


London Borough of Waltham Forest

Report Title	Acquisition of new build homes at Fellowship Square – Blocks H & J
Meeting / Date	Cabinet, 14 April 2026
Cabinet portfolio	Councillor Ahsan Khan, Portfolio Deputy Leader (Housing & Regeneration) 
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Wards affected	Chapel End
Public access	Open except for Appendices 1 & 2 which are exempt in accordance with Section 100(A-H) of the Local Government Act 1972 and Schedule 12A as amended, on the grounds that it involves the likely disclosure of exempt information as defined in Part 1, paragraph 3, as it contains information relating to the financial or business affairs of any particular person (including the authority holding the information) and disclosure would not be in the public interest.
Appendices	Appendix 1 – Financial Implications (EXEMPT) Appendix 2 – Valuation Report (EXEMPT) Appendix 3 – Equalities Impact Assessment Appendix 4 – Sustainability Matrix

1. Summary

- 1.1 This report sets out the Council's proposals to acquire up to 81 new build homes at Hepworth Place, within the Fellowship Square (FSQ) neighbourhood, from its development partner Countryside Partnerships. The acquisition is to be funded through a combination of the Council's Right to Buy (RTB) receipts, borrowing and GLA grant
- 1.2 It is proposed that these homes will all be let at social rent.
- 1.3 The flexibility to utilise RtB receipts as well as GLA grant and borrowing provides the Council with a unique opportunity to bring additional affordable homes into its into its portfolio.
- 1.4 The 81 new homes will provide high-quality permanent homes for households on the borough's Housing Register and homeless households currently placed in temporary accommodation.

2. Recommendations

2.1 Cabinet is recommended to:

- 2.1.1 Approve in principle, the proposed acquisition and the utilisation of Right to Buy (RtB) receipts and borrowing on the terms set out in the exempt Financial Appendix 1.
- 2.1.2 Delegate authority to the Strategic Director of Place in consultation with the Strategic Director of Resources to review the updated financials for the scheme and ensure that the proposals remain affordable and financially sustainable for the Housing Revenue Account (HRA) before contracts are concluded.
- 2.1.3 Delegate authority to the Strategic Director of Place in consultation with the Deputy Leader Housing and Regeneration, the Strategic Director of Resources and the Corporate Director of Governance and Law to enter into the all necessary legal agreements for the acquisition of the homes by the Council.

3. Proposals

3.1 Background

- 3.1.1 The Council entered a Development Agreement (DA) with Countryside Properties (UK) Limited (CP) in 2020 for the redevelopment of Fellowship Square and Willow House. The consented planning scheme will deliver 433 homes, a new Civic building, a nursery, a commercial unit and comprehensive public realm improvements at FSQ.
- 3.1.2 Under the terms of the DA, Willow House is to be redeveloped for over 138 homes with 50% of the housing delivered as affordable provision across FSQ and Willow House.
- 3.1.3 The original intention was for all affordable homes to be managed by a third-party registered provider (housing association) rather than the Council, however with market challenges this intention has not been able to be progressed.
- 3.1.4 In December 2024, Cabinet approved the Council's acquisition of 53 homes in Block C at FSQ from Countryside Partnerships to be let as Social Rent utilising RtB receipts. Legal agreements concluded in summer 2025 and the homes were completed and occupied in December 2025.
- 3.1.5 Following this, in December 2025, Cabinet agreed to enter into a Deed of Variation (DoV) to the FSQ DA to safeguard and secure the land payment dates. The renegotiated terms included a change to the tenure of Willow House from 50% affordable to a 100% Build to Rent (BTR) scheme, reflecting the site's suitability for predominantly 1- and 2-bedroom homes and improving overall financial viability. As part of the renegotiated terms, the affordable housing was reallocated from

Willow House to Block H at FSQ to maintain the overall percentage of affordable housing across the scheme.

