

Item No.	Classification: Open	Date: October 14 2009	Meeting Name: Executive
Report title:		Vary terms of disposal – Silwood Phase 4B, Rotherhithe SE16	
Ward(s) or groups affected:		Livesey	
From:		Strategic Director of Regeneration and Neighbourhoods	

RECOMMENDATION

That the Executive:

1. Authorises the varying of the terms of the disposal of the site known as Silwood Phase 4B to Higgins Homes plc and Notting Hill Housing Trust on the following main terms and conditions:
 - a) Interest – Freehold
 - b) That the disposal is subject to obtaining planning consent for the proposed scheme
 - c) Fees - The purchaser is to pay the council's reasonable legal and surveying fees.
2. Agrees to the recycling of the net receipts from the disposal into the Housing Improvement Programme.

BACKGROUND INFORMATION

3. The subject property is approximately triangular in shape and is occupied by a local authority former residential block (Gillam House and 11-33 Debnams road), a council yard and an electricity substation. The site is situated in Rotherhithe close to London Borough of Lewisham borders, and is bounded by Silwood Street to the east, by Corbett's Lane and the railways viaduct to the southwest, and by Debnams Road to the north. (The property is edged red on the attached plan at Appendix A).
4. The tenants of Gillam House have been rehoused and the leasehold interests purchased by the council. The council depot was used for housing maintenance purposes but it is now surplus to requirements and is used for temporary storage.
5. The Silwood Estate regeneration programme was a joint partnership between Southwark and Lewisham councils. The programme has seen the demolition of local authority housing, the refurbishment of some housing and the provision of new build residential accommodation, community facilities and childcare facilities as well as providing local people with employment and training opportunities.
6. The Silwood Estate regeneration programme is in its ninth year and Phase 4B is the final phase within the boundaries of the London Borough of Southwark. The disposal of Silwood Phase 4A site to Presentation Housing Association, which is within the boundaries of London Borough of Southwark, was approved by the

executive on February 14 2006.

7. The Silwood Phase 4B site was marketed in the property press and interested parties were invited to contact the council in order to obtain a copy of the detailed development brief for the site. The development brief outlined the council's objectives/expectations for development of the site.
8. After an exhaustive selection process Higgins Homes with Genesis Housing Association were selected as the council's preferred developers at Executive on March 6 2007.
9. Heads of terms were agreed and lawyers instructed however the scheme very quickly ran into planning difficulties due to the conflict with the Greater London Authority (GLA) policies on no net loss of affordable housing and density.
10. The implications of the GLA policy were that all the affordable rented flats in the existing block on site had to be replaced and that 35% of the remainder of the scheme had to be affordable in the normal way.
11. To compound this, the density of any new development on the site was to be capped by the Ptal (public transport accessibility level) which was set by the GLA at level 3 for this location. This meant that the maximum density allowed for the site was 450 habitable rooms per hectare.
12. The proposed scheme was at a density of 700 Habitable rooms per hectare and the existing Gillam house block was already providing almost 550 Habitable rooms per hectare.
13. The effect of these two constraints was to make regeneration of the site undeliverable on these terms.
14. For the past year discussions with the GLA have been ongoing regarding the affect these constraints were having on development of the Silwood 4B site and other Southwark regeneration sites.
15. Agreement is being sought with The GLA on the issues stalling the Housing regeneration sites and a new Core Strategy document is being produced to reflect this. If approved it is likely that the new policy will have sufficient planning weight for a development application by the end of 2009.
16. In the interim Genesis Housing Association has withdrawn their interest and they have been replaced by Notting Hill Housing Trust as the development partners of Higgins Homes.
17. It is hoped therefore that a planning application could be made for this site by December 2009 and if successful demolition could start on site by April of 2010.
18. An application will be made for the stopping up of the southern end of Debnams road, Silwood Estate under S247 of the Town and Country planning Act 1990 to enable development to be carried out in accordance with any planning permission granted under Part iii of the Act.
19. The Strategic Director of Regeneration and Neighbourhoods has declared the subject property surplus to their requirements.

