

Brief report to Regeneration and Leisure Scrutiny Sub-Committee

In respect to outlining opportunities to use land holdings to regenerate Peckham; particularly how these could be used to encourage commercial investment in Peckham.

Introduction

The Property Department has been requested to provide an initial briefing note to outline the opportunities of using the Council's existing land and buildings within the area defined within the proposal Peckham and Nunhead Area Action Plan to encourage development and attract inward investment.

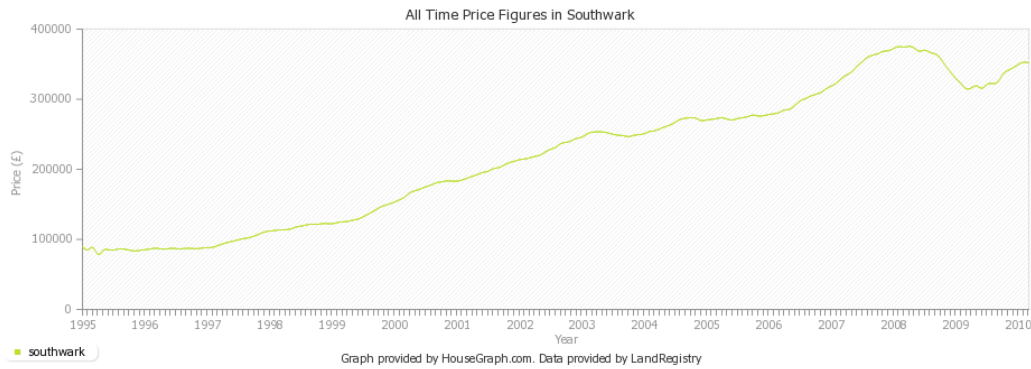
The council has substantial Housing land within the area but the majority of this forms Housing estates which are not included for the purpose of this brief as the majority are either let or sold on long leases. Some refurbishment and in fill development is taking place and a number of sites including Wooddene are due for redevelopment.

For the purpose of this brief we have listed the Councils land holdings (See Appendix 1) that could be utilised to encourage inward investment by way of development opportunities the majority of which are commercial sites with some housing opportunities.

It should be noted that several of these sites are already on the market and are in negotiations with developers under other programmes particularly the 'Modernisation programme'.

Issues

The current economic climate in the UK is weak. Whilst London has not seen as a dramatic downturn in land values as other parts of the UK, never the less there has been a fall in House values in the region of 15 -20% over the last two years. The decline has been due in part to the recession, but more particularly the inability for first time buyers to obtain mortgages. Some signs of recovery are showing.



The property development market remains poor as developers are unable to obtain viable financing from Banks and Financial Institutions, who are not willing to lend expect on very secure development opportunities.

In addition the current Government has embarked on a policy of serious cutbacks in public spending, which in turn is having a dramatic effect on government and local authority spending on provision of affordable homes. The future resourcing of the Homes and Communities Agency is still to be determined and cut backs have already curtailed development, most notably Wooddene Site where the Housing Association in negotiation with the council is unlikely to agree terms due to lack of HCA funding.

Whilst Peckham has seen substantive regeneration, particularly the North Peckham Housing Area; and improvements around East Peckham and Nunhead, the commercial centre of Peckham remains in decline and the current economic conditions will not readily encourage developers and in-ward investors to consider Peckham as an 'opportunity'. This is likely to remain the position until there is substantial improvement in the economy; finance becomes more readily available and or in-ward investment is encouraged with 'pump –priming '

Options

In order to develop a programme or policy to encourage development there needs to be undertaken a thorough review of potential opportunities both private and Council led.

The current proposals to develop the Area Action Plan should remain the principle route to the development of such policy as the determination of planning policies will have the most effect in seeking to attract developers.

We would recommend consideration is given to the following:-

1. Comprehensive AAP to include 'holiday or reduction on Planning fees and or Section 106 contributions. This would not be a direct cost to the Council.
2. Grant funding for shop front improvements and street furniture, subject to funding availability particularly to parts of Rye lane.
3. Engage with major landowners and occupiers to establish if they are currently considering major changes and enter into dialogue to establish ways that the Council can enable for such plans to be brought forward. For example establish what Morrison's supermarket are intending; Reconvene discussions with Network Rail about improvements to Rye Lane station forecourt.
4. Review Southwark's land holdings to establish if some can be used to jointly develop larger sites. By delaying capital receipt for sale of land the Council would have opportunity to share in development profit and provide a developer the opportunity to reduce costs during the development period.
5. Review of the Voluntary Sector needs and best utilisation of Council owned tenants and community facilities. Example is the proposals for Peckham settlement to establish a new community hub near to Acorn estate and provision of free facilities to the local community at nil cost to the Council.
6. Further engagement with the local community led through the Peckham and Nunhead Community Council. (this is being undertaken as part of the PNAAP consultation.

Conclusion

The property department continue to review the surplus property estate and actively seek to dispose where appropriate. The linking of such disposals to a revised policy would not necessitate additional resourcing.

Addition resourcing would be required to undertake further consultation particularly with the private sector landowners and major occupiers.

I will be happy to answer any further questions at the meeting.

Jeremy Pilgrim MSc MRICS
Head of Property
Regeneration and Neighbourhoods

3rd March 2011

