

CABINET	DATE 27 January 2021	ITEM NO 11
TITLE Sites for development by Community Land Trusts	WARD (S) Blackheath and Westcombe Park, Abbey Wood	
CHIEF OFFICER Director (Housing and Safety Communities) Director (Regeneration, Enterprise and Skills)	CABINET MEMBER Housing	
DECISION CLASSIFICATION - Key - Appendix two exempt by virtue of paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended): e.g. Information relating to the financial or business affairs of any particular person including the authority holding that information.	FINAL DECISION To be made at this meeting on the recommendation in this report.	

1. Decision required

Cabinet is requested to:

- 1.1 Approve the principle of disposal of the freehold interest in the two Council owned sites listed in this report to suitably qualified Community Land Trusts (CLTs) on the terms set out in sections 5 and 6.
- 1.2 Agree to delegate authority to the Director of Regeneration, Enterprise and Skills to undertake the procurement process to select suitable CLTs, including issuing of relevant documentation and evaluating bids and to agree final terms for disposal of the land (including for nil consideration, as appropriate).
- 1.3 Agree to delegate authority to the Director of Regeneration, Enterprise and Skills to determine the level and form of any development management advice and support that may be required to facilitate the development of the sites.
- 1.4 Note that the information presented in the Appendix 2 is exempt under the provision of the Local Government Act 1972, Schedule 12A on the basis of 'Information relating to the financial or business affairs of any particular person including the authority holding that information.

2 Links to the Royal Greenwich high level objectives

2.1 This report relates to the Council's agreed high-level objectives as follows:

- Delivering Homes Through Economic Growth
- A Strong Vibrant and Well-run Borough
- A healthier Greenwich
- A safer Greenwich
- A great place to be

2.2 Specifically, this report makes a direct contribution to the objectives above as it will provide good quality new build accommodation to residents that are in housing need, and residents who are key workers and unable to access the housing market.

2.3 The requests for approval in this report also address the following priorities in the 2018-2022 Housing Strategy:

- Priority 1: Ensuring the supply of genuinely affordable homes
- Priority 2: Support for specific housing needs
- Priority 3: Building excellent communities and neighbourhoods

3 Purpose of Report and Executive Summary

3.1 This report establishes a process for allocating two pilot sites for development by CLTs, to which Members made an in-principal commitment in the October 2018 Cabinet report "Housing Delivery Proposals".

3.2 The report provides a rationale for the selection of the two proposed sites and the basis for their disposal.

3.3. Appendix 1 sets out the proposed procurement process and timetable, together with the proposed minimum eligibility requirements for CLTs wishing to bid for the sites, and locations plans of the proposed sites for disposal.

3.4 Appendix 2 sets out the valuation and methodology.

4. Introduction and Background

- 4.1 In October 2018 Cabinet approved the report, “Housing Delivery Proposals” which sought to radically increase the pace and quantum in the delivery of social rented, genuinely affordable Council housing, in the short to medium term and ensure that the Council has the capacity, expertise and finance to support this key Council objective.
- 4.2 In approving that Cabinet report, Members committed to explore the possibility of establishing two pilot sites for the CLT model subject to the community forming a trust.
- 4.3 A CLT is a corporate body:
- Which is established for the purpose of furthering the social, economic and environmental interests of a local community by acquiring and managing land and other assets; and
 - Whose legal structure is designed to ensure any profits from its activities will be used to benefit the local community, and that its members control it.
- 4.4 Over the last twelve months officers have met a range of organisations to discuss strategies and opportunities to deliver a CLT. The key message from these meetings were:
- There are two key benefits to CLT housing: the delivery of affordable housing: the community involvement and cohesion that is created by the development process and management of the stock.
 - Whenever and wherever a CLT initiative has been launched by the public sector, there has always been interest from the local community, and credible development proposals have been submitted to any procurement exercise that has been initiated.
 - There is enough financial and consultancy support to assist the community in the assessment and delivery of a CLT opportunity.
 - A local authority should supply as much due diligence as possible in its procurement process, on the development potential of a site that is included in the procurement of a CLT.
 - The ideal size of site for development by a CLT is between 10 – 20 units. CLTs will look at a range of tenures to make a scheme financially viable.