KEY ISSUES FOR CONSIDERATION

20. Gillam House and 11-33 Debnams Road have been vacated and are to be demolished and cleared by the developer. They are secured by the use of sheet metal barriers.
21. 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 offer from Higgins / Notting Hill Housing Trust represents best consideration that can reasonably be obtained.
22. Silwood site 4B will be sold with vacant possession. There were a total of 57 affordable rented flats and 6 leasehold flats on the site at a density of 515 habitable rooms per hectare. The buildings will not be re-used as housing accommodation and will be demolished.
23. Seven of the affordable units are to be developed for Presentation Housing Association. These 7 units are required in order to fulfil the Housing Department's obligations to Presentation Housing Association from earlier regeneration phases in Silwood. This obligation was stated in the development brief, so that the condition was known to the bidders. Presentation HA are now become part of the Notting Hill Housing Trust group and it is intended that Presentation HA will manage all Notting Hill Housing Trust's properties south of the river.
24. It is expected that it will take around six to eight weeks to complete the development agreement and exchange contracts. A planning application could be submitted as early as December 2009 provided the proposed changes to the councils Core Strategy are finalised and have planning weight by the end of the year.
25. The Head of Property will expect the developer to commit to an early demolition and clearance of the site in the contractual negotiations.

Policy Implications

26. The disposal of this site will generate a substantial capital receipt, which will be recycled to provide funding for the Housing Investment Programme. This helps the council meet its commitment to regeneration and sustainability in housing as stated in the 2005-2010 Southwark Housing Strategy.

Community Impact Statement

27. The impact of the proposed development on the local community will be that a housing block that did not meet 'Decent Home' requirements will be redeveloped as new accommodation and there will be an increase in the private and intermediate affordable housing in the area, which is dominated by social housing for rent.

28. There are no direct negative implications of the report's recommendations on the council's Managing Diversity and Equal Opportunities Policy.

Consultation

29. There has been extensive consultation with tenants and leaseholders throughout the first 7 years of the Silwood Regeneration project.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law and Governance

30. It is recommended that the Executive authorises the disposal of the site known as Silwood Phase 4b to Higgins Home Plc in partnership with Notting Hill Housing Trust on the following main terms and conditions.
31. It is also recommended that the Executive authorises the Head of Property to agree the terms of the transaction and that the Executive agrees to recycling of the net receipts from the disposal into the Housing Investment Programme.
32. 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 is required. Consent E3.1 of the General Consent for the Disposal of Part II Land 2005 enables the Council 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.
33. The report confirms in paragraph 22 that the buildings will not be used as housing accommodation and will be demolished. The consideration will need to be best that can reasonably be obtained. In this report it is confirmed that the Higgins and Notting Hill housing Trust proposal fulfils this criteria.

Head of Housing Strategy and Regeneration

34. The regeneration of the Silwood Estate involves a partnership between the London Boroughs of Southwark and Lewisham, based on a SRB programme for which Lewisham Council was the accountable body. The agreed masterplan designated Phase 4b as a private housing development with social housing being provided through a S106 Agreement. This reflected the high concentration of social housing in the area and the introduction of private housing was regarded as important promoting mixed and sustainable communities. The current proposal from Higgins Homes Plc & Notting Hill Housing Trust Housing Association complies with this requirement.
35. The bid by Higgins and Notting Hill Housing Trust is therefore supported. The proposal by which Presentation HA manage the properties of the Notting Hill group south of the river is acceptable to Southwark Housing. Notting hill Housing Trust are one of the councils preferred Registered Social Landlord partners.

Finance Director

36. This report recommends the variation of the terms of disposal for the site known as Silwood Phase 4B. The total consideration, before any overage payment will be split over three financial years. In addition, the contract includes overage clauses for the council to receive additional receipts should sale price targets for the developed units be exceeded.
37. The Finance Director notes the recommendation that the net receipts from the disposal be reinvested in the Housing Improvement capital programme.
38. The Finance Director understands that the council's reasonable surveying and legal costs will be recovered from the purchaser. Demolition and clearance costs will be met by the developer.

BACKGROUND PAPERS

Background Papers	Held At	Contact
Property Division File	Southwark Property 160 Tooley Street London SE1	Marcus Mayne 020 752 55651

APPENDICES

No.	Title
Appendix A	Site Plan

Audit Trail

Lead Officer	Richard Rawes, Strategic Director of Regeneration and Neighbourhoods	
Report Author	Marcus Mayne, Principal Surveyor	
Version	Final	
Dated	September 28 2009	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law and Governance	Yes	Yes
Head of Housing Strategy and Regeneration	Yes	Yes
Finance Director	Yes	Yes
Date final report sent to Constitutional Support Services	October 5 2009	

APPENDIX A

SITE PLAN

