



## Mayor and Cabinet

### Report title: 52-54 New Cross Road Acquisition

**Date:** 6 July 2022

**Key decision:** Yes

**Class:** Part 1

**Ward(s) affected:** New Cross Gate

**Contributors:** Executive Director for Housing, Regeneration and Public Realm, Executive Director of Corporate Resources and Director of Law, Governance and Elections.

### Outline and recommendations

This report sets out a proposal and recommendation for the Council to acquire the freehold land at 52 New Cross Road from Southern Grove and for Lewisham Homes to enter into a build contract with Charles Edward Ltd to deliver 35 homes. The acquisition would provide the Council with 35 LAR homes. The LAR homes will contribute to the delivery of the Council's Building for Lewisham programme and specifically to the corporate commitment to deliver new social homes.

It is recommended that Mayor and Cabinet:

Approve the freehold acquisition of land from Southern Grove shown on the attached plan in Appendix 1 and funding for Lewisham Homes to enter in to a building contract to deliver 35 new homes at 52-54 New Cross Road as set out in the Part 2 Report;

Agrees that the land and the subsequent development on the land is to be acquired from Southern Grove and will be appropriated for housing purposes under Part II of the Housing Act 1985; and

Delegate authority to the Executive Director for Housing, Regeneration and Public Realm to agree the final terms of the freehold acquisition.

## Timeline of engagement and decision-making

No formal decisions previously taken in relation to this scheme.

This report is a Key Decision, therefore any decision will be subject to scrutiny.

This is the Part 1 of two Parts. Part 2 is commercially sensitive.

## 1. Summary

- 1.1. Following the launch of the Building for Lewisham (BfL) housebuilding programme in January 2020, and building on the previous New Homes Programme, Lewisham Homes have been the Council's direct delivery partner.
- 1.2. This report sets out a proposal and recommendation for the Council to acquire the freehold land at 52 New Cross Road from Southern Grove and for Lewisham Homes to enter into a build contract with Charles Edward Ltd to deliver 35 homes. The acquisition would provide the Council with 35 LAR homes.

## 2. Recommendations

- 2.1. It is recommended that Mayor and Cabinet:
- 2.2. Approve the freehold acquisition of land from Southern Grove shown on the attached plan in Appendix 1 and funding for Lewisham Homes to enter in to a building contract to deliver 35 new homes at 52-54 New Cross Road as set out in the Part 2 Report;
- 2.3. Agrees that the land and the subsequent development on the land is to be acquired from Southern Grove and will be appropriated for housing purposes under Part II of the Housing Act 1985; and
- 2.4. Delegate authority to the Executive Director for Housing, Regeneration and Public Realm to agree the final terms of the freehold acquisition.

## 3. Policy Context

- 3.1. The Council's Corporate Strategy (2018-2022) outlines the Council's vision to deliver for residents 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 local 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 fear of crime.
- 3.2. Lewisham's Housing Strategy (2020-2026), includes the following themes that relate to the provision of new affordable homes:
  1. Delivering the homes that Lewisham needs.
  2. Preventing homelessness and meeting housing need.

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3. Improving the quality, standard and safety of housing.
4. Supporting our residents to live safe, independent and active lives.
5. Strengthening communities and embracing diversity.

## 4. Background

- 4.1. The site of 52 New Cross Road was a plumber's merchant occupying a single storey warehouse type building and is currently vacant. It is located adjacent to a church of modern design to one side and existing low rise residential on the other. New Cross Road links Blackheath to the East with Burgess Park to the West and the closest stations to the site are Queens Road Peckham and New Cross Gate. See attached Appendix 1 for site location and scheme layout.
- 4.2. The developer, Southern Grove, have an option to purchase the site from the current owner, subject to planning consent being achieved. Their option agreement legally binds Southern Grove to purchase the site once planning consent has been obtained.