- The range of tenures CLT's have delivered include social rent, shared ownership, private sale and discount market sale.

4.5 It is proposed that the following sites are designated for development by suitable CLTs:

Site 1: garage blocks on Susan Road, Kidbrooke

Site 2: garage blocks on Felixstowe Road, Abbey Wood

Site location plans of each site are contained in appendix one of this report.

- 4.6 There are 20 no. garages at Susan Road, of which approximately 50% are occupied. There are 34 no. garages at Felixstowe Road, all of which in a poor state of repair with a very limited number in use at any one time.
- 4.7 The garages at both sites are let under licence which require one week's notice to vacate. The Council is not likely to require vacant possession for 18 months to two years. There are no costs associated with gaining vacant possession of the sites.
- 4.8 By spreading the geographical location of the CLT sites as far as possible, Members can facilitate as large a part of the community as possible to potentially be involved in the formation and management of a CLT.
- 4.9 Officers have commissioned a range of site surveys as part of a due diligence process to establish if there are any significant constraints which might prevent their future development. To date no impediments to development have been identified. The results of the surveys will be available to prospective bidders to assist them with their assessment of each site.

5. **Disposal and Valuation**

- 5.1 Both sites proposed for disposal are held within the Housing Revenue Account (HRA). If HRA land is being disposed of for the purposes of providing affordable housing, local authorities have legal authority to dispose of the site for nil value.
- 5.2 It is proposed to dispose of the freehold of the sites at nil value to CLTs via a tendering process, on the basis that the CLT will provide the maximum amount of affordable housing possible on the site (subject to viability).
- 5.3 The exact unit and tenure mix of each site will depend on the design and cost of the scheme that the preferred CLT proposes. Members should be aware

that it is possible that the tenure mix that is proposed on each site could include some shared ownership or private sale units, to create profit to cross subsidise the scheme viability.

5.3 The valuations for each site are contained within appendix two of this report.

6. **Available Options**

6.1 There are three available options for Members to consider: do nothing; defer the decision; or approve the recommended decision.

6.2 Do nothing

Members have already made a commitment to explore the allocation of two sites for development by suitable CLTs, so this option would be contrary to an existing Cabinet decision.

6.3 Defer the decision

The disadvantages of deferring this decision are that:

- If more affordable housing stock is not built by the borough there will be an increase in the number of households living in temporary accommodation who have been accepted as homeless, as the availability of permanent RBG housing stock reduces through Right to Buy sales.
- The budget for the provision of temporary accommodation will have to increase, which will divert resources away from other financial priorities.
- There will not be an expansion in the provision of accommodation for key workers, making recruitment and retention to such roles in the borough even more challenging for employers.

There are no advantages in deferring the decision.

6.4 Approve the recommended decision

Allocating the two identified sites for development by a CLT will contribute to the delivery of affordable housing and increase community cohesion through the community involvement in the development and management of the housing stock.

7. **Preferred Option**

7.1 The preferred option is for Members to approve the disposal of the two sites to suitably qualified CLTs as set out in Section I of this report.

8. **Reasons for Recommendations**

8.1 The reason for this recommendation is that this option will allow for more affordable housing to be built within the borough, which will:

- Reduce the number of households living in temporary accommodation
- Increase the ability of the borough to offer secure settled safe and comfortable permanent affordable accommodation
- Save the borough financial resources

9. **Consultation Results**

9.1 Residents have not been consulted on these proposals.

10. **Cross-Cutting Issues and Implications**

Issue	Implications	Sign-off
Legal including Human Rights Act	<p>The land is currently held by the Council under Part II Housing Act 1985 (HA 85). The sites have been valued at between £150,000- £380,000 on an open market and residual value development basis. Section 31 HA 85 enables local authorities to sell land to provide housing of any description at such price, or for such consideration as having regard to the circumstances is the best that can reasonably be obtained, notwithstanding that a higher price, consideration or rent might have been obtained if the land were used for purposes other than housing, or for providing housing of another description.</p> <p>Section 32 provides a power to dispose of Part II land and such disposals require the consent of the Secretary of State,</p>	<p>Sangita Arya Assistant Head of Legal Services (Property & Regeneration)</p> <p>11th January 2021</p>

