

Seven Sisters Regeneration, Tottenham - Apex House and Wards Corner

Meeting of Cabinet, Tuesday, 15th July, 2014 6.30 pm (Item 684.)

(Report of the Director of Regeneration, Planning and Development. To be introduced by the Cabinet Member for Regeneration and Housing). The report recommends approval of the proposed next steps in securing the necessary investment in these sites to realise their regeneration potential.

Exempt information pertaining to the report is set out at Item 25 below.

Minutes:

Cabinet considered a report, introduced by the Cabinet Member for Housing and Regeneration, which sought approval of proposed next steps in securing the necessary investment in these sites to realise their regeneration potential.

In response to a question from the Leader of the Opposition as to why the level of affordable housing within the scheme was not higher the Cabinet Member advised that the decision made in relation to Wards

Corner had been made by the Planning Committee based on advice from the District Valuer. With regard to the Apex House site the Cabinet Member noted that 40% affordable housing was still considered to be a good level, particularly given the difficulty that boroughs across London face in achieving this. The Cabinet Member noted that in order to achieve 40% affordable housing on the site the Council had used the receipt from the land value to support this.

The Leader noted that the provision of affordable housing should be seen as part of the overall public value of the scheme, which also included relocating the market and creating a civic heart at Tottenham Green by relocating Council services there.

In response to a question from Councillor Adje the Leader noted that exempt information in relation to the leasehold interest of Apex House would be supplied to him outside the meeting. With regard to proposals for the relocation of the Customer Services Centre the Chief Executive noted that two sets of proposals would be presented to Cabinet in the Autumn; one in relation to the short term relocation of the centre and a second set of proposals in relation to the long term relocation of the centre.

Exempt information pertaining to the report was considered at agenda item 25.

RESOLVED:

- i. That the original decision, made by Cabinet on 14 October 2008 that Apex House N15 is surplus to service requirements, be re-confirmed;
- ii. That it be noted that the Customer Service Centre at Apex House could be moved to Tottenham Green and that a report on this would be presented to Cabinet in due course;
- iii. That approval be given to the appropriation of the Apex House site for planning purposes pursuant to Section 122 Local Government Act 1972 and subject to the powers provided by Section 237 Town and Country Planning Act 1990 for the reasons outlined in paragraphs 5.15-5.24 of the report;
- iv. That approval be given to sell, pursuant to Section 233 Town and Country Planning Act 1990, a long leasehold interest in Apex House, N15 to a wholly owned subsidiary of Grainger plc (to be incorporated prior to exchange of contracts) based on the Heads of Terms set out in the exempt Appendix 3 to the report and authorises the Assistant Director Corporate Property and Major Projects to approve the detailed terms and conditions of sale (consistent with the terms set out in the exempt Appendix 3 to this report) after consultation with the

Assistant Director of Corporate Governance and the Cabinet Member for Housing and Regeneration;

- v. That approval of support be given for the provision (subject to planning permission) of ground floor retail space as part of the Apex House site redevelopment offering the potential to extend retail opportunities for local traders, including as a possible temporary or permanent relocation site for the Wards Corner market (subject to discussions with the traders and subject to any necessary variation of the Section 106 agreement in respect thereof) to enable easier continuity of trading;
- vi. That it be noted the application by Grainger plc. to the Homes and Communities Agency for Build to Rent loan funding to support the potential provision of private rented homes in both the Wards Corner and Apex House schemes (together with affordable rented homes at Apex House) - subject to the grant of planning permission for Apex House;
- vii. That it be noted that the proposed tenure mix at any new development at the Apex House site would include a minimum of 39% affordable housing consistent with policy to broaden tenure mix in Tottenham – all of that housing being reserved for rented accommodation and

capped at reasonable rent levels, i.e. 50% of market rent for family sized dwellings;

- viii. That approval be given to the variations to the Wards Corner Development Agreement dated 3 August 2007 with Grainger Seven Sisters Ltd. to reflect the changes as outlined in this report (as detailed in paragraphs 5.27-5.35 of the report and in the exempt Appendix 3) and authorises the Director of Regeneration, Planning and Development and the Assistant Director of Corporate Governance after consultation with the Cabinet Member for Housing and Regeneration to approve detailed changes (including any additional changes) to the Wards Corner Development Agreement;
- ix. That it be noted that, subject to the grant of planning permission, the redevelopment of Apex House will begin the desired environmental and economic transformation of Seven Sisters with Wards Corner following later when site assembly has been completed;
- x. That it be agreed, in principle, to the use of Section 226 Town and Country Planning Act 1990 compulsory purchase powers, if necessary, to acquire outstanding third party land interests in the proposed Wards Corner development site (the boundary of which is shown on the Plan in Appendix 2 to this report), where acquisition by agreement (by Grainger Seven Sisters Ltd. as developer) is not

possible, subject to Grainger complying with its obligations in the Development Agreement including:

