

Report for: Cabinet – 22nd July 2021

Report Title: Acquisition of two freehold interests known as 6-40 Durnford Street, N15 5NQ and Land to the Rear of 728 Seven Sisters Road, N15 5NH in Seven Sisters

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

Lead officer: Christine Addison, Interim Assistant Director for Capital Projects and Property, Peter O'Brien Assistant Director Economic Development and Regeneration

Ward(s) affected: St Ann's

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

1. Describe the issue under consideration

- 1.1 The purpose of the report is to agree the acquisition of freehold interests known as 6-40 Durnford Street, N15 5NQ and Land to the Rear of 728 Seven Sisters Road, N15 5NH in Seven Sisters, using funding secured as part of MHCLG's Future High Streets Fund (FHSF) Programme.
- 1.2 Gourley Triangle is an important Site Allocation (SS4) within the Council's Tottenham Area Action Plan (2017). The site presents an opportunity for mixed use development. The Gourley Triangle site has potential to provide new employment space and residential uses which will aim to secure the replacement of the existing employment floorspace and where possible, deliver light industrial uses and accessible workspaces for small to medium enterprises.
- 1.3 This report sets out the draft key objectives informing the Council's masterplanning and placemaking approach.
- 1.4 The freehold land interests to be acquired comprise of a light industrial building and adjoining yard located centrally on the Gourley Triangle. The interests are known as land at 6-40 Durnford Street, N15 5NQ and Land to the Rear of 728 Seven Sisters Road, N15 5NH and are shown edged red on the Plan attached at Appendix 1 ("the Site").

2. Cabinet Member Introduction

- 2.1 The redevelopment of the Gourley Triangle offers a significant opportunity to shape the future of South Tottenham by delivering new employment spaces, sustainable employment opportunities and high-quality homes. It will become a

place for local people to work, live and enjoy exploiting the proximity to the Seven Sisters transport network.

- 2.2 This proposed investment in a key site comes at an important time for our economy. Coronavirus has provided a new and immediate threat, requiring businesses to adapt at record pace and increasing the need for the Council to support economic recovery. The rejuvenation of this site will help support local businesses and create new jobs as well as delivering healthy, accessible places for the benefit of residents.
- 2.3 But we are not only concerned about improving community facilities and the economic and physical landscape of this area. Placemaking is also about our commitment to close engagement with businesses and residents. This people-first approach will enable us to ensure the project that emerges meets the needs of the local community and builds on the site's status as a 'Creative Enterprise Zone', bringing opportunities for local innovative businesses to take root and grow.
- 2.4 Through this inclusive engagement approach, we will empower local communities to participate in the design process, ensuring that the new neighbourhood aligns with their aspirations. Engagement which focusses on young people and underrepresented groups will ensure that future commercial, residential and public spaces reflect what the local community wants and needs.
- 2.5 In line with the Council's ambitious Climate Change Action Plan, the project will aim to achieve a zero-carbon outcome overall, including the retention of buildings wherever possible. Employing sustainable and renewable energy sources and promoting best design practice, we are aiming for the project to be a flagship for sustainable placemaking in the borough.
- 2.6 The acquisition is supported by a robust business case, and it meets the Council's agreed criteria included in the disposals and acquisitions policy and I am happy to ask Cabinet to agree to the recommendations.

3. **Recommendation**

3.1 Cabinet agrees:

- a.) to note the Draft Masterplan Objectives outlined in Section 6.
- b.) to acquire for General Fund purposes "the Site" for a sum (as reported in Part B of the report) based on the draft Heads of Terms which are set out in Appendix 4 (in Part B of this report).
- c.) To note that the seller will take a lease back of the Site from the Council on acquisition for a period of 2 years (with break clause) as set out in the draft Heads of Terms in Appendix 4 (in Part B of this report).

