

Government consultation on high street rental auctions



There are still a few weeks left of the consultation on the government proposal to give local authorities powers to put vacant high street or town centre properties into rental auctions. The deadline for submitting a response is 23 June 2023.

The proposal forms part of the Levelling Up and Regeneration Bill which is currently making its way through Parliament. Once enacted it will give local authorities greater powers to deliver regeneration and make good use of previously developed land. The auction provisions have the stated aim of reinvigorating high streets. Unsurprisingly though the proposals are controversial as they will give councils the ability to intervene on the management of properties by their owners.

Qualifying properties and the process

In short, under the bill the government proposes to allow local authorities to identify properties in town centres which have “high street uses” – defined to include shops, offices, food and drink establishments, leisure and entertainment venues, communal meeting places and small industry or manufacturing premises. Where such premises are vacant, and have been unoccupied for more than one of the previous two years, a local authority may serve on the landlord of the property an initial notice of intention to conduct a rental auction. That notice will then prevent the landlord from agreeing a tenancy or licence for the property without the local authority’s consent. But consent must be given if the landlord finds a tenant who will take an agreement to start within 8 weeks of the notice, with a use that will attract the regular presence of people and which will have a term of at least one year.

If the landlord does not take this opportunity, then after the 8 weeks the council may put the property under a



final 14 week notice, during which the landlord may appeal against the property entering an auction process. There are limited specified grounds on which an appeal may be made, including that the landlord intends to develop the property, or occupy it itself, that the property is not suitable for a high street use or that such use would not benefit the local economy, society or environment. The landlord would have to make out its ground of appeal.

Absent a successful appeal, the local authority will be able to put the property into an auction process and then let the property to the highest bidder for a term of at least one year and up to 5 years, as if it were the owner.

The consultation

The bad news for landlords concerned by this potential interference with their property rights is that the government consultation will not allow them to voice any objection to the principle of the proposal. It is instead a consultation on the way in which the auction process will be run, including how any successful bidder will be selected, who will bear the cost of any works necessary for the re-letting and the costs of the auction process, what the standard terms of the agreement for lease and lease will be, and the extent to which the Minimum Energy Efficiency Standards and Permitted Development Rights will apply.

More details of the proposal under the bill and [the consultation can be found on GOV.UK](#), which itself contains a link to the Citizen Space platform for a survey response.

Landlords of town centre properties who wish to keep control of their portfolio may wish to consider how their properties might avoid qualifying as vacant or what their grounds of appeal might be once the new powers have been enacted. At Cripps we can provide advice to support any pre-emptive planning or, in due course, to react to any local authority notice received. If you need any advice our expert [real estate team](#) is here to help.



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