

Item No. 7	Classification: Open	Date: 25 September 2007	MEETING NAME Major Projects Board
Report title:		Disposal of Sites F, S and U Bermondsey Spa	
Ward affected:		Riverside Ward	
From:		Interim Strategic Director – Major Projects	

RECOMMENDATION

1. The Board approves that this regeneration site be sold to Hyde Housing Association on the terms set out in the report appearing on the closed part of the agenda and subject to relevant declarations of surplus being obtained for the disposal.

BACKGROUND INFORMATION

2. A plan is provided at Appendix One to this report. Sites F, S and U are shown edged red and are identified as such in the Bermondsey Spa Masterplan that was adopted by Full Council in 2000.
3. The site comprises three blocks of inter-war flats: Carton Darnay and Giles Houses. The latter of these has shops at ground floor level. In addition, it includes blocks of lock up garages provided at below ground level for Casby House and Lupin Point. The flats are in need of substantial investment in order to meet *Decent Homes* standard and the garages have for some time been underused and a source of anti-social behaviour.
4. In 2004 planning consent was granted for the redevelopment of the sites shown edged red and green on the plan. The site edged green is site E and H in the Bermondsey Spa Masterplan and is presently under construction having been purchased by Hyde Housing Association in March 2005.
5. It was originally envisaged that sites E and H and F, S and U would be developed as a single project and they were marketed as such and a lead developer selected. That developer withdrew when it came to the time to complete the purchase of the sites and the Borough faced loss not delivering expectation and programmed capital receipts. Hyde had been selected by the lead developer to deliver the social housing element of the scheme and came forward to take the matter forward but because of financial constraints could only initially acquire sites E and H with the expectation of buying sites F, S and U at a later date. There was however no formal agreement to this effect.
6. The approved planning consent for the sites [E, F, H, S & U] was submitted by Hyde and the key points as they relate to the subject site are as follows:

- 6.1 319 residential units made up as follows:

<i>Bedrooms</i>	<i>Sale</i>	<i>Social rent</i>	<i>Intermediate rent</i>	<i>Shared ownership</i>	<i>Total</i>
One	51	26	12	22	111
Two	38	40	18	23	119
Three	-	63	6	14	83
Four	-	4	-	2	6
Total	89	133	36	61	319

- 6.2 Agreement under s106 of the Town and Country Planning Act 1990 to provide for enhancements to Casby House, Lupin Point and the immediate area. Full details are set out in Appendix Two.

- 6.3 Following extensive consultations with residents, Hyde have if they implement the consent agreed with the Two Towers Tenant Management Organisation to carry out a number of works in addition to those contained in the planning agreement to enhance Casby House and Lupin Point. These are set out in Appendix Three.
- 6.4 A supermarket of 1,649m²
- 6.5 A health club and other commercial space of 227m²
- 7. The planning consent is part of a larger one that includes sites E and H and the clear aspiration is for them to be developed as part of a single phased comprehensive scheme.
- 8. The Council is approaching achieving vacation of the residential blocks on the site: Carton, Darnay and Giles Houses so it is now appropriate to move forward arrangements for the sale of these sites.

KEY ISSUES FOR CONSIDERATION

Achieving best consideration

- 9. When disposing of housing land under section 32 of the Housing Act 1985 and pursuant to consent E.3.1 of the General Housing Consents of 2005 the disposal will need to be at the best consideration reasonably obtainable.
- 10. A sale by auction or tender to the highest bidder following proper marketing will generally be seen to discharge this obligation. However, in this case it is considered practical to give Hyde Housing Association the opportunity to negotiate directly with us rather than offering the site to the market in general. The reasons for giving Hyde first option in respect of this regeneration opportunity are as follows:
 - 10.1 to achieve the comprehensive development of these sites together with sites E & H
 - 10.2 they has a track record of delivery in Bermondsey Spa
 - 10.3 they will deliver a much higher percentage of homes for rent than another developer is likely to because of their status as a social housing provider
 - 10.4 the works to be carried out to Casby House and Lupin Point followed on from extensive public consultation and there is a reasonable expectation from residents that they will be carried out, some of these are over and above those that could be secured from the planning process
- 11. The terms offered by Hyde are discussed in the report on the closed part of the agenda but in order that an objective view can be taken their compliance with the obligation to obtain best consideration has been considered by an independent national practice of Chartered Surveyors.