- d.) To give delegated authority to The Director of Housing, Planning and Regeneration after consultation with the Cabinet Member for Finance and Transformation and the Cabinet Member for House Building, Placemaking and Development to agree the final heads of terms and the legal documentations for the acquisition.

4. Reasons for Decision

- 4.1 The Gourley Triangle site is an important site allocation in the Tottenham Area Action Plan. It has long been identified as having the potential for renewal and placemaking given the quality of the current built environment. At its heart, the future of Gourley Triangle will aim to reflect employment and workspaces that meet the contemporary post-Covid economy. There is also potential to meet wider Council objectives of placemaking, delivering council homes and sustainability.
- 4.2 Due to complex and fragmented land ownership, it is considered that the Gourley Triangle site could not come forward without public sector intervention. The Council is able to lead this intervention by developing a coherent masterplan and land acquisition programme. This report sets out the draft key objectives informing the development of the masterplan and brings forward for decision the first land acquisition.
- 4.3 An opportunity has arisen to make an early acquisition of a critical land interest at the heart of the Gourley Triangle and adjacent to existing Council freehold interests. There are a number of 3rd party interests in the Gourley Triangle area and the proposed acquisition of “the Site” enables the Council to take the lead in land assembly of the Gourley Triangle. The Council has secured external funding from MHCLG’s ‘Future High Streets Fund’ to cover the cost of this acquisition.
- 4.4 The acquisition price and associated business case is based on an ‘existing use value’ approach and covers the fallback position of what would happen in the event the Council were unable to take a wider redevelopment forward.

5. Alternative Options Considered

Not acquiring The Site

- 5.1 This option was rejected because the Site is central to achieving the Council’s strategic objectives for the wider Gourley Triangle site allocation as set out in the Tottenham Area Action Plan. There are further risks that the Site could be acquired by another third party, who may not be willing to work with the Council to secure those outcomes. Additionally, the Council understands that the long-standing third party local business is actively constrained in its current site, and there is an important opportunity to facilitate their future growth through agreeing to purchase the Site at this time.

Acquiring The Site at a later date

- 5.2 This option was considered and rejected. There is a current opportunity to acquire and the vendor has indicated that they have a compelling business reason to dispose at this time. The risk is that the Site could be sold on were the Council not to take the opportunity to acquire from a willing vendor at this time. In this case the Council would need to, should it wish to redevelop the Gourley Triangle site in the future, seek to acquire the Site first by private treaty with the possibility of exercising its CPO powers as part of a land assembly exercise where that is not possible.

6. Background Information

The Gourley Triangle – site context

- 6.1 The Gourley Triangle site is located on Seven Sisters Road within the Tottenham Regeneration Area, Site Allocation SS4 in the Tottenham Area Action Plan. It is in close proximity to the Seven Sisters Underground and Overground Stations and the South Tottenham Overground Station with a high PTAL rating of 6A.
- 6.2 The site is relatively constrained, bounded on two sides by railway tracks and on the third side by Seven Sisters Road, a Transport for London Route Network (TLRN) road.
- 6.3 The site sits within St Ann's Ward, and borders Seven Sisters and Tottenham Green Wards. It sits close to the West Green Road District Town Centre.
- 6.4 Existing buildings comprise a range of creative and commercial uses with light industrial in the older stock to the west of the site and a large Wickes retail store on the eastern half of the site, with associated car parking.

External Funding

- 6.5 In April 2021, the Council was successful in securing grant funding from MHCLG's 'Future High Streets Fund', which included an allocation to support the delivery of the masterplan in line with planning policy. The acquisition of The Site will be exclusively funded through the MHCLG grant.
- 6.6 With regard to the wider scheme, the Council has applied for further external funding to help deliver on the wider objectives, including council housing. The council has submitted bids into both the GLA's Affordable Homes Programme in respect of the delivery of affordable housing (council housing) and MHCLG's One Public Estates 'Land Release Fund' in connection with abnormal costs attached to the site including decontamination, demolition, environmental works to the SNCI and small scale infrastructure. A decision on both bids is expected later this year.

