

Report for: Cabinet 15th November 2016

Title: Sale of land and retail unit at Kerswell Close

Report authorised by : Lyn Garner, Director Regeneration Planning and Development

Lead Officer: Jon McGrath, Assistant Director Corporate Property and Major Projects

Ward(s) affected: St.Anns and Seven Sisters

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

1. Describe the issue under consideration

- 1.1 The land at Kerswell Close is currently a grassed communal area and car-parking area with a retail unit located on it and adjacent to St. Ann's Road and is currently HRA land. The land offers the opportunity to provide a new development of affordable housing in the Borough. There is strong demand for intermediate housing in the area and this site provides an opportunity for 36 affordable home ownership units to be built.
- 1.2 Pocket Living is proposing to create the development on the site subject to planning. Pocket Living LLP was awarded £21.7m equity funding for 10 years by the Mayor of London as part of his Housing Covenant commitment to help thousands of low income working people into home ownership. This funding is expected to see around 400 Pocket Living LLP homes developed in the first two years alone, committing to the GLA that profits will be reinvested alongside the Mayor's capital over the life of the programme
- 1.3 The report sets out the proposal to provide a long lease to Pocket Living of the site in order to develop the 36 housing units subject to planning.

2. Cabinet Member Introduction

- 2.1 The sale of the land at Kerswell Close provides an opportunity for Pocket Living to provide a high percentage of affordable housing in the Borough. There is an increasing demand for intermediate housing and this site is well located to provide 36 affordable home ownership units.

3. Recommendations

3.1 The Cabinet is asked to agree:

- a) To declare surplus to requirements the land at Kerswell Close (and edged red on the attached plan in Appendix A).
- b) To authorise the disposal of the land on a long lease and based on the heads of terms set out in Appendix B of the land to Pocket Living LLP for the sum of £1,000,000. This will be subject to providing 36 units of intermediate housing which is also subject to planning.
- c) To delegate the authority to agree the final price and heads of terms to the Director Regeneration Planning and Development after consultation with the Cabinet Member for Housing Regeneration and Planning and S151 officer.
- d) To note that the retail unit on the site will be disposed of with a loss of £8,000 pa and that budgets be aligned to reflect this.

4. Reasons for decision

- 4.1 Pocket Living specialises in affordable housing developments and is in a position to deliver a scheme that will maximise the number of units on the site. This supports the Council's Corporate Plan and housing priorities for the Borough.

5. Alternative options considered

- 5.1 The Council could retain the land. However this would limit the opportunity for development and it is unlikely that the number of affordable units would be delivered on the site as proposed by Pocket Living.
- 5.2 The Council could dispose to a Registered Provider. However a number of other potential Council development sites will shortly be considered for disposal via this route and Pocket Living will provide a diversity of affordable tenure within this portfolio with their affordable sale product.

6. Background information

- 6.1 The land forms a communal grassed area on the corner of Kerswell Close and St. Ann's Road. The land includes a retail unit which currently trades as an Oriental Food store (formerly public toilets). There is a path through the land which will need to be reflected in the planning proposals.
- 6.2 Disposing of the land will enable the development proposed by Pocket Living to take place and therefore support the Regeneration of Tottenham in line with the Council's aspirations. There are few opportunities available in the Borough to provide such a number of affordable units and will make

good use of the funding available to Pocket Living from the Mayor of London's capital budget.

- 6.3 Pocket Living LLP is a housing developer who specialise in building affordable housing. They have completed developments in Hackney, Hammersmith & Fulham, Westminster, Hounslow, Ealing and Camden. Pocket Living LLP's model is based on provision of housing to a growing number of people who are falling into the widening gap between social housing (ineligible) and home ownership (unaffordable). Consequently, Pocket Living LLP seek to develop "pocket" homes for this "intermediate market", as these buyers earn too much to qualify for social housing but also cannot afford to buy on the open market.
- 6.4 The Pocket Living LLP model is to principally develop one bed flats which are sold outright to buyers, priced at least 20% lower than the local market value. The units are built to a smaller size (typically 38m²) than standard 1 bed flats, however this is reflected in the sale value to maximise affordability for first time buyers. The flats are also well designed to maximise a sense of space. Pocket Living LLP buyers will own 100% of the equity and the value of their home. To be eligible, buyers must earn less than the maximum household earnings limit (currently in the region of £71,000 per annum although Pocket owners average £39,000 per annum) set each year by the Mayor of London.
- 6.5 A restrictive covenant protects Pocket's affordability for the local market audience from the first sale onwards. Should a Pocket owner wish to sell their home after the initial 12 month no-sale period, they have to sell to someone who fits the same income and living criteria and it is this which keeps their property at a discount to the market in perpetuity. So unlike shared equity, Pocket homes will stay in the affordable market permanently.
- 6.6 Pocket homes are designed to fit with moderate incomes. They are located near public transport and have ample cycle storage. They are very well insulated, and are built to Code Level 4 guidelines, often with shared heating and hot water systems and PV panels.
- 6.7 There are over 2,300 residents in Haringey earning under £60,000 p.a. who have signed up for one bed properties through the First Steps website. Haringey has a growing young audience (20-39) and the West Green ward has seen the largest increase in the 25-29 age group. Half of Haringey's residents declare themselves to be single and a third of them are one person households. An increase in house prices in the borough of 29% in the year to Jan 2015 has driven the majority of these households into rental accommodation with Haringey having one of the highest proportion of renters in the capital and home ownership sitting at 38.9% compared to 48.3% for London as a whole.
- 6.8 A valuation has been undertaken by Lambert Smith Hampton on behalf of the Council supporting the purchase price of £1,000,000. The report is

