

Item No. 20.	Classification: Open	Date: 16 July 2019	Meeting Name: Cabinet
Report title:		Acquisition of Site for New Affordable Housing: former Boys Club Hawkstone Road Rotherhithe SE16 2PE	
Ward:		Rotherhithe	
Cabinet Member:		Councillor Leo Pollak, Social Regeneration, Great Estates and New Council Homes	

FOREWORD – COUNCILLOR LEO POLLAK, CABINET MEMBER FOR SOCIAL REGENERATION, GREAT ESTATES AND NEW COUNCIL HOMES

At the time of writing, more than 11,000 households (comprising over 25,000 people) were recorded on Southwark's housing register in need of rehousing - behind these figures are stories of families living in overcrowded homes, delaying key life due to extortionate housing costs, health problems linked to housing, children's educational attainment and younger people's ability to invest in themselves and their futures thwarted. In this context, Southwark is resolved to maximise the overall social rented stock in our borough, including through developing the most ambitious pipeline of new council rent and council managed homes of any borough in the country for over 30 years, as part of our generational commitment to deliver 11,000 new council homes by 2043.

A key constraint we face is this task is in the availability of land to build the next generation of new council homes and to this end the council is committed to identifying and where possible acquiring new sites in the borough, as well as lobbying to reform the national Land Compensation Acts to strengthen councils' land assembly powers for the purposes of building affordable housing.

The former Red Lion Boys club site not only creates an opportunity for significant numbers of new council homes but also creates the opportunity for the re-provision and expansion of the community hall for the benefit of the estate TRA as well as the wider community, which we will require as part of any brief for the site.

RECOMMENDATIONS

That cabinet:

1. Authorises pursuant to s120 of the Local Government Act 1972 and s9 of the Housing Act 1985, that the council acquires the freehold interest in the property shown edged red on the plan at Appendix A.
2. Authorises the principal purchase terms set out in full in paragraph 4 of the closed version of this report and substantially in paragraph 15 of this report.
3. Delegates to the director of regeneration authority to agree detailed terms of the acquisition.

BACKGROUND INFORMATION

4. The subject property is shown edged red on the plan at Appendix A to this report. It mainly comprises a vacant former (Southwark Park Congregational) church that latterly had been used as a youth facility; this use ceased in 2016. The main building has been vacant since. Next to the main building a local business (house removals) has been permitted on the south-east corner of the site to enclose a recessed paved area (not part of the adopted highway) to use for the sale of used furniture.
5. Upon notification of the proposed closure of the youth facility the local community campaigned to stop this and indeed the building was listed as an asset of community value. However London Youth Clubs, the then owner, was adamant realising the sale proceeds of the building and investing them in other youth facilities was a better use of the asset and proceeded accordingly. London Youth Clubs then offered the building for sale by tender. The council bid to acquire it but was not the highest bidder. It was sold to a company that wanted to develop the property with student housing but on finding out this would not be supported transferred it on privately without market exposure to the current owner Hawkstone Trading Limited (“HTL”) (a special purpose vehicle). As a consequence of these sales, the listing of the building as a community asset has lapsed and it no longer appears on the council’s list of assets of community value.
6. HTL has had an ongoing dialogue with council officers regarding its plans and aspirations for the property. It sought pre-planning advice from the Greater London Authority rather than the council. This indicated the site has potential to accommodate a building of twenty-two stories in height with community use on the ground floor and sixty-nine dwellings above. The difficulty faced by HTL with this scenario is providing the affordable housing. The footprint is very tight and the affordable housing provider whether the council or a Registered Social Landlord would require a separate core for this accommodation. This is on account of management considerations particularly relating to service charges. HTL then approached the council with a view to acquiring its adjacent land comprising a single storey block of lock up garages and a potential accessway shown shaded blue on the plan at Appendix A. This land would enable a two tower development with the affordable housing being in one tower and the housing for sale in the other.
7. On 28 November 2018 council assembly approved the current Council Plan. This sets a number of commitments to our community including *A Place to Belong*; one of the undertakings to meet this commitment is to *Build at least 1,000 more council homes.....by 2022*. In the light of this undertaking, it is appropriate to endeavour to acquire the land edged red rather than to sell the land shaded blue on the plan.

