

MAYOR AND CABINET

Report Title	DISPOSAL OF DOWNHAM BUSINESS ENTERPRISE CENTRE, 157-159 BOUNDFIELD ROAD, LONDON SE6 1PE		
Key Decision	Yes		Item No.
Ward	Whitefoot		
Contributors	Executive Director for Housing, Regeneration and Environment		
Class	Part 1	Date: 18 September 2019	

1. Introduction

- 1.1 This report sets out a proposal and recommendation for disposal of Council owned property - Downham Business Enterprise Centre, 157-159, Boundfield Road, London SE6.
- 1.2 The report proposes the site is sold to Phoenix Community Housing for the purpose of delivering affordable housing within the borough.
- 1.3 This report is in two parts. Part 2 of the report looks at the commercially sensitive issues around the disposal.

2. Summary

- 2.1 Downham Business Centre is situated within a predominantly residential area in the south of the borough. The Centre is comprised of single and double sized workshops. The Centre forms part of a large municipal housing estate built in the 1920s comprising mainly two storey housing of varying types and sizes incorporating gardens, shops and primary schools.
- 2.2 The Centre is located in a predominantly residential area, and the road to the Centre severely restricts access for vans and lorries.
- 2.3 Ownership of the Centre is split between the Council and Phoenix Community Housing. The Council owns 23 lock up workshops within the Centre. The workshops are let to small business owners on licences and short leases. They are used mainly for small scale industrial/workshop purposes. While the Council generates revenue from the centre via rents, the rents charged on the units are low when compared to similar sites within the borough. This is due to the poor state and size of individual units and very poor location of the Centre.
- 2.4 The remainder of the Centre, owned by Phoenix Community Housing, comprise similar sized workshops which have fallen into disrepair over the years and are now disused. Phoenix Community Housing are seeking to acquire the part of

the Business Centre that is within the ownership of the Council. Taking ownership of the whole centre will enable Phoenix Community Housing to bring forward a residential development on the whole site which from initial studies has the capacity to deliver circa 25-30 affordable homes.

2.5 Phoenix Community Housing already own the freehold interest on the remaining parts of the Centre and on adjoining land. They are the primary land owner able to bring forward a comprehensive residential development across both pieces of land, thereby maximising the delivery of affordable housing.

3.0 **Purpose**

The purpose of this report is to seek authority to dispose Downham Business Enterprise Centre, 157-159, Boundfield Road, London SE6 to Phoenix Community Housing.

4. **Recommendations**

It is recommended that Mayor and Cabinet:

4.1 Approve the disposal of Downham Business Enterprise Centre, 157-159, Boundfield Road, London SE6, shown shaded in Appendix 1 of this report, to Phoenix Community Housing on the terms set out in this report, and

4.2 Delegate authority to the Executive Director for Corporate Services, in consultation with the Director of Law, to finalise the terms of the legal documentation for the disposal to Phoenix Community Housing.

5. **Policy Context**

5.1 The Council's Corporate Strategy (2018-2022)¹ outlines the Council's vision over the next four years. Building on Lewisham's historic values of fairness, equality and putting our community at the heart of everything we do, the Council will create deliverable policies underpinned by a desire to promote vibrant communities, champion local diversity and promote social, economic and environmental sustainability. Delivering this strategy includes the following priority outcomes that relate to the provision of new affordable homes:

- Tackling the housing crisis– Providing a decent and secure home for everyone;
- Building an Inclusive Economy– Ensuring every resident can access high quality job opportunities, with decent pay and security in our thriving and inclusive local economy;
- Building Safer Communities – Ensuring every resident feels safe and secure living here as we work together towards a borough free from the fear of crime.

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<http://councilmeetings.lewisham.gov.uk/documents/s61022/Draft%20Corporate%20Strategy%202018-2022.pdf>

- 5.2 Homes for Lewisham, Lewisham's Housing Strategy (2015-2020)² includes the following priority outcomes that relate to the provision of new affordable homes:
- Key Objective 1– Helping residents in times of severe and urgent housing need;
 - Key Objective 2– Building the homes our residents need;
 - Key Objective 4– Promoting health and wellbeing by improving our resident's homes.
- 5.3 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 need. This aims to exceed the London Plan target for the borough.

