

Report for: Cabinet 11 December 2018

Title: Plevna Crescent acquisition

Report authorised by: Helen Fisher, interim Director of Housing, Regeneration and Planning

Lead Officer: Dan Hawthorn, Director of Housing and Growth

Ward(s) affected: Seven Sisters

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

1. Describe the issue under consideration

- 1.1. The 'Gate of Eden' development is located in Seven Sisters ward. Planning permission for the development was granted in 2018 for 72 residential homes over four blocks. Of these, there are fourteen s106 affordable homes, in a block with two market sale homes. The s106 agreement gave the Council an opportunity to acquire the s106 affordable homes and three car parking spaces and as access is required over council owned land, the Council was able to get the first option to acquire. These homes will help the Council achieve its housing targets.

2. Cabinet member introduction

- 2.1. This acquisition is another small but important step towards our ambitious target to deliver 1,000 new Council homes, and illustrates the variety of opportunities we can and must take to meet that target. Although this scheme achieved planning permission some months ago, we have now ensured that these new homes better meet the needs of our residents by negotiating a different mix of tenures. Most importantly, ten of these homes will now be Council rented homes, which means that we have more homes available to permanently house households with the most serious need. This decision – and the other acquisitions that will follow – ensure that new housing developments in the borough offer housing to those who need it most.

3. Recommendations

- 3.1. Cabinet agrees to:
 - i. The acquisition, for housing purposes and therefore held in the Housing Revenue Account, of the 14 affordable homes as part of the 'Gate of Eden' development to the rear of Plevna Crescent, N15 [the rest of this sentence is exempt] and as part of the acquisition to grant two rights of way over the part of Council land shown in red on the plan attached at Appendix 1. The

acquisition will be based on the draft Heads of Terms attached at Appendix 2 [exempt] of this report.

- ii. Give delegated authority to the Director of Housing, Regeneration and Planning and the S151 Officer, after consultation with the Cabinet Member for Housing and Estate Renewal, to agree the final contract in line with the draft Heads of Terms in Appendix 2 of this report.

4. Reasons for decision

- 4.1. The emerging Borough Plan pledges that the Council will deliver 1,000 new Council homes at Council rents by 2022. One of the methods of delivering new council homes at council rents is by acquisitions of s106 affordable units from developers.
- 4.2. The Council has the first opportunity to acquire the s106 affordable homes adjacent to the Plevna Crescent council housing estate. Officers have negotiated a preferred mix of ten homes for Council rent and four shared ownership homes, rather than the Planning Permission mix of ten intermediate and four Affordable Rent homes.

5. Alternative options considered

- 5.1. The alternative option would be not to acquire the properties. This option is not recommended as the Council has been able to negotiate an improved tenure mix and the homes identified for social rent include family sized homes and duplex accommodation, with the majority of the homes having a large Gross Internal Area. The acquisition of these homes will deliver ten Council homes towards the 1,000 target in the Borough Plan.

6. Background information

- 6.1. The 'Gate of Eden' development is located to the rear of the Council's Plevna Crescent estate. Access to the development is via the Plevna Crescent estate and the Planning Permission included a condition that the developer must secure access by way of agreement with the Council. Officers have included conditions in the Heads of Terms and a right of way will be given to the developer for access in perpetuity to the homes. The site is bounded by two railway embankments and a third, heavily wooded bank. The site is designated a Site of Interest for Nature Conservation, part of a sequence that runs from the City to the Lea Valley. The site was shortlisted for the Best Conceptual Project in the Haringey Design Awards 2018.
- 6.2. The developer is Marson Property Ltd. [The rest of this paragraph is exempt.] The developer has delivered s106 homes for Housing Associations in the past and has a good reputation.
- 6.3. The S106 Agreement had set the acquisition price at £3,804,265.00. There will be additional transaction on-costs.

- 6.4. If the developer does not meet the standards of quality and design in the Council's Employers Requirements and Specifications, which will be part of the contract, the Council can decide not to purchase the homes and the deposit will be returned. The Council's Project Manager, Clerk of Works and Employers Agent will regularly visit the site to assess the build quality and adherence to the Council's requirements. If the developer does not build out the homes within the time agreed, the deposit will be returned to the Council.
- 6.5. Planning Permission was granted in 2017 for 72 residential homes in four buildings, with 29 parking spaces at semi-basement level and bicycle spaces. The s106 Agreement requires the developer to maintain the ecological corridor and landscaping surrounding the development. There are 14 affordable homes included in the s106, with a mix of 4 Affordable Rent and 10 intermediate homes. This is not the Council's preferred mix and the developer has agreed to submit a non-material amendment to the Planning permission for 10 social rent homes at Council rent levels and 4 shared ownership homes, but for the same maximum acquisition price in the s106 Agreement. This will be a condition precedent to the acquisition. Planning have been informed and have advised it could take the developer 2 months to vary the agreement.
- 6.6. The s106 homes are in a standalone five storey block with two market sale homes that potentially could be acquired by the Council nearer to completion. Officers are negotiating a revised refuse strategy to enable easier housing management and more affordable service charges.
- 6.7. The developer is willing to provide a 999 year lease for the fourteen s106 affordable homes and three car parking spaces in the development. The three parking spaces will be allocated to the three social rented family homes. The other homes acquired will not have parking in the development and are restricted from applying for a parking permit for the adjacent estate by the S106 Agreement. There are car clubs operating nearby and the developer is required to use all reasonable endeavours to find a suitably accredited provider for a car club space provided within or outside the development and pay the cost of membership for two years for each first residential occupier of each dwelling that hold a qualifying full drivers license and £50 credit for each membership that is taken up.
- 6.8. The homes will be acquired into the Housing Revenue Account. The developer has not opted to tax.
- 6.9. The breakdown of the homes is:

