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FAO: Rob Tulloch

14 March 2017

Our ref: GAO/HBR/J7779

Dear Sir

**23-24 Montague Street, London – Response to Objections
Planning and Listed Building Consent Refs. 2016/7062/P & 2017/0045/L**

We write on behalf of our client, the Bedford Estate, to respond to the letter of representation received from Maze Planning on behalf of the occupiers of 23-24 Montague Street, London, in respect of planning and listed building consent application refs. 2016/7062/P & 2017/0045/L.

There are a number of matters raised in the letter of objection that were of concern to our client and accordingly a letter of response is provided to clarify matters.

Having reviewed the letter, the principal points raised appear to be as follows:

- i. Impact on the current occupiers' and local businesses;
- ii. The change of use is contrary to policy;
- iii. The change of use would set a precedent;
- iv. The impact on on-street parking;
- v. Lack of provision of affordable housing and employment and skills training; and
- vi. General stacking arrangement of the flats.

We consider each of the points in turn below.

i. Impact on the Current Occupiers' and Local Businesses

The objection letter raises concern with the impact of the proposals on the current occupiers' business and future livelihood, as well as the impact on local businesses. The objection letter provides details of the spending of their customers within the local economy; however, the data provided is unsubstantiated and, at best, based on assumptions. The letter suggests that the money spent by their clientele would all be spent within the Bloomsbury area. However, on the basis that their guests are likely to be tourists who will be traveling around London, we would argue that the amount of spending with Bloomsbury would be limited. Furthermore, typically guests for these lower quality hotels are price sensitive, with low disposable incomes, meaning that their spending on local businesses in the surrounding area would be minimal.

The letter suggests that limited weight is given to personal circumstances. However, it is our understanding that no weight should be given to private interests in the determination of planning applications.

The Planning System: General Principles produced by the Office of the Deputy Prime Minister and issued in January 2005, sets out some general guidance about material considerations.

The guidance is explicit that private interests are not a material consideration in the determination of planning applications. It states at paragraph 29 that **“the planning system does not exist to protect the private interests of one person against the activities of another ... The basic question is not whether owners and occupiers of neighbouring properties would experience financial or other loss from a particular development, but whether the proposal would unacceptably affect amenities and the existing use of land and buildings which ought to be protected in the public interest.”**

Accordingly, it is not considered that the interests of the existing occupiers and the impact on their business, local businesses and impact on trade should be taken into consideration as part of the determination of this application.

Notwithstanding this, any new occupiers of the proposed residential units would likely use the local facilities (businesses and shops) which are necessary to form part of a successful residential neighbourhood. It would seem more likely that residential occupiers would use the local facilities on a more regular basis than someone visiting the area as a tourist who would also frequently use facilities outside of the locality.

Furthermore, the existing hotel is poor quality 2 star accommodation. This suggests that the spending power of the hotel occupiers is likely to be restricted. The hotel currently offers breakfast as part of bookings and accordingly, spending in restaurants generally is also likely to be limited to lunch and/or dinner meals.

Residential occupiers have the potential to become long term loyal customers which is arguably of greater benefit to local businesses in the long term.

ii. The Change of Use is Contrary to Policy

As set out in our cover letter submitted with the application, Policy DP14 of Camden's Development Policies is somewhat limited in providing clarity as to when the loss of visitor accommodation might be acceptable. However, a Hotel Market Report was submitted with the application which is considered to be a material consideration in the determination of the application. We provide the following response to the tenant's agent's letter regarding the market report.

In terms of hotel supply, AM:PM suggests there are currently 208 hotels (25,305 keys), within a one mile radius of the subject hotel. In addition, there are a further 63 hotels (6,405 keys) in the development pipeline. This represents an increase of circa 23% in terms of bedroom stock. We detail the pipeline below:

Pipeline	No. of Hotels	Keys	Proportion (Keys)
Scheduled for completion by 2019	26	3,890	61%
Speculative	29	1,654	26%
On Hold	8	501	13%
	63	6,405	

23-24 Montague Street, the subject property, currently provides 34 keys representing 0.001% of hotel room supply within one mile radius. Accordingly the conversion of 34 rooms would not have a material impact on the budget/2 star hotel offering in this area and there will be a net increase in 2019 when considering pipeline supply.

The leaseholder suggests that the Ruskin Hotel, currently operates occupancy in the region of 90%, but doesn't make reference to the Average Daily Rate (ADR) required to achieve this. Hotels which are achieving such high levels of occupancy are typically subject to an ADR "ceiling" as industry practices on yield management would expect the hotelier to increase the ADR to achieve an average occupancy in the region of 85%. This would suggest that due to the product configuration and specification they are restricted in what guests will pay. We would expect that to achieve this level of occupancy, a material percentage of bookings are generated through Online Travel Agents (OTA), which take a commission of 15-20% including VAT, which would dampen ADR and materially erodes profit and the ability to reinvest in modernising the accommodation.

Additionally, our research suggests that due to the increase in budget/2 star hotels within the London Borough of Camden the budget/2 star sector is overrepresented when compared to comparable London Borough's. As can be seen below, approximately 24% of hotel stock is in the Budget/2 Star sector within a one mile radius of the subject premises.

