

Report for: Cabinet 9th November 2021

Title: Acquisition of 7 affordable homes at 38 Crawley Road for use as Council Rented Housing

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

Lead Officer: Robbie Erbmann, Assistant Director for Housing
Jonathan Kirby, Assistant Director for Capital Projects and Property

Ward(s) affected: West Green

**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 seven S106 homes in a 29 unit residential scheme at 39 Crawley Road, Wood Green. This is a freehold acquisition comprising a self-contained block in the scheme which is being delivered by Frankum Developments Ltd.

2. Cabinet Member Introduction

- 2.1. Cabinet has an opportunity to acquire seven homes in a new development – including a three and a four bedroom home – and to convert them to Council homes let at Council rents for people in the greatest need. We would acquire these homes before they are built and ensure they are constructed to the highest standard. I am pleased to recommend we take this opportunity.
- 2.2. These seven new Council homes will sit within a landscaped development of 29 homes with extensive cycle storage. The development will create a new pedestrian and cycle link, for the first time connecting Crawley Road with Downhills Way and Lordship Recreation Ground.

3. Recommendations

- 3.1. Cabinet is recommended:
- 3.1.1. Approve the acquisition at pre-construction phase of seven S106 units in a 29 home residential scheme at 39 Crawley Road from Frankum Developments Ltd for use as Council rent accommodation. The block containing these units will be acquired on a freehold basis for the Package Price and based on the Heads of Terms and Business Case as set out in Exempt Appendix 2.
- 3.1.2. Give 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 finalise and complete the transaction.

4. Reasons for decision

- 4.1. There is an overwhelming need for social rented homes in Haringey. The acquisition of these homes will help the Council to meet that need by converting them to Social Rent for rent to those on the Council's Housing Register who most need them.
- 4.2. The acquisition of these homes will also deliver an improved mix of genuinely affordable homes within the scheme as a whole and in Wood Green more widely, better meeting the needs of local people.
- 4.3. 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.
- 4.4. Council Officers had an input in the design and accommodation provided within the S106 units at the pre-application of the planning process at which stage the Council expressed an interest in acquiring the homes.
- 4.5. The accommodation mix will give the Council larger and well-designed homes.
- 4.6. The homes are ineligible for GLA grant funding as the overall scheme fails to achieve the 40% threshold of affordable housing. The funding for the acquisition of these units is set out in Appendix 2 Exempt Report.
- 4.7. The acquisition is supported by the HRA Business Plan.

5. Alternative options considered

- 5.1. **Not to acquire the private sale homes.** This option was rejected because it would represent a missed opportunity for the Council to:
 - 5.1.1. Secure an additional seven homes for use as Council rent tenancies as part of the Council's commitment to starting on site or completing 1,000 Council homes at Council rents by March 2022.
 - 5.1.2. Further assist in maintaining momentum and progress in the overall Wood Green 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 private and 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 at pre-construction phase seven S106 homes within a self-contained freehold block in a 29 unit residential scheme at 39 Crawley Road, Wood Green.
- 6.5. The Scheme is being delivered by Frankum Developments Ltd. and is shown edged red on the plan in Appendix 1.
- 6.6. Frankum Developments has indicated that they will start on site in early 2022 which means that the acquisition the homes will contribute to the Council's objective of delivering 1,000 Council homes for Council rent by March 2022.

Acquisitions and Disposal Policy

- 6.7. 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.
- 6.8. 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.
- 6.9. 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 14 homes which would be a missed opportunity to add to the Council's Affordable Homes target.	√
Risk assessment	Risk to Council covered by surety retention and project monitoring safeguards in contract.	√
Political	Transaction has been presented to	√

Valuation and Purchase Price

Purchase Price: The purchase price as set out in the Exempt Appendix is at the Open Market Value for seven units of S106 and has been confirmed in a Red Book Valuation carried by Carter Jonas.

6.10. Strategic Outcomes

6.11. The acquisition at pre-construction phase of an additional seven units of S106 in the scheme at 39 Crawley Road will further help to address the Borough Plan priorities of:

6.11.1 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

6.11.2 A safe, stable and affordable home for everyone, whatever their circumstances.

6.12. The acquisition of these seven units of S106 will secure 0.7% of the Council's Borough Plan target of delivering 1000 Council homes at Council rents by 2022.

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 Further finance comments are contained in Appendix 2 exempt report.

7.2 Procurement

7.2.1 Strategic Procurement note the content of the report. There are no procurement implications for the report.

7.2.2 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.

7.3 Legal

7.3.1 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.

7.3.2 The properties 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.

- 7.3.3 Members should note that the structure proposes that the freehold part of the site where the Council properties will be located will be transferred before the S106 Variation condition has been satisfied. If the developer is unable to satisfy that condition the Council will have to transfer back that piece of land and the development agreement will terminate. Also, the payment structure envisage payments in stages as the works are being carried out and that if the developer fails to complete the Council will have to exercise its step in rights.

7.4 Equalities

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

- 7.4.2 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 apply to the first part of the duty.

- 7.4.3 The purpose of this report is to seek approval for the acquisition at pre-construction phase of seven S106 units within a proposed scheme at 38 Crawley Road, Wood Green.

- 7.4.4 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.

- 7.4.5 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.