

Report for: Cabinet Member Signing 6 February 2018

Item number: 4

Title: Sale of Shared Ownership Unit at 88 Fenton Road, London, N17 7JQ

Report authorised by : Strategic Director of Regeneration, Planning and Development

Lead Officer: Alan Benson, Head of Housing Strategy and Commissioning
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Ward(s) affected: White Hart Lane

Report for Key/ Non Key Decision: Key Decision

1. Describe the issue under consideration

- 1.1 Sale of property at 88 Fenton Road, London, N17 7JQ
- 1.2 The purpose of this report is to seek approval for the disposal of a Shared Ownership unit at Fenton Road. This property was developed by the Council as part of an overall scheme comprising of six 2 bedroom flats for shared ownership sale and one 3 bed 5 person house for shared ownership. The scheme is built on a former Council owned car park site under the Council's GLA funded Housing Infill Programme (Phase 1A).
- 1.3 This request is for authority to sell the 3 bedroom 5 person house unit up to its full market value, although it will be sold on a Shared Ownership basis with an initial equity share within the limit set by HCA of no less than 25% and no greater than 75% of the market value. The specific equity share of first tranche purchase is provided in Part B of this report. Rental of the unsold equity is compliant with HCA recommendations of no lower than 2.75% and no greater than 3%. Rental of the unsold equity percentage for this unit sale is provided in Part B of the report.
- 1.4 The property was built on land owned by the Council on a freehold basis, held within the Housing Revenue Account.
- 1.5 The unit is being sold as a leasehold interest using the standard HCA shared ownership lease with amendments agreed and approved by Homes for Haringey and the legal team of Haringey Council. A 250 year leasehold interest will be granted.
- 1.6 The usual shared ownership leasehold conditions apply with Haringey responsible for insuring, repairing, decoration and management of the structure and commons parts.
- 1.7 The full address of the unit is:

Plot	Address
1	88 Fenton Road, London, N17 7JQ

- 1.8 A RICS red book valuation was carried out by Copping Joyce providing evidence of Best Value for the disposals. The independent valuation has provided the market value of the property.
- 1.9 The market value of the unit is scheduled in the table in 1.9 of Part B of this report. Due to the value of the unit, Cabinet authority is required.

Sales Programme

- 1.10 The unit has been reserved by the prospective buyer. Offer letters have been sent out and a Memorandum of Sale is due to be issued to the applicants who live in the Borough and the White Hart Lane ward currently. They have also been assessed as eligible in terms of meeting the affordability criteria and their financial status. Approval of this report enables instruction of the disposal.

Financial Implications

- 1.11 The disposal will result in a gross capital receipt for the unit based on initial equity sale. The value of the initial equity share is provided in Part B of this report. The remaining capital up to full market value based on the current valuation would be received as and when the leaseholder staircases in accordance with their lease.
- 1.12 A service charge estimate has been provided by Homes for Haringey that is payable per calendar month by the leaseholder for grounds maintenance, day to day repairs, external cleaning, sinking fund, insurance amongst other items required. The estimated service charge has been included in the affordability calculation of the purchasers. The service charge estimate is provided in Part B (exempt) of this report.
- 1.13 Other than leasehold management and the Council's overheads, there will be no further revenue or capital cost implications for the Council as those will be recharged to the leaseholders.

2. Cabinet Member Introduction

- 2.1 As part of the first new build Council homes programme in over 25 years, The Council has identified Fenton Road as a council owned site for development of affordable housing. This car park site has delivered new low-cost home ownership properties for Haringey residents.
- 2.2 This report seeks approval for the first tranche equity sale of 88 Fenton Road. The sale will enable a family renting in the White Hart Lane Ward on low to middle incomes to become first time buyers of an affordable shared ownership home.

3. Recommendations

- 3.1 The Cabinet Member for Housing is recommended to approve:
- i) The disposal of the residential new build shared ownership 3 bed 5 person unit at (plot 1) 88 Fenton Road, London, N17 7JQ, for the price and on the terms set out in paragraph 1.3 of this report and detailed in Part B (exempt) of this report.

