

Report for: Cabinet, 12th November 2024

Item number: TBC

Title: Acquisition of 8 Council homes at the former Hornsey Police Station Site

Report authorised by: Jonathan Kirby - Director of Placemaking and Housing

Lead Officer: Robbie Erbmman, Assistant Director of Housing

Ward(s) affected: Hornsey

**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 8 Council homes which will be delivered as part of the redevelopment of the former Hornsey Police Station site on Tottenham Lane, Hornsey. The redevelopment of this site will be undertaken by Dixon8 Limited (the developer) and will create 21 market homes and 8 Council homes and associated landscaping.

2 Cabinet Member Introduction

- 2.1 I'm pleased to introduce an opportunity to acquire brand new Council homes, providing much-needed high-quality and affordable housing for local people.
- 2.2 These eight homes are part of the redevelopment of the former Hornsey Police Station, thoughtfully designed to honour the original character of the building and blend seamlessly with the wider Hillfield Conservation Area. If approved by Cabinet, we will work closely with the developer to ensure the homes meet our design, quality, and safety requirements, as well as the Mayor of London's high standards.
- 2.3 Given that residential buildings contribute to half of our borough's carbon emissions energy efficient housing is key in meeting our net zero carbon goals. The development will use eco-friendly building materials, resulting in an 80% reduction in carbon dioxide emissions compared to standard Building Regulations. Each new Council home will be equipped with air-source heat pumps, helping tenants reduce energy costs while reducing carbon emissions.

3 Recommendations

3.1 Cabinet is asked to:

- 3.1.1 Approve the acquisition of 8 Council homes for housing purposes at the former Hornsey Police Station site, Tottenham Lane, Hornsey for the payment as set out in the Exempt Part B report and based on the draft Heads of Terms 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 for the 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.

4 Reasons for decision

- 4.1 The acquisition of these properties will result in 8 additional new Council homes helping the Council make good on its pledge to build 3,000 Council homes by 2031.
- 4.2 The proposed Council homes are well located to enjoy the amenities of Tottenham Lane and Crouch End.
- 4.3 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 8 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 proposed Council homes to be delivered as part of the redevelopment of the former Hornsey Police Station site.
- 6.2 In February 2024, the Council granted planning permission (HGY/2022/2116) for the development. The works on site commenced the following month.
- 6.3 Council Officers are currently finalising the Heads of Terms which have informed the reports to internal Boards en route to submitting this report to Cabinet.

- 6.4 The section 106 agreement, associated with the planning permission, envisages the provision of 8 dwellings for London Affordable Renting Housing. Should the Council acquire these homes the intention will be to let the properties in accordance with the planning permission.
- 6.5 The Council (as planning authority) and the developer have entered into a S106 Agreement on 29th February 2024. With respect to the proposed Council housing, the agreement requires the following:
- No less than 8 homes are to be provided and at London Affordable Rented housing.
 - The Council to have nomination rights for 100% of the initial lettings and 75% of relets.
 - No more than 50% of the market housing can be occupied until all of the proposed Council homes have been constructed, transferred to an affordable housing provider and a nomination agreement has been entered into.
- 6.6 The developer to grant an option to purchase to the Council. The option gives the Council the opportunity to acquire all the proposed Council homes at the scheme. The developer has already issued a notice to the Council granting this option with the option due to expire on 1st February 2025
- 6.7 The purchase of the proposed Council housing will be freehold or a 999 year lease.

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

- 6.8 The site is the former Hornsey Police Station which dates from 1884 and is located in the Hornsey Ward. The site is at the junction of Tottenham Lane and Harold Road and sits within the Hillfield Conservation Area. The site has a Public Transport Accessibility Level (PTAL) 4, which is considered “good” access to public transport services. A site location plan is contained at Appendix A.
- 6.9 During the planning application the scheme was the subject of two quality review meetings with the Local Planning Authority. The Council’s Design Officer describes the proposed scheme as being “*a sophisticated and subtle response*” and “*a design of exceptionally high quality*”.
- 6.10 The proposed Council housing is located in Block C, which only accommodates the proposed Council housing. Block C comprises three levels of accommodation and is directly accessed from Harold Road and has its own bin and cycle storage. Residents of the proposed Council housing will share the communal private amenity (which includes play space provision) located within the centre of the development.
- 6.11 Externally, Block C will be clad in red brickwork – which will be consistent with the other Blocks and the retained façade of the Police Station. The proposed design is considered to preserve the character and appearance of the Conservation Area. A CGI from the planning application and floor plans are contained at Appendix B.
- 6.12 Table 1 below sets out the unit mixes of the 8 proposed Council homes in Block C.