Gourley Triangle – Draft Masterplan Objectives

- 6.7 The following section sets out draft Masterplan Objectives, which are to be tested and reviewed through early stages of engagement on the project.

Draft Objective 1: Gourley Triangle at Work

- Aim to deliver a minimum of no net loss of employment space
- Provide opportunities for dense and varied employment uses, as part of the knowledge driven economy
- Work with existing businesses to develop the optimum approach for a relocation strategy eg. relocation in the borough or reprovion of space in the development for ‘front of house’ uses

Draft Objective 2: Embracing Placemaking and Improved Connectivity

- Maximise opportunities for local creativity, to build on the site’s ‘Creative Enterprise Zone’ designation
- Define character through active frontages and a lively public realm that is attractive, functional and safe
- Understand potential for wider placemaking benefits in connections to local green spaces
- Deliver an inclusive engagement approach around placemaking

Draft Objective 3: Climate and Sustainability at its Heart

- Target net zero for new development, prioritising renewable energy sources
- Retain buildings where possible to enhance local character and deliver on Circular Economy principles
- Target Passivhaus for residential and BREEAM ‘Excellent’ for commercial
- Prioritise preservation and enhancement of existing biodiversity including the ecological corridor
- Deliver on the Council’s ‘Health in All Policies’ agenda, by responding to air and noise pollution, minimising parking and promoting use of sustainable transport (walking and cycling)

Draft Objective 4: A Community Wealth Building Approach

- Deliver on the Council’s Community Wealth Building Agenda through commissioning of the Project Team
- Drive wider local benefits relating to placemaking and social value, such as a unique workspace offer that links to businesses across Tottenham and beyond
- Deliver local employment and education opportunities, particularly for young people
- Employ an engagement strategy which will empower existing businesses to make a choice about their future

Draft Objective 5: Delivery of Council Rented Homes

- Provide secure, high quality and affordable housing which residents are proud to call home.
- Aim to maximise the quantum of Council Rented Homes, subsidised with a minimum number of private sale units.
- Deliver inclusive, mixed and sustainable communities. Mixed tenures should be 'tenure blind' with no distinction in terms of design, space standards or materiality.

Engagement Approach

- 6.8 A multi-stranded engagement strategy will be developed and agreed with Members to ensure that the range of stakeholders are engaged in detail from the outset of the project.
- 6.9 Key engagement objectives are as follows:
- Involve the current occupants and landowners of the site in the project from the outset and as it develops, seeking to closely engage with and look to accommodate businesses that wish to remain on site.
 - Work with and empower local communities to participate in the design process to ensure that key objectives for the masterplan align with local aspirations/needs.
 - Work with local communities, particularly young people and underrepresented groups, to shape the future of commercial, community and public spaces proposed on this scheme.
- 6.10 The community engagement strategy will seek to build local buy-in through an understanding of the benefits that delivering the scheme will bring to the area. The engagement strategy will include public workshops (visual and/or in person if possible), website and social media updates, leafletting and notices, and project specific workshops. Wider community engagement will focus on design and sustainability, specifically how to deliver on the Council's 'Climate Change Action Plan'.

Property: Description of The Site to be acquired

- 6.11 The part of the Site known as 6-40 Durnford Street comprises a large two-storey building of brick construction and is in commercial use. The part of the Site known as land at rear of 728 Seven Sisters Road comprises an open storage yard in commercial use. Metalcraft uses this property together 6-40 Durnford Street and together they form "the Site", with an approximate internal area of [10,554m²].
- 6.12 The Council has commissioned commercial and valuation advice from commercial advisors Avison Young (a copy of that report is attached in Appendix 3) -which is in the exempt part of this report.
- 6.13 The transaction is being recommended based on the draft Heads of Terms which are set out in the exempt part of this report. Final details are to be agreed and are subject to contract, surveys and Cabinet approval. Avison Young have advised on the opinion of value, supported negotiations and will undertake an

RICS Red Book valuation to support the proposed acquisition before Cabinet approval.

