

<b>MAYOR &amp; CABINET</b>			
<b>Report Title</b>	DISPOSAL OF LAND AT CORNER OF DEPTFORD CHURCH STREET AND CREEKSIDE		
<b>Key Decision</b>	Yes		Item No.
<b>Ward</b>	New Cross		
<b>Contributors</b>	Executive Director for Resources & Regeneration & Head of Legal		
<b>Class</b>	Part 1	Date: 29 June 2016	

## **1. Introduction**

- 1.1 This report sets out a proposal and recommendation to dispose of Council owned land on Deptford Church Street/Creekside to Bluecroft Creekside Ltd (Bluecroft) in return for new commercial space, to be owned by the Council.
- 1.2 The report seeks authority from the Mayor to dispose of the land on the basis of the terms set out in Part 2 of this report.
- 1.3 This report is divided into two parts. Part 1 sets out the summary and background to what is proposed. The Part 2 section of the report looks at the commercially sensitive issues around the terms the disposal.

## **2. Summary**

- 2.1 The subject site comprises a development plot on the corner of Deptford Church Street and Creekside (shown on the plan at Appendix 1).
- 2.2 The site immediately adjacent to the east is effectively owned by Bluecroft.
- 2.3 The Council's site has long been identified by for disposal. However rather than take a capital receipt, officers have negotiated a deal whereby the Council will receive commercial floor space within the finished development from which it can generate a long term income stream.

## **3. Purpose**

- 3.1 The purpose of this report is to seek authority to declare the site surplus and dispose of the site to Bluecroft Creekside Ltd in order to both bring forward Council owned land for mixed use development and to generate a long term income stream.

## **4. Recommendations**

It is recommended that Mayor and Cabinet:

- 4.1 Declare this Council land surplus to requirements;
- 4.2 Approves the disposal of the Council land in question to Bluecroft Creekside Ltd, subject to planning, in accordance with the terms set out in Part 2 of this report and Heads of Terms contained therein.
- 4.3 Agrees to delegate authority to the Executive Director for Resources and Regeneration, in consultation with the Head of Law, to negotiate and agree the final terms of the land transactions in line with recommendations above;

## **5. Policy Context**

- 5.1 The content of this report are consistent with Lewisham's sustainable community strategy 2008-2020:

- Clean Green liveable – where people live in high quality housing and can care for and enjoy the environment
- Dynamic and prosperous – where people are part of vibrant communities and town centres, well connected to London and beyond

- 5.2 The contents of this report are also consistent with the Council's Community Strategy:

- Strengthening the local economy – gaining resources to regenerate key localities, strengthen employment skills and promote public transport.
- Clean, green and liveable – improving environmental management, the cleanliness and care for roads and pavements and promoting a sustainable environment.

- 5.3 Lewisham's Housing Strategy was approved at Full Council in May 2015. This strategy sets out the Council's ambition to address the challenges in the borough through the following objectives:

- Helping residents at times of severe and urgent housing need
- Building the homes our residents need

- 5.4 Lewisham's Core Strategy has the objective to make provision for the completion of an additional 18,165 net new dwellings from all sources between 2009/10 and 2025/26, to meet local housing need and accommodate the borough's share of London's housing needs. This aims to exceed the London Plan target for the borough.

## **6. Background**

- 6.1 The Council land at the corner of Deptford Church Street and Creekside is vacant. It borders the Crossfield Estate in Deptford. The site and the estate do not form part of the current housing regeneration program.

- 6.2 The Council were approached in 2014 by Bluecroft who had acquired an interest in the neighbouring land at Creekside (see blue line plan in Appendix 2 for details).
- 6.3 Bluecroft Creekside Ltd. proposed to the Council that they purchased the Council land at the corner of Deptford Church Street and in parallel brought forward a comprehensive, mixed-use development proposal for the combined site.
- 6.4 Bluecroft has been working with the Council's officers to develop a planning and design approach that can achieve a suitable planning consent for the sites in question, thus supporting investment in the area and the Council's wider corporate objectives.

