

**Report for:** Cabinet 12 March 2019

**Title:** Plevna Crescent acquisition of 2 additional homes

**Report authorised by:** Dan Hawthorn, Director of Housing, Regeneration and Planning

**Lead Officer:** Alan Benson, Head of Housing Strategy & Commissioning

**Ward(s) affected:** Seven Sisters

**Report for Key/  
Non Key Decision:** Key decision

## **1. Describe the issue under consideration**

- 1.1. The 'Gate of Eden' development is located in Seven Sisters ward. Planning permission for the development was granted in 2018 for 72 residential homes in four blocks. Fourteen of these homes have planning permission as s106 affordable homes. In the same block as these fourteen homes there are two market sale homes. The s106 agreement gave the Council an opportunity to acquire the s106 affordable homes and three car parking spaces and, as access is required over council owned land, the Council was able to get the first option to acquire. The Cabinet agreed on 11<sup>th</sup> December 2018 to acquire these fourteen homes, which will help the Council achieve its target to deliver 1,000 Council homes.
- 1.2. In the Cabinet report approved on the 11<sup>th</sup> December 2018, there was also an option for officers to come back to Cabinet if a deal could be struck to acquire the remaining two market sale homes in the block. This report recommends the acquisition of these two flats and also the conversion of the four shared ownership and these two market sale homes into social rented homes. This would make the whole block of sixteen homes rented, an increase of six over the previous approval. It would also attract grant from the GLA's Building Council Homes for Londoners (BCHfL) for the additional two homes.

## **2. Cabinet member introduction**

- 2.1. This acquisition is another small but important step towards our ambitious target to deliver 1,000 new Council homes and illustrates the variety of opportunities we can and must take to meet that target. Although this scheme achieved planning permission some months ago, we have now ensured that these new homes better meet the needs of our residents by negotiating to ensure that all sixteen of these homes will now be Council rented homes. This will mean that we have more homes available to permanently house households with the most serious need. This decision – and the other acquisitions that will follow – ensure that new housing developments in the borough offer housing to those who need it most.

### **3. Recommendations**

#### **3.1. Cabinet agrees to:**

- i. the acquisition, for housing purposes and to be held in the Housing Revenue Account, of two additional homes as part of the 'Gate of Eden' development to the rear of Plevna Crescent, N15. The acquisition will be for the sum set out in the exempt part of this report and will be part of the acquisitions previously approved by Cabinet on 11 December 2018 and based on the draft Heads of Terms attached at Appendix 2 [exempt] of this report.
- ii. to the change of four s106 shared ownership homes to social rented homes so that the whole block of 16 homes will be social rented.

### **4. Reasons for decision**

- 4.1. The emerging Borough Plan pledges that the Council will deliver 1,000 new Council homes at Council rents by 2022. One of the methods of delivering new Council homes at Council rents is by acquisitions of s106 affordable units from developers.
- 4.2. The Council has the first opportunity to acquire the s106 affordable homes adjacent to the Plevna Crescent Council housing estate. Officers have negotiated a new mix of sixteen homes for Council rent, rather than the Planning Permission mix of ten Intermediate and four Affordable Rent homes.

### **5. Alternative options considered**

- 5.1. The alternative option would be not to acquire the two additional properties. This option is not recommended as the Council would be left with shared management and service charges for this block with the developer or their managing agent. The homes identified for social rent include family sized homes and duplex accommodation, with the majority of the homes having a large Gross Internal Area. The acquisition of these homes will deliver sixteen Council homes towards the 1,000 target in the Borough Plan.

### **6. Background information**

- 6.1. The 'Gate of Eden' development is located to the rear of the Council's Plevna Crescent estate. Access to the development is via the Plevna Crescent estate and the Planning Permission included a condition that the developer must secure access by way of agreement with the Council. Officers have included conditions in the Heads of Terms and a right of way will be given to the developer for access in perpetuity to the homes. The site is bounded by two railway embankments and a third, heavily wooded bank. The site is designated a Site of Interest for Nature Conservation, part of a sequence that runs from the City to the Lea Valley. The site was shortlisted for the Best Conceptual Project in the Haringey Design Awards 2018.
- 6.2. The developer is Marson Property Ltd. The developer has delivered s106 homes for Housing Associations in the past and has a good reputation.

