



Officer Key Decision
5th July 2022

**Report to the Strategic Director of
Regeneration & Environment**

**Authority to enter into contract with St. George for the
purchase of 115 homes from Grand Union Phase 2**

Wards Affected:	Alperton
Key or Non-Key Decision:	Key-Decision
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:	Appendix 1 – Site Location Plan Appendix 2 – Phase 2 Site Plan
Background Papers:	1: Cabinet Paper: 11 th April 2022
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Tanveer Ghani Operational Director, Property & Assets (Acting) Tanveer.Ghani@brent.gov.uk

1.0 Purpose of the Report

- 1.1 In April 2022, Cabinet approved the purchase of a long 999-year leasehold interest in 115 affordable homes from Phase 2 of the Grand Union scheme on Beresford Way, Alperton, HA0 1NW, (the Site) from St. George Development Ltd who is the freeholder and developer.
- 1.2 As part of this approval, Cabinet delegated authority to the Strategic Director of Regeneration & Environment to negotiate and agree the terms and thereafter enter into a contract with the seller for the purchase of the Site.
- 1.3 Following negotiation and agreement of the purchase terms, this report seeks authority to enter into a contract with St. George Development Ltd in order to acquire the leasehold of the Site.

2.0 Recommendation(s)

That the Strategic Director of Regeneration and Environment in consultation with the Lead Members for Finance, Resources & Reform:

- 2.1 Approves entry into a contract with St. George Development Ltd for the purchase of a 999-year leasehold interest in 115 affordable homes for £28.74m

in respect of the Site.

2.2 Notes that under the contract referred to in 2.1 above, the payment terms agreed with St. George Development Ltd are as follows:

- 10% deposit payable upon exchange of contracts - £2.874m
- 25% deposit payable upon legal completion - £7.185m
- 65% to be payable via monthly valuations - £18.681m

3.0 Detail

Grand Union Site

3.1 The Grand Union site is a former 22-acre industrial estate in the borough. Please refer to Appendix 1 for the Site Location Plan. The site is bounded by Beresford Avenue to the north, the A406 to the east and the Grand Union canal to the south.

3.2 Bisected by the River Brent, the development is formed of two parcels of land – the northern parcel that 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.

Planning

3.3 In September 2018, planning permission was granted to redevelop the Grand Union site to deliver a comprehensive redevelopment comprising 2900 homes, a new community centre, leisure facilities, commercial use space and ancillary facilitating works.

3.4 The Grand Union scheme 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.

Phase 1

3.5 In April 2020, Cabinet agreed to purchase 115 homes (92 x Affordable Rent and 23 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 23 x Shared Ownership units are currently in construction and will be handing over late 2022/early 2023.

Phase 2

3.6 The developer is seeking a buyer for the 115 affordable homes, which are being sold as a package from Phase 2 of the Grand Union development. 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

- 3.7 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.
- 3.8 Based on the agreed purchase price of £28.74m, the Council will be paying an average of just under £250K for each home. 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.
- 3.9 Since Cabinet approval in April 2022, officers have been working with the developer to finalise the terms and conditions for completing this acquisition and carry out the necessary Financial and Legal due diligence prior to contract exchange.

Next Steps

- 3.10 Subject to completing the leasehold acquisition of the 115 affordable homes, Brent will appoint an Employers Agent to act as the Council's Client Representative on this project, supervise the construction programme, ensure the 115 affordable homes are built to our requirements and validate monthly payments to the developer.

4.0 Financial Implications

- 4.1 The agreed purchase price is £28.74m. The analysis assumes the units will be let at London Affordable Rent (LAR) rates.
- 4.2 The Council will use the optimum combination of financing for the scheme including prudential borrowing and capital grants and contributions. It is agreed the scheme will attract grant income from the GLA totalling £2m.

Main Assumptions

- 4.3 The financial appraisal undertaken indicates the scheme is financially viable.
- 4.4 The following assumptions have been made in undertaking the financial viability:
- Rents assumed at LHA rates for all TA units
 - Rent increase assumed at CPI plus 1%
 - CPI assumed at 2%
 - Housing management at £600 and maintenance cost at £600, per property
 - 2% Bad debt and 2% Void
- 4.5 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; and
 - b) The application of GLA grant receipts meets the requirements of a qualifying public subsidy.

5.0 Legal Implications

- 5.1 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.
- 5.2 The Council will be purchasing 115 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 a qualifying secure tenant to purchase their home under the right to buy scheme.
- 5.3 The Council's 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.

6.0 Equality Implications

- 6.1 The Council must, in the exercise of its functions, have due regard to the need to:
- a) Eliminate discrimination, harassment and victimisation;
 - b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 6.2 Pursuant to s149 Equality Act 2010. This is known as the Public Sector Equality Duty.
- 6.3 The Public Sector Equality Duty covers the following nine protected characteristics: age, disability, marriage and civil partnership, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 6.4 The purpose of the duty is to enquire into whether a proposed decision disproportionately affects people with a protected characteristic. In other words, the indirect discriminatory effects of a proposed decision. Due regard is the regard that is appropriate in all the circumstances.
- 6.5 The initial analysis indicates that the acquisition and development of this will have positive impacts on all groups falling within a protected characteristic. Through ongoing equality impact assessment, the officers will continue to monitor the reach and the targeting of the engagement, and the impact of the proposed development plan on residents with protected characteristics, considering and implementing measures to mitigate negative impacts and maximise positive impacts.

7.0 Consultation with Ward Members and Stakeholders

- 7.1 The April 2022 Cabinet paper that sought approval to acquire the 115 affordable homes, was circulated to all Ward Members.
- 7.2 Follow up consultation with the Lead Member for Finance, Resources & Reform, has taken place prior to making this decision in relation to the Recommendations.
- 7.3 As part of the capital delivery of the Council's development of this site, further engagement will be undertaken with Ward Members and key stakeholders to address any issues as/when necessary.

8.0 Human Resources/Property Implications (if appropriate)

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

Report sign off:

Tanveer Ghani
Operational Director of Property &
Assets (Acting).