

Report for: Cabinet July 2021

Item number: To be added by the Committee Section

Title: The acquisition of the long leasehold interests in 177 residential units contained within the S106 agreement for Hale Wharf Phase 2, Tottenham Hale.

Report authorised by: David Joyce, Director of Housing, Regeneration and Planning

Lead Officer: Robbie Erbmman, Assistant Director for Housing
Christine Addison, Interim Assistant Director for Capital Projects and Property

Ward(s) affected: Tottenham Hale

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

1. Describe the issue under consideration

- 1.1. Cabinet is asked to approve the acquisition at pre-construction phase of 177 homes in six blocks at Hale Wharf in Tottenham Hale for housing purposes as Council homes at Council rent. If approved, the developer will start the construction by the end of 2021 and complete in late 2023.
- 1.2. This kind of acquisition is, alongside direct delivery, an integral part of the Council's programme to deliver a new generation of Council homes in Haringey. This report sets out the reasons for this acquisition: these include the overwhelming need for homes at social rent, the robust business case for the acquisition, and the extremely high quality of the homes that would be delivered, including 27 that are wheelchair accessible, for 177 households in the greatest need.

2. Cabinet Member Introduction

- 2.1. The decision to acquire homes across six blocks to be built at Hale Wharf would deliver 177 new Council homes of an extremely high quality in a development that would otherwise not meet the Haringey community's overwhelming need for social rented homes. 27 of these homes will be wheelchair accessible, and all of them will meet adaptability standards. If the acquisition is approved, the Council will identify disabled families and individuals on the housing register whose needs are hard to meet in order to create bespoke homes for them at Hale Wharf.
- 2.2. The acquisition meets the Council's policy criteria for disposals and acquisitions, including in relation to the financial business case and valuation. It will deliver homes that meet our standards of design and building quality. I am satisfied that the agreed Heads of Terms give the Council financial protection against any potential failures of delivery.

- 2.3. I am therefore pleased to recommend that Cabinet should agree to the acquisition as set out in this paper.

3. Recommendations

- 3.1. Cabinet is recommended to:

- 3.1.1. Approve the acquisition of the long leasehold interests in six residential blocks in Hale Wharf Phase 2 from Waterside Place Limited Partnership for the Package Price, and based on the Heads of Terms and Business Case as set out in Exempt Appendix 2. The blocks consist of 177 residential units contained within the S106 agreement for Hale Wharf Phase 2 which will be converted for use as Council homes at Council rent and also 14 private for sale units which will be retained by the developer.
- 3.1.2. Approve delegated authority to Director of Housing, Regeneration and Planning and after consultation with the Head of Legal and Governance (Monitoring Officer) and Cabinet Member for House-Building, Place-Making and Development to agree legal documentation and complete the transaction.

4. Reasons for decision

- 4.1. The acquisition of these residential units will allow the Council to secure the rapid delivery of another 177 new Council homes at Council rents.
- 4.2. There is an overwhelming need for social rented homes in Haringey. This acquisition will help the Council to meet that need by converting 143 shared ownership and 34 Affordable Rent properties in this development to 177 homes at Social Rent for rent to those on the Council's Housing Register who most need them.
- 4.3. The conversion of shared ownership homes to homes for Social Rent will also deliver an improved mix of genuinely affordable homes within the scheme as a whole and in Tottenham Hale more widely, better meeting the needs of local people.
- 4.4. The homes to be delivered are very well located and will be of an extremely high quality. Delivering them as Council homes would help to create an inclusive environment in a development that has adopted the Healthy Streets Approach to embed public health in public realm.
- 4.5. The acquisition is supported by the HRA Business Plan and by GLA grant funding.

5. Alternative options considered

- 5.1. **Not to acquire the homes.** This option was rejected because it would represent a missed opportunity for the Council to:
- 5.1.1. Secure 177 Shared Ownership and London Affordable Rent homes for conversion to use as Council rent tenancies.

