

## Doc 8

### **William Tyler Charity Freehold Portfolio**

*This agenda item is designed to update Trustees on recent activity, seek input and potentially clarify which options should or should not be pursued.*

#### **Grosvenor House Hotel (current lease expires in 2103)**

A solicitor on behalf of the current lessee [Bright (Hotels) Limited] approached us to either seek permission or inform us (dependent on the obligations in the lease) of their intention to enter into an under-lease for the entire hotel for a shorter term (10 years). This enquiry was passed to our solicitors Robert Lunn & Lowth who are dealing. Nothing further has been heard from the lessee's solicitor.

#### **Tyler House Lease (current lease expires in 2040)**

The lessee has been in contact to ask if there is any way that they could make accelerated payments to help secure the future of the local branch of the Samaritans. They are asking MCSonA trustees to consider a) accelerating payment of rent through a new lease premium, b) giving consideration to extending the lease period and/or c) consideration to selling the freehold. The following has taken place so far:

- An exploratory meeting has taken place with two of their trustees.
- Input has been sought from Andrew Clarke of Peter Clarke and Co, and from our solicitors Robert, Lunn and Lowth.
- Advices are awaited from Peter Clarke and Co as to the "marriage value" in terms of options a) and b) above.

Trustees' views are sought on which options, if any, should be pursued.

#### **No. 9 and No. 10 Guild Street (current leases expire in 2032)**

The lessee made an approach a few months ago asking if trustees would consider either a) selling the freeholds or b) entering into a substantial new lease period. The current view is that a decision on these two properties is potentially linked to a decision on the way forward on Swan House.

#### **Swan House – 11 Guild Street (current lease expires in 2032)**

The lessee made an approach last year offering to hand the property back early to MCSonA, providing it is used for charitable purposes. The background being that he only has two tenants currently versus the 13 self-contained office units. Further to a meeting with representatives of the lessee (Tom Swann and Denise Bright) last September, this is what has been done so far:

- A firm of architects (Geoff Thompson of Randell Burton) has visited the site and prepared a conceptual feasibility study. In his view, he thinks there could be support from the planning authority to redevelop the site to provide 7 new almshouses.
- Andrew Clarke of Peter Clarke and Co has visited the site and is quite bullish on the potential for renting out the entire building as office space:
  - He estimates that the current two tenants may bring in annual revenue of circa £12K, and he believes the rental income potential for full occupancy (13 offices), subject to some refurbishment being carried out, is potentially £21K - £24K annually.

- Alternatively, he believes that if the site was to be redeveloped into 7 flats (as per the Randell Burton study) but sold off privately rather than operated as almshouses, the gross development value could be £1.1m - £1.2m with indicative build costs between £600K and £800K.
- Andrew Clarke also suggested a hybrid approach could be considered, of disposing of say the front part of the site, or to redevelop this into say two town houses on a long private market lease, using the proceeds to redevelop the side part of the site into say 3 apartments, to use as either almshouses or to lease in the private market.
- An informal meeting has taken place with a member of the planning authority to seek advice on how best to approach the district council. The advice is that, armed with conceptual plans for a couple of options, we should pay the fee to enter into pre-application discussions with the council to test their appetite for alternatives. Les Greenwood, who has put together a detailed planning application for reinstating the Mary Newlands railings, would be able to work with us during those pre-application discussions, which he believes need to be handled carefully.
- The Clerk met with Stephen Claus, solicitor at Brabners, in May to discuss various matters but in the context of the William Tyler Charity, he expressed the view that the trustees of the William Tyler Charity have an obligation to maximise the income to the charity, and that redeveloping the site into almshouses may not be maximising the potential value for William Tyler. He also expressed the view that William Tyler may not be in a position to finance the redevelopment of the site or use proceeds of a sale to finance the construction of new almshouses on another site.

We are currently trying to engage with a surveyor (Graham Carter, ex Bigwoods) to carry out a detailed survey of Swan House to identify “dilapidations”, i.e. indicate what refurbishment work is required to bring the property up to scratch, if MCSonA were to take the building back and continue to rent it out as self-contained offices.

### **Finance Options**

For any major redevelopment option for Swan House, beyond modest refurbishment costs to continue renting out the property as self-contained offices, the current options appear to be:

- a) Borrowing from the permanent endowment (of William Tyler and/or the Charity for Almspeople), subject to permission from the Charity Commission. This would essentially be an internal loan with repayments from one charity to another, but in the case of William Tyler this could affect the income to William Tyler recipients.
- b) Borrowing externally and obtaining grant funding (e.g. loans from the Almshouse Association. Loan from Charity Bank, Homes England grant through the Almshouse Consortium). At the present time, since MCSonA charities are unincorporated trusts, any loan would be in the name of individual trustees. If external borrowing is to be considered, would it therefore make sense to firstly fully explore restructuring MCSonA into a charitable company, with that company acting in the role of corporate trustee to the underlying charities? The benefits would be :
  - Modernises the structure
  - Protects the trustees
  - Makes it easier for one charity in the group to support another in the group

A local example of this is the Stratford Town Trust which is a registered charity and a company limited by guarantee.

Trustees’ views are sought on which options, if any, should be pursued.