



Report of: Head of Council Housing Growth
Report to: Director of Resources and Housing
Date: 11th February 2020
Subject: Approval and Authority to Spend - to Acquire & Demolish
The George IVth Public House, Grove Road, Hunslet, LS10

Are specific electoral wards affected? If yes, name(s) of ward(s): Hunslet & Riverside	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number: A	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Summary

1. Main issues

- The subject site is owned by the council, and let by way of a ground lease. The building on the subject site forms the 'George IVth' public house, which is currently vacant, fire damaged, and in a poor and deteriorating state of repair.
- The site has been identified as a potential redevelopment site for new build council housing. Acquisition of the tenant's leasehold interest would allow the council to demolish the property and enable the site to be redeveloped via the Council Housing Growth Programme (CHGP) to deliver much needed additional social housing stock.
- The council has been in discussions with the leaseholder for some time in view of the dilapidated and deteriorating state of the building, to confirm his intentions. Despite various assurances that he intended to refurbish and re-open the pub, none of these have come to fruition. The leaseholder has now indicated he would be willing to relinquish the lease and Land & Property have established a mutually acceptable offer price.

2. Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)

- The site is in a key location, in an area of deprivation. It is a nuisance site as explained above, and it is considered that the demolition of the derelict pub building

and the site's re-development will greatly improve the visual amenity of the area and contribute to improvement of the area generally.

- The development of new council housing will contribute to the council's target of delivering at least 1,500 new build council homes in the next five years, in line with Best Council Plan targets to increase the number of new affordable homes in the city and to support sustainable and inclusive growth.
- Housing is one of the Best City priorities as set out in the Best Council Plan, and this programme will directly support the following priorities by delivering additional social housing stock:
 - Housing of the right quality, type, tenure and affordability in the right place
 - The programme will also directly contribute to ensuring that "everyone in Leeds Live(s) in good quality, affordable homes, in clean and well cared for places" which is one of the target outcomes set out in the Best Council Plan.

3. Resource Implications

- Funding for the proposed course of action (acquisition, demolition and future development costs) will be via the CHGP's budget (capital scheme 33103), funded via a combination of either retained Right to Buy receipts or Homes England Grant, blended with HRA borrowing.
- It is considered that this proposal represents value for money, as it will help address a nuisance site, contribute towards an increase of council homes within Leeds, and assist in regenerating and improving the local area around the subject site.
- The current expectation is that demolition will be undertaken by the Council's internal service provider in line with Council's Contract Procedure Rules.

Recommendations

It is recommended the Director of Resources and Housing:-

- a) Grants approval for the council to declare the tenant's leasehold interest and the site in its current form as a vacant former public house, surplus to requirements.
- b) Grants approval for Resources and Housing to instruct Land & Property (City Development) to negotiate terms for the acquisition of the tenant's leasehold interest (such terms being approved by the Chief Officer, Asset Management and Regeneration and lease acquisition costs to be funded by the CHGP).
- c) Grants approval for the demolition of the existing building following acquisition of the leasehold interest (demolition also to be funded by the CHGP) with a view to redeveloping the site for new build council housing.
- d) Grants Authority to Spend in the sum of £270,000 for the associated lease acquisition and demolition costs.
- e) Notes that a report is being submitted in parallel with this report to the Chief Officer, Asset Management and Regeneration to approve the lease acquisition terms.

- f) Notes that the details of the redevelopment proposals for the site will follow under cover of a further report in due course, along with Authority to Spend for the scheme costs.

1. Purpose of this report

- 1.1 The purpose of this report is to seek Director approval for officers to proceed with the recommendations outlined above, in order to facilitate the demolition and redevelopment of the subject site under the CHGP.
- 1.2 The report also seeks Authority to Spend for the associated lease acquisition and demolition costs.

2. Background information

- 2.1 The subject site is identified on the attached plan and measures approximately 0.2 acres. The site is vested with Resources and Housing and managed by Land and Property.
- 2.2 The current leaseholder took an assignment of the lease in 2004. Details of the lease and leaseholder are contained in confidential appendix A. The pub was operational until October 2017 when there was the fire. It has been closed ever since.
- 2.3 The council has been in discussions with the leaseholder for some time, in view of the dilapidated and deteriorating state of the building, to confirm his intentions. Despite various assurances from the leaseholder that he intended to refurbish and re-open the pub, none of these have come to fruition and the leaseholder has now indicated he would be willing to relinquish the lease.
- 2.4 The subject site has been identified by officers in Land and Property and the Head of Council Housing Growth as a potential redevelopment site for council housing as part of the Council Housing Growth Programme (CHGP).
- 2.5 An estimate has been sought internally in regard to the estimated cost for the demolition of the building. The estimated cost is also contained within confidential appendix A.

3. Main issues

- 3.1 The site is derelict, an eyesore, and a source of local nuisance. There have also been issues with fly-tipping. Local residents and ward members have raised concerns in regard to the condition of the building and the negative impact the site is considered to be having on the surrounding area.
- 3.2 Closure of public houses situated within estates have been a common occurrence in Leeds and this reflects the decline in demand within this market. It is considered most unlikely that the building will be brought back into use as a public house.
- 3.3 Housing Leeds and the CHGP are targeting derelict and nuisance sites with the aim of bringing them forward to provide much needed council housing, and at the same time contributing to local area regeneration. Officers in Land and Property have made the Head of Council Housing Growth aware of this site

and both are of the opinion that this site could be redeveloped as part of the CHGP.