- 5.1.2. Avail of substantive GLA grant funding from the Building Homes for Londoners Programme.
- 5.1.3. Assist in maintaining momentum and progress in the overall Tottenham Hale regeneration area.

6. Background information

- 6.1. The Borough Plan commits to starting on site or completing 1,000 Council homes at Council rents by March 2022 as the first step in a new era of Council home building.
- 6.2. As an integral part of that programme, the Council actively seeks opportunities to acquire new-build homes to let at Council rents. This includes the acquisition of homes being developed by private developers as affordable housing under Planning Obligations agreed under section 106 of the Town and Country Planning Act 1990 ('s106').
- 6.3. Those activities are explicitly supported by the HRA Business Plan.
- 6.4. The Council is seeking to acquire 177 homes with planning permission within the second phase of the Hale Wharf development.
- 6.5. The Hale Wharf development is being delivered by Waterside Places Limited Partnership (WPLP) which is a joint venture between the Canal and River Trust and private developers Muse and is shown edged red on the plan in Appendix 1.
- 6.6. The development is within the Hale Wharf Masterplan area and the entire scheme is a substantial development of 505 homes with full planning consent. The first phase completed on 7th June 2021 and comprises of 141 units for market sale and 108 units for private rent.
- 6.7. Phase Two will deliver 256 residential units including 177 affordable homes specified under s106 as 143 shared ownership and 34 London Affordable Rent homes and is shown in Blocks C to J (inclusive) in Appendix 1. The 177 affordable homes will be located in 6 Blocks namely D to J (inclusive). These are the homes which the Council is seeking to acquire and convert to social rent tenures. There will also be a total of 14 private for sale units pepper potted in Blocks H, I and J which will be retained by the developer.
- 6.8. WPLP has indicated that they could start on site within six months following a positive Cabinet decision. It would therefore contribute to the Council's objective of delivering 1,000 Council homes for Council rent by March 2022.
- 6.9. While there are fewer family sized homes (3 bed plus) in this scheme than the overall Housing Delivery Programme target, this project does meet some of the most urgent need on the housing waiting list. Of the 600 Haringey households in the most urgent housing need, 85% of them are in need of homes with one or two bedrooms. The acquisition would deliver 17 new Council homes with three bedrooms, 93 with two bedrooms, and 67 with one bedroom comprising a total of c.130,000 sq. ft. These homes will be situated within six individual blocks and

will be constructed in accordance with the Council's agreed specification for new build homes.

- 6.10. 27 of these homes are wheelchair accessible, and all of them will meet standards for adaptability. If the acquisition is approved, the Council will identify families and individuals on the housing register with disabilities whose needs are hard to meet through reletting in order to create bespoke homes for them at Hale Wharf.
- 6.11. The freehold of the site is and will remain in the ownership of the Canal and River Trust. The Council will acquire a 250 year long leasehold interests in the six affordable housing blocks. The maintenance and upkeep of the landscaping, two footbridges and public realm in Hale Wharf will be provided by an estate management company in which the Council will have a controlling interest. The cost of providing these services will be recovered through an annual service charge. The implications to the Council of these costs are set out in the Exempt Appendix.
- 6.12. The scheme's architecture creates a strong and distinctive profile to the buildings, with brick facades and strong zinc roof forms referencing industrial waterside heritage that will weather well and create a sense of permanence.
- 6.13. The development will improve access to the waterways for everyone in Haringey, complementing the Council's investment in the area and supporting the strategic objective of strengthening connectivity between Tottenham High Road and the Lea Valley.
- 6.14. New tenants will move into genuinely affordable homes beside the River Lea, overlooking and with direct access to Paddock Community Nature Park and Walthamstow Wetlands, and within five minutes' walk of Tottenham Hale Station. This type of location is rarely available for Council tenants. Their homes will sit alongside new retail space and 328 market sale and private rent units which are also being delivered by Waterside Place Limited Partnership.
- 6.15. The homes will sit within high quality landscaping with direct access to public realm and play areas. The whole scheme has adopted the Healthy Streets Approach in order to embed public health in public realm and planning.
- 6.16. These Council homes will create an inclusive environment that improves air quality, reduces congestion, and supports all members of the community to access greener, healthier, and more attractive places. The homes will be connected to the Hale Village Heat Network.

