London mayor Sadiq Khan has sealed the first deal to buy land through a new £250m fund, as he tries to ensure that plots in the capital do not fall into the hands of developers aiming to build luxury homes.

The land fund has been used to buy two thirds of a site currently used by St Ann’s Hospital in north London which had been earmarked for the development of around 470 homes, 14pc of which would have been affordable.

But Mr Khan’s fund has stepped in to buy the site from the local NHS Trust that owns the land in Haringey and which had put the original plans together. It will now have 800 homes built on it, half of which will be affordable.

The trust had intended to sell the site on the open market, but the fund’s intervention means that it can both make a profit from the land and put more affordable homes on the site because the fund would not seek as high a margin as a developer.

City Hall’s investment, which is understood to be more than £40m, will also provide redeveloped NHS facilities on the 11.24-hectare site, including a new mental health inpatient building. Planning permission for the new health facilities was granted by Haringey Council last week.

The deal is the first as part of a new effort by City Hall to act as a middle man to open up sites in the capital to ensure that a greater proportion of new homes being built are available at a lower price.

Once the mayor’s office has resubmitted the planning permission with the higher number of affordable homes, it will sell the land on to a developer or housing association to build the homes. It will then recycle the profits from the site sale back into the fund to buy more land.

Mr Khan said: “Despite the Government still failing to give us the investment and powers we need to make a true step change in homebuilding in London, we are showing what can be done. It is an approach councils and other local authorities across the country may look to adopt to ensure they play a key role in fixing the housing crisis.”

The £250m fund was announced last year alongside a new team to help identify and prepare sites which would be suitable for low-cost homes.
14 May 2018

London mayor Sadiq Khan has used City Hall’s new £250m land fund for the first time to buy St Ann’s Hospital in Haringey.

The site, owned by Barnet, Enfield and Haringey Mental Health NHS Trust, will deliver up to 800 homes, 50% of which will be affordable, alongside new hospital facilities.

The Greater London Authority intends to become a more active player in the London land market, directly buying sites to increase the amount of affordable housing being developed. The money then secured from selling on the land to housing associations, councils and Community Land Trusts will be used to buy more land.

At St Ann’s, the existing planning permission secured in 2015 was for 470 homes, and with only 14% affordable on the 27.7-acre site.

Khan said: “As mayor, I have set out how City Hall will take a more active and direct approach to unlocking sites across the capital. Late last year I announced my plans for a new land fund to buy sites – and at St Ann’s we are showing what this can achieve.

“Not only will my intervention unlock this site, but it will also allow us nearly to double the number of homes, and crucially increase six-fold the number of affordable homes that had previously been given planning permission.”

City Hall will provide redeveloped NHS facilities on the site, including a new mental health inpatient building. Planning permission for the health facilities was granted by Haringey Council on Tuesday night.

There has also been significant community interest in the site. The GLA said it is committed to working with local organisations, including St Ann’s Redevelopment Trust, to deliver affordable homes for the local community.
City Hall has purchased its first site for housing development with the acquisition of a hospital site in north London.

The deal to purchase two-thirds of the St Ann’s Hospital site in Haringey was branded a “landmark” moment in the authority’s statement.

The involvement of the mayor of London will see half of the 800 homes to be developed on the site are affordable.

The deal marks the first use of mayor Sadiq Khan’s £250m Land Fund, which he set up to compete with London’s luxury housing developers for sites in order to provide more affordable housing.

The mayor purchased the 11.24 hectare site from Barnet, Enfield and Haringey Mental Health NHS Trust ahead of a redevelopment of the hospital and the construction of housing around it.

The land will be sold to housing associations, councils and community land trusts, with any profits recycled to buy further land to build homes and unlock further opportunities across the capital.

Mr Khan intends to use the £250m war chest to buy more sites in London to prepare land for new and affordable housing.

The original planning permission for St Ann’s is a significant increase on existing plans for the site – secured originally in 2015 – which would have delivered 470 homes, with 14% affordable.

Mr Khan said: “As mayor, I’ve set out how City Hall will take a more active and direct approach to unlocking sites across the capital. Late last year I announced my plans for a new Land Fund to buy sites – and at St Ann’s we are showing what this can achieve.

“Not only will my intervention unlock this site, but it will also allow us nearly to double the number of homes, and crucially increase six-fold the number of affordable homes that had previously been given planning permission.”

Michael Fox, chair of Barnet, Enfield and Haringey Mental Health NHS Trust, said: “This is very exciting news for the Trust, our patients and our staff.

“We are delighted that the mayor of London has stepped in and purchased the surplus land, which means the current mental health inpatient wards at St Ann’s Hospital will soon be replaced by brand new, state-of-the-art mental health facilities.”

City Hall did not disclose the amount paid for the site, branding it “commercially sensitive”.