

To: City Executive Board
Date: 12 February 2019
Report of: Interim Regeneration and Economy Programme Director

Title of Report: Sale of St Paul's House, Jericho

Summary and recommendations	
Purpose of report:	To approve the sale of the freehold interest in St Paul's House, Jericho to Lucy Group Ltd and leaseback of five flats on long leases to enable the whole site to be redeveloped
Key decision:	Yes
Executive Board Member:	Councillor Mike Rowley Board Member for Housing (Building Better Homes)
Corporate Priority:	A Vibrant and Sustainable Economy Meeting Housing Needs Strong and Active Communities An Efficient and Effective Council.
Policy Framework:	Housing Strategy
Recommendations: That the City Executive Board resolves to:	
<ol style="list-style-type: none"> 1. Approve the disposal of the freehold interest in St Pauls House and leaseback of the 5 tenanted flats on the terms set out in the not for publication Appendix 3; and 2. Delegate authority to the Interim Regeneration and Economy Programme Director or his successor, to vary those terms on condition that the revised terms continue to represent the best consideration reasonably obtainable 	

Appendices	
Appendix 1	Site Plan
Appendix 2	Proposed Redevelopment Plan
Appendix 3	Not for Publication
Appendix 4	Impact on Council Tenants
Appendix 5	Risk Register
Appendix 6	Equalities Impact Assessment

Introduction and background

1. This report refers to the land outlined in red on the Site Plan (Appendix 1). The Council's freehold interest in this site is outlined in green and comprises seven flats (all flats being at first floor and above), seven Garages and accessways.
2. Of these flats two have been sold under right to buy legislation and five are occupied by Council tenants under a secure tenancy.
3. The ground floor was vacated in 2012 when Jericho Health Centre relocated to a new site at the former Radcliffe Infirmary.
4. Lucy Group Ltd owns the freehold interest in the ground floor of the building which is not currently held by the Council (and includes the former service flat on site) and would like to carry out redevelopment of the site. To facilitate the development consolidation of the ownership is required.

Proposals

5. Lucy Group Ltd intend to make significant improvements to the internal and external parts of the building and site and extension to the existing building to create additional residential accommodation consolidation
6. This transaction will allow the redevelopment of this site to bring the ground floor back into use for retail and create additional housing units. The existing units will also be refurbished.
7. The extension and refurbishment will upgrade and improve the appearance of the building and the local area.

Impact on Tenants

8. Should the sale to Lucy Group Ltd be approved, there will be an impact on the five secure Council tenants who currently hold tenancies at St Paul's House. The impacts on Council tenants are set out in Appendix 4.

Impact on Leaseholders

9. Lucy Group Ltd will make arrangements with existing leaseholders direct. One of the leasehold interests has already been purchased by Lucy Group.

Other implications

10. The Garage tenants are all on short term agreements and can be asked to vacate on 1 month's notice. The garages team will endeavour to relocate occupiers to other garages if required
11. The common areas of the building will be refurbished as part of the works

Financial implications

12. The financial implications are set out in the not for publication Appendix 3
13. The service charge for the newly refurbished building will be monitored so that there are no large increases to tenants or leaseholders
14. The Council will receive rent from Lucy Group Ltd for the period that the flats are not occupied

Legal issues

15. The outline of the agreement is set out in the not for publication Appendix 3, in summary the freehold interest of the site will be sold and new 999 year leases will be granted of the 5 tenanted flats.
16. There will be no adverse legal implications on the ability of the Council to fulfil its duties as a landlord of secure tenants.
17. The Council has a statutory duty under section 123 of the Local Government Act 1972 to obtain best consideration for disposal of land and buildings in its ownership. There are exemptions to this obligation; however the Council is not relying on any such exemptions in this particular case.

Level of risk

18. The Risk Register is attached at Appendix 5.

Equalities impact

19. The Equalities Impact Assessment is attached at Appendix 6.

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Background Papers: None

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