

	Cabinet 11 th April 2022
	Report from Strategic Director, Community Well Being
Purchase of 115 Affordable Homes in Alperton	

Wards Affected:	Alperton
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	Two: Appendix 1: Site Location Plan Appendix 2: Phase 2 Site Plan
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Hakeem Osinaike Operational Director of Housing 020 8937 2023 Hakeem.Osinaike@brent.gov.uk Tanveer Ghani Operational Director of Property & Assets 020 8937 1722 Tanveer.Ghani@brent.gov.uk

1.0 Purpose of the Report

- 1.1 This report seeks permission to purchase the long leasehold interest of a new-build residential block for a term of 999 years. There is a total of 115 affordable rented homes (flats) within the block located at the Grand Union scheme on Beresford Way, Alperton, HA0 1NW, from St. George Development Ltd who is the freeholder and 'developer'.

- 1.2 The total budget required to purchase the 115 affordable homes including professional fees, disbursements and exclusive of Stamp Duty Land Tax is £30.27m.
- 1.3 The developer will grant the Council a 999-year lease at a peppercorn rent on completion of the contract for the 115 affordable homes. The developer will continue to insure the premises during the construction and until completion of the contract.

2.0 Recommendation(s)

That Cabinet:

- 2.1 Approve a budget of £30.27m to purchase the long leasehold interest in 115 affordable homes from the Grand Union scheme, subject to contract and subject to a) clean and marketable title b) financial and legal due diligence and c) vacant possession, with a target exchange of contract in May 2022.
- 2.2 Delegate authority to the Strategic Director of Regeneration & Environment in consultation with the Cabinet Member for Regeneration, Property and Planning, to negotiate and agree the terms and thereafter enter into a contract with the developer for the purchase of the scheme and make any necessary additional amendments required to the contract thereafter.
- 2.3 Note that the Strategic Director of Regeneration & Environment pursuant to powers delegated under Part 3 of the Constitution will procure and award various contracts for professional services relating to the construction supervision of the 115 homes that are to be purchased by Brent Council.

3.0 Detail

- 3.1 The Grand Union development will deliver up to 3,030 homes in the Alperton area. The planning application reference for this development is 18/0321, and it was granted planning permission in September 2018.
- 3.2 Under the section 106 agreement between the developer and the Council dated 28th September 2018, 35% of these homes will be affordable. This totals about 1,050 homes of which 30% (315) will be shared ownership and 70% (735) rented. The affordable rent will be capped at Local Housing Allowance (LHA).
- 3.3 In April 2020, Cabinet agreed to purchase 114 homes (92 x Affordable Rent and 22 x Shared Ownership) from Phase 1 of the Grand Union development. The 92 affordable rented homes are complete and have been handed over to Brent Council. The 22 x Shared Ownership units are currently in construction and will be handing over late 2022/early 2023.
- 3.4 The developer is now seeking a buyer for the 115 affordable homes, which are being sold as a package from Phase 2 of the Grand Union development. The purchase of these units is dependent on the variation to the section 106 agreement so that the future phases at Grand Union will provide for London

Affordable Rent (LAR). The breakdown of the 115 affordable homes is as follows:

Unit Type	Tenure Type	Total
1 Bed Flat	London Affordable Rent	32
2 Bed Flat	London Affordable Rent	52
3 Bed Flat	London Affordable Rent	31
Total		115

- 3.5 The Head of Housing Needs has confirmed that the size breakdown will meet the essential housing needs of households on the housing register and the location of the scheme will be beneficial.
- 3.6 Officers have approached the developer regarding the possibility of purchasing these homes. An agreement in principle has been reached on a purchase price of £28.7m via private treaty negotiation, which means an average of just under £250K for each home.
- 3.7 The target average development cost under the New Council Homes Programme (NCHP) is £280K per home. As such, at just under £250K per home, this purchase represents good value for money. It should be noted that the £30.27m budget request is made up of the £28.7m purchase price and professional fees/disbursements.