Social rented homes: (10)

- 1x 1bedroom 1 person
- 1x 1 bedroom 2 person
- 5 x 2 bedroom 3 person
- 2 x 3 bedroom 5 person (1 is a duplex home)
- 1 x 4 bedroom 6 person

Shared ownership homes: (4)

- 2 x 1 bedroom 2 person

1 x 2 bedroom 3 person
1 x 2 bedroom 4 person

- 6.10. The scheme is due to start on site in March 2019 with a projected 18 month build programme, although this is still being finalised.
- 6.11. [This paragraph is exempt.]
- 6.12. Officers are in discussion with the developer to amend the specification to support the Council's Employer's Requirements document and enable appropriate service charges. The Council has specified that the warranty provider is NHBC or Premier with a 10 year warranty cover for structural defects. The specified providers are approved by officers as industry recognised efficient providers in resolving warranty related matters. This will give extra confidence to shared ownership buyers.
- 6.13. No ground rent is to be charged to the Council as agreed with the freeholder. Final service charge details have not yet been provided, although the estimated projection is likely to range from £35 per week to £43 per week, depending on the number of bedrooms. This is to take into consideration the refuse strategy and additional management costs of the scheme, such as the ecological land management costs in perpetuity as incorporated into the s106 Agreement. More detail on the service charges will be available once a management agent is appointed which is projected to be six months prior to practical completion. Charges are estimated, based on experience from other schemes and indications provided by the developer from a managing agent they generally use. The Heads of Terms cover an acceptable range for weekly charges based on the projection.
- 6.14. Officers have been informed by the GLA that it is unlikely that grant will be given for this scheme under the Affordable Homes Programme 2016-21, which is a separate funding programme from the Building Council Homes for Londoners programme, in which the Council has recently been offered £62.8m grant.
- 6.15. The developer will appoint an Energy Management company for operation of the CHP (Combined Heat and Power) system. The property management company will bill Haringey Council and Homes for Haringey will re-charge shared owners for these costs and the tenants. The Council will need to work closely with the freeholder to ensure that the charges are reasonable and the freeholder is required to demonstrate best value and that pre-paid meters are provided for the tenants.

Financial case

- 6.16. [This section is exempt.]

7. Contribution to strategic outcomes

This decision supports Priority 1: Housing of the emerging Borough Plan and in particular outcome 1, objective c: 'Deliver 1,000 new Council homes at Council rents by 2022'.

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

Legal

- 8.1. This report seeks authority to acquire affordable housing units that are yet to be constructed. The Council has authority pursuant to Section 120 of the Local Government Act 1972 to acquire for the purposes of any of its functions under the 1972 Act or any other enactment, by agreement any land, whether situated inside or outside its area. The properties will be acquired for housing purposes and held within the Housing Revenue Account.
- 8.2. The properties are yet to be built, however as the Council is only paying a deposit on exchange of contract and the balance of the purchase price once the properties have been completed, the development will be at the risk of the developer.
- 8.3. The Council will, as part of the transaction grant two rights of way over two pieces of land held within the Housing Revenue Account. The granting of these rights will be a disposal. The land is vacant and the Council can grant these rights under section 32 of the Housing Act 1985. This section allows the Council to dispose of HRA land but must obtain the consent of the Secretary of State first. In this instance, the Council can rely on Consent A3.2 of the General Housing Consents 2013 issued by the Secretary of State. This allows disposals of vacant land at a price to be determined the Council.

Finance

- 8.4. The report is recommending that the Council acquire units at Plevna Crescent pursuant to a S106 agreement. Detailed finance comments are included in the exempt report.
- 8.5. There is the possibility of capital receipts from the disposal of the four shared ownership homes in the development.
- 8.6. The financial impact of the acquisition of these properties (the capital cost, capital receipts from the shared ownership sales and rental income) on the HRA business plan which will be addressed as part of the Council's budget setting process for 2019/20.

Equality Comments

- 8.1. The Council has a Public Sector Equality Duty 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 those protected characteristics and people who do not

- Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

- 8.2. The decision is to acquire fourteen affordable homes, as part of a development in Seven Sisters, of which ten will be social rented homes. There is a shortage of social rented homes in the borough. This shortage adversely affects households in temporary accommodation and those at risk of homelessness. Data held by the Council suggests that women, young people, and BAME communities are over-represented among those living in temporary accommodation. Furthermore, individuals with these protected characteristics as well as those who identify as LGBT+ and individuals with disabilities are known to be vulnerable to homelessness, as detailed in the Equalities Impact Assessment of the Council's Draft Homelessness Strategy, accessible at this link: <http://www.minutes.haringey.gov.uk/documents/s100142/Homelessness%20Strategy%20-%20EQIA.pdf>. As such, it is reasonable to anticipate a positive impact from the acquisition of the 10 social rented units for individuals with these protected characteristics.
- 8.3. There will also be four shared ownership units. These will be marketed and acquisition prioritised in accordance with the Intermediate Housing Policy Statement, on which an EQIA was published.

9. Use of Appendices

Appendix 1 – site map

Appendix 2 – Heads of Terms (draft and not fully agreed yet) [exempt]

Appendix 3 – valuation

10. Local Government (Access to Information) Act 1985