




Haringey Council

Report for:	Cabinet	Item Number:	
Title:	48-62 Station Road, Wood Green London N22: Purchase of Long Leasehold		
Report Authorised by:	Lyn Garner – Director of Place and Sustainability 		
Lead Officer:	Jon McGrath Assistant Director Property and Major Projects Jon.mcgrath@haringey.gov.uk		
Ward(s) affected: Woodside	Report for: Key Decision		

1. Describe the Issue Under Consideration

- 1.1 The opportunity to purchase the head lease of 48 – 62, Station Road Wood Green has arisen.
- 1.2 It is proposed to purchase the long leasehold of the building in order for the Council to secure a significant interest in the buildings and sites along the north side of Station Rd in order to be able to optimise future regeneration outcomes in Wood Green Town Centre.

2. Cabinet Member Introduction

- 2.1 In purchasing the long leasehold of this building we'll be making a significant contribution to the wider regeneration efforts for the area. This purchase will allow us to take a holistic view of the Wood Green complex, ensuring regeneration is joined up and truly reflects community needs.
- 2.2 Further, in the context of an upcoming rent review and potentially significant future costs associated with dilapidations this purchase allows us to prepare a planned and fixed repayment schedule against the upfront capital cost . The purchase also provides the Council with greater flexibility to occupy the building for a longer period, beyond the current terms of the lease, without incurring future additional costs.



3. Recommendations

Members are asked to:

- 3.1 Agree the recommendation to purchase of the long leasehold interest of the property known 48-62, Station Road, Wood Green as shown edged red [and annotated "D"] on the attached plan to be held for the same purpose as the freehold interest.
- 3.2 Agree the purchase price, with the Director of Place & Sustainability and Lead Cabinet Member for Finance given delegated authority to agree final terms of the acquisition.
- 3.3 Please refer to the exempt section, Part B, for details of the purchase price.
- 3.4 Agree the addition of the capital cost of the purchase to the Council's capital programme.
- 3.5 Note the intention to bring back a future paper on options for the regeneration and future Civic presence in Wood Green Town Centre.

4. Alternative options considered

- 4.1 Officers appointed BNP Paribas to initially undertake an options appraisal, including a valuation, along with advice on redevelopment of the combined sites 38 – 46 Station Road, 5 River Park Road and the adjacent car park and to lead on negotiations on behalf of the Council. However, their brief was subsequently extended to include 48-62 Station Rd in light of the long leasehold interest becoming available.
- 4.2 BNP Paribas options appraisal demonstrates significant marriage value generated by the Council combining their car park with the proposed scheme by Barton Bridging Finance for the redevelopment of 38-46 Station Road. However, with the long leasehold interest of 48 – 62 Station Rd becoming available, they are of the opinion that there is a greater business case and opportunity for the Council to combine the car park site together with 48-62 Station Rd.

Business Case

- 4.3 The Council is vested with the freehold interest of 48-62 Station Rd together with a 20 year full repairing and insuring (FRI) lease expiring in 2023, whilst the receiver controls the long leasehold interest which has approximately 118 years unexpired. The Council would be considered a "special purchaser" on the basis that by acquiring the long leasehold interest (in a building which they already have an



Haringey Council

interest), the Council will be in a position to redevelop the property whilst any other purchaser is likely to need to negotiate separately with the freeholder (the Council) to secure a redevelopment. This is particularly important given that the most likely option post the expiry of the 20 year FRI lease in 2023 is redevelopment.

- 4.4 Please refer to the exempt section, Part B, for details of the current rent, future rental commitments and dilapidations under the terms of the lease.
- 4.5 The option for the development of the car park site may be possible in the future which together with the acquisition of 48 -62 Station Rd will give the Council substantial control over the redevelopment of this part of Station Rd, ensuring that the Council is able to bring forward a development scheme in a comprehensive manner and avoiding piecemeal development which is associated with development sites where ownership is fragmented.
- 4.6 The acquisition of the long leasehold interest and combined development with the car park site enables the Council to complete a contiguous interest in the buildings and sites along the north side of Station Rd (as shown on the attached Ordnance Survey extract) which would provide a key component in the wider Wood Green Town Centre regeneration.
- 4.7 The alternative option is to keep the status quo where the Council continues to own the freehold of the site and is in occupation via a lease which expires in December 2023. Please refer to the exempt section, Part B, for details of the future rental commitment.
- 4.8 On the basis that the Council does not wish to pursue the acquisition of the long leasehold interest of 48-62 Station Rd, there would still be an opportunity to take forward a development to incorporate both sites. However there would be less initial control with a further party involved which would require negotiation and cost/time potentially through compulsory purchase.

