

## **LCC Void Housing Disposal – Draft Heads of Terms**

### **Key Disposal Terms**

1. The Council is to dispose of a portfolio of void properties, the property portfolio is attached at Appendix A. Offers are sought for a single bid for all the houses within the portfolio as one package. The Council will also consider variant offers for suitable smaller geographical groupings of the houses within the portfolio.
2. Lease term: 250-year lease.
3. Licence(s) will be granted for the void refurbishment works to be carried out within agreed timescales. On successful completion of the work a long-term lease will be granted.
4. The successful bidder is to pay the Council's legal costs of 4% and surveyor's costs of 5% of the agreed single bid for all properties or variant bids of geographical groupings.
5. The Council to leaseback 15 houses (these houses are specifically identified in the property schedule at Appendix A) – see leaseback terms below.
6. The successful bidder to be responsible for their own costs of inspecting, surveying and refurbishing the properties.
7. Bidders are to submit an indicative programme (the phasing plan) setting out the phasing for the houses to be refurbished. The refurbishment programme shall not exceed 12 months from the granting of the lease. The final phasing and programme of refurbishment shall be agreed between the parties, including indicative timescales for the works for individual houses.
8. The properties are to be used for residential use only. This strictly excludes the use of the properties for:
  - Houses in Multiple Occupation
  - Student accommodation
  - Air bnb

The Council's preference would be for the houses to be used for owner occupation family housing. However, the Council acknowledge that this may not be financially viable across the individual houses in the portfolio and making the houses for rent (subject to the exclusions above) will be acceptable.

9. The bidder will be required to submit a phasing plan setting the intended programme of work, dates when individual specifications will be submitted, dates when works will start and dates when the works are due to be completed.

10. The bidder will submit their specification of works for the houses in the Property Portfolio within 1 month of the licence being signed. This will be in accordance with the agreed phasing plan.
11. The bidder will commence the refurbishment works in accordance with the phasing plan and specification of works within 3 months of the granting of the licence.
12. Works are to be completed in accordance with the phasing plan.
13. Alienation provision: Any assignment or sub-letting of the premises whilst the refurbishment work is carried out under licence is strictly prohibited.
14. The successful bidder(s) are to provide evidence that they have sufficient funds to carry out all development works to completion and within the agreed period and will be required to pass the Council's Due Diligence.
15. The bidders shall take the property in its existing condition and the Council gives no warranty as to its condition or fitness for the existing or proposed use. The lessees shall indemnify the Council against all risks, claims or actions for injury, damage, loss or other cause arising from the use of the land, such indemnity to be supported by an appropriate insurance policy.
16. The bidders will be responsible for all building insurance requirements.

## **Leaseback Terms**

1. The Council will lease back 15 of the houses (as detailed in appendix A).
2. The lease will be for a term of 20 years.
3. The rent is to be to be agreed at market rent or lower.
4. The lease is to contain a break clause, exercisable by the Council in the event that one or more of the premises are no longer required by the Council. Under the break clause the Council is to be allowed to hand back one or more of the houses, whilst continuing to lease the other houses.
5. The Council will not use the premises or any part thereof otherwise than as temporary or affordable housing accommodation.
6. The Landlord is to be responsible for the following repairs and maintenance:
  - electrical wiring
  - gas pipes and boilers
  - heating and hot water
  - chimneys and ventilation
  - sinks, baths, toilets, pipes and drains
  - the structure and exterior of the building, including walls, stairs and bannisters, roof, external doors and windows
7. The Council will keep the interior of the premises clean, tidy and in the same condition as at the start of the Lease (except for fair wear and tear).
8. The Council will be responsible for the payment of all rates and taxes in connection with the premises arising as a result of their occupation.
9. The Council shall be responsible, if required, for obtaining any planning permission necessary to enable the premises to be used for the user permitted.
10. The Council will not make or permit to be made any alteration or additions to the premises without the prior written consent of the Landlord.
11. The Council will not be permitted to assign or sub-let the premises or any part thereof without the prior written consent of the Landlord.
12. The Council will not be permitted to assign or sub-let the whole of the premises without the prior written consent of the Landlord.

13. The Landlord will insure the premises and contents to their full value against loss or damage by the insured risks and shall provide a copy of the insurance cover to the Council if requested.
14. The Council will not do anything to or on the premises that has the effect of invalidating the insurance policy.
15. The Council shall not cause nuisance, damage or annoyance to the lessor or its tenants in the area.
16. Such other such lease terms as agreed between the parties or as advised to be necessary by the Director, City Law and Governance.

Date: 12<sup>th</sup> June 2025