

Item No. 18.	Classification: Open	Date: 17 July 2012	Meeting Name: Cabinet
Report title:		Disposal of the Council's freehold interest in Elmington estate sites C, D, E and G, Camberwell, SE5	
Ward affected:		Camberwell Green	
From:		Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management	

FOREWORD – COUNCILLOR IAN WINGFIELD, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT

The next important stage in the Elmington renewal programme has now been reached with the recommendation to dispose of the 4 sites in Phase 3 of the development. The blocks in C, D, E and G are no longer “fit for purpose” and replacement is the only viable option. Elmington is a very long standing community and residents will have to bear much upheaval which is why their close involvement in the development process, including involvement in choosing the preferred bidder, is so important. The preferred bid meets the aspirations of the Council and residents for these sites with affordable rent levels, densities which maximise available housing while respecting the scale of the present area and income level achieved through the disposal which enables the Council to fund much needed improvements to our housing stock.

Renewal of the Elmington Estate fits into the wider plan to regenerate Camberwell. Proposed improvements to Camberwell Green and the environs of the Magistrates Court, improved transport layout, a new library, a sports hall and youth facilities with access at the back of the leisure centre all strengthen direct links between the Estate and Camberwell Town Centre. The replacement of the poor quality housing on the Elmington will contribute to the improvement of the whole area.

RECOMMENDATIONS

That the Cabinet:

1. Approves the disposal of Elmington Estate sites C, D, E and G on the main terms and conditions that are set out in the closed report.
2. Authorises the Head of Property to agree any variations to these terms that may be necessary to achieve the successful regeneration of Elmington Estate sites C, D, E, and G.
3. In the unlikely event that this recommended sale does not proceed to exchange, the Cabinet authorises the Head of Property to agree the terms of a sale with any one or combination of the under bidders set out in the closed report and/or any other third party, provided that these terms conform with the council's legal obligation to achieve the best consideration reasonably obtainable where that is required.

4. Authorise that the capital receipt from the sale of the property is recycled into the Council's Housing Investment Programme.

BACKGROUND INFORMATION

5. Elmington Estate Sites C, D, E and G are four areas of land between the south eastern boundary of Burgess Park and Camberwell Green SE5. Their combined area is approximately 1.47 hectares (3.63 acres) and they form a large component of the Elmington Estate as outlined in the plan (s) attached at Appendix 1.
6. The sites are occupied by 1960's residential blocks and a 1980's single storey Neighbourhood Housing Office. Phase 1 of the regeneration programme saw the construction of 136 new council homes and 6 housing association homes. Phase 2 comprises sites A and B which are two cleared sites where a development by Notting Hill Housing Trust is due to begin this year following the grant of planning consent in March 2012.
7. The Director of Regeneration submitted a report to Cabinet on the 22nd March 2011 recommending a new re-development strategy for the regeneration of sites C, D, E and G whilst the remaining blocks in better condition would be re-furnished as part of the warm, dry and safe programme. This was approved and the Property Division was instructed to undertake the marketing and disposal of the subject sites.
8. A two stage marketing strategy was agreed and the sites were offered to the market by the Property Division during November 2011. Thirty leading developers and Housing Associations were contacted directly. The sites were also advertised in national property trade journals.
9. Stage 1 of the process required parties to submit detailed expressions of interest which outlined their initial proposals, details of their development team, funding arrangements and track record. From the expressions of interest that were received three bidders were selected who were from major development organisations with good track records in urban regeneration. A detailed comparative analysis of the expressions of interest was undertaken with local resident consultation contributing to the short listing process.
10. Stage 2 of the process required the shortlisted parties to submit detailed information on their proposals for the site, financial offers including full terms and conditions, overage arrangements and further funding information. The shortlisted parties met with planning officers at an early stage and again prior to final submission to present their proposals in an official pre-application process and make amendments if necessary to ensure their bids were compliant with planning policy and deliverable.
11. The shortlisted developers were asked to make their best bids for the sites subject to obtaining planning consent for their proposed scheme and on the basis of a development in accordance with existing planning policy that would provide target social rented housing not eligible for receipt of grant funding from the Homes and Communities Agency (HCA).
12. Additionally bids were also required on the basis that the 1 and 2 bedroom Housing Association rented units would be at new affordable rents at no more

than 65% of market including service charge which was agreed as an exception to planning policy on Elmington sites A and B.

13. Each of the three shortlisted parties submitted an offer by the deadline of 5pm June 8th 2012. These were then analysed and assessed by officers from the Property Division together with Elmington resident representatives who used the services of an independent tenant and leaseholder advisor to assist them in making their comments. There was also significant input from colleagues in Development Management particularly concerning the deliverability of each proposal in planning terms.

KEY ISSUES FOR CONSIDERATION

Basis of disposal

14. The council's land is held for housing purposes and the provisions of section 32 of the Housing Act 1985 govern the terms of any disposal. The consent of the Secretary of State is required for disposals of housing land, but the Department of Communities and Local Government has issued the General Housing Consents 2012 which set out the circumstances in which disposals of housing land can proceed without specific consent needing to be obtained. The new general consents came into force in May 2012 revoking the previous consents dating from 2005, and it should be noted that disposals of vacant land (i. e land for development which are either vacant or buildings on the land will be demolished) are no longer subject to a requirement to obtain best consideration.
15. It is expected that it will take approximately three to four months from instructing lawyers to finalise the development agreement and exchange contracts following selection of the preferred bidder in the closed report. A planning permission on the sites could be obtained by Spring 2013 therefore part of the capital receipt may be received within the financial year 2013/2014.

