

Report for: Cabinet 6 February 2024

Title: Gateway 3A - Acquisition at pre-construction stage of 38 sheltered homes within Phase 1 of the St. Ann's General Hospital development, St Ann's Road, N15 3TH; granting a pedestrian easement plus entering into an Option Agreement for purchasing a further 116 homes in subsequent phases.

Report authorised by : David Joyce

Lead Officer: Robbie Erbmann

Ward(s) affected: Hermitage and Gardens

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

1. Describe the issue under consideration

- 1.1. This report provides an update on the deal structure proposed for the phased purchase of new homes at the Peabody Group (PG) development on GLA-owned land at St. Ann's General Hospital, St Ann's Road, N15 3TH. It requests authority to acquire 38 homes within the first phase at pre-construction stage and also for the granting of a pedestrian easement over Council land adjacent to the site. It also proposes a further Option Agreement for purchasing up to 116 additional homes in subsequent phases, subject to Cabinet approval.
- 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 affordable homes, the robust business case for the acquisition, and the high quality of the 38 homes that would be delivered for households in the greatest need.
- 1.3. The Forward Plan entry for this paper is amended to reflect the title of the paper. This is due to the project now coming forward at formula rent rather than London Affordable Rent and to recognise that decisions regarding further acquisitions under the Option Agreement will need to be taken by Cabinet.

2. Cabinet Member Introduction

- 2.1. The St Ann's Hospital site is of key strategic importance to the Council. The 154 affordable, high quality, and sustainable Council homes will make a meaningful contribution to our commitment to build 3000 Council homes by 2031.
- 2.2. The first phase of the scheme will see the acquisition of 38 homes to be used as sheltered accommodation for Haringey residents over 55 years old. Subsequent phases of the scheme will include the purchase of 116 homes, delivering a total of 154 affordable homes for residents on the Council's Housing Register. This acquisition is supported by GLA Grant Funding which is essential for the success of our housing programme in this difficult economic climate.

- 2.3. In line with our commitment to tackle the climate emergency, the St Ann's Hospital site is designed to be a highly sustainable and low carbon neighbourhood. The masterplan includes provision for nearly 2000 cycle spaces, safe pedestrian and cycle routes, extensive urban greening measures and biodiversity gains, water efficient fittings, bio-solar roofs, and smart architecture to design out various effects of climate change.

3. Recommendations

3.1. Cabinet is asked to:

- 3.1.1. Approve the long leasehold acquisition (for housing purposes) at pre-construction stage of 38 sheltered homes and ancillary communal spaces at block C1 within Phase 1 of Peabody Group scheme on GLA-owned land at St. Ann's General Hospital, St Ann's Road, N15 3TH for the purchase price set out in the Exempt Part B report and on the basis set out in the Heads of Terms in the Exempt Part B report.
- 3.1.2. Consider the representations made and set out in paragraphs 6.21 to 6.30 as a result of the consultation carried out under section 105 of the Housing Act 1985 and approve the granting of a Pedestrian Easement for public use across adjacent Council owned land (shown coloured blue on the first plan at Appendix 2) held in the Housing Revenue Account portfolio, for the value set out in the Exempt Part B report, netted off the purchase price;
- 3.1.3. Approve the Total Scheme Cost, including the on-costs budget and contingency allowances, as well as the rent levels and GLA grant subsidy as set out in the Exempt Part B report;
- 3.1.4. Grant delegated authority to the Director of Placemaking and Housing in consultation with the Director of Finance (S151 Officer), the Head of Legal and Governance and Cabinet Member for Council House-building, Placemaking and Local Economy to agree the final terms of the acquisition including legal documentation and complete the transactions for the long leasehold acquisition, associated Development Agreement, pedestrian easement and Option Agreement; and
- 3.1.5. Approve the entering into an Option Agreement with Peabody Group for purchasing up to a further 116 affordable homes in subsequent phases of the St Ann's Hospital development.

4. Reasons for decision

- 4.1. The acquisition of these residential units will allow the Council to secure the delivery of 38 new Council homes for use as sheltered accommodation for older people.
- 4.2. There is an overwhelming need for affordable homes in Haringey. This acquisition will help the Council provide accommodation for rent to those on the Council's Housing Register who most need them and help the Council fulfil its political commitment to build 3000 Council homes by 2031.
- 4.3. The homes to be delivered are very well located and will be high quality, within a major strategic regeneration scheme of significant local importance.
- 4.4. The acquisition is supported by GLA Grant Funding.

5. Alternative options considered

- 5.1. *Not to acquire the homes.* This option has been rejected as doing so would both result in significant abortive costs and represent a missed opportunity for the Council to:
- Secure 38 homes to let as social rent tenancies.
 - Avail of substantial GLA Grant Funding.
 - Assist in maintaining momentum and progress in the overall aspiration to provide affordable housing in the borough.
 - Enter into an option agreement for a further up to 116 affordable homes in subsequent phases of the scheme.

