

Report for: Cabinet, 12th November 2024

Item number: TBC

Title: Acquisition of 78 Council homes at the Mecca Bingo site.

Report authorised by: Jonathan Kirby, Director of Placemaking and Housing.

Lead Officer: Robbie Erbmman, Assistant Director of Housing.

Ward(s) affected: Noel Park.

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

1 Describe the issue under consideration.

- 1.1 This report seeks the approval for the acquisition of 78 Council homes which will be delivered as part of the redevelopment of the Mecca Bingo site on Lordship Lane, Wood Green. The redevelopment of this site will be undertaken by Atri7 2 Limited & Fusion Global Management LLP (the developer) and will create 636 student bedspaces, 796sqm flexible commercial space, 78 Council homes and associated landscaping.

2 Cabinet Member Introduction

- 2.1 I'm delighted to recommend that Cabinet approves the acquisition of 78 new Council homes in the heart of Wood Green. With overwhelming need for affordable housing in Haringey—particularly for families—this acquisition is especially important. It includes ten three-bedroom homes and seven five-bedroom homes, marking the first five-bedroom units in our Council housing delivery programme. This will enable us to provide much-needed accommodation for those on the Council's Housing Register, including vulnerable children.
- 2.2 These new homes will be located across three buildings on the current site of the Mecca Bingo building, which sits at the heart of the Wood Green Growth Area. This development is a key component of the broader placemaking at Wood Green Town Centre.
- 2.3 In addition to the housing, the development will feature a pocket park for everyone in Wood Green to enjoy. Residents will benefit from private outdoor spaces, either in the form of balconies or gardens, as well as shared private gardens and play areas.
- 2.4 Housing accounts for half of our borough's carbon emissions, so reducing this is critical to becoming a net zero-carbon borough. These new homes will be highly energy-efficient, lowering bills and carbon emissions through the use of solar panels and air-source heat pumps for heating and hot water - and they will be ready to connect to a Decentralised Energy Network (DEN) in the future.

3 Recommendations

3.1 Cabinet is asked to:

- 3.1.1 Approve the acquisition of 78 Council homes for housing purposes at the Mecca Bingo site, Lordship Lane, Wood Green for the payment as set out in the Exempt Part B report and based on the draft Heads of Terms as contained in the Exempt Part B report.
- 3.1.2 Approve the total scheme cost for the acquisition as contained in the Exempt Part B report.
- 3.1.3 Approve the use of Right to Buy (RtB) receipts to subsidise this acquisition. The total amount of RtB receipts is contained in the Exempt Part B report.
- 3.1.4 Grant delegated authority to the Director of Placemaking and Housing following consultation with the Assistant Director of Legal and Governance (Monitoring Officer) and Lead Member for Housing and Planning to finalise the Heads of Terms, agree the final legal documentation and complete the transaction.
- 3.1.5 To note these homes will be let at London Affordable Rents (LAR).

4 Reasons for decision

- 4.1 The acquisition of these properties will result in 78 additional new Council homes helping the Council make good on its pledge to build 3,000 Council homes by 2031.
- 4.2 There is an acute need for affordable homes in Haringey, particularly affordable family homes, and this acquisition will include 10 three-bedroom and 7 five-bedroom homes.
- 4.3 The proposed affordable homes are well located to enjoy the amenities of the High Street in Wood Green and the nearby transport links.
- 4.4 The homes are expected to be of high quality, meeting the Mayor's housing design standards.

5 Alternative options considered.

5.1 **Not to acquire the homes.** This option was rejected because it would be a missed opportunity for the Council to:

- 5.1.1 Secure 78 new homes to let at Council rents (LAR).
- 5.1.2 Assist in maintaining momentum and progress in the overall aspiration to provide Council housing in the Borough.

6 Background information

- 6.1 Discussions with the developer have progressed for several months for the purchase of the affordable homes to be delivered as part of the redevelopment of

the Mecca Bingo site. Council Officers are currently finalising the Heads of Terms with the developer. The draft Heads of Terms have informed the reports to internal Boards en route to submitting this report to Cabinet.

