

<b>Item No.</b> 18.	<b>Classification:</b> Open	<b>Date:</b> 22 January 2019	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		1 Ann Moss Way, Rotherhithe, London SE16 1TL	
<b>Ward:</b>		Rotherhithe	
<b>Cabinet Members:</b>		Councillor Leo Pollak, Social Regeneration, Great Estates and New Council Homes	

## **FOREWORD – COUNCILLOR LEO POLLAK, CABINET MEMBER FOR SOCIAL REGENERATION, GREAT ESTATES AND NEW COUNCIL HOMES**

At the time of writing, more than 12,000 households (comprising over 25,000 people) were recorded on Southwark's housing register in need of rehousing - behind these figures are stories of families living in overcrowded homes, delaying key life due to extortionate housing costs, health problems linked to housing, children's educational attainment and younger people's ability to invest in themselves and their futures thwarted. In this context Southwark is resolved to maximise the overall social rented stock in our borough, including through developing the most ambitious pipeline of new council rent and council managed homes of any borough in the country for over 30 years, as part of our generational commitment to deliver 11,000 new council homes by 2043.

A key constraint we face is this great task is in the availability of land to build the next generation of new council homes, and to this end the council is committed to identifying and where possible acquiring new sites in the borough, as well as lobbying to change national legislation to strengthen councils' land assembly powers for the purposes of building affordable housing.

The site at 1 Ann Moss Way in Rotherhithe, with its location adjacent to Southwark Park and nearby access to bus and tube connections is very well suited for inclusion in our New Homes programme and has a clear potential to help meet local housing need, transform the lives of residents as well as be welcomed as a positive addition to the neighbourhood. I am also pleased that with the site being purchased from the NHS, the sums paid for this site, rather than being lost in a speculative black hole, will remain in the public sector and be invested in health services.

In order that we can in the future respond more nimbly to land acquisition opportunities and accelerate the delivery of new homes it is recommended too that the director of regeneration following consultation with both the strategic director of housing and modernisation and myself be given delegated authority to acquire new sites and dispose of land assets in order to optimise the opportunities for new council housing developments.

## **RECOMMENDATIONS**

That Cabinet:

1. Authorises pursuant to s120 of the Local Government Act 1972 and s9 of the Housing Act 1985, that the council acquires the freehold interest in the property shown edged red on the plan at Appendix A.
2. Authorises the principal purchase terms set out in full in paragraph 5 of the closed version of this report and substantially in paragraph 18 of this report.
3. Delegates to the director of regeneration authority to agree the details of the acquisition.
4. Delegates to the director of regeneration in consultation with the strategic director of housing and modernisation and the cabinet member for social regeneration, great estates and new council homes authority to acquire and dispose of sites in furtherance of the delivery of the council's housing delivery programme.

## **BACKGROUND INFORMATION**

5. 1 Ann Moss Way comprises a two storey purpose built (in the 1980s) specialist health care home. It is owned by South London and Maudsley NHS Foundation Trust that relocated its residents and ceased this use of the property. The property is currently occupied by guardians. The Trust has identified the property's disposal as a means of adding to its capital resources to be invested in delivering its services.
6. The Trust offered the opportunity to acquire the property to the market by way of best bids that had to be submitted by 5 December. The council made a bid and it has been selected as the preferred bidder.
7. On 28 November 2018 council assembly approved the current Council Plan. This sets a number of commitments to our community including A Place to Belong; one of the undertakings to meet this commitment is to Build at least 1,000 more council homes.....by 2022. The bid for the subject property is in pursuit of that undertaking by increasing the number of council owned sites that can accommodate new housing.

## **KEY ISSUES FOR CONSIDERATION**

8. Ann Moss Way is predominantly residential and stands on part of the site of the former St Olave's Hospital. The subject property is directly adjacent Southwark Park but there is a substantial boundary wall between the two. Ann Moss Way leads directly to Lower Road which is well served by buses, Canada Water Underground station is a short walk from Lower Road and Surrey Quays Underground station is also within walking distance. Shopping facilities are nearby at Albion Street and Jamaica Road. This is therefore an attractive London location for housing.
9. Prior to the property being marketed, the Trust's agent entered into a pre-planning conversation with the council's planning department and this indicates that in principle, the property can be demolished and redeveloped with housing subject to compliance with applicable planning policies.

