

<b>Item No.</b> 12.	<b>Classification:</b> Open	<b>Date:</b> 19 April 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Vary terms of disposal – Silwood Phase 4B, Rotherhithe SE16	
<b>Ward(s) or groups affected:</b>		Livesey	
<b>Cabinet Member:</b>		Councillor Richard Livingstone - Finance, Resources and Community Safety	

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

1. This report recommends a variation in the terms of disposal of the last remaining part of the Silwood Estate scheduled for regeneration. Gillam House and 11-33 Debnams Road have been vacated for a considerable time and are a blight on the area. This disposal will enable new homes to be built by Higgins Housing, including much needed social housing, and will also generate a substantial receipt for the council to invest in helping to make every council home warm, safe and dry. The variation is needed as a result of the loss of the availability of social housing grant from the Homes and Communities Agency.

### **RECOMMENDATIONS**

That the Cabinet

2. Authorises the Head of Property to vary and agree the terms of the disposal of the site known as Silwood Phase 4B in accordance with the terms set out in the closed cabinet report.
3. Agrees to the earmarking of the net receipts from the disposals into the Housing Investment Programme.

### **BACKGROUND INFORMATION**

4. The subject property is approximately triangular in shape and is occupied by two local authority former residential blocks (Gillam House and 11-33 Debnams road), a council yard and an electricity substation. The site is situated in Rotherhithe close to London Borough of Lewisham borders, and is bounded by Silwood Street to the east, by Corbett's Lane and the railways viaduct to the southwest, and by Debnams Road to the north. (The property is edged red on the attached plan at Appendix 1).
5. The tenants of Gillam House have been re-housed and the leasehold interests purchased by the council. The council depot was used for housing maintenance purposes but it is now surplus to requirements and is used for temporary storage.
6. The Silwood Estate regeneration programme was a joint partnership between Southwark and Lewisham councils. The programme has seen the demolition of local authority housing, the refurbishment of some housing and the provision of

new build residential accommodation, community facilities and childcare facilities as well as providing local people with employment and training opportunities.

7. The Silwood Estate regeneration programme is in its tenth year and Phase 4B is the final phase within the boundaries of the London Borough of Southwark. The disposal of Silwood Phase 4A site to Presentation Housing Association, which is within the boundaries of London Borough of Southwark, was approved by the Executive on the 14 February 2006.
8. The Silwood Phase 4B site was marketed in the property press and interested parties were invited to contact the council in order to obtain a copy of the detailed development brief for the site. The development brief outlined the council's objectives/expectations for development of the site.
9. After an exhaustive selection process Higgins Homes with Genesis Housing Association were selected as the council's preferred developers by the Executive on March 6 2007.
10. Heads of terms were agreed and lawyers instructed however the scheme very quickly ran into planning difficulties due to the conflict with the Greater London Authority (GLA) policies on no net loss of affordable housing and density.
11. The implications of the GLA policy were that all the affordable rented flats in the existing block on site had to be replaced and that 35% of the remainder of the scheme had to be affordable housing.
12. To compound this, the density of any new development on the site was to be capped by the PTAL (public transport accessibility level) which was set by the GLA at level 3 for this location. This meant that the maximum density allowed for the site was 450 habitable rooms per hectare.
13. The proposed scheme was at a density of 700 habitable rooms per hectare and the existing Gillam house block was already providing almost 550 Habitable rooms per hectare.
14. The effect of these two constraints was to make regeneration of the site undeliverable on these terms.
15. Following lengthy discussions with the GLA regarding the affect these constraints were having on development of the Silwood 4B site and other Southwark regeneration sites a way through this was found enabling a new scheme to progress.
16. In the interim Genesis Housing Association have withdrawn their interest and they have been replaced by Notting Hill Housing Trust who will now take the S106 affordable housing provided in the scheme.
17. It was intended that a planning application would be submitted by the end of 2009. However the proposal ran into planning difficulties, in particular a direction to refuse the application from the Environment Agency as they identified the site as being at risk of a one in a thousand year flood event.
18. No other viable use for the ground floor could be found and undercroft parking would not be allowed by planning as they were seeking an active frontage to

Silwood Street. A compromise with the Environment agency has now been agreed so that the scheme can once again progress.

