

**Manchester City Council
Report for Resolution**

Report to: Executive – 8 March 2017

Subject: Grant of a new lease at Sycamore Court, 144 Sandal Street

Report of: Director of Housing

Summary

The following report provides the Executive with details of a proposed grant of a new lease of Sycamore Court, 144 Sandal Street, at undervalue, to Arawak Walton Housing Association, to support their continued provision of high quality sheltered housing at the scheme.

Recommendations

Executive is asked to

- 1 Approve the proposal detailed in this report for the grant of a new lease (with the effect of ending the existing lease) at undervalue to Arawak Walton Housing Association.
- 2 Recommend that Council authorises the City Solicitor to obtain the consent of the Secretary of State to dispose of the Property at less than best consideration.
3. Authorise:
 - a) the Head of Development to finalise the terms of the transaction, and
 - b) the City Solicitor to finalise and complete the legal documentation in accordance with the agreed terms of the transaction, subject to consent being obtained.

Wards Affected

Miles Platting and Newton Heath

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Maintaining the quantum of social housing provision, particularly for older households facilitates best use of our social housing stock and thereby supports the economy
A highly skilled city: world class and home grown talent sustaining the city's economic success	

A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	This accommodation provides high quality homes that support older households to remain independent
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

None

Financial Consequences – Capital

The City Council will forgo the receipt of an estimated premium payment of £44,486 in return for extending the lease of the property for an additional 60 years, giving Arawak Walton a lease of 125 years.

Contact Officers:

Name: Paul Beardmore
Position: Director of Housing
Telephone: 0161 234 4811
E-mail: p.beardmore@manchester.gov.uk

Name: Steve Thorncroft
Position: Head of Development
Telephone: 0161 234 1202
E-mail: s.thorncroft@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Jacobs Valuation of land at Sycamore Court, 144 Sandal Street, 23 April 2014.

1.0 Background

Sycamore Court is located at 144 Sandal Street, off Oldham Road, in Miles Platting, approximately 2.1 miles north east of the city centre. It is a sheltered housing scheme dating from 1983, comprising a mixture of studio, one bedroom and two bedroom properties.

The property was built by Anchor Housing. A Lease dated 20th March 1985 for a term of 99 years from 9th December 1980 on the basis of a full repairing and insuring lease at a peppercorn rent (existing lease) was granted to Anchor with Manchester City Council retaining the freehold.

Anchor approached the City Council in January 2013 regarding the future of Sycamore Court. At the time Anchor Housing were in the process of reviewing future options for their sheltered housing schemes and therefore canvassed the City Council's views on the future of this scheme. Sycamore Court at the time had 38 units and only 21 were let.

The City Council were keen to retain this sheltered housing facility in order to maintain the capacity of supported housing for older households in this area of Manchester and agreed to support the transfer of the scheme to an alternative sheltered housing provider.

Following discussions with residents at the scheme Anchor engaged with the supported housing provider sector and received expressions of interest from a number of providers. Anchor's selection process identified Arawak Walton Housing Association as the preferred assignee.

2.0 Assignment issues

Anchor advised the City Council in August 2013 that they wished to assign the lease to Arawak Walton and City Council support for this was confirmed to them.

Arawak Walton had previously successfully taken over two of Anchor's sheltered housing schemes in Ardwick and Longsight wards. This Registered Provider is well known and respected in Manchester, specialising in BME provision. Their officers take an active role in the Manchester Housing Providers Partnership and the organisation is a valued partner.

The local Regeneration Co-ordinator and ward members were consulted in August 2013 and were supportive of this outcome. The assignment of the lease from Anchor to Arawak Walton was completed on 3 February 2014.

Since taking over the scheme Arawak have refurbished the properties, bringing them up to a good up to date standard. The scheme has been redesigned to be dementia friendly.

There is now good interaction with the local community, and the scheme is fully let with a waiting list.

Arawak Walton wish to further invest in Sycamore Court to incorporate design improvements including assistive technology to further support independent living and improve the provision of care. This could not be achieved with a remaining lease term of only 65 years. Sufficient investment borrowing could however be secured with a lease of 125 years.

To enable long term asset investment planning, it is important for the Registered Provider to have a longer lease of the property. The knowledge that the asset will be in their portfolio for a long period of time will allow Arawak to include Sycamore Court in a programme of works with the further three sheltered schemes they now operate in Manchester.

3.0 Valuation and Commercial Terms

An independent valuation was undertaken by Jacobs in June 2014. This was undertaken in accordance with the RICS Professional Standards. This indicated that, taking into account land values and rental income, and the remaining lease term of 65 years, the market value of the extension of the lease to 125 years would justify a premium payment of £44,486.

To support the continued provision of high quality accommodation for older households by a valued partner it is proposed that the grant of a new lease be completed at a premium of £1.

Each party would bear its own costs of the legal completion of the new lease.

4.0 Legal Considerations

In order to facilitate the Registered Provider's need to have a longer lease term of the property, the parties will need to enter into a new lease and simultaneously surrender the existing lease.

The proposed new lease amounts to a disposal of land held under Part II of the Housing Act 1985 for which the consent of the Secretary of State is required. General consents exist, but are subject to the disposal being at market value, which this is not. In addition, the proposal to dispose of the property to Arawak at less than market value amounts to the City Council providing financial assistance to a Registered Provider under sections 24 and 25 of the Local Government Act 1988 for which the consent of the Secretary of State is also required in the absence of a general consent.

The circumstances of the proposed disposal are such that it does not come within the provisions of any of the relevant section 25 general consents which normally require the housing accommodation to be vacant, which it is not.

Consequently Executive is asked to approve the recommendations in this report and to authorise the City Solicitor to obtain the consent of the Secretary of State to dispose of the Property at less than best consideration.