## 5. Proposal

- 5.1. Lewisham Homes approached Southern Grove last year with a view to discussing an option to purchase the whole site on a package deal basis. The deal structure is to purchase the site from Southern Grove and enter into a JCT contract based on Lewisham Homes' current Employer's Requirements simultaneously with a contractor to be nominated by Southern Grove.
- 5.2. Southern Grove is a real estate company with a wealth of experience in funding, site acquisition, town planning and construction. Following various contractors being nominated for approval by Southern Grove, Lewisham Homes have approved (in principle) the contractor Charles Edward Ltd (CEL). CEL have experience working with Registered Providers and references received have been positive with all the referees confirming that they would work with CEL again, having met quality, programme and cost KPIs. CEL's financial accounts have been reviewed by Simon Williams, LH Head of Finance who has confirmed that their accounts are satisfactory and they have the capacity to carry out this project, this is supported by the LH Director of Finance and Technology. References have been provided regarding this company and are attached as appendices in the Part 2 Report.
- 5.3. The acquisition package price proposal is for the freehold of 35 new affordable homes all for London Affordable Rent (LAR). The planning approved mix is for 17 LAR and 18 Shared Ownership units. The intention is to change the shared ownership homes to LAR homes to enable the delivery of the maximum number of social rented homes. The ability to vary tenure on this scheme will however provide de-risking for the land purchase element of the acquisition.
- 5.4. The scheme consists of one block, part of which is 8 storeys to the rear and 11 storeys to the front with one main access lobby from New Cross Road.
- 5.5. The Applicant Grafton Group UK PLC have obtained planning consent and signed the section 106. The obligations pursuant to this will be passed to Southern Grove Ltd.
- 5.6. Lewisham Homes have carried out a design and technical review of the scheme. The scheme meets all Employer's Requirements apart from minor derogations, which have been approved by Lewisham Homes, as acceptable. The site purchase is targeted for July/August with works to start on signing of the land purchase and works contract. Discharging the pre-commencement planning conditions may take circa 16 weeks, therefore a formal start on site is forecast for Nov 22/Dec 22 with completion in circa November 2024.

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## **6. Financial implications**

- 6.1. Financial implications are included in the Part 2 report.

## **7. Legal implications**

- 7.1. The Council has a specific power under Section 9 of the Housing Act 1985 to provide housing accommodation by erecting houses (which includes flats) on land acquired (which includes appropriated) for the purposes of Part 2 (HRA land). The Council can therefore rely on this power in respect of the land being acquired for the purposes of erecting the 35 New Affordable Homes (LARs).
- 7.2. Section 2 of the Local Authorities (Land) Act 1963 gives the Council a specific power to erect any building and construct or carry out works on land, but this power may only be used where the development of buildings/works is for the benefit or improvement of its area. Members should therefore be satisfied that this development will achieve that. In this respect it is relevant to consider the policy context at section 3 of this report.

## **8. Equalities implications**

- 8.1. The redevelopment of the land at 52-54 New Cross Road results in the provision of new homes for families on the Council's housing register enabling the council to continue its obligation to provide housing for the borough's residents in housing need.

## **9. Climate change and environmental implications**

- 9.1. The scheme at 52-54 New Cross Road has a planning consent and has signed a S106 agreement. This planning consent is in line with the high standards expected by the Council. This developments will meet the London Plan requirements including seeking to reduce energy consumption, emissions, and climate change.

## **10. Crime and disorder implications**

- 10.1. There are no matters arising from this report.

## **11. Health and wellbeing implications**

- 11.1. There are no direct health and wellbeing implications arising from this report although the provision of new social homes along with improvements to the public realm and additional communal amenity spaces will have a positive impact on health and wellbeing of people on the housing register waiting for permanent accommodation.

## **12. Social Value implications**

- 12.1. Lewisham Homes will be seeking to secure social value offers from the main contractor. This will form part of the ongoing negotiations on the delivery of the scheme with the developer. The developer will also pay a s106 contribution of £18,550 for Council employment and labour initiatives.

## **13. Background papers**

- 13.1. None

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## 14. Glossary

Term	Definition
Total Scheme Cost (TSC)	All costs associated with the acquisition and subsequent works costs.
Net Present Value (NPV)	The Present Value of the 40 year income stream in relation to all costs incurred
London Affordable Rent (LAR)	The proposed tenure of the homes to be delivered.
Total Acquisition Price (TAP)	The total cost of acquiring the freehold land known as 52 New Cross Road from Southern Grove

## 15. Report author(s) and contact

- 15.1. Report author  
Fred Nugent.
- 15.2. Comments for and on behalf of the Executive Director for Corporate Resources  
Sandra Gray.
- 15.3. Comments for and on behalf of the Director of Law, Governance and Elections.  
Joy Ukadike.

## 16. Appendices

- 16.1. Appendix 1 – Scheme Design Proposal

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