

Report for: Cabinet 11th February 2020

Title: Acquisition of the freehold interest in Alexandra House, Wood Green – Part A

Report authorised by: Dan Hawthorn, Director Housing Regeneration and Planning

Lead Officer: Christine Addison, Assistant Director Major Projects and Property (Interim)

Ward(s) affected: Woodside

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

1. Describe the issue under consideration

- 1.1. This report sets out the rationale for the acquisition of the freehold interest in Alexandra House, Wood Green for use by the Council as office accommodation for an initial period (c7 years) and for longer term strategic purposes.
- 1.2. There is an opportunity for the Council to step in to acquire the freehold from the current purchaser, which would enable the Council to use the building as office accommodation in the medium term or longer if required, plus also control its future use alongside other development plans for the Wood Green area in due course.
- 1.3. The Council holds the lease of this building until February 2021 and it is in use as office space. The Council had planned to vacate the building at the end of the lease. However, the Council is now in need of additional office space temporarily and over the medium term and the acquisition of Alexandra House represents the best available means of meeting this need. In addition, there is a strong strategic case to acquire the property, given its central position in Wood Green and the Council's adjacent ownerships. Owning Alexandra House would enable the Council to control any future development along Station Road.
- 1.4. The freeholder of Alexandra House has exchanged contracts for the sale of the property. If the acquisition by the Council does not proceed, the current purchaser intends to use permitted development rights to establish 200+ studio apartments for rent.

2. Cabinet Member Introduction

- 2.1. The Council's accommodation needs have changed in the last twelve months and the Council's strategic ambition for Wood Green has evolved meaning that Alexandra House now has greater importance to us than before.
- 2.2. There has always been a strategic case for acquisition to support the redevelopment of the area along the axis of River Park Road/ Station Road but the separate ownership of Alexandra House presented significantly lower risk to this long term vision when Alexandra House was owned by Workspace whose stated intention for Alexandra House was for it to remain as employment space. Now that the alternative is residential development of a nature we would not support for strategic reasons, there is a much stronger argument for acquisition on both operational and strategic land use bases.
- 2.3. In considering whether to acquire, we need to base a decision on operational and strategic reasons supported by an assessment of the cost implications. Officers have looked at several aspects of this including considering the costs the Council would face if the building was not acquired.

3. Recommendations

- 3.1. Cabinet are recommended to agree to:
 - a) The acquisition of the freehold interest in Alexandra House, 10 Station Road (as outlined red in the plan in Appendix A) on terms set out in Part B.
 - b) This is set out in exempt part of the report
 - c) Give delegated authority to the Director of Housing, Regeneration and Planning after consultation with the Lead Member for Finance and Strategic Regeneration to approve the final Heads of Terms and all other documentations required to give effect to the acquisition.
 - d) This is set out in exempt part of the report
 - e) This is set out in exempt part of the report
 - f) This is set out in exempt part of the report

4. Reasons for decision

- 4.1. The Council has the opportunity to acquire the freehold of Alexandra House, currently in use as office space by the Council under a business lease that is due to expire in mid- February 2021. The reason for the acquisition is in the first instance operational, to provide the Council with flexible office accommodation over the coming years whilst the medium-term accommodation strategy is approved and implemented, and in the short term to manage decant and works to River Park House.

- 4.2. A number of reports and studies undertaken in the last six months about the Council's current office accommodation have shown that the Council has a greater requirement for office accommodation in the short and medium term than previously understood, supporting the need to retain Alexandra House for operational reasons. The property is currently under contract to be sold and the new purchaser has indicated that they would oppose a new lease should the Council request one once the existing lease expires in February 2021.
- 4.3. The current purchaser has lodged an application for permitted development rights to develop Alexandra House as residential units (studio flats).
- 4.4. The acquisition is also being recommended for strategic reasons, to consolidate the Council's land holdings in the area and promote its ability to deliver long term redevelopment of the Station Road corridor, and to take control of the future development of this site, along with other Council sites, so that it can support the Council's vision for this area as expressed in its Borough Plan and other plans about the Wood Green area.
- 4.5. The recommendation is that the Council now, in agreement with the current purchaser, step in to acquire Alexandra House on the basis of completing the transaction during March and based on the structure set out in the Heads of Terms in Part B of this report.