6. Background information

- 6.1. St Ann's Hospital is located within the St Ann's area in the southern part of the Borough. The overall site area is c. 7.2 hectares (17.8 acres). It is bounded by St. Ann's Road to the north, Hermitage Road to the east, a railway line to the south leading to Harringay Green Lanes Station and the rear of LB Haringey housing along Warwick Gardens to the west. It is directly opposite Chestnuts Park (See location Plan at Appendix 1).
- 6.2. St Ann's Hospital was formerly owned by Barnet, Enfield and Haringey Mental Health NHS Trust who secured a planning consent for a scheme comprising 456 homes alongside commercial facilities, with a view to disposal to fund upgrading/extension of retained facilities. That permission was not implemented and has expired.
- 6.3. The land was subsequently purchased by the GLA with a view to significantly increasing density as well as delivering a higher than policy level of genuinely affordable housing. The GLA competitively procured the PG and Hill Group joint venture partnership to secure planning and deliver the redevelopment.
- 6.4. PG and Hill Group have since achieved planning approval for a masterplan of up to 995 homes alongside workspace, community space and new landscaped public realm. 60% of these homes will be affordable with those not acquired by the Council remaining with PG or being transferred to a Community Led Housing Group. In total across the masterplan 358 homes are scheduled to be let at affordable rent.
- 6.5. It is proposed the Council acquires the initial phase of 38 homes, with an option to acquire up to a further 116 (subject to future Cabinet approval), totalling 154 homes, over multiple development phases. PG intends to deliver these 154 homes over four phases – they started works on site earlier this year and anticipate final completion in 2029. The first phase is due to complete in summer 2026.
- 6.6. The proposed mix of homes which the Council is seeking to acquire is given below:

Phases	1bed flat	2bed flat	3bed flat	3bed house	4bed house	TOTAL
Phase 1	36	2				38
Phase 2					14	14
Phase 3	27	34	24			85
Phase 4				17		17

- 6.7. The planning application for Phase 1 was made in detail and the client team in Adult Services have been involved from an early stage in setting the design brief and specification for the 38 sheltered homes. The 2 bedroom flats and 4 of the 1 bedroom flats in the first phase are designed for wheelchair users. Generally the majority of Haringey residents waiting for sheltered accommodation require 1 bedroom homes, either as single tenants or couples, so the accommodation mix of the first phase reflects this.
- 6.8. The later phases were approved in 'outline' and as such, details of the exact mix phase by phase may change slightly as the detailed planning applications come forward in due course, but there will be a significant number of larger family-sized homes, similar to the indicative mix in the table above. The remaining 116 homes in later phases are intended to be designed and let for general needs rented housing.
- 6.9. The design of the sheltered accommodation at block C1 includes communal facilities for residents, staff space and a scooter store. A communal lounge has been located to the north of the block, which is triple aspect. To further increase activity and passive surveillance, ground floor homes are provided with street-facing terraces. The semi-private residential courtyard between the blocks forming Plot C is intended to be open to the public throughout the daytime, with controlled access provided through a gated system at night. This allows public use of the facilities provided within the courtyard (similar to other such spaces across the masterplan), delivering safe, secure, and welcoming communal amenity space for all.
- 6.10. Further specification review meetings will take place and the final arrangements for fit out and handover will be agreed by representatives from Adult Services in due course. The operating model and management structure for these homes will be defined and agreed by Adult Services during the construction phase. The homes and the associated communal facilities are designed to accommodate the needs of older residents, including if necessary, adaptations for residents with disabilities, or arrangements for visiting carers. However this scheme would not be appropriate for individuals requiring full 24/7 care.
- 6.11. The agreed acquisition price for the 38 homes in Phase 1 and a summary of the Total Scheme Cost is in the Exempt Part B report, along with detail of the funding arrangements agreed with the GLA. This proposed acquisition price and anticipated Development Agreement cashflow has been included within the Housing Revenue Account Business Plan.

Acquisitions and Disposal Policy

- 6.12. 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 Corporate Delivery Plan. This transaction aligns with the Corporate Delivery Plan's Housing Priority.

- 6.13. 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.
- 6.14. 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.

Valuation and Purchase Price

- 6.15. **Long Leasehold Interest:** The long leasehold interest of the land on which the homes are being built will be granted to the Council once the initial payment for Phase 1 is made at 'Golden Brick' stage.
- 6.16. **Pedestrian Easement:** The Council will grant a permanent pedestrian easement granting general public access across its residential estate known as Warwick Gardens. This is shown coloured blue on the first plan at Appendix 2.
- 6.17. **Purchase Price:** The purchase price as set out in the Exempt Part B report is at the Open Market Value for the 38 affordable homes and for granting the pedestrian easement. This value is supported by a Red Book Valuation from Carter Jonas.

