

City of York Council

Ethical Property Letting & Management Procedure

1.0 Summary

- 1.1 This note provides a summary of the City of York Council's Asset and Property Management's Ethical Property Letting & Property Management Procedure.
- 1.2 Within the management of the portfolio processes and protocols are already in place and are continuously reviewed in line with industry best practice. This note is intended as a summary guide to set out the practices which are in place to protect the Council's position as a commercial property owner. This is to ensure both its management and the use to which the property is utilised for is ethical, whilst optimising the financial and strategic return from the portfolio, given both the importance that the city councils property holdings provide in funding its services and in shaping and protecting York's built environment.

2.0 The Portfolio – Background

- 2.1 The City of York Council is a major landowner within the City. The maps within Appendices 1-4 illustrate the extent of its ownership both in the context of the city overall and within the city centre. Appendix 1 and 2 include the ownership of the Council's housing stock to illustrate its overall property ownership in the city whilst Appendix 3 and 4 detail the non-housing stock it owns. Plans 2 and 4 show the considerable ownership of the council within the city centre, illustrating the important role the council plays in preserving both the heritage of the historic centre whilst providing business accommodation within the city.
- 2.2 The commercial estate has been assembled over a considerable period of time for various different reasons. For example, the ownership of Shambles dates back to the council purchasing most

of the street to protect it from demolition in the 1930's whilst many other property interests were purchased for large capital schemes, such as a former proposal to develop an inner ring road.

- 2.3 Whilst such schemes never occurred and demolition of Shambles was thankfully avoided, the assets have been retained and as York has prospered over the ensuing years these assets now provide valuable space for businesses to reside within.
- 2.4 In the last few years the council has taken a pro-active role in managing its asset base and has disposed of low income returning assets which have realised development opportunities, such as the ground lease interest at Stonebow House. It has also acquired higher income returning assets in both Swinegate and Hospital Fields Road estate, as well as securing over 150 acres of land at Knapton to provide a new community woodland. The acquisition of assets has been made with the aim of ensuring the ongoing economic vibrancy of the city while increasing the income from the council's commercial property portfolio. These acquisitions have been in line with the Council's approach of purchasing assets which support wider council objectives while achieving a return rather than investing simply where the highest reruns are to be made.

3.0 The Current Portfolio

- 3.1 The council own and manage a non-council housing land and property portfolio valued in excess of £300 million. The portfolio includes a commercial estate comprising over 1,100 agreements and which provides an annual revenue income of c.£6 million. This contains retail, light industrial, office and agricultural properties as well as the commercial lettings at West Offices and a lease of the land that the Race Course is situated upon.
- 3.2 Given the size of the portfolio, the nature of the uses for which the Council's property are used by its occupational tenants is incredibly varied. This is a reflection, in part, of the varied retail offer that the City of York itself provides and for example looking at the retail sector alone, this comprises of both the wide spectrum of main stream national retailers, as well as the incredibly varied uses which

form property occupied by independent traders. York's retail offer of course includes the considerable array of cafes and restaurants whose offer is again wide and varied, many of which are leased from the City Council as commercial landlord.

4.0 Ethical Process & Procedure

- 4.1 The Asset and Property Management team follow procedures in managing the City Council's commercial portfolio in line with guidance stipulated within the Royal Institution of Chartered Surveyors (RICS) Code for Leasing Business Premises (see Appendix 5). This guidance is provided by the RICS to its members to follow as best practice in managing property assets and the property professionals whom work with the Asset Management Team are qualified Members of the RICS or are working towards such professional accreditation.
- 4.2 The Asset and Property Management team also follow procedure when advertising vacant commercial units and considering the nature of an incoming occupier. A standard pro forma is issued to potential incoming occupiers (see appendix 6) which requires information to be provided on the nature of the business proposed, whilst also requesting references.
- 4.3 Financial credit checks are also sought to ascertain the financial risk of the potential occupier and depending on the individual circumstances, a deposit and/ or guarantor may be requested to provide financial security. This is in line with standard practice in the property market.
- 4.4 The Asset and Property Management team co-ordinate all work in formalising a potential new occupier with Legal and Finance teams within the council. As detailed above, the uses of the property are considerably varied and whilst the council does not have a stated policy of prohibiting certain use types within its premises, the leases issued to occupiers provide controlling mechanisms as to what a tenant may be permitted to do within the property during its tenure. This is standard practice within the property market and is seen as the most effective way of controlling compliance given the wide range of uses that can occur within property.
- 4.5 Standard clauses within commercial leases typically area drafted with the following clauses to ensure occupier ethical compliance in

terms of use of the property and to ensure there is no nuisance caused to neighbouring property. This is particularly pertinent given many of the City Council's buildings are multi occupied with multiple tenants in situ within property which has shared areas.

4.6 Example of Compliance Drafting in Commercial Leases

not to do on the Premises anything which may be or become a nuisance or annoyance or cause damage or inconvenience to the Landlord or the tenants or occupiers of any adjoining or neighbouring property

not to use the Premises for any dangerous noxious noisy or offensive trade business or activity nor for any illegal or immoral purpose

- 4.7 Occupiers are also required to comply with statutory requirements, such as planning and building control which is particularly pertinent in the event of proposed alterations to property, to ensure that the fabric of the building is protected and ensuring that any works are in keeping with York's historic built environment.
- 4.8 In providing these controls set out within both its management and use of its property, the city council is able to provide compliance and ethical use of such, without providing an over burdening level of control which would otherwise potentially detract from its ability to lease its property and maintain a strong level of occupancy across its holdings.

Appendices

- 1-4 City Council Property Ownership
- 5 Royal Institution of Chartered Surveyors (RICS) Code for Leasing Business Premises
- 6 Incoming Occupier Application Pro Forma