) as a site suitable for high-tech business uses or general office uses within classes B1(a) and (b).
- 3.11 The proposal represents two significant departures from adopted planning policy. Firstly, the dominant land-use proposed is a hotel with only ancillary B1(a) office space and therefore contrary to Policy EM2 and secondly the proposed hotel is outside of the existing Hotel Core Area as delineated on the Local Plan proposal map and set out in Policy SR14. Therefore such a proposal would need to demonstrate that the employment likely to be generated from the site is of sufficient quality and quantum to justify a departure from the sites allocated use and that a hotel/leisure/conference facility in this location can be justified.
- 3.12 With regard to 'other material considerations' that might justify a departure from adopted planning policy, it should be noted that the site has remained vacant for many years, despite a number of attempts by the City Council to market the site. Given the unfavourable economic circumstances, it is likely that the site will remain undeveloped in the foreseeable future without some flexibility being exercised by the LPA in relation to the mix of uses on the site.
- 3.13 The proposed preferred developer has advised that, given the economic situation, the various circumstances around the site and its history there are sufficient material considerations for the LPA to consider a more flexible approach to the development of the site. They are confident that they would be able to submit a well-researched planning application that would demonstrate that due attention was being paid to the overarching planning concerns of providing employment opportunities on the site whilst providing for a variety of other important needs.

4. CONSULTATION

- 4.1 Consultations have been held with Ward Councillors who are fully supportive of the preferred bidder's scheme. Adjoining residents and the representative of the adjoining allotment holders have also been consulted. Planning and Transport

officers have held preliminary meetings with the preferred bidder's team to discuss planning and highway issues. Tourism officers have been involved in the interview process and consulted on the hotel schemes. The South East Coast Ambulance Service (SECAM) and the East Sussex Fire & Rescue Service (ESFRS) were consulted on the potential for locating their facilities on site. The District Valuation Service were asked to provide an independent valuation.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The disposal on long leasehold will generate a capital receipt less any associated fees in connection with the disposal of the site. The net capital receipt will be needed to support the corporate capital funds for future years. There is no proposed overage associated with the preferred bid however, the premium represents the best financial offer of all the bids. There is no income currently generated from the site but there are some annual costs associated with security and maintenance.

Finance Officer consulted: Rob Allen

Date: 21/01/11

Legal Implications:

- 5.2 S 123 of the Local Government Act 1972 enables the Council to sell this property provided it achieves the best consideration reasonably obtainable. It is not considered that any individual's Human Rights Act rights will be adversely affected by the recommendation in this report.

Lawyer Consulted: Anna Mackenzie

Date: 18/01/11

Equalities Implications:

- 5.3 The planners would require any development to incorporate improved access for all to include disabled access requirements, level and ramped access and cycle access.

Sustainability Implications

- 5.4 The site is in a sensitive location, within the AONB and close to the new South Downs National Park. It adjoins Patcham Village Conservation Area and is opposite three Listed Buildings, Patcham Court Farmhouse, the Village Barn and All Saints Church. The site is identified as being in a Green Corridor and is on a Greenway in the Local Plan, a green travel plan would be an essential part of the proposed scheme. The site is located above chalk aquifers and any developer would have to consult with Southern Water and the Environment Agency on the drainage proposals. This could be addressed by the implementation of a "Sustainable Urban Drainage System" (SUDS) which would slow down the release of rainwater into the drainage network or the ground.

Crime & Disorder Implications:

- 5.5 The site is occupied on a Tenancy at Will at a peppercorn to prevent unauthorised access and to maintain security. These will be continuing issues of concern whilst the site remains undeveloped.

Risk & Opportunity Management Implications:

- 5.6 The risks are dependant on the wider economic climate, property market conditions, obtaining planning consent, withdrawal of the developer selected and the site remaining vacant.

Corporate / Citywide Implications:

- 5.7 The disposal of properties is part of the corporate asset management process to ensure efficient and effective use of assets. This contributes to the regeneration of the City, the Council's strategic priorities and the increased opportunities for employment. The site is close to a recognised gateway and redevelopment will improve the location in accordance with the Tourism Strategy. The preferred purchaser's proposals are able to meet new market demand (currently unsatisfied) sitting as it does on the urban fringe. It might therefore compete more with other properties on the A27, A23 or even Crawley.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 The Council could wait until the economy and market condition improve before going back to the market: This may not happen for several years and the premium bid from the hotel market may no longer be there. In the meantime the site would continue to remain derelict and undeveloped.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 A proposed disposal will maximise a capital receipt, enable development of a derelict and unsightly site, make best use of an underutilised asset, provide employment opportunities and facilitate economic growth within the City.

SUPPORTING DOCUMENTATION

Appendices:

1. Plan of site

Documents in Members' Rooms

None

Background Documents

1. District Valuer's independent valuation April 2010
2. Informal Planning Brief March 2009
3. Hotel Futures Report by Hotel Solutions January 2007
4. Employment land Study 2006