



Cabinet
6th February 2023

**Report from Corporate Director of
Finance & Resources**

Purchase of 294 Homes at Fulton Road, Wembley, HA9 0TF

Wards Affected:	Wembley Park
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:	Two Appendix 1: Site Plan Appendix 2: Fulton Road CGI image
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Hakeem Osinaike Director of Housing 020 8937 2023 Hakeem.Osinaike@brent.gov.uk Tanveer Ghani 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 interests of 999 years (less 3 days) in 294 homes (flats) located on the former Euro Car Parts site, Fulton Road, Wembley, HA9 0TF from Crown Wembley LP who is the vendor.
- 1.2 The total budget required to purchase the 294 homes including professional fees, disbursements, exclusive of Stamp Duty Land Tax and exclusive of VAT is £85.6m.

- 1.3 Crown Wembley LP, as the site vendor, will grant the Council a 999-year lease (less 3 days) at a peppercorn rent on completion of the lease for the 294 homes. Regal Homes Management Limited, as the development manager for the site, will continue to insure the premises during the construction and until completion of the construction of the 294 homes, currently anticipated as 1st July 2026.

2.0 Recommendation(s)

That Cabinet:

- 2.1 Approve a budget of £85.6m plus VAT (if any) to purchase the long leasehold interest in 294 homes from Crown Wembley LP, subject to contract and subject to a) clean and marketable title b) financial and legal due diligence and c) vacant possession, with a target completion date in March 2023; and;
- 2.2 Delegate authority to the Corporate Director of Finance & Resources in consultation with the Finance, Resources & Reform to negotiate and agree the terms and thereafter enter a development sale and purchase contract with the vendor for the purchase of these homes by way of a long lease of 999 years (less 3 days).
- 2.3 Note the Corporate Director, Finance & Resources using powers delegated under the Constitution will tender and award relevant contracts for professional services relating to the construction supervision of the 294 homes that will be transferred to Brent Council.
- 2.4 Delegate authority to the Corporate Director, Resident Services to enter into a grant agreement with the Greater London Authority (GLA) for purchase of the Section 106 block of apartments at Fulton Road in the sum of £8.2m.
- 2.5 Delegate authority to the Corporate Director of Finance & Resources in consultation with the Leader Member for Finance, Resources & Reform to secure the necessary pre-requisite consents and thereafter agree the terms for entering a lease of the 118 units to a Council owned subsidiary.

3.0 Detail

- 3.1 The mixed development on the former Euro Car Parts site, Fulton Road will deliver retail space, industrial floorspace and 759 homes in the Wembley Park area. The planning application reference for this development is 21/2989 and it was granted planning permission in March 2022.
- 3.2 Regal Homes Management Limited as the developer is now seeking a buyer for 294 homes that are being sold as a package across Blocks D and E. The breakdown of the 294 homes is as follows:

London Living Rent Unit (LLR) Unit Mix – Block D	
1 Bed	53
2 Bed	29
3 Bed	36
Total	118

London Affordable Rent (LAR) Unit Mix – Block E	
1 Bed	35
2 Bed	85
3 Bed	56
Total	176

- 3.3 Officers have approached the developer regarding the possibility of purchasing these homes. An agreement in principle has been reached on a purchase price of £84.6m exclusive of VAT via private treaty, which means an average purchase price of under £290k for each home. It should be noted that the £85.6m budget request is made up of the £84.6m purchase price and professional fees/disbursements both exclusive of VAT.
- 3.4 The original S106 for this site included 218 affordable homes, which included 80 x London Affordable Rent, 62 x Intermediate Rent, 76 x Shared Ownership. The purchase of these blocks therefore represents an increase in affordable housing and an improvement on the tenure(s) that are available.

Housing Demand and Management Considerations

- 3.5 From a housing demand perspective, whilst there is greater demand and longer waiting times for larger family sized accommodation, the Council is always able to allocate 1-bedroom homes. Additionally, the location of Fulton Road in Wembley Park makes them more desirable. There are currently 799 households living in Temporary Accommodation that have a 1-bedroom need. This is higher than 2-bedroom demand at 692 and 3-bedroom remains the highest at 1,096. This highlights the benefit that Fulton Road as a development will bring in meeting current housing demand.
- 3.6 London Living Rent (LLR) is an affordable housing product as an entry level option to home ownership. Rents are set by the Greater London Authority (GLA) and are based on average incomes at a ward level. The intention for LLR is that after 10 years, the tenant would have benefited from paying a lower rent and build up savings to then purchase their home, possibly as a shared ownership product.
- 3.7 However, the GLA allows Local Authorities to request that LLR stays as rented accommodation in perpetuity meaning it would be classified as 'Alternative Affordable Homes'. If the Council can secure permission for LLR in perpetuity, then the Council will be able to continue utilising these homes to deliver more accessible affordable housing. The Council's intention is to lease Block D to a Council owned subsidiary to enable delivery of the 118 units as London Living

Rent.