Acquisitions and Disposal Policy

- 6.17. The Acquisitions and Disposals policy is contained in the Asset Management Plan February 2020 which was updated and adopted by Cabinet in February 2021. The policy sets out key 'Principles' and 'Tests' that determine alignment with the Borough Plan. This transaction aligns with the Borough Plan's Housing Priority.
- 6.18. The policy also states that acquisitions will be considered in order to acquire completed new housing units being developed on private land, former Council

land and other private housing acquired individually or in groups, which will increase the Council's stock of homes. The Council will aim to acquire via negotiation in the first instance having carried out a RICS valuation, and having assessed the business case for acquisition, including affordability.

- 6.19. The basis for this acquisition has been assessed and found to meet key criteria as set out in the Council's Disposal and Acquisitions Policy.

Assessment Criteria:	Test	Outcome
MTFS contribution	Assessed as part of Business case.	√
Asset Management Plan	Borough Plan priority for delivery of social housing for rent.	√
Business Case	Approved by Finance Department.	√
Deliverability	Ensured delivery by third party developer as part of Development Agreement.	√
Valuations/ Development appraisal supports	Red Book Valuation for Open Market Value	√
Affordability	Demonstrated within the Business Case.	√
Legal assessment	Approval of Heads of Terms leading to documentation of transaction.	√
Alternative options considered	Only alternative is not acquire the homes which would lead to failure to achieve Housing Targets.	√
Risk assessment	Risk to Council covered by surety retention and project monitoring safeguards in contract.	√
Political	Transaction has been presented to The Leader and the Lead Cabinet Member.	√

Valuation and Purchase Price

- 6.20. Leasehold Interest: The freehold interest in the buildings is not available. The Council will be contracting with Waterside Places Limited Partnership (WPLP) which is a 50/50 Joint Venture between Muse and the Canals and River Trust (formerly British Waterways). This company does not own the freehold and so it can only grant the Council a long lease. The freehold belongs to the Canal and River Trust (CRT) as the custodian of the national canal and rivers network. CRT retains the freehold as it is strategically important for them to retain a long term interest in their canal side location landholdings and also the operation and maintenance of the canal and lock gates. This tenure structure has been the basis of a number of development schemes in Canal and Rivers Trust locations.

- 6.21. **Purchase Price:** The purchase price as set out in the Exempt Appendix is at the Open Market Value for six residential blocks in Hale Wharf Phase 2 which also contain the 14 private for sale units to be retained by the developer.

6.22. Strategic Outcomes

- 6.23. The acquisition will help to address the Borough Plan priorities of:

- A place with strong, resilient and connected communities where people can lead active and healthy lives in an environment that is safe, clean and green; and

- A safe, stable and affordable home for everyone, whatever their circumstances.
- 6.24. The acquisition of the 177 homes would deliver almost 20% of the Council's Borough Plan target of delivering 1000 Council homes at Council rents by 2022.
- 6.25. The acquisition will support housing growth in a key regeneration area covered by the Hale Wharf masterplan. The overall Hale Wharf scheme already contributes to improvements in the infrastructure in Phase One including public realm improvements. The Hale Wharf development is situated at the eastern boundary of the Tottenham Hale Housing Zone. The development will help to activate the area to the east of the railway and provide access and animation to this important site adjacent to the Paddock.
- 6.26. The new homes being delivered at Hale Warf will benefit from an attractive waterside location with direct access into the open spaces of the Lee Valley. The development also improves access for the wider public to the waterways and is delivering three new bridges connecting Hale Village and the River Lea towpath to the site and eastwards to the Paddock, responding to the Council's strategic objective of strengthening connectivity between Tottenham High Road and the Lee Valley.
- 6.27. The scheme acts as the entry point into the Lee Valley and will complement the investment the Council is making in this location through the Paddock enhancements to the east and new walking and cycling improvements to Ferry Lane. The Hale Wharf scheme is also expected to enable the delivery of the Paddock bridge to progress, through further discussions between the Council as Leaseholder and Thames Water around landing points.