5 Background Information

- 5.1 The Council's office accommodation strategy has been moving forward for a number of years resulting in a reducing portfolio of sites and buildings occupied, thereby yielding savings in premises costs for the Council and capital receipts from sites released. However, this approach also means that some key sites that are practically vacated are still retained by the council to optimise regeneration outcomes or pending consideration of other Council priorities e.g. Hornsey Town Hall, Apex House, Civic Centre and Professional Development Centre (PDC).
- 5.2 Furthermore, a property review has included a reassessment of the Council's accommodation needs to reflect reductions in the establishment and acceleration of SMART Working to further improve space utilisation. This will consequently result in even fewer buildings required for retention with scope to create further regeneration opportunities from buildings becoming surplus to requirements.



- 5.3 The Council is also now considering its long term vision for Wood Green and the options for office accommodation to be consolidated in one location.
- 5.4 Due to recent developments, the Council now has the opportunity to bring forward both accommodation and service requirements in modern and fit for purpose new buildings, whilst delivering regeneration to a large part of Station Road, which could either include or exclude River Park House (RPH), Alexandra House, 48-62 Station Rd, 40 Cumberland Rd and 13-27 Station Rd.
- 5.5 This report should also be considered in the context of the wider regeneration proposals for the Wood Green Town Centre and Haringey Heartlands. This also includes looking at the Council's assets in order to support regeneration in Wood Green.
- 5.6 Details of the buildings and sites along the north side of Station Road are described in further detail below and shown on the plan attached at Appendix B

STATION RD CAR PARK AND ADJOINING BUILDINGS (38/46 STATION RD & 5 RIVER PARK RD) [shown as sites E & G on the attached plan]

5.6.1 The Council car-park on Station Rd has long been identified as a potential development site. If the acquisition of 48 Station Rd is approved, it is proposed to open negotiations to facilitate the development of this site with existing landowners maximising development potential for the car park including both Stuart House, 5 River Park Rd, N22 (formerly occupied by Tulip) and 38/46 Station Rd, N22 (currently occupied by LBH on a short term lease).

48-62 STATION RD [shown as site D on the attached plan]

- 5.6.2 It recently came to the Council's attention that a receiver was marketing the long leasehold interest in 48-62 Station Rd for sale: please see attached Ordnance survey extract plan A4 2068a for identification.
- 5.6.3 Although a long leasehold interest exists (which expires in 2129), the Council is vested with the freehold interest of 48-62 Station Rd, whilst also having an occupational under lease (which principally serves as the location of the existing Customer Service Centre) which expires in 2023.
- 5.6.4 The current marketing of the long leasehold interest of 48-62 Station Rd presents the opportunity for combining the car park site together with 48-62 Station Rd. Furthermore, these sites could take in part of River Park Road which intersects the two sites, which in turn would make for an even larger development site. The combined sites could see a development that provides new Council accommodation as well as providing residential accommodation.



- 5.6.5 The full site assembly for any larger scheme will depend on negotiations with current landowners. As part of the options study officers will review possibilities relating to the current leasehold interests on both 40 Cumberland Rd and Alexandra House.

6 Way Forward

- 6.1 It is recommended that the Council acquire the long leasehold interest of 48-62 Station Road in order to gain full control of the site in order to broaden redevelopment and regeneration options for both Station Rd and in turn the Wood Green Town Centre.
- 6.2 Please refer to the exempt section, Part B, for details of the value to the Council of the long leasehold interest.
- 6.3 Heads of terms have been drafted and agreed with the Receiver for the acquisition of 48-62 Station Road, subject to Cabinet approval. Please refer to the exempt section, Part B, for details of the draft heads of terms.
- 6.4 If the recommendations in this report are agreed, it should be noted that there remains the possibility that the Receiver could have a change of mind and not proceed with the sale.
- 6.5 Please refer to the exempt section, Part B, for further details regarding 38/46 Station Road and 5 River Park Road.
- 6.6 It is noted that officers will bring a future paper on options for the regeneration and future Civic presence in Wood Green town centre

7 Comments of the Chief Finance Officer and Financial Implications

- 7.1 Please refer to the exempt section, Part B, for Legal Comments.

8 Head of Legal Services and Legal Implications

- 8.1 Please refer to the exempt section, Part B, for Legal Comments.
- 8.2 The Council has the power under section 120 of the Local Government Act 1972 to purchase the leasehold interest for the purposes of any of its function or the benefit, improvement or development of its area even if that land is not immediately required for that purpose.

9 Equalities and Community Cohesion Comments



Haringey Council

9.1 Policy and Equalities Team have been consulted on this report and they comment that the proposals have no direct obvious implications for the Council's public sector equality duty.

10 Head of Procurement Comments/Property

10.1 N/a as no procurement process is expected or involved.

11 Policy Implications

n/a

12 Reasons for Decision

12.1 The options appraisal prepared by BNP Paribas confirms there is significant marriage value generated by the Council combining their car park with any proposed scheme for the redevelopment of 38-46 Station Road. However, with the long leasehold interest of 48 – 62 Station Rd becoming available, they are of the opinion that there is a greater business case and opportunity for the Council to combine the car park site together with 48-62 Station Rd.

