



Appendix A

High Street Rental Auction

**Legislation coming into force 2
December 2024**

Introduction

- Vacancy as a blight on our high street
- Empowering local leaders and communities to take control over the look and feel of local area
- Alongside High Street Rental Auction, new English Devolution Deal will bring more tools to improve local high streets and empower local communities and devolution of more powers
- High Street Rental Auctions (HSRA) are the last resort tools to enable occupancy
- Time consuming (at least 28 weeks), resource and finance required

Where will High Street Rental Auctions be used?

HSRAs have been designed to bring persistently vacant property back into use, particularly where the property is part of wider regeneration plans and/or the landlord is being uncooperative. HSRAs will not be applicable for all buildings, e.g., large ex-department stores.

What do High Street Rental Auctions do?

HSRAs are a permissive power for local authorities to auction rental rights of commercial high street property that has been vacant for longer than 12 months in a 24-month period for a lease period of between 1-5 years.

What's the role of the local authority?

The local authority will be responsible for both designating their high street or town centre and identifying the suitable vacant premises. They will then issue an initial notice of intent to the landlord, followed by an 8-week grace period. If still unlet, the local authority can serve a final notice and the property is then subject to the auction process.



Preliminary works

1. Designate a High Street/Town Centre

Local Authority to designate area
Community engagement for minimum of 28 days
Publish designation
Local Authority can modify and amend area

2. Satisfy Vacancy Condition

Demonstrate vacancy condition is met
Demonstrate local benefit condition
High Street vacancy register and evidence (obtaining property information)

3. Surveying

Local Authority may choose to survey premises to consider suitability
Local Authority Member or qualified building surveyor
Identify potential use and remedial work required to meet minimum letting standard

4. Local Authority and Landlord Engagement

Proactive engagement to bring properties back to use
Consider alternative options
Mitigating circumstances
Landlords' input encouraged throughout the process

Notice Period – Initial Notice and Grace Period

Initial Notice Period

- 10- to 12-week period prior to auction
- Satisfied property meets conditions
- Local authority serves notice to the landlord
- Served to both properties; by hand or post
- Notice also serves notice on interested parties
- Templates provided, including Initial Notice Form Template and example letters

During the Grace Period

- Landlord has 8 weeks to enter into an eligible tenancy agreement
- Local Authority to consent to the tenancy if it meets the conditions
- Landlord to share the tenancy agreement with the Local Authority
- Outcomes:
 - HSRA no longer required
 - OR
 - HSRA remains and Local Authority issues a notice to survey the property



Final Notice and Counter Notice Period

Final Notice Period

- Served 14 days from expiry of the 8 week grace period
- Local authority services notice to both properties; by hand or post
- Also serve notice on interested parties
- Templates and example letters provided
- Landlord cannot enter into tenancy agreements during this period (subject to LA decision)
- Restrictions on works to property (subject to LA discretion)
- Serve notice to gain entry

Counter Notice and Appeal

- Landlord may give counter notice to consent the final notice
- Several grounds in which a counter notice can be considered
- Templates and example letter provided
- LA has 14 days to consider. They must serve a withdrawal notice if accepted
- Landlord may appeal if LA does not serve a withdrawal notice
- Landlord to appeal to County Court within 28 days of the counter notice being received by the LA

Auction Period begins

Conditions to start the process

- Designation process complete
- Vacancy condition met
- Local condition met
- Initial and final notice issued/served
- No active counter notice or appeal
- LA and landlord to exchange information within provision
- Exchange contact details

Outsource works

- LA can outsource all or parts of the process
- LA pay costs up front; value for money
- Tenants can be required to cover part of the costs such as:
 - Preparation of tenancy contract
 - Tenancy
 - Search fees
 - Cost of conducting a survey



Auction Period

Week 1

- LA serves a notice of intention to go to auction
- LA arranges for independent survey (minimum letting standards)
- Templates and examples provided

Week 2

- LA commence conveyance searches and share the proposed tenancy contract
- LA requests information about the premises
- Landlord supplies information to the LA

Auction Period

Week 3

- Landlord provides representations such as:
 - Description of property
 - length of term
 - service charge
 - rights to be granted
 - title guarantee
 - contract details (to cover the costs)
- Local authority to consider representations

