

Item No. 20.	Classification: Open	Date: 17 September 2019	Meeting name: Cabinet
Report title:		Nunhead Acquisition of Land for Housing Development	
Ward:		Peckham Rye	
Cabinet Member:		Councillor Victoria Mills, Finance, Performance and Brexit	

FOREWORD – COUNCILLOR VICTORIA MILLS, CABINET MEMBER FOR FINANCE, PERFORMANCE & BREXIT

Southwark Council has the ambitious target of building 11,000 new council homes by 2043. Whilst our current pipeline of new homes is heavily focused on building on existing council land it will not be possible to meet our promise without the acquisition of new sites.

The opportunity has arisen in Nunhead to acquire 40-46 Solomon's Passage, the site of a disastrous housing development. The existing buildings cannot currently be occupied and require at least part, if not full, demolition to resolve the poor quality of their build. It is our intention to develop the site for much needed housing, underlining our commitment to our council home programme. The acquisition also seeks to resolve ongoing issues with the current buildings which have had a huge impact on previous residents and the neighbouring local community. By stepping-in, the Council can take the lead in ensuring there is much needed housing rather than empty and part-derelict buildings.

Our vision for any new housing is that it is of the highest quality in terms of design, architecture, materials, public realm and build quality as well as how it connects and adds to the existing community and landscape. Given the history of this particular site, this will be at the forefront of our work as we develop plans, consult with neighbours and deliver new homes on this site.

RECOMMENDATIONS

That Cabinet:

1. Delegates to the director of regeneration and the strategic director of housing and modernisation in consultation with the strategic director of finance and governance authority to continue to negotiate the terms of the acquisition of the freehold interest in the property shown edged red on the plan at Appendix A.
2. Authorises, subject to terms being agreed between the parties, that the council acquires the freehold interest in the property pursuant to s120 of the Local Government Act 1972 and s9 of the Housing Act 1985.
3. Authorises that any acquisition will be made from the Housing Investment Programme with the primary focus being the delivery of high quality council housing.

BACKGROUND INFORMATION

4. 40 – 46 Solomon's Passage is shown edged red on the plan at Appendix A to this report. It comprises four blocks known as 40, 42, 44 and 46 Solomon's Passage covering a site area of 0.33 hectares, fronting Peckham Rye Common to the south, and Solomon's Passage to the west.
5. The four blocks comprise a total of 85 residential units spread across the four blocks. In addition the site has a 63 space basement car park below three of the blocks.
6. Wandle Housing Association acquired the site in 2012 from the Receiver to the original developer, Greenacre Homes who went into administration in August 2011 when three of the four blocks had been completed. The final block was completed in May 2012.
7. In 2013 significant flaws were discovered with all four blocks due to poor construction and following further intrusive investigation in 2014 the following issues were identified with the blocks:
 - Water ingress to flats and resulting problems with damp
 - Water damage to timber frame
 - Inadequate fire protection
 - Poor insulation
 - Defects to roof
 - Detailing of external cladding and frame shrinkage
 - Defective balconies
 - Poor drainage
 - Basement car park flooding
 - Ineffective ventilation
 - Poor condition of gas and plumbing services.
8. Wandle instigated what remedial action was necessary in order to ensure the health and safety of residents and to minimise any further damage to the buildings. A range of actions were put in place by Wandle, which including the rehousing of all residents from the blocks. All of the blocks are now vacant and boarded up.
9. In 2017 Wandle submitted two planning applications in relation to the four blocks on the site. Together the two applications propose the recladding of 40 and 46 Solomon's Passage and the retention of the basement, and the replacement of 42 and 44 Solomon's Passage with one larger building. These applications were granted consent in October 2018. This would increase the number of units on the scheme from 85 to 87.
10. There have also been initial discussions with planning officers over a further application which would involve the comprehensive redevelopment of 40 and 46 Solomon's Passage and would further increase the number of units on the site to 93.
11. Southwark's housing strategy to 2043 pledges to use every tool at the council's disposal to increase the supply of all kinds of homes across the borough and to build 11,000 new council homes by 2043.

12. The council plan commits the council to build or start on site an additional 1,000 council homes meaning that by 2022 the council will have built or started on site 2,500 new council homes towards the target of 11,000.
13. The council does not currently have sufficient sites for council housing development to meet its 2043 target and suitable sites are scarce. The site at 40 – 46 Solomon's Passage would provide an opportunity to make a contribution to the delivery of new council homes in line with both the housing strategy and the council plan.

