

Decision Taker:	Cabinet Member for New Homes and Sustainable Development
Date:	20 November 2024
Report title:	New James Court, Scylla Road – proposed community-led housing
Ward(s) or groups affected:	Rye Lane
Classification:	Non Key decision
Reason for lateness (if applicable):	N/A
From:	Matt Derry, Programme Manager - South, Sustainable Growth

RECOMMENDATION(S)

That the Cabinet Member for New Homes and Sustainable Development:

1. Approves the commencement of a competitive exercise to identify a preferred community-led housing partner for the delivery of affordable housing on the site currently occupied by garages within the New James Court Estate, site identified at Appendix 1.
2. Approves the draft brief for the opportunity as set out at Appendix 2.
3. Notes that a report is to be taken to Cabinet following completion of the competitive process and following selection of the preferred partner seeking approval for the disposal of land, including commencement of a decant process of the garages.

BACKGROUND INFORMATION

4. The Council began engaging with Peckham Citizen Foundation (PCFA) in 2016 to explore interest for Community Land Trust homes, this led to the establishment of a Community Steering Group (CSG). In 2019 the Council started to explore project feasibility. During the years a series of community consultation activities were designed and completed and designed around PCFA principles.
5. In August 2022, the Council informed the community steering group that the scheme was not going ahead as the site was being prioritised for Council housing delivery.
6. In 2022, the Council convened the Southwark Land Commission to bring forward a conversation with key partners about maximising social and

environmental outcomes from the use of land and property. Its report “Land for Good” was launched in September 2023 and recommendations included setting up new forms of community-led housing such as Co-operatives, Community Land Trusts or Public-Common Partnerships to steward pilot sites (Priority Action 10) and defending and extending affordable accommodation for all by ensuring that all tenures and models of affordable housing are maintained as such in perpetuity, as with Community Land Trusts (Priority Action 12). The report defines Community Land Trusts as democratic, non-profit organisations that own and develop land for the benefit of the community, affordable in perpetuity.

7. The Council’s response to the Southwark Land Commission report was agreed at Cabinet on 22 July 2024. On affordable housing delivery, the Council will continue to seek to maximise the provision of affordable housing in perpetuity, particularly homes at social rent. The report also sets out that the Council will be bringing forward a site on Scylla Road as a pilot residential Community Land Trust (CLT). This purpose of this report is to seek approval to commence a process to identify a preferred partner for this site.
8. Due to changes in the wider economic environment and in response to the Southwark Land Commission, the Council decided to revisit the scheme again in 2023. The project team re-started to explore scheme feasibility and engagement with the local community and stakeholders, actively participating in the community steering group.
9. The site identified for the development is currently occupied by garages located within the New James Street Estate and was originally identified for direct Council housing delivery but was later discarded. The wider estate comprises seven blocks of varying sizes, two garage sites, and various soft landscaped amenity areas and a Community Hall. There are 50 homes on the estate. Site boundaries are identified at Appendix 1, however the Council is amenable to a discussion about varying the precise boundary should there be a rationale to include additional land as part of the scheme proposals.
10. The site identified by the Council for this scheme currently consists of a total of 27 garages. There are a further 9 garages within the site that are not currently proposed to be included within the scheme as they abut the adjacent residential properties at Old James Street, although these could be explored subject to proposals. The site was previously looked at as part of the new homes programme but is not being actively pursued and it is considered that this would form a good pilot site for community-led homes.
11. A report on title for this estate outlined that several properties on the estate are subject to long leases granted under the Right to Buy legislation. Part of these properties immediately adjoin the site boundary, and they benefit from the following rights over the estate: to use the estate roads; water, drainage, gas, and use of the cables and other electrical installations serving the properties for electricity, telephone, etc.; to use the landscaped areas.

