

Item No. 23.	Classification: Open	Date: 18 June 2019	Meeting Name: Cabinet
Report title:		New Homes site purchase, SE15	
Ward:		Old Kent Road	
Cabinet Member:		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

With over 10,000 households waiting for relief from overcrowding and exorbitant housing costs, and still over 2,000 children growing up in temporary accommodation in our borough, the imperative to build high quality new council homes has never been greater. As part of our generational push towards building 11,000 council homes we need to take an assertive stance to acquiring new sites for future council homes projects.

This is why I am really pleased that we are using our resources to expand our land holdings for this purpose at several sites across the borough, including here. The existing proposals for the site give an indication of a significant number of new council homes for local people, and there remains great potential to improve further the range of potential employment uses on the ground floor to help retain the industrial footprint of the Old Kent Rd, as well as elevations that properly engender the pride of place we are striving for in our borough.

It should be always be reiterated that while we should remain purposeful in seeking new council homes development opportunities, we must in parallel continue our campaign for Affordable Land for Affordable Housing. A reform of the 1961 Land Compensation Code that removes the 'hope value' recognised in market valuations of such sites would enable the council to better assemble land, secure infrastructure contributions and build the kinds of genuinely affordable housing that meet the housing needs of our population.

RECOMMENDATIONS

Recommendations for the Cabinet

That Cabinet:

1. Authorises pursuant to s120 of the Local Government Act 1972 and s9 of the Housing Act 1985, the acquisition of the freehold interest in the site identified in the closed version of this report.
2. Authorises the principal purchase terms and negotiating parameters set out in paragraph 14 of the close version of this report and outlined in paragraph 14 of the open report.
3. Delegates to the director of regeneration in consultation with: the strategic director of housing and modernisation; the strategic director of finance and governance;

and, the cabinet member for social regeneration, great estates and new council homes, authority to agree the final terms of the acquisition provided they are not inconsistent with the principal terms and negotiating parameters and satisfy the council's fiduciary duty.

BACKGROUND INFORMATION

4. From time to time the council becomes aware of land holdings being offered for sale that would be suitable for its needs, but where, for a variety of reasons, the sale timetable does not fit with our reporting processes. This report deals with such an instance and recommends an approach to the purchase.
5. A situation recently arose where there is a narrow window of opportunity to agree terms to purchase a site that is suitable to be developed to provide new homes. Terms for a purchase have not been finalised, and at this time it would not be to the council's advantage to make public its interest in the land. Waiting to report final terms during the next cabinet cycle is likely to take us out of the commercial window for the purchase, so that the opportunity would be lost.
6. The site is situated within the Old Kent Road Action Area that aspires to transform the area with substantial new housing, an improved public realm, employment opportunities and enhanced transport infrastructure including an extension to the Bakerloo Underground Line.
7. On 28 November 2018 council assembly approved the current Council Plan. This commits the council to build or start on site at least an additional 1,000 homes; so that by 2022 the council will have built or started on site 2,500 new homes.
8. The council does not have sufficient sites to satisfy its ambitious house building target. Purchase of this site would provide an opportunity to make a significant contribution to the delivery of new council homes in line with both the housing strategy and the council plan.

KEY ISSUES FOR CONSIDERATION

9. The version of this report on the closed agenda includes the full address and a site plan, along with the full principal terms and negotiating parameters for a deal to buy the site.
10. The principal recommendation of the report is that authority be delegated to the director of regeneration, in consultation with other senior officers and a cabinet member, to agree the final terms for a purchase – provided these are not inconsistent with the principal terms and within the negotiating parameters approved by Cabinet.
11. 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.
12. The acquisition of the site 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.

13. 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 power to build houses itself on land acquired for that purpose.

Principal Purchase Terms

14. The principal purchase terms are:
 - a. The site is identified in the closed version of this report.
 - b. The council pays the consideration set out in the closed version of this report.
 - c. The sale is conditional on the vendor providing vacant possession of the site.

Community impact statement

15. The public sector equality duty as set out in section 149 of the 2010 Equality Act (PSED) requires public bodies to have due regard to the need to eliminate unlawful discrimination, harassment and victimisation and to advance equality of opportunity and to foster good relations between people when carrying out their activities.
16. In considering the recommendations herein the cabinet must have due regard to the possible effects on any groups sharing a protected characteristic in order to discharge its PSED. This is an ongoing obligation.
17. If the council completes the purchase of this site it will be cleared and developed to provide new council homes. The homes will improve the quality of life of residents, some of whom may have protected characteristics.

Resource implications

18. Work to negotiate terms for the purchase of land for house building purposes is considered to be part of the normal work load for various officers within the council and will be contained within existing budgets.

Legal implications

19. These are included within the body of the report.

Financial implications

20. 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 Investment Programme (HIP) resources, including borrowing where appropriate.
21. There are likely to be holding costs associated with the site whilst it is prepared for development, which will be met from existing budgets.
22. Negotiating the purchase will require support from external specialists and will incur costs but these will be met from existing budgets.

Consultation

23. There have been consultations within the council between officers in housing, finance, regeneration, and legal services.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of housing and Modernisation

24. The site provides the opportunity to build much needed new council housing as part of the programme to deliver 11,000 new council homes by 2043 as well as the opportunity to provide desperately needed temporary accommodation for homeless families for whom the council has a duty to provide interim accommodation.

Director of Law and Democracy

25. 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 [14] how these requirements are met.
26. 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.
27. 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.
28. 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.

Strategic Director of Finance and Governance

29. This report seeks cabinet approval for the acquisition of the freehold interest in a site identified in the closed version of this report in accordance with proposed purchase terms and negotiating parameters set out in the report. The financial implications section of the report sets out how the acquisition and other associated costs are intended to be met. Should the council be successful in its negotiations, acquisition of the site would provide the council with an opportunity to build much needed new council homes in line with the housing strategy and the council plan.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council Plan 2018 – 2022	160 Tooley Street London SE1 2QH	Paula Thornton 020 7525 4395
Link: https://www.southwark.gov.uk/council-and-democracy/fairer-future/council-plan		

AUDIT TRAIL

Cabinet Member	Councillor Leo Pollak, Social Regeneration, Great Estates and New Council Homes	
Lead Officer	Michael Scorer, Strategic Director of Housing and Modernisation	
Report Author	James Oates, Regeneration North	
Version	Final	
Dated	10 June 2019	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Strategic Director of Housing and Modernisation	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	10 June 2019	