

WESTMINSTER CITY COUNCIL

STATEMENT OF DECISION

SUBJECT: INTERMEDIATE RENT HOMES AT FARM STREET

Notice is hereby given that **Councillor Paul Swaddle** Cabinet Member for Finance and Smart City, and **Councillor Heather Acton** Cabinet Member for Communities and Regeneration, has made the following executive decision on the above mentioned subject for the reasons set out below.

Transfer of the intermediate rent homes being built at the Farm Street Development to Westminster Builds

2. Recommendations

2.1. This report is exempt from disclosure by virtue of the Local Government Act 1972 Schedule 12A, Part 1, paragraph 3 (as amended), in that it contains information relating to the financial or business affairs of any particular person (including the authority holding).'

2.2. The Cabinet Member for Communities and Regeneration gave:

2.2.1. Approval as Shareholder of the Company to enter into the legal and financial documents required to acquire the 14 Intermediate Rent homes at Farm Street and to rent them to qualifying tenants under the terms of the S106 unilateral undertaking (and any subsequent variations), as set out in Westminster Build's Board decision on 3rd December 2020

2.3. That the Cabinet Member for Finance and Smart Cities gave:

2.3.1. Approval for the Council to dispose of the 14 Intermediate Rent homes at Farm Street to the Company for a value no less than best consideration reasonably obtainable as per RICS Red Book valuation on a 125-year term leasehold interest at a peppercorn rent.

2.3.2. Approval to enter into a variation of the s.106 unilateral undertaking dated 14th April 2016 to enable the Council to transfer the 14 Intermediate Rent Homes at Farm Street to the Company and for the Director of Law to enter into any further unilateral undertaking and legal documentation to enable this variation or any future variation that may be required in order to implement the recommendations in this report.

2.3.3. Approval to the Director of Law to enter into any legal documentation ancillary to or required to facilitate the recommendation in 2.2.1.

- 2.3.4. Approval for the general fund to invest sufficient debt and equity into the Company to fund the purchase, as set out in appendix 1.
- 2.3.5. Delegation of the approval of the final negotiation of detailed terms of the financial documents to Executive Director of Finance and Resources and approval to the Director of Law to enter into any legal or financial documents required.
- 2.3.6. Delegation to the Executive Director of Growth Planning and Housing to approve the terms of any Management Agreement on behalf of the Council's Housing Management to provide management services to the Company and approval to the Director of Law to facilitate and enter into any legal documentation thereto.

3. Reasons for Decision

- 3.1. Westminster Builds (WB) is the trading name for the Council's subsidiary Westminster Housing Investments Limited (WHIL) and WHIL's subsidiary Westminster Housing Developments Limited (WHDL). The transaction proposed is between the Council and WHIL, and therefore WB and WHIL are used interchangeably in this report.
- 3.2. Intermediate Rent housing cannot be efficiently held in the HRA and would normally be sold to a registered provider such as Westminster Community Homes. As WB's business plan sets out it is preferable for the Council to instead sell Intermediate homes to Westminster Housing Investments Limited.
- 3.3. Normally a decision to dispose of homes built in a development would have been included in its Full Business Case, however Farm Street development pre-dates the creation of WB and therefore requires a separate decision under the Council's Financial Regulations.
- 3.4. As the drafted S106 for the development was completed in 2016 it did not envisage the existence of WB and therefore amendments are required to enable it to own and operate the homes. Officers have had informal discussions with the local planning authority as to suitable amendments to the s.106 agreement and an application will be made to the local planning authority to make a variation to s.106 if the recommendation within this report is approved.
- 3.5. In addition to the approval for the Council to sell its dispose of its assets, authority is required from the Council, acting as WHIL's shareholder, to authorise the Company to acquire the homes. This acquisition is funded by debt and shareholder loans from the Council.

**Stuart Love, Chief Executive,
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