based on the Pocket Living proposal. The deal therefore offers best consideration to the Council for the sale of the site to Pocket Living.

Cabinet agreed to sell the Keston Centre site in September 2015 to Pocket Living for a mixed residential scheme of around 100 units including 67 affordable. Pocket Living are also negotiating the purchase of the current Downhills Park Depot site which is located in Keston Road.

- 6.9 The current 21 car parking spaces are permit- controlled as part of an estate-wide scheme operated by the Council. A parking survey will be commissioned to identify capacity on the remainder of the estate and adjacent street areas. Once outline design proposals are sufficiently advanced, residents will be consulted by the Council with regard to the potential loss of permit-controlled car parking provision – this consultation will occur prior to detailed design development as part of the Council’s S105 obligation. The disposal to Pocketliving is subject to planning consent being achieved - a parking survey is a key document within the planning submission and will be fully considered as part of the planning process.

7. Contribution to strategic outcomes

- 7.1 The disposal will support the Council’s strategic housing objectives by
- Contributing to a step change in the number of new homes built by increasing the supply of affordable homes on this site.
 - Providing new affordable home ownership in the East of the Borough where the current tenure balance is predominantly rented
 - Using the Councils land assets to enable the development to increase housing supply and maximise the delivery of affordable homes for local people

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

- 8.1 The £1m capital receipt from the disposal of this site will be used to finance the Council’s capital programme.
- 8.2 The price agreed is broadly consistent with the valuation for the land by Lambeth Smith and Hampton on the basis of market value for the long leasehold interest site based on the Pocket scheme described above and is in excess of the alternative market value valuations with 40% or 35% affordable housing.
- 8.3 £8,000 per annum of income from the retail unit on this site is currently received by the Council’s Housing Revenue Account. This will cease

following the sale and this will be taken into account during budget planning.

8.4 There are no procurement requirements in the sale of this site.

9. Legal

9.1 Under Section 32 of the Housing Act 1985, the Council has the power to dispose of land held for housing purposes providing it first obtains the consent of the Secretary of State. The application to the Secretary for State will be made prior to exchange of contracts with Pocket Living and such application will include a copy of the agreed contract upon which seek consent is sought.

9.2 There is a retail unit on the site which is likely to be subject to a business tenancy. If the business tenancy has security of tenure under the 1954 Landlord and Tenant Act, then a court application will be required to end the tenancy. If the tenancy does not have the security under the 1954 Act, then terminating the tenancy will be straight forward. Legal advice must be obtained as to the best way to terminate this tenancy.

10. Equality

The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- Tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- 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

10.1 The sharp rise in house prices in Haringey has excluded many younger people (age 20-39) with moderate household incomes (£30,000 - £50,000) from being able to afford home ownership. The decision to sell land at Kerswell Close is to facilitate the development of 36 intermediate affordable housing units, with this target audience in mind. Our analysis shows that there are significant numbers of Haringey residents who are currently renting in and around the West Green ward that fall into this target audience and local demand for this type of intermediate affordable housing is high.

- 10.2 The land at Kerswell Close currently hosts a car park, a grassed communal area and a shop selling oriental produce, as well as a public pathway. The Council will consider how the proposed development affects these existing facilities for residents and different user groups during the planning scrutiny process. This will include the identification of alternative sites and facilities if appropriate.
- 10.3 Residents living adjacent and near to the Kerswell Close site will be proactively consulted and engaged with during the planning application process. The developer will be expected to ensure that any construction work minimises disruption for the local community as part of any future planning conditions.

