

Item No. 19.	Classification: Open	Date: 20 November 2012	Meeting Name: Cabinet
Report title:		Disposal of 155-161 Gordon Road, Nunhead SE15	
Ward(s) or groups affected:		The Lane	
Cabinet Member:		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

This report proposes the sale of the council's freehold interest in land at 155-161 Gordon Road, SE15 to Wandle Housing Association Limited. This sale will provide Wandle with land to build family housing for social rent, as well as shared ownership housing, to help address this borough's housing needs.

The sale will also generate a capital receipt for the council's housing revenue account that will contribute towards making every council home Warm, Dry and Safe.

RECOMMENDATIONS

That the cabinet agrees:

1. The disposal of the council's freehold interest in 155-161 Gordon Road, Nunhead, SE15 ("the Property"), as shown edged black on the attached plan, to Wandle Housing Association Ltd, or a related company, on the terms set out in the accompanying closed agenda report, subject to any further negotiations considered necessary by the head of property.
2. That should the sale not proceed to completion within a reasonable time as determined by the head of property, the Property be offered for sale on the open market and then sold on terms to be approved by the head of property for the best consideration that can reasonably be obtained.

BACKGROUND INFORMATION

3. The property comprises a small brownfield L shaped plot of land on the east side of Gordon Road edged thick black on the plan at Appendix 1. The site was previously occupied by three post war prefabricated dwellings (prefabs). The site is vacant and has now been cleared. The property is held in the council's Housing Revenue Account.
4. Wandle Housing Association own both the adjacent 149 & 149A houses which they have built and also the land at the front previously 151 Gordon Road (hatched on the plan at appendix 1). The combined sites will therefore make a regular shaped development site.
5. A disposal to Wandle was approved at the then executive meeting on 08

November 2005. The council had previously agreed terms with Wandle subject to the grant of planning consent which was sought and refused. The council then also pursued an unconditional sale of their site in isolation, via public auction which was unsuccessful on two attempts. The affordable housing delivery and funding regime has significantly changed since the last offer.

6. In order to bring the site forward for development, it is considered that the two sites must be combined. Therefore officers have sought to negotiate with Wandle Housing Association to reach a mutually acceptable solution.
7. In line with council policy when disposing of land that has not been marketed a third party independent valuation was commissioned from BNP Paribas Real Estate. The results of which are outlined in the closed report.
8. The transaction being recommended will result in the redevelopment of the Property for residential use. The tenure of the housing will be restricted to social rent and & shared ownership.
9. The proposed development will provide four x five bedroom family homes for social rent plus three x four bedroom houses for shared ownership.
10. There is no compulsion to build affordable housing under current council planning policy below the threshold of 10 units.
11. The consideration offered by Wandle, is assessed to be less than the market value due to the council, if the sites were combined and sold for a private development. The head of property is however satisfied that the consideration represents the best that could be achieved, taking into account the terms of the offer made by Wandle.
12. The land transaction will include a provision to enable the council to “claw back” the uplift in value of the land should the tenure of the social rented units be changed in the next 40 years.
13. It is intended to enter into a contract for the sale of the Property, subject to planning permission as soon as possible. If the sale does not proceed for whatever reason, this report also seeks authority for the Property offered to the market, and then sold for the best consideration that can reasonably be obtained.
14. The property was declared surplus to operational requirements by the then strategic director of housing on 11 July 2006.

KEY ISSUES FOR CONSIDERATION

Policy implications

15. The disposal of the property will generate a substantial capital receipt, which will be used to provide capital funding in support of the council’s key priorities. This includes the provision, refurbishment and redevelopment of affordable housing. This assists the council in meeting its commitment to regeneration and sustainability in housing as demonstrated through the 2009-2016 Southwark Housing Strategy.
16. The new dwellings arising from the redevelopment site will assist the council in meeting its cleaner, greener and safer agenda by bringing a derelict site back

into use. The new dwellings arising from the redevelopment will have to meet a minimum of code level 4 of the code for sustainable homes. This will contribute towards meeting various policies with regard to the environment / sustainability.

17. The Property has been considered as a possible site on which to build new council owned and managed homes but it is felt that other sites are preferable. Particularly as the council does not own part of the site.

Community impact statement

18. The redevelopment of this currently vacant land will likely have a positive benefit on the wider community both aesthetically and benefits from more housing brought to the area.
19. Increased investment into Southwark's stock to provide warm, dry and safe homes will have a positive impact on disadvantaged and minority communities, who are statistically more likely to be council tenants than the general population as a whole.

Resource implications

20. This proposal will generate a capital receipt which is expected in the financial year 2013/14.
21. The buyers will also contribute towards the council's administrative costs.
22. The sale will be handled by Southwark's internal property and legal teams.

Consultation

23. The planning application will have to conform to the requirements of the local development framework and will be subject to the statutory consultation process

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

24. 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 for the Department of Communities and Local Government is required.

A number of general consents have been issued in the General Housing Consents 2012. Consent A3.2 of the general consent for the disposal of Land held for the purposes of Part II of the Housing Act 1985 – 2012 states that a local authority may dispose of vacant land.

25. The report indicates in paragraph 3 that the property is vacant.
26. The report also indicates in paragraph 15 that the property was declared surplus to operational requirements on 11 July 2006.
27. Cabinet may proceed with the approval of the recommendation.

Strategic Director of Finance and Corporate Services (CR/F&CS/02/11/12)

28. This report recommends the terms for the disposal the council's freehold interest in 155-161 Gordon Road, Nunhead, SE15. The receipt is conditional on the developer receiving planning permission for their proposals.
29. The strategic director of finance and corporate services notes that the offer is not market value compared to the valuation but endorses the head of property's approach to the site. In the event that the level of units on the site is less than that anticipated in the planning application then the site will be sold for a fully private scheme.
30. The strategic director of finance and corporate services notes that the net receipts from the disposal are to be reinvested in the Housing Investment capital programme. The receipt is likely to be received in the financial year 2013/14.
31. The strategic director of finance and corporate services understands that the council's administrative costs will be recovered from the purchaser, subject to a maximum amount.
32. The strategic director of finance and corporate services notes that the head of property considers that this arrangement represents best consideration under section 123 of the Local Government Act 1972.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Minutes of the Executive Decision - 08 November 2005 See link to document on council's website: http://moderngov.southwark.gov.uk/Data/Executive/20051108/Agenda/Minutes.pdf	Southwark Property, Regeneration and Neighbourhoods, 160 Tooley Street London SE1 2QH	Tim Surry Surveyor 020 7525 5378

APPENDICES

No.	Title
Appendix 1	Site Plan

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Tim Surry, Surveyor	
Version	Final	
Dated	8 November 2012	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	8 November 2012	