- 6.3. The developer has agreed to meet the standards of quality and design in the Council's Employers Requirements and Specifications, which will be part of the contract. The Council's Project Manager, Clerk of Works and Employer's Agent will regularly visit the site to assess the build quality and adherence to the Council's requirements. If the developer does not build out the homes within the time agreed, the deposit will be returned to the Council.
- 6.4. Planning Permission was granted in 2017 for 72 residential homes in four buildings, with 29 parking spaces at semi-basement level and bicycle spaces. The s106 Agreement requires the developer to maintain the ecological corridor and landscaping surrounding the development. There are 14 affordable homes included in the s106, with a mix of 4 Affordable Rent and 10 intermediate homes. This is not the Council's preferred mix and the developer has agreed to submit a non-material amendment to the Planning permission for 16 social rent homes at Council rent levels. The acquisition costs for the 14 homes is as set out in the Cabinet Report of 11 December 2018. The acquisition of the two market for sales unit will attract additional costs and these are set out in [the exempt part of this report]. These two homes will be acquired into the Housing Revenue Account (HRA) (as will the other 14) and the additional two homes will attract GLA (Building Council Homes for Londoners) BCHfL Grant. The change in the mix will be a condition precedent to the acquisition. The Council's Planning department has been informed, and has advised it could take the developer two months to vary the agreement.
- 6.5. The homes to be acquired are in a standalone five storey block and officers are negotiating a revised refuse strategy to enable easier housing management and more affordable service charges.
- 6.6. The developer is willing to provide a 999 year lease for the whole block containing the sixteen affordable homes plus three car parking spaces in the development. The three parking spaces will be allocated by the Council (probably to the larger family homes). The other homes acquired will not have parking in the development and are restricted from applying for a parking permit for the adjacent estate by the S106 Agreement. There are car clubs operating nearby and the developer is required to use all reasonable endeavours to find a suitably accredited provider for a car club space provided within or outside the development and pay the cost of membership for two years for each first residential occupier of each dwelling that hold a qualifying full driver's license and £50 credit for each membership that is taken up.
- 6.7. The breakdown of the 16 social rented homes in block being acquired is:
- 1 x 1 bedroom 1 person
  - 4 x 1 bedroom 2 person (one additional home)
  - 6 x 2 bedroom 3 person
  - 2 x 2 bedroom 4 person (one additional home)
  - 2 x 3 bedroom 5 person
  - 1 x 4 bedroom 6 person
- 6.8. The scheme is due to start on site in March 2019 with a projected 18 month build programme, although this is still being finalised.

- 6.9. Officers have completed discussions with the developer to amend the specification to support the Council's Employer's Requirements document and enable appropriate service charges. The Council has specified that the warranty provider is NHBC, LABC or Premier with a 10 year warranty cover for structural defects. The specified providers are approved by officers as industry recognised efficient providers in resolving warranty related matters.
- 6.10. No ground rent is to be charged to the Council as agreed with the freeholder. Final service charge details have not yet been provided, although the estimated projection is likely to range from £35 per week to £43 per week, depending on the number of bedrooms, against an average service charge on Council homes of £45.44 in 2018/19. These charges take into consideration the refuse strategy and additional management costs of the scheme, such as the ecological land management costs in perpetuity as incorporated into the s106 Agreement. More detail on the service charges will be available once a management agent is appointed which is projected to be six months prior to practical completion. Charges are estimated, based on experience from other schemes and indications provided by the developer from a managing agent. The Heads of Terms cover an acceptable range for weekly charges based on the projection.
- 6.11. Officers have been informed by the GLA that the additional two homes can qualify for grant under the Building Council Homes for Londoners programme, in which the Council has recently been offered £62.8m grant.
- 6.12. The developer will appoint an Energy Management company for operation of the CHP (Combined Heat and Power) system. The property management company will bill Haringey Council and Homes for Haringey will re-charge the tenants. The Council will need to work closely with the freeholder to ensure that the charges are reasonable and the freeholder is required to demonstrate best value and that pre-paid meters are provided for the tenants.

