



London Borough of Enfield

| | |
|--------------------------------------|--|
| Report Title | Disposal of the former HRA garage sites at Kennedy Avenue, Ivy Road and Chiltern Dene |
| Report to | Joanne Drew – Strategic Director of Housing & Regeneration |
| Date of Meeting | 14 th July 2023 |
| Cabinet Member | Cllr Nesil Caliskan – Leader of the Council |
| Executive Director / Director | Joanne Drew – Strategic Director of Housing & Regeneration |
| Report Author | Inderjeet Nijhar Email: Inderjeet.Nijhar@enfield.gov.uk |
| Ward(s) affected | Grange Park, Ponders End and Southgate |
| Key Decision Number | KD5576 |
| Classification | Part I & Part II (Para 3) |
| Reason for exemption | Information relating to the financial or business affairs of any particular person (including the authority holding that information). |

Purpose of Report

1. This report sets out the case to obtain authority for the Council to dispose of the following three HRA sites that were investigated for disposal with funding from the Greater London Authority (GLA) and marketed via the GLA's Small Sites & Small Builders (SS+SB) portal:
 - a. Kennedy Avenue Garages, Ponders End, EN3 4PB
 - b. Ivy Road, Southgate, N14 4LP
 - c. Chiltern Dene, Grange Park, EN2 7HH

2. In the event that any of the highest bidders for the respective sites fail to enter into the agreement for lease by 13th December 2023 or fail to comply with the obligations contained in such agreement, this report also seeks authority to invite the next highest bidder to enter into an agreement for lease with the Council.

Recommendations

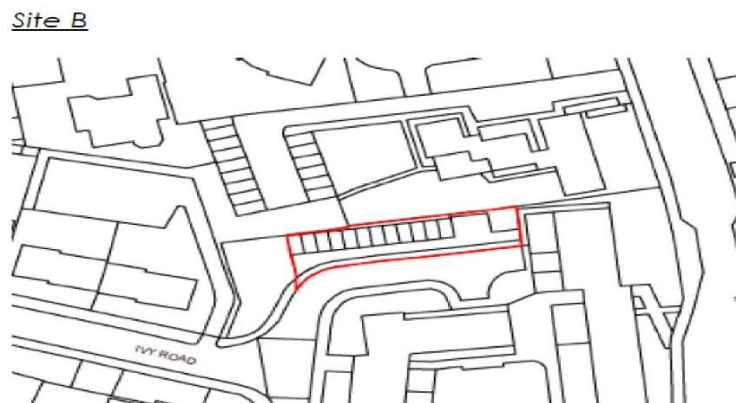
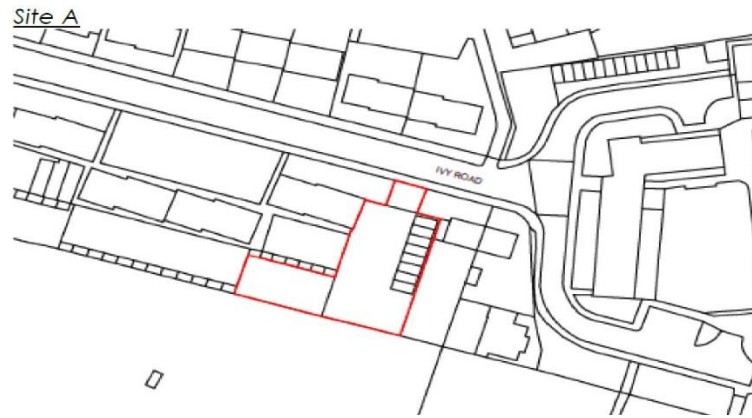
- I. Approve the separate disposal of three garage sites at Kennedy Avenue EN3 4PB, Ivy Road N14 4LP and Chiltern Dene EN2 7HH to the 3 highest bidders named in the Appendix A.
- II. Authorise entering into an agreement for lease with each of the highest bidders for the disposal of these sites.
- III. Authorise inviting the next highest bidder to enter into an agreement for lease with the Council in the event that any of the highest bidders fail to enter into the agreement or fail to comply with the obligations contained in such agreement.
- IV. Note that the Housing & Regeneration Scheme of Delegation gives the Strategic Director of Housing & Regeneration the delegated authority to finalise the terms of the agreement, subject to recommendation of 'best consideration' for the sites certified by a registered valuer.

