

<b>Item No.</b> 15.	<b>Classification:</b> Open	<b>Date:</b> 7 February 2012	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Disposal of Land at Coopers Road, SE1 (Phase 4)	
<b>Ward(s) or groups affected:</b>		South Bermondsey	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

This report recommends the sale of land at the junction of Coopers Road and Rolls Road to the Peabody Trust to allow the completion of the final phase of the regeneration of the Coopers Road Estate. This project started as part of the Southwark Estates Initiative and the regeneration work in the area commenced in 2005.

The development of this land will both provide new affordable, shared-ownership and private housing and improve a plot that currently detracts from the area and feels unsafe. The affordable rent levels set out in the report are based on the target levels agreed by the council's planning committee.

The proposed sale would also generate a return for the housing investment programme, to contribute towards the council's work to make every council home warm, dry and safe.

**RECOMMENDATIONS**

That Cabinet authorises:

1. The head of property to dispose of the council's freehold interest in the land at the Coopers Road estate SE1 (the "Site"), as shown and highlighted in bold on the attached plan at Appendix 1 to the Peabody Trust, or one of their associated companies, on the terms outlined in the closed version of this report.
2. The head of property to agree any minor variation to the terms of the sale, with the Peabody Trust, which may arise prior to the completion of the transaction.

**BACKGROUND INFORMATION**

3. Regeneration of the Coopers Road estate first began in 2005 as part of the Southwark Estates Initiative. It has to date involved the phased replacement of four 1960s blocks with 154 new flats and houses for rent and shared ownership for both Peabody and the council, which retains forty units. The Site, also known as phase 4, remains the last part of the project to be completed. It was originally designated as the private housing for sale site in the original project masterplan.
4. The Site is currently hoarded and cleared. It was formerly occupied by a 1960's built four storey block containing 12 three bedroom maisonettes. This block was

demolished in 2008. Previous attempts to develop this site in conjunction with partner registered providers (RPs) have so far proved unsuccessful. The last and most recent work by Wandle housing association failed to move forward for a number of reasons, not least inadequate funding. The council's then executive approved the terms for a disposal of the Site in October 2009 but Wandle withdrew from their proposed scheme in March 2011.

5. Peabody have adopted the former proposals first formulated by Wandle and plan to develop a scheme of forty six units comprising one hundred and fifty four habitable rooms arranged over five storeys across a variety of unit types;

	<b>1 bed</b>	<b>2 bed</b>	<b>3 bed</b>	<b>4 bed</b>	<b>total</b>
<b>Affordable Rent</b>	0	3 (3W)	4 (2W)	4	11
<b>Shared Ownership</b>	3	6	10	0	19
<b>Private Sale</b>	8	3	5	0	16

6. The proposal also includes the provision of five units for wheelchair users. The unit mix is for 11 affordable rented units for general needs and 19 units for shared ownership. The private 'for sale' units are necessary so that the proposal will comply with the local planning authorities adopted policies found in the core strategy. Wandle had a number of pre application discussions with the planning authority prior to releasing this opportunity for Peabody to pursue. Peabody are confident of submitting an application shortly.
7. Peabody has appointed ECD as their architects. ECD were responsible for the design of the previous phases of the Coopers Road estate and are a Southwark based practice that specialise in low carbon residential, education, healthcare, commercial, leisure and refurbishment projects. They were also the architects for Success House a Peabody scheme which fronts onto the nearby Old Kent Road. The youth facility that was displaced as a consequence of the Coopers Road estate regeneration has been reprovided on the ground floor of this building and is now fully operational.
8. Previous Phases of the estate have won a number of awards including a commendation for the best social housing development at the National Homebuilder Design Awards 2005. It has also been recognised by the Commission for Architecture and the built Environment (CABE) with a Building for Life Standard in recognition of its high quality design, good place-making and sustainable development. The Civic Trust awarded it a commendation in 2006 at its awards that year. The estate also achieved a Building for Life silver standard in 2008.
9. The Site is held in the housing revenue account. The Site has been declared surplus to the council's requirements. The disposal of properties held for housing purposes is permitted by virtue of the Section 32 of the Housing Act 1985 subject to the consent of the Secretary of State for Communities and Local Government, where necessary. General Consents have been issued in the General Housing Consents 2005 to dispose of land where specific consent is not required. The head of property considers that the offer satisfies the council's obligation to obtain the best consideration that can be reasonably be obtained. As part of the evaluation process the site has been subject to a third party valuation by Drivers Jonas Deloitte LLP, the council's retained valuation surveyors.
10. Peabody are pursuing grant funding from the Homes and Communities Agency

(HCA) for their proposed scheme as part of their contract to deliver the affordable homes programme.

11. Peabody's offer is set out in the closed version of this report and is subject to the following assumptions;

- Receipt of planning permission
- Confirmation of HCA funding
- Satisfactory site and soil surveys
- Deduction for abnormal costs
- Overage/underage adjustment for an increase or decrease in the number of habitable rooms as determined by the planning process

12. The offer is based upon and assumes that the rent levels on the affordable three and four bed units to be at target levels of 40% and below of market rent. These rent levels equate to social rents. Rents on the two bed units are assumed at 70% of market value. This is illustrated in the table below and is based on market data provided to Peabody by King Sturge property consultants.

