

MUNICIPAL YEAR 2019/2020 REPORT NO.

ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

OPERATIONAL DECISION OF:

Director of Housing and Regeneration in consultation with the Director of Finance

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Agenda – Part: 1	KD Num: 5010
Subject: Acquisition of Land and associated planning permission at 263 Bullsmoor Lane	
Wards: Turkey Street	

1. EXECUTIVE SUMMARY

- 1.1 The provision and growth of good quality, affordable homes is a key priority for the Council as set out in the Cabinet decision (KD4830) of 13 February 2019, which included recommendations to Full Council on necessary budget decisions, which were approved by Full Council on 27 February 2019.
- 1.2 KD4830 confirmed approval of the 19/20, 20/21 and 21/22 Greater London Authority Building Council homes for Londoners programme and the Council Housing affordable housing programme, so as to deliver additional social and affordable rented homes owned by the Council. Cabinet also delegated authority to the Director of Housing and Regeneration in consultation with the Director of Finance to approve third party land and property acquisitions subject to due diligence and valuations.
- 1.3 This scheme will form part of Enfield's existing Building Council Homes for Londoners Programme (BCHFL). It will be a substitute scheme for one reprofiled to 2021/2022.
- 1.4 This proposal seeks to acquire the land with associated planning permission at 263 Bullsmoor Lane. The financial details are set out in the Part 2 report.

2. RECOMMENDATIONS

- 2.1 To authorise the Director of Housing and Regeneration in consultation with the Director of Finance to purchase the land at 263 Bullsmoor Lane with planning permission, at the price set out in the Part 2 Report.
- 2.2 To authorise the Strategic Lead for New Business, in consultation with the Head of Development to agree and finalise the Heads of Terms for the purchase of the said land - the latest version of which is detailed at Appendix 1 to Part 2 of this Report, for the purchase of the units.
- 2.3 To authorise the Director of Housing and Regeneration to develop the land under the Building Council Homes for Londoners Programme and subject to applying and receiving necessary consent from the Local Planning Authority, to maximise the density of any scheme within the existing or any new planning permission.

3. BACKGROUND

- 3.1 Planning consent (17/05227/FUL) was granted for the redevelopment of this site on the 18th December 2018, a copy of which is attached to this Report.

3.2

Approved Unit Schedule

4 x 1 bed,
14 x 2 bed
9 x 3 bed

- 3.3 A price has been agreed for the land, as set out in Part 2, that falls within the HRA housing development financial parameters. This has been verified by the Finance department and is set out in the Part 2 report.
- 3.4 The intention is for the site to deliver 100% affordable units, which exceeds the affordable requirement of the agreed planning permission. The housing department will liaise with the Local Planning Authority as to any application for variation.

4 ALTERNATIVE OPTIONS CONSIDERED

4.1.1 **Do nothing** - The Council would miss out on the opportunity to utilise significant levels of GLA grant to develop additional affordable housing at a reasonable cost to the Council.

4.1.2 **Let the private market develop the site.** This would lead to only 11 units (*as per the granted planning permission*) out of the 27 being affordable and the site may not be developed, but simply be land banked.

5.0 REASONS FOR RECOMMENDATIONS

5.1 The scheme will aim to deliver a minimum of 27 affordable units, and an increase to this number is also under consideration, subject to compliance with necessary planning requirements in respect of any variation.

5.2 The utilisation of GLA grant will increase housing investment within the borough and ensure the 27 units are genuinely affordable for Enfield residents.

5.3 The delivery of permanent affordable housing may lead to a decrease in Temporary accommodation costs for the General Fund.

6. COMMENTS FROM OTHER DEPARTMENTS

6.1 Financial Implications

6.1.1 The costs for the land purchase will be met through through the HRA capital programme for 20/21 These costs are set out in the HRA 30 year business plan. Savills have provided a 'Red Book' valuation and an internal Proval assessment has also been carried out, which confirms that the schem is financially viable.

6.2 Legal Implications

6.2.1 The Council 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.

6.2.2 Pursuant to section 8 of the Housing Act 1985, the Council is required to consider the housing conditions and needs of their area with respect to the provision of housing accommodation. Section 9 of the Act empowers the Council to provide housing accommodation by erecting

houses, or converting buildings into houses, on land acquired by them or by acquiring houses.

