

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> 9 February 2010	<b>MEETING NAME</b> Executive
<b>Report title:</b>		Disposal of the Council's freehold interest in sites Elmington A and B, Edmund Street, Camberwell, SE5.	
<b>Ward affected:</b>		Camberwell Green	
<b>From:</b>		Strategic Director of Regeneration and Neighbourhoods	

## RECOMMENDATIONS

That the Executive

1. Approves the disposal of Elmington sites A and B on the main terms and conditions that are set out in the closed report:
2. Authorises the Head of Property to agree any variations to these terms that may be necessary to achieve the successful regeneration of Elmington sites A and B.
3. In the unlikely event that this recommended sale does not proceed to exchange, the Executive authorises the Head of Property to agree the terms of a sale with any one or combination of the under bidders set out in the closed report and/or any other third party, provided that these terms conform with the council's legal obligation to achieve the best consideration reasonably obtainable.
4. Authorise that the capital receipt from the sale of the property is recycled into the councils Housing Investment Programme.

## BACKGROUND INFORMATION

5. The Elmington Sites A and B are two large parcels of land bordering the south western boundary of Burgess Park in Camberwell SE5. The combined area is approximately 1.81 hectares (4.5 acres) and they form a large component of the Elmington Estate as outlined in the plan attached at Appendix 1.
6. The sites were formerly occupied by 1960's residential buildings that were demolished as part of the estates regeneration that was originally agreed in December 1999. Planning permission was granted in April 2001 for the demolition and rebuild. Phase 1 of the regeneration programme saw the construction of 136 new council homes and 6 housing association homes that were completed by June 2005.
7. Sites A and B were due to be developed during the next phase of the regeneration programme however due to a lack of funding this never occurred and as a result they have remained undeveloped.
8. Attempts to restart the regeneration of sites A and B were further thwarted by a change in planning policy regarding residential development density and the re-provision of the affordable units that were demolished. These factors rendered any scheme on the sites unviable in economic and planning terms.

9. However since then changes in the Greater London Authority and Southwark planning policy around these key issues has meant that it is possible to achieve regeneration of the sites at a density and an affordable/private housing mix that make the scheme deliverable.
10. The Strategic Director of Regeneration and Neighbourhoods submitted a report to the Executive on May 18 2009 recommending a new strategy for the regeneration of the sites. This was approved and the property division was instructed to undertake the marketing and disposal of the subject sites.
11. A two stage marketing strategy was agreed and the sites were offered to the market by the Property Division in September 2009. A detailed sales brochure was produced and thirty leading developers and Housing Associations were contacted directly. The sites were also advertised in the main national property trade journal the Estates Gazette which resulted in excess of seventy additional enquiries.
12. Stage one of the process required parties to submit detailed expressions of interest which outlined their initial proposals, details of their development team, funding arrangements and track record. Eleven expressions of interest were received all of which were from major development organisations with good track records in urban regeneration. A detailed comparative analysis of the expressions of interest was undertaken and a shortlist of five parties was selected for Stage 2 of the process.
13. Stage 2 of the process required the shortlisted parties to submit detailed information on their proposals for the site, financial offers including full terms and conditions, overage arrangements and further funding information. The shortlisted parties met with planning officers prior to final submission to discuss their proposals and make amendments if necessary to ensure they were compliant with planning policy.
14. Each of the five shortlisted parties submitted an offer by the deadline of 5pm December 21 2009. These were then analysed and assessed by Property officers with significant input from colleagues in planning and housing service areas.

## **KEY ISSUES FOR CONSIDERATION**

### **Basis of disposal**

15. The council's land is held for housing purposes and the provisions of section 32 of the Housing Act 1985 govern the terms of any disposal. The General Consent for the Disposal Part II Land 1999 enables local authorities to dispose of land held for housing purposes provided that they received the best consideration that can be obtained. The Head of Property is satisfied that the recommended offer represents best consideration that can reasonably be obtained.
16. An independent valuation of the two sites has been carried out by BNP Paribas Real Estate who have confirmed the Head of Property's opinion.
17. It is expected that it will take approximately three to four months from instructing lawyers to finalise the development agreement and exchange contracts. A

planning permission on the sites could be obtained by early 2011 therefore the capital receipt may be received within the financial year 2010 / 2011.

