

10 October 2017

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Dear Ruth

**QUEEN'S HOTEL, SOUTHSEA, PORTSMOUTH
YOUR REF: 16/02047/PAMOD (MODIFICATION OF LEGAL AGREEMENT ASSOCIATED WITH
PLANNING PERMISSIONS 08/01941/FUL AND 10/01247/FUL RELATING TO PROVISION OF
AFFORDABLE HOUSING)**

I am writing pursuant to discussions that you have had with my colleague Kevin Marsh and a meeting that we had to discuss the issue regarding the above site coming forward and securing the renovation works for the Queen's Hotel. I have been asked to write to you with regard to how the above planning application could be taken forward through a deed of variation to a legal agreement.

The above site has two planning consents that have been granted, one in 2008 (08/01941/FUL) for the partial conversion of the hotel to 30 residential units, renovation of the remaining parts of the hotel and construction of an additional 30 residential units adjacent the hotel, and a second application in 2010 (10/01247/FUL) for the construction of 38 apartments on land to the south of the hotel.

Taken together, the provision of 98 new apartments would generate an affordable housing policy requirement of 30 units. It was agreed through a Section 106 legal agreement in 2012 that the 30 units for both schemes would be provided in the 30 unit new build construction on Osborne Road.

I understand that it has been agreed that both consents have been implemented. The 2008 consent was implemented by virtue of the fact that the former nightclub on the site was demolished as agreed in a letter from Portsmouth City Council dated 19 July 2013. The 2010 consent I understand has also been implemented as a result of earthworks undertaken on site.

The intention is that the current owner would like to start major renovation works on the hotel by the end of the year as set out in the 2008 consent. The owner however, is unable to commence such works without the ability to use the two surrounding developments to enable such development. The owner has applied for a deed of variation to alter the current legal agreement to remove the obligation to provide the affordable housing, as this would make the two schemes unviable and unable to support the renovation of the hotel.

The landowner has therefore instructed Savills to submit two viability appraisals to demonstrate that both schemes are required in order to enable the renovation of the hotel, but that neither scheme can support a policy compliant level of affordable housing. I attach, in a commercially confidential appendix, the two viability appraisals that have been undertaken.

To summarise these, the hotel conversion and renovation consent (Ref 08/01941/FUL), which develops out 68 units and retains the hotel, returns a deficit from the development of £1,408,336 without the provision of affordable housing on or off-site.

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The southern scheme (Ref: 10/01247/FUL) demonstrates that the planning application of 38 units provides a land value of £119,987 with no affordable housing.

This clearly demonstrates that the 2010 consent would not assist with the significant shortfall required to renovate the hotel through planning consent Ref 08/01941/FUL. Indeed, my colleague Kevin Marsh (Kevin is a Chartered Surveyor and Head of Savills Licensed Leisure Department) reports that this is less than the amenity value that the land provides for the hotel in its existing use, i.e. the land could be used as landscaped grounds for the hotel or as a site for a temporary marquee/ function area, or extended car parking for the hotel, which we discussed would be acceptable in planning policy terms. As such, there would be no incentive for the landowner to develop out the adjoining site if it were to have to provide affordable housing and hence no funds would be available to assist the renovation of the hotel, which itself is not demonstrably viable. The applicant would not be incentivised to renovate the hotel with the development cost associated.

In order to demonstrate that neither scheme can support affordable housing provision in order to assist the renovation of the Queen's Hotel and to kick start that work, I attach the two detailed viability appraisals, undertaken individually for each application.

In order to enact this into the deed of variation which already links the two applications, I propose that wording is provided to enable each application to suspend the obligation for affordable housing on the grounds that the renovation of the Queen's Hotel should be commenced prior to the occupation of any residential units in the two consents.

I would suggest that each application proposes words to the effect that:

"The provision of affordable housing on this application is suspended subject to the commencement of refurbishment works to the Queen's Hotel commencing prior to the occupation of the first unit in the proposed development"

"Should the residential units be occupied without commencement of the refurbishment works to the Queen's Hotel having been commenced, a payment equivalent to £XXXXX would be provided by the owner"

"The Council will provide written confirmation of when it deems that the obligation of the refurbishment works to the Queen's Hotel have been complied with upon written request by the landowner or developer."

The terms of refurbishment works to the Queen's Hotel would need to be defined.

I believe that this gives the Council the evidence it requires, that the provision of affordable housing on either site is not possible and protection that by granting this exception to policy, the Council is securing the renovation of the Queen's Hotel building in Southsea.

I trust that this meets your requirements, but should you need anything else, please do not hesitate to ask.

Yours sincerely

A solid black rectangular box used to redact the signature of Gavin Hall.

Gavin Hall
Director

Encs

Copy: Kevin Marsh, Savills