5. Alternative options considered

- 5.1. The alternative option is not to buy the freehold interest in Alexandra House. The consequence of this would be that the Council would need to vacate the building if the Council failed in its application for a new lease with a risk now that there would be insufficient temporary accommodation available to facilitate that on time due to recently identified works being required at River Park House.
- 5.2. The need for additional accommodation for staff could potentially be met in other ways. These alternatives are described in detail in the background section and have been considered both in terms of the risks to business continuity and in terms of cost in comparison with the recommended option.
- 5.3. A further possible consequence is that the scheme proposed in the permitted development application might succeed and this would affect the longer term development of this area. The scheme proposed at present would, if implemented, retain Alexandra House for that purpose over a period of c25 years, with future redevelopment only coming forward should demand for this type of accommodation drop making alternative development an option.
- 5.4. An options appraisal has been carried out. The appraisal includes the costs the Council would face if it decided not to buy Alexandra House. Given the Council's requirements and the analysis of the options, the recommended option is to acquire.

6. Background information

- 6.1. The Council is a major landowner and controls some of the most strategic sites in Wood Green including its current office accommodation at River Park House which will become surplus to requirements when new council accommodation is complete. Once a decision has been taken about the preferred option for the new council accommodation, the project will take some seven years to deliver.
- 6.2. Set out in the exempt part of the report
- 6.3. The Council occupies Alexandra House under a business lease which is due to expire in mid-February 2021. The current rental is £675,000 per annum. The building contains 54,465 sqft of office space with ancillary parking.
- 6.4. The Council has been preparing to vacate Alexandra House in February 2021, and a decant programme is being put in place to accommodate the desks within the remaining estate.
- 6.5. The Council lease will not terminate automatically at the end of the contractual term of the lease in February 2021 because the Council has some protection under the Landlord and Tenant Act 1954. The Council will have the statutory right to a lease renewal at the end of the contractual term under the Act although the freeholder can oppose this on the ground of redevelopment (Ground(f)). This states that the landlord can oppose a lease renewal if on the termination of the current tenancy the landlord intends to demolish or reconstruct the premises or a substantial part of those premises or to carry out substantial work of construction and he could not reasonably do so without obtaining possession of the premises
- 6.6. Set out in the exempt part of the report
- 6.7. The current purchaser has made a permitted development application to refurbish and remodel the building into over 200 residential studio units once the Council's lease has expired. The first application was refused by the Council and the current purchaser has recently submitted a revised application.
- 6.8. Set out in the exempt part of the report
- 6.9. The terms and the structure of the disposal under which the current purchaser is prepared to sell is as set out in the Heads of Terms attached to Part B as Appendix B).
- 6.10. In considering whether to recommend acquisition of the property, an option appraisal has been carried out and included in the business case for the acquisition. This is summarised below.

Options appraisal

6.11. There are two main elements to the Council's case to acquire. These are operational and strategic. The details of this appraisal are included in the exempt Appendix B.: -

Paragraphs 6.11 – 6.26 are in the exempt part of the report

Strategic reasons to acquire Alexandra House

Paragraphs 6.27 and 6.28 are in the exempt part of the report

6.29. The Intend to Publish London Plan (2020) identifies Wood Green as an Opportunity Area and one of 14 Metropolitan town centres. The plan sets out the aim of creating a revitalised employment-led Metropolitan town centre. The area benefits from good public transport connections and capacity, which gives Wood Green potential for future growth in employment and service provision to serve the central portion of north London.

6.30. Wood Green is also a Growth Area in The Local Plan: Strategic Policies (2013). The adopted Site Allocation DPD allocates several sites for redevelopment. The Wood Green Area Action Plan (AAP) will set out a framework for building on the existing policy context and delivering additional new jobs and new homes in Wood Green, which would benefit the communities of Haringey.

6.31. The Borough Plan 2019 – 2023 sets out an objective to make sure that investment and development in the borough has the interests of Haringey's communities at its heart delivering quality homes, a range of jobs and the physical and social infrastructure that our communities need.

6.32. The Council has land interests in 15 of the 28 Site Allocations in the draft AAP. The Council has a clear role to play in meeting the ambitions for Wood Green which are set out in the London Plan, Local Plan and Borough Plan.

