

MINUTES OF THE MEETING OF THE CABINET MEMBER SIGNING HELD ON TUESDAY, 26TH SEPTEMBER, 2017, 11:00

PRESENT:

Councillor Alan Strickland, Cabinet Member for Housing, Regeneration and Planning

132. FILMING AT MEETINGS

The Cabinet Member referred those present to agenda Item 1 as shown on the agenda in respect of filming at this meeting and asked that those present reviewed and noted the information contained therein

133. URGENT BUSINESS

None.

134. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

135. VARIATION OF HEADS OF TERMS RELATING TO THE SALE OF LAND TO SANCTUARY HOUSING ASSOCIATION TO ENABLE PHASE 2 OF THE INFILL DEVELOPMENT PROGRAMME

The Cabinet Member noted the report, which sought approval to vary the Heads of Terms agreed previously around the disposal of infill sites for development to Sanctuary Housing Association. The report also sought approval to use £2.1m of Right to Buy Receipts to fund Social Housing and improve the viability and deliverability of the scheme.

RESOLVED

- I. That the Cabinet Member agrees to the variation to the Heads of Terms (attached in the exempt part of the report) and as set out this report.
- II. That the Cabinet Member agrees to invest £2.1m of retained Right to Buy Receipts to help fund Social Housing and improve the viability and deliverability of the scheme subject to Sanctuary Housing Association entering into a funding agreement.

Reasons for decision

There is an acute shortage of housing supply, particularly of affordable housing, in Haringey and the borough has identified a portfolio of 20 potential development sites within its ownership to help address this shortage

The Housing Revenue Account budget is under pressure due to the 2016-20 rent reduction of 1% per year and the proposed High-Value Voids Levy to fund the Right to Buy extension for housing associations

Haringey operates a Preferred Partner List of Registered Providers (a small number chosen for their strategic fit with the Council and their development capacity) to work in partnership with the borough to ensure the quality of new developments and day to day management are delivered to the highest standards

Registered Providers have the development capacity and expertise to efficiently deliver housing on these sites and disposal to a Preferred Partner would transfer any funding requirement (other than potentially some borough Right to Buy Grant for affordable rented accommodation if applicable) and development risk away from the Council whilst maintaining 100% Council nomination rights for the affordable housing delivered. Registered Providers (RPs) are development- focused and resourced to speedily obtain planning consent and commence delivery of the homes

In order to enable site due diligence and design work to commence quickly, it is proposed to exchange contracts on all sites within this portfolio as quickly as possible. The contract will be subject to obtaining planning consent for a viable and deliverable scheme; complying with any requirement for Secretary of State Consent to the disposal and the Council being satisfied that it has received market value for the land value taking into consideration the unit and tenure mix

Planning consent is required prior to disposal to protect the borough's position in obtaining market value for the land value, given that it is the planning consent that will create this value

The Council expects the dwellings on these sites to be delivered within a reasonable timescale and the Council will have a legal Option to re-purchase the site should there be unreasonable delay due to Sanctuary Housing not progressing development proposals in a timely manner

The valuation of the land will be based upon the tenure and unit mix achieved at planning consent. Sanctuary Housing has committed to a minimum of 50% of all units across the sites portfolio to be affordable dwellings. Whilst this percentage significantly exceeds planning policy, the demand for affordable housing and shortage of supply is such that it is considered of greatest value to the Council to maximise affordable housing provision beyond the 50% level. This will be reflected in the value of the land at the point of sale and will need to reflect market value at the time

The changes to the Heads of Terms are as follows:

- a) Where a leasehold interest is to be granted the lease term is to be a term of 250 years instead of 150 years;

- b) The Contract will now contain a review mechanism to recalculate the residual land value based on the agreed base scheme and any increase in the residual land value will either be paid to the Council or will be used to increase the number of Affordable Housing on the sites

Alternative options considered

To sell on the open market

This option would provide a capital land receipt, however the vast majority of these small infill sites will yield less than 10 units and as such fall below the planning threshold for the delivery of affordable housing. In addition to little or no affordable provision, this option would result in an unknown landlord immediately adjacent to our existing stock, potentially sharing access and external amenity areas and would not give the confidence in consistently high management standards compared to a trusted Preferred Partner Registered Provider.

The Council to develop

The Council has a phase 1 infill programme in construction. Since this programme was approved, significant constraints have been placed upon the HRA budget including the 2016-20 1% per year rent reduction and the proposed High-Value Property Levy to fund Right to Buy. It is considered that an RP can procure planning and construction more efficiently than the Council and will fund the projects and take development risk whilst the Council will retain 100% Nomination rights to the affordable properties

136. NEW ITEMS OF URGENT BUSINESS

None

137. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That the press and public be excluded from the remainder of the meeting as the items contained exempt information, as defined under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

138. VARIATION OF HEADS OF TERMS RELATING TO THE SALE OF LAND TO SANCTUARY HOUSING ASSOCIATION TO ENABLE PHASE 2 OF THE INFILL DEVELOPMENT PROGRAMME

The Cabinet Member noted the exempt section of the report.

CHAIR:

Signed by Chair

Date