

Sligo County Council/Sligo Borough Council

LONG TERM LEASING OF PRIVATE DWELLINGS AS A MEANS OF MEETING HOUSING NEED

In developing the capacity of local authorities to respond to housing needs it is important that there is a wide and flexible range of supply options available. While traditional build/buy approaches have been broadened in recent years with the introduction of the Part V Agreements and the Rental Accommodation Scheme (RAS) it is now proposed to further extend the sources of supply through the introduction of long term leasing arrangements. The new leasing arrangements are intended to provide authorities with a new delivery mechanism for the provision of social housing.

In overall terms it is essential that the use of the leasing option complies fully with the sustainable communities' philosophy at the heart of Government housing policy, as outlined in the DoEH&LG's *Delivering Homes Sustaining Communities* publication. Leasing proposals must ensure that accommodation is in a location and of a type that can appropriately meet the needs of persons on local authority housing lists. In addition, the Department of the Environment, Heritage & Local Government (DoEH&LG) has advised that local authorities will need to demonstrate that having regard to the concentration of other social housing in a particular development or in the general area, the leasing proposal does not conflict with the mixed income, mixed tenure dimension to the overall sustainable communities objective.

The main features of the new arrangements are as follows;

- The property on offer shall be of, and maintained to, a high design standard in accordance with the DoEH&LG's publication, *Quality Housing for Sustainable Communities*.
 - The housing authority can enter into a lease arrangement with a property owner for periods of between 5 – 20 years;
 - The leases will be for unfurnished dwellings;
 - Various models of 'repair and insure' lease can be considered depending on circumstances and negotiations.
 - The accommodation leased will be used to house persons on the local authority's waiting list and tenants will be local authority tenants [or in some cases tenants of voluntary bodies].
- Properties must be located to suit demand, correct tenure mix and of the correct design and quality to meet the local authority needs.

APPLICATION PROCESS

Preference will be given to dwellings that present in areas of greatest housing need and conform to the principles of proper estate management, that demonstrate a mixture of tenure within an estate or area.

Preference will also be given to new properties, but second hand properties that meet the standards set out below may be considered.

Applicants should note that it is the policy of Sligo Local Authorities to promote social integration; this can be achieved through planned tenure mix. As part of this scheme, the Local Authority may procure whole apartment blocks or clusters of properties where they demonstrate good estate management potential.

Alternatively, the Local Authority may also seek to procure properties randomly scattered throughout developments so that no housing estate or apartment block contains more than ten to fifteen percent social housing, (i.e. Council Owned, RAS and Rent Supplemented property). The concentration of Social Housing in the general area of a development under consideration will also be taken into account.

INFORMATION TO BE SUBMITTED

Applicants must complete Form No. HL-1

- Applicant details
- Property details as per Form HL-1
- Evidence of Tax Compliance (C2 Certificate, Tax Clearance Certificate or letter from Chartered Accountant / Auditor)
- Photograph of property; exterior view
- Proof of ownership, (Declaration from Solicitor / evidence of title i.e. freehold / leasehold)
 - Confirmation that property is currently vacant.

If the Council is interested in pursuing the leasing of the property the following information may be requested:

- A plan outlining the exact location of the properties submitted;
- A full specification of each property proposed;
- An initial inspection / condition report will be required for each property proposed;
- Opinion on Compliance with Planning Permission Conditions, prepared by a Registered Architect or Chartered Engineer, together with a declaration that all planning fees and development contributions associated with the conditions have been paid in full.
- Opinion on Compliance with the Building Regulations, prepared by a Registered Architect or Chartered Engineer
- Copy of Fire Certificate, if applicable, together with Compliance Certificate from Fire Officer
- Copy of Structural Guarantee or *Homebond* Guarantee where applicable
- Demonstration that the space requirements and technical standards are in compliance with the following DoEH&LG Documents:

- **Quality Housing for Sustainable Communities** – *Best Practice Guidelines for Delivering Homes Sustaining Communities*

- **Sustainable Urban Housing** - Design Standards for Apartments

- **Delivering Homes Sustaining Communities** – Statement of Housing Policy

Applicants shall by reference to the above, demonstrate that the technical standards, and Housing Policy objectives are being delivered by the property on offer to Sligo Local Authorities, such as proximity to local facilities, schools, amenities, shops, etc.

- Properties shall have a Building Energy Rating (BER) Certificate prepared by a suitably SEI approved BER Assessor. A minimum C1 Rating is preferable.
- Details of the Management Company structure, current costs, and sinking fund
- Lenders Consent:

It will be necessary for each property owner who has a mortgage on the property that is to be leased to provide written consent from the lender allowing them to lease the property to the authority.

Applicants should note that prior to concluding negotiations, Sligo Local Authority technical staff will carry out inspections of proposed properties.

Following assessment of documentation, the Local Authority may enter into negotiations with property owners on terms of lease covering a minimum period of 5 years and a maximum 20 years.

Calculating leasing cost

In funding this scheme the DoEHLG expect that Local Authorities should ensure that they deliver value for money in entering lease agreements and therefore the costing and pricing of the scheme must reflect the current market conditions as well as the balance of responsibility and risk between the parties.

It is intended that the cost of the lease to the local authority be negotiated at a point below market rent. This reflects the elements of market risk that will be transferred to the authority. The costs associated with these elements need to be priced appropriately and deducted from the market rent when negotiating lease payments. Indicative costing for these elements suggest a discount of at least 20% below market should be sought when negotiating lease payments. Sligo Local Authorities will make their own assessment of the value for money for each proposal prior to submission for approval of funding. In all circumstances, however, significant discounts will be sought on market rent with further discounts sought where multiple units are involved.

The specific terms and conditions of the Lease arrangements will be a matter for negotiation between the owner and the Local Authority.

Completed Applications are to be returned to the addresses hereunder depending on location of dwelling i.e. Sligo Borough Council or Sligo County Council areas.

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