

Agenda Item	7
Report No	ECI/28/20

HIGHLAND COUNCIL

Committee: **Economy and Infrastructure**

Date: **4 November 2020**

Report Title: **Struan House Hotel, Carrbridge: Compulsory Purchase Order**

Report By: **Executive Chief Officer Infrastructure and Environment**

1. Purpose/Executive Summary

- 1.1 This report explains the current position as regards the repeated offers to purchase to the owners of the unoccupied Struan House Hotel, Carrbridge which has fallen into a state of severe disrepair and recommends using statutory powers to compulsorily acquire the building with the aim of developing the land into affordable housing for the benefit of the community

2. Recommendations

- 2.1 Members are asked to:
- i. recommend that Council resolves to make a Compulsory Purchase Order (CPO) to acquire the Struan House Hotel, Carrbridge under Sections 9 and 10 of the Housing (Scotland) Act 1987;
 - ii. authorise the Head of Development and Regeneration to continue to undertake negotiation to acquire the Struan House Hotel by agreement and, failing agreement, to undertake negotiation through the District Valuer of any claims for compensation; and
 - iii. require the Head of Development and Regeneration to report back to Council in the event that the compulsory purchase cannot proceed for any reason.

3. Implications

- 3.1 Resource: The promotion of a CPO will involve placing of statutory advertisements and service of notices upon the owners. The costs of such adverts and notices are anticipated to be of the order of £2,500. The compensation payable to the owner will be determined by the District Valuer and support will be sought from the Scottish Government's Housing Investment Programme.
- 3.2 Legal: The promotion of a CPO involves strict adherence to the statutory procedure for compulsory acquisition and compliance with associated guidance from Scottish

Government in order to secure agreement from the Scottish Government to confirm the order. The process potentially involves consideration at a public local inquiry. Following confirmation, the Council will seek to take title by a General Vesting Declaration.

3.3 Community (Equality, Poverty and Rural) and Gaelic : The Report does not raise any issues relating to equalities, climate change/Carbon Clever or Gaelic. The proposed redevelopment of the derelict site will serve to support the local community through the creation of additional affordable housing.

3.4 Risk: There are no significant risks identified in the report.

4. Background and History

4.1 Struan House Hotel (the Hotel) is situated on the east side of Main Street towards the southern end of Carrbridge. The Hotel occupies a prominent position facing the Landmark Forest Adventure Park. The Hotel was converted from a single dwelling house in 1954. The main building is principally of traditional solid stone construction, rendered and painted externally under a pitched slate roof. The building has been significantly extended to the side and rear. The Hotel is famous for being Scotland's first ski hotel and helping to make the Cairngorms a winter sports destination.

4.2 The Hotel is currently owned by Scoin Investment Partners Limited ("the Company"), The Hotel has not operated as a hotel since 2006. In 2008 Full Planning Permission was granted by Cairngorms National Park Authority for the alteration and extension of the existing property to form five dwelling houses comprising four three bedroom and one two bedroom units.

4.3 The Hotel has been unoccupied for many years and has fallen into a state of disrepair and become a potential hazard to public safety as well as suffering a number of break-ins and vandalism.

4.4 The Council has faced significant challenges in identifying suitable sites in order to meet the demand for housing in Badenoch and Strathspey. In January 2017, being aware of the Hotel's possible availability and following discussions with the Highland Council, Albyn Housing Society approached the company seeking to enter negotiations to acquire the Hotel for housing purposes. In February 2017 the Hotel was placed in auction but failed to attract a buyer. Albyn Housing Society again offered to purchase the Hotel, but the offer was rejected.

4.5 Further negotiations continued from February 2017 until October 2017 when an 'agreement' in principle was reached for the purchase. In accordance with the agreement, a formal offer was issued which was conditional upon the Company selling both Struan House Hotel and a separate property, Aspen House, which is situated nearby, also within Carrbridge. Progress was then stalled as the directors of the Company decided that they wished to transfer the ownership of the Hotel from the Company to one of the Directors as an individual. The Council was advised that this transfer had been completed in December 2017. However, as at the time of writing, title to the Hotel remains in the name of the Company.

