

MAYOR AND CABINET		
Report Title	CREEKSIDE COPPERAS STREET DEPOT - DISPOSAL	
Key Decision	Yes	Item No.
Ward	New Cross	
Contributors	Executive Director for Resources & Regeneration & Head of Legal	
Class	Part 1	Date: 9 November 2016

1. Introduction

- 1.1 This report sets out a proposal and recommendation to dispose of Council owned land at Copperas St, Deptford SE8 to Kitewood Creekside Limited, a subsidiary of Kitewood Estates Limited, in return for new residential units, 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 Heads of 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 Heads of Terms for the disposal.

2. Summary

- 2.1 The subject site comprises a development plot on Copperas St, Creekside, backing on to Deptford Creek (shown on the plan at Appendix 1).
- 2.2 The site immediately adjacent to the west is owned by Kitewood Creekside Limited Limited, a subsidiary of Kitewood Estates Limited (referred to as Kitewood in both Part 1 and 2 of this report). The land adjacent to that is owned by Trinity Laban. The land immediately to the east is owned by Essential Living. Kitewood are seeking to acquire the Council's land in order to bring about wholesale redevelopment of land owned by themselves, the Council and Trinity Laban.
- 2.3 The Council's site has long been identified by for disposal. However rather than take a capital receipt, officers have negotiated terms whereby the Council will receive a number of units 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 dispose of the site to Kitewood by way of a long leasehold interest, in order to both bring forward Council owned land for residential development and to generate a long term income stream.

4. Recommendations

4.1 It is recommended that the Mayor:

4.1.1 gives authority to dispose of the Copperas St site to Kitewood Creekside Limited on the terms set out in this report; and

4.1.2 delegates authority to the Executive Director for Resources & Regeneration, in consultation with the Head of Law, to finalise the terms of the legal documentation for the disposal with Kitewood Creekside Limited [or any of their group companies].

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
- Greater security and quality for private renters
- Promoting greater quality in the social and private rented sectors

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 subject site comprises a development plot on Copperas St, Creekside, backing on to Deptford Creek (see plan at Appendix 1). The site is accessed from Copperas St via a narrow entrance way and widens out to a more regular shaped site to the rear.
- 6.2 Immediately adjacent to the west is another vacant development plot, owned freehold by Kitewood Developments. To the west of that is the Trinity Laban Building and associated surface car park.
- 6.3 In 2015 Kitewood submitted an application for a 216 unit residential scheme on their site alone. It was agreed that this application would be placed in abeyance to allow negotiations on a revised scheme (see below), however Kitewood submitted an appeal against non-determination of the application in July 2015, which was refused by the Planning Inspectorate in September this year. Kitewood have since submitted an application for a judicial review of that decision.
- 6.4 Concurrently, Kitewood have been in negotiations with both the Council and Trinity Laban with a view to bringing forward a more comprehensive scheme, including the Council's land and Trinity Laban's car park. In Spring 2015 Kitewood entered into a PPA with the Council's Planning department and have been taking that scheme design through the pre-application process. Although put on hold whilst the appeal was in progress, Kitewood have reengaged with Planning; this process is entering into its final stages and it is envisaged that an application could be made by early 2017.
- 6.5 Negotiations between officers and Kitewood regarding the disposal of the Council's land have now been concluded, the end result of which are the heads of terms set out in Part 2 of this report.
- 6.6 Rather than sell vacant and/or development sites and taking a capital receipt, officers are seeking to agree either disposals or developments which can generate a long term income for the Council. In this case, officers have been able to agree in principle to dispose of its land to Kitewood for them to develop the site. In return the Council will receive a number of residential units in the finished scheme which it can lease on the open market.
- 6.7 Trinity Laban
- 6.8 The Council has a long standing and productive relationship with Trinity Laban, helping to realise development of the Laban Building on Copperas Street in the early 2000s. The Council recognises the importance of Trinity Laban to Deptford and the Borough, and as such has sought to ensure they are included in any redevelopment proposals. This will hopefully provide them with a new facility to add to their existing, and ensure their long term future in the area. As a result, Kitewood have been working to incorporate them into the development. Upon production of a design brief from Trinity Laban, and working with their

architect, Kitewood have designed a facility that has been agreed and accepted by Trinity Laban. This will provide them with 6,000 sq m (gross internal area) of purpose built accommodation, together with underground car parking to replace that lost as part of the proposed development.

6.9 As this involves developing on Trinity Laban's land, Kitewood have been negotiating separately to agree terms on which the land transfer is to take place. Trinity Laban have agreed the physical building to be delivered by Kitewood. However, negotiations in relation to the terms on which their land is to be transferred to Kitewood, and on which they take on their new facility were put on hold pending a decision on Kitewood's appeal for their other application. Following further discussions, Trinity Laban have indicated that should the Council choose to take Kitewood's offer, they will resume these negotiations.

6.10 Essential Living

6.11 The Council have also been in discussions regarding disposal of the land with Essential Living, who own the site immediate adjacent to the east. They are in the early stages of construction of their development, a 249 unit Private Rented Sector (PRS) scheme, due for completion in mid-2018.

6.12. In June 2015 Essential Living made the Council an offer to acquire the site, and more recently over the past six months have, along with Kitewood, been engaging in a best and final offers (BAFO) process. The details and analysis of their offer is considered in more detail in Part 2 of this report.

6.13 The process has been managed by GL Hearn, who have been advising throughout in respect of valuation, best consideration and negotiation matters. Their findings, recommendations and report are considered in Part 2 of this report.

8. Proposal

8.1 Terms have been agreed in principle to dispose of the land to Kitewood by way of a long leasehold interest for them to deliver the consented scheme. This will involve the Council becoming freeholder of both sites, and granting subsequent 999 year leases on each site (its land and Kitewood's) to Kitewood. On practical completion the Council will receive residential units on a long leasehold basis. The overall structure of the agreement is set out below.

8.2 Overall Structure

8.3 Kitewood are continuing to develop their designs for the scheme and will submit a planning application for the whole site including the Trinity Laban land. The Council will have approval rights throughout various stages of this process, in particular upon any changes to the consent.

8.4 Upon grant of an acceptable planning permission and following the expiry of a judicial review period, Kitewood will transfer the freehold of the Kitewood Land

to the Council for a consideration of £1. The Council will therefore have freehold for both its and Kitewood's land.

8.5 The Council will then grant Kitewood a 999 year Lease of its own land and a 999 year lease of the Kitewood Land.

8.6 Kitewood will develop out the scheme as consented. Upon completion they will transfer the units, chosen by the Council prior to commencement of development, on a long leasehold basis to the Council.

9. Financial Implications

9.1 The financial implications of the recommendation to dispose of the Copperas St site to Kitewood Developments are considered in part 2 of this report.

10. Legal Implications

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

11. Crime and Disorder Implications

11.1 There are no implications.

12. Equalities Implications

12.1 There are no implications.

13. Environmental Implications

13.1 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.

14. Conclusion

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

Appendix

Site plan

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