

Disposal of New James Court garages to a Community Land Trust

Project Brief

Without prejudice and subject to approvals and contract

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Opportunity

The London Borough of Southwark is seeking to select a Community Land Trust (CLT) for the delivery of affordable housing on the site currently occupied by garages within the New James Court Estate, identified on Appendix 4. It is expected that this offer shall be anchored in a philosophy of added social value for the local community.

Background

The aim of this proposal is to deliver on Council's land through a CLT affordable housing in perpetuity which will be priced in relation to median average income within the local area.

The site identified for this scheme consists of 27 garages out of a total of 36 garages, all owned by the Council. The tenants are all under a licence with no break clause.

There are 9 garages on the site that are not proposed to be included into the scheme as they are attached to the sheds of the Old James Street houses which border the garages.

New James Court Estate is part of the Council's portfolio, however several properties on the estate are subject to long lease granted under the Right to Buy legislation. Part of these properties are immediately adjoining 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 landscape areas.

For the delivery of this proposal, the Council intend to dispose of the land, subject to approval and contracts, in order to deliver community led-affordable housing. Granting a land long lease to the preferred CLT.

The land for this proposal is registered under Freeholder title number SGL358577, site boundaries are identified in red on-site plan on Appendix 4. To note, this is the intended red boundary line for disposal, 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.

Eligibility and scope of services

Southwark Council is seeking proposals from a range of suitable and/or experienced organisations which have the vision, resources and expertise to deliver a positive, relevant and dynamic offer at this locality.

The opportunity is restricted to CLTs as defined by section 79 of the Housing and Regeneration Act 2008. The minimum requirements for an organisation to qualify to submit a proposal for this opportunity are that it is, or demonstrably working towards this and be achieved prior to any land transfer:

- Becoming incorporated as a Community Benefit Society, Community Interest Company or Company Limited by Guarantee with either charitable status or custodian member of the constitution to protect the asset lock;
- Completing the CLT organisational health check to be eligible for membership of the National CLT network;
- Becoming a member of the National CLT Network.
- And to have clear local links and mechanism for local community representation

This opportunity 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 within the Council to offer secure settled safe and comfortable permanent affordable accommodation.
- Address the affordability gap between social rented accommodation and intermediate sale products
- Save the Council financial resources that can be focussed on other schemes.

The land will be transferred 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 restriction on eligibility for the new homes based upon prospective occupiers' income level as assessed against local median income thresholds.
- Planning permission, grant agreement, build contract and construction finance are all secured in advance

The council is requesting proposals which demonstrate:

- A good understanding of urban principles and a well-considered design approach
- A demonstration of the wider community benefits of the scheme
- A proposal for engagement of future residents for the enhancement of the local community
- A proposal on housing allocation which would help retain low income key householders within the area.

- A proposal to confirm mechanism to achieve affordability.
- A proposal of policy on initial sales and resale policy of the new apartments.

Proposal and award process

This is an open competitive process that will be conducted in one stage. The Council is looking for proposals from CLTs to develop the garages site into affordable housing. Interested CLTs should complete the Selection Questionnaire (Appendix 1) and Design Proposal (Appendix 2).

CLTs who fails any of the requirements set on the Selection Questionnaire will be excluded from the evaluation process and its proposal will not be evaluated.

The CLT which passes the Selection Questionnaire and received the highest score from the proposal will be appointed a preferred CLT to which the Council may dispose the land. The proposal will be scored 80% on quality and 20% on the viability and affordability, a criteria breakdown can be found on Appendix 2. of the scheme.

Disposal of the land by the Council will be conditional on planning permission and the availability of finance to the CLT.

If the selected CLT declines the offer to develop the site, then the second highest scored proposal will be offered the opportunity and so on, as necessary.

Where necessary, the Council reserves the right to carry out a further round of evaluation to determine the successful proposal.

CLTs will be required to demonstrate that they have considered the housing need of intended household, and how they will meet those needs through the proposed design, tenures and level of affordability of the proposed scheme.