4. Reasons for decision

- 4.1 To achieve the objectives of the Housing Infill Sites Programme Phase 1a as approved by Cabinet in November 2013, as part of the Housing Investment and Estate Renewal Strategy. The programme was established to deliver the first new build Council homes in over 25 years as part of much needed housing supply across the borough.
- 4.2 The Fenton Road development provides low cost home ownership in the East of the Borough for local people in Haringey, as required by the Council's overarching Housing Strategy.

5. Alternative options considered

No alternative options have been considered as the unit has been designed for shared ownership sale and funding was provided by GLA for this tenure.

6. Background information

- 6.1 On the 15th November 2013, the Council's Cabinet approved the Housing and Estate Renewal Strategy, which provided the mandate for the redevelopment of a number of the Council's estate based assets and infill sites. The former car park at Fenton Road was identified in the paper as one of the opportunity sites. An Equality Impact Assessment was completed and accompanied the decision to proceed taken by the Leader in February 2015.
- 6.2 On the 13th February 2015, the Council's Cabinet approval was obtained to enter into contract with Borrás Construction to build these units as part of the Housing Infill Programme (Phase 1A).
- 6.3 The scheme is due for practical completion by March 2018 and sales completion in April 2018.

7. Contribution to strategic outcomes

- 7.1 One of the Council's five priorities is to 'create homes and communities where people choose to live and are able to thrive'. As part of delivering this, the Council aims to meet housing needs through mixed communities, which includes building the right balance of new homes in terms of their type, size, price and tenure, and making sure sufficient housing supply is available to work towards meeting the significant demand for homes in the borough.
- 7.2 The Phase 1 programme and the Fenton Road development supports this by building the first Council built low cost home ownership (shared ownership) homes in over 25 years.
- 7.3 The new-build homes are an important contribution towards meeting the Council's aims of maximising the number of affordable homes in the borough, achieving the Mayor's housing target and building balanced and mixed, sustainable communities across the local area.

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

Finance

- 8.1 This property sale is one of Council's seven shared ownership properties developed to be sold in the open market.
- 8.2 The Council retains the Freehold interest; thus retains the responsible for insuring, repairing and maintenance of the external and common parts.
- 8.3 The external parts should be covered by warranty for a 10 year period; so other than leasehold management and the Council's overheads, there will be no further revenue or capital cost implications for the Council as those, outside the warranty, will be recharged to the leaseholder.
- 8.4 The financial analysis/breakdown of income that will accrue from this sale is as provided in Part B (exempt) of this report.

Legal

- 8.5 The value of the property is above the financial threshold for a delegated decision to be taken.
- 8.5.1 The property is held by the Council for housing purposes and the Council can dispose of the property under section 32 of the Housing Act 1985. Under that section the Council may dispose of land held for housing purposes but must first obtain the consent of the Secretary of State. The Council can in this instance rely on the General Consent A3.3.1 of the General Consent for the disposal of Land held for the purposes of Part II of the Housing Act 1985 – 2013 and where the disposal is of a shared ownership lease, the Council may apply a discount to the amount of the premium payable, such discount to be calculated in accordance with paragraphs (a) and (b) and 8.3.2 below:
- (a) In the case of a secure tenant with a right to buy in respect of their current home, a discount of no more than – (the purchase percentage) x (the RTB discount) x (the market value of the dwelling-house); and
 - (b) In the case of a person who is not a secure tenant or a secure tenant who has not acquired the right to buy, a discount of no more than- (the purchase percentage) x (the minimum percentage discount available under section 129) x (the market value of the dwelling-house).
- 8.5.2 The discounts applied in (a) and (b) must not reduce the price of the premium payable to an amount less than the shared ownership cap, where the shared ownership cap is the amount set or prescribed in section 131 multiplied by the purchase percentage.

Equality

- 8.6 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
- 8.7 The sale of new shared ownership units at Fenton Road forms part of the Housing Infill Programme Phase 1A. An Equality Impact Assessment was completed in relation to the programme and accompanied the decision to proceed taken by the Leader in February 2015.
- 8.8 The sharp rise in house prices in Haringey has excluded in particular many younger people and those with moderate household incomes from being able to afford home ownership. The sale of the new infill units under a Shared Ownership affordable housing model has this target audience in mind, assisting those who otherwise would not be able to afford to get onto the housing ladder. Our analysis shows that there are significant numbers of Haringey residents who are currently renting in and around the Tottenham area that fall into this target audience and local demand for increasing Shared Ownership affordable housing options is high.
- 8.9 Marketing of the units has been open to all within the borough.