- 3.4 To facilitate this, the council wishes to reacquire the tenant's leasehold interest, which would transfer all legal interest back to the council, and demolish the building.
- 3.5 Authority to Spend in the sum of £270,000 is being sought to cover the cost of reacquiring the lease and the demolition works, including an element of contingency.

Options

The council has considered the following options for the site:

a) **Do nothing and continue to receive the rental income from the lease**

The council would continue to receive the rental income referred to in confidential appendix A. However it is considered most unlikely that the site will receive the financial investment required to bring the building back into use, and there is a high risk that the current situation will continue, resulting in further decline.

b) **Pursue the leaseholder in regard to being in breach of the terms of the lease**

This would involve investigating the options and remedies available to the council in regard to breaches by the leaseholder of the terms set out in the ground lease, particularly in respect of maintenance and repair.

c) **Negotiate a purchase of the tenant's leasehold interest and redevelop the site for new council housing via the Council Housing Growth Programme.**

This is the recommended option. Negotiating the acquisition of the tenant's leasehold interest will provide the council with vacant possession of the land and buildings, enabling demolition and redevelopment of the site under the CHGP for new, much needed council housing.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 As part of the established process for the programme, the Council Housing Growth Programme has engaged housing management, housing finance, land and property, and other internal stakeholders in relation to this report and these proposals.
- 4.1.2 Local Ward Members have been consulted and have expressed their support for these proposals and for the site to be redeveloped for new build council housing as part of the Council Housing Growth Programme. Local residents and local Ward Members will continue to be consulted as the housing scheme proposals progress.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 An Equality and Diversity screening has been undertaken, and concluded that a full assessment is not required. The screening form is attached at appendix B to this report.

4.3 Council policies and the Best Council Plan

- 4.3.1 See above

Climate Emergency

- 4.3.1 At the March 2019 Full Council meeting and April 2019 Executive Board a Climate Emergency was declared by the Council. The Council committed to doing more to tackle climate change and to consider the carbon impact of every decision it takes.
- 4.3.2 The intention is that this site will be redeveloped by the council as a council housing new build development. A further report will be provided in due course to set out the development proposals in more detail, and this will include further details of how those proposals will take into account and contribute towards achieving the council's aspirations in relation to climate change.

4.4 Resources, procurement and value for money

- 4.4.1 The lease acquisition and demolition costs are considered affordable and value for money in the context of the redevelopment proposals for the site, and in view of the ongoing nuisance and risks associated with the site and the contribution these proposals will make towards regenerating and improving the local area.
- 4.4.2 The cost of reacquiring the lease, and demolishing the premises will be funded via the Council Housing Growth Programme budget (capital code 33103). The funding will be made up of a combination of Housing Revenue Account borrowing and either retained Right to Buy receipts or Homes England grant subsidy.
- 4.4.3 The current expectation is that demolition will be undertaken by the Council's internal service provider in line with Council's Contract Procedure Rules.

4.5 Legal implications, access to information, and call-in

- 4.5.1 Appendix A 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.
- 4.5.2 This is a Significant Operational Decision and as such is not eligible for call in.

4.6 Risk management

- 4.6.1 It is considered that if the recommended course of action is not pursued, there is a high risk the subject premises will continue to decline and result in increased nuisance to local residents. An opportunity to increase the number of council homes within the city could also be missed.
- 4.6.2 There is also the risk that the tenant will not agree to sell its interest, or will not agree to sell his interest for a price that could be reasonably recommended for approval.
- 4.6.3 Delivery of the proposals set out in this report will contribute to mitigating one of the council's corporate risks around failure to meet additional housing supply targets and the consequent lack of homes for people in Leeds.

5. Conclusions

- 5.1 It is considered that the recommended option outlined in this report would be the most appropriate course of action for the council, namely acquisition of the lease to facilitate the clearing and redevelopment of the site, thereby contributing to the regeneration of the local area and delivering much needed new council housing stock.

6. Recommendations

It is recommended the Director of Resources and Housing:-

- 6.1 Grants approval for the council to declare the tenant's leasehold interest and the site in its current form as a vacant former public house, surplus to requirements.
- 6.2 Grants approval for Resources and Housing to instruct Land & Property (City Development) to negotiate terms for the acquisition of the tenant's leasehold interest (such terms being approved by the Chief Officer, Asset Management and Regeneration and lease acquisition costs to be funded by the CHGP).
- 6.3 Grants approval for the demolition of the existing building following acquisition of the leasehold interest (demolition also to be funded by the CHGP) with a view to redeveloping the site for new build council housing.
- 6.4 Grants Authority to Spend in the sum of £270,000 for the associated lease acquisition and demolition costs, as detailed in confidential appendix A.
- 6.5 Notes that a report is being submitted in parallel with this report to the Chief Officer, Asset Management and Regeneration to approve the lease acquisition terms.
- 6.6 Notes that the details of the redevelopment proposals for the site will follow under cover of a further report in due course, along with Authority to Spend for the scheme costs.

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.