

Item No.	Classification: Open	Date: 15 November 2017	Meeting Name: Director of Regeneration
Report title:		Proposed acquisition of future affordable housing at 8-24 Sylvan Grove SE15 1PE	
Ward(s) or groups affected:		Livesey	
From:		Head of Regeneration South	

RECOMMENDATION(S)

- 1 That the Director of Regeneration give authorisation to acquire a freehold development of 80 units comprising 50 shared ownership, nine affordable rented and 21 social rented units at 8-24 Sylvan Grove, London SE15 1PE.

BACKGROUND INFORMATION

- 2 On 9 December 2014 the Cabinet gave delegated authority to the Director of Regeneration to acquire land and housing for the direct delivery of new council housing as part of the council's policy to deliver 1,500 homes by 2018. It is therefore appropriate for decision-makers to consider the acquisition of the affordable housing at Sylvan Grove.
- 3 S17(1b) of the Housing Act 1985 empowers the Council to acquire dwellings for housing purposes. Such dwellings once acquired will usually be held within the Housing Revenue Account.
- 4 Hyde Housing is building out 80 residential units on Sylvan Grove, off Old Kent Road, which includes an off-site affordable housing agreement with Sellar Properties for the latter's provision of S106 housing at Fielden House. Delivery of the subject units is expected in early 2018.
- 5 Hyde is therefore seeking to vary their S106 agreement which provides for a mix of private and affordable provision to a tenure mix that is based on 100% affordable. The amended mix would be as follows: 50 shared ownership units, nine affordable rent units, and 21 social rent units. The S106 currently provides for 52 private and 28 affordable units.
- 6 Hyde Housing has been working with the council's solicitors and the S106 variation is expected to complete in November 2017. The council is not willing to purchase the units if the tenure has not been varied to 100% affordable as private units would increase the purchase price and incur stamp duty land tax liability.
- 7 On the 1 November the Leader of the Council agreed a variation to the executive scheme of delegation to enable the Director of Regeneration to take the decision. This is because: a) exchange is targeted for mid-November to give both parties certainty in the transaction, and b) there is no Cabinet in November. With regard to a) Hyde requires a November exchange so that they do not prejudice their opportunity to market the shared ownership units, and the council requires the ability to monitor the last stages of fit out and compliance with the specification.

- 8 Current estimates of practical completion and handover are March 2018 to allow Hyde to carry out works to the carriageway fronting the development in addition to the pavement. The residential block however is estimated to be practically completed in January 2018.
- 9 Planning permission was granted on 21 October 2015 for 80 units in one block including eight wheelchair accessible units together with eight wheelchair accessible parking spaces, plus ten additional car parking spaces and 138 cycle spaces. It is understood nine units will come with a private garden, the remaining units will have a private balcony or terrace, and there will be communal open space at the rear of the development for use by all occupiers together with a play area. A site plan is attached at Appendix 1 for identification purposes only.
- 10 An accommodation schedule setting out the size and breakdown of units is set out in Appendix 2.

KEY ISSUES FOR CONSIDERATION

- 11 Negotiations with Hyde have concluded and terms have been agreed. Further details are contained within the closed report.
- 12 The purchase will be on the basis of the council acquiring 100% affordable.
- 13 The council has appointed external valuers to confirm that the price agreed represents market value.
- 14 In relation to para 4 above, Hyde Housing have confirmed that Sellar Properties are agreeable to the proposed transaction. It is not considered at this stage that the purchase gives rise to any legal or planning policy impact.
- 15 In acquiring the freehold of the development the council will have control over the level of estate and block costs. It is envisaged that charges will be made at the prevailing service rate for this new build property as per the Cabinet approval of 9 December 2014. In the event units are sold for shared ownership, any service charges would become the responsibility of the individual leaseholder.
- 16 It is understood a combined heat and power (CHP) system is to be installed at the building. The council and its tenants will need to enter into agreements directly with the energy supplier of the CHP system.
- 17 The subject block adjoins the Tustin Estate and is near to the Ledbury Estate. The subject units will provide suitable accommodation for general housing needs and relocation purposes.
- 18 The units will come with restrictions on tenure use in accordance with planning, and the tenure mix will require a variation to the S106 agreement if the council wishes to use the shared ownership units for shared equity, affordable rented, or social rented units, for example.
- 19 The council will enter into a development agreement with Hyde Housing which will set out certain terms relating to the transaction.