- 3.1.6 Under the revised terms in the DoV, CP were required to market the 50 homes in Block H to Registered Providers for a period of 6 months and if no viable offers were received, the Council reserved the right to make an offer. Should the Council and CP be unable to reach agreement, the homes may be sold on the open market as private units to prevent the scheme stalling.
- 3.1.7 CP marketed the 50 homes in Block H to a range of RPs for over 6 months however no viable offers were received, with firm interest only received from a London Borough. This outcome enables the Council to submit an offer for the acquisition of these homes, and it has also created an opportunity to explore the acquisition of Block J, comprising a further 28 homes.
- 3.1.8 The management structure for the completed and occupied units is already established and operational in Block C. Increasing the number of homes owned by the Council improves the overall affordable housing offer within the scheme and presents economies of scale in the management of homes and services to residents.
- 3.1.9 The Council has explored various options for acquiring additional homes using its RtB receipts to maximise the quantum of affordable housing that can be delivered under the revised rules. The most advantageous opportunity was identified at Hepworth Place at Fellowship Square.

Proposals

- 3.2 Favourable terms have been secured for the Council due to pursuing a bulk acquisition, contingent upon the agreement being finalised promptly to enable a start on site in July 2026.
 - 3.2.1 A review of the original unit mix offered by CP in Block H identified that the proportion of one-bed homes significantly exceeded the Council's housing need for family sized homes. Therefore, an alternative unit mix has been selected which provides a higher number of two and three-bed homes for families.
 - 3.2.2 The alternative unit mix has been made possible by converting 15 one-bed homes to 10 two-bed and three-bed homes resulting in a net reduction of 5 homes in Block H.
 - 3.2.3 Following a review of the ground floor of Block J, it has been identified that the substation can be relocated to Block H and that the previously proposed housing office is no longer required. This enables a 2-bed home to be accommodated therefore increasing the number of homes in Block J to 29 and meaning a net reduction of 4 homes across both Blocks H and J.
 - 3.2.4 The net reduction of 4 homes is considered acceptable due to the increase in family sized homes that more effectively meets the Council's

housing needs. Furthermore, subject to approval of the acquisition of Blocks H & J, a total of up to 81 homes would be converted from private to social rent tenure. These changes will be secured through a Non-Material Amendment (NMA) to the planning consent.

3.2.5 The breakdown of homes to be acquired showing the comparison with the previous unit mix (highlighted red) is as follows:

Unit Mix - Beds				
Block	1 Bed	2 Bed	3 Bed	Total
<i>H1 & H4</i>	<i>29</i>	<i>14</i>	<i>7</i>	<i>50</i>
H1 & H2	19	20	13	52
J	12	17	0	29
H1/H2 & J	31	37	13	81

3.2.6 Construction of both blocks has not yet commenced which allows the Council to set a detailed specification to its requirements for the homes. The homes in Block H are spread across two cores which are distinct from the other two cores in the block which will remain private tenure which will simplify the management for the Housing service.

3.2.7 The acquisition opportunity is considered to provide the following benefits for the council:

- Allows the Council to maximise the benefit of available RtB funds within the period 2024/25 – 2025/26.
- Protects and expedites the delivery of affordable housing at Fellowship Square, with an increase from 50% to 67% affordable housing at FSQ.
- Increases the Council’s overall supply of social rented housing and thereby contributes to reduction in expenditure on temporary accommodation.
- Improves the viability for the continued delivery of the Fellowship Square scheme for both the Council and Countryside Partnerships.
- Is financially viable for the council within the HRA’s Medium Term Financial Strategy (MTFS)
- A reduction in Temporary Accommodation (TA) costs of £1m per annum – see Appendix 1 EXEMPT.
- Provide the opportunity to free up existing, larger sized family homes elsewhere in the borough through an innovative trial of offering relocation opportunities to single person households residing in a family sized home to the new build 1-bedroom homes acquired

through this acquisition. This has been successfully trialled in other London boroughs, notably Royal Borough of Greenwich.