Easement and 'South-West link' land

- 6.18. The Council-owned residential estate known as Warwick Gardens is located to the south-west of the proposed St Ann's scheme. The Warwick Gardens car park (formed of 16 car parking spaces) is included in the planning consent for the development. The land is held in the Council's Housing Revenue Account.
- 6.19. This land will provide public pedestrian access from the new development to the south-west, and the estate will benefit from approved improvement works (principally an amended parking layout and associated landscaping works) as part of that scheme. The Purchase Price package for the homes in block C1 includes the granting of a pedestrian easement across the land for public use. Residents at Warwick Gardens were consulted on the planned improvement works to this space adjacent to their estate in 2021, in advance of PG's planning application.
- 6.20. Plans showing the extent of the 'South-West link' land and the proposed improvement works are at Appendix 2

Consultation with residents at 67-109 Warwick Gardens

- 6.21. Under the Housing Act 1985, Section 105, the Council has a legal obligation to consult its secure tenants on matters of housing management such as changes to the management, maintenance, improvement, or demolition of houses let by them or changes in the provision of services or amenities.
- 6.22. In October 2021, the Council launched a Section 105 consultation based on proposals to change the use of the 'South-West link' land previously occupied by

11 garages before their demolition to create a new pedestrian and cycle access route to the new St Ann's Hospital development.

- 6.23. The Council consulted 25 households. In addition to consulting with secure tenants as required by law, the above figure also includes resident and non-resident leaseholders. The Council consults leaseholders as part of Section 105 consultations as a matter of good practice.
- 6.24. The consultation period lasted from 21 October 2021 until 22 November 2021. Information provided included a consultation pack posted to consultees which included an outline of the impact of the proposed developments on their affected amenities and a selection of site location plans, indicative plans, and associated images. A consultation questionnaire, an equality and diversity questionnaire, and a stamped addressed envelope was provided so consultees could respond by post. Contact details were provided so consultees could request further information or ask for the materials in a different format. This included a form for residents to request a translation of the consultation pack in alternative languages from the council. Non-resident leaseholders received a notification of the consultation at both their home address and the address of their property included in this consultation. The information and materials detailed above were also placed on the Council's website.
- 6.25. An in-person, drop-in event was held onsite on Tuesday 2 November, 2021 from 11am to 1pm. An online engagement session was also held for consultees and the wider community on Wednesday 10 November 2021, from 6pm. A recording of this meeting was available on the Council's website immediately after the close of the online event. Across both the online engagement event and the in-person, drop-in event, a total of 8 attendees joined the sessions.
- 6.26. 14 households responded to the consultation. A breakdown of the consultation responses by tenure is outlined below:

Overall consultation audience	Number of responses	Number of secure tenant responses	Number of leaseholder responses
25	14	4	11

- 6.27. Every respondent objected to the proposed loss of land which is currently used, informally, following the demolition of garages, for parking; several suggested that this would materially affect the value of their property. Concern was also raised as to the future management of parking at 67-109 Warwick Gardens. Residents were concerned about any landscaping of the area providing cover for anti-social behaviour and crime.
- 6.28. Respondents commented positively about improving the quality of the green space, expressing an interest in creating a better play area and for securing the boundary better between this area and the Warwick Gardens estate. Residents also noted the importance of securing their bin store, as part of securing their communal space, whilst retaining access for waste collections.
- 6.29. This feedback from residents has informed the proposals for the South-West link land. The third plan at Appendix 2 shows the design for this space which forms part of PG's Planning Permission, including 7 new car parking spaces, to be

formally marked out, replacing the current informal parking arrangement, alongside small areas of new planting. This new parking will be formally managed by the Council's housing team. The improvement works will also include new lighting for the pedestrian and cycle route, which should improve the safety of this area.

- 6.30. The S105 Consultation Report was published on the Council's website, and residents were sent further letters confirming the outcome of the consultation.

7. Proposal for purchase of homes in phases 2-4

- 7.1. As noted above, the Council plans to purchase up to a further 116 homes (with the number of homes per phase set out at paragraph 6.6) in phases 2 to 4 of the St. Ann's Hospital development. The anticipated timeline for these later phases is set out in the table below.

Phase	Start	Completion
2	June 2025	November 2026
3	Summer 2026	Spring 2028
4	Winter 2027	Spring 2029

- 7.2. Any proposal to purchase the additional affordable homes from PG in the later phases of the development would be subject to viability and formal valuation at that time.
- 7.3. The Heads of Terms in the Exempt Part B report also set out the proposed legal 'Call Option' arrangement by which the Council will be able to purchase additional homes in subsequent phases from PG. This Call Option arrangement will require the developer to notify the Council of the subsequent phases coming forward for planning and construction, giving the Council 'first refusal' to acquire these affordable homes, but not requiring the Council to purchase.
- 7.4. Officers in the Council's Housing Delivery and Property teams will then appraise the value and viability of these development phases. Further Cabinet approvals would need to be sought for the acquisition of the homes in any future phases at the St Ann's Hospital site. If the Council does not pursue the purchase of later phases of the St Ann's development, there will be no penalty or cost implication.
- 7.5. The subsequent phased purchase/development agreements will follow the same model as that proposed for the homes in Phase 1.

8. Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes'

- 8.1. This acquisition, as part of the Council's broader Housing Delivery Programme will play a key role in achieving the outcomes under the CDP theme: 'Homes for the Future'. In particular, the targeted outcomes to achieve 'an increase in the number and variety of high-quality and sustainable homes in the borough' and 'an improvement in the quality of housing and resident services in the social rented sector'.
- 8.2. The acquisition will support housing growth in a key regeneration area.
- 8.3. The acquisition of homes at the St. Ann's Hospital site will make a meaningful contribution to the Council's target of 3,000 homes by the end of 2031.
- 8.4. In Phase 1, the 38 homes will be designated as sheltered accommodation for Haringey residents with the remaining homes to be acquired in subsequent phases being made available to Haringey residents at council rent levels. The scheme also provides the opportunity to make homes available for the bespoke housing programme.

9. Carbon and Climate Change

- 9.1. The St Ann's masterplan has been designed with significant input and advice from the Council's carbon management team. The homes were designed to comply with the current London Plan requirement to achieve a 35% reduction in carbon emissions beyond that required by Building Regulations Part L (2021) – this equates to an estimated reduction in regulated CO2 savings on site by 79.1%.
- 9.2. The proposed energy efficiency measures for the new build parts of the development include levels of insulation beyond Building Regulation requirements, in line with the LETI Climate Emergency Design Guidance and Passivhaus standards, low air tightness levels and majority dual aspect dwellings, with all windows openable. The window design maximises daylighting while minimising risk of overheating and need for cooling and ventilation. Efficient lighting and energy saving controls will also be employed. Solar panels and communal air source heat pumps will be installed for the new buildings, creating a low carbon heat network, with provision allowed for future connection to a district energy network extension.
- 9.3. The masterplan being delivered across the St Ann's Hospital site will be a highly sustainable and low carbon neighbourhood. The sustainability measures implemented across the masterplan include:
 - No on-site NOx emissions from fossil fuel combustion
 - A site-wide carbon emissions reduction of 75.9%, achieved through passive design and energy efficiency measures, air source heat pumps and photovoltaic panels
 - Efficient massing design, openings and internal layouts so spaces benefit from sufficient daylight, whilst mitigating against overheating
 - Water efficient fittings to limit residential consumption to <105 litres/person/day

- Promoting sustainable forms of transport with 1,734 long stay cycle parking spaces, 70 short stay cycle spaces, car club spaces, controlled car parking zones, safe pedestrian and cycle routes across the Site
- Targeting an urban greening factor of 0.415 through provision of meadows, woodlands, rain gardens, swales, open mosaic habitat and bio-solar roofs
- Protection of features of ecological value and targeting 12% biodiversity net gain, extending ecological routes and supporting local bat and bird populations
- Surface water run-off will be reduced through the installation of permeable paving, underground attenuation tanks and bio-solar roofs

10. Statutory Officers comments

Finance

- 10.1. Initial viability assessment indicates that this scheme is viable and can be contained within the HRA plan and is included in the current HRA/MTFS.
- 10.2. Further finance comments are contained in the exempt report.

Procurement

- 10.3. Strategic Procurement note the contents of this report and confirm there are no procurement related matters preventing Cabinet approving the Recommendations stated in paragraph 3 above.

Legal

- 10.4. 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.
- 10.5. The 38 homes to be acquired and, if the option is exercised, the remaining 116 homes 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. The Council will be acquiring these properties by means of a long lease for a term of 250 years. Members should note that there will be service charges to be paid by the Council to the landlord and that those monies shall be recouped from the tenants through their rents.
- 10.6. The Council will be entering into a Development Agreement whereby the developer will carry out the development of the 38 homes. Development agreements are works contracts. The Contract Standing Orders provides that every contract valued at £250,000 (two hundred and fifty thousand pounds) or more must contain clauses to cover the following:
 - a) if it is a contract for works, that the Council may require the contractor to provide security for completing the contract in the form of a bond;