Station Road Sites

6.33. Unlike much of Wood Green, the Station Road sites are not constrained by the viewing corridor of Alexandra Palace which limits height in much of Wood Green to eight stories and 14 stories in specific locations. This potential scale of development and the proximity to Wood Green Underground Station means that sites on Station Road will attract significant investment.

6.34. The comprehensive redevelopment of Station Road sites can play a key role in revitalising the town centre, delivering a range of homes and jobs. As the Council is the major landowner this represents an opportunity to invest and create a long-term sustainable income through business rates.

6.35. The Council is developing a feasibility stage masterplan which includes all sites along Station Road. Phasing and timing of development is not known at this stage and the masterplan will be designed so that individual phases can come forward independently of each other.

Alexandra House

6.36. The Council owns the land on either side of Alexandra House and its acquisition would provide overall control for the redevelopment of all the land between Station Road and River Park Road. The Council could bring forward a substantial development which would deliver a range of benefits in line with the London Plan, Local Plan and Borough Plan. The redevelopment of the site will deliver significant value in terms of development value and revenue income.

Paragraphs 6.37 – 6.39 are in the exempt part of the report

6.40. Finally, the ground floor of Alexandra House, like River Park House has no active frontage to Station Road and offers no contribution to the town centre vitality, there will be no prospect of this improving if Alexandra House is not acquired by the Council.

Financial Analysis

Paragraphs 6.41 – 6.48 are in the exempt part of the report

Summary

6.49. To summarise: acquiring Alexandra House represents the best operational outcome for the Council in meeting short- and medium-term council accommodation needs. This option has the least risks in delivery terms and has the best outcome in terms of business continuity.

6.50. The strategic case for acquisition is stronger than it has ever been in the past as the alternative which the Council is now facing would impact the council as landowner and its ability to deliver its vision for Wood Green.

6.51. The acquisition is supported by the financial case which shows that the acquisition of Alexandra house offers the lowest net operational cost to the Council.

7. Contribution to strategic outcomes

7.1. Outcome 3: We will work together to drive up the quality of housing for everyone

7.2. Outcome 16: Regeneration with social and economic renewal at its heart, focused on Tottenham and Wood Green

7.3. Outcome 20: We will be a council that uses its resources in a sustainable way to prioritise the needs of the most vulnerable residents

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

Finance

Paragraphs 8.1 – 8.21 are in the exempt part of the report

Procurement

8.22. The Corporate Procurement Unit notes the recommendations in this report and that there is no input from procurement required.

Legal

Paragraphs 8.23 – 8.30 are in the exempt part of the report

Equality

8.31. 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.

8.32. 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

8.33. The proposed decision is to agree to the acquisition of the freehold interest in Alexandra House. The medium-term, operational objective of the proposal is to ensure that Haringey Council has sufficient flexible accommodation for staff. The longer-term strategic objective is to consolidate the Council's ownership over the area in order to be able to deliver long term redevelopment of the Station Road corridor. Furthermore, the proposed decision prevents what the Council considers to be undesirable permitted development residential units which do not support the Borough Plan vision.

8.34. The group primarily affected by the proposed decision will be Haringey Council staff. The Corporate Employee Profile for December 2019 states that a majority (53%) of Council staff are BAME; 65% are women; and 7% have disabilities, though this figure is likely to be an underestimate due to incomplete reporting.

8.35. The proposed decision represents a measure to ensure that there continue to be suitable working conditions for Council staff. It is notable that Alexandra House and is accessible for members of staff with disabilities, whereas alternative options of temporary accommodation are not free from risk in terms of ensuring accessibility for members of staff with disabilities. The decision to acquire Alexandra House therefore represents a step to advance equality of opportunity by meeting the accessibility needs of people who share the protected characteristics.

