

	<p style="text-align: center;">Assets, Regeneration and Growth Committee</p> <p style="text-align: center;">24th April 2017</p>
<p style="text-align: right;">Title</p>	<p>Sale of the freehold interest in the land at Tenderden Grove / Mills Grove, Hendon, NW4</p>
<p style="text-align: right;">Report of</p>	<p>Director of Resources</p>
<p style="text-align: right;">Wards</p>	<p>Hendon</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>No</p>
<p style="text-align: right;">Enclosures</p>	<p>Site Plan – 24604/1</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Judith Ellis Associate Director Strategic Property Customer and Support Group (CSG) Tel: 0208359 7364</p> <p>Abid Arai Development Programme Director (Re) Abid.Arai@barnet.gov.uk 0208359 4980</p>

Summary

This report seeks an in principle decision to the conditional sale of the Council's freehold interest in the land at Tenderden Grove shown edged with a thick line on the site plan attached ("the Property") to Metropolitan Housing Trust (MHT), who currently hold the land from the Council under a lease with 53 years unexpired. The site was developed by the lessee in the 1970's for Social Rented Housing and now requires investment. In order to maximise the potential of the site and provide a new mixed housing scheme including extra care accommodation, negotiations with Metropolitan Housing Trust have identified an opportunity for the Council to sell its reversionary freehold interest which will provide Metropolitan Housing Trust with an interest to secure funding and undertake a comprehensive redevelopment of the site delivering a capital receipt to the Council, subject to planning, estimated between £3.5 to £4.5m. Existing residents will be re-housed in the new development, with the Council having access to future nomination rights on all affordable units.

Recommendations

- 1. That Committee agrees to the disposal of the Property, subject to planning.**
- 2. That Committee delegates authority to the Director of Resources following approval of this report, and prior to exchange of contracts to appoint an independent valuer to confirm the proposed sale price subject to planning.**
- 3. That Committee delegates authority to the Director of Resources in consultation with the Chairman of the Assets, Regeneration and Growth Committee to negotiate and approve the final disposal terms of the Property following the grant of planning consent. This will be conditional upon validation via an independent valuer ensuring compliance with the Council's obligations to achieve best consideration under section 123 of the Local Government Act 1972 and obtaining any necessary statutory consents.**
- 4. That the Committee notes that the new development will include as a minimum the replacement of existing social rented units, and that MHT's intention is that residents of the existing estate are rehoused in the new development.**

1. WHY THIS REPORT IS NEEDED

- 1.1 The Council own the freehold interest in approximately 2 hectares of land at Tenterden Grove/Mills Grove, Hendon NW4 ("the Property") The Freehold is subject to a lease to Metropolitan Housing Trust dated November 1970 for a term of 99 years at a rent of £1000 pa. This lease has less than 53 years remaining, rendering the Property un-mortgageable for Shared Ownership or Private Sale.
- 1.2 The Property is in a prime residential area and consists of 102 homes, across 6 x 3 storey blocks of flats, bedsits and 1 & 2 bedroom flats and traditional 2 storey 3 & 4 bedroom houses. A former caretaker's house, known as Westhorpe Cottage is located at the entrance to Westhorpe Gardens off Tenterden Grove. The cottage is significantly older than the existing properties on the Estate. There is forecourt parking, 93 garages and undercroft parking to the flats.
- 1.3 As a result of the short unexpired term of the lease and the need for investment in the existing units the opportunity to redevelop the whole site and provide new units with better utilisation of the land has been considered. Following a review of the options detailed in paragraph 2 and 3 below, the sale of the Council's freehold interest in the Property is recommended for an estimated capital receipt between £3.5 to £4.5m. In addition to this receipt MHT will build, manage and maintain up to 77 extra care units of which 35 will be affordable with Council nomination rights over these & other affordable units. The construction of the extra care units is to be delivered in advance of Market sale units, subject to an agreed decanting strategy.

2. REASONS FOR RECOMMENDATIONS

- 2.1 Barnet has the largest population of any London borough with 393,000 residents. This figure is expected to grow by 76,000 over the next 25 years; an increase of 19%. With a third of the borough designated green belt, Barnet Council has to be innovative in how more homes can be built in the borough whilst retaining the borough's distinctive outer London character.
- 2.2 Initially developed in the 1970s the Property suffers from a number of issues such as heat loss and condensation to homes. This opportunity maximises the asset value for both LBB and MHT and delivers a diversification of home ownership and high quality older persons housing.
- 2.3 As detailed in the Housing Strategy (2015-2025), and in response to the need for more housing in Barnet and in London as a whole, Barnet Council has committed to increasing the supply of housing in the borough, particularly affordable whilst maximising the Council's land resources. With this in mind a Development Pipeline Programme was established identifying Barnet owned sites that could provide locations for housing development schemes. The programme directly supports the Corporate Plan objective of responsible growth and regeneration.
- 2.4 On 9th July 2014 the Assets, Regeneration and Growth Committee approved the approach to, and the principles underpinning, the creation of a Development Pipeline, and that an initial list of potential development options and projects be tabled at the September Committee.
- 2.5 The recommendation in this report enables the Council to continue discussions with MHT to achieve a capital receipt and more comprehensive redevelopment of the site for a mixed residential development scheme incorporating affordable housing and extra care accommodation on which the Council will hold nomination rights. It is MHT's intention to replace existing social units, and to re-house tenants of the existing estate in the new development.