- b) that where the contractor is a subsidiary or group company, the contractor may be required to provide a parent or group company guarantee.
- c) or other means of surety as agreed by the Director of Finance or an officer acting under his/her delegated authority
- 10.7. This requirement will need to be addressed prior to the Council entering into the Development Agreement.
- 10.8. In agreeing the option agreement care must be taken to ensure that no sale and purchase agreement is entered into before Cabinet has made a decision on the acquisition.
- 10.9. Members are being asked to grant an easement on land held for housing purposes and a statutory consultation was carried out pursuant to S105 of the Housing Act 1985. A consultation will not be lawful unless it is (1) undertaken at a time when proposals are still at a formative stage; (2) sufficient reasons are given for any proposal to enable people who are interested in the same to consider the proposals and make representations; (3) adequate time has been given for such consideration and response; and (4) all representations have been conscientiously taken into account when finalising the proposals. Prior to making any decision to grant the easement, members must consider the representations made in respect of that consultation.
- 10.10. The granting of an easement to Peabody on Council land held for housing purposes for the benefit of the scheme is a disposal and would fall within the provision of Section 32 of the Housing Act 1985. Under that section the Council may grant the easement but must first obtain the consent for the secretary of state. Where the land is vacant the Council can rely on The General Consent for the Disposal of Land held for the purposes of Part II of the Housing Act 1985 – 2013 issued by the secretary of state but must obtain best consideration.
- 10.11. The Cabinet is being asked to approve the budget for this acquisition which must be within the budgetary framework as approved by full Council.

Equalities

- 10.12. The Council has a Public Sector Equality Duty (PSED) 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
- 10.13. The three parts of the duty apply 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. Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.
- 10.14. The purpose of this report is to seek approval for the acquisition of 38 sheltered accommodation units and associated communal facilities in block C1 at the St Ann's Hospital site.

- 10.15. 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 LGBTQ+ 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 new Housing Strategy. As such, it is reasonable to anticipate a positive impact on residents with these protected characteristics.
- 10.16. The targeting of the new sheltered accommodation at older people acts as positive discrimination to support a protected group, with no adverse impacts. The Council considers there will not be any negative impacts associated with this proposed acquisition.

11. Use of Appendices

Appendix 1: Site and Block Plans.

Appendix 2: South West Link – easement and improvement works plans.

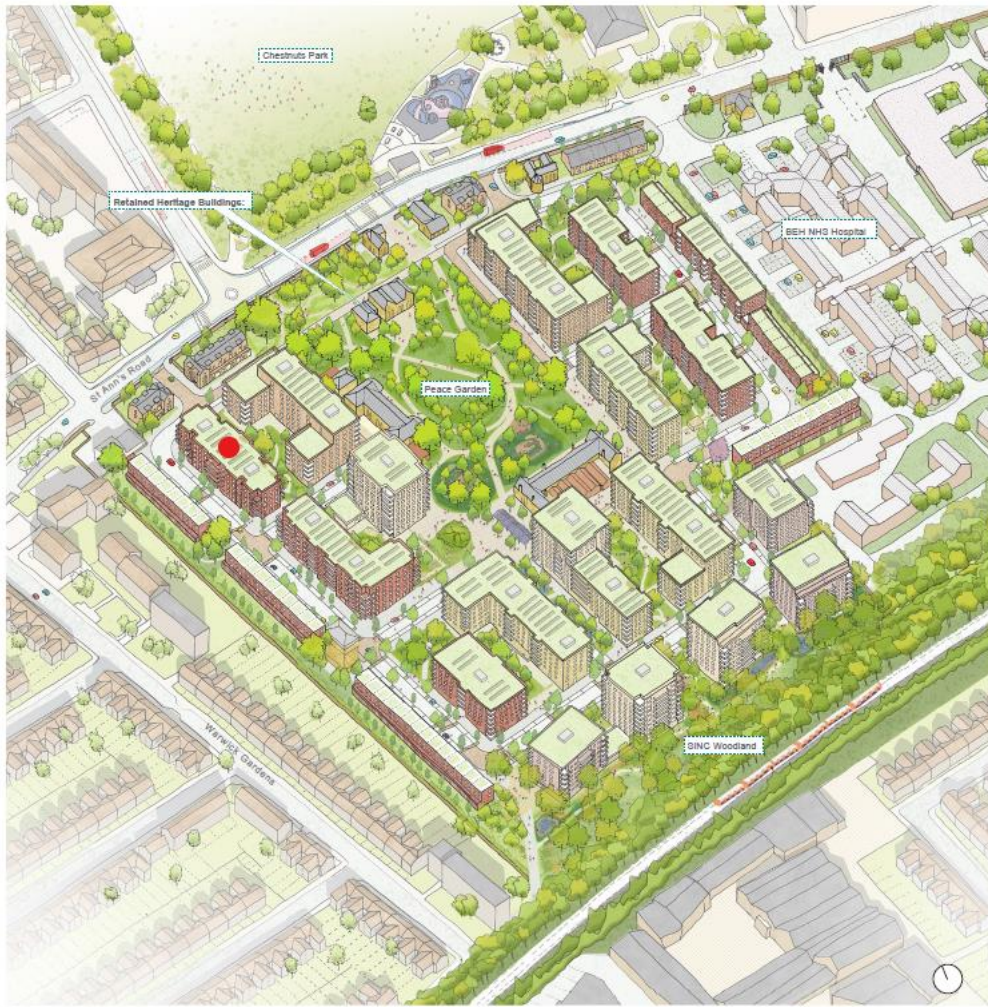
Part B: EXEMPT –

- Total scheme cost, rent levels, grant subsidy, on costs and fees budget
- GLA grant funding arrangements
- Current Draft Heads of Terms