Acquisitions Policy

- 6.14 The proposed acquisition has been assessed against the following criteria as set out in the Council's Disposal and Acquisitions Policy and summarised below:

| Policy | Comments | |
|--|--|---|
| MTFS contribution | Allocation in MTFS includes Future High Streets Fund Grant | ✓ |
| Asset Management Plan | Acquisition supports objectives of Borough Plan in terms of Economy, Place and Housing | ✓ |
| Business Case | Strong case to acquire in accordance with Council's Masterplan and placemaking strategy for the Gourley Triangle site | ✓ |
| Deliverability | The acquisition will initially form a standalone investment with short term leaseback pending future development of the site | ✓ |
| Valuations/ Development appraisal supports | The acquisition will be supported by an RICS Red Book valuation | ✓ |
| Affordability | Funding provision secured (see MFTS comments) | ✓ |
| Legal assessment | See separate Statutory comments below | ✓ |
| Alternative options considered | See section 5 of this report | ✓ |
| Risk assessment | See exempt report | ✓ |
| Political | See Member introduction in support of this | ✓ |

| | | |
|--|--|--|
| | transaction for approval at July Cabinet | |
|--|--|--|

6.15 The proposed acquisition of “the Site” recommended in this report accords with the Council’s Tottenham Area Action Plan objectives for the Gourley Triangle site and the placemaking and workspace objectives in the Borough Plan. As such it will be the first third party land interest to be acquired using funding secured as part of MHCLG’s ‘Future High Streets Fund’ Programme. The project supports the objectives in the Borough Plan in terms of Economy, Place and Housing as set out in Section 7 of this report. Alternative options considered are set out in Section 5 of this report.

6.16 There is a strong business case to acquire this Site for the purpose of future development, and in the interim as an industrial property to be let on commercial terms. Further details of the Site with an independent valuation and associated legal and financial comments are provided in the exempt part of this Report.

Commercial Viability: Acquisition of the Site

6.17 Should it not be possible to proceed with a comprehensive redevelopment of the wider Gourley Triangle, the business case for acquisition of the Site assesses the potential income should the asset be retained and used for its current purpose.

6.18 The Heads of Terms include the vendor leasing back the property for a period up to two years which provides the Council with an immediate meanwhile income. If the site is not redeveloped after this time the Council will seek an alternative income stream via a letting at open market rental value to a commercial tenant whilst also ensuring the site is secured and void periods are minimised.

7. Contribution to Strategic Outcomes

The project will support the Council in delivering the following priorities in the Council’s Borough Plan.

Economy - a growing economy which provides opportunities for all our residents and supports our businesses to thrive

7.2 The Council launched the ‘Good Economy Recovery Plan’ in Autumn 2020 in response to challenges posed by Covid-19 to High Streets, Town Centres and individual businesses. Key priorities include:

- Re-opening and supporting high streets and town centres.
- Supporting businesses through recovery and into renewal; and
- Securing social and economic value through investment in neighbourhoods and communities.

- 7.3 This project seeks to invest in the physical environment to bring underutilised Council assets on the site into productive use through workspace and other uses. This will deliver a 'good economy' model – good jobs, greater fairness, recognising the link between health and wellbeing, business resilience and environmental sustainability.

Place - 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

- 7.4 The Gourley Triangle will support the Place Priority by:

- Transforming the physical environment and public realm on the site, to deliver a safe, lively and welcoming place where people can have greater pride in their local area
- Building on the site's existing character and working closely with the existing community to ensure that the development reflects its local context
- Establishing a more connected place, linking into the Council's wider walking and cycling ambitions

Housing - a safe, stable and affordable home for everyone, whatever their circumstances

- 7.5 One of the Council's highest priorities is to deliver high quality council homes on council land. The project will provide secure, high quality and affordable housing as part of a new urban neighbourhood, delivering inclusive, mixed and sustainable communities with the right mix of tenures to meet local needs.