7. Statutory Officers comments

7.1 Finance

- 7.1.1 This proposed acquisition is in line with the HRA business plan, and the cost of acquisition will be met from the new homes acquisition budget approved by Cabinet in February 2021
- 7.1.2 The acquisition will be financed by a combination of HRA borrowing and GLA grant.
- 7.1.3 Further finance comments are contained in Appendix 2 exempt report.

7.2 Procurement

- 7.2.1 Council Officers engaged with Procurement Team as part of the negotiations on Heads of Terms.
- 7.2.2 Strategic Procurement note the contents of this report. The Council has to comply with the Public Contracts Regulations 2015 when entering into agreements of this nature. Please refer to the Legal comments contained in this report.
- 7.2.3 The structure of the deal does not contravene procurement regulations.

7.2.4 The proposed purchase price which is inclusive of GLA Building Homes for Londoners Grant does not contravene State Aid regulations as the level of grant allocated to assist the viability of the project would be the same for any Registered Provider acquiring the S106 accommodation.

7.3 Legal

7.3.1 Legal Services is engaged with Officers in finalising Heads of Terms and the Head of Legal Services & Governance has been consulted on this report.

7.3.2 The Council has the power under section 120 of the Local Government Act 1972 for the purposes of any of its functions under that Act or any other enactment, or the benefit, improvement or development of their area, to acquire by agreement any land, whether situated inside or outside its area.

7.3.3 The six blocks will be acquired for housing purposes and therefore will be held in the Housing Revenue Account. Under section 17 of the Housing Act 1985 the Council as a local housing authority may for housing purposes acquire land as a site for the erection of houses, or acquire houses, or buildings which may be made suitable as houses, together with any land occupied with the houses or buildings.

7.3.4 For further comments, please see Appendix 2 exempt report.

7.4 Equalities

7.4.1 An Equality Impact Assessment Statement has been commissioned and is attached in Appendix 3.

7.4.2 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.

7.4.3 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 apply to the first part of the duty.

7.4.4 The purpose of this report is to seek approval for the acquisition of 177 residential units contained within the S106 agreement for Hale Wharf Phase 2 to use for council rent accommodation.

7.4.5 The objective of the decision is to increase the supply of Council housing in Haringey. The groups that the decision is most likely to directly affect are Haringey residents living in temporary accommodation and Haringey residents who are 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. Individuals with these protected characteristics as well as those who identify as LGBT+ and individuals with

disabilities are also known to be vulnerable to homelessness, as detailed in the Equalities Impact Assessment (EqIA) of the Council's Draft Homelessness Strategy. As such, it is reasonable to anticipate a positive impact on residents with these protected characteristics.

- 7.4.6 The salient elements from the EqIA are (1) it demonstrates the proposal is robust and there is no potential for discrimination or adverse impacts, (2) no actions are required by the Council to remove or mitigate any actual or potential negative impact of this acquisition and (3) the Council considers there will not be any negative impacts associated with this proposed acquisition.

8. Use of Appendices

Appendix 1: Location Plan.

Appendix 2: Business Case and Heads of Terms (Exempt).

Appendix 3: Equality Impact Assessment.

9. Local Government (Access to Information) Act 1985

- 9.1. Appendix 2 of this report is NOT FOR PUBLICATION by virtue of paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972. This appendix is not for publication 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) and Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.