4.0 Grand Union Site

- 4.1 The Grand Union site is a former 22-acre industrial estate in the borough. Please refer to Appendix 1 for the Site Location Plan.
- 4.2 The site is bounded by Beresford Avenue to the north, the A406 to the east and the Grand Union canal to the south.
- 4.3 Bisected by the River Brent, the development is formed of two parcels of land – the northern parcel which forms the majority of the site and a smaller southern parcel. The scheme will be a mixed development, which will also include offices, a nursery, shops, cafes, bars and a community centre.
- 4.4 Grand Union will create a vibrant new canal-side neighbourhood. The development is expected to have 6 phases. Demolition commenced in May 2019 and the completion of the entire scheme is expected by 2038. Please refer to Appendix 2 for the Phase 2 Site Plan.

5.0 Financial Implications

- 5.1 The anticipated cost of the purchase is £30.27m including all the estimated acquisition costs. The analysis assumes the units will be let at London Affordable Rent (LAR) rates.

- 5.2 The Council will use the optimum combination of financing for the scheme including prudential borrowing and capital grants and contributions. It is expected the scheme will attract grant income from the GLA totalling £2m.
- 5.3 The payment arrangements to be agreed with developer will look to seek the most appropriate payment mechanism to achieve best value for the acquisition.
- 5.4 The financial appraisal undertaken indicates the scheme is financially viable.
- 5.5 The level of service charge for the maintenance of communal parts is subject to negotiation with the developer.
- 5.6 It has been assumed that the Council will receive 100% Stamp Duty Land Tax (SDLT) relief based on the assumption that:
- a) The Council is deemed to be a relevant housing provider that is controlled by its tenants; and
 - b) The application of GLA grant receipts meets the requirements of a qualifying public subsidy.

6.0 Legal Implications

- 6.1 Section 17 (1) (b) of the Housing Act 1985 provides for Acquisition of land for housing purposes and provides powers for the Council to acquire houses, or buildings which may be made suitable as houses, together with any land occupied with the houses or buildings, Subsection 17 (3) of the Housing Act 1985 provides that Land may be acquired by a local housing authority by agreement.
- 6.2 The Council will be purchasing affordable homes that will be rented to Council tenants. Section 79 of the Housing Act 1985 provides that the tenant of a council property will be a secure tenant provided that in accordance with section 81 of the Housing Act 1985 the dwelling is the tenants main or principal home. Accordingly, the provisions of the Housing Act will entitle the secure to purchase their home under the right to buy scheme.
- 6.3 The Council legal department will undertake all the necessary due diligence prior to exchange of contracts. Accordingly, all the necessary searches and Title information will be examined prior to entering into the contract to ensure that the Council will acquire the property with good and marketable title.
- 6.4 As detailed at Recommendation 2.3, various contracts for professional services relating to the construction supervision of the 115 homes will need to be procured. These are likely to be classed as Low or Medium Value Contracts under the Council's Contract Standing Orders. For both Low Value and Medium Value Contracts, the relevant Strategic and Operational Director has delegated authority to authorise the procurement of such contracts and award the contracts.

7.0 Equality Implications

- 7.1 The public sector equality duty, as set out in section 149 of the Equality Act 2010, requires the Council, when exercising its functions, to have “due regard” to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, to advance equality of opportunity and foster good relations between those who have a “protected characteristic” and those who do not share that protected characteristic. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 7.2 Having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.
- 7.3 There is no prescribed manner in which the Council must exercise its public sector equality duty but having an adequate evidence base for its decision is necessary. Officers believe there are no adverse equality implications as the 115 affordable homes are being purchased to meet the needs of households on the housing register.

8.0 Consultation with Ward Members and Stakeholders

- 8.1 This report will be circulated to all Ward Members.

9.0 Human Resources / Property Implications

- 9.1 There are no further property implications or human resources implications in relation to this report.

10.0 Public Services (Social Value) Act 2012

- 10.1 The Council is under duty pursuant to the Public Services (Social Value) Act 2012 (“the Social Value Act”) to consider how services being procured might improve the economic, social and environmental wellbeing of its area; how, in conducting the procurement process, the Council might act with a view to securing that improvement; and whether the Council should undertake consultation. Officers will have regard to considerations contained in the Social Value Act in relation to the proposed procurements of the various contracts for professional services referred to in Recommendation 2.3 and where appropriate, include reference to social value being 10% of the evaluation score.

Report sign off:

Phil Porter

Strategic Director for Community Wellbeing