8. Statutory Officers comments

8.1 Finance

- 8.1.1 As the purchase is being funded via an external capital grant there is no financial effect on the Council's capital financing budget. There is a positive effect on the Council's General Fund revenue budget through the unbudgeted income from the leaseback. As this is income is a windfall it will not be taken to the SPU budget but retained corporately.
- 8.1.2 The purchase of this property starts the land assembly process for a comprehensive regeneration of the Gourley Road triangle site. Given this, the purchase of the property will be held for operational purposes.

8.2 Procurement

- 8.2.1 Strategic Procurement note the contents of the report and as this is a land purchase and Public Contract Regulations do not apply.

8.3 Legal

- 8.3.1 This report seeks authority to acquire the freehold interest in the Site to be held in the general fund as set out in this report. The Council has authority under

section 120 of the Local Government Act 1972 to acquire land for any of its functions, or for the benefit, improvement or development of its area. It can acquire by agreement any land for any purpose for which it is authorised, notwithstanding that the land is not immediately required for that purpose; and, until it is required for the purpose for which it was acquired, any land acquired under this subsection may be used for the purpose of any of the council's functions.

8.3.2 The Cabinet can therefore make the decision set out in the recommendation.

8.4 Equality

8.4.1 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 protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not

8.4.2 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.

8.4.3 It is not anticipated that the proposed acquisition will have a negative impact on any particular social group.

8.4.4 The decision to note the Masterplan Principles will have positive implications for individuals with protected characteristics including through:

- Improvements to the public realm which deliver safety and health outcomes, with benefits for BAME groups and disabled people;
- Developing employment opportunities, with benefits for BAME people, young people;
- Opportunities to reflect local culture through commercial, community and creative projects, with benefits for BAME groups, young and old people

8.4.5 The decision to note the Masterplan Objectives will have positive implications by advancing equality of opportunity for residents with protected characteristics. Delivery of new, high quality workspace will help to promote economic recovery from COVID-19, bringing positive benefits to individuals with protected characteristics who have experienced disproportionate negative impacts from COVID-19, including on employment and income.

8.4.6 Consultation on the Masterplan will be inclusive, focussing on young people and underrepresented groups to ensure that future commercial, residential and public spaces are reflective of the local community.

9. Use of Appendices

Appendix 1 - Site Plan

Appendix 2 –Gourley Triangle Masterplan Objectives

Appendix 3 –Avison Young Report on Metalcraft Valuation (May 2021) – In Exempt Report