Category	No. of Hotels	Keys	Proportion (Keys)
2* +			
Budget	63	6,094	24%
3*	25	5,377	21%
4*	56	7,311	29%
5*	22	4,546	18%
Apts	29	1,172	5%
Hostel	13	805	3%
	208	25,305	

In conclusion, the ongoing development of the budget/2 star hotel segment is effectively providing direct competition to existing small town house conversion hotels which are non en-suite or part en-suite such as the subject hotel. These new and larger hotels offer guests a modern hotel product, with all en-suite bedrooms and often with air conditioning, at a similar price point. The marked level of growth in the sector is clearly illustrated in the volume of supply with the presence of 6,094 budget/2 star hotel rooms within a one mile radius of the property (as at 1 November 2016).

Compounding the competitive factor further is the number of pipeline developments due to enter the market in the future, estimated at 2,597 rooms (across 17 budget hotels). As aforementioned, this represents 23% of the existing supply and will provide a considerable degree of additional competition to existing hotel businesses. The absence of all en-suite bedrooms within the subject property is a key issue in enabling the business to compete directly with the large volume of existing and new budget/2 star supply entering the market.

In addition, there have been other changes of use from visitor accommodation to residential within the Borough. In particular, planning permission was granted (ref. 2010/5784/P) on 4 July 2011 for the change of use of 34-35 Store Street, London from hotel use to residential use. This application

was determined in accordance with Camden's currently adopted Core Strategy and Development Management Policies.

iii. The Change of Use Would Set a Precedent

Notwithstanding the above examples of where a change of use from hotel to residential has been considered acceptable, it is important to note that precedent does not exist within the planning system. Each planning application should be considered and determined on its own merits, in light of all other material considerations.

In the case of 23-24 Montague Street, the proposals offer the opportunity to provide much needed residential floorspace, the priority use, within this part of the Borough. The lack of supply of housing is a significant issue within the UK and particularly within London. Paragraph 51 of the NPPF states that Councils should **"normally approve planning applications for change to residential use and any associated development from commercial buildings where there is an identified need for additional housing in the area, provided that there are not strong economic reasons why such development would be inappropriate"**. Housing is the priority land use within the London Borough of Camden and the provision of housing as part of these proposals is considered acceptable in principle.

Furthermore, the proposals will convert the buildings back into their historic residential use. The proposals seek to restore the historic significance of the Grade II listed buildings. The heritage works, forming part of the proposals are considered to be of significant public benefit, substantially enhancing the architectural and historic interest of the building through the reinstatement of the original historic use and layout of the principal rooms.

iv. The Impact on On-Street Parking

The objection letter states that the proposals will result in additional demand for on-street parking permits. It is important to note that the development site has a Public Transport Accessibility Level of 6b (Excellent) and is within the Bloomsbury Controlled Parking Zone. Accordingly, and in line with Policy DP18, all of the units will be car free. This would be secured via a s106 legal agreement as part of the determination of the application.

v. Lack of Provision of Affordable Housing and Employment and Skills Training

The Maze Planning letter states that it would be appropriate for the development to provide affordable housing on the basis that the application for 23-24 Montague Street should be considered collectively with the application at 27 Montague Street. However, as stated within the objection letter, the wording of Policy DP3 is as follows **"where to-or-more development sites are adjacent and related, the appropriate affordable housing contribution is comprehensively assessed for all the sites together."** It is important to note that just because both proposals are for the conversion of visitor accommodation to residential accommodation, and by the same applicant, does not mean that they are related. The only reason that the proposals are coming forward at the same time is due to lease arrangements of the current occupiers coming to an end. Furthermore, whilst the properties are located on the same street, they are not adjacent. Accordingly, this part of Policy DP3 is not considered relevant.

In any event, even if the proposals were considered collectively with the proposals at 27 Montague Street, the total provision of residential units across the two applications (nine) would not reach the policy threshold of 10 or more additional dwellings. Accordingly, there is no policy basis to seek

provision of affordable housing as part of this proposed development or the proposed development at 27 Montague Street.

This rationale also relates to provision of employment and skills training. CPG 8 states that **“this applies to all major developments which will result in an increase of 1,000sqm or more of floorspace or a new increase of 10 or more homes”**. The total provision of residential units across the two applications (nine) would not reach the policy threshold of 10 or more additional dwellings. Accordingly, there is no policy basis to seek provision of employment and skills training as part of this proposed development or the proposed development at 27 Montague Street.

vi. General Stacking Arrangement of the Flats

The objection letter seeks to argue that the internal stacking arrangements of the flats are inappropriate as the bedrooms will be above the dining/kitchen areas. It should be noted that this only occurs once, where the first floor bedroom is below the second floor kitchen.

To alleviate any possible conflict between the uses of these rooms, we have provided separate utility rooms within the rear closet wings, where noisy equipment, such as washing machines, dryers etc., will be located. We are also proposing acoustic underlay below floor finishes, and insulation between existing joists. This will be a vast improvement on the existing situation.

Accordingly, the stacking arrangements are not considered to cause concern.

Summary

The proposals would secure the provision of six residential units, which are a priority land use within the Borough. The proposals would result in appropriate mix of residential units, including the provision of family housing. Therefore, the proposals are considered to accord with planning policies at all levels.

We trust that this letter provides a useful response to the objection raised. If you require any further clarification in respect of these details please do not hesitate to contact Graham Oliver or Hannah Bryant of the above office.

Yours faithfully



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