19. The Homes and Community Agency (HCA) however has now withdrawn all grant for social housing development and despite this scheme being pre-approved by the HCA for grant, this is no longer available. The impact of this upon the value of the site is substantial.
20. An application will be made for the stopping up of the southern end of Debnams road, Silwood Estate under S247 of the Town and Country planning Act 1990 to enable development to be carried out in accordance with any planning permission granted under Part iii of the Act.
21. The strategic director of regeneration and neighbourhoods has declared the subject property surplus to their requirements.

### **KEY ISSUES FOR CONSIDERATION**

22. Gillam House and 11-33 Debnams road have been vacated and are to be demolished by the developer. They are secured by the use of sheet metal barriers.
23. Silwood site 4b will be sold with vacant possession. There were a total of 57 affordable rented flats and 6 leasehold flats on the site at a density of 515 habitable rooms per hectare. The buildings will not be re-used as housing accommodation and will be demolished.
24. Higgins Homes plc were selected as the preferred bidder and although the council is not contractually obliged to continue with them, independent valuations have confirmed that the revised terms continue to represent best consideration in the current market. The Head of Property believes that nothing is likely to be gained by re-submitting the property to the market again in the present economic conditions. It would further delay any development of this site for no certainty of any extra capital receipt.
25. Seven of the affordable units are to be developed for Presentation Housing Association. These 7 units are required in order to fulfil obligations to Presentation Housing Association from earlier regeneration phases in Silwood. This obligation was stated in the development brief, so that the condition was known to the bidders. Presentation Housing Association have now become part of the Notting Hill Housing Trust group and it is intended that Presentation HA will manage all Notting Hill Housing Trust's properties south of the river.
26. The market for both residential development sites and for the houses and flats developed upon them has declined substantially from the peak of late 2007. The new terms agreed with Higgins homes reflect this decline and the loss of social Housing grant at the present time.
27. A planning application for 128 homes was submitted in February 2011 by Higgins homes at their risk so that should Cabinet agree to dispose of Silwood 4b on the revised terms to Higgins Homes, the development agreement is ready to be signed and the planning application may be determined in April 2011.

28. In accordance with current planning policy 13 of the 128 units are designed to be wheelchair accessible. 8 of these units will have two bedrooms whilst the remaining 5 will have three bedrooms. All the units have also been designed to meet the Lifetime Homes standard.
29. The Head of Property will require the developer to commit to an early demolition and clearance of the site in the contract.

### **Policy implications**

30. The disposal of this site will generate a substantial capital receipt, which will be recycled to provide funding for the housing investment programme. This helps the council meet its commitment to housing refurbishment and sustainability as stated in the 2005-2010 Southwark Housing Strategy.

### **Community impact statement**

31. The impact of the proposed development on the local community will be that a housing block that did not meet 'Decent Home' requirements will be demolished and the site redeveloped as new accommodation and there will be an increase in the private and intermediate affordable housing in the area, which is dominated by social housing for rent.
32. There are no direct negative implications of the report's recommendations on the council's Managing Diversity and Equal Opportunities Policy.

### **Consultation**

33. There has been extensive consultation with tenants and leaseholders throughout the first 7 years of the Silwood Regeneration project and the scheme went out to public consultation with residents in 2010.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

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

34. 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. Consent E3.1 of the General Consent for the Disposal of Part II Land 2005 enables the council to 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.
35. The report confirms in paragraph 23 that the buildings on the site are vacant, will not be used as housing accommodation and will be demolished.
36. Paragraph 24 of this report confirms that the sum being paid for the site as set out in the closed report represents the best consideration that can reasonably be obtained.

37. If the Cabinet is satisfied that the terms of the general consent are fulfilled, and that the price being paid for the Property represents best consideration, they may proceed with approval of the recommendations.

**Finance Director**

38. Set out in the closed report.

**BACKGROUND DOCUMENTS**

Background Papers	Held At	Contact
Property Division File	Southwark Property 160 Tooley Street London SE1 2QH	Marcus Mayne 020 7525 5651

**APPENDICES**

No	Title
Appendix A	Site Plan

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Richard Livingstone, Finance, Resources and Community Safety	
<b>Lead Officer</b>	Eleanor Kelly, Deputy Chief Executive	
<b>Report Author</b>	Marcus Mayne, Principal Surveyor	
<b>Version</b>	Final	
<b>Dated</b>	7 April 2011	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	In closed report
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional/Community Council/Scrutiny Team</b>		7 April 2011