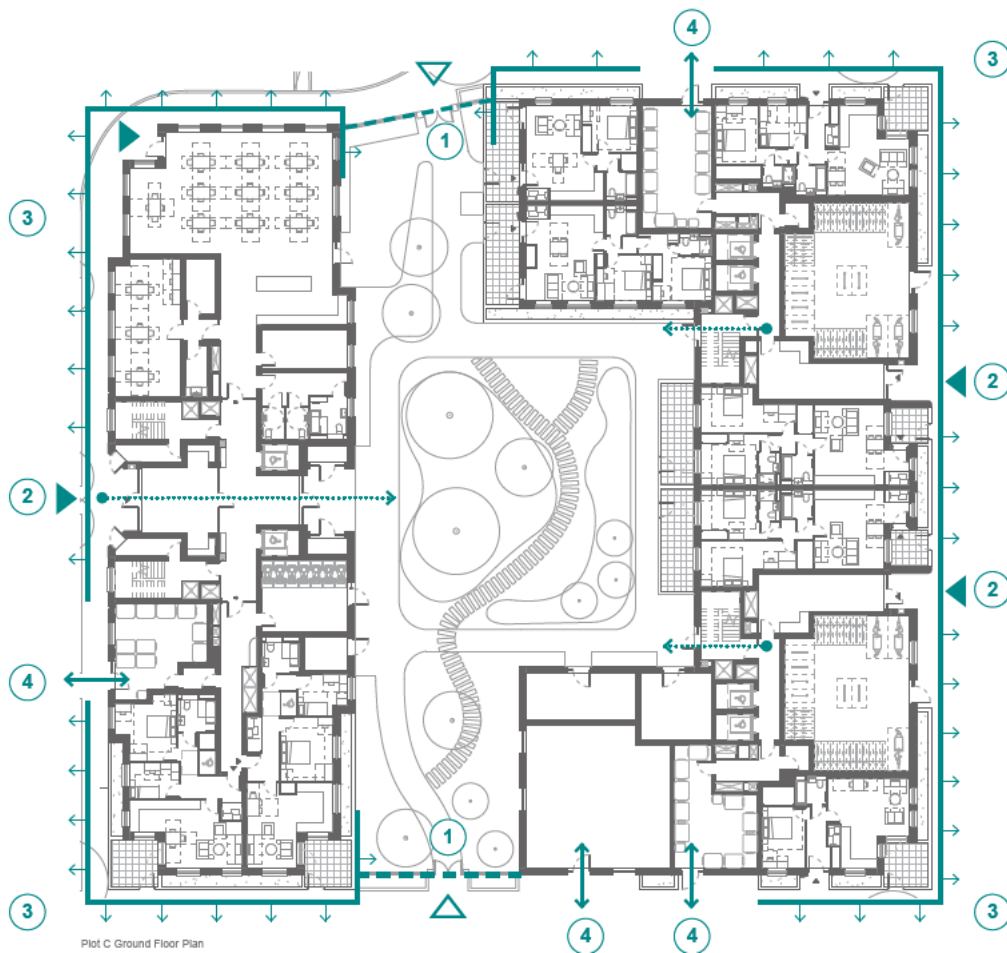
12. Background Papers

12.1. No background papers.










12.2. Part B of this report is NOT FOR PUBLICATION by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. This Part B 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).

