

**Report of: Director of Environments and Housing**

**Report to: Executive Board**

**Date: 23<sup>rd</sup> September 2015**

**Subject: Approval to Grant Thirteen 99 Leases at Less Than Best Consideration to Leeds Action to Create Homes (LATCH).**

Are specific electoral wards affected? If 'yes', name(s) of ward(s): Chapel Allerton / Gipton and Harehills / Hyde Park and Woodhouse. Other wards may be affected through the lifespan of the project.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity or cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If 'yes', access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

Executive Board at its meeting in July 2007 approved a recommendation to lease 12 Housing Revenue Account council houses to Leeds Action To Create Homes (LATCH) at Less Than Best Consideration on a 25 year term.

LATCH has recently approached the Council seeking approval to surrender the current leasing arrangement plus another one which they also lease from the council and enter into new 99 year leases for the 13 units at a peppercorn rent

This will enable LATCH to secure additional funding of £494k to which they will add borrowing of £310k secured against their existing stock to purchase additional long term empty properties. LATCH would then continue to secure borrowing against these additional properties to create total borrowing of £1.336m. This total borrowing will enable the organisation to purchase 14 long term empties which they will renovate to increase the number of Affordable Homes in Leeds. LATCH's proposal also helps to contribute to the aspirations detailed in the councils Empty Property Strategy by reducing the number of long term empty properties across the city.

A valuation of the proposal has been carried out. In agreeing to this proposal the Council's interest in these properties would reduce in value by £130k

LATCH will continue to be responsible for the maintenance and management of the subject council owned units detailed within the report.

## **Recommendations**

- Executive Board is recommended to
- Approve a recommendation to surrender 13 existing leases to LATCH
- Enter into new 99 year Leases at Less Than Best consideration to enable LATCH to secure additional finances and enter into a programme of acquisition and renovation of empty properties in Leeds.
- Delegate authority to the Director of City Development to approve terms of the new leases at Less than Best consideration based on a peppercorn rent calculated at £1 per annum per property by January 2016.

### **1 Purpose of this report**

- 1.1 The purpose of the report is to seek approval from Executive Board to surrender 13 existing leases and grant 99 year leases to LATCH at less than best consideration.
- 1.2 By securing these leases, this will enable LATCH to secure additional finances to undertake a programme of acquisition and refurbishment of privately owned empty properties across the city.

### **2 Background information**

- 2.1 LATCH is a Community Benefit Society set up in 1989 that refurbishes derelict homes back into residential use.
- 2.2 LATCH has a proven track record of successfully renovating long term empty properties mainly in Harehills, Chapletown and Burley and currently manage a portfolio of 64 units ranging from 1 bedroom apartments to 3 bedroom family homes.
- 2.3 When renovated, LATCH provide supported housing for people who are homeless or in housing need and are ready to make a positive change in their lives.
- 2.4 One of distinct features of LATCH is their service user involvement in the refurbishment work with most of the renovation work undertaken by LATCH staff and volunteers.
- 2.5 Executive Board at its July 2007 meeting approved the principle of leasing of 12 miscellaneous properties to LATCH at less than best consideration
- 2.6 These miscellaneous properties were in poor condition and not part of the original ALMO portfolio meaning that they did not receive the required finance to bring them up to Decent Homes Standard and into the general council housing stock.

- 2.7 Following Executive Board approval LATCH commenced the refurbishment of the properties using local contractors and volunteers to bring the subject properties up to Decent Homes Standard as well as providing support to its tenants.
- 2.8 LATCH's proposal helps to reduce the number of long term empty properties across the city which contributes to the success of the council's Empty Property Strategy.

### 3 Main issues

- 3.1 LATCH currently lease 13 properties from the council at less than best consideration. The addresses of the subject properties are detailed below.

Address	Post Code	Ward
4 Cowper Street	LS7 4DS	Chapel Allerton
88a Grange Avenue	LS7 4EN	Chapel Allerton
88b Grange Avenue	LS7 4EN	Chapel Allerton
138a Spencer Place	LS7 4DX	Chapel Allerton
138b Spencer Place	LS7 4DX	Chapel Allerton
2 Lascelles View	LS8 5PS	Gipton & Harehills
16 Autumn Place	LS6 1RJ	Hyde Park & Woodhouse
17 Autumn Place	LS6 1RJ	Hyde Park & Woodhouse
21 Autumn Place	LS6 1RJ	Hyde Park & Woodhouse
13 Kelsall Avenue	LS6 1RB	Hyde Park & Woodhouse
12 Kelsall Place	LS6 1RB	Hyde Park & Woodhouse
24 Kelsall Place	LS6 1RA	Hyde Park & Woodhouse
1 Royal Park Avenue	LS6 1EZ	Hyde Park & Woodhouse

