

Options appraisal summary

The following two options were considered and the characteristics of each set out below:

Option 1: land-disposal either on a site-by-site basis or using developer panel

(a) site-by-site (e.g. Bermondsey Spa)

- limited defined land area
- relatively short development timescale (c. 3 years)
- land drawn down by developer, subject to conditions precedent (funding, planning vacant possession)
- developer has no rights to draw down other sites

(b) developer panel (e.g. Canning Town, Newham)

- series of defined sites for development
- relatively short development timescales per site
- speeds up disposal by pre-selection of panel

Option 2: long-term partnership using either contract or corporate structure

- use of council land to bring forward a 10 year plus development programme.
- an overall vision to change an existing area.

(a) contract structure (e.g. Kidbrook / Ferrier Estate, Greenwich)

- an over-arching agreement dictates how parties will set out responsibilities for development of master-plan, site assembly, securing planning etc.
- developer draws-down sites on a phased basis, in accordance with a pre-determined form of land-transfer.
- contract documentation protects council's position through robust drafting with change control provisions giving future flexibility.

(b) corporate structure (e.g. Bournemouth Town Centre)

- a Local Asset Backed Vehicle or Local Housing company corporate structure
- land is developed and property interests retained or transferred in line with commercial agreement
- changes to the programme are dealt with through corporate governance.

Conclusion

It was concluded that a long-term partnership using a contract structure was preferred option on the following basis:

1. this approach would ensure greater delivery certainty and momentum
2. there would be improved economic benefits and a greater focus on area regeneration
3. it would result in more coherent area /housing management with input from housing associations from the start
4. the partner would provide additional financial capacity to tackle the difficult development cash-flow
5. this arrangement would generate greater market interest and private sector commitment
6. the partner would provide the additional technical capacity needed to tackle the infrastructure and other technical delivery challenges