KEY ISSUES FOR CONSIDERATION

12. The proposed scheme involves the land currently occupied by garages as part of the New James Court estate, comprising a total of 27 existing garages, all owned by the Council. Currently, only two units are vacant, while the rest are occupied by Council tenants. The tenants are all under a licence with no break clause although vacant possession of these units can be obtained through serving notice to terminate. A title search confirms that the Council is the freeholder of the land and owner of the garages interested by the proposal. The estate road accessway and other communal services (i.e. sewers) are subject to right of use by the Right to Buy properties within the estate.
13. It is estimated that rent of all the units can generate a revenue of £32,432 per annum, if all the units are let on a standard rate. These garages are within the Housing Revenue Account (HRA), and therefore any disposal will impact on the income available to the HRA and will need to be reflected in a reduced revenue budget.
14. The Council Garages team advised that procedure to vacate all the occupied units involves an initial negotiation phase where the tenants are offered an alternative location or solution if they wish to be re-allocated in a new garage. At this stage, the Garage team is not in a position to outline a specific timescale for obtaining vacant possession, as it can be influenced by factors such as tenants' responsiveness to the engagement exercise, their willingness to be relocated and availability of vacant units in the surrounding area once a decision is made.
15. The proposed community housing-led scheme is a pilot project through which the Council is exploring a new approach to delivering affordable housing and therefore not operating within an established policy framework.

While the proposed disposal is a land transaction (subject to conditions outlined in paragraph [17](#)), the opportunity will be advertised through an open, single stage competitive process. This is identified as the preferred route to select the preferred Community Land Trust provider and ensure transparency in the delivery of the scheme. This process will be treated strictly as land transaction and is not subject to the PCR 2015 regulations. The Council does not intend to control the development and design of this proposal, other than via its statutory planning powers.

The proposed timeframe for the competitive Open call Process:

- Develop Site Brief: October 2024
 - Release Site Brief: November 2024
 - Submission of Expression of Interest: January 2025
 - Cabinet approval of proposed disposal: Spring 2025
16. Initial criteria for community-led housing:
 - The minimum requirements for a group to submit a proposal for the site are that it is, or is demonstrably working towards becoming a member of the National CLT Network

- Track record of community engagement during and post development
- The land will be disposed to the preferred CLT on the condition that:
 - The proposed scheme comprises of the maximum amount of affordable housing, subject to scheme viability
 - The CLT includes a constitutional asset lock to ensure that the homes are retained for the community in perpetuity (and the proceeds of any housing for sale contribute to the scheme)
 - It is anticipated that proposals for the new community-led affordable housing would include restrictions on eligibility for the new homes based upon prospective occupiers' income levels as assessed against local median income thresholds.
 - Planning permission, grant agreement, build contract and construction finance are all secured in advance.

17. The proposed brief for this opportunity is attached at appendix 2 of this report. It is proposed that this would be openly publicly advertised for a period of 6 weeks from November 2024. The criteria for evaluation as set out in further detail in the brief comprise:

- Status of organisation
- Equalities policies
- Local community representation
- Proposed community role in ongoing governance
- Site proposal summary and anticipated community benefits
- Initial business plan / land offer
- Initial site design proposal

Initial legal advice indicates that for the delivery of this scheme, the Council should dispose of the land to the identified community-led organization for the delivery of affordable housing. This involves transferring the leaseholder title to the preferred CLT with a restriction that the disposed land can be used only for affordable housing purposes.

18. The appointment of the preferred community-led housing partner will be presented through a cabinet report, expected to be in 2025, this would also seek approval of the identified route for the land disposal to the Community Land Trust and related timescale, including process and timescale to ensure Vacant Possession of the land.

Policy framework implications

19. The Southwark Plan 2022 define affordable housing as that which is accessible to those households who cannot otherwise afford the same sort of housing anywhere in the borough at market prices. Affordable housing is an important part of making sure that everyone has access to a high-quality home in Southwark.

20. The proposed scheme will contribute toward the Southwark Housing strategy which is committed to delivering good quality genuinely affordable homes for all

residents, delivering over 23,550 net new homes between 2019/20 and 2028/29, of which at least 35% would be affordable homes. The Council strategic target is 50% affordable housing which is to be achieved through building council homes and encouraging developers to provide a higher provision of affordable housing through grant funding.