10. In the light of the planning status, the property's location and the Council's Plan undertaking to build more homes it is appropriate that the council seek to acquire the property.
11. Cabinet should be aware that when other sites/properties come to the market they are evaluated for suitability as a potential site for the delivery of council housing and where they are, bids are submitted. However, despite the uncertainties of Brexit and a general downturn in the housing sale market, competition for such sites is great and the council is usually not successful. In bidding for sites, officers are always mindful of the council's values set out in the Council Plan particularly to spend money as if it were from our own pocket. Being selected as the preferred bidder for this property is a welcome change.
12. Section 120 of the Local Government Act 1972 enables the council to acquire land for any of the council's functions under the Local Government Act or any other enactment, or for the benefit, improvement or development of their area.
13. The acquisition of the property for housing will fulfil the requirements of s120 as the provision of housing is one of the council's functions; in addition the local area will benefit from the new homes and the enhanced environment around the homes, and from the construction jobs created through its development.
14. Section 9 of the Housing Act 1985 provides that a local housing authority may provide housing accommodation by erecting houses or by converting buildings into houses or by acquiring houses. The Housing Act therefore gives the council powers to convert existing buildings into houses or to build houses itself on land acquired for that purpose.
15. This proposed purchase has highlighted a weakness in the council's governance provisions when it comes to bidding for and being able to complete on opportunity purchases for new housing. The timetable for such sales is outside of the council's control and is set by the vendor and may not fit in with the council's committee cycle. This means the council is at risk of being precluded from some purchase opportunities. In some cases such as here, there was a relatively short marketing period and then a very short period from offer acceptance to the matter being completed. It has been fortuitous that on this occasion it fitted with the cycle of cabinet meetings. It may be that the next purchase opportunity does not fit in with the cycle and it would be regrettable to lose a purchase for this reason. To overcome this risk, cabinet is recommended to delegate to the director of regeneration in consultation with the strategic director of housing and modernisation and the cabinet member for social regeneration, great estates and new council homes authority to approve purchases. In addition, adoption of this recommendation will assist in accelerating the delivery of the council's new housing programme.
16. Cabinet is also recommended to give authority to the director of regeneration again in consultation with the strategic director of housing and modernisation and the cabinet member for social regeneration, great estates and new council homes authority to approve disposals arising from the delivery of the new housing programme. This will enable land to be transferred to delivery partners such as in the approved Southwark Regeneration in Partnership Programme. This will also accelerate delivery of the programme.

17. Should cabinet approve the recommendation to delegate authority for acquisitions and disposals it does not oblige the officers concerned to exercise that delegation. There may be some circumstances when it is considered appropriate to refer the acquisition or disposal concerned to the cabinet.

**Principal purchase terms**

18. a) The council pays the consideration set out in the closed version of this report.
- b) On exchange of contracts the council pays a deposit of set out in the closed version of this report.
- c) Contracts to be exchanged on or before 30 January 2019.
- d) On completion, the property to be provided with vacant possession subject to the council having the option to extend the contract whereby the premises are currently occupied by guardians.
- e) The transfer to be subject to a five year overage provision in the event of the entire property being sold on in five years time (not applicable if developed for any individual units sales).
- f) The property contains furniture and other fittings that on the sale will transfer to the purchaser but this does not apply to refuse etc.
- g) The parties to meet their own costs of the transfer.

**Commentary on principal purchase terms**

19. a)-b) Refer to closed version of report.
- c) This is a challenging timescale required by the vendor.
- d) If the property is purchased, there will be an inevitable lag between then and a scheme being prepared, planning consent secured and construction works being commissioned. The property cannot be left vacant for that period and a 'meanwhile' use will be secured. However that use may not be in place when the purchase is completed so extending the occupation of the guardians may be desirable for security (preventing unauthorised occupation) and cost mitigation reasons.
- e) This is a term to deter prospective purchasers from 'flipping' the property. As the council will be purchasing to build housing for its residents this provision is extremely unlikely to bite.
- f) This is a requirement of the vendor and ultimately will cost the council to remove but in the interim it makes the property more attractive for guardian and perhaps other meanwhile uses.
- g) A standard provision.

**Rationale for recommendations**

20. a) To assist in providing new homes for person's on the Housing

Waiting List.

- b) To further a commitment within the new Council Plan.
- c) To enhance the council's asset base.
- d) To accelerate the council's decision making process and thereby delivery of new housing.