GLA Grant Agreement

- 3.8 The Council has submitted an application to the GLA for grant funding to complete the purchase of these homes. As this purchase is largely a S106 package and the overall percentage of affordable housing across the site is 40% (based on habitable rooms), then the grant available is capped at £28k per unit. Subject to GLA approval, this means that the total grant requested for this scheme is £8.2m.
- 3.9 In order to access this grant, the Council is required to enter a grant agreement with the GLA and delegated authority is sought for to the Corporate Director, Resident Services to enable this.

4.0 Euro Car Parts, Fulton Road Site

- 4.1 The former Euro Car Parts site, Fulton Road is approximately 1.2 Ha and has been allocated for a mixed use residential led development within the Brent Local Plan 2018 and Wembley Area Action Plan (WAAP).
- 4.2 In March 2022, planning permission was obtained for a mixed development including 759 homes, commercial use space, public realm improvements and a new access road through the site.
- 4.3 The site is particularly well connected to the transport infrastructure having a PTAL (TfL's Public Transport accessibility Level) rating of 4. This represents a 'good' level of accessibility to public transport. The site is also near local amenities such as schools, leisure centres, a large library and shopping facilities.
- 4.4 The Fulton Road development will create a vibrant new neighbourhood and completion of the entire scheme is expected by 1st July 2026.

5.0 Financial Implications

- 5.1 The total cost of the scheme including professional fees and disbursements is forecast to be £85.6m.
- 5.2 The Council will acquire 252 affordable homes as part of the S106 agreement whilst also providing additional affordable provision of 42 homes. To ensure the scheme's viability, the provision of homes at London Affordable Rent (LAR) is being subsidised by the inclusion of homes at London Living Rent (LLR). Both tenure types will enable the Council to claim £28k per home in grant from the GLA to support the delivery of affordable housing.
- 5.3 The payment arrangement currently agreed is as follows:
- 10% will be payable upon contract exchange

- 25% will be payable on Golden Brick of Blocks D & E (with 12.5% on Golden Brick of Block D, and 12.5% on Golden Brick of Block E)
 - The remainder will be paid upon monthly notices as the development progresses and in line with certified development and construction cost drawdowns.
- 5.4 The level of service charge for the maintenance of communal parts is subject to negotiations with the developer.
- 5.5 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 that is controlled by its tenants; and
 - (b) The application of GLA grant receipts meets the requirements of a qualifying public subsidy.
- 5.6 The homes will be held in the Housing Revenue Account and the LLR homes will be leased to a Council owned subsidiary.

6.0 Legal Implications

- 6.1 Sections 9 and 17 of the Housing Act 1985 (the 1985 Act) give Council powers to provide accommodation:
- Section 9(1)(b) of the 1985 Act provides that a local housing authority may provide housing accommodation by acquiring houses; and
 - Section 17(1)(b) of the 1985 Act provides that a local housing authority may acquire houses, or buildings which may be made suitable as houses, together with any land occupied with the houses or buildings.
- 6.2 The units will be purchased pursuant to part II of the 1985 Act. Accordingly, section 32 of the 1985 Act states that the demise of housing that has been acquired for the purpose of part II of the 1985 Act may require the Secretary of States Consent for the subletting of the 118 x LLR units to a Council owned subsidiary.
- 6.3 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 the contract to ensure that the Council will acquire the property with good and marketable title.
- 6.4 Officers propose the tendering and award of contracts for professional services relating to the construction supervision of the 294 homes that will be transferred to Brent Council. For both Low Value and Medium Value Contracts, the relevant Corporate Director has delegated authority pursuant to paragraph 9.5 of Part 3

of the Constitution to authorise the procurement of such contracts and award the contracts.

7.0 Equality Implications

7.1 Pursuant to s149 Equality Act 2010 (the “Public Sector Equality Duty”), the Council must, in the exercise of its functions, have due regard to the need to:

- (a) eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act.
- (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,

7.2 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.

7.3 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.

7.4 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.

7.5 The proposals in this report have been subject to screening and no adverse equality implications have been identified.

8.0 Consultation with Ward Members and Stakeholders

8.1 This paper 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 and where appropriate, include reference to social value being 10% of the evaluation score.

Report sign off:

Minesh Patel

Corporate Director of Finance & Resources