- 6.2 In January 2024, and following appropriate internal governance procedures, approval was obtained for the budget expenditure to progress negotiations with the developer and to undertake any necessary surveys and due diligence.
- 6.3 Ongoing discussions have allowed the Council's Housing Team to inform the developer's design proposals and specification for the affordable homes.
- 6.4 The developer's planning application (HGY/2024/0450) was heard by the Council's sub-Committee on 8th July 2024 which approved the granting of planning permission subject to the agreement of a S106 Agreement.
- 6.5 On the granting of planning approval, the developer will offer the Council an option to purchase which will be for a three-month period.
- 6.6 The Council (as planning authority) and the developer are currently negotiating the terms of the S106 Agreement. With respect to the proposed Council housing provision, the Council has inserted the following requirements in the draft agreement:
 - The Council is to have nomination rights for 100% of the initial lettings and 75% relets (of the social rented homes).
 - No more than 80% of the market student accommodation units shall be occupied until the affordable housing has been completed and ready for occupation.
- 6.7 The purchase of the proposed Council housing will be on a 999 year lease with reciprocal access rights for the developer and Council for servicing requirements in their respective landholdings.

Description of the site, quantum of housing, housing mix and design matters

- 6.8 A site plan is included at Appendix A of this report. The site is located in the centre of the Borough, on the edge of the Metropolitan Centre of Wood Green, which is the main town centre of the Borough and one of the most vibrant commercial centres in North London. It is a short distance from Wood Green Underground Station and Lordship Lane is one of the main streets connecting Wood Green with Tottenham to the east. The site has a Public Transport Accessibility Level (PTAL) 6, which is considered "excellent".
- 6.9 The site is located in an Opportunity Area as identified in the London Plan 2021 and in the Wood Green Growth Area as identified in the Council's Local Plan Strategic Policies 2017 (the Local Plan). The site also forms part of a designated site allocation in the Council's Site Allocation Development Plan Document which seeks the redevelopment of this site for town centre uses with residential above.
- 6.10 The proposed Council housing is located at the southern section of the site at the rear of the student accommodation building, which in turn, fronts Lordship Lane.
- 6.11 The 78 proposed Council housing units are located in three distinct buildings.
 - Building B. comprising 26 flats.

- Building C. comprising 45 flats.
- Building D. comprising two terraces totalling 7 townhouses.

6.12 Table 1 below sets out the unit mixes per building.

Table 1 Housing quantum and mix

Unit type	Building B	Building C	Building D	TOTALS	%
1B/2P flat	9	13	-	22	28%
2B/3P flat all M4(3)	5	4	-	9	12%
2B/4P flat	8	-	-	8	10%
2B/4P maisonettes	-	22	-	22	28%
3B/5P maisonettes	4	6	-	10	13%
5B/8P Townhouses	-	-	7	7	9%
TOTALS	26	45	7	78	100%
%	33%	58%	9%	100%	

6.13 The three buildings are of varying height, ranging from 3 to 5 storeys, and are to be clad in brickwork (comprising two contrasting red colours) including a variety of different decorative brickwork treatments. Images of the proposed Council housing buildings are contained at Appendix B.

6.14 A pocket park will be provided on the site and will be available to members of the public as well as Council residents. Private amenity is provided to all homes in the form of balconies (for the flats) and front and rear gardens (for the townhouses). Shared private amenity (including play space) is also provided for the residents of Buildings B and C (in addition to balcony spaces).

6.15 Secure cycle storage is provided for all of the proposed Council homes on the basis of 1.5 cycle spaces per 1 bedroom dwelling and 2 cycle spaces per 2+bedroom dwellings (a total of 145 cycle spaces). Visitor cycle parking will also be provided.

6.16 Given the high PTAL score of 6, only 8 car parking spaces will be provided for the proposed Council housing (4 on-site and 4 off-site) which can be dedicated to blue badge holders.

