

|                                    |                                |  |                                  |
|------------------------------------|--------------------------------|--|----------------------------------|
| <b>Item No.</b><br>15              | <b>Classification:</b><br>Open | <b>Date:</b><br>July 18<br>2006  | <b>MEETING NAME</b><br>Executive |
| <b>Report title:</b>               |                                | Disposal –Car Park fronting onto Grange Walk SE16<br>Bermondsey Spa Site C – Phase 1 |                                  |
| <b>Ward(s) or groups affected:</b> |                                | Bermondsey   |                                  |
| <b>From:</b>                       |                                | Strategic Director Regeneration  |                                  |

## RECOMMENDATION

1. That the Executive authorises the disposal of the site known as Car Park fronting onto Grange Walk, SE16 to The Larnaca Works Project.
2. That the Executive authorise the Development & Regeneration Manager to agree the terms of the transaction.
3. That the Executive authorises the top slicing of the capital receipt for site preparation and enhancement costs.

## BACKGROUND INFORMATION

4. The location is reasonably well served by public transport as bus routes serve Grange Road and Bermondsey tube station is within walking distance. The property falls within the Bermondsey Spa regeneration area, more specifically the property falls within Phase 1 of Bermondsey Spa Site C (see 'The Bermondsey Spa Site C Masterplan' elsewhere on this agenda).
5. Bermondsey Spa is an area that will benefit from the regeneration initiatives being undertaken in the area, these include the development of nearly 2000 new residential units, new community facilities such as the Salmon Youth Centre and an increase in the number of GP's as well as improvements to the public realm and existing council housing stock.
6. The subject property is an 0.095acre 'L' shaped plot of land and is currently occupied by 22 marked car parking spaces used by the staff of Mabel Goldwin House and the Woodmill Building. There are other plots of land included in the disposal however; due to the constrained nature of these sites they are deemed to have no development or existing use value.
7. The proposed purchaser owns the freehold interest of the adjacent Larnaca Works building and had previously submitted plans to the planning authority for redevelopment of the Larnaca Works site in isolation.
8. The freeholder has had planning permission refused for the scheme by the planning authority and subsequently approached the council with regard to working in partnership to develop the site in accordance with the masterplan created by Glenn Howells Architects for Bermondsey Spa Site C. The freeholder is appealing against the refusal of planning permission on the Larnaca Works site.

9. The combined development of both land holdings will enable the council to maximise the development potential of the site, thereby releasing latent development or marriage value that would not otherwise be there if the sites were developed independently and would deliver a scheme that fits in with the councils long-term aspirations for the development of the site.
10. It is therefore considered that the consideration offered represents the best consideration that can reasonably be obtained and most importantly will deliver part of Phase 1 of Bermondsey Spa Site C, acting as a catalyst for future development of the site.
11. The property falls within the Commercial Property Holding Account so is surplus to requirements.

### **KEY ISSUES FOR CONSIDERATION**

12. The Bermondsey Spa Site C Masterplan (which is being presented to Executive elsewhere on this agenda) outlines the way in which we believe Site C should be developed. Public consultation was held regarding the masterplan and the feedback can be described as supportive.
13. The freehold interest in the land edged green on the attached ordnance survey extract will be sold. A 999-year leasehold interest in the land edge yellow will be sold. The sale will enable the development of the land to take place and gives the council control over the design process thus ensuring that the scheme complies with the masterplan.
14. It is proposed that 35% of the residential accommodation within this scheme will be allocated for affordable housing in accordance with the requirements of the Southwark Plan.
15. The proposed purchaser is to pay a buyers premium, which equates to 1% of the purchase price, towards the council's legal and surveying costs in agreeing the deal and disposing of the land. Upon exchange of contracts a refundable deposit will be paid to the council. Upon completion the prospective purchaser will pay to the council the remainder of the consideration.

### **Policy Implications**

16. Development of this site will comply with the councils Unitary Development Plan, which addresses issues such as density, affordable housing, parking requirements and landscaping as well as others.

### **Community Impact Statement**

17. It is proposed that the sale of the Car Park used by council staff will have no impact on the community. Alternative parking arrangements will be made if required.
18. There are no direct negative implications of the report's recommendations on the Council's Managing Diversity and Equal Opportunities Policy.

19. The development of the new housing will produce buildings using the latest sustainable building techniques and urban designs.

### **Consultation**

20. Discussions have been held with Social Services regarding the car park. Alternative parking arrangements will be made for the loss of the 22 spaces if required.
21. A public exhibition was held regarding the Bermondsey Spa Site C Masterplan and the feedback from this is appended to the Bermondsey Spa Site C Masterplan report.

### **Resource implications**

22. A capital receipt will be generated from the disposal of the site. In addition the purchaser will pay a further 1% as a contribution to the Council's surveying and legal fees.
23. A proportion of the capital receipt should be top sliced to offset site preparation costs.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Concurrent Report of the Borough Solicitor & Secretary to the Council – Legal Issues**

24. It is recommended that Executive authorise disposal of the site known as Car Park fronting on to Grange Walk, SE16 to Larnaca Works Project.
25. It is also recommended that the Executive authorise the Development & Regeneration Manager to agree the terms of the transaction and that the Executive authorises the top slicing of the capital receipt for site preparation and enhancement costs.
26. Section 123 of the Local Government Act 1972 states that except with the consent of the Secretary of State, a Council shall not dispose of land under that section, otherwise then by way of a short tenancy, for a consideration less than the best that can be reasonably obtained. The report confirms in paragraph 10 that the consideration represents the best that can reasonably be obtained.

### **Concurrent report of the Finance Director**

27. The receipt from the disposal of this site will be top sliced to meet the costs of site preparation. The balance of has been included in the estimate of disposals contributing to the Corporate Resource Pool in the financial year 2007/08.
28. A buyer's premium, which equates to 1% of the purchase price will be paid towards the legal and surveying costs incurred by the Council in agreeing the deal and disposing of the land.

| <b>Background Papers</b> | <b>Held At</b>     | <b>Contact</b> |
|--------------------------|--------------------|----------------|
| Property Division File   | Southwark Property | Justin Carty   |

|  |  |               |
|--|--|---------------|
|  | Chiltern House<br>Portland Street<br>London SE17 2ES | 020 7525 5633 |
|--|--|---------------|

## APPENDIX A

### Audit Trail

|   |                        |                          |
|---|------------------------|--------------------------|
| <b>Lead Officer</b>   | Paul Evans             |                          |
| <b>Report Author</b>  | Justin Carty           |                          |
| <b>Version</b>  | Final                  |                          |
| <b>Dated</b>  | July 7 2006            |                          |
| <b>Key Decision?</b>  | Yes                    |                          |
| <b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER</b> |                        |                          |
| <b>Officer Title</b>  | <b>Comments Sought</b> | <b>Comments included</b> |
| Borough Solicitor & Secretary   | Yes                    | Yes                      |
| Chief Finance Officer   | Yes                    | Yes                      |
| <b>Executive Member</b>   | Yes                    | No                       |
| <b>Date final report sent to Constitutional Support Services</b>          | July 7 2006            |                          |

**APPENDIX B**

**SITE PLAN**