KEY ISSUES FOR CONSIDERATION

8. Whilst the property stands on a busy road intersection Hawkstone/Lower/Rotherhithe Old Roads it is nevertheless considered a desirable location for new affordable housing. Surrey Quays Overground Station is yards away so it enjoys a very high (6a) Public Transport Accessibility Level (P-TAL) rating. Surrey Quays shopping centre is a short walk away and it is located on the fringe of the Canada Water Masterplan area where significant change is planned. In addition, the extensive open space of Southwark Park is

also a short distance away. New housing here is likely to be very attractive for potential tenants.

9. If the site is acquired any development including the extent, if any and how much of the council-owned blue land on the plan can be included, will be subject to extensive consultation particularly with residents of the Hawkstone Estate. The acquisition provides an opportunity for a comprehensive Great Estates approach to the wider estate improvements; this again is subject to extensive consultation with residents.
10. As previously mentioned, the site edged red has potential for a tall building and providing a significant number of new dwellings. However, if the blue land is included it will enable a two tower approach and the combined land has the potential to provide around one hundred and fifty new affordable homes. It is planning policy that any redevelopment of the existing building requires the re-provision of the existing D1 planning use classes order (non institution buildings) space so a new community hall on its ground floor will satisfy both the policy and community needs. Such an output will be a significant contribution to the council's new homes undertaking and an enhanced community facility. The cabinet will however note any future consent will be a decision for the planning committee considering any application on its merits against planning policies and prior to this, consultation with stakeholders including estate residents.
11. Delivering the Council Plan commitment of 1,000 new homes by 2022 and the over-reaching ambition to achieve 11,000 new homes by 2043 is extremely challenging especially in the context of an already densely developed area. Much effort has been made in adding homes where possible to existing estates but this in itself will not reach the target. New sites for housing must therefore be acquired but supply is extremely restricted so when an opportunity comes forward as described here it is appropriate for cabinet to give it serious consideration.
12. Section 120 of the Local Government Act 1972 enables the council to acquire land for any of the Council's functions under the Local Government Act or any other enactment, or for the benefit, improvement or development of their area.
13. The acquisition of the property for housing will fulfil the requirements of s120 as the provision of housing is one of the council's functions; in addition the local area will benefit from the new homes and the enhanced environment around the homes, and from the construction jobs created through its development.
14. Section 9 of the Housing Act 1985 provides that a local housing authority may provide housing accommodation by erecting houses or by converting buildings into houses or by acquiring houses. The Housing Act therefore gives the council powers to convert existing buildings into houses or to build houses itself on land acquired for that purpose.

Principal purchase terms

15.
 - a) The council pays the consideration set out in the closed version of this report.
 - b) On exchange of contracts, the council pays a deposit of set out in the closed version of this report.

- c) The purchase to be completed on or before 8 August 2019.
- d) On completion, the property to be provided with vacant possession.
- e) The parties to meet their own costs of the transaction.

Commentary on principal purchase terms

16. a)-b) Refer to closed version of report.
- c) This is a challenging timescale agreed by the parties. The benefit to the vendor is an early capital receipt and for the Council mitigation of the risk of another party submitting a higher offer.
 - d) If the property is purchased, there will be an inevitable lag between then and a scheme being prepared, planning consent secured and construction works being commissioned. A meanwhile use will be considered for the main building for this period. This will mitigate holding costs namely empty business rates, insurance and management charges. Paragraph 4 refers to a business occupying a small part of the site. The terms of that occupation are not known so it is essential the vendor ensures any actual or rights of occupation for that business are terminated prior to the Council's purchase. Acquiring the site subject to the occupation risks an inhibition to future plans for the site. Once the property is acquired with vacant possession a meanwhile use for the business can be considered on its merits and properly documented.
 - e) A standard provision.

Rationale for recommendations

17. a) To assist in providing new homes for person's on the housing waiting list.
- b) To further a commitment within the new Council Plan.
 - c) To enhance the council's asset base.
 - d) To accelerate the council's decision making process and thereby delivery of new housing.

Community impact statement

18. The new Council Plan was the subject of extensive community consultation. The recommendations herein further the delivery of the *A Place to Belong* commitment set out in the Plan.
19. The Equality Act 2010 requires the council in the exercise of its functions to have due regard to the need to:
- a) eliminate discrimination;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and

- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

20. Relevant protected characteristics for the purposes of the Equality Act are:

- Age
- Civil partnership
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race
- Religion or belief
- Sex and sexual orientation.