Redevelopment

The comprehensive redevelopment of the Property has been explored under various scenarios;

- Joint Venture
- Sale of part of the Property to MHT, Council retains part of the Estate.
- Sale of the Property to Metropolitan

After a thorough review of all options, the sale of the Property to MHT has been determined as the most mutually beneficial to both parties; the sale will provide the Council with a capital receipt and enable MHT to redevelop the Property, maximising its development potential, creating a supply of new affordable homes, offering properties for intermediate sale and market sale

and homes to meet the needs of older persons requiring extra care accommodation.

The sale price will be based upon the re-provision of 102 existing Social Rent dwellings, In addition the provision of between 118 to 155 new dwellings of Rented, Shared Ownership and Private Sale Tenures subject to Planning is proposed- within this there will be up-to an additional 77 extra care units.

Figure 1: Proposed schedule of accommodation, assuming 155 new dwellings

Tenure	1B2P	2B3P	2B4P	3B5P	4B6P	Total
Social Rent	52	24	26	0	0	102 (40%)
London Affordable Rent	13	4	4	1	0	22 (9%)
London Shared Ownership	6	1	2	0	0	9 (4%)
Market Sale	11	5	14	14	3	47 (18%)
Affordable Rent (Extra Care)	35	0	0	0	0	35 (14%)
Market Sale (Extra Care)	27	9	6	0	0	42 (16%)
Total	144	43	52	15	3	257

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 A range of options have been considered;

1) **Do nothing-** The council would continue to receive £1000 pa for the remainder of the term at which stage the site with the tenants would revert to the council or be decanted to alternative accommodation. This would not allow better utilisation of the site or generate a receipt.

2) **Infill development and refurbishment to provide 13 new homes**

Metropolitan acquire the freehold interest in the Property from Barnet Council.

Improvements to existing properties, parking and public realm to include;

Creation of a dedicated play area, Improvement of communal external areas and provision of more private external areas, Creation of allotments, demolish garages to provide hard standing parking bays.

This option was discounted as a result of viability challenges with purchasing the freehold, infill development and significant levels of investment to upgrade existing properties, undercroft parking and public realm which would not provide a financially viable opportunity.

4. POST DECISION IMPLEMENTATION

- 4.1 Exchange Contract: May 2017
Procurement: May - July 2017
Resident engagement strategy: May - Dec 2017
Planning application preparation: May - Dec 2017
Planning decision: April 2018
Completion of contracts: June 2018

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

The Corporate Plan 2015-2020 has a strategic objective to “promote responsible growth, development and success across the Borough”. It states that the Council working with local, regional and national partners, will strive to ensure that Barnet is a place of opportunity, where people can further their quality of life and where services are delivered efficiently to get value for money for the taxpayer. The proposed Barnet Development Pipeline project will help meet these objectives by providing good quality private and affordable lifetime homes, through a community co-design process that strengthens community relations and confidence in the Council.

5.1.1 The 2017-2018 Addendum to the 2015-2020 Adults and Safeguarding Commissioning Plan includes the following commissioning priorities:

- Developing best practice social care, focused on what people can do and how they can help themselves.
- Diversifying Barnet’s accommodation offer to help more people live independently.
- Transforming day care provision to ensure that people remain active and engaged through access to employment and volunteering.
- Integrating health and social care services to prevent crises and help individuals stay well and in their own homes.
- Improving the borough’s leisure facilities to support and encourage active and healthy lifestyle.

The expansion of extra care provision in partnership with Metropolitan Housing supports delivery of these priorities. It also supports the priorities of the Joint Health and Wellbeing Strategy (2015 – 2020) and the strategy’s

themes of wellbeing in the community and care when needed. The expansion of extra care contributes to meeting the commitments of the Dementia Manifesto for Barnet, supporting people with dementia to live a full and active life, and enabling them to live at home for longer.

5.1.2 The Growth Strategy for Barnet recognised that growth is vital for ensuring the future prosperity of the Borough, and maintain Barnet as a successful London suburb.

5.1.3 The Council's Local Plan adopted in 2012, sets out a 15 year 'vision' to help shape the kind of place that Barnet will be in the future. It supports the delivery of new homes including affordable dwellings and the use of brownfield land for high quality and sustainable suburban development.

5.1.4 The Council's Housing Strategy, agreed in 2015 has the overarching objective of providing housing choices that meet the needs and aspirations of Barnet residents and sets out how the Council will deal with a number of challenges including high prices, a shortage of affordable housing and the potential threats to the qualities that make the Borough attractive.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 The approval of the sale of the Council's interest in the Property provides the council with a capital receipt based on the development value of the land. That is currently estimated at between £3.5m and £4.5m, and would be available to support the Council's Capital Programme. The sale price will be assessed following the grant of planning consent and will be independently verified to ensure compliance with the Council's obligations to achieve best value under Section 123 of the Local Government Finance Act 1972. The receipt is currently expected during 2018/19.