	<b>Market Rent Sep 2011</b>	<b>Service Charge</b>	<b>Affordable Rent (net of SC)</b>	<b>% of Market</b>
<b>2 bed</b>	£325	£20	£207.50	70%
<b>3 bed</b>	£380	£20	£133.74	40%
<b>4 bed</b>	£445	£20	£140.78	36%

13. These rental relativities will be reflected and enshrined in the section 106 agreement which will arise as a result of the planning application. This will protect rent levels on the units within the scheme after it is completed and occupied.

## **KEY ISSUES FOR CONSIDERATION**

### **Policy implications**

14. The proposal by Peabody will see the Site developed for much needed affordable housing, including 23 larger units for families. In particular the proposal provides for three bed units for shared ownership which are rarely made available. This assists the council in meeting its commitment to regeneration and sustainability in housing as demonstrated through the 2009-2016 Southwark Housing Strategy.
15. The development of this under utilized site will remove a visual eyesore and help to reduce opportunities for anti social behaviour. This will assist the council in meeting its cleaner, greener and safer agenda.
16. The provision of affordable housing will provide excellent opportunities to those in high priority need, including those impacted by regeneration programmes.
17. The proposed development will enjoy very high standards of sustainability. The properties will be designed and built to level 4 of the code for sustainable homes. Investigations are ongoing about the possibility of connecting to the combined heat and power plant that supplies the rest of the estate.
18. Peabody have structured their offer in a such a way as to make the scheme

financially viable. Whilst it is Southwark policy to require the provision of social rented units rather than the new affordable rent tenure the council has agreed to look at each proposal on a case by case basis, as set out in the report to the council's planning committee on the 20 December 2011.

19. In April 2011 Councillor Fiona Colley, cabinet member for regeneration and corporate strategy, wrote to all the RP's active in Southwark setting out options that should be applied in light of the national changes introducing affordable rent, reducing grant funding and the changes to the welfare system. The letter set out three options that should be applied when the policy requirement cannot be met. Peabody have adopted option 3 set out in this letter which suggests that RP's should 'concentrate on providing one and two bed homes at 80% market rent level on the basis of providing three bed plus homes at social rent'. Their offer adheres closely to this option.

### **Community impact statement**

20. Phase 4 is a corner site which sits on the northern end of Coopers Road and the junction with Rolls Road. The site has been empty and hoarded since the former 1960s block was demolished in 2008. The proposed development will finally complete the regeneration of the old Coopers Road Estate providing a significant improvement to the area. Its completion will fulfill the original brief to engage with local residents and create a regeneration plan for the estate that addressed key urban design issues such as security, identity, and relationship to the surrounding area and one which was a model of sustainable regeneration and stand the test of time. The completed estate will have a range of tenures and unit types.

### **Resource implications**

21. The proposal will generate a substantial capital receipt in support of the council's housing investment programme.
22. Disposal of the vacant Site will relieve the council of ongoing maintenance and management costs such as security and dealing with flytipping.

### **Consultation**

23. From its inception, the wider estate regeneration has been the subject of detailed consultation with both the former residents and the local community.
24. Peabody will undertake further consultation on the detail of their proposed development prior to submitting their planning application.
25. The terms of this proposed disposal are not deemed appropriate for wider consultation. Any planning application which may arise as a result of this disposal will be subject to the usual statutory consultation.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

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

26. As the Site 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 for the Department of

Communities and Local Government is required.

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

28. Consent E 3.1 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.*

29. The report indicates in paragraph 4 that the Site, previously used for housing, is vacant and the buildings on the Site have been demolished. In addition the report confirms that the price being paid for the Site is the best consideration that can reasonably be obtained.

30. The report indicates in paragraph 9 that the Site has been declared surplus.

#### **Finance Director**

31. This report recommends that the council disposes of its freehold interest in the land at the Coopers Road estate SE1 to the Peabody Trust. The head of property confirms that best consideration requirements have been met.

32. The finance director notes that the property is a housing fund property that has been declared surplus to council requirements and that a capital receipt will be received by the council.

33. Reasonable council expenditure for legal costs, valuation etc will be borne by the council and the council will be absolved from ongoing management costs related to the site on transfer. Officer time to effect the recommendation will be contained within existing budgeted revenue resources.

#### **BACKGROUND DOCUMENTS**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Cabinet report, 7 February 2011	Southwark Property, Regeneration and Neighbourhoods, 160 Tooley Street London SE1 2QH	Paul Davies Principal Surveyor 020 7525 5529

#### **APPENDICES**

<b>No.</b>	<b>Title</b>
Appendix 1	Ordnance Survey Extract

## 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>	Paul Davies, Principal Surveyor	
<b>Version</b>	Final	
<b>Dated</b>	26 January 2012	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE 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	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	26 January 2012	