21. The proposed scheme is aligned with the guiding principles set into Southwark 2030 strategy, which was agreed by Cabinet in July 2024. These principles include Reducing Inequality, Empowering People and Investing in Prevention and will be delivered through the following goals:
 - Decent homes: by involving a Community Land Trust, the project ensures long-term affordability and community ownership of homes, which directly addresses housing needs.
 - A good start in life: A CLT model supports the development of housing that is specifically designed to meet the needs of families and individuals, offering stability and sense of belonging, which can have a positive impact on the life chances of residents, particularly children.
 - Staying well: CLTs foster strong, resilient communities by empowering residents to actively participate in decisions about housing and community spaces, contributing to improved mental and physical well-being.
 - A healthy environment: The CLT approach encourages sustainable development practices, promoting energy efficient homes and green spaces, thereby creating healthier living environments for residents and reducing carbon footprint and development which will be developed and tested through the Planning process..
22. On 22 July Cabinet approved for consultation draft amendments to Affordable Housing SPD which explicitly recognise CLT homes as an affordable housing product, in addition to introducing flexibility for single tenure affordable housing sites (Affordable Housing SPD, section 3.4 - 100% or mainly single tenure schemes).

Community, equalities (including socio-economic) and health impacts

Community impact statement

23. Southwark & Peckham Citizens is an alliance of 21 civil society organisations in the borough, including faith organisations, schools, parents' groups, local charities and a university, working together for the common good in the borough, with a particular focus on housing, migrants' rights, ESOL, and health justice. S&PC recently gave its evidence to Council assembly on Housing issues, including the need for Council policy to recognise and emphasise the need Community Land Trust homes, as a primary form of intermediate affordable housing tenure, a model of housing where prices are linked to local income in perpetuity and therefore remain permanently affordable, in preference to other intermediate tenures such as shared ownership which are linked to market values.

24. Southwark & Peckham Citizens has established a community steering group which has already undertaken a programme of engagement with the local community around the principle of CLT homes on this site.
25. A CLT is a corporate body which is established for the purpose of furthering the social, economic and environmental interests of a local community by acquiring and managing land and other assets; and whose legal structure is designed to ensure any profits from its activities will be used to benefit the local community, and that its members control it.
26. The project team engaged with local authorities across London who delivered similar schemes and noted that one of the key benefits generated by the CLT is the community involvement and cohesion that is created by the development process and management of the stock.

Equalities (including socio-economic) impact statement

27. An equalities impact assessment (EIA) was conducted into the Council's response to the land commission report and this report should be read in conjunction with that (a copy of the EIA can be found on the Background Documents section). Equalities considerations form part of the proposed initial evaluation criteria for the community-led housing partner and this is set out within the brief for the site. Additionally, an Equalities Impact Assessment (EIA) will be carried out before reporting to Cabinet. This assessment will consider engagement with the garage tenants, the vacation of the premises, and evaluate how the affordable housing scheme, delivered through the appointed Community Land Trust, will impact equalities.
28. The lack of affordable housing is affecting the recruitment and retention of keyworkers at lower income who are essential to delivering high quality services to local resident, so this is an opportunity to explore ways of prioritising homes for keyworkers.

Health impact statement

29. There are no immediate health implications arising from this report.
30. The proposal has the potential to deliver new affordable housing for the local community that can benefit of new high quality and healthy spaces, delivered in line with the most recent design and Health & Safety standards.

Further guidance

31. This option will allow for more affordable housing to be built within the borough, which will:
 - Reduce the number of households living in temporary accommodation.
 - Increase the ability of the borough to offer secure settled safe and comfortable permanent affordable accommodation.
 - Save the Council financial resources that can be focused on other schemes.

Climate change implications

32. The Council has a target to make Southwark carbon neutral by 2030, and new build housing will be a key factor in meeting this target. Developers will be held to stringent and public environmental regulations.

Through the Southwark Plan 2022, SP1 'Homes for all' there is a commitment to build sustainably including:

- The highest possible standards for sustainable design and construction
- A clear developed approach, working with contractors to decarbonising the developments and develop more sustainable supply chains of materials.
- Meaningful plans for offsetting where the development and supply chain cannot be decarbonised.

Resource implications

33. There are no resource implications resulting directly from this report.

Consultation

34. The Council actively engaged the Community Steering Group since 2016, supporting the scheme and hosted a series of workshops to outline the main design outputs. After the stop in 2022 and reconsideration in 2023, the Council re-established communications with the Community Steering Group to move the scheme forward. The scheme will require future engagement activities with the local community and stakeholders (i.e. garage tenants and estate residents) once a preferred CLT is appointed.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Assistant Chief Executive, Governance and Assurance

