

# ACCOMMODATION DEVELOPMENT

POLICY FOR THE CONSIDERATION OF APPLICATIONS  
FOR HOTELS HEIGHT LIMITATION



**"The Government's aim is to encourage upgrading of the tourism product and improve the competitiveness of the tourism sector ..."**

A handwritten signature in dark ink, consisting of stylized, flowing letters.

**Dr Edward Zammit Lewis**  
Minister for Tourism

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# Accommodation Development - Hotels Height Limitation

## 1.0 Introduction

In May 2013, the Government approved the Hotels Height Limitation Adjustment Policy which allowed hotel development in Qualifying Tourism Areas to exceed the building height limitation by two floors where the maximum allowable developable floor space had not been achieved or will not be exceeded. MEPA has now published a new policy that is aimed at revisiting the issue of maximum building height limitations for hotel sites and put forward an alternative development framework.

The new policy framework is partly being justified through the fact that urban hotels encounter situations where they cannot achieve their maximum economic development potential due to maximum building height limitations, Heritage scheduling, transition between different two adjacent planning zones, varying height limitations within the same plot, adverse site configuration, an area of transition between zoning/maximum height limitations, internal operational requirements, adverse topography, other planning permit impediments, safeguarding of third party rights and other material considerations.

## 2.0 The MEPA Policy

The MEPA policy, excludes the possibility of additional floors in hotels that are located on:

- a. Sites Outside Development Zone;
- b. Scheduled sites or sites located within Scheduled Areas;
- c. The edge of the Development Zone adjacent to rural areas excluding in designated tourism zone areas;
- d. Ridge Edge Sites; and
- e. Sites within Urban Conservation Areas.

The policy also restricts this type of extension to Hotels that are graded between three and five stars by the MTA. Guest Houses, hostels and tourism furnished premises are excluded.

The policy's general principles are to improve the tourism product, its competitiveness and profitability. The proposed additional floors on existing and new hotels shall result in high quality tourism accommodation/facilities and design, such that it can make a positive contribution to the tourism industry, urban form and skyline.

The allowable height of the hotel building may be more than two additional floors over and above the height limitation permitted in the Local Plan provided that:

- a. Site area is not less than 5,000sqm or
- b. Site is surrounded by existing or planned roads or
- c. Site accommodates stand-alone buildings.

MEPA will also be looking at the following issues:

- a. Architectural design and its relationship to context;
- b. Transport issues and parking;
- c. Effect on infrastructure.

MEPA is requesting that applications for additional floors under this policy are accompanied by a Tourism Compliance Certificate from the Malta Tourism Authority.

It is important to note that development rights acquired through this policy will be subject to a legal agreement between MEPA, MTA and the proponent, and should the site be converted for other uses than a hotel, these rights shall be forfeited.

### **3.0 Tourism Policy Context**

The current Tourism Policy emphasises the importance of supporting the three-star sector and the need to improve the quality of the four-star sector as well as extending the winter and shoulder months.

The overall thrust is that development should follow a cautious approach that will not result in an over-supply of beds in the market. If this were to take place, this will run counter to the set objective of this MEPA policy which is increasing competitiveness.

### **4.0 Application for Tourism Compliance Certificate**

It is imperative that in order to start the planning process at MEPA, an MTA Tourism Compliance Certificate is acquired by the applicant to any accommodation development, including those that will be applying for the extra floors.

The application shall be submitted according to current application procedures at the MTA. Applicants shall be required to submit the following:

- a. Statement describing the Project, the profile of the Operator, the viability of the proposal<sup>1</sup> and how this proposal will address the issues of product improvement/upgrading, seasonality, target markets/new niche segments;
- b. Site Plan and Photos of site; and
- c. Drawings explaining the project.

The application shall be reviewed by the MTA and a decision on the Tourism Compliance Certificate taken. Should the MTA refuse the application, applicants shall be given the opportunity of a Re-Consideration and subsequently will also have the right for an Appeal.

Applications to extend an existing hotel shall only be accepted from owners, developers or operators of accommodation establishments that have a clean track record on that particular property.

Properties which have:

- pending licence or other payments;

will not be allowed to submit any applications for the extension of the property unless the situation is rectified.

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<sup>1</sup> Applicants may wish to show the viability of the project by quoting past and projected occupancy rates, AARR's, Yield, Economies of Scale, Employment, etc.

#### **4.1 Assessment of Existing Product**

Given that the primary thrust of the Policy is for hotels to improve their product, it is being proposed that the first part of the assessment shall be addressed towards establishing the tangible and intangible condition of the existing property. This means that MTA \_ QA officers will inspect the property and review the state of the existing hotel and its upkeep. An emphasis on the intangible aspect is very important and therefore the officers need to ensure that the hotel is reviewed from a quality aspect rather than just facilities on offer. The service and hotel's track record will also be considered.

#### **4.2 Preliminary Criteria**

The first three criteria are as follows:

##### **Grade**

For the purposes of the hotel height extension policy, only 3, 4 and 5-star properties will be accepted. Hostels, Guest Houses and blocks of tourism accommodation will not be considered.

##### **Location**

The policy shall consider only those properties within the Development Zone. UCA s, ODZ, Scheduled Areas and ridges shall not be considered.

##### **Track Record**

Accommodation establishments that have an extensive history of complaints and/or lack of satisfaction and/or active infringements will not be considered for further assessment until the MTA is satisfied that the applicant is prepared to address and rectify these issues and commit to a better tourism product. The MTA reserves the right to insert any conditions deemed necessary in the Tourism Compliance Certificate and in the subsequent tri-partite agreement that will follow MEPA approval to ensure this. MTA also reserves the right to impose fines.

#### **4.3 Viability of the proposed extension**

Applicants will be asked to provide a report justifying the viability, including economic considerations, of the proposed extension and the expected benefits.

#### **4.4 Assessment**

The applications shall be assessed further against the following criteria:

##### *Commitment to improve the overall product*

Extensions shall not be acceptable unless the applicant is prepared to invest in the refurbishment and upgrading of the existing property in the event that existing property is considered by the MTA as not of an acceptable standard and/or is certified to be in need of a refurbishment. The proposed extension should constitute an overall improvement of the existing accommodation product through, for example, additional facilities, high quality rooms or suites, additional services, innovation, technology etc.

#### *Addressing of seasonality issues*

Extensions shall not be allowed if the property is clearly not operating on an all-year-round basis. This means that hotels that regularly close down or propose to close down during the winter months shall not be accepted for the extension of hotel height.

#### *Target Markets and New Product Niches*

Hotels applying for additional floors should ideally aim to cater for specific market segments and should ideally offer new products in terms of facilities like all-weather facilities, entertainment, family-friendly measures, meetings, sports, digital facilities (Wi-Fi), etc.

### **4.5 Innovation and Eco-friendly Measures**

Hotels that will be taking advantage of the Policy for Height Limitation, will be asked to abide by the MTA ECO Certification requirements including, where feasible, the introduction of treatment and re-use of grey water.

### **5.0 Ensuring commitment**

Hotels that will be permitted an extension above the height limitation will be asked to enter into a tri-partite agreement between MEPA and the MTA. This will ensure that future changes in use will not take advantage of the acquired development rights. Furthermore, it is important that commitments to refurbish and upgrade the existing product are enforced through this agreement.