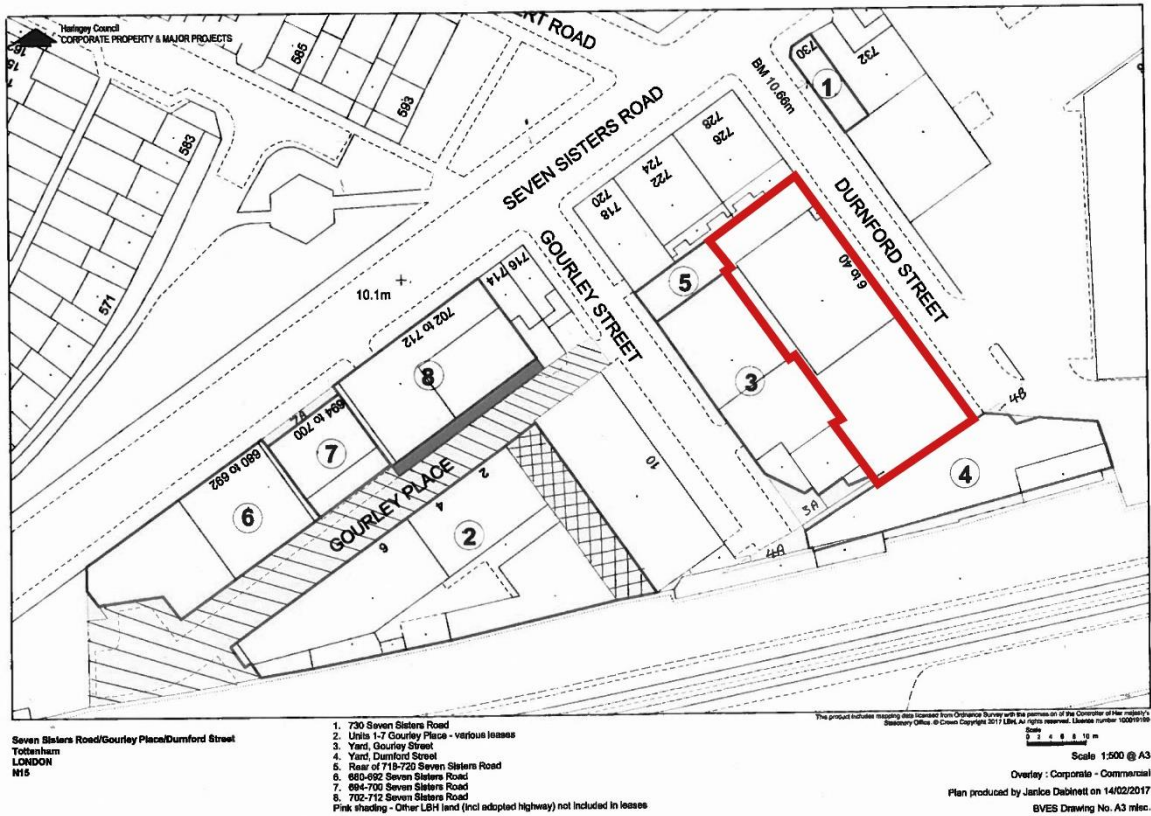
Appendix 4 – Draft Heads of Terms - In Exempt Report

Note: The finalised Heads of Terms and Valuation Report will be contained within Exempt Appendices at Cabinet.

10. Local Government (Access to Information) Act 1985

Appendices 3 & 4 of this report are 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.

Appendix 1: Site Plan



Appendix 2: Gourley Triangle Draft Masterplan Objectives

Draft Masterplan Objective 1: Gourley Triangle at Work

The site provides an opportunity to work towards Borough Plan Priority 3: Economy, which seeks to create a growing economy and thriving local businesses, supported by a community wealth- building approach.

Because of the site's 'Creative Enterprise Zone' status and AAP Site Allocation policy requirements, employment space delivery is key objective for the masterplan.

Planning policy requires employment led redevelopment with a focus on increasing employment density and where possible, delivering light industrial uses and affordable workspace for small to medium enterprises. At least a proportion of the employment space should remain affordable in perpetuity in line with the Development Management DPD Policy DM8 Employment-led Regeneration.

The proposals for the site can help address the Council's Social Value Framework Indicators by creating economic benefit through new employment opportunities, increasing employable skills and investing in local supply chains.

Since the onset of Covid-19, the Council has published a 'Good Economy Recovery Action Plan' (GERP). The project supports the GERP's top priorities, including helping businesses into work/training through offering work experience/apprenticeships and delivering new, high quality workspace.

In light of the impact of the pandemic, it is important that the future nature of work and employment space help to inform proposals coming forward.

The project brief requires that proposals will:

- Aim to increase employment space density (B1a and B1b uses) to act as a centre for workspace in South Tottenham, establishing a critical mass of workspace alongside other employment hubs in the area, supporting the wider business ecosystem and job creation.
- Aim to deliver a minimum of no net loss of employment space.
- Provide opportunities for existing light industrial businesses on the site to remain through workshops and 'front of house' uses, wherever practical.