### **Community impact statement**

- 21. The new Council Plan was the subject of extensive community consultation. The recommendations herein further the delivery of the A Place to Belong commitment set out in the Plan.
- 22. The Equality Act 2010 requires the council in the exercise of its functions to have due regard to the need to:
  - a) eliminate discrimination;
  - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
  - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 23. Relevant protected characteristics for the purposes of the Equality Act are:
  - Age
  - Civil partnership
  - Disability
  - Gender reassignment
  - Pregnancy and maternity
  - Race
  - Religion or belief
  - Sex and sexual orientation.
- 24. In considering the recommendations herein the cabinet must have due regard to the possible effects them on any groups sharing a protected characteristic in order to discharge its public sector equality duty. This is an ongoing obligation.
- 25. If the recommendations set out are approved, the council will purchase a vacant building that will ultimately be demolished and new council homes erected in its place. The new homes will greatly improve the quality of life of its residents some of which may have protected characteristics. In undertaking to provide vacant possession of the property, South London And Maudsley NHS Foundation Trust will have carried out its own assessments under the Equality Act.

26. If the council acquires the property and moves ahead with the intention to redevelop it for council housing it will be necessary to carry out a further equality impact assessment.

### **Financial implications**

27. The acquisition of the property represents capital expenditure and will form part of the Council's Housing Investment Programme. It will be part funded from retained Right To Buy receipts (30%), with the remaining balance funded from other Housing Revenue Account (HRA) resources, including borrowing where appropriate.
28. Paragraph 19d) recognises there are potential holding costs between acquisition of the property and handing the property over to builders for redevelopment and sets out means of eliminating/mitigating these costs. If any costs are incurred, they will be met from existing budgets.
29. Submitting the bid for the property and processing the legal documentation necessary to complete the purchase, has and will incur revenue costs but these will be met from existing budgets.

### **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

#### **Strategic Director of Housing & Modernisation**

30. The site provides the opportunity to provide much needed new council housing as part of the programme to deliver 11,000 new council Homes by 2043 and 2,500 by 2022. Once purchased, an options appraisal will be carried out to identify the most appropriate delivery route and redevelopment option.

#### **Director of Law and Democracy**

31. As set out in this report the property will be acquired pursuant to s120 of the Local Government Act 1972 which gives the council power to acquire land by agreement for the purposes of (a) any of the council's functions under the Local Government Act or (b) the benefit, improvement or development of the area. The report sets out at paragraph [13] how these requirements are met.
32. Section 9 of the Housing Act 1985 states that a local housing authority may provide housing accommodation by erecting houses or converting buildings into houses on land acquired by them for the purposes of the Housing Act.
33. Section 120(2) of the Local Government Act 1972 further provides that where land is acquired for a purpose and it is not immediately required for that purpose, it may be used for the purpose of any of the council's functions until it is required for the purpose for which it was acquired. This provision would authorise a "meanwhile" use as envisaged by this report.
34. Taken together these provisions give the council adequate legal powers to acquire the property for housing and to use it for other temporary uses in the interim period prior to construction of housing.
35. Normally the acquisition and disposal of land is a matter reserved to the council's cabinet, subject to certain financial thresholds and other exceptions, by virtue of

Part 3C of the council's constitution. The report delegates to the Director of Regeneration in consultation with the strategic director of housing & modernisation authority to acquire and dispose of sites in furtherance of the delivery of the council's housing delivery programme, for the reasons given in paragraphs 16 and 17. Exercise of that delegated authority would be subject to compliance with the legal requirements around land acquisitions and disposals and these would be considered at the relevant time.

**Strategic Director of Finance and Governance [H&M18/079]**

36. Set out in closed version of the report.

**BACKGROUND DOCUMENTS**

Background Papers	Held At	Contact
Council Plan 2018/9 – 2021/22	160 Tooley Street London SE1 2QH	Paula Thornton 020 7525 4395
<b>Link (please copy and paste into your browser):</b> <a href="http://moderngov.southwark.gov.uk/documents/s78763/Report%20Council%20Plan.pdf">http://moderngov.southwark.gov.uk/documents/s78763/Report%20Council%20Plan.pdf</a>		

**APPENDICES**

Appendix	Title
Appendix A	Plan of 1 Ann Moss Way Rotherhithe

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Leo Pollak, Social Regeneration, Great Estates and New Council Homes	
<b>Lead Officer</b>	Kevin Fenton, Strategic Director Place and Wellbeing	
<b>Report Author</b>	Patrick McGreal, Regeneration-North	
<b>Version</b>	Final	
<b>Dated</b>	10 January 2019	
<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 Housing and Modernisation	Yes	Yes
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	In closed version
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	10 January 2019	