

Report of: Head of Land and Property
Report to: Director of Resources and Housing
Date: 8th June 2017
Subject: Land and premises at Brackenwood Drive – The Highwood Public House and garage site at Larkhill Way LS8

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s):	Roundhay	
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, Access to Information Procedure Rule number: 10.4 (3)		
Appendix 1 to this report has been marked as exempt under Access to Information Procedure Rules 10.4 (3) on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) which, if disclosed to the public, would, or would be likely to prejudice the commercial interests of that person or of the Council. The information is exempt if and for so long as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. In this case the report author considers that it is in the public interest to maintain the exemption.		

Summary of main issues

1. The site is owned by the Council and is subject in part to a ground lease for the public house, with an area of miscellaneous garage land on the western boundary.
2. The existing ground lease holders have approached the Council to discuss the options available that would allow them to achieve a satisfactory exit from the property.
3. Disposal of the Council's freehold interest of the overall site for residential purposes would allow the Council and its tenants to extract maximum value from the site, remove potential liabilities and deliver additional housing. This could be achieved via a joint disposal agreement between the Council and its tenant.

Recommendations

4. It is recommended that the Director of Resources and Housing declares the combined

site surplus to Council requirements and thereafter instructs Asset Management – Land and Property to sell the site on the open market for residential development.

1 Purpose of this report

- 1.1 The purpose of this report is to seek approval to declare the overall site surplus to Council requirements with a view to City Development selling the site on the open market for residential development.

2 Background information

- 2.1 The overall site is identified on the attached plan and extends to approximately 1.0 acres. It is located on the northern boundary of a Council housing estate in a residential area of north Leeds.
- 2.2 The land is vested in Resources and Housing and is subject principally to a ground lease which was originally granted for the development of the existing public house. The lease area is identified cross - hatched on the plan. The principal lease terms and details of the current tenant are contained in the attached confidential appendix. The public house has recently closed for a period but, has recently re-opened. However, like similar estate based public houses, its viability is now considered to be marginal.
- 2.3 The area shown hatched and dotted is also vested with Resources and Housing. It is a redundant garage site which is largely overgrown. There are two remaining garages, although the plan shows four. Two have recently been demolished due to their derelict state. Notice has been served on the occupier of the remaining two garages with a view to demolition and an alternative garage will be offered. It is intended that a request will be made to recover the cost of the demolition from any receipt from the sale of the site.
- 2.4 In addition, a number of private residential owners take access to their garages over the northern most edge of the garage site. Investigations have revealed that the garages have been in place for a significant period of years such that the owners could claim a right of way over the garage site and along Larkhill Way (unadopted) onto Brackenwood Drive.
- 2.5 To the north of the site is a parade of shop units, with residential above, and which are vested in Resources and Housing.

3 Main issues

- 3.1 The existing tenants have approached Asset Management to explore options in relation to the future of their lease and the public house site itself. Informal discussions have taken place and which are detailed in the confidential appendix.
- 3.2 The potential course of action detailed in the confidential appendix has been successfully implemented by Asset Management in respect of a number of other Council owned public houses.
- 3.3 In the event of the site being declared surplus, the approval of the Chief Officer Economy and Regeneration would be sought to the proposed method of disposal.

- 3.4 Planning and highways officers have indicated that the site would be suitable for redevelopment for residential uses. It is proposed that the site would only be marketed for residential purposes only.
- 3.5 The opportunity for residential development has been considered by the respective Directors of Resources and Housing and City Development in the context of the Council's Housing Investment Land Strategy (HILS). Both Directors have confirmed have their support for the site to be marketed on the open market for residential development and not to be restricted to providers of affordable housing.
- 3.6 The proposal to declare surplus has been considered by Housing Leeds' Delegated Decision Panel on 8th June 2017 and the Chief Officer of Property and Contracts and Chief Officer of Housing Management are supportive of the proposal.
- 3.7 The public house is not designated as an Asset of Community Value . Asset Management is not in receipt of a nomination for such or aware of any impending submission.
- 3.8 It has been confirmed that the former garage site element has not been earmarked for a rehousing scheme as part of a wider Council initiative on former garage sites.

3.9 Options

1. Do nothing and continue to receive a rental income from the lease.

The fixed rental income is minimal and inaction is likely to lead to the continued decline of the public house and the loss of an opportunity to provide additional housing and to generate a capital receipt.

2. The Council to acquire the leasehold interest with a view to development of affordable housing.

This option will not provide both the development of additional housing and a capital receipt for the Council.

3. The Council to declare the entire combined site surplus and thereafter to market the site for disposal on the open market for residential development.

This is the recommended course of action for the reasons detailed in this report

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Ward members have been consulted and all three members have expressed their support for the proposed course of action.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 There are not considered to be any equality and diversity / cohesion and integration issues arising.

4.3 Council Policies and City Priorities

- 4.3.1 The proposed course of action offers an opportunity to generate a capital receipt and to pro-actively deal with a licensed property in decline.
- 4.3.2 Sale of the site for residential purposes would contribute to towards the Council's priority of increasing the number of houses in the city.

4.4 Resources and Value for Money

- 4.4.1 Disposal of the Council's freehold interest would result in the loss of a nominal fixed annual rent which is receivable by Housing Revenue Account.
- 4.4.2 A capital receipt would be generated which would contribute to the Council's capital receipts programme.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 Under Part 3 Section 3E Paragraph 2(a) of the Council's Constitution (Officer Delegation Scheme (Executive Functions)) the Director of City Development has authority to discharge any function of Executive Board in relation to the management of land (including valuation, acquisition, appropriation, disposal and any other dealings with land or any interest in land) and Asset Management.
- 4.5.2 The Director of Resources and Housing has authority to take the decisions requested in this report.
- 4.5.3 The proposal constitutes a Significant Operational Decision and is therefore not subject to call in.
- 4.5.4 The Head of Land and Property confirms that the proposed method of disposal set out above is the method most likely to result in the Council achieving the best consideration that can reasonably be obtained under Section 123 of the Local Government Act 1972 (or under the Housing Act 1985).
- 4.5.5 The information contained in the Appendix attached to this report relates to the financial or business affairs of a particular person, and of the Council. This information is not publicly available from the statutory registers of information kept in respect of certain companies and charities. It is considered that since this information was obtained through one to one negotiations for the disposal of the property/land then it is not in the public interest to disclose this information at this point in time. Also it is considered that the release of such information would or would be likely to prejudice the Council's commercial interests in relation to other similar transactions in that prospective purchasers of other similar properties would have access to information about the nature and level of consideration which may prove acceptable to the Council. It is considered that whilst there may be a public interest in disclosure, much of this information will be publicly available from the Land Registry following completion of this transaction and consequently the public interest in maintaining the exemption outweighs the public interest in disclosing this information at this point in time. It is therefore considered that this element of the report should be treated as exempt under Rule 10.4.3 of the Access to Information Procedure Rules.

4.6 Risk Management

- 4.6.1 It is considered that if the recommended course of action is not pursued then there is a high risk that the subject premises may close within the short term, with the

associated issues that arise in such circumstances. The opportunity may be lost to move the combined site onto a more sustainable long term use and to derive a capital receipt.

5 Conclusions

- 5.1 It is considered that the recommended course of action is the most appropriate option to deal with the issues arising with the subject property.

6 Recommendations

- 6.1 It is recommended that the Director of Resources and Housing declares the combined site surplus to Council requirements and thereafter instructs Asset Management – Land and Property to sell the site on the open market for residential development.

7 Background documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.