4.6 Correspondence continued between Albyn Housing Society and the solicitor understood to be instructed on behalf of one of the Company's directors. In December 2017 the Council was advised the Company Director would reconsider the terms of the Council's offer. On 30 January 2018 the Council was advised that its offer would only be acceptable if it contained no conditions. This was acceptable in principle to the

Council subject to removal of the stipulation that the Council would be required to purchase Aspen House. The Council was advised that this was acceptable.

- 4.7 No further progress was made until contact was made with one of the Directors directly in April 2018 who indicated that the offer was not now acceptable.
- 4.8 Further correspondence was issued to the solicitors acting for the Company, but no replies were received. In January 2019, Councillors, following consideration of a report to the Council's EDI Committee, agreed in principle to the use of Compulsory Purchase Order powers to acquire the Hotel. It was agreed that officers should continue to negotiate with the Company through their solicitors to establish if the site could be purchased through negotiation, recognising that the use of CPO powers should be a last resort.
- 4.9 Following further communication, the Council made another offer for the Hotel in December 2019. The solicitor acting for the Company advised that the directors were seeking to organise the dissolution of the Company as regards the assets and they were not in a position to consider the offer until this matter had been resolved and appropriate ownerships transferred. It was noted that this had previously been stated as having been the case since 2018.
- 4.10 There is concern about the condition of the building given the Hotel's prominent location in Carrbridge and high volume of tourist traffic in the immediate vicinity associated with the landmark visitor attraction.

5. Compulsory Purchase Order

- 5.1 There is significant demand for affordable housing within Badenoch and Strathspey. There are a limited number of sites available that would be considered suitable for development of such housing in the immediate locality and historically, there is a high level of unmet need. The site of the Hotel has the potential to be redeveloped to construct a number of such units. Planning permission has been obtained previously for the redevelopment of the Hotel and it is believed there would be no planning impediments to the potential redevelopment for housing units.
- 5.2 Given the length of time that has now passed since the Hotel was last operated from and the extent of the necessary remedial works to bring the Hotel back to an acceptable standard, it is considered unlikely that such activity will resume. Attempts to market the Hotel for redevelopment dating back to 2010 have been unsuccessful and there appears no prospect of any immediate disposal given the issues with Hotel's ownership. The Hotel continues to have a detrimental impact on the amenity of the area and is of concern to the local community given the Hotel's location in a predominantly residential area. Given the Council's requirement to seek to fulfil unmet housing need, the clear potential to redevelop the Hotel for housing and the frustration of the Council's protracted attempts to acquire the Hotel by agreement, Committee is asked to agree to recommend that Council resolves to make a CPO in accordance with Sections 9 and 10 of the Housing (Scotland) Act 1987, which empowers a local authority to acquire land for, or in connection with, provision of housing, using CPO powers if required.
- 5.3 The next step will be to establish the current, open market value of the Hotel and confirm the availability of grant funding from Scottish Ministers.
- 5.4 The Company will have an opportunity to object to the CPO which, if not relating exclusively to matters of compensation, will require Scottish Ministers to hold a public

local inquiry or to afford the objector an opportunity of appearing before and being heard by a person appointed by the Scottish Ministers prior to the CPO being confirmed with or without modifications.

- 5.5 Upon confirmation of the CPO by Scottish Ministers and the Council acquiring title to the Hotel, the Council will then develop the site, all in accordance with any necessary planning permission and building consents into affordable housing.

Designation: Executive Chief Officer – Infrastructure and Environment

Date: 5 October 2020

Authors: Nicola Bain, Solicitor – Performance and Governance
Matt Johnstone, Principal Surveyor