6.0 Background

- 6.1 Downham Enterprise Centre is a medium size workshop site built as part of a large municipal housing estate in the 1920s. The centre is comprised of single and double sized workshops occupied by small businesses for small scale industrial use. The Council's part of the business centre comprises 23 units and the remaining workshops are owned by Phoenix Community Housing.
- 6.2 The Council owned units within the Centre are let via licenses and short leases. Due to the size of the units, poor location and lack of a good service road, securing 100% letting of these units has always been challenging. The current occupancy rate at the centre is 69% - out of 23 units, 7 are vacant, 16 are occupied and the units not within the Council's ownership are derelict.
- 6.3 Access to the Centre is maintained by Phoenix Community Housing with repair and maintenance costs shared with the Council. Phoenix Community Housing also own other properties in the locality.
- 6.4 Phoenix Community Housing have explored the possibility of bringing forward land within their ownership for a residential development scheme. However, their proposal is not feasible because of the continuous use of the area within the Council's ownership for workshop/small scale industrial use. Consequently, the Council was approached by Phoenix Community Housing to acquire the Council's land to enable Phoenix Community Housing to develop a more comprehensive scheme which maximises the delivery of genuinely affordable homes.
- 6.5 Prior to discussions with Phoenix Community Housing, officers considered the option of developing land within the ownership of the Council. This option was considered unfeasible, as access to the site does not fall within the Council's ownership. Furthermore, existing access to the Centre needs to be widened before any development proposal would be acceptable in planning terms.

Phoenix Community Housing do not only own access to the Centre, they also own an adjacent property which will be required to create improved access to the whole development.

- 6.6 Phoenix Community Housing will acquire the site with tenants in situ and will subsequently seek to bring forward the whole of Downham Enterprise Centre for a residential led scheme which delivers 100% affordable homes. The new homes will be designed to meet local housing needs and Phoenix Community Housing would look to provide the majority of these, if not all, at affordable rent levels. Phoenix Community Housing have indicated they would seek to commence the planning process shortly after the disposal is completed. Phoenix Community Housing estimate planning and procurement of relevant services will be completed by August 2020, a construction start date of December 2020 and completion in circa March 2022.
- 6.7 Out of the 23 units within the Councils ownership, 7 are currently vacant, 6 are occupied by Lewisham residents while the remaining 10 are occupied by tenants from neighbouring boroughs. The businesses/services offered from the Centre include furniture making, the distribution of flyers and artist studios.
- 6.8 Of the 16 occupied units, 9 are let by means of licenses and the remaining 7 leased.
- 6.9 On completion of the acquisition, Phoenix Community Housing will take over management of the Centre with tenants in situ until the planning process is completed and construction commences.

7. Proposal

- 7.1 Heads of Terms will be agreed in principle for disposal of the freehold interest of the Centre to Phoenix Community Housing in order to deliver genuinely affordable housing by May 2022.

8.0 Forward Plan

- 8.1 Subject to approval of the disposal by Mayor and Cabinet, officers will inform the tenants of the future plans for the site.
- 8.2 Going forward, officers will be working with the Council's Economy and Partnership Team and Asset Management to identify suitable business premises for tenants who may be interested in relocating to other parts of the borough.
- 8.3 The redevelopment plans by Phoenix Community Housing will not begin until planning permission is in place and construction is scheduled to start. Based on current projections, this is estimated to be in December 2020.
- 8.4 Phoenix Community Housing is a public body for the purpose of the Human Rights Act 1998 and Equalities Act 2010. They have given the Council

assurances that existing tenant's rights as stipulated in their licenses/leases will be respected and the characteristics of the Centre will be maintained.

- 8.5 In instances where Phoenix Community Housing and any occupier(s) are unable to reach agreement regarding relocating from the Centre, officers will work with affected tenant(s) alongside the Council's Economy and Partnership Team and Asset Management to find suitable space in other parts of the borough.

9. Financial Implications

- 9.1 The financial implications are contained in the Part 2 report.

