

# CABINET

## St. Leonard's House 17 February 2015

### Report of Chief Officer (Resources)

PURPOSE OF REPORT			
This report provides detail on the outcome of the 'Stage 2' development proposals for St. Leonard's House and seeks a decision to proceed to the next stage of the redevelopment and regeneration process.			
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision		20 January 2015	
The first part of this report is public, whereas the remainder of the report and its Appendices are exempt by virtue of paragraph 3, of Schedule 12a of the Local Government Act 1972.			

#### OFFICER RECOMMENDATIONS:

That subject to Cabinet confirming that it wishes to secure a clear future use for St. Leonard's House and the associated regeneration benefits:

- (1) Cabinet notes the findings of the 'Stage 2' report and provides support in principle to the proposed redevelopment of St. Leonard's House as student accommodation.
- (2) Cabinet authorises Officers to negotiate with strategic partners in order to establish the most financially viable option, based upon Options 1 and 2 illustrated within this report.
- (3) Officers report back to Cabinet on the outcome of negotiations, in order for Cabinet to reach its final decisions on the proposals.
- (4) Cabinet's budget proposals for 2015/16 onwards be updated to provide for the above.

#### 1 INTRODUCTION

- 1.1 A report was submitted to Cabinet on 21 January 2014 seeking approval to develop a 'Stage 2' appraisal with the Lancashire Regeneration Property Partnership (LRPP) for the redevelopment of St. Leonard's House into

student/young worker accommodation. The report also identified the building as an underutilised asset operating at an approximate occupancy rate of 40% and requiring considerable investment, and as such it recommended that the building be closed, decommissioned and secured in a managed way. Cabinet gave approval to proceed on both counts and the results of this work are now presented to Members for further consideration.

## 2 VACATION OF THE BUILDING

- 2.1 In line with the Cabinet decision, St. Leonard's House closed during 2014 with the final tenant vacating the building last September. The vacation of the building was largely uneventful with the majority of tenants vacating the building before the end dates of their respective leases. Overall the tenants were understanding and worked with officers to secure vacant possession. Officers also provided assistance where possible to help existing tenants identify alternative accommodation. Concurrently, Officers have been working towards the emptying, relocating and/or disposing of the building's contents and its significant areas of storage and this work is now nearing completion.

## 3 STUDENT ACCOMMODATION: INVESTMENT POTENTIAL

- 3.1 The aim of the 'Stage 2' report was to develop the preferred option identified in 'Stage 1' including assessing the student accommodation market in Lancaster and evaluating the potential for the conversion of St. Leonard's House to that use in both a physical and financial sense. The LRPP submitted their 'Stage 2' investment proposal for the building in December 2014 and the relevant documentation is attached at exempt **Appendix A** for information.
- 3.2 Some of the key findings included within the 'Stage 2' report include:
- 3.2.1 The scheme has indicative planning support and a clean unencumbered freehold title.
  - 3.2.2 The development costs are significant as the building is listed and therefore there is a requirement to preserve the structure. Furthermore it was discovered through invasive surveys that the structure had deteriorated further than was originally anticipated.
  - 3.2.3 The market research revealed that there is considered to be a significant student market upon which to target the development.
- 3.3 The detailed outcome and appraisal of the Stage 2 report is included in the attached exempt report and appendix, as it is commercially sensitive.