11. Use of Appendices

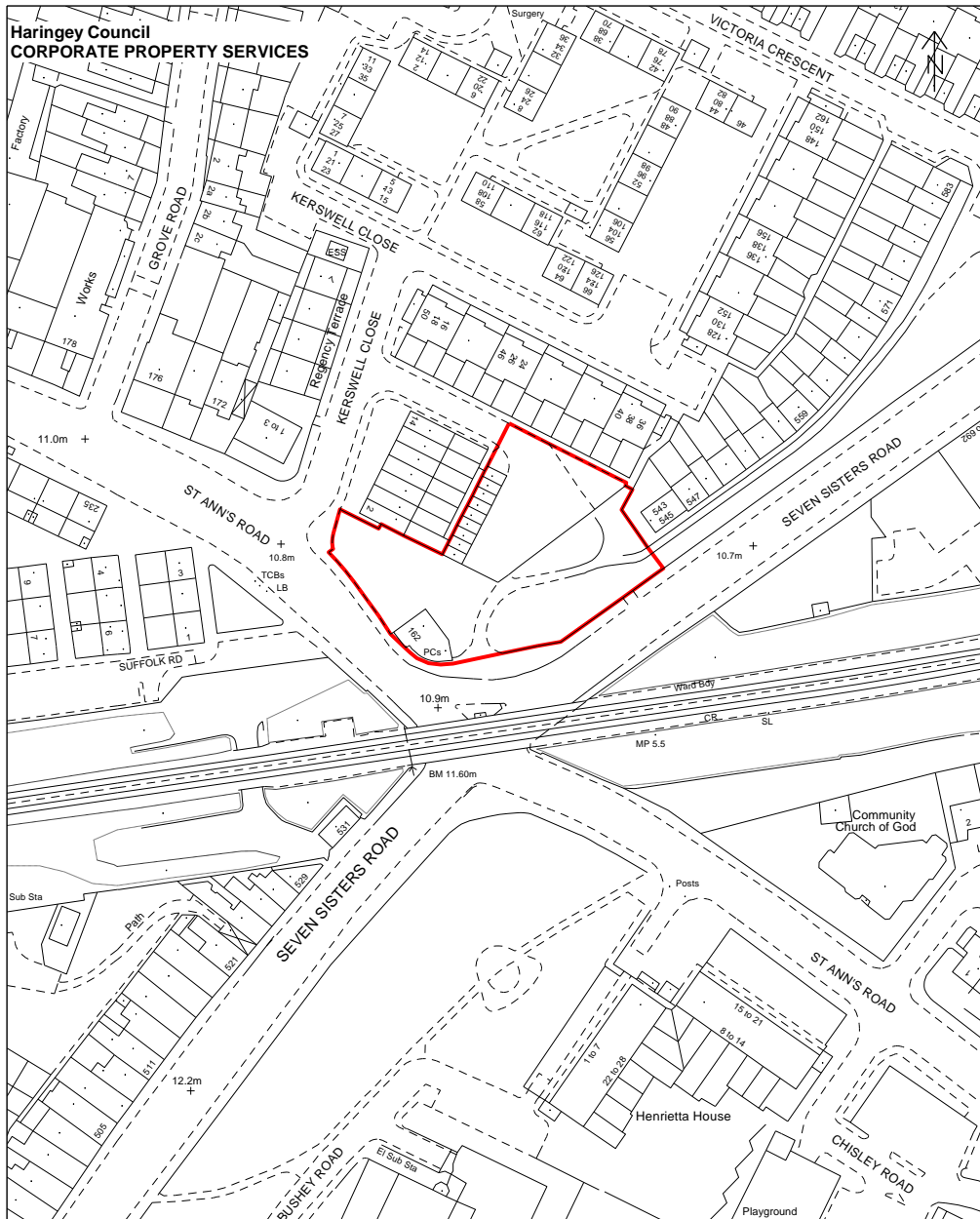
Appendix A – Site Plan

Appendix B – Heads of Terms - [Contains exempt information, as defined under paragraph, 3 Part 1, schedule 12A of the Local Government Act 1972. Information relating to the financial or business affairs of any particular person (including the authority holding that information).]

12. Local Government (Access to Information) Act 1985

9.1 No background papers.

Appendix A- Site Plan



This product includes mapping data licensed from Ordnance Survey with the permission of the Controller of Her Majesty's Stationery Office Crown Copyright 2014 LBH. All rights reserved. Licence no. 100019199

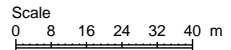
**Land at Kerswell Close
(junction with Seven Sisters Road)
Tottenham
LONDON
N15 5HT**

Red verging - Extent of site

Deed packet no. : Freehold 6193

Title no. : Freehold EGL163230

Site area in hectares : 0.2360 ha



Scale 1:1250

BVES Drawing no. A4 2773

CPM no. Commercial file ref.

Overlay : HSS - misc.

Plan produced by Janice Dabinett on 07/03/2014