The Council has set the following timetable for the appointment of the preferred CLT:

Issue of the Project Brief	November 2024
Deadline for submission of Selection Questionnaire and Design proposal	24 th January 2025
Proposals review and selection	February 2025

The Council reserves the right to amend the timetable and any of the stages, as required. The timetable is indicative only.

Evaluation

CLTs proposals will be evaluated by an evaluation panel comprising of

Council officers, key stakeholders such as local representatives and the Cabinet member for New Homes and Sustainable Development.

Question and proposals submission should be made to:

Daniele Massetti, Project manager – Sustainable Growth team

email: Daniele.masseti@southwark.gov.uk

Selection Questionnaire and Design proposals must be submitted by 17.00 on the 24th January 2025.

Terms and condition relating to the proposal

Sufficiency of Information

CLTs shall be deemed to have inspected the Site and submit their proposals on the basis that the Site(s) condition is as seen.

CLTs shall ensure that they are familiar with the content, the extent and nature of the obligations outlined in the draft Heads of Terms (Appendix 3) and shall in any event be deemed to have done so before submitting their proposal. The successful CLT will enter into contractual documents based on the Heads of Terms.

CLTs will be deemed for all purposes connected with the disposal to have carried out all research, investigations and enquiries which can reasonably be carried out and to have satisfied itself as to the nature, extent, volume and character of the new homes and the extent of the personnel, equipment, assets, plant and machinery which may be required and any other matter which may affect its proposal.

Cost and expenses

All costs, expenses and liabilities incurred by the CLTs in connection with preparation and submission of their proposal will be borne by the CLTs.

CLTs shall have no claim whatsoever against the Council in respect of such costs and in particular (but without limitation) the Council shall not make any payments to the successful CLT or any other CLT save as expressly provided for in the resulting contract. Save to the extent set out in the Heads of Terms, no compensation or remuneration shall otherwise be payable by the Council to the successful CLT in respect of the works by reason of the scope of the works being different from that envisaged by the successful CLT or otherwise.

Post selection process

Once the preferred CLT has been selected, they will enter into a contract to acquire the land and contractualise their proposal before seeking planning permission and development finance on terms reflecting those set out in the Heads of Terms (Appendix3).

The Council retains the right to recover ownership of the site, should the scheme fail to be delivered on time, as set on the Development Headlease section on Appendix 3, or in accordance with the original proposal (particularly with regard to the affordability). Provisions giving the Council these rights will be included in the contract executed by the Council and the successful CLT in relation to the disposal.

Appendices

Appendix 1 – Selection questionnaire

CLTs must complete the Selection Questionnaire before completing the Design Proposal in Appendix 2. This is a one stage evaluation process, in the case a CLT fails any section of the Selection Questionnaire, it will be excluded from the evaluation process.

n.	Question	Response
1	Name of CLT	
2	Contact details (name/email address/phone numebr)	
3	Type of organisation <ul style="list-style-type: none"> • Community Benefit Society • Company Limited by Guarantee (with charitable status or custodian member) • Community Interest Company • Co-operative Society • o Other 	
4	For profit/not for profit	
5	Please provide an extract of your constitution to show evidence of how your form of incorporation includes an asset lock to ensure that your organisation's assets remain in community ownership in perpetuity	
6	Incorporation of details (e.g. company/charity number, registered office, etc.)	
7	Member of National CLT Network – Yes/No	
8	Please provide a summary of 2 relevant past projects you or your project team have successfully delivered. Note that the council has the right to verify any responses provided. You may include images and a description of how you overcame challenges. <i>Please limit responses to 1,000 words.</i>	
9	What is your organisation's approach to equality? How do you put it into practice? Examples may include but are not limited to: 1. How you create a culture of fairness and inclusion 2. Training in diversity and inclusion 3. How you identify and prevent unconscious biases 4. Diversity and equality in the recruitment process.	