	<p>although there are a number of general consents.</p> <p>General consent A at paragraph 3.2 allows a local authority to dispose of “vacant land.”</p> <p>At paragraph 8 the Commentary states “Paragraph 3.2 permits local authorities to dispose of vacant land and assets that are not dwellings (e.g. garages, drying areas etc), at any price determined by the local authority”.</p> <p>Alternatively the Council could seek to appropriate the land to general purposes from housing which would then enable the Council to rely on the general consent in circular 06-03 under section 123 of the LGA 1972 to dispose of the land at less than best consideration for wellbeing purposes. Any appropriation under section 19 of the HA 1985 would not require the consent of the Secretary of State because there are no dwellings on the land, just garages.</p> <p>All of the above routes would allow the land to be disposed of at nil consideration to facilitate the maximum inclusion of affordable dwellings.</p> <p>The powers are broad however any disposal must satisfy the test of reasonableness by taking into account all relevant considerations and ignoring irrelevant considerations and not coming to a decision that is so unreasonable that no reasonable authority would come to that decision.</p> <p>Authority is sought for the Director of DRES to finalise the terms of any disposal in due course following a procurement process.</p>	
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	<p>Further legal advice will be required on the tender process, the evaluation criteria and the final terms for disposal.</p> <p>The report identifies the benefits to the area which would flow from developing additional housing, which is likely to improve the Human Rights of the people who are accommodated in the new dwellings.</p>	
<p>Finance and other resources including procurement implications</p>	<p>Cabinet are requested to agree, in principle, to the disposal of the freehold interest in the sites at Susan Road and Felixstowe Road held within the Housing Revenue Account (HRA). Cabinet are also asked to delegate to the Director of Regeneration, Enterprise and Skills the facilitation of the procurement process and to agree the level of support provided to any CLT selected.</p> <p>The Council has a legal duty to ensure all disposals are on terms which achieve best consideration, whilst reflecting the specific circumstances of each disposal. The disposal value to a CLT for either site in this report will not be confirmed until the procurement process is complete, and the scheme housing tenure agreed, therefore, a future report to the Director of Regeneration, Enterprise and Skills in line with the Scheme of Delegation will agree this and any applicable Disposal Consents.</p> <p>Cabinet should be satisfied that this report provides the rationale for these two sites being the most appropriate for CLT disposal, when compared to other potential sites and housing delivery methods.</p>	<p>Jason Coniam Accountancy Business Change Manager 22/12/2020</p>

	Both sites currently have garages let within the HRA, at varying levels of occupancy. Any disposal will impact on the income available to the HRA and will need to be reflected in a reduced revenue budget, which may be partly offset by reduced management and maintenance of the sites.	
Housing and Safer Communities	Housing are supportive of any approach that can increase the delivery of new build properties within the borough. With the Council potentially providing this land for free to the CLT, Housing would expect a nominations agreement for any new units provided. However, we understand that financially these proposals are difficult to provide so these schemes may not be social or affordable housing. Given this being the case HSC will continue to work with DRES to create the most reasonable relationship between any CLT and our Allocation requirements.	Richard Parkin, Assistant Director for Housing Services. 14 th December 2020
Equalities	The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no apparent equality impact on end users.	Nick Simons: Housing New Supply Manager 9 th October 2020

11. **Report Appendices**

11.1 Appendix One: Community Land Trust Procurement Strategy and Development Site Details.

11.2 Appendix Two: Exempt information

12. **Background Papers**

12.1 There are no background papers included with this report.

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Appendix One: Community Land Trust Procurement Strategy and Development Site Details

The procurement strategy below sets out the process and documentation required to enable development of two sites for affordable housing by a Community Land Trust (CLT):

Site 1: garage blocks on Susan Road, Kidbrooke

Site 2: garage block on Felixstowe Road, Abbey Wood.

