

<b>Item No.</b> 13.	<b>Classification:</b> Open	<b>Date:</b> January 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Disposal of Former Acorn Neighbourhood Housing Office, 95a Meeting House Lane, London SE15 and of land at Goldsmith Road/Marmont Road, London SE15	
<b>Ward(s) or groups affected:</b>		Livesey Ward	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Finance and Resources	

## **FOREWORD - RICHARD LIVINGSTONE, CABINET MEMBER FOR FINANCE AND RESOURCES**

1. This report proposes to grant a building lease for the former Acorn Housing Office to the Peckham Settlement and to transfer ownership of the freehold interest on this site to them on completion of the work. The site has a D1 (community use) user restriction and the Settlement propose to develop the site into a new community centre to replace their current dilapidated premises. A restrictive covenant in title will form part of the freehold disposal to safeguard this community use.
2. The site has some significant challenges resulting in sizable abnormal costs for any work, together with a D1 user restriction. As a result, independent valuation advice has verified that it would be appropriate for the council to dispose of this property for nil consideration.
3. The council owns land adjacent to the Settlement's current building that is used by the Settlement as a play area. This land will be included in the sale of the Settlement's current site and the council will receive not less than £400,000 for this land. An overage agreement will be put in place to secure a greater receipt if the value of the total sale exceeds £1.75m. The council would be unable to realise the value of this land if the Settlement were not relocating to the Acorn Housing Office site.

## **RECOMMENDATIONS**

That the Cabinet

4. Agrees to dispose with The Peckham Settlement, a site situated at Goldsmith Road/Marmont Road part owned by the council and part owned by the Peckham Settlement for a consideration (to the council) detailed in the closed report. The Peckham Settlement's site (outlined in green on the attached plan) is situated at 44-50 Goldsmith Road London SE15 and is currently used by them. The adjoining land at Goldsmith Road/Marmont Road outlined in blue on the attached plan ("the council's Adjoining Land") is owned by the council. Both sites are referred to in this report as "the Existing Sites".
5. Agrees to grant a 125 year building lease to the Peckham Settlement of the former Acorn Neighbourhood Housing Office situate at Meeting House Lane

London SE15 (referred to as “the Property”) (outlined in red on the attached plan) restricted to a D1 community use. The grant of the lease to be subject to exchange of contracts for the disposal of the Existing Sites.

6. Agrees to transfers the freehold interest of the Property on completion of the building works to the Peckham Settlement, subject to a restrictive covenant limiting the use to a D1 community centre.
7. Agrees the disposal of the Property be subject to The Peckham Settlement obtaining a satisfactory planning consent for a new D1 community facility.
8. Authorises the Head of Property to approve the detailed terms on which the council’s adjoining land is sold.
9. Authorises the capital receipt from the sale of the property to be allocated to the council’s Housing Investment Programme.

### **BACKGROUND INFORMATION**

10. The Peckham Settlement provides a base for a wide range of organisations that tackle issues relevant to the local community, such as tackling drugs, physical and mental health issues. Its coverage includes the Southwark Travellers Action Group, Pensions Group, and a highly popular All Nations Nursery. The Settlement also hires out its hall to local churches and education groups.
11. The Peckham Settlement’s mission statement is:  
  
*“To help those living in the vicinity of the settlement, both as a community and as individuals, to develop their own potential, enrich their own lives, and solve their own problems. It does this by providing practical supportive services, advice, consultancy, leadership and a channel of communication to agencies and authorities concerned in the area”*
12. The Peckham Settlement’s current building at 44-50 Goldsmith Road is falling beyond economic repair and is becoming increasingly unfit for purpose as a community centre. A feasibility study in 1996 highlighted the ‘problems of an ageing and neglected building where only 63% of the gross floor area was useable’. The report concluded that it was cheaper to demolish and rebuild rather than refurbish the existing collection of buildings. In light of this, the Peckham Settlement has engaged with the council with the intention of seeking available land/D1 accommodation. The Peckham Settlement were keen to obtain space within the Wooddene Development, however recent changes in planning policy relating to the requirement to re-provide D1 space and the downturn in the property market have forced them to look elsewhere. In 2008 the Peckham Area Housing Management vacated the Property which was used as the Acorn Neighbourhood Housing Office (NHO) due to persistent flooding from sub level drainage. The building has been vacant ever since.
13. The Property comprises office accommodation formed out of a converted 1970’s car park, which used to serve as parking for the immediately adjacent Acorn Estate. The building is a single storey brick built structure with a predominantly flat roof. It is unattractive and has reached the end of its economic life. Throughout the area housing management’s occupation the building had been prone to flooding from a sub basement drain, which is, connected to the Acorn

Estate hence their relocation to Sumner Road.