- 6.17 The proposed Council homes will benefit from the installation of PV panels and the supply of heating and hot water from air source heat pumps. The primary plantroom (located in Building C) and the primary hot water distribution system will be appropriately sized to allow for future connection to the DEN.
- 6.18 The Council has shared their specification requirements with the developer and the Council is awaiting confirmation these requirements will be achieved.
- 6.19 As part of the Council's due diligence, Wrap Architects was commissioned to undertake a compliance analysis of the scheme based on the standards set out in the GLA's "London Plan Guidance Housing Design Standards June 2023". The layouts satisfy minimum space standards as defined by National Defined Space Standards.
- 6.20 Council Officers will also procure a Monitoring Surveyor to oversee, on behalf of the Council, the development including making regular visits to site to report on progress and ensuring the agreed specification and quality requirements are being met.

Draft Heads of Terms

- 6.21 The draft Heads of Terms are contained at Appendix C (which is Exempt).

Construction timescales

- 6.22 The developer has advised on the following milestones for the construction of the proposed Council homes.

Start on site: Q1 2025

Anticipated date for completion: Q2 2027

Lettings, future housing management and estate service charges

- 6.23 The site is well located both in terms of local social infrastructure and transport links, but also in terms of the proximity of the Council's offices and other Council housing stock, allowing for greater ease of management.
- 6.24 The service charge to be paid by the Council's tenants will comprise two parts. The first part will be the service charge from the developer for the management and maintenance of the external areas of the site. This is likely to include: landscaping, maintaining footpaths, external lighting, CCTV and drainage.
- 6.25 The second part will be the service charge from the Council for the management and day-to-day maintenance of internal communal areas within the apartment blocks. This is likely to include: caretaking and cleaning, lighting and access controls.
- 6.26 Council tenants in receipt of housing benefit or Universal Credit will have their service charges covered by this benefit.

Acquisitions and Disposal Policy

- 6.27 The Acquisitions and Disposal 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 Councils Corporate Delivery Plan.
- 6.28 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.
- 6.29 The acquisition process and the negotiations with the developer have been coordinated to date between the Council's Housing Delivery and Property teams. The Property and Housing officers working on this acquisition are RICS qualified and have significant previous experience of property transactions, asset management and investment.
- 6.30 A desk-top valuation has been undertaken which endorses the offer made by the Council for the acquisition of the proposed Council homes. A Red Book Valuation (RBV) has been commissioned and will be secured prior to Cabinet and, if necessary, prior to exchange of contract. The terms of reference for the RBV are governed by the RICS.
- 6.31 This proposed acquisition will continue to follow the Council's internal governance process and has been considered by Capital Property Board.
- 6.32 The acquisition cost can be accommodated within the overall HRA Business Plan.
- 6.33 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, as outlined in the table below:

Assessment Criteria:	Test	Outcome
Business Case	Approved by Finance Department.	√
Deliverability	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.	To be completed prior to exchange.
Alternative options considered	Only alternative is not acquiring the homes which would lead to failure to achieve Housing Targets.	√
Risk assessment	Council will require Parent Company Guarantee or other suitable security to underwrite the construction cost and delivery.	Ongoing

Valuation and Purchase Price

- 6.34 The purchase price is set out in the Exempt Part B report. The purchase price is supported by a desk-top valuation and a RBV has been instructed and will be obtained prior to Cabinet. If necessary, the RBV will be updated prior to exchange of contract.

Use of Right to Buy Receipts

- 6.35 As a stock owning authority, LB Haringey retains the capital receipts from the sale of Council homes under the RtB. The purpose of retaining these proceeds is to recycle the money back into the provision of replacement Council homes.
- 6.36 Therefore, the Council has an opportunity to utilise RtB to support the delivery of new Council homes.

7 Contribution to the Corporate Delivery Plan 2024-2026 High level Strategic outcomes

- 7.1 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'.
- 7.2 The acquisition will support housing growth in a key regeneration area and will make a meaningful contribution to the Council's target of 3,000 homes by the end of 2031.