	<p>5. How this relates to governance (i.e. having a representative community steering group) and to lettings/marketing. <i>Please limit responses to 500 words.</i></p>	
10	<p>Community representation</p> <p>Please set out details of the community or communities your organisation represents, being as specific as possible. <i>Please limit responses to 500 words.</i></p>	
11	<p>Mission statement - Please provide a short mission statement for your organisation setting out what its aims and objectives are and how it will ensure homes delivered through your scheme will be genuinely community-led. <i>Please limit responses to 500 words.</i></p>	
12	<p>Business plan - Does your organisation have an organisation business plan (distinct from the project delivery plan required in Appendix 2)? If so, please include as an attachment. This needs to include an initial offer for the land to be further tested based on emerge scheme viability. <i>Please limit responses to 1,000 words.</i></p>	
13	<p>Organisational health check - Please complete the National Community Land Trust Network organisational health check (https://www.communityledhomes.org.uk/resource/clt-healthcheck)</p>	

Appendix 2 – Design proposal

Table A – Criteria weighting			
Criteria	Page count	Weighting	Overall Weighting
Governance and management	2	20%	Quality 80%
Community benefit/social value	4	15%	
Priority for local residents	2	10%	
Scheme design	10	15%	
Council Strategic priorities	2	10%	
Deliverability	5	15%	
Viability assessment		20%	Cost 30%

Table B – Criteria Evaluation			
Criteria	Guidance	Top Mark answer will include:	Overall Weighting
Governance and management	<p>Please confirm the incorporation type that applies to your organisation.</p> <p>Describe the governance structures and processes for your organisation, for the design and</p>	<ol style="list-style-type: none"> 1. Clear and deliverable governance structure. 2. Evidence of processes that ensure that governance is robust but also is guided by the overarching will of the 	Quality 80%

	<p>construction period and for the ongoing management of the homes once built. This should include:</p> <ul style="list-style-type: none"> • Incorporation type • Named roles and responsibilities. • Allocations / membership policy • Other existing or draft policies and procedures 	<p>community the group is constituted for – i.e. democratically organised.</p> <ol style="list-style-type: none"> 3. Evidence that governance structures are correctly aligned to the type of organisation set up 4. Clear distinction of governance if organisations are seeking to partner with other organisations (e.g. Registered Provider). 5. Clear explanation of how homes will be managed once built. 6. Internal project management processes/systems. 7. Addresses each of the points in the "Guidance" column.
Community benefit	<p>Please demonstrate the benefit the proposed scheme will bring to the local community, such as:</p> <ul style="list-style-type: none"> • Meeting identified local need. • Affordability • Additional services and facilities (including whether open to the wider community) • Community engagement (during and post development) 	<ol style="list-style-type: none"> 1. A well-communicated understanding of local needs. 2. Anticipated financial and health and wellbeing impacts of the affordable housing provided 3. Additional health and wellbeing impacts, eg of the housing design, communal facilities etc on residents, and the local community 4. Demonstration of how the scheme will contribute to community cohesion 5. A well thought out strategic approach to community engagement. 6. Addresses each of the points in the "Guidance" column.
Priority for local residents	<p>Please demonstrate how your allocations policy will ensure that homes are provided to residents of Southwark Council.</p>	<p>Applicants demonstrate a robust policy to ensure allocation of homes to residents of the Southwark Council and, if social rented units are to be provided, whether/how nominations</p>

		<p>from the Council's waiting list will be considered.</p>	
<p>Scheme Design</p>	<p>Please explain the proposed scheme design for your chosen site including:</p> <ul style="list-style-type: none"> • Design principles – the guiding principles behind your scheme that respond to your CLT's vision, values and approach to aspects such as sustainability, public realm, materials and quality. • Outline design – including site plan, floor plans, shared spaces (e.g. laundry, guest room, common house, etc.) • Response to technical surveys - indicate how you have considered the content of the surveys and how your scheme and design will address the site constraints. • Design and construction standards which respond to carbon reduction targets, such as Passivhaus, Bio Regional One Planet, or equivalent; innovative approaches such as MMC, and lifetime homes. • Schedule of accommodation – including number, type, tenure and built areas of all the homes proposed within the scheme. 	<ol style="list-style-type: none"> 1. Clear translation of group vision and values into appropriate and achievable design principles, demonstrating a realistic vision for the scheme. 2. Outline architectural design that shows clarity of concept and addresses the site constraints in a way that is well thought out and appropriate to the site and its surroundings. 3. Identification of ways in which the design will contribute to carbon reduction and sustainability targets, through materials, energy efficiency and generation, water conservation, and construction methods. 4. Identification of ways in which the design will contribute to health and wellbeing, such as lifetime homes. 5. Addresses each of the points in the "Guidance" column 	