14. The value of the Property is adversely affected by the costs required to be spent to make it useable, namely to divert the sub basement level drains and to demolish the existing structure and re build a new facility.
15. The council owns the freehold of the council's adjoining land, which adjoins the Peckham Settlement's existing premises. This land currently serves as amenity space for the centre but there is no formal written agreement between the council and the Peckham Settlement for their occupation of the council's adjoining land.
16. The freehold of the Property is owned by the council and was declared surplus to requirements by the Strategic Director of Regeneration and Neighbourhoods on 15 April 2010.
17. The council has obtained several surveys for the Property which provides advice on flood risk, details of the drainage including advice on how to deal with it, costs of demolition and a topographical survey.
18. The council has obtained an independent valuation of the Property and the Existing Sites.

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

19. The Property has been vacant for over two years and is not considered appropriate for residential development. The high costs to redirect the Acorn drainage and demolition costs reduce its marketability as a development opportunity.
20. The Peckham Settlement would be required under the terms of the building lease to provide a brand new community facility at the Property, which would be beneficial to the local community and contribute to the regeneration of Peckham without direct financial cost to the council.
21. Alternative users that may attract a positive capital receipt would not be considered favourable to local residents, as they would create noise and parking issues.
22. If the proposed agreement with the Peckham Settlement does proceed the council would be in a position to realise a capital receipt from the Council's Adjoining Land (Goldsmith Road Site) which would not otherwise be available until such time as the Peckham Settlement agree to sell their site and indeed at that time there would be no guarantee that the Peckham Settlement would want to sell their site together with the Council's Adjoining Land.
23. An overage provision will be factored in on the disposal of the Existing Sites – refer to the closed report for details.
24. The disposal of the Property would allow for a reinstatement of the existing D1 provision whilst releasing the Existing Sites for disposal and residential development and which would generate a capital receipt for the council's Housing Investment Programme and contribute to the council's affordable housing targets.

25. The capital receipt obtainable by undertaking a joint disposal of the Existing Sites is higher than it would be if the council was to dispose of its interest individually. The two sites combined give rise to a marriage value. This has been verified by independent valuation advice.
26. The sale of the Property has, in principle, been agreed at a value specified in the closed report due to the D1 user restriction and the abnormal costs associated with demolishing the existing structure, redirecting the sub basement level drainage and high costs to build a high quality D1 facility. The value has been verified by independent valuation advice.
27. The freehold disposal of the Property will be subject to a D1 community centre user restriction by way of a restrictive covenant on the title which would prohibit the new owner from changing the use of the Property. Should they intend to redevelop for any other use in the future, consent will need to be obtained from the council which the council would not be obliged to give. However if it was so minded to give such consent it could do so on the basis that it obtained a proportion of any uplift in the value of the Property due to the change of use.
28. The sale of the Property at the consideration referred to in the closed Report is considered to be acceptable on the basis that a currently vacant and largely unusable building will be demolished and a new facility will be provided for the community, against the downside of nothing happening.
29. Should authority for this disposal be granted it is intended that the lease will be completed following (1) the Peckham Settlements obtaining planning permission for D1 use for the Property and (2) an exchange of contracts for the sale of the Existing Sites. It is estimated that the development will take approximately two years from receipt of planning permission.
30. Following exchange of contracts for the grant of the building lease at the Property, the Peckham Settlement and the council will immediately commence the marketing of the Existing Sites with a view to securing a conditional sale. Completion will be delayed until such time as the Peckham Settlement can vacate their existing premises and move into their new facility at the Property.
31. The Peckham Settlement has provisionally secured funding from Community Builders in order to part fund the development of the new facility at the Property. The development is also reliant on the revenue obtained from the apportioned capital receipt resulting from the sale of the existing sites.
32. In order to secure the funding from Community Builders, the Peckham Settlement is required to obtain a planning consent and be in agreement with the council to take a building lease of the Property by the end of the current financial year.
33. It is recognised that, the positive impact on the community that the sale of the Property will have in conjunction with the joint sale of the Existing Sites, will be beneficial for the council. It is further recognised that the sale of the council's adjoining land at a minimum value specified in the closed report meets the requirement to obtain best consideration.
34. The successful outcome of this proposal will contribute to an improvement of the economic and environmental well-being of the area overall.

### **Policy implications**

35. The redevelopment of the Property will remove a visual eyesore and help reduce opportunities for squatting, anti-social behaviour and fly-tipping thus assisting the council in meeting its cleaner, greener and safer agenda.
36. This proposal meets with the council's key objective of making the borough 'a better place for people' as set out in Southwark 2016 – Sustainable Community Strategy. The anticipated outcome is that the Property is brought back into use through the injection of external resources leading to increased satisfaction within the local community generally.
37. In re-providing D1 facilities elsewhere within the local vicinity, the Existing Sites will be released for alternative uses under the council's planning policy framework.