Background and Options

1. The Council owns the freehold of the three HRA sites which are existing (declared surplus to operational requirements) garages or former garage sites:
2. Kennedy Avenue Garages, Ponders End, EN3 4PB – Approx. area of 0.15 acres. Garages are vacant but one is subject to an unexpired lease which has not been included in the proposed disposal.



3. Ivy Road, Southgate, N14 4LP – 2 sites with approx. areas of 0.22 (Site A) acres and 0.07 acres (Site B). Garages are vacant and unencumbered.



4. Chiltern Dene, Grange Park, EN2 7HH – Approx. area of .10 acres. Garages are vacant and unencumbered.



5. These sites have for some time now suffered a combination of anti-social behaviour and or neglect, and in some cases are subject to the generation of housing complaints.
6. The sites are also subject to continued site security and management expenditure with no prospect of revenue income generation, as there is no local demand for garages or the funds to put the sites to alternative uses including housing.

7. The Council has successfully bid and received grant funds to fund the due diligence, site investigation, appraisal, and marketing of the sites through the GLA's Small Site & Small Builder (SS+SB) portal.
8. GLA SS+SB Portal aims to make small, publicly owned sites available to small developers, housing associations and community-led organisations so they can play a bigger role in building the homes that London needs. GLA have made over 40 sites available through the portal and continues to work with public landowners to build a pipeline of sites.
9. The draft form of agreement for lease is annexed to the Appendix A as Appendix A.2. The agreement will be conditional on planning permission and funding and upon satisfaction of these conditions the Council will grant a build lease for 250 years. In the event, the proposed development by the successful bidder is for a mixed use or for commercial purposes then the lease will be contracted out of the Landlord and Tenant Act 1954.
10. Risks and Mitigation have been logged in the project file, for any future reference.

Options Considered

11. To not proceed with the disposals would mean that the Council would miss out on the associated capital receipts.
12. To proceed with these disposals would enable the Council to achieve best consideration and deliver new homes.

Preferred Option and Reasons for Preferred Option

13. The sites have been designated as surplus to operational requirements by the Housing & Regeneration Department.
14. There is a requirement in the 30-year HRA Business Plan to generate £1million income from HRA owned stock disposal by the year end, on an annual basis to support the wider stock investment programme. The three HRA sites have the potential to contribute towards this target (Part 2, Annex 1) with the net figure as confirmed.
15. Market appraisals were carried out for each of the sites by the Council's external property advisors and registered valuers' Avison Young ("AY") with private tenure and formed part of the authority to market the sites. Their methodology and outputs were agreed by the Council before proceeding with the marketing of the sites. The information was also agreed with the relevant team at the GLA for their agreement.
16. An objective of the GLA funding is that sites achieve 100% affordable housing. As there was a potential that this requirement would make delivery unviable for most SME builders – as the sites achieved less than 10 units each. Prior to marketing, an agreement was reached with the GLA that delivery of affordable would be a preference rather than a requirement.
17. The agreement for lease which is in the standard form used on SS+SB portal, is conditional on planning permission and funding – with 10% of the consideration to be paid on entering the agreement for lease and 90% to

be paid on completion of the grant of the build lease. Prior to the sites being listed on the GLA portal, the capacity and feasibility of each of the sites was tested with the Local Planning Authority through pre-planning application meetings and the resultant advice letters were issued with the bid pack.

18. The marketing began in November 2022. As a result of which there was significant market interest with over 50 bids across the 3 sites. Bids were shortlisted based on consideration offered, experience, financial standing and likelihood to achieve planning. Shortlisted bidders were asked to submit their best and final offers. These were evaluated on the same basis for each site and resulted in the selection of the successful bidders. The 'best consideration' test for each of the three sites was applied.
19. The AY report sets out details of the bids received and summarises the highest and next highest bids for each of the sites which at the date of the report represent best value and best consideration reasonably obtainable. This report is annexed to Appendix A as Appendix A.1.
20. The agreement for lease includes a long stop date of two years from the date of exchange in which for the bidder to satisfy the conditions of planning permission and funding and complete the build lease.
21. These disposals will enable delivery of around 14 homes (depending upon the planning outcome) through SME builders; supporting housing delivery on small sites in the borough.
22. Disposal of small sites contributes towards the achievement of the Council's housing delivery target by enabling supply from SME builders on sites that might otherwise remain undeveloped.