The Planning consent and interaction with other major projects

- 12. Since the 2004 planning consent, the Council has adopted the Unitary Development Plan and changed its approach to s106 contributions by moving to a tariff system. As a result, the associated planning agreement does not cover some matters that would be covered if a fresh application was to be made. The 2004 consent does however provide for 60% affordable housing, whereas a new application would only have a minimum provision of 35% affordable housing. Appendix Four sets out a comparison between the section 106 provision of the 2004 consent and requirements under the new guidelines.

13. The provision of the such a high content of affordable housing will be helpful in relocating tenants from the Heygate and Aylesbury Estates. Not only is the volume significant but also the provision of sixty-seven three and four bedroom units.
14. Prior to the submission of the 2004 planning application considerable public consultation was carried out and this identified the aspiration for a supermarket in this area.

Existing Occupiers

15. Two of the shops in Giles House are currently occupied for training and for the temporary administration of the Salmon Youth Centre. The terms of occupation are such that vacant possession of them can be readily obtained.
16. Sixteen flats in Carton, Darnay and Giles Houses are currently occupied under housing tenancies. The majority of these tenants are to move into new flats being provided on sites E & H that are currently under construction and the others will be dealt with under established housing relocation policy.
17. There were a number of leaseholders in the blocks and with one exception all leases have been repurchased. The remaining leaseholder has been unwilling to enter into meaningful negotiations so a Compulsory Purchase Order has been made and is progressing.
18. The garages have been subject to the management of the Two Towers Tenants Management Organisation. The TMO has now relinquished responsibility for them. The majority of garages are vacant but a few are still used. Action is underway to achieve their vacation. Their tenancies aren't subject to the same security of tenure provisions as dwellings so obtaining possession of them is more certain and quicker.

Policy Implications

19. The Regeneration of the Bermondsey Spa area is a long standing Borough policy. An overall Masterplan was prepared by Llewelyn-Davies and adopted in 2000. This envisaged the Regeneration being dealt with as a series of defined land sites. The proposed transfer of the subject sites to Hyde Housing Association underpins this.
20. The Regeneration of both the Bermondsey Spa area and the subject site are included within Chapter 2 [Place] of the latest Corporate Plan.
21. The completion of the Bermondsey Spa Regeneration is a key action set out in Section 2 "*Delivering Change*" of the Sustainable Community Strategy "*Southwark 2016*".

Community Impact Statement

22. The effect of relocating tenants and the leaseholder will be to dispossess them of their rights in land. This is a necessary process to ensure the redevelopment and regeneration of the site can proceed. This is considered acceptable where the proposals are in the public interest and where, as in this case, the advantages of regeneration substantially outweigh the disadvantages to those dispossessed
23. The regeneration of Bermondsey Spa is considered to have benefits to not only immediate community but also the Borough as a whole in that it will act as a catalyst to further investment. It is therefore necessary to balance the benefits that could be provided by the proposed scheme against the possible impact to those with an interest in the affected land. In carrying out this exercise a degree of proportionality should therefore be adopted.
24. The furtherance of the Regeneration will not negate the Council's Diversity and Equal Opportunities policies. Indeed in the long term it is anticipated the diversity of the area will be widened.

Resource implications

25. There are no direct staffing implications arising from the proposed land transfer.
26. Compensation will have to be paid to the outstanding leaseholder and there will be legal expenses in publishing and progressing the Compulsory Purchase Order. These have already been provided for in the overall Bermondsey Spa Regeneration Initiative.
27. Hyde will meet the Council's cost in selling the site.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Concurrent report of the Finance Director

