London Hotel Group's (LHG) response to Examiner's Question EQ8

LHG and its consultants have not undertaken their own research into this matter. It draws reference to the work completed by others, including the comments prepared by Travelodge Hotels Ltd (C20). These comments focus on the key hotel inputs of rent, investment yield and build cost, namely:

- *Rental levels will significantly decrease as one progresses from Zone A to C (from circa. £450 to £350 per sqm);*
- *Yields will significantly decrease from Zones C to A; and*
- *Construction costs will marginally decrease as on progresses from Zone A to C because of a "locational factor".*

LHG's two hotels are located within Zone B. However, if LHG expands its current hotels it would be expected to pay a CIL charge that is identical to new hotel floorspace in Zone A, even though the rental value Zone B is significantly lower than Zone A. This is unjustified and will be a heavier and disproportionate penalty faced by hotels (particularly budget hotels) located outside of Zone A. This burden is further exacerbated when added to by paying MCIL2 rates (£60 per sqm in LB Lambeth) and indexation.

LHG considers that the hotel CIL charge should only apply in Zone A (Waterloo & Vauxhall), where most of the new hotel floorspace is to be constructed, and no CIL charge applied to the rest of the Borough to assist in the future viability of hotel development in the Borough.