Sustainability

16. Every unit constructed on this site will have to achieve Code for Sustainable Homes Level 4 or above. This will help to ensure that this development achieves a very high level of sustainability to help mitigate its impact on the environment.

Community impact statement

17. The recommended option will have a positive impact on the local community and borough as a whole. It will enable the regeneration of a number of poor housing blocks where the quality of the housing stock is very poor. It is likely that around 226 new homes will be built with a minimum of 20% suitable for families or larger households in accordance with the new core strategy. 10 % of the units will be suitable for wheelchair users and all units are expected to achieve the Lifetime Homes standard.
18. The receipt will be used towards the council's warm, dry and safe programme refurbishing the remaining blocks on the Elmington Estate.

Consultation

19. The Elmington RSG sub-committee helped in the short listing to three bidders from the expressions of interest. They have since reviewed all three bids in how

the parties have addressed the Residents Aspirations document to provide feedback into the final selection process.

20. The RSG sub committee expressed their concern that if the social housing was let at the new affordable levels of say 65% of the market rent then this would have two effects:
 - a). Reduce the ability of many existing Elmington tenants to return to the new build homes on sites C, D, E and G.
 - b). Reduce the likelihood of some tenants downsizing if the rents for the 2 & 3 bedroom houses were similar.
21. There will be an extensive consultation as part of the statutory planning process. This will enable local residents to comment on and have a say on the development of these sites. It is likely that the developer will undertake public consultation prior to submitting a planning application to give residents the earliest opportunity to feed into the design process.
22. Prior to this stage there has been regular consultation with local residents undertaken by Housing and the Property Division who will continue this as the matters progress.

Housing considerations

23. The housing department has indicated the preferred scheme offers all the rented units as social rent and therefore, as well as being policy compliant in planning terms, will also assist in meeting both the aspirations of those residents expressing an option to return to new developments and addressing the wider housing need.
24. The proposed scale of the development will provide additional affordable homes in comparison to the other submissions, as well as providing both a good range of bed sizes in particular in relation to the provision of wheelchair homes.

Resource implications

25. There are no direct staffing implications arising from the proposed disposal strategy.
26. The council's reasonable surveying and legal costs will be met by the purchasers.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Corporate Services

27. This report recommends that the Cabinet approves the disposal of Elmington Estate sites C, D, E and G subject to a number of terms and conditions, authorises the Head of Property to agree any variations to these terms that may be necessary to achieve the successful regeneration of Elmington Estate sites C, D, E and G and (if necessary) authorises the Head of Property to agree the terms of a sale with any one or combination of the under bidders set out in this report and/or any other third party.

28. The Strategic Director of Finance and Corporate Services notes the financial implications contained within the report and also notes that notwithstanding recent legislative changes regarding best consideration requirements for housing land, the market has been tested to establish value.
29. The Strategic Director of Finance and Corporate Services also notes that the capital receipt from the sale of the property is to be recycled into the Housing Investment Programme. Officer time to effect the recommendations will be contained within existing budgeted revenue resources.

Director of Legal Services

30. Section 1 of the Localism Act 2011 grants councils a general power of competence whereby a local authority has power to do anything that individuals generally may do. However that power does not enable a local authority to do anything which is unable to do by virtue of a pre-commencement limitation. Section 32 of the Housing Act 1985 is a pre-commencement statute that imposes certain limitations on the council's general power to dispose of its land.
31. The report recommends the disposal of land held by the council for housing purposes.
32. As the Property falls within the council's housing portfolio, the disposal can only proceed in accordance with s32 of the Housing Act 1985, for which purposes the consent of the Secretary of State for the Department of Communities and Local Government is required.
33. A number of general consents have been issued in the General Housing Consents 2012.
34. Consent A3.2 states that a local authority may dispose of vacant land.
35. "vacant" in relation to land means land on which:
 - a. No houses have been built or;
 - b. Where houses have been built, such houses are no longer capable of human habitation and are due to be demolished.
36. The disposal of the site will be on terms whereby the land is sold subject to a requirement for the buyer to obtain planning permission including demolition of the existing buildings on the sites.
37. The new general consents came into force in May 2012 revoking the previous consents dating from 2005, and it should be noted that disposals of vacant land (ie land for development which are either vacant or buildings on the land will be demolished) are no longer subject to a requirement to obtain best consideration.

BACKGROUND PAPERS

Background Papers	Held At	Contact
Elmington Estate Sites C, D, E and G Camberwell SE5	Southwark Property, Chief Executive Office, 160 Tooley Street, London SE1 2QH	Marcus Mayne 020 7525 5651

APPENDICES

No.	Title
Appendix 1	Plan showing the location and extent of Elmington Estate sites C, D, E and G.

AUDIT TRAIL

Cabinet Member	Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management		
Lead Officer	Eleanor Kelly, Chief Executive		
Report Author	Marcus Mayne, Principal Surveyor		
Version	Final		
Dated	5 July 2012		
Key Decision?	Yes	If yes, date appeared on forward plan	May 2012
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought	Comments included	
Director of Legal Services	Yes	Yes	
Strategic Director of Finance and Corporate Services	Yes	Yes	
Cabinet Member	Yes	Yes	
Date final report sent to Constitutional Team			5 July 2012