- 6.2.3 Section 17(1)(b) of the Housing Act 1985 empowers the Council to acquire dwellings for housing purposes. Furthermore, in accordance with section 120(1), Local Government Act 1972, the Council has the power to acquire any land where it is for the purposes of (a) any of its statutory functions or (b) for the benefit, improvement or development of its area. Accordingly, taken together, these provisions give the Council power to acquire the units.
- 6.2.4 In pursuing the acquisition of the units, the Council must comply with its Constitution including its Property Procedure Rules which set out mandatory procedures regarding "real property (property assets),... which the Council has or proposes to have a legal interest". This includes obtaining certification "that the price and terms and conditions represent value".
- 6.2.5 The delegation from Cabinet to approve third party land and property acquisitions was 'subject to due diligence and valuations' being undertaken. In this regard, it is noted that Savills have provided a 'Red Book' valuation and an internal Proval assessment has also been carried out. Legal due diligence is also required on the proposed acquisition to include a full review to title and ownership and searches and enquiries of the vendor in order to ascertain any relevant liabilities and restrictions associated with any such acquisitions.
- 6.2.6 Public law principles will apply to the decisions made by the Council in relation to the acquisition of the land, including the Council's duty to take account of its fiduciary duty and to act prudently with public monies entrusted to it. The Council is also under a general duty to act reasonably and show that its decisions are made after having given due and proper consideration to all relevant factors. The Council must consider whether the transaction proposed in this report will be a prudent use of the Council's resources and must seek to strike a fair balance between the interests of tax/ratepayers on the one hand, and the wider community's interest on the other hand.
- 6.2.7 It is noted that planning consent was granted for the existing 27 units, with a Section 106 agreement secured for permission reference 17/05227/FUL. Any variations will also need to be submitted to the Local Planning Authority and consent secured through a legal agreement or variation of the existing Section 106 agreement, pursuant to the Town and Country Planning Act 1990.
- 6.2.8 Under section 14(3) of the Local Government Act 2000, the executive may arrange for any of its functions to be discharged by an officer of the authority.

6.2.9 As the value of the proposed acquisition is over £250,000 it is a Key Decision and the Council must comply with its governance processes in respect of Key Decisions.

6.2.10 All legal agreements arising from the matters described in this report must be approved in advance of commencement, by Legal Services on behalf of the Director of Law and Governance, including any agreements that may be required in respect of the GLA grant.

6.3 Property Implications

6.3.1 Section 4.2 of the Property Procedure Rules state that any acquisition over £500,000 has to be approved by Cabinet. KD4830 confirmed the resolution to deliver additional social and affordable rented homes owned by the Council and Cabinet delegated authority to the Director of Housing and Regeneration in consultation with the Director of Finance to approve third party land and property acquisitions subject to due diligence and valuations. This requirement as stipulated in the Property Procedure Rules has therefore been satisfied.

6.3.2 Section 4.3 of the Property Procedure Rules state that a service Director's report must be provided stipulating how the acquisition will help deliver the Council's strategic objectives, that the Council is able to afford the life-cycle cost of the acquired units and that the report is approved by the appropriate senior officer. This report sets out the benefits of the acquisition. So this requirement as stipulated in the Property Procedure Rules has therefore been satisfied. As also required by the Property Procedure rules, an independent valuation has been obtained which certifies that the price and terms and conditions represent to the Council. The Part 2 report sets out that the purchase has a positive NPV. The financial implications in this report are written on behalf of the Executive Director of Resources and have validated the independent valuation.

6.3.3 The freehold of the Property will be held by the HRA and the acquisition price will be paid from the HRA budget. There are therefore, no implications for general fund property or budgets in relation to corporate landlord or the Strategic Management Plan. Part 2 of this report demonstrates that the purchase price for the units falls within the Council's investments rates for acquisitions of housing for the HRA.

7. KEY RISKS

7.1 The key risk would be the missed opportunity to develop additional affordable rented homes that are within the Council's financial parameters.

7.2 That build costs will rise excessively prior to starting on site on this scheme. A Quantity Surveyor's report has been completed on this site that combined with possible design changes will minimise this risk

7.3 There is a risk of uncertain market conditions due to Brexit but this is mitigated by developing a rental product with GLA funding.

8. INTERNAL DEPARTMENT IMPLICATIONS/CONSULTATION

N/A

9. IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD

9.1 Good homes in well-connected neighbourhoods

This acquisition will increase the supply of affordable homes, creating sustainable growth and boost the diversity of people that live in, work in and visit the area.

9.2 Sustain strong and healthy communities

Developing and sustaining good quality homes in areas where people desire to live will help to create and maintain strong sustainable communities.

9.3 Build our local economy to create a thriving place

As per point 10:2 above, the increase of affordable housing to 100% of households across the scheme will help meet the severe affordable housing shortfall within the borough.

10. EQUALITIES IMPACT IMPLICATIONS

10.1 The provision of additional affordable housing units will provide an increased number of homes for people currently living in unsuitable accommodation, a disproportionate number of whom are from groups with protected characteristics.

10.2 Corporate advice has been sought in regard to equalities and an agreement has been reached that an equalities impact assessment is neither relevant nor proportionate for the approval of this report

11. PERFORMANCE AND DATA IMPLICATIONS

The purchase of additional units will facilitate the speeding up of the development programme by approximately two years.

12. PUBLIC HEALTH IMPLICATIONS

The purchase of additional affordable rented units will result in households currently living in poor quality or overcrowded

accommodation having the opportunity to move into a home that meets their needs. This in turn leads to an improvement in health and wellbeing for these residents.

Background Papers

Planning Permission (17/05227/FUL)
KD4830 of 13 February 2019


263 Bullsmoor
17_05227_FUL-Comr