7. Use of Appendices

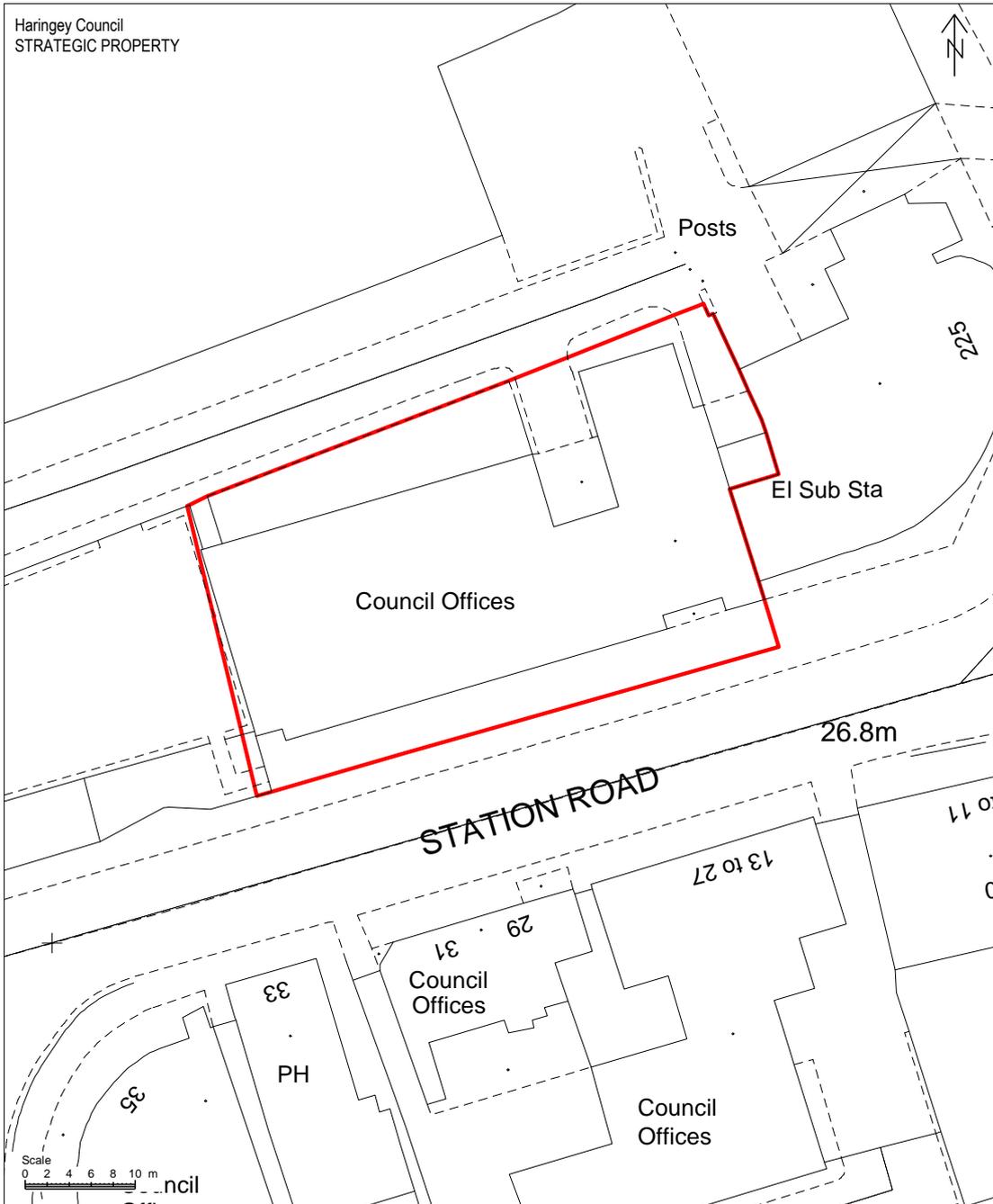
Appendix A – Plan of Alexandra House

Appendix B – Heads of Terms (in the exempt part of the report only)

8. Local Government (Access to Information) Act 1985

- a. Intend to Publish London Plan (2020)
<https://www.london.gov.uk/what-we-do/planning/london-plan>
- b. The Local Plan: Strategic Policies (2013)
<https://www.haringey.gov.uk/planning-and-building-control/planning/planning-policy/local-development-framework>
- c. Draft Wood Green Area Action Plan
<https://www.haringey.gov.uk/planning-and-building-control/planning/planning-policy/local-plan/wood-green-area-action-plan>
- d. Haringey Borough Plan 2019 – 2023
<https://www.haringey.gov.uk/local-democracy/policies-and-strategies/borough-plan>

Appendix A – Plan of Alexandra House



ALEXANDRA HOUSE,
10 STATION ROAD,
LONDON
N22 7TR

Red Line - Site boundary

Title No: EGL290309

Overlay : Hss - Misc

Scale 1:500

Plan produced by Sean Purcell on 23/01/2020

Drawing No. BVES A4 2969