- 20 Specifications have been issued by Hyde and shared with the Housing Department. There are some differences with the council's standard specification but on initial review these are not considered insurmountable. An employer's agent has been appointed by the council to review the documents. The specification will form part of the purchase agreement.
- 21 It is recommended that the employer's agent is instructed to monitor handover and snagging.
- 22 The proposed acquisition has been run through Housing's Appraisal model, a programme set up specifically to test the feasibility of a development or acquisition for the Delivery Programme Board.
- 23 The direct acquisition of affordable housing provided at new developments is a cost-effective means of delivering the commitment to provide 1,500 new council homes by 2018, it will usually be faster and less expensive than the Council directly building new housing.

Rationale for recommendations

- 24 To bring more affordable housing into the council's control and secure it in the most cost-effective way.

Community impact statement

- 25 The Equality Act 2010 imposes a general equality duty on public authorities (PSED), in the exercise of their functions, to have due regard to the need to:
 - Eliminate discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Act.
 - Advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it.
 - Foster good relations between people who share a relevant protected characteristic and those who do not share it.
- 26 For the purpose of the PSED the following are 'protected characteristic' considerations:
 - Age
 - Civil partnership
 - Disability
 - Gender reassignment
 - Pregnancy and maternity
 - Race
 - Religion or belief

- Sex and sexual orientation.

27 It is considered the proposed purchase will increase the council's ability to provide housing to all and will not adversely affect any protected characteristic.

Resource and financial implications

28 These are set out in the closed report.

Legal implications

29 Addressed in the closed report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

30 Addressed in the closed report.

Housing and Modernisation

31 Addressed in the closed report.

Strategic Director of Finance and Governance

32 Addressed in the closed report.

PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS

Under the powers delegated to me in accordance with the council's constitution, I authorise action in accordance with the recommendation(s) contained in the above report (and as otherwise recorded in Part B below).

Signature *[Signature]* Date 29/11/17

Designation Chief Executive
on behalf of Stephen Platts Director of
Requests

PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:

- 1) All key decisions taken by officers (including contract reports)
- 2) Any non-key decisions which are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available.

<p>1. DECISION(S)</p> <p><i>As set out in the Recommendations of the report.</i></p>

2. REASONS FOR DECISION

As set out in the report

3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION

N/A

4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION (IF APPLICABLE)*

N/A

*Contract standing order 4.5.1 states that for contracts with an Estimated Contract Value of over £100,000, the lead contract officer (LCO) must consult with the relevant cabinet member before a procurement strategy is implemented.

5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST

If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.

N/A

6. DECLARATION ON CONFLICTS OF INTERESTS

I declare that I was informed of no conflicts of interests.*

or

~~I declare that I was informed of the conflicts of interests set out in Part B4.*~~

(* - Please delete as appropriate)

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Cabinet report on 9 December 2014: Update on the proposed pipeline for the delivery of 1,500 new council homes by 2018	160 Tooley Street	Paula Thornton 020 7525 4395
http://modern.gov.southwark.gov.uk/documents/g4865/Printed%20minutes%20Tuesday%2009-Dec-2014%2016.00%20Cabinet.pdf?T=1		
Delegated report for planning permission (15/AP/1330)	160 Tooley Street	Wing Lau x55729

APPENDICES

No.	Title
Appendix 1	Site plan showing 8-24 Sylvan Grove
Appendix 2	Accommodation schedule

AUDIT TRAIL

Lead Officer	Marcus Mayne, Principal Surveyor	
Report Author	Alexandra Curran, Surveyor	
Version	Final	
Dated	14 November 2017	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Strategic Director of Housing and Modernisation	Yes	Yes
Cabinet Member	Yes	No
Date final report sent to Constitutional Team	15 November 2017	