- 3.2 The units are miscellaneous terraced properties built around the 1900's
- 3.3 The properties are leased at less than best consideration and subject to a long lease arrangement with periodic break clauses included within the contract.
- 3.4 As part of the current lease arrangement LATCH have brought the subject properties up to Decent Homes standard and have a good tenancy management record.
- 3.5 LATCH has recently approached the council seeking to surrender the current leases arrangements and grant new 99 years leases on the subject properties to enable LATCH to secure loans to fund an acquisition and refurbishment programme of empty properties across the city.
- 3.6 Granting these leases will enable LATCH to secure borrowing of £494k against these properties which will be supported by borrowing of £310k against their existing stock. This will enable LATCH to purchase further long term empty properties against which they will secure further borrowing to give them a total borrowing capacity of £1.336m. This will enable the organisation to purchase a total of 14 long term empty properties renovate them and let them as affordable housing.
- 3.7 LATCH will work closely with the council to identify properties which have been vacant for a considerable amount of time and / or are in a dilapidated state of repair & causing a nuisance to the local community.

- 3.8 Subject to successful negotiation LATCH would undertake the acquisition and refurbishment of the properties to Decent Homes standard whilst providing training and employment opportunities.
- 3.9 LATCH has advised that the new properties will be fully furnished and let to applicants at Affordable Rent Levels.
- 3.10 The new tenants will also benefit from the supported housing arm which LATCH offer to its tenants to ensure that tenancies are sustainable.

## **4 Corporate considerations**

### **4.1 Consultation and engagement**

- 4.1.1 Local Ward Members where LATCH currently lease properties from the council have been consulted and are supportive of the proposals

### **4.2 Equality and diversity, cohesion and integration**

- 4.2.1 There are no equality and diversity, cohesion and integration issues raised by this report.

### **4.3 Council policies and the best council plan**

- 4.3.1 LATCH is a Social Landlord that uses volunteers and local tradespeople. LATCH will also rent the subject and future properties at Affordable Rent levels. This supports the Council's aspiration to be the Best City to Live by aiming to "Maximise regeneration investment to increase housing choice and affordability within sustainable neighbourhoods".
- 4.3.2 In agreeing to this proposal LATCH would be able to contribute towards Best Council Plan objectives of "promoting sustainable and inclusive economic growth" and "support initiatives to deliver housing growth and reduce the number of long term empty properties".

### **4.4 Resources and value for money**

- 4.4.1 Executive Board at its meeting in July 2007 approved a recommendation to lease 12 properties to LATCH at less than best consideration on a 25 year term on the understanding that LATCH would bring the units up to decent homes standard and be responsible for future maintenance and management.
- 4.4.2 The surrendering of the existing 25 year leases and the granting of the new 99 year leases will see the Council's interest in these properties reduce by £130k
- 4.4.3 As of part of the proposed lease arrangement LATCH will undertake all management, refurbishment and maintenance costs, it is envisaged that the Council could save in the region of £360,000 over the lifespan of the lease arrangement.
- 4.4.4 By entering into these lease arrangements with LATCH, not only will these properties remain as affordable housing for 99 years, but it will also enable the organisation to lever in significant borrowing of £1.336m to buy up and refurbish a further 14 long term empty properties for affordable housing.

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

- 4.5.1 The General Consent D under Section 25 of the Local Government Act 1988 (Local Authority Assistance for privately let housing) 2010 may be used provided that the Council has not exceeded the amount of financial assistance given under this consent in the current financial year and provided that the properties shall be occupied by persons with a special need. In the event that the general consent cannot be used specific Secretary of State consent will be sought in line with the standard process once the proposal has been granted Executive Board approval.
- 4.5.2 As the proposal to lease the properties at less than best consideration without any element of competition constitutes the provision of a subsidy, the Council needs to be satisfied that the proposed disposal does not contravene the European Commission's State aid rules. Funding for the provision of social housing is considered to be a Service of General Economic Interest (SGEI) provided that the recipient of the subsidy is placed under an obligation to provide the social housing and the subsidy
- 4.5.3 This report will be open to call-in

## **4.6 Risk management**

- 4.6.1 Periodic break clauses will be included within the new leases to ensure that should LATCH or the council wish to terminate the lease arrangements the subject properties can be brought back into Council Housing Stock.

## **5 Conclusions**

- 5.1 LATCH currently lease 13 properties from the council at less than best consideration for a period of 25 years
- 5.2 LATCH have undertaken decency works to the properties and wish to enter into new 99 leases to enable them to secure additional finances to acquire vacant privately owned properties across the city
- 5.3 If approved this scheme will help to reduce the number of long term vacant properties and improve access to Affordable Housing.
- 5.4 Ward Members are supportive of the proposals.

## **6 Recommendations**

- 6.1 Executive Board is recommended to
- Approve a recommendation to surrender 13 existing leases to LATCH
  - Enter into new 99 Leases at Less Than Best consideration to enable LATCH to secure additional finances and enter into a programme of acquisition and renovation of empty properties in Leeds
  - Delegate authority to the Director of City Development to approve terms of the new leases at Less than Best consideration based on a peppercorn rent calculated at £1 per annum per property by January 2016.

## **7 Background documents<sup>1</sup>**

---

<sup>1</sup> 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

7.1 None

---

published works.