<p>Strategic priorities</p>	<p>How will your proposal address the Council's strategic priorities, including:</p> <ul style="list-style-type: none"> • Delivering homes through economic growth • A healthier Southwark • A safer Southwark • A great place to grow up <ul style="list-style-type: none"> • A cleaner, greener Southwark 	<ol style="list-style-type: none"> 1. Proposals that maximise efficiency of the sites (i.e. delivering numbers of affordable homes) and deliver high quality design, materials and construction specifications. 2. Proposals that respond to identified social needs and deliver longterm value for communities in the Royal Borough of Greenwich. 3. Addresses each of the points in the "Guidance" column. 	
<p>Deliverability</p>	<p>Please demonstrate how you plan to deliver the proposed scheme in a way that manages risk and completes within the expected timeframe. Sections in your proposal should address:</p> <ul style="list-style-type: none"> • Group capacity and experience • Proposed development timeline • Detailed programme plan • Risk assessment • Finance and fundraising strategy 	<ol style="list-style-type: none"> 1. Demonstrated skills and capacity to deliver the proposed scheme, either internally within the group or to client appropriate services. 2. A realistic and achievable plan for delivery. 3. A clear programme plan which maps out the various activities and milestones stated in the proposal against key dates and timeframes. 4. A realistic finance and fundraising strategy mapped against key milestones. 5. A clear understanding of risks and an appropriate plan to mitigate them. 6. Addresses each of the points in the "Guidance" column. 	<p>Quality 80%</p>
<p>Viability assessment of the proposed scheme</p>	<p>Please demonstrate the financial model used in your scheme. Indicating:</p> <ul style="list-style-type: none"> • The number and mix of units • The mix of tenures and levels of affordability • Detailed breakdown of expected costs and revenues • Financial Assumptions 	<ol style="list-style-type: none"> 1. 'Open book' approach financial model with detailed assumptions, costings, income and cashflow 2. A proposal that presents a realistic and viable proposal. 3. Addresses each of the points in the "Guidance" column. 	<p>Cost 20%</p>

	<p>(including letters of support/intent to lend from lender if you have them)</p> <ul style="list-style-type: none"> • Capital receipt (if any) to the Council • Sweat equity valuations (sweat equity is a term meaning an interest in a property earned by the community in return for labour towards upkeep or restoration, e.g. self-build/self-finish (painting the walls themselves). • Show how viability relates to the proposed scheme 	
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Scoring system		
Assessment	Description	Score
Excellent	Exceeds the required standard. Response answers the question with precision and relevance. Includes improvement through innovation/ added value.	5
Good	Most aspects of criteria are met. Comprehensive response in terms of detail and relevance to the questions.	4
Satisfactory	Meet the standards in most aspects but failed in some areas. Acceptable level of details, accuracy and relevance.	3
Limited	Fails the standard in most aspects but meets some. Limited information/inadequate/ only partially addresses the question.	2
Unsatisfactory	Significantly fails to meet the standard. Inadequate detail provided/ question not answered/ answers not directly relevant to the question.	1
Not eligible for consideration	Completely fails to meet the standard. Response significantly deficient/ no response.	0

Appendix 3 – Indicative draft, Heads of terms

Without prejudice and subject to approvals and contract

Organisations can propose their Head of Terms or comments on the Indicative draft below as part of their submission.