### **Community impact statement**

38. The recommended option will have a positive impact on the local community and borough as a whole. It will enable the regeneration of a strategic site forming part of the Acorn Estate that has remained undeveloped for several years.
39. Once the new facility is built the Peckham Settlement will operate from a modern and fit for purpose facility that will enable them to provide modern and efficient services to the local community and afar. This will be undertaken without any financial commitment from the council.
40. The new building will be fully accessible and DDA compliant.
41. The Peckham Settlement works with a variety of marginalised, vulnerable and minority groups.
42. Overall benefit to the wider community will be gained from the recycling of the capital receipt obtained to the housing investment programme.
43. Allowing the Peckham Settlement to buy the Property will release the Existing Sites for residential development with potential for needed affordable housing.

### **Resource implications**

44. The Property is currently unoccupied and therefore vulnerable to squatters, the removal of whom can involve high legal costs.
45. Property has commissioned several survey reports of the property in order to ascertain the likely abnormal and demolition costs associated with re-developing the property. These were necessary for valuation purposes.
46. In order to market the Existing Sites, the council will need to agree with the Peckham Partnership to share the costs of so doing on a 50:50 basis .

### **Consultation**

47. The council and Peckham Settlement have undertaken consultation with the local community and continued consultation will take place subject to the proposals receiving consent.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director of Communities, Law & Governance**

#### **Disposal of the Property**

48. 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 purposes the consent of the Secretary of State is required.

49. A number of general consents have been issued in the General Housing Consents 2005.

50. Consent E3.2 states:-

"A local authority may dispose of any land held for the purposes of Part II for a consideration determined by the authority where:

- (a) .....
- (b) the land is to be used for (i) a purpose, other than use as housing accommodation, which does not involve trading for profit and is beneficial to persons, the majority of whom the authority expects to be inhabitants of the estate or neighbourhood in which the land is situated; or (ii) a highway or part of a highway; or
- (c) ....."

49. The Report indicates in paragraphs 10 and 11 that the council expects the Property to be used by the Peckham Settlement, a non-profit making organisation, for a wide range of services to be provided for the benefit of the inhabitants of the locality of the Property continuing the services currently provided by the Peckham Settlement from the Existing Sites which are located within 500 metres of the Property

50. The Report indicates in paragraph 16 that a surplus declaration has been obtained from the Strategic Director of Regeneration and Neighbourhoods on 15 April 2010.

51. If the Cabinet is satisfied that the proposed disposal of the Property falls within the requirements of General Consent E3.2 and that the proposed consideration (detailed in the closed report) is appropriate then they may proceed with the approval of the recommendation.

#### **Disposal of the Council's Adjoining Land**

52. As the Council's Adjoining 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.

53. A number of general consents have been issued in the General Housing Consents 2005

54. Consent E3.1 states:

“A local authority may dispose of any land held for the purposes of Part II for the best consideration that can reasonably be obtained, provided that any dwelling-house included in the disposal:

- (a) is vacant
- (b) will not be used as housing accommodation; and
- (c) will be demolished”

55. The report indicates in paragraph 25 that the consideration obtainable from the sale of the council’s adjoining land will be enhanced if the sale is made together with the land situated next to it owned by the Peckham Settlement and, as detailed in the closed report, that the proposed consideration is the best consideration reasonably obtainable.

56. In order to meet the requirements of the consent referred to in paragraph 54 it will be necessary to obtain a declaration that the land is surplus to housing requirements. This must either be obtained prior to exchange of contracts for the disposal or such contract will need to be conditional on the surplus declaration being obtained before completion of the sale

57. If the Cabinet is satisfied that the requirements of the consent referred to in paragraph 54 have been satisfied and that the disposal at the consideration referred to in the closed report represents the best consideration reasonably obtainable for the council’s adjoining land it may proceed with the approval of the recommendation for the sale of such land. The report also notes at paragraph 15 that the council’s adjoining land is open space used as amenity space for the Peckham Settlement’s community centre next door. As the land is held in the Housing Portfolio rather than the General Fund it is not necessary to advertise the council’s intention to dispose of it.

**Finance Director**

51. Comments are detailed in the closed report.

**BACKGROUND DOCUMENTS**

Background Papers	Held At	Contact
N/A		

**APPENDICES**

No.	Title
Appendix A	Site map

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Richard Livingstone, Finance and Resources	
<b>Lead Officer</b>	Eleanor Kelly, Deputy Chief Executive	
<b>Report Author</b>	Jeremy Pilgrim, Development Manager	
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Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
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