21. In considering the recommendations herein the cabinet must have due regard to the possible effects them on any groups sharing a protected characteristic in order to discharge its public sector equality duty. This is an ongoing obligation.

22. If the recommendations set out are approved, the council will purchase a vacant building that will ultimately be demolished and new council homes erected in its place. The new homes will greatly improve the quality of life of its residents some of which may have protected characteristics.

23. If the council acquires the property and moves ahead with the intention to redevelop it for council housing it will be necessary to carry out an equality impact assessment.

Financial implications

24. The acquisition of the property represents capital expenditure and will form part of the council's housing investment programme. It will be part funded from retained Right to Buy receipts (30%) or government grant, with the remaining balance funded from other housing revenue account (HRA) resources, including borrowing where appropriate.

25. Paragraph 16d) recognises there are potential holding costs between acquisition of the property and handing the property over to builders for redevelopment and sets out means of eliminating/mitigating these costs. If any costs are incurred, they will be met from existing budgets.

26. Submitting the bid for the property and processing the legal documentation necessary to complete the purchase, has and will incur revenue costs but these will be met from existing budgets.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Housing and Modernisation

27. The site provides the opportunity to provide much needed new council housing as part of the programme to deliver 11,000 new council homes by 2043 and 2,500 by 2022. Once purchased, an options appraisal will be carried out to identify the most appropriate delivery route and redevelopment option.

Director of Law and Democracy

28. As set out in this report the property will be acquired pursuant to s120 of the Local Government Act 1972 which gives the council power to acquire land by agreement for the purposes of (a) any of the council's functions under the Local Government Act or (b) the benefit, improvement or development of the area. The report sets out at paragraph [13] how these requirements are met.
29. Section 9 of the Housing Act 1985 states that a local housing authority may provide housing accommodation by erecting houses or converting buildings into houses on land acquired by them for the purposes of the Housing Act.
30. Section 120(2) of the Local Government Act 1972 further provides that where land is acquired for a purpose and it is not immediately required for that purpose, it may be used for the purpose of any of the council's functions until it is required for the purpose for which it was acquired.
31. Taken together these provisions give the council adequate legal powers to acquire the property for housing and to use it for other temporary uses in the interim period prior to construction of housing.
32. The report confirms that although the property was at some point in the past included in the council's list of assets of Community Value, it has now been removed from the list so that the provisions of the Localism Act 2012 relating to disposals of assets of community value will no longer apply.

Strategic Director of Finance and Governance [H&M 19/034]

33. The acquisition of this property will provide the council with much needed land to support its commitment to build new homes. Both the acquisition and subsequent development costs will form part of the council's housing investment programme and will be funded from HRA resources, which may include borrowing, as set out in the financial implications section of this report. The strategic director of finance and governance is satisfied that officers have taken sufficient measures to ensure as far as is reasonably possible that the council's bid represents fair value and is competitive. Any revenue costs arising from this transaction are to be contained within existing budgets.

BACKGROUND DOCUMENTS

Background Papers	Held at	Contact
Council Plan 2018-19 – 2021-22	160 Tooley Street, London SE1 2QH	Paula Thornton 020 7525 4395
Link (copy and paste into your browser): http://moderngov.southwark.gov.uk/documents/s78763/Report%20Council%20Plan.pdf		

APPENDICES

Appendix	Title
Appendix A	Plan of Former Boys Club Hawkstone Road Rotherhithe

AUDIT TRAIL

Cabinet Member	Councillor Leo Pollak, Social Regeneration, Great Estates and New Council Homes		
Lead Officer	Kevin Fenton, Strategic Director Place and Wellbeing		
Report Author	Patrick McGreal, Regeneration-North		
Version	Final		
Dated	26 June 2019		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS/ DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought	Comments included	
Strategic Director of Housing and Modernisation	Yes	Yes	
Director of Law and Democracy	Yes	Yes	
Strategic Director of Finance and Governance	Yes	Yes	
Cabinet Member	Yes	Yes	
Date final report sent to Constitutional Team	26 June 2019		