8 Carbon and Climate Change

- 8.1 The Council (as planning authority) considers the development will provide appropriate carbon reduction measures plus a carbon off-setting payment to provide a zero-carbon development, as well as site drainage and biodiversity improvements.
- 8.2 The scheme achieves a site-wide reduction of 58% carbon dioxide emissions over 2021 Building Regulations Part L. ASHP and PVs are proposed to provide power, heating and hot water for the proposed Council housing.
- 8.3 The shortfall in carbon reduction will be offset via carbon offset contribution of £188,135 which will be made by the developer.

9 Statutory Officers comments.

Finance

- 9.1 Finance acknowledges that the acquisition of these homes will contribute to the Council's target of completing 3,000 homes by 2031.
- 9.2 The cost to acquire this scheme offers value for money to the Council and can be contained within the Housing Revenue Account (HRA).
- 9.3 The scheme qualifies for the use of RTB retained receipts and its use will improve the viability of the scheme.
- 9.4 It is expected that the combined service charges (as stated in sections 6.27 & 6.28) to be paid by future tenants to the blocks in this scheme will be in line with service charges paid by wider council tenants.
- 9.5 It should be noted that these charges are subject to change, and officers are advised to ensure, through negotiations with the developer, that increases are reasonable and in line with Council increases.
- 9.6 It is worth noting that the Council constitution requires a parent company guarantee (PCG) to be put in place for such transaction. As the parent company presented by the vendor is an offshore company, this presents a risk, and more work is required to mitigate such risks before HoT is agreed.
- 9.7 Like with similar schemes there is a risk of incurring further costs due to failure of the contractor to meet its contractual obligations and/or to continue in business as a going concern. The likelihood of its occurrence and amount cannot be reasonably assessed at this stage but will increase cost if it occurs
- 9.8 Further comments are contained in the part B (Exempt) of this report.

Procurement

- 9.9 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.
- 9.10 Strategic Procurement will work with the service to ensure value for money is achieved through the procurement activity, including delivery of social value aligned with the Procurement Strategy and the Council's priorities.

Legal

- 9.11 This report seeks authority to acquire 3 blocks containing a total of 78 affordable homes. The properties will be acquired for housing purposes and held in the Housing Revenue Account.
- 9.12 The Council has the power under section 120 of the Local Government Act 1972 to acquire land for any purpose for which it is authorised under any enactment to acquire land or for any of its functions. Under section 17 of the Housing Act 1985 a local housing authority may for the purposes of providing housing accommodation (inter alia) acquire houses, or buildings which may be made suitable as houses, together with any land occupied with the houses or buildings.
- 9.13 There is no legal reason why Cabinet should not approve the recommendations in this report and the Exempt report.

Equality

- 9.14 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.
- 9.15 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.
- 9.16 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.
- 9.17 The decision in question is regarding the acquisition of 78 Council homes to provide decent, safe and well-built accommodation to future Council tenants.
- 9.18 The scheme will increase the supply of Council rented homes to Haringey residents. This is likely to have a positive impact on individuals in temporary accommodation as well as those who are vulnerable to homelessness. Data held by the council suggests that women, young people, and BAME people are over-represented among those living in temporary accommodation. Furthermore, individuals with these protected characteristics, as well as those who identify as LGBTQ+ and disabled people are known to be vulnerable to homelessness. It is further noted that nine of the seventy-eight homes are fully accessible for wheelchair users which will benefit residents with certain disabilities. As such, it is reasonable to anticipate a positive impact on residents with these protected characteristics.

10 Use of Appendices

Appendix A: Site location.

Appendix B: Images of the affordable housing.

Part B: Exempt report.

Appendix C: Draft heads of terms – Exempt.

11 Background papers

11.1 No background papers.

11.2 Part 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) and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

- 11.3 In all circumstances of the case, the public interest is maintaining the exemption outweighs the public interest in disclosing the information.