

CONDITIONAL SALE OF THE FORMER QUALITY HOTEL SITE, CLIFF ROAD, PLYMOUTH



Executive Decision made by a Cabinet Member Briefing Paper Part I

1.0 Executive summary

- 1.1 The Council acquired the site of the former Quality Hotel in 2016 and selected Henley Real Estates Development as its preferred partner.
- 1.2 The Council's previous agreement with HRED came to an end and the site was remarketed in 2020.
- 1.3 The Council has now selected another developer to bring forward a hotel-led mixed use redevelopment of the site.
- 1.4 Following agreement to Heads of Terms, solicitors have prepared a conditional contract for the sale of the site, along with other associated contracts.
- 1.5 Subject to some final amendments to the suite of contracts, the Council and its preferred developer are now ready to exchange contracts.
- 1.6 The developer would then engage in detailed pre-application discussions with the LPA, submit a planning application and would hope to start on site during the summer / autumn of 2023 and open the hotel / complete the development during 2025.

2.0 Purpose of the report

- 2.1 The report sets out details of the development proposed on the site of the former Quality Hotel on Cliff Road, at the western end of the Hoe.
- 2.2 The report explains the nature of the agreements which the Council would be entering into and sets out the key terms that are proposed, including the ways in which the contracts help to mitigate risks and protect the Council's position.
- 2.3 The report recommends that the Council enters into a conditional agreement to sell the site.

3.0 Background

- 3.1 The Council purchased the site of the former Quality Hotel in January 2016. The hotel had previously closed and the site was becoming an eyesore. The Council was keen to ensure that it could control future use of the site, hence the acquisition. Demolition of the former

hotel took place towards the end of 2016.

- 3.2 During 2016 the site was also marketed as a development opportunity and HRED were selected as the Council's preferred partner. The Council entered a conditional agreement to sell the site to HRED in December 2016. Unfortunately, despite obtaining planning consent for a mixed hotel and residential development, HRED were unable to progress the development of the site. The planning consent which HRED had obtained expired in September 2019 and the agreement with HRED came to an end.
- 3.3 In 2019 the Council's Joint Local Plan was adopted which allocated the site for hotel led mixed use regeneration.
- 3.4 The Council appointed Colliers to remarket the site in October 2020. 12 expressions were received and a shortlist of 3 developers were asked to engage in more detailed discussions. This included meetings with the LPA, following which revised designs and best and final offers were submitted. A preferred developer was selected, heads of terms were agreed and solicitors instructed.
- 3.5 Approval is now sought to exchange contracts.

4.0 Developer Selection

- 4.1 The Council's preferred developer has proposed to provide a new hotel, along with a number of residential apartments, with the hotel in the southwest corner of the site and the apartments arranged in 3 separate blocks. Some parking is at grade but the majority of the parking would be provided below ground.
- 4.2 The developer is proposing to provide a hotel which would be considered to be the best quality hotel in the centre of Plymouth. Previous hotel demand studies undertaken for the Council by Colliers as well as discussions with Destination Plymouth have demonstrated that the biggest gap in Plymouth's hotel offer is at the upper scale end. The new hotel would therefore help to fill this gap and would attract overnight visitors to Plymouth who might currently be choosing to stay elsewhere. A formal franchise agreement between the developer and the hotel operator has already been agreed.
- 4.3 The developer is currently on site building a similar development elsewhere in the UK. They have also completed a number of other hotel and residential projects and have recently obtained planning consent for another.

5.0 Recommendation

It is recommended that the Leader of the Council:

- Approves the conditional sale of the site of the former Quality Hotel at Cliff Road, Plymouth to the Council's preferred developer; and
- Delegates authority to the Strategic Director for Place to agree and sign the conditional agreement for sale and all other documents associated with this transaction and subsequent development of the site, including (but not limited to) any Section 106 agreement, easement, wayleave, or any other third party agreements.

See the Part II paper for the more detailed recommendations.