5.2.2 Each party will bear their own surveyor and legal costs.

5.2.3 The Council will have nomination rights across all affordable units including the Extra Care Affordable Rent units within the scheme in perpetuity. These Extra care units and additional services will be provided by Metropolitan Housing. A pricing schedule for the provision of care services will be agreed between the Council and Metropolitan Housing every three years.

5.2.4 The revenue savings for the Council, through the replacement of residential placements with extra care placements, have been estimated by finding the cost difference between the minimum unit price for residential care for older adults (as provided in the table below) and the average weekly cost of extra care for adults with dementia¹, indicating a weekly saving of £308 per week.

5.2.5 The Adults and Communities service have two MTFS savings targets in this area - £465k in 2018/19 and a further £760k in 2019/20. The proposal in this

¹ SWIFT Data Analysis - Adults category strategy workshop may 2015 CAPITA

report is anticipated to create around 35 units of affordable extra care during 2018/19, which would produce savings estimated at £560k p.a.: these savings would contribute to the MTFS targets.

5.3 Legal and Constitutional References

- 5.3.1 Local authorities are given powers under Section 123(1) of the Local Government Act 1972 (as amended) to dispose of land held by them in any manner they wish but the disposition must be for not less than best consideration that can be reasonably obtained assessed by a valuer. Any disposal less than best consideration that can be reasonably obtained requires the express consent of the Secretary of State. In determining best consideration the Local Authority must have regard to commercial and/or monetary value to the Local Authority.
- 5.3.2 Council Constitution, Responsibility for Functions, Annex A – The Assets, Regeneration and Growth Committee has responsibility for “Asset Management – all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council and the approval of non-statutory plans that concern asset management matters. Certain matters are further delegated to officers but such delegations do not include disposals at undervalue.
- 5.3.3 Section 2.1 of The Management of Assets, Property and Land Rules, contained in the Council’s constitution states that The Management of Asset, Property and Land Rules provide the governance structure within which the Council may acquire, lease, act as landlord, licence, develop, appropriate, change use of, or dispose of Assets within its Asset Portfolio.

5.4 Risk Management

- 5.4.1 There is a risk that planning consent will not be granted for the scale of development proposed which will impact on the capital receipt and the number of units built. The negotiated financial transaction provides for adjustment to reflect any differences resulting in a less favourable planning consent being granted.
- 5.4.2 The sale is conditional, therefore should planning not be granted, the Council is minded not to dispose of its Freehold and will review alternative options with Metropolitan Housing Trust.

5.5 Equalities and Diversity

- 5.5.1 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies to have due regard to the need to: eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010; advance equality of opportunity between people who share a relevant protected characteristic and those who

do not foster good relations between people who share a relevant protected characteristic and those who do not.

- 5.5.2 The broad purpose of this duty is to integrate considerations of equality into day to day business and to keep them under review in decision making, the design of policies and the delivery of services.
- 5.5.3 The re-provision of additional high quality housing in the Borough will assist first time buyers, many of whom are currently priced out of the market. In addition, much needed affordable rented housing and Extra care units will also be provided, as well as promotion of further construction jobs in the borough.
- 5.5.4 At this stage, the proposal does not raise any issues under the Council's Equalities Policy and does not have a bearing on the Council's ability to demonstrate that it has paid due regard to equalities as required by the legislation. No immediate equality impacts are anticipated as a result of this proposal, however a full EIA will be considered in due course.

The site is situated in an area with a strong Jewish community presence and the creation of a community forum is proposed. This will enable appropriate community ambassadors to be nominated, appointed and also supported in their position with suitable training. Once trained, the expectation is that community ambassadors act with professionalism and are remunerated for their time. This is good for the project in terms of building trust and respect with residents, de-risking the programme and providing an opportunity for local people to develop new, transferrable skills.

5.6 Consultation and Engagement

- 5.6.1 Metropolitan will ensure Residents, the Local Community and Stakeholder are fully engaged throughout the development of the planning application and beyond, adopting the approach set out in the Mayor's Good Practice Guide for Estate Regeneration.

Consultation will be conducted in various forms and tailored to the needs of the Residents.

- Consultation Events on location
- Door to Door visits
- Visits by Appointment
- Newsletter Updates
- Dedicated Website for Comments

It is proposed the Residents will have input into the selection of the Architect appointed to secure planning permission for the redevelopment. A Resident

Representative(s) will be selected to assist with the design process, subject to certain design criteria, specification and cost management.

The phasing and decanting of the redevelopment will be key and the involvement and support of Residents and the Council will be paramount to making the project a success.

Housing Needs Assessments will be carried out for all residents to ensure decant properties meet their current and future needs.

A right to return will be offered to all existing tenants.

6. BACKGROUND PAPERS

- 6.1 Extension of Extra Care Services, Adults and Safeguarding Committee, 10 November 2016, item 9:
<http://barnet.moderngov.co.uk/documents/s35905/Extension%20of%20Extra%20Care%20Services.pdf>

Site Plan