#### LBL and Bluecroft Ltd. Land Interests

- 6.5 The Bluecroft Land is highlighted blue on the plan attached in Appendix 2 and is immediately adjacent to the Council land. The plot measures approximately 0.289 acres. The land currently has three old, low-rise, commercial buildings on it, showing a significant lack of investment over recent decades. Two of the buildings are disused; the third building is an MOT Station.

#### LBL Land Interest: (corner of Deptford Church Street & Creekside)

- 6.6 The Council Land is highlighted red on the plan attached in Appendix 1 and is immediately adjacent to the Bluecroft land. The land is bounded by the Crossfields Estate to the north, 1 Creekside to the east and south and Deptford Church Street to the west. The plot measures approximately 0.204 acres. The land currently is overgrown and is in a prominent position. The land is held in the HRA.

### **7. Proposal**

- 7.1 Terms have been agreed in principle to dispose of the land to Bluecroft Creekside Ltd for them to deliver a consented scheme. On practical completion the Council will receive commercial floor space on a long leasehold basis. The overall structure of the agreement is set out below and the financial details in Part 2 of this report.

#### 8.2 Overall Structure

- 8.3 Bluecroft have yet to secure planning permission and this is likely to take some time to achieve. So to safeguard the Council's financial position during this time it has been agreed that Bluecroft will enter into an occupational lease. The lease is to be for a term of 3 years and is to be excluded from the security of tenure provisions of the Landlord and Tenant Act 1954. Upon the grant of planning permission (including an executed s.106 agreement), the lease will be determined and a building lease entered into (subject to a viability assessment by Bluecroft to confirm that they wish to proceed with the development).
- 8.4 The purpose of the building lease is to again secure the Council's financial position during the construction period. The lease will be for a term of three

years. In the event that Bluecroft do not deliver practical completion of the commercial accommodation within the three year window, the Council are able to determine the lease.

## 8.5 Planning

8.6 The terms of this disposal are subject to Bluecroft obtaining a planning consent. They are currently working with LBL Planning Department under a planning performance agreement.

## 9. **Other Options**

### 9.1 Do Nothing

9.2 The Council could do nothing and continue to leave the land vacant, potentially with a view to bringing it forward for development in the future. The land presents the Council no ongoing revenue cost, and is unlikely to do so in the near future. However Council has an opportunity here to use its land to bring forward a wider development which will provide new homes and workspace.

### 9.3 Acquire Bluecroft Site and Council Develop

9.4 The Council could seek to acquire the Bluecroft site and take control over the design, planning and development process itself, either on its own or with a partner. A development of this size would require internal resource with the right skills and capacity, which at present the Council does not have in enough quantity to do on its own.

### 9.5 Take a Capital Receipt

9.6 The Council could sell its site to Bluecroft and take a capital receipt rather than “end product”. This would remove an element of market risk that the Council is taking on in having commercial space to let, however given the benefits to the Council of deriving an income stream rather than capital receipt, this would be a missed opportunity. The structure of the transaction set out here also gives the Council the opportunity to take a capital receipt at a later date if it should so wish.

## 10. **Planning Considerations**

10.1 As already mentioned, the terms of this disposal are subject to planning approval being granted. Whilst it is recognised there is still a considerable amount of work to be undertaken in this respect, Bluecroft and LBL Planners are operating under the terms of a planning performance agreement. It is felt this work is moving in a positive direction, however this report fully reflects the fact the proposed terms are based upon a scheme obtaining planning consent.

## 11. **Financial Implications**

11.1 The financial implications of the recommendation to dispose of the site to Bluecroft Creekside Ltd are considered in part 2 of this report.

## **12. Legal Implications**

12.1 Legal implications are contained in Part 2 of this report.

## **13. Crime and Disorder Implications**

13.1 There are no implications.

## **14. Equalities Implications**

14.1 There are no implications.

## **15. Environmental Implications**

15.1 There are no environmental implications arising directly from the recommendations set out in this report. The design stages will address environmental issues through the planning process.

## **16. Conclusion**

16.1 Mayor and Cabinet are recommended to proceed with the proposal as set out in these reports.

## **Appendices**

Appendix 1 - Site plan of LBL land

Appendix 2 – Site plan of Bluecroft Creekside Ltd land

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