Relevance to Council Plans and Strategies

23. There is a commitment in the 30-year HRA Business Plan to generate circa £1 million income from HRA owned stock disposal on an annual basis to support the wider stock investment programme. The disposal of these 3 HRA sites, which are surplus to requirement, has the potential to generate more than £1 million in capital receipts.
24. The capital receipt will contribute towards the overall aims and objectives of Enfield Council's Housing Strategy, which sets out the strategic approach to investment in council homes over the long term. This also supports the delivery of Enfield Council's Housing and Growth Strategy 2020-2030 and specifically the objective of "Investing and being proud of our Council homes".

Financial Implications

25. This is covered under the Confidential part of the report – Appendix A.

Legal Implications

26. Section 111 of the Local Government Act 1972 permits local authorities to do anything (whether or not involving the expenditure, borrowing or

lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of their functions.

27. A local authority has a general power of competence under section 1(1) of the Localism Act 2011 to do anything that individuals may do, provided it is not prohibited by legislation and subject to public law principles. A local authority may exercise the general power of competence for its own purpose, for a commercial purpose and/or for the benefit of others. The proposals in this report are compliant with the Council's general power.
28. In entering into property transactions, the Council must comply with the provisions of its Constitution, including but not limited to its Property Procedure Rules, which set out mandatory procedures regarding (amongst other things) the acquisition, management, and disposal of property assets. In addition, Section 123(2) Local Government Act 1972 requires a Local Authority to secure the best consideration reasonably obtainable when it disposes of land except on a short tenancy, unless it has the benefit of an express or general consent of the Secretary of State. A short tenancy is defined as a lease of not more than 7 years or the assignment of a lease which has not more than 7 years unexpired of the term.
29. The Council intends to enter into an agreement for lease conditional on planning permission and funding with the highest bidder for each of the sites as set out in the Part 2 report for the grant of a build lease for a term of 250 years for each of the sites. The lease will be granted upon the agreement becoming unconditional for the site to be developed. It will be contracted out of the Landlord and Tenant Act 1954 if the site is to be developed for mixed use or commercial purposes. The sites have been marketed through the GLA small sites portal in compliance with the Property Procedure Rules.
30. The Council is required as a best value authority under section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness. It is considered that this duty is fulfilled by:
 - (a) the Council having carried out a competitive marketing process to ensure that the Council obtains best consideration reasonably obtainable and market value;
 - (b) These sites have been designated as surplus to operational requirements by the Housing and Regeneration Department and by disposing of them the Council intends to obtain a capital receipt in order to contribute to the financial target set by the 30-year HRA Business Plan.
31. The Council has obtained a formal written valuation from AY in accordance with the Property Procedure Rules.
32. The report further seeks authority for the Council to enter into an agreement for lease with the next highest bidder for each of the sites as set out in the Part 2 report, if for whatever reason the disposal does not proceed with any of the highest bidders provided that:

33. In accordance with the Property Procedure Rules the agreement for lease is entered into within 6 months of the date of the AY valuation report annexed to the Part 2 report: or
34. Subject to an updated valuation report being obtained in compliance with the Property Procedure Rules confirming that the next highest bid still represents best value and best consideration reasonably obtainable.
35. The Council has a general power under the Housing Act 1985 to dispose of property held for housing purposes. By section 32 Housing Act 1985 a voluntary disposal requires Secretary of State's consent unless a general consent has been granted as set out in the General Housing Consents 2013 issued by the Department for Communities and Local Government. This transaction falls within A3.1.1 of the General Housing Consents 2013 where the sites can be disposed of as intended without Secretary of State's consent provided, they are disposed of for a consideration equal to market value.
36. The Council is required to act in accordance with the Public Sector Equality Duty under section 149 of the Equality Act 2010 and have due regard to this when carrying out its functions which includes making a new decision. The Council will have to ensure that it removes or mitigates any potential factors which may interfere with its Public Sector Equality duty. It is noted that an equality impact assessment has been conducted which confirms that the proposed use of the three sites will have no known adverse impact on the protective characteristics.
37. All planning applications will need to be separately submitted to the Council in its capacity as Local Planning Authority for approval, separate from the proposed disposals and compliance will be required of the Town and Country Planning Act 1990.
38. The Council must ensure that any legal agreements arising from the matters described in this report are in a form approved by Legal Services on behalf of the Director of Law and Governance.