10. Legal Implications

- 10.1 The Equality Act 2010 introduced a public sector equality duty. It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

- 10.2 In summary, the Council must, in the exercise of its functions, have due regard to the need to:

Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act. Advance equality of opportunity between people who share a protected characteristic and those who do not.

Foster good relations between people who share a protected characteristic and those who do not.

- 10.3 It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed above.

- 10.4 The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for Mayor and Cabinet, bearing in mind the issues of relevance and proportionality. Members must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.

- 10.5 The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled "Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice". The Council must have regard to the statutory code in so far as it

relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:

<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-codes-practice>

<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-technical-guidance>

10.7 Other legal implications are contained in the Part 2 report.

11. Crime and Disorder Implications

11.1 There are no implications.

12. Equalities Implications

12.1 The redevelopment proposals for Downham Enterprise Centre will deliver circa 30 genuinely affordable family homes at a social rent between target and London Affordable rent levels, which on completion will be made available to Lewisham residents by providing Lewisham Council with 100% nomination rights. This will help in reducing the number of residents the Council currently has on the housing register which stands at 9,274 as at August 2019.

12.2 According to the 2011 census, Whitefoot ward has 14,249 residents, with mean and median ages of 34.7 and 43 respectively. Its largest age bracket is 30-44 and second largest age bracket is 45-59. The ward is predominantly white with a population of 14,110 (49.5%) and 14,388 (51.5%) BAME.

12.3 Whitefoot ward falls within the low income area of Lewisham. The median salary is in the 20 - 26.5k income bracket compared to Lewisham as a borough which is in the 25-30k income bracket. Approximately 34% of households in the ward are social rented (11% from local authority and 23% from other providers). Privately owned households amount to 50% while 16% are privately rented.

12.4 The cost of private rented housing in Whitefoot ward is considerably in excess of the local housing allowance (LHA) that is applicable in the area. Dependent on the size of the property, the median weekly rent is more expensive than the LHA. This minimises access to the private rented sector for households on housing benefit. With the ward falling within the low income area of the borough, social rent units are crucial to residents whose needs are not catered for by the private rent sector.

- 12.5 The development proposal for the site will not only positively affect surrounding areas, it will also provide much needed housing for low income earners in the borough.
- 12.6 All new social rented homes built by Phoenix Community Housing will give 100% nomination rights to the Council for people on the Council's Housing Register who are in priority housing need. Although no direct information is available on the incomes of those on the Housing Register, the criteria for accessing it means that you have to have a gross household income of £50,000 or less, which although would represent the majority of Lewisham residents it excludes those on high incomes. Meeting the additional priority need criteria to be on the housing register would also suggest that those on the Housing Register would tend to have lower than average incomes.
- 12.7 There is a chronic under provision of homes for social rent, and the provision of 25-30 new social homes on the site would mean that 25-30 households currently in housing need can be affordable and securely housed, who would otherwise have to wait longer.
- 12.8 While it has not been possible to fully determine the impact of the proposals on businesses in the Centre at this stage, officers have taken into consideration the characteristics and profile of the tenants.
- 12.9 Out of 23 units in the centre, 7 are currently vacant, 6 are occupied by Lewisham residents and 10 units are occupied by tenants from neighbouring boroughs. The businesses/services offered from the centre vary from furniture making to distribution of flyers and artist's studios.
- 12.10 The business owners/operators are of diverse backgrounds, with 7 of them occupying via licences and 9 via leases. Some of the existing leases are scheduled to expire between 2019 and 2021.
- 12.11 Phoenix Community Housing is a public body for the purpose of the Human Rights Act 1998 and Equalities Act 2010. They are committed to allowing the tenants remain in occupation after the disposal is completed until the site is required for construction.
- 12.12 Phoenix Community Housing will engage the tenants on relocation options and tenants interested in securing alternative space(s) will be given assistance.
- 12.13 The Council's Economy and Partnership Team will engage tenants who are unable to find suitable business premises. Where possible, the Team will offer alternative spaces in other parts of the borough.

13. Environmental Implications

- 13.1 There are no environmental implications arising directly from the recommendations set out in this report.

14. Conclusion

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

Appendix 1

Site plan

Contact details for the report author

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Appendix 1: Site Plan