Procurement Assumptions

1. The freehold of the land will be gifted to the CLT on the condition that:
 - The scheme comprises of the maximum amount of affordable housing, subject to scheme viability
 - The CLT includes a constitutional asset lock to ensure that the homes are retained for the community in perpetuity (and the proceeds of any housing for sale contribute to the scheme)
 - The Section 106 agreement specifies appropriate restrictions on occupancy to those in need of affordable housing
2. The minimum requirements for a group to bid for a site are that it is, or is demonstrably working towards:
 - Becoming incorporated as a Community Benefit Society, Community Interest Company or Company Limited by Guarantee as a housing association or with charitable status to protect the asset lock
 - Completing the CLT organisational health check to be eligible for membership of the National CLT Network
 - Becoming a member of the National CLT Network.
3. The Council will provide development management advice and support if required, the form of which will be agreed by the Director of DRES.

Procurement Process

1. Cabinet agrees sites to be allocated for development by a CLT and to carry out due diligence on the sites.
2. RBG undertakes soft market testing to gauge local interest/capacity for a CLT-led housing scheme, including:

- Contacting existing groups and local community umbrella organisations to confirm Cabinet decision and eligibility requirements
 - Approaching local RPs to test interest in development and/or management partnerships with CLTs
 - Developing a working agreement with Community Led Housing London regarding the level of support that it can provide to CLT groups.
3. RBG publicly advertises the sites and issue an invitation to interested groups to a workshop to be held in line with Government requirements on social distancing to discuss:
- Site characteristics
 - Selection questionnaire to test organisational capacity, details of which are listed below
 - Timetable for issuing selection questionnaire, tender documentation and evaluation criteria.
4. RBG issues selection questionnaire and invites expressions of interest from groups for shortlisting. The selection questionnaire and tender documents are to be agreed by the Director of DRES.
5. RBG shortlists a maximum of 3 bids for each site.
6. RBG issues tender documentation to shortlisted groups. Tendering organisations will be advised that RBG will offer support and guidance to the successful organisation on how to liaise with RBG as a statutory authority. Should a successful tender require further development management support, and should RBG consider it appropriate to provide such support, the cost of this support will be recharged to the successful CLT bidder.
7. RBG evaluates tenders and selects a successful CLT for each site. Evaluation criteria are to be agreed by the Director of DRES.
8. The Director of DRES agrees final terms for disposal of the sites. RBG enters into disposal contracts with successful CLTs and then transfers the land as appropriate.

Provisional Programme for Procurement

No.	Item	Dates
1	Site identification & due diligence	December 2020 – March 2021
2	Undertake soft market testing	November 2020 – March 2021
3	Develop and agree tender documentation and assessment criteria and methodology	December 2020 – March 2021
4	Advertise sites and hold workshop with interested groups	April 2021
5	Issue tender documentation	May - June 2021
6	Shortlist bidders and invite tenders	July 2021
7	Review tender returns	August/September 2021
8	Appoint preferred bidder for each site	October/November 2021

Sites for Development by CLT

Site One: Garage blocks on Susan Road, Kidbrooke



Potential for development on the rectangular site where two blocks of garages are currently located.

Potential to upgrade the garages on the triangular site to provide any increase in parking that the new development might require.

Due diligence has not identified any impediments to site redevelopment.

Garages

There are 20 existing garages across both sites.

The 4 no. garages on the triangular site are void and in state of disrepair.

The 16 no. garages on the rectangular site are approximately 50% occupied.

RBG can secure vacant possession of these sites by serving notice on the existing occupants.

Site Two: Garage block on Felixstowe Road, Abbey Wood



Row of existing garages to the north of the railway line by Abbey Wood station, and to the south of Felixstowe Road.

Railtrack have been using the depot land to the south of the site, to facilitate the Crossrail construction work. The access into the site via the south western corner, and will remain within RBG ownership.

The site will be transferred with a right of way to allow access for RBG and Crossrail, to enter into the railway track to the south of the site, to undertake any maintenance works that might be required.

Due diligence has not identified any impediments to site redevelopment.

Garages

There are 34 no. existing garages on the site, all of which are in a very poor state of repair with a very limited number in occupation at any one time.

RBG can secure vacant possession of these sites by serving notice on the existing occupants.