



City of Westminster

Cabinet Member Report

Decision Maker:	Cabinet Member for Finance and Council Reform
Date:	22 April 2024
Classification:	General Release
Title:	The Appropriation of land for housing purposes at 300 Harrow Road
Wards Affected:	Westbourne
Policy Context:	Appropriation for housing purposes is a required mechanism for the Council to let the 77 social homes built at the Council's 100% affordable development at 300 Harrow Road, contributing to Fairer Housing
Key Decision:	No
Financial Summary:	Land will be appropriated to the HRA from the General Fund so that it can be utilised to house social tenants. This will lead to a transfer of assets between the funds.
Report of:	Debbie Jackson – Executive Director of Regeneration, Economy and Planning

1. Executive Summary

- 1.1. The Council approved appropriation of the land at 300 Harrow for planning purposes in the December 2021 Cabinet Member Report to enable the development of 112 affordable homes, affordable workspace, community hall, a nursery and café.
- 1.2. During development the land was held for planning purposes in the General Fund (GF) and this report seeks approval to appropriate the completed site back to the Housing Revenue Account (HRA) and for it to be held for housing purposes, allowing the Council to let out the 77 social homes on secure tenancies to eligible residents.
- 1.3. Appropriation is both a legal and financial transaction. The land has been valued at £18.165m based on a Red Book valuation undertaken by Savills and an accounting adjustment will be made to reflect the transfer of this value from the GF to the HRA matched by an equal and opposite transfer of debt.

2. Recommendations

- 2.1. That the Cabinet Member for Finance and Council Reform in consultation with the Cabinet Member for Housing Services and the Cabinet Member for Regeneration and Renters approves the appropriation of the Council's land at 300 Harrow Road shown edged blue in the plan attached at Appendix A (the Site) pursuant to section 232 of the Town and Country Planning Act 1990 from planning purposes to the purposes of Part II of the Housing Act 1985 (housing purposes).
- 2.2. To delegate authority to the Executive Director for Regeneration, Economy and Planning in consultation with the Director of Law to deal with any necessary arrangements to record the appropriation of the Site for Housing purposes including the transfer of the land from the General Fund account to the HRA at the current red book value.

3. Reasons for Decision

- 3.1. Appropriation for housing purposes is required to properly account for the completed social rent homes at the Council's development at 300 Harrow Road. Until the appropriation is complete, the homes can not be let to residents as the Council is required to hold all homes in the HRA.

4. Background, including Policy Context

- 4.1. 300 Harrow Road is a Council development on Council land at the Warwick estate, formerly the site of a community hall and nursery, both of which are re-provided in the new development alongside 112 new homes.
- 4.2. Following the approval of the Truly Affordable Housing Strategy by Cabinet in October 2022, the market sale homes were converted into new affordable homes, making the scheme 100% affordable. This influenced the change in delivery strategy from a development agreement with the Council's wholly owned subsidiary Westminster Builds towards Council self-delivery.
- 4.3. The Council opted to build the development in the General Fund, using its General Power Competence, with the intention of returning the site to the HRA at completion, less the intermediate homes which would be sold to Westminster Builds.

- 4.4. This leveraged the financial capacity of the General Fund and reduced the exposure of the HRA to upside and downside risks of development, providing instead an initial land value and then a final land payment for the completed site. This approach followed advice notes from Trowers and Hamlin's – the Council's external legal advisors - endorsing the structure.
- 4.5. In line with the Council's normal approach, the completed intermediate homes will be sold on a long lease to Westminster Builds who will let them at London Living Rent to qualifying applicants from the Council's intermediate housing register. The remainder of the site will remain in the Council in the HRA.

5. Appropriation

- 5.1. The freehold of the whole site will transfer from the GF to the HRA for a market facing valuation of £18.165m, consisting of £15.165m for the 77 social rent and £3.0m for the non-residential. These valuations are supported by a Savills Red Book. The valuation accounts for the leasehold on the intermediate homes sold to Westminster Builds and assumes the freehold for those homes has no value.

6. Financial Implications

- 6.1 This report requests approval to appropriate the land at 300 Harrow Road from the GF to the HRA to properly account for the completed social rent homes. This will allow the Council to let the homes to residents.
- 6.2 Following the appropriation the land will be held in the HRA for housing purposes.
- 6.3 There will be no cash movement between the GF and the HRA relating to this appropriation. However, there will be an accounting adjustment of £18.165m between the GF and the HRA to ensure that the HRA holds the correct land and property value.

7. Legal Implications

- 7.1. Section 232(1) and (6) of the Town and Country Planning Act 1990 permits the Council to further appropriate land held for planning purposes for any purpose for which an enactment permits the Council to acquire land. One such enactment is the Housing Act 1985 (HA 1985). Section 17 under Part II of the HA 1985 empowers the Council to acquire land for housing purposes including the construction of homes whether to use such land itself to accommodate people or grant an interest to third parties including a Council subsidiary.
- 7.2. Under section 74(1) of the Local Government and Housing Act 1989 income and expenditure relating to land and buildings held for the purposes of Part II of the Housing Act 1985 (housing purposes) must be accounted for in the Council's Housing Revenue Account (HRA).

8. Carbon Impact

- 8.1. There are no direct impacts arising from the recommendations of this report. A full assessment was undertaken to support the full business case for 300 Harrow Road.

9. Equalities Impact

- 9.1. There are no equalities impacts arising from the recommendations of this report. A full equalities impact assessment was undertaken to support the full business case for 300 Harrow Road.

**If you have any queries about this Report or wish to inspect any of the Background Papers, please contact: Timothy Hampton
thampton@westminster.gov.uk**

APPENDICES

Appendix A – Land to be Appropriated

For completion by the **Cabinet Member for Finance and Council Reform**
Declaration of Interest

I have no interest to declare in respect of this report

Signed: _____ Date: 22 April 2024

NAME: Councillor David Boothroyd

State nature of interest if any:

(N.B: If you have an interest, you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled **The Appropriation of land for housing purposes at 300 Harrow Road** and reject any alternative options which are referred to but not recommended.

Signed: _____

Cabinet Member for Finance and Council Reform

Date: 22 April 2024

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, City Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.