### **Policy Implications**

18. The proposal by the purchaser will see the site developed providing a minimum of 35% affordable homes with over fifty of the homes being family units of 3 bedrooms and above. This assists the council in meeting its commitment to the adopted 2009-2016 Southwark Housing Strategy.
19. The redevelopment of these sites will remove a visual eyesore and help reduce opportunities for anti-social behaviour and fly-tipping thus assisting the council in meeting its cleaner , greener and safer agenda.
20. The provision of affordable units will provide additional opportunities for council tenants in Southwark and for those requiring moves from regeneration schemes, including residents re-housed in earlier phases of Elmington who have expressed interest in returning and residents of the next phase that is currently being worked up.

### **Sustainability**

21. Every unit constructed on this site will have to achieve Code for Sustainable Homes Level 4 or above. New homes across the Borough currently are meeting only code level 3. This will help to ensure that this development achieves a very high level of sustainability to help mitigate its impact on the environment.

### **Community Impact Statement**

22. The recommended option will have a positive impact on the local community and borough as a whole. It will enable the regeneration of a strategic site of the Elmington Estate that has remained undeveloped for many years. It is likely that in excess of 250 new homes will be built with a minimum of 20% suitable for families or larger households in accordance with the new core strategy. 10 % of the units will be suitable for wheelchair users and all will aim to achieve Lifetime Homes standard. The mixed tenure development will contribute to achieving mixed and balanced communities and the affordable housing to be provided will be of benefit to meeting housing need as noted in paragraph 20.
23. Antisocial activities associated with empty sites such as fly tipping will also cease once construction begins.

### **Consultation**

24. There will be extensive consultation as part of the statutory planning process. This will enable local residents to comment on and have a say on the development of these sites. In addition it is likely that the developer will undertake public consultation prior to submitting a planning application to give residents the earliest opportunity to feed into the design process.
25. Prior to this stage there has been consultation with local residents undertaken by the housing service who aim to continue this as the matters progress.

## **Resource implications**

26. There are no direct staffing implications arising from the proposed disposal strategy.
27. Disposal of the sites will relieve the council of ongoing maintenance and management costs including security and dealing with fly-tipping.
28. The council's reasonable surveying and legal costs will be met by the purchasers.

## **Financial Implications**

29. The proposal will generate a substantial capital receipt in support of the councils housing investment programme, including recovery of the costs of demolition already undertaken by the council.
30. Disposal of this site will also relieve the council of its ongoing liability to secure and maintain the property.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Finance Director**

31. The Finance Directors comments can be found in the closed report.

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

32. As noted at paragraph 15 of this report, Elmington sites A and B fall within the council's housing portfolio and therefore the council has the power to dispose of them under Section 32 of the Housing Act 1985 (the "1985 Act"), for which purposes the consent of the Secretary of State for the Department of Communities and Local Government is required. However, a number of General Consents have been issued by the Secretary of State under the General Consent for the Disposal of Part II Land 2005 (the "General Housing Consents") for the disposal of housing land.
33. General Consent E3.1 of the General Housing Consents enables a local authority 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.
34. The Executive will note from paragraph 6 of this report that Elmington sites A and B are cleared sites with no dwellings on them and provided that the best consideration that can reasonably be obtained is being received (as confirmed by the Head of Property at paragraph 15 of this report) the Executive may approve the recommendation to dispose of the Property.

## BACKGROUND PAPERS

Background Papers	Held At	Contact
Elmington Sites A and B Edmund Street Camberwell SE5	Southwark Property Regeneration and Neighbourhoods 5 <sup>th</sup> Floor Tooley Street	Marcus Mayne 0207 525 5651

## APPENDICES

No.	Title
Appendix 1	Plan showing the location and extent of Elmington sites A and B

## AUDIT TRAIL

<b>Lead Officer</b>	Richard Rawes, Strategic Director of Regeneration and Neighbourhoods		
<b>Report Author</b>	Marcus Mayne Principal Surveyor		
<b>Version</b>	Final		
<b>Dated</b>	January 27 2010		
<b>Key Decision?</b>	Yes	<b>If yes, date appeared on forward plan</b>	Nov 09
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER</b>			
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>	
Strategic Director for Communities, Law & Governance	Yes	Yes	
Director of Finance	Yes	Yes	
Executive Member	Yes	No	
<b>Date final report sent to Constitutional Support Services</b>			1 February 2010