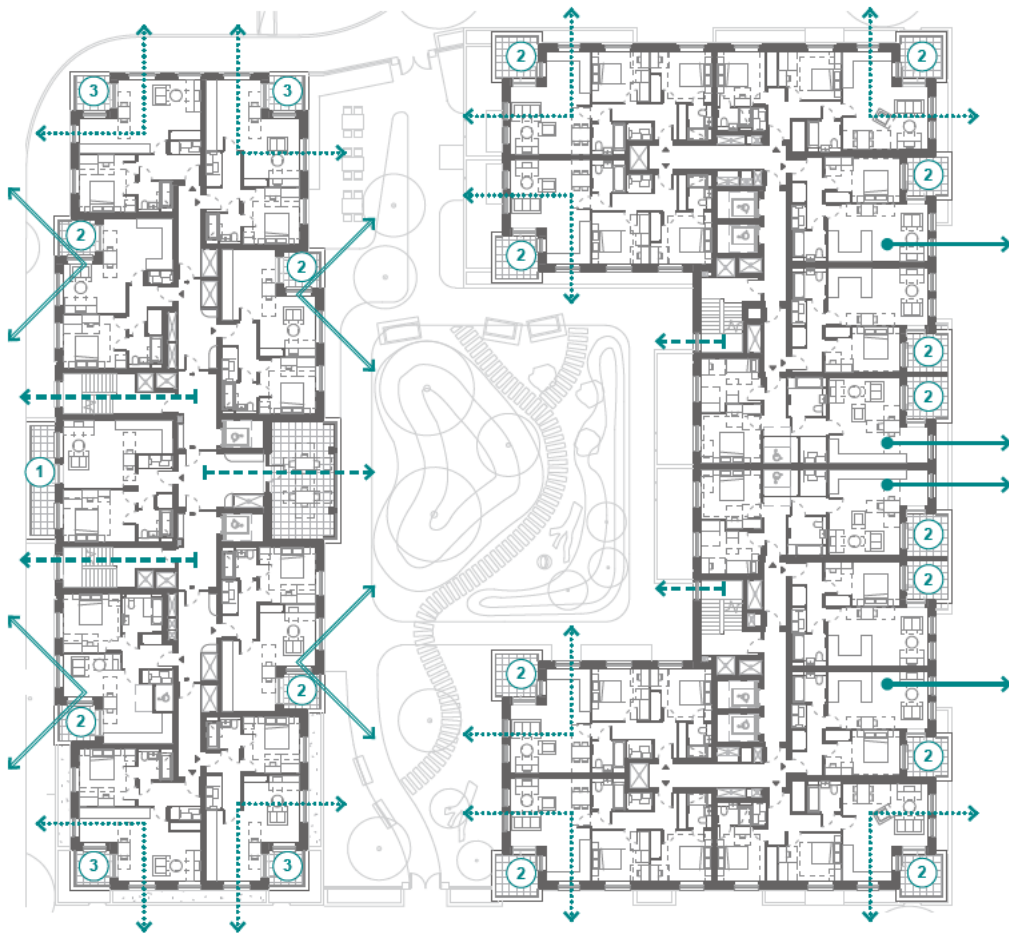






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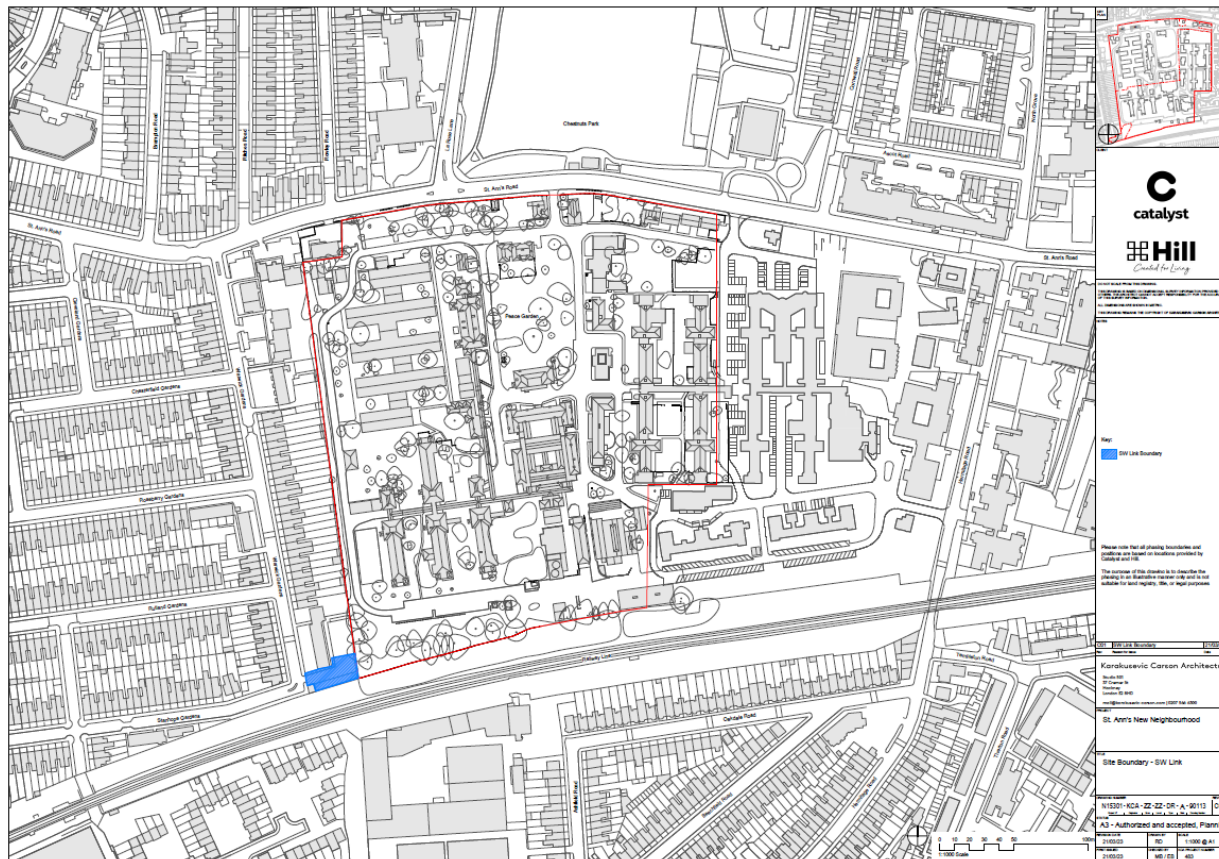
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|---|------------------------|---|---------------------------|
|  | Building Entrances |  | Controlled Access |
|  | Courtyard Entrances |  | Communal Entrance |
|  | Access and Overlooking |  | Active Frontage Maximised |
|  | Active Frontages |  | Refuse / Plant Spaces |
|  | Ancillary Spaces | | |