KEY ISSUES FOR CONSIDERATION

14. The opportunity to purchase the site has arisen and council officers have been negotiating terms with Wandle. These discussions are ongoing.
15. The council has appointed external valuers to confirm that any price agreed represents market value.
16. As part of the rehousing offer to former Wandle residents living in the blocks, Wandle have made the commitment that those residents who wish to, may return to the site if they do not secure new homes elsewhere. Further consideration of this and the implications for the council's proposed purchase are set out in the closed version of the report.
17. It is proposed that any acquisition is funded through the Housing Investment Programme. It is recognised that a key factor in the council achieving its ambitious target of 11,000 new council homes by 2043 is the availability of land. This acquisition demonstrates the council's commitment to the council home programme and the importance of building a land bank for council house delivery.
18. Wandle have been in discussions with planning officers to determine the scale and quantum of any proposed redevelopment of the site, and following acquisition, the council will be undertaking further discussions with planning officers to determine the most appropriate housing scheme for this site.
19. Assuming the property is acquired, a decision can subsequently be taken as to the mix of the new homes that can be delivered. Whilst an entire Council housing scheme may be justified by need, this has to be considered in the light of the ability to fund the provision so a mix of at least 50% council rent with the remaining properties for market sale (to assist funding) may, subject to the design of the new housing, be appropriate. This is in line with adopted council policy for housing land.
20. 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.
21. 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.
22. 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.

23. Negotiations are ongoing over the principal terms for the purchase of the property. These are set out in more detail in the closed report and still require agreement between the parties. It is recommended that the director of regeneration and the strategic director of housing and modernisation be delegated authority to agree such matters in consultation with the strategic director of finance and governance. However in the interests of a swift acquisition Cabinet is being asked to agree to the acquisition in principle, subject to final terms being agreed, ahead of final agreement.

Rationale for recommendations

24. a) To assist in providing new homes for persons on the Housing Waiting List.
b) To further a commitment within the new Council Plan.
c) To enhance the council's asset base.

Community impact statement

25. 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.

26. 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.

27. 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.

28. 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.

29. If the recommendations set out are approved, the Council will purchase four residential buildings that will ultimately be demolished and new homes including ones to be let at Council rent levels erected in its place. The new homes will greatly improve the quality of life of its residents some of which may have protected characteristics. Should the council be required to rehouse any of the

existing tenants or leaseholders on the site or offer them new council homes, it will be necessary for regard to had to any possible effects on groups with a protected characteristic arising from the action.

Financial implications

30. The acquisition of the property will incur substantial capital expenditure that will be financed from resources supporting the Housing Investment Programme and this is considered in detail in the closed version of the report.
31. Discussions with Wandle over the possible purchase of 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

Director of Law and Democracy

32. 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 21 how these requirements are met.
33. 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.
34. Taken together these provisions give the Council adequate legal powers to acquire the property for housing and to use it for investment purposes in the interim period prior to construction of housing.

Strategic Director of Finance and Governance

35. Acquisition of land is necessary to enable the council to meet its commitment to deliver 11,000 new council homes by 2043. If negotiations result in the purchase of this site, both the costs of acquisition and subsequent development of new homes will form part of the council's Housing Investment Programme and will be financed as set out in the financial implications section of this report. The Strategic Director of Finance and Governance is satisfied that arrangements are in place to ensure that as far as is reasonable possible, the council's bid will represent fair value and be competitive. Any revenue costs incurred in relation to this transaction will be contained within existing budgets.

BACKGROUND DOCUMENTS

Background Papers	
Council Plan 2018/9 – 2021/22	
Link (please copy and paste into your browser): http://modern.gov.southwark.gov.uk/documents/s78763/Report%20Council%20Plan.pdf	

APPENDICES

Appendix	Title
Appendix A	Plan of 40 – 46 Solomon's Passage

AUDIT TRAIL

Cabinet Member	Councillor Victoria Mills, Finance, Performance & Brexit	
Lead Officer	Kevin Fenton, Strategic Director Place and Wellbeing	
Report Author	Marcus Mayne, Principal Surveyor: Regeneration South	
Version	Final	
Dated	6 September 2019	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	6 September 2019	