Draft Masterplan Objective 2: Embracing Placemaking and Improved Connectivity

The proposed approach to placemaking will aim to build on the site's status as a 'Creative Enterprise Zone' and maximise opportunities for local creativity. Character will be defined by active frontages and a lively public realm that is pleasurable, functional, and safe.

There are opportunities to work with businesses, local creative enterprises, and local residents to shape the development and ensure that the development reflects its local community and context.

There are also opportunities to tie into the council's wider walking and cycling ambitions by connecting better into its immediate surroundings. An example of this includes the council's Streetspaces Bid to TFL for 'Cycle Future Route 2' (CFR2) which runs along Seven Sisters Road from Finsbury Park towards Tottenham Hale via Amhurst Park in Hackney, joining the CS1 route at Stamford Hill.

Draft Masterplan Objective 3: Climate and Sustainability at its heart

In line with the Council's declaration of a 'Climate Emergency', the project will aim to achieve a zero-carbon outcome overall. This includes assessing the potential to retain buildings wherever possible.

Preservation and enhancement of existing biodiversity will be prioritised in through retention of the existing mature landscape and habitats along the railway verge (a SNCI) and creation of a series of interconnected spaces, urban courtyards and new streets to link the site laterally to Seven Sisters Road.

The site is identified as being in an area with potential for being part of a decentralised energy (de) network. Development proposals will aim to be designed for connection to a District Energy network and seek to prioritise/secure connection to existing or planned future de networks, in line with Policy dM22.

The sustainability objectives of the scheme are as follows, and will be developed with the Carbon Management Team as the project progresses:

- Aim to minimise energy use and meet Passivhaus principles.
- Aim to allow for a future on site connection to Tottenham's Decentralised Energy Network (DEN).
- Identify and respond to existing site constraints, including potential land contamination, poor air quality and noise pollution in line with the Council's 'Health in All Policies' agenda.
- Minimise parking allowances as a response to the excellent public transport connections.
- Expand the provision of green infrastructure, including the quantity and quality of landscaped areas, tree provision and open space.
- Maximise opportunities to enhance biodiversity on-site, including through appropriate landscaping, Sustainable Drainage Systems, living roofs and green walls

- Deliver high quality cycle parking facilities for both commercial and residential uses.

Draft Masterplan Objective 4: A Community Wealth Building approach

Through the development and delivery of the masterplan, there are opportunities at every stage to employ a community wealth building approach which ensures that we are extracting social value and wider public benefit at each stage.

These includes ensuring that we help to secure local job and employment opportunities throughout. This also means working with local businesses both during construction and post-construction to ensure the maximum local benefit is achieved. The Council will actively support and tie into social value and employment outcome through its procurement processes to deliver the scheme starting from the very beginning.

This approach has already enabled the procurement of 'Nooma Studio', an emerging architectural practice based on Markfield Road in Seven Sisters. Nooma studio will form a core part of the design team and bring expert local knowledge and extensive experience engaging with local community groups in the vicinity of the masterplan area.

Draft Masterplan Objective 5: Delivery of Council Rented Homes

The project provides an opportunity to help the Council meet the Borough Plan Priority 1 target to deliver 1,000 Council homes at Council rents by 2022.

Masterplan objectives include a proposal to maximise the number of new homes with a brief for residential delivery is as follows:

- Provide secure, high quality and affordable housing which residents are proud to call home.
- Maximise the quantum of Council Rented Homes, subsidised with a minimum number of private sale units.
- Exceed the minimum capacity of residential delivery set out in the AAP Site Allocation.
- Deliver inclusive, mixed and sustainable communities. Mixed tenures should be 'tenure blind' with no distinction in terms of design, space standards or materiality.
- Employ a design-led approach to the masterplanning of the site, considering the privacy and amenity of neighbouring uses.
- Meet or exceed the minimum space standards in the London Plan and Mayor's Housing SPG.