

LONDON BOROUGH OF WALTHAM FOREST

Committee/Date:	Cabinet: 22 July 2008
Title:	Disposal of Land at Larkshall Road
Council Priorities:	31. Strategic use of Councils property assets 1. Facilitate development of family homes 41. Improve Community Safety by better design of transport infrastructure
Directorate:	Finance
Report of:	Head of Property Services
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Action required:	For Decision
Wards affected:	Hale End, Hatch Lane
Appendices:	Appendix 1 – Plan of sites
Status:	Open

1. SUMMARY

- 1.1. This report sets out a proposal for the disposal and development of sites owned by the Council in conjunction with adjoining privately owned land, and seeks approval to the proposals in principle subject to final terms being agreed.

2. RECOMMENDATION

2.1. For Cabinet Decision

Cabinet is requested to agree:

- 2.1.1 To approve Islington and Shoreditch Housing Association as the preferred partner for the disposal of the property identified in Appendix 1, subject to contract.
- 2.1.2 To delegate authority to the Director of Finance to finalise contracts to give effect to the decision in 2.1.1. upon advice from the Director of Governance and Law.
- 2.1.3 To note that the local parking provision and in particular the results of the CPZ consultation will be considered prior to finalisation of the terms for approval as above and note paragraph 4.7 of this report.

3. **REASON FOR DECISION**

3.1. This is a key decision due to the financial significance of the proposals.

4. **PROPOSAL**

4.1. The Council owns a number of property assets clustered in Larkshall Road at Highams Park, as identified in Appendix 1. These include a Housing Hostel, and a car park. There are also a couple of small plots of unused land attached to the car park, which are overgrown. The site (excluding the hostel) is identified in the Councils adopted UDP as a proposed housing site.

4.2. The ownership of the adjoining office block and car park has recently changed and the new owners wish to improve the quality of their accommodation, and are prepared to sell part of their site to facilitate this within a comprehensive scheme. A developer, backed by a housing association has been negotiating to acquire an option to acquire this private site.

4.3. The developer/Registered Social Landlord (RSL) has proposed a development of the private site together with the Councils land.

4.4. Interest has been expressed by the Primary Care Trust (PCT) to re-provide a very poor quality surgery currently located in Handsworth Avenue, and the developer/RSL has been able to include in a scheme of development at Larkshall Road a suitable space for the PCT.

4.5. In addition to the new surgery the scheme is likely to deliver up to 60 new affordable homes (mainly family sized).

4.6. A smaller car park will be provided on the site to the rear of the petrol station. The costs of laying out this car park will be deducted from the capital receipt. It would be proposed to provide a higher quality car park with better lighting and security.

4.7. The actual details of the scheme, new affordable homes, car parking and the PCT accommodation will be dealt as part of the planning process.

4.8. The disposal would also realise a significant capital receipt for the Council.

4.9. The final values arising from the scheme will not be certain until a planning consent is obtained, however it is clear that the form of development and the value arising from the combined sites would yield a far better return to the Council than if the car park and hostel sites were sold through a competitive tender.

4.10. Furthermore, the car park for the adjoining offices was acquired from the Council some years ago, and the terms of that sale enable the Council to seek a further return should the land be used other than for parking. The Council will get a greater benefit from that change through a joint sale.

4.11. Once developed this scheme will demonstrate good partnership working between the Council and the PCT together with improved parking facilities and significant additional affordable housing.

4.12 Strategic Priorities

4.12.1 The delivery of affordable housing units will assist the Council in meeting its target for affordable homes within the Local Area Agreement.

4.12.2 The Councils Sustainable Communities Strategy seeks to

- Make strategic use of the Council property assets to create investment opportunities
- Improve housing quality and choice and specifically deliver family homes
- Ensure residents are fit and healthy for work
- Improve Community safety

The proposals set out within this report will contribute towards achievement of these priorities.

4.12.3 The Councils Asset Management Plan includes the strategic aim of working with partners e.g. PCT, RSL's etc. and use the Councils property assets to influence and deliver development across the borough.

5. **ALTERNATIVES CONSIDERED**

- 5.1. The Council could dispose of the property on the open market. However, to do so would not result in a space for the PCT or any housing units and would not provide a good return.
- 5.2. If it does not prove possible to resolve a transaction with the adjoining owner, then a smaller scheme of development can still be progressed with the RSL.

6. **CONSULTATION**

- 6.1. Consultation meetings have been held with Portfolio leads and Heads of Service responsible for Parking, Housing and Social Care, as well as Ward Councillors from Hale End and Highams Park Ward.
- 6.2. The Head of Housing has confirmed that a replacement hostel is not required on this site. The Head of Housing supports the proposals.
- 6.3. The parking provision at this site is of poor quality and prone to criminal activity. The replacement facility will be safer and more secure for customers. The Director of Environment and Regeneration supports these proposals in principle subject to agreeing a specification for works to the remaining site. There is

potential for a Controlled Parking Zone in this area, and the future charging arrangements will be considered when decisions are made on the implementation of a CPZ.