35. This report deals with the Council inviting expressions of interest for a potential land transaction that will be covered by a later Cabinet report.
36. •Section 1 of the Localism Act 2011 introduced a “general power of competence” for local authorities, defined in section 1(1) as “the power to do anything those individuals generally may do” and which expressly includes in section 1(4)(c) the “power to do it for, or otherwise than for, the benefit of the authority, its area or persons resident or present in its area”. However, this is subject to pre-commencement limitation, see section 2(2)(a) of the Localism Act 2011.
37. The Lead Officer and Report Author advise that the garages are within the HRA. Under Section 32 of the Housing Act 1985, local authorities have power by virtue of that section, and not otherwise, to dispose of land held by them for the purposes of Part II. With the exception of Part V (the right to buy) any other disposals of Housing Revenue Account HRA land require

the consent of the Secretary of State (SOS). The SOS has issued The General Housing Consents 2013, March 2013 (HRA Consent).

38. Disposal includes “the grant of a lease of any duration”. Land “includes buildings (which could include dwelling-houses, houses and flats) and other structures, land covered with water and any estate, interest, easement or right over land”. Market Value means “the amount for which a property would realise on the date of the valuation on a disposal between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion and where the market value is assessed not earlier than 3 months before the buyer applies or agrees to an offer in writing”. Vacant is referred to as “(a) where no dwelling houses have been built or (b) where dwelling houses have been built but they have been demolished and no longer capable of human habitation and are due to be demolished”.
39. For example, “A3.1.1 A local authority may, subject to paragraph 3.1.2, dispose of land for a consideration equal to its market value” or A3.2 states, “A local authority may dispose of vacant land”.
40. Is it not considered that Public Contract Regulations are applicable to this competitive exercise. External legal advice has been sought on any potential procurement implications, and advice is that a competitive tender exercise in accordance with the Public Contract Regulations 2015 may need to be carried out if the scheme is valued above the financial threshold governed by those Regulations, and the transaction is deemed to be a public works contract. Whether this is a public works contract is determined by a number of factors, including the degree of control over the development and/or the level of design input which the council requires. Paragraph 15 of this report confirms that it is not expected that the PCR Regulations will be applicable.
41. The Cabinet Member’s attention is drawn to the Public Sector Equality duty (PSED General Duty) under the Equality Act 2010, which requires public bodies to have regard, when making decisions, to the need to eliminate discrimination, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The Cabinet Member is specifically referred to the community impact statement at paragraphs 27-30, setting out the consideration that has been given to equalities issues, and will note that a further equalities analysis will be undertaken. Paragraph 34 confirms the consultation which has taken place and which is now due to take place in respect of these recommendations, which must be undertaken at a time when proposals are still at a formative stage, must give sufficient reasons for any proposal to enable intelligent consideration and response, and must allow adequate time for consideration and response. There is also a legal requirement that the product of the consultation must be conscientiously taken into account when making decisions in relation to this project.

Strategic Director of Resources (H&M 24/061)

42. This report is seeking the Cabinet Member for New Homes and Sustainable Development's approval to commence a competitive exercise to appoint a community-led housing partner for the delivery of affordable housing on the site currently occupied by garages within the New James Court Estate. At this stage, there are no financial implications arising directly from the report's recommendations; these will be considered in full following selection of the preferred partner, when a report will be taken to Cabinet seeking approval for the disposal of land, which will enable the proposed scheme to proceed.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Response to Southwark Land Commission (web link)	Southwark website - Council and Democracy section	N/A
Southwark Land Commission, Equality Impact Assessment (weblink)	Southwark website - Council and Democracy section	N/A

APPENDICES

No.	Title
Appendix 1	Site Plan
Appendix 2	Project brief – Disposal of New James Court garages to a Community Land Trust

AUDIT TRAIL

This section must be included in all reports.

Lead Officer	Matt Derry, Programme Manager - South, Sustainable Growth	
Report Author	Daniele Massetti, Project Manager, Sustainable Growth team	
Version	1.0	
Dated	19 November 2024	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Assistant Chief Executive, Governance and Assurance	Yes	Yes
Strategic Director of Resources	Yes	Yes
List other officers here		
Cabinet Member	Yes	No
Date final report sent to Constitutional Team / Scrutiny Team	19 November 2024	

Note: Consultation with other officers

If you have not consulted, or sought comments from the Assistant Chief Executive, Governance and assurance or the Strategic Director of Resources, you must state this in the audit trail.

Appendix 1