Equalities Implications

39. An Equality Impact Assessment has been completed. As at June 2023 there are no known adverse impacts as a result of taking this decision. The decision will create positive opportunities for people seeking to build quality new housing on sites that are vacant and surplus to the Council's requirements.
40. The three HRA assets were marketed via the GLA small sites portal, by inviting bids from the market for sale in line with the Local Government Act 1972 and s.1 of the Localism Act 2011. Marketing the sites through the portal, allowed fair and equal access to potential small and SME builders, Community Land Trust groups and residents.
41. It is envisaged that a potential of around 14 (STPP) new homes, subject to planning, can be built on the sites across three wards being: Ponders End, Southgate, and Grange Park, providing much needed additional housing for residents in the borough. On one of the sites attempts have been made to engage with the deceased leaseholders Estate and family and then

steps taken to provide information to all during the bidding process. The garage in question was taken out from any potential sale or redevelopment planning. The successful bidders will be required to open a dialogue with the leaseholders' or their representatives on any future development plans. All three HRA sites are vacant or derelict former garage sites. No displacement of residents will take place.

42. The income generated from the future disposal will be utilised to improve the quality and safety of existing homes and assist the development of new high quality and safe housing within the borough. This will contribute to the creation and sustainability of thriving neighbourhoods and places. It will help contribute in alleviation some of the increasing pressure on temporary accommodation across Enfield. It will also provide homes in areas which people desire to live, thus contributing to the building of strong, sustainable communities.

HR and Workforce Implications

43. At present there are no immediate or longer-term implications and no redundancies.

Environmental and Climate Change Implications

44. The sites the subject of this report are vacant and derelict former garages, which are an eyesore with the risk of fly tipping and illegal occupation. The redevelopment of the sites, for new build housing to current environmental and climate standards, would contribute positively to the Council's policies in this area. Where built assets already exist, their transfer could potentially reduce the Council's direct emissions. However, there will be an element of scope switching so the emissions will most likely transfer to being borough wide. Intensification of the existing urban fabric with additional landscaping elements contributes to efficient land-use and urban greening and is the preferred option.

Public Health Implications

45. Good housing is fundamental to health, and delivery of new housing in response to this demand is necessary to improve the borough's health & wellbeing

Property Implications

46. The disposal of the sites listed in this report needs to follow the Property Procedure Rules (PPR). In this instance, the sites have been marketed through the dedicated GLA portal with the successful bidder entering into an agreement for lease with the Council, subject to planning approval and funding. The PPRs state:
47. Such disposals are subject to a report prepared by the Responsible Senior Officer, and approved by the relevant Cabinet member and must include:
 - (i) Justification for such a disposal as being in the best interest of the Council; and

(ii) Consideration of external valuation advice.

48. In relation to the first requirement, it is proposed that this report contains the required justification to the Leader of the Council. In relation to the second requirement, a Red Book valuation has been carried out before any final bids are recommended by a qualified professional.

Crime and Disorder Implications

49. The disposal of the 3 sites will end the cycle of anti-social behaviour as evidenced and logged by property management services and the local Police. The disposal will also result in a positive outcome for the local community by potentially increasing the housing supply.

Report Author: Inderjeet Nijhar
Development Manager
Date of report: 14 July 2023

Appendices

Appendix 1: Equalities Impact Assessment
Appendix A: Confidential Part II
Appendix A.1: AY Evaluation Report
Appendix A.2: Draft Form of Lease Agreement

#Departmental reference number, if relevant: HRD2324_006