Table 1 Housing quantum and mix

Unit type	Ground Level	First Floor Level	Second Floor Level	TOTALS	%
1B/2P flat	2	3	1	6	75%
2B/3P flat	1			1	12.5%
3B/5P flat			1	1	12.5%
TOTALS	3	3	2	8	100%

- 6.13 The secure cycle storage will provide 14 cycle spaces for the exclusive use by Council residents. Visitor cycle parking will be available at the development.
- 6.14 Given the good PTAL score of 4, the scheme will be “car free”.
- 6.15 The proposed Council homes will benefit from the installation of individual air source heat pumps which will provide heating and hot water to each of the homes. Whilst PVs will be installed to other parts of the scheme, no PVs will be installed to the proposed Council housing block.
- 6.16 The Council has shared their specification requirements with the developer and is awaiting confirmation these requirements will be achieved.
- 6.17 The Council will ensure the proposed Council homes will fully comply with all relevant fire safety requirements.
- 6.18 As part of the Council’s due diligence, an analysis of the scheme will be undertaken to assess compliance with the space standards set out in the GLA’s “London Plan Guidance Housing Design Standards June 2023”.
- 6.19 Council Officers will also procure an external Monitoring Surveyor to oversee, on behalf of the Council, the development including making regular visits to site to report on progress and ensuring the Council’s build specification and quality requirements are being met.

Draft Heads of Terms

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

Construction timescales

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

Start on site: Q2 2024

Anticipated date for completion: Q1 2026

Lettings, future housing management and estate service charges

- 6.22 The Council’s Housing Services and Estates and Neighbourhood Services Teams have had sight of the proposed plans for the proposed Council housing and have not raised concerns relating to the future management and maintenance of the proposed Council housing block and associated land. Estates

and Neighbourhood Services position is dependent on their bid for additional resources being approved.

- 6.23 Once occupied, it's anticipated the Council's mobile caretaking team will service the building and the Council will maintain the building fabric once the defects liability period offered by the developer expires.
- 6.24 Details of the proposed management arrangements for the shared private amenity and billing arrangements remain to be confirmed. However, a detailed assessment of costs and liabilities will be secured prior to completing the arrangement to purchase.
- 6.25 The cost of providing these services will be recovered from the residents via a service charge.

Acquisitions and Disposal Policy

- 6.26 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 Council's Corporate Delivery Plan.
- 6.27 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.
- 6.28 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.
- 6.29 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.
- 6.30 This proposed acquisition has followed the Council's internal governance process and has been considered by Capital Property Board.
- 6.31 The acquisition cost can be accommodated within the overall HRA Business Plan.
- 6.32 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 to ensure quality of workmanship and specification standards by appointing Project Monitoring Surveyor during the construction works.	√

Valuation and Purchase Price

- 6.33 The freehold or long leasehold interest (999 Years) of the new homes and the associated external areas will be secured once the proposed Council homes are completed and the developer can transfer title to the Council.
- 6.34 The purchase price is set 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 Right to Buy (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. Without the use of RtB receipts, or other grant subsidy, the acquisition may become financially unviable as the purchase could be subject to SDLT.
- 6.37 Furthermore, RtB receipts and GLA capital grant cannot be utilised as subsidy on the same new build homes, the acquisition of homes at the former Hornsey Police Station site does not have an allocation of GLA grant (due to the proposed LAR tenure) meaning it is one of the few schemes eligible for RtB subsidy in the Housing Delivery Programme.

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 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 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 measures and a carbon offsetting 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 80% carbon dioxide emissions over 2021 Building Regulations Part L and in terms of renewable technologies ASHP will be installed to the proposed Council homes.
- 8.3 The shortfall in carbon reduction will be offset via carbon offset contribution 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 scheme is not included in the February 2024 HRA financial plan/MTFS. However, it has been included in the proposed HRA financial plan/MTFS for February 2025 approval.
- 9.3 The cost to acquire this scheme offers value for money to the Council and can be contained within the Housing Revenue Account (HRA).
- 9.4 The scheme qualifies for the use of RTB retained receipts and its use will improve the viability of the scheme.
- 9.5 It is proposed that the rent is charged at London Affordable Rent (LAR) level. The cost of providing services will be recovered from the residents via service charges.
- 9.6 Service charges to the scheme will be two-fold – a council charge and management company charge. Further work is to be done on the proposed management arrangements, costs and liabilities for the shared private amenity.
- 9.7 It is expected that the combined charges to be paid by future tenants to the blocks in this scheme will be in line with service charges paid by wider council tenants.
- 9.8 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.
- 9.9 Further comments are contained in the part B (Exempt) of this report.

Procurement

- 9.10 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.
- 9.11 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

- 9.12 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. The property is to be acquired for housing purposes and held within the Housing Revenue Account. 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. Accordingly, there is no legal reason as to why Cabinet should not approve the recommendations in this and the Exempt report.

Equality

- 9.13 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.
- 9.14 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.
- 9.15 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.
- 9.16 The decision in question is regarding the acquisition of 8 Council homes to provide decent, safe and well-built accommodation to future Council tenants.
- 9.17 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.

10 Use of Appendices

Appendix A: Site location.

Appendix B: Images of the proposed Council 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 information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.