Ø Grainger providing the Council with satisfactory details of the steps they have taken to seek to buy land by agreement;

Ø Confirmation by the Grainger plc Board, prior to Cabinet (at a future meeting) considering making a Compulsory Purchase Order, that all conditions (apart from the Site Assembly Condition) in the Wards Corner Development Agreement have been or can be satisfied on the basis of current scheme proposals;

Ø Grainger entering into a Costs Indemnity Agreement with the Council to cover the Council's costs & liabilities in relation to compulsory purchase action; and the preparation of an Equalities Impact Assessment of the impact of compulsory acquisition;

xi. That, subject to agreeing recommendation (x) above, authorisation be given to officers to serve information requisition notices to establish details of existing third party land interests in the proposed Wards

Corner development site (see the Plan set out in Appendix 2 of the report);

- xii. That approval be given to authorise the Director of Regeneration, Planning and Development and the Assistant Director of Corporate Governance, following consultation with the Cabinet Member for Housing and Regeneration, to:

Ø Enter into a guaranteed Costs Indemnity Agreement with Grainger Seven Sisters Limited to cover all of the Council's costs and liabilities (both internal and external) in preparing for, making and seeking the confirmation of a Compulsory Purchase Order for the Wards Corner scheme; and

Ø Enter into any other necessary legal or contractual arrangements with Grainger Seven Sisters Ltd (or other subsidiary companies within Grainger plc) and/or the GLA to give effect to the Cabinet's decisions on the above recommendations.

Alternative options considered

The option to retain Apex House as a Council building was considered as part of the Strategic Property Review. The conclusion was that the building is no longer fit for purpose and is not needed for

service delivery. The Customer Service Centre (currently in Apex House) is better located in Tottenham Green to help consolidate that area as Tottenham's 'civic heart', complementing the environmental improvements currently underway there.

Retaining it as a Council building would mean that residents continue to experience inadequate customer service facilities and staff continuing to operate in a poor environment that does not support the Council's strategy for Smart Working. That would also mean the Council does not achieve the required financial efficiency in property costs, as well as increasing the risk of building condition issues creating pressure on revenue and capital budgets.

Apex House could be let as offices as part of the commercial investment portfolio but, certainly in the short to medium term, as the District Valuer has previously confirmed, there is limited demand for office accommodation of this size in this area. Moreover, retaining the building as offices would deny the opportunity for more intensive development on the site, especially for retail and residential uses, to capitalise on its prominent and highly accessible position. That would also deny the opportunity for such development to provide a stimulus for investment in surrounding sites to continue the area's transformation as envisaged in the Council's regeneration vision.

Apex House could be advertised for sale on the open market for redevelopment. However, there are significant benefits in the same developer handling both the Wards Corner and Apex sites (not least because of the potential to offer the Apex site as a relocation site for the Wards Corner market). So the Apex site can support delivery of the Wards Corner scheme and, with Grainger's offer for the Apex site being certified by the District Valuer as best consideration, there is no benefit in seeking an open market sale.

The council is currently bringing forward a small new build housing programme funded through the HRA. The council could consider developing out this site under its own programme and this would allow the council to bring forward 100% affordable housing if it chose to do so. However, such a development would be at considerable cost. The HRA is already fully committed to infill site development and this site would a minimum of £13m to be found in the General Fund in order to bring development forward. Given the pressures in the General Fund this is not being suggested as an option in this report.

The council could retain the site and sell it on the open market later (post Wards Corner development). While this may realise a higher value in the market, it is clear that such a sale could not take place for some time during which the Council would forgo savings, a capital

receipt and would need to find alternative meanwhile uses for the building which is currently not fit for purpose as office accommodation as described above. The sale of Apex now to Grainger will assist the developer's bid for Build to Rent funding as described in paragraphs 5.10 – 5.12 of this report, a determination on which will take place in September 2014.

Reasons for decision

The report recommends approval to the next steps in securing investment in two key sites at Seven Sisters to help realise the regeneration potential and contribute towards the delivery of the Council's vision for Tottenham.