28. This is contained in the closed report contained later on the Board's agenda.

Concurrent report of the Director of Legal And Democratic Services –Legal Issues

29. As the property falls within the Council's housing portfolio the disposal can only proceed in accordance with section 32 of the Housing Act 1985 for which purpose the consent of the Secretary of State for the Department of Communities and Local Government is required.
30. A number of general consents have been issued in the General Housing Consents 2005.
31. Consent E3.1 of the General Consent for the Disposal of Part II Land 2005 states that a local authority may dispose of any land held for the purposes of Part II for the best consideration that can be reasonably obtained, provided that any dwelling –house included in the disposal:
 - 31.1 is vacant
 - 31.2 will not be used for housing accommodation; and
 - 31.3 will be demolished
- 32 Paragraph 13 of the closed report indicates that the consideration is the best that can be reasonably obtained and paragraph 8 of the closed report confirms that the disposal of the property will be with vacant possession.
33. The disposal is conditional on the surplus declaration being obtained from relevant officers before exchange of agreements.
34. Provided that the above conditions are satisfied and that the Major Projects Board is satisfied that the transaction represents value for money, they may proceed with the approval of the recommendation.

BACKGROUND PAPERS

Background Papers	Held At	Contact
Project files	Bermondsey Spa Regeneration Area Team 63-67 Newington Causeway London, SE1 6BD	Patrick McGreal 020 7525 5626

APPENDICES

No.	Title
Appendix 1	Plan depicting the extent of Sites F, S and U Bermondsey Spa
Appendix 2	Section 106 Town & Country Planning Act 1990 obligations
Appendix 3	Works agreed with Two Towers Tenant Management Organisation

AUDIT TRAIL

Lead Officer	Tim Thompson – Project Director - Canada Water & Bermondsey Spa Regeneration Areas		
Report Author	Patrick McGreal - Principal Surveyor		
Version	Final		
Dated	15 August 2007		
Key Decision?	Yes	If yes, date appeared on forward plan	25 September 2007
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER			
Officer Title	Comments Sought	Comments included	
Chief Finance Officer	Yes	Yes	
Director Regeneration [Neighbourhoods]	Yes	Yes	
Head of Property	Yes	Yes	
Director of Legal & Democratic Services	Yes	Yes	
Executive Members	Yes	Yes	
Bermondsey Spa Project Board	Yes	Yes	
Housing	Yes	Yes	
Date final report sent to Constitutional Support Services			17 September 2007

APPENDIX TWO

Section 106 Town & Country Planning Act 1990 obligations

- | | | |
|----------------------|----|--|
| <i>Casby House</i> | a. | Ramp access |
| | b. | Gate |
| | c. | Formation of opening |
| | d. | New door access |
| | e. | New portico |
| | f. | Upgrading entrance lighting |
| | g. | Upgrading general decorations |
| <i>Lupin Point</i> | a. | Ramp access |
| | b. | Gate |
| | c. | Formation of opening |
| | d. | New stair and associated works |
| | e. | Fire doors to stair lobby |
| | g. | Alterations to waste chutes |
| | h. | New portico |
| | i. | Upgrading entrance lighting |
| | j. | Upgrading general decorations |
| <i>Marine Street</i> | a. | New road construction |
| | b. | Raised levels |
| | c. | Formation of bell mouth to Jamaica Road |
| | d. | Automated barrier |
| | e. | Pavement works |
| | f. | Square with Freda Street |
| | g. | Relocation of lighting and communication infrastructure |
| | h. | Diversions |
| | i. | Signage |
| | j. | Contribution to other Marine Street realignment works |
| <i>Other</i> | a. | Narrowing of part of Old Jamaica Road |
| | b. | Paving to Jamaica and Old Jamaica Roads |
| | c. | Roadworks to bring Freda Street up to adoption standards |
| | d. | Footway to Freda Street |
| | e. | Pedestrianisation [including paving and lighting] to Freda Street and Old Jamaica Road |

APPENDIX THREE

Works agreed with Two Towers Tenant Management Organisation

- Casby House*
- a. Extension of CCTV
 - b. Extension of access system
 - c. Upgrading external lighting
 - d. Excavation, removal of soil and levelling of landscape mound
 - e. Alterations to waste chutes
 - f. New bin store
 - g. New entrance canopy
 - h. New carpark
 - i. Landscaping and two year subsequent maintenance
- Lupin Point*
- a. Upgrading of paving and new ramp
 - b. Demarcation of carpark
 - c. Extension of access system
 - d. Upgrading external lighting
 - e. Excavation removal of soil and levelling of landscape mound
 - f. Alterations to waste chutes
 - g. New bin store
 - h. New entrance canopy
 - i. Landscaping and two year subsequent maintenance