12.2 Acquisition of the long leasehold for 48-62 Station Road enables the Council to complete a contiguous interest in the buildings and sites along the north side of Station Rd (as shown on the attached Ordnance Survey extract) which would provide a key component in the wider Wood Green Town Centre regeneration. This acquisition therefore secures and optimises the opportunities for the Council to undertake regeneration of the Wood Green Town Centre area.

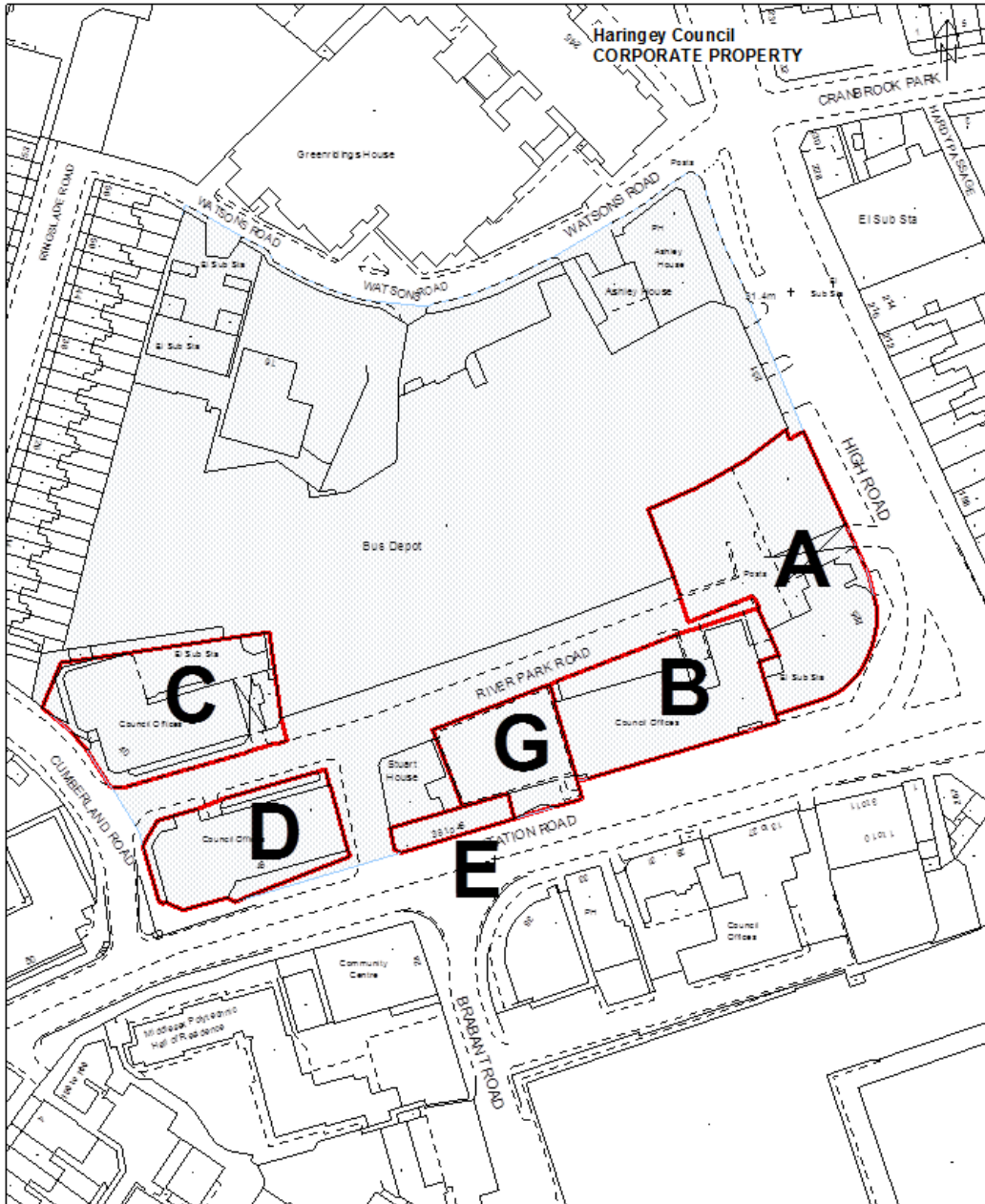
13 Use of Appendices

Appendix A: Local Government (Access to Information) Act 1985

Appendix B: Site Plan



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Appendix B



Wood Green N22
Haringey Council buildings

- A - River Park House
- B - Alexandra House (LHO)
- C - 40 Cumberland Road
- D - 48 Station Road
- E - 38-46 Station Road (LHO)

- F - Wood Green Library (off plan)
- G - Car Park adjoining Alexandra House

Overlay : Corporate - Admin Buildings
Plan produced by Janice Dabinett on 01/07/2013

Scale 1:1250 @ A4
Drawing No. BVES A4 misc.