- 6.4. Regular liaison with the PCT has identified the need for an improved surgery facility and this opportunity meets that need. The PCT are interested in principle in obtaining improved accommodation in this location, and will continue to work with the Council and the development partner with a view to its delivery.
- 6.5. If the PCT cannot be accommodated then the scheme would be likely to include more affordable housing units.
- 6.6. Whilst supporting the general principle of development in this poor quality location, the Ward Councillors do have some concerns regarding the loss of parking and its effect on parking in local streets. The parking situation will be the subject of further consideration as the provisional terms for a transaction are finalised. An adjoining local resident has raised concern at the loss of this area, which he regards as a wildlife area.
- 6.7. An ecology survey of the whole site will be undertaken and submitted as part of any future planning application together with proposals for the retention of any trees or shrubs and the management of any species or habitats.

7. **IMPLICATIONS**

7.1. Financial

- 7.1.1. During the development there would be a loss of parking income from the site. In a full year, gross parking income (before management costs, maintenance costs and outgoings are deducted) for the site is normally anticipated to be £21,000. Contingency funds have been set aside to cover the possible loss of parking income due to the disposal of general fund properties.
- 7.1.2. After deduction for the costs of re-providing the car park, the net capital receipt will fund the council's approved capital programme.
- 7.1.3. The PCT will lease the new facility directly from the developer/RSL, and therefore the Council will not be part of those negotiations.
- 7.1.4. The Hostel units are accounted for in the Housing Revenue Account (HRA). The loss of these units will result in reduced income from rents. However, this will be offset by reduced management and maintenance costs and the impact of the guideline rent calculations in Housing Subsidy. In principle much of this will be recovered by a proportional reduction in the fee to Ascham Homes.

7.2. Legal

7.2.1 The Council may use its powers under Section 123 of the Local Government Act 1972 to dispose of the property, and the General Consent 2003 to dispose of properties for less than best consideration up to a value of £2M so long as the disposal is for a well being purpose.

7.2.2 The Council may dispose of property to Islington and Shoreditch Housing Association as a registered social landlord (in connection with section 24 (1) of the 1998 Housing Act), with any financial assistance or any gratuitous benefit such as the disposal of land. The level of financial assistance proposed is below £10M per annum limit above which the Secretary of State's consent is required. Section 32 of the Housing Act may also be relied upon in relation to the disposal.

7.3. Human Resources

7.3.1. None.

7.4. Health Impact Assessment

7.4.1 Significant improvement of local health care.

7.4.2 Significant additional family sized affordable housing units assisting to meet the Councils targets.

7.5 Equality Impact Assessment

7.5.1 This has not yet been undertaken. A full assessment will be undertaken once the full content of the proposed scheme is finalised.

7.5.2 The remaining hostel provision across the borough will continue to be provided in accordance with the Councils housing policies for this service.

7.5.3 If new health care provision is delivered on this site it will improve the level of care provided for the community across all sectors.

7.5.4 Improved parking provision that is more secure for individuals and their vehicles will benefit all users but may particularly benefit women users.

7.5.5 New affordable housing units will be predominantly family sized units which will meet the boroughs need in that sector.

7.6 Climate Change Implications

7.6.1 Any new built development will meet the planning requirements for renewable energy and sustainable construction.

7.6.2 Once the final development form is agreed for the whole site officers will explore opportunities with the developer to reduce the carbon footprint further.

7.7 Risk Management

7.7.1 Financial:

The finance and property markets are currently in poor shape. However this scheme is to be delivered by an RSL who will not be subject to commercial borrowing to the same extent as a private developer, and therefore the risk of the developer withdrawing before completion is reduced.

7.7.2 Scheme content:

This report is seeking “in principle” approval and the final details of the content and terms of any transaction are yet to be finalised. The inclusion of new health car facilities will be dependent on the PCT being able to proceed and this may ultimately not be possible

In the event of the PCT element not being included the scheme would include additional residential units.

7.7.3 Ownership:

The transaction is ultimately dependent on both the Council and the adjoining owner completing a land transaction with the developing RSL. This will be a simultaneous transaction with some complexity. The Council land will not be disposed unless the desired outcomes and receipt is contractually secured.

8. **CONCLUSION**

The proposals set out in the report will enable the council to provide further housing units and assist meeting the Councils housing targets. A suitable PCT facility could also be provided which will improve the health and well being of local residents.

Background Information

This report has been cleared after discussion with the Portfolio Member.

Signed



Date 14/ 07/08

Portfolio Member for Finance, Risk and Governance

Appendix 1

Showing the land owned by LBWF and the adjoining privately owned land to be included in the proposals