3.2.8 Following the completion of the acquisition the Council will appoint a technical team to oversee the delivery of the homes to the required specification and timescales. The costs for this, as well as the other overheads associated with the acquisition are set out in the Finance section of this report – Appendix 1 EXEMPT.

3.2.9 If the acquisition is approved, the construction dates will be as follows:

Block	Start	Completion
H	July 2026	May 2028
J	November 2027	December 2028

3.2.10 The Cabinet Decision is recommended to facilitate the acquisition in May 2026, thereby securing the best possible terms for the Council.

4. Options & Alternatives Considered

4.1 Do not acquire

4.1.1 The opportunity is only of benefit to the Council if acquiring the homes at FSQ rather than elsewhere in the borough. The only alternative to acquiring the units is to take no action. In this scenario GLA grant secured in principle would be forfeited and no additional affordable homes would be delivered for the Council.

4.1.2 If the acquisition is not made, the homes can be sold as private on the open market, reducing the affordable housing to 38% across the scheme and may also cause the overall scheme to remain stalled due to the continued slow private sales market.

5. Council Strategic Priorities (and other National or Local Policies or Strategies)

5.1 The delivery of affordable housing is a strategic priority identified by the Council's Local Plan, Fellowship Square is allocated within the Local Plan Part 2 and critical to the borough's identified 5 year housing supply. This flows from the Waltham Forest Missions, unlocking the delivery of new affordable homes in the borough as set out in this report will help the Council meet key outcomes of the Housing Strategy 2024-2029, including:

- Outcome 2a: Increasing the supply of different types of homes so people can stay in Waltham Forest throughout their lives.

- Outcome 2b: New development provides homes for residents who need them most.

5.2 Mission four of the borough's core set of Missions is Tackling the Housing Crisis Head On. This decision directly aligns with mission four by providing an innovative solution to increasing the supply of homes available for residents in the borough.

6. Consultation

6.1 Comprehensive consultation has been undertaken in respect of the Fellowship Square development.

6.2 No additional consultation was required in respect of this decision as there will be no impact on any existing residents as a result of the acquisition.

6.3 The decision to progress acquisition discussions with Countryside was made at Fellowship Square Board on 26 January 2026 in conjunction with the Deputy Leader for Housing and Regeneration.

6.4 Finance officers have been directly involved in reviewing market valuations received and producing the financial modelling scenarios.

7. Implications

7.1 Finance, Value for Money and Risk

7.1.1 Cabinet is asked to note that, should future interest rate movements affect the Council's borrowing capacity before completion, or in case of reduced GLA grant, the Council would retain the option to proceed with the acquisition of a reduced number of homes, for example, purchasing only Block H.

7.1.2 The detailed financial implications of this acquisition can be found in Appendix 1 EXEMPT.

7.2 Legal

7.2.1 Under section 9 Housing Act 1985 the Council as the local housing authority has the power to provide housing accommodation by acquiring properties for that purpose.

7.2.2 The Council has entered into an agreement with the Secretary of State under section 11(6) Local government Act 2003 that enables it to retain RtB receipts. The proposed use of RtB receipts for this acquisition is in accordance with the guidance 'Retained Right to Buy receipts and their use for replacement supply' as updated in July 2024.

7.2.3 The Council will enter into the necessary legal agreements with CP to acquire the properties on the agreed terms.

7.3 Equality and Diversity

7.3.1 An Equality and Diversity Screening template has already been completed for the Fellowship Square redevelopment and is reattached

at Appendix 3. There are no further equality impacts as a result of this decision.

7.4 Sustainability (including climate change, health, crime and disorder)

7.4.1 A Sustainability Matrix has already been completed for the Fellowship Square scheme from December 2019 when the decision to enter into the DA was originally made and is reattached at Appendix 4. There are no further considerations as a result of this decision.

7.5 Council Infrastructure

7.5.1 No implications for council infrastructure.

Background Information (as defined by Local Government (Access to Information) Act 1985)

N/A