Development	CLT direct development of affordable housing
Site location and registered title	<p>Site to the south of Scylla Road, and to the east of Old James Street, London SE15 3PB</p> <p>Freehold title number: SGL358577</p> <p>Red Line Boundary of proposal enclosed.</p>
Freehold owner	Southwark Council
Developer	Preferred CLT
Development headlease terms	<p>CLT can call for completion of headlease by serving notice once planning permission, grant agreement, build contract and construction finance are all secured.</p> <p>150 years from date of completion</p> <p>Premium: tba</p> <p>Ground rent: £1 per annum if demanded</p>

	<p>Residential use only. S.106 agreement to require affordable use, with release in event of mortgagee sale, and sales in accordance with approved policy.</p> <p>Disposals of individual residential units only by way of approved resident sublease (see below). Assignment or sublease of whole subject to landlord's consent not to be unreasonably withheld or delayed where the assignee is another affordable housing provider.</p> <p>An audit of sales is to be conducted on fourth anniversary of lease grant date. Landlord to have a one-off right to serve notice to terminate the lease if the audit shows that the homes were not sold in accordance with the approved Allocations Policy.</p> <p>Works, then building insurance and public liability insurance for common areas to be procured by the appointed CLT.</p>
<p>Description of development</p>	<p>CLT is to apply for planning permission for a development of affordable housing units</p> <p>Indicative CLT sales prices used in the current project budget & proposed mix are to be included in this section.</p>
<p>Sales</p>	<p>CLT will draw up the policy on initial sales and the resales policy in consultation with the Council and the local community.</p> <p>CLT will remain the guardian of sales and resales of the homes in the long-term, in line with the policy agreed with Southwark Council.</p> <p>CLT will be obliged (under the terms of the s.106 agreement) to provide on demand any data required by the planning authority to confirm compliance with the sales/resales policies.</p>
<p>Services and service charge</p>	<p>CLT will set up a residents' management company to manage the services to and maintenance and insurance of the building(s) and the external landscaping, cycle parking and bin areas.</p>

	<p>The CLT site will not receive any service provision from LB Southwark's estates team, but only the Council tax funded services. All utilities will be separately metered.</p> <p>There may need to be a recharge of vehicle accessway maintenance costs.</p>
<p>Insurance</p>	<p>Residents' management company to arrange buildings insurance and public liability insurance for cycle storage and bin areas. Freeholder to have a right to request evidence of the policy.</p>
<p>Housing quality</p>	<p>CLT's head lease will contain obligations to complete the development to a good standard in accordance with planning and other consents. (LBS do not intend to add further in-house design requirements on top of the requirements from our planning, building control etc)</p>
<p>Legal structure/documents</p>	<p><u>Agreement for grant of headlease</u></p> <p>Agreement to specify:-</p> <ul style="list-style-type: none"> - that CLT can call for completion of head lease by serving notice once planning permission, GLA grant agreement, build contract and construction finance are all secured. - requirements required to enable the disposal outline within state aid rules. <p><u>Headlease of site:</u> terms described above. Agreed draft attached to the agreement for head lease subject to reasonable amendments to reflect the planning permission.</p> <p><u>S.106 agreement</u> with the Council in its capacity as planning authority. To include obligation on CLT to use flats only for permanently</p>

	affordable housing, with MIP clause allowing sale of a unit on open market after offer-back.
Landlord's solicitors	TBC
CLT's solicitors	TBC
Legal costs	Each side to bear their own costs in relation to agreement for lease and lease completion. CLT to pay Council's costs of s.106 agreement.
Statement of on-going resident-led decision-making and community involvement	<p>CLT will actively pursue ways to ensure decision-making processes are devolved to residents of the site in as many ways as is appropriate.</p> <p>The building/estate management will be taken over by the residents through a residents' management company, with support from professional managing agents. CLT will retain the right to appoint a director and step in if the residents get out of their depth.</p> <p>All CLT residents will become members of the CLT, will be invited to be part of key decision-making processes and, in line with CLT's democratic governance structure, have the right to stand for CLT's board.</p>

Appendix 4 – Site plan