Week 4

- Local authority serves the auction pack
- Auction pack to include a form setting out bid and usage (and terms of bidding)
- Auction pack to set out the costs the proposed tenant is responsible for
- Marketing brochure served to the landlord to include:
 - Plan, photographs, floor areas, rates, service charge, insurance, other supplies and details

Auction Period

Week 5-10

- Marketing period commences
- Landlords encouraged to actively engage with marketing
- LA to market on LA website and a leading advertising commercial website
- May choose to advertise elsewhere
- Bidding period starts
- LA to create a registration process
- LA to check bids are valid

Weeks 11-12

- LA serves bids on landlords
- Landlords has 2 additional days to consider late bids
- Sealed bid process
- Landlords selects successful bidder or LA selects highest value bidder
- Signed contract issued to landlord
- LA informs successful bidder
- Exchange of tenancy contract concludes process



Post Auction - Tenancy

Contract stage triggered

- Tenant will enter into two agreements with the landlord:
- Tenancy contract
- Contract
- Standardised contract drafted

Works to property

- Landlord carries out works
- Landlord enters into tenancy agreement with tenant
- Tenant completes fit out works
- Unit opens to the public

Funding available for LA

Funding Programme – Vacancy Register

- Application starts 15 January 2025
- First come first serve
- Designation started and quotes required
- £3,000 - £5,000 but no threshold

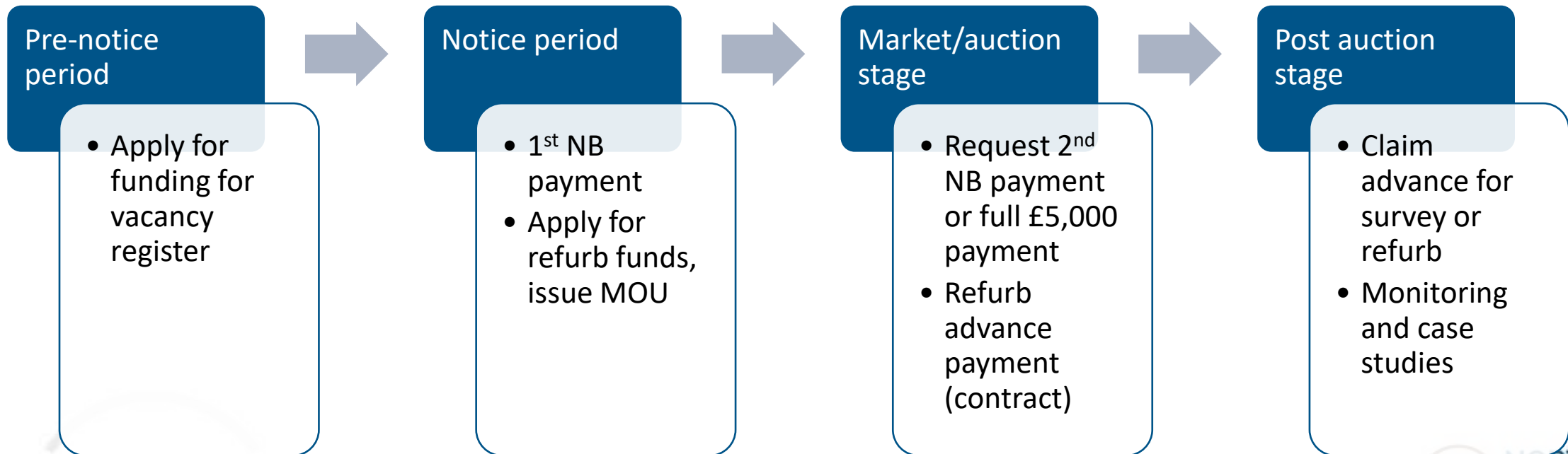
Refurbishment

- Apply after initial notice, survey and costs
- £50,000 guide but no threshold
- Vacancy threshold remains at 9% within DA

New Burdens payment

- Up to £5,000 available per HSRA; legal, marketing and auction costs
- Delta payment; amount dependant on the progress of the HSRA
- Payment value to be reviewed April 2025

Funding Stages



Important takeaways

HSRA is the last resort – it is a tool to work with landlord to reduce vacancies in town centre

Significant time and resource needed – at least 28 weeks

Early adopters programme – four LA selected by the govt (including Darlington), govt interested in more LA to join early adopters