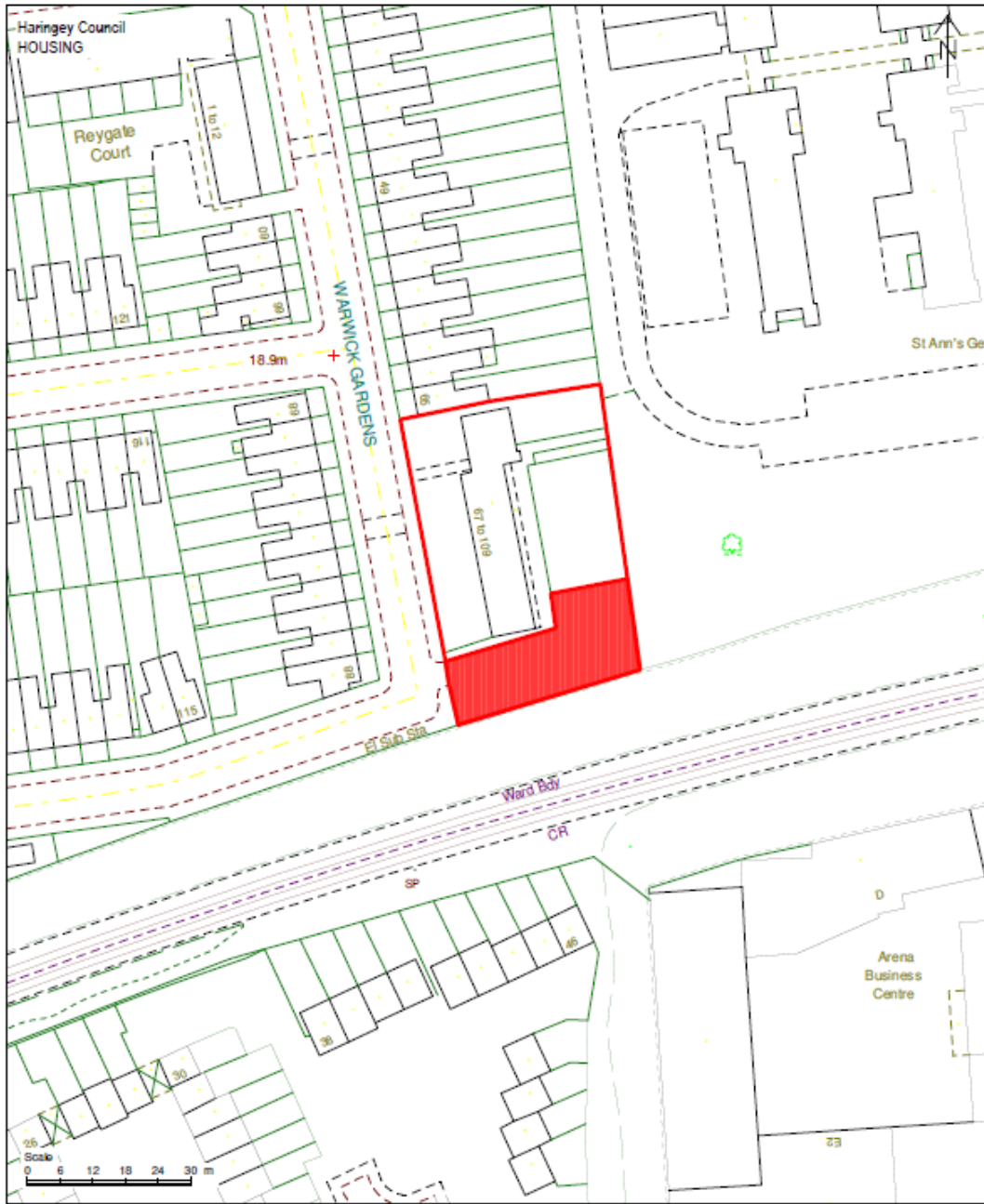
Plot C Typical Floor Plan

Appendix 2 – Warwick Gardens ‘South-West link’ easement plan and proposed improvement works

South-West link – extent of easement shown in blue, red line detailing the broader St Ann’s Hospital site:



LB Haringey – Warwick Gardens estate (HRA) – proposed easement and extent of improvement works highlighted red:



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