9. Use of Appendices

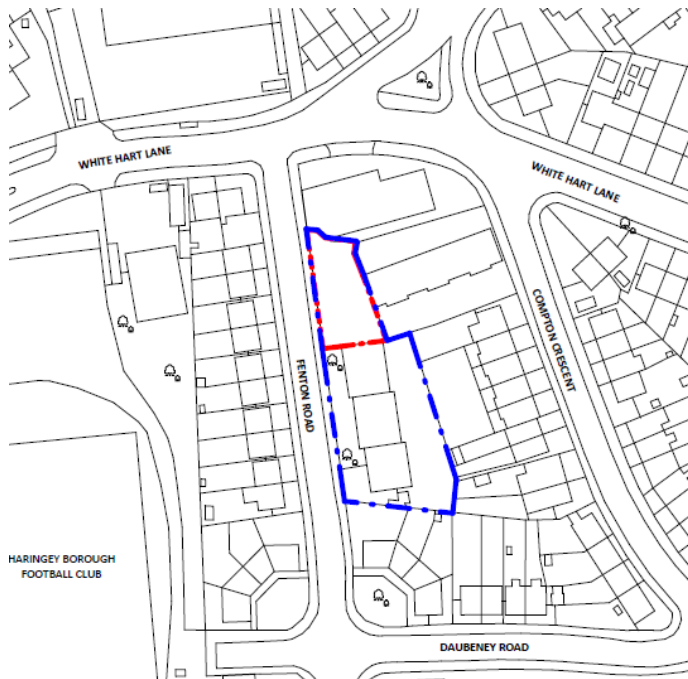
Appendix 1 – Estate Plan Fenton Road

Appendix 2 – Plot conveyance plans

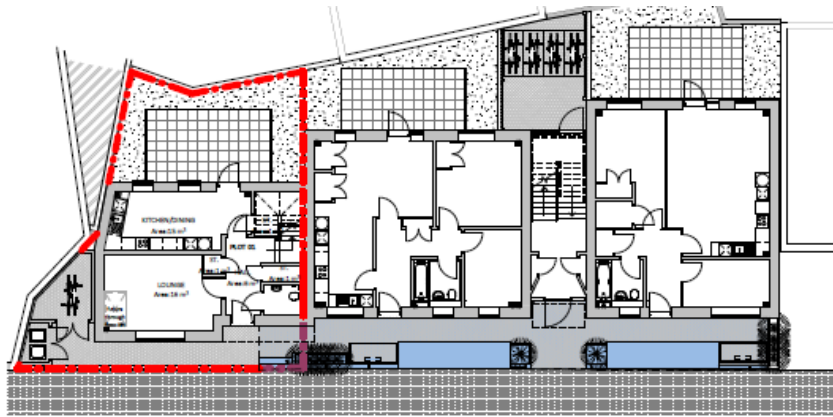
10. Local Government (Access to Information) Act 1985

- 10.1 This report contains exempt and non exempt information. Exempt information is contained within Part B and **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).

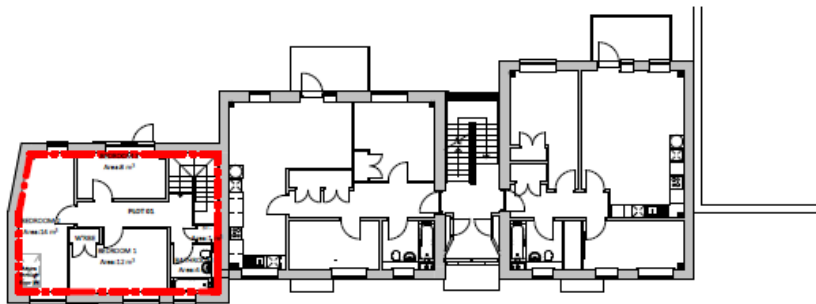
Appendix 1: Estate Plan, Fenton Road



Appendix 2: Plot conveyance plans, plot 1



1. CONVEYANCE PLAN - PLOT 01, GROUND FLOOR
SCALE - 1 : 100@A1



2. CONVEYANCE PLAN - PLOT 01, FIRST FLOOR
SCALE - 1 : 100@A1