## **7. Contribution to strategic outcomes**

- 7.1. This decision will support Priority One in the new Borough plan, which sets out in its first outcome that *"We will work together to deliver the new homes Haringey needs, especially new affordable homes"*. It goes on to say that *"We believe that increasing the supply of council housing is one of the most important things we can do, because for many people a council home offers the only real chance of putting down roots in Haringey, in a stable good-quality home. One of our very highest priorities is to start a new era of council housebuilding in the borough."*
- 7.2. Within this outcome, the Borough Plan sets the twin aims to *"Ensure that new developments provide affordable homes with the right mix of tenures to meet the wide range of needs across the borough, prioritising new social rented homes"* and to *"Deliver 1,000 Council homes at Council rents by 2002"*. The proposals in this report deliver on the former by increasing the share of homes on the development that are affordable and by increasing the number of those affordable homes that are social rented housing. They deliver on the latter by increasing the number of homes that are delivered as Council homes at Council rents.

## **8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)**

### **Legal**

- 8.1. This report seeks authority to acquire two additional housing units that are yet to be constructed. The Council has authority pursuant to Section 120 of the Local Government Act 1972 to acquire for the purposes of any of its functions under the 1972 Act or any other enactment, by agreement any land, whether situated inside or outside its area. The properties will be acquired for housing purposes and held within the Housing Revenue Account.
- 8.2. The properties are yet to be built, however as the Council is only paying a deposit on exchange of contract and the balance of the purchase price once the properties have been completed, the development will be at the risk of the developer. The Council will be able to take one lease of the whole block as a result of acquiring all of the units in that block (16 in total). This will allow the Council to manage the whole block.
- 8.3. Converting the Shared Ownership units to social rented units may require a variation of the Section 106 Agreement. The Developer will need to agree this with the planning authority.

### **Finance and Procurement**

- 8.4. The report is recommending that the Council acquire units at Plevna Crescent pursuant to a S106 agreement. Detailed finance comments are included in the exempt report.
- 8.5. The scheme will attract additional grant from the GLA Building Council Homes for Londoners Programme.

### **Equality Comments**

- 8.6. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
  - Advance equality of opportunity between people who share those protected characteristics and people who do not
  - Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

8.7. The decision is to acquire sixteen affordable homes, as part of a development in Seven Sisters, of which all sixteen will be social rented homes. There is a shortage of social rented homes in the borough. This shortage adversely affects households in temporary accommodation and those at risk of homelessness. Data held by the Council suggests that women, young people, and BAME communities are over-represented among those living in temporary accommodation. Furthermore, individuals with these protected characteristics as well as those who identify as LGBT+ and individuals with disabilities are known to be vulnerable to homelessness, as detailed in the Equalities Impact Assessment of the Council's Draft Homelessness Strategy, accessible at this link: <http://www.minutes.haringey.gov.uk/documents/s100142/Homelessness%20Strategy%20-%20EQIA.pdf>. As such, it is reasonable to anticipate a positive impact from the acquisition of the 16 social rented units for individuals with these protected characteristics.

## **9. Use of Appendices**

Exempt Finance Comments – Appendix 1 Part B Report

Appendix 2 – Draft Heads of Terms – Exempt

These two documents are exempt - by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as it contains information classified as exempt under Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

## **10. Local Government (Access to Information) Act 1985**

Cabinet report 11<sup>th</sup> December 2018 -

[http://www.minutes.haringey.gov.uk/documents/s105454/Plevna%20Crescent%20s106%20acquisition%20v7%20-%20final%20version.docx%20public%20\\_monday.pdf](http://www.minutes.haringey.gov.uk/documents/s105454/Plevna%20Crescent%20s106%20acquisition%20v7%20-%20final%20version.docx%20public%20_monday.pdf)