

<b>Item No.</b> 14.	<b>Classification:</b> Open	<b>Date:</b> 16 April 2013	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Disposal of 91-99 Athenlay Road, SE15	
<b>Ward:</b>		Peckham Rye	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Finance, Resources and Community Safety	

## **FOREWORD – COUNCILLOR RICHARD LIVINGSTONE, FINANCE, RESOURCES AND COMMUNITY SAFETY**

This report asks cabinet to agree the sale of land at 91-99 Athenlay Road, SE15, following a marketing exercise. The site was previously used for prefab bungalows and became vacant in early 2007. The council's then Executive agreed in May 2007 to sell the land.

Since that time, officers have been seeking to work with organisations interested in developing a self build scheme at this site. However, last year it became clear that, after many tries, this would not be viable. As a result, the site was marketed in November 2012 and received 21 bids by the January deadline. The proposal here represents the bid that offers best value to the council.

The capital receipt gained through the disposal of this land will contribute towards the council's Housing investment Programme to make every council home Warm, Dry and Safe.

## **RECOMMENDATIONS**

That cabinet agrees:

1. To authorise the head of property to dispose of the council's freehold interest in 91-99 Athenlay Road ("the Land"), on the terms outlined in the closed version of this report.
2. To delegate authority to the head of property to agree any minor variations to the terms agreed with the proposed purchaser which may arise prior to the completion of the transaction or alternatively agree terms with any of the under bidders subject to best consideration requirements if in the unlikely event that the original offer fails to progress to completion.

## **BACKGROUND INFORMATION**

3. 91-99 Athenlay Road is shown edged bold on the Ordnance Survey extract attached at appendix 1 and comprises a cleared rectangular shaped vacant site, which most recently accommodated several prefabricated dwelling houses.
4. The council holds the freehold interest of the Land. The interest is not subject to any leases or licenses.

5. The Land has been declared surplus by the director of regeneration.
6. The Land at Athenlay Road formed part the council's prefab development programme which commenced in 1998. The programme was delivered in stages with prefab tenants rehoused in completed developments. The last tenants were moved from this site in early 2007. The site was not required for the development of replacement housing because of the success of the earlier stages of the program, and in May 2007 the council's then Executive agreed that a self build scheme should be supported on this Land. Officers attempted over some time to agree acceptable terms with Wandle housing association in partnership with Emerald Eco build, a group of Southwark residents who formed a co-operative group in order to build environmentally friendly homes. This proved very challenging and it was not possible to develop a financially viable and deliverable scheme whilst allowing the council to realise an acceptable capital receipt.
7. The council was subsequently approached by Southwark Habitat for Humanity (SHfH), a local branch of the international housing charity with a specialism in delivering self build. From 2010 through to 2012 the council worked closely with SHfH and Hexagon their housing association partner together with the Homes and Communities Agency to explore the potential for the development of a self build scheme on this Land. After extensive negotiations the final offer fell short of the council's expectations on a number of levels. This included the level of capital receipt that SHfH were able to pay but also that their proposal to provide the rented units at rent levels significantly above target rents.
8. The land was marketed for sale and attracted significant response from interested parties. The council commenced a marketing campaign in November 2012 using a variety of media to attract interested parties with a proven track record. An advert was placed in the professional property press, a marketing board was erected on-site and the land was advertised on the council's web-site. The council received 21 bids before or on the deadline of Friday 18 January 2013 at 12 noon, from which a preferred bidder was selected.
9. In order to achieve market value it is proposed to transfer the land by way of a contract conditional on planning permission being granted. The purchaser will pay a deposit and on receipt of a satisfactory planning consent the balance of the consideration will be paid. The freehold interest in the land will then be transferred to the purchaser unconditionally.
10. The preferred bidder intends to develop the site for private residential purposes. The land is held in the council's housing revenue account.

#### **KEY ISSUES FOR CONSIDERATION**

11. In accordance with the principles and policy of good asset management laid down by government together with local authority regulations, councils are required to dispose of surplus property assets subject to best consideration requirements.
12. The disposal of the land will ensure that it is bought back into beneficial use through regeneration. In addition, it will alleviate the council of the costs of security and ongoing management. The empty site has in the past attracted 'fly tipping' and criminality.

### **Policy implications**

13. The recommendation will produce a capital receipt that will be available to supplement the council's capital programme.

### **Community impact statement**

14. The recommendation should result in a derelict site being brought back into use as housing.
15. It is considered that the disposal will have no effect on the council's agenda for age, disability, faith/religion, gender, race and ethnicity and sexual orientation.
16. The local community will be consulted through the planning process and any negative impacts of development will be managed in this way.

### **Resource implications**

17. Disposal of this site will relieve the council of its ongoing liability to invest in and maintain the site. The development and disposal team has adequate resources to secure the disposal of the land.
18. There are no direct staffing implications arising from the proposed disposal strategy. The marketing costs and officer time to effect the recommendations will be contained within existing budgeted revenue resources.
19. The council's reasonable surveying and legal costs will be met by the preferred bidder.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Legal Services**

20. 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 it is unable to do by virtue of a pre-commencement limitation. Section 32 of the Housing Act 1985 is a pre-commencement statute which imposes limitations on the council's power of disposal.
21. As the Land falls within the council's housing portfolio, the disposal can only proceed in accordance with Section 32 of the Housing Act 1985, for which purposes the consent of the Secretary of State is required.
22. A number of general consents have been issued in the General Housing Consents 2012. Consent A3.2 of the General Consent for the Disposal of Land held for the purposes of Part II of the Housing Act 1985 – 2012 states that a local authority may dispose of vacant land. The definition of land includes (inter alia) any estate, interest or right over land. The definition of disposal includes a conveyance of a freehold interest in land. "Vacant " in relation to land means land on which (a) no houses have been built or (b) where houses have been built, such house are no longer capable of human habitation and are due to be demolished.
23. Paragraph 4 of this report confirms that the site is vacant.

24. The report also indicates in paragraph 5 that a surplus declaration has been obtained from the director of regeneration.
25. If the cabinet is satisfied that the disposal represents value for money, they may proceed with approval of the recommendation.

### Strategic Director of Finance and Corporate Services

26. Comments are set out in the closed report.

### BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Executive report – 21 May 2007. The document is available on this web page (item 9): <a href="http://moderngov.southwark.gov.uk/CeListDocuments.aspx?Committeeld=118&amp;MeetingId=3160&amp;DF=15%2f05%2f2007&amp;Ver=2">http://moderngov.southwark.gov.uk/CeListDocuments.aspx?Committeeld=118&amp;MeetingId=3160&amp;DF=15%2f05%2f2007&amp;Ver=2</a>	Council offices, 160 Tooley Street, London SE1 2QH	Paula Thornton 020 7525 4395

### APPENDICES

No.	Title
Appendix 1	Ordinance Survey extract

### AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Richard Livingstone, Finance, Resources and Community Safety	
<b>Lead Officer</b>	Eleanor Kelly, Chief Executive	
<b>Report Author</b>	Jason Guthrie, Property Services	
<b>Version</b>	Final	
<b>Dated</b>	4 April 2013	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	In closed report
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	4 April 2013	