



Mayor and Cabinet

Strategy for potentially disposing of Council owned Small Sites by advertising on publicly accessible portals.

Date: 04 December 2024

Key decision: Yes

Ward(s) affected: Lewisham Central, New Cross, Brockley, Telegraph Hill, Sydenham, Ladywell, Crofton Park

Outline and Recommendations

That Mayor and Cabinet are asked to:

- 1.1. Declare the 8 sites listed in paragraph 5.3 of this report surplus to the Council's requirements.
- 1.2. Approve the advertising of the 8 sites listed in section 5.3 of this report via the GLA Small Sites Small Builders portal.
- 1.3. Delegate authority to the Executive Director of Place in consultation with the Director of Law and Governance and the Executive Director of Corporate Resources to approve the advertisement, negotiate disposal terms and enter into agreements for the disposal of the sites listed in paragraph 5.3 of this report.
- 1.4. Delegate authority to the Executive Director of Place, in consultation with and the Cabinet Member for Inclusive Regeneration and Planning, the Executive Director for Finance, Digital and Corporate Resources and the Director of Law and Governance, to apply for, accept and enter into agreements for any local, regional or national or otherwise available grants to support the disposal of the sites to small builders.

Timeline of engagement and decision-making

Small sites SPD

October 2021

1. Summary

- 1.1. This report sets out a strategy to advertise 8 council owned small sites (HRA) to small builders such as self builders, community led housing groups and SME developers via the GLA's publicly accessible portal. This is an opportunity for the Council dispose of sites to small builders, such as self builders and community led housing groups that have the capacity to deliver. It represents another route to achieving much needed homes of all tenures and builds on the Council's rich history of supporting self build through disposals.
- 1.2. The Council have received £160,000k of funding from the GLA's Small Sites Builders Programme to carry out due diligence on 8 small sites (£20,000k per site) on the condition that they are advertised for sale on the GLA's website by February 2025. If the timeline is not met, the funding may have to be returned to the GLA.

- 1.3. A broad pipeline of small sites have been reviewed by the Strategic Housing and Growth Team who have assessed and ranked the sites to determine suitability for inclusion in a shortlist of disposal sites.
- 1.4. The sites listed for advertisement are sites that, although unsuitable for council development, have been assessed as being suitable for small scale delivery. The Council has undertaken feasibility studies and other due diligence on sites, including pre-application discussions with the Local Planning Authority. These are listed in section 5.3 of the report.
- 1.5. Each of the sites named in this report has been presented to the Council's Strategic Planning & Development Management Teams to discuss the capacity studies and agree that in principle the scale of development shown is suitable.

2. Recommendations

That Mayor and Cabinet are asked to:

- 2.1. Declare the 8 sites listed in paragraph 5.3 of this report surplus to the Council's requirements.
- 2.2. Approve the advertising of the 8 sites listed in section 5.3 of this report via the GLA Small Sites Small Builders portal.
- 2.3. Delegate authority to the Executive Director of Place in consultation with the Director of Law and Governance and the Executive Director of Corporate Resources to approve the advertisement, negotiate disposal terms and enter into agreements for the disposal of the sites listed in paragraph 5.3 of this report.
- 2.4. Delegate authority to the Executive Director of Place, in consultation with and the Cabinet Member for Inclusive Regeneration and Planning, the Executive Director for Finance, Digital and Corporate Resources and the Director of Law and Governance, to apply for, accept and enter into agreements for any local, regional or national or otherwise available grants to support the disposal of the sites to small builders.

3. Policy Context

- 3.1. This report aligns with Lewisham's Corporate Priorities, as set out in the Council's Corporate Strategy (2022-2026):
 - Cleaner and Greener
 - A Strong Local Economy
 - Quality Housing
 - Children and Young People
 - Safer Communities

- Open Lewisham
 - Health and Wellbeing
- 3.2. In particular, this report is closely aligned to the Quality Housing priority in that the proposals will deliver genuinely affordable council housing including the provision of family sized housing at social rent levels.
- 3.3. Lewisham's Housing Strategy (2020-2026), includes the following themes that relate to the provision of new affordable homes:
- Delivering the homes that Lewisham needs
 - Preventing homelessness and meeting housing need
 - Improving the quality, standard and safety of housing
 - Supporting our residents to live safe, independent and active lives
 - Strengthening communities and embracing diversity
- 3.4. In providing the above, the development of new homes on the Council's small sites will be in line with the following local and national targets:
- London Plan 2021 – Lewisham's target is to deliver 379 homes on small sites per annum between 2019/2020 and 2028/2029.
 - NPPF (Delivery through small sites) – 3,015 homes to be delivered on sites smaller than 1 hectare between 2020/2021 and 2039/2040.

4. Background

- 4.1. Development on small sites in Lewisham was first formally documented in the 2014 Local Plan which gave basic principles for the development of infill and backland sites. In October 2021, the Council formally adopted its Small Sites Supplementary Planning Document (SPD) which defines that small sites are no greater than 0.25ha in size and sets out detailed design guidance on small sites development in the borough.
- 4.2. In alignment with the development of the SPD, officers in the Strategic Housing and Growth Team have worked to identify small sites within the borough which are in Council ownership and have development capacity as future housing sites. These sites are suitable for development for either the Council or a private landowner who wants to purchase any disposal sites.
- 4.3. The GLA's Small Sites Builders Programme aims to provide public landowners with an alternative mechanism to bring small sites forward for development and provides funding for site identification and due diligence to unlock otherwise unviable sites.
- 4.4. Officers in the Strategic Housing and Growth Team have reviewed a longlist of small sites across the Borough including sites for potential disposal.

- 4.5. From this longlist, an initial batch of sites have been progressed in greater depth including:
- Site visits and analysis to inform high level capacity studies.
 - Preliminary discussion with the Planning Department to agree that the sites are suitable for development in principle with the capacity studies shown.
 - Site valuations to determine potential sales values for disposal sites.
- 4.6. This asset review has covered both the Housing Revenue Account (HRA) and the General Fund (GF) and has identified a longlist of over 200 council-owned small sites across the Borough with development potential.
- 4.7. The Strategic Housing and Growth Team who have carried out this work is made up of officers with expertise in architecture, planning and valuation.

5. Site Assessment

- 5.1. From the longlist of 200+ council-owned small sites, an initial batch of 20 sites were selected for further review. Some of these sites have been identified as potential development sites and some for potential disposal sites.
- 5.2. These sites were selected for a number of reasons including:
- A number previously explored by Lewisham Homes but aborted for a variety of reasons,
 - Sites recognised by officers as attracting fly tipping/ASB
 - Sites identified by the public who had enquired with the Council as to why the sites were vacant in the midst of a housing crisis.
- 5.3. Below are a list of sites identified for disposal, to be advertised on the GLA Small Sites Small Builders Forum. Refer to Appendix 01 for HRA list.

Sites to Potentially Dispose

Site	Ward
Camplin Street Yard	New Cross Gate
Drakefell Road	Telegraph Hill
Tressillian Road	Brockley
Bluebell Close	Sydenham
55 Vicars Hill	Ladywell

Ewart Road Garages	Crofton Park
Rear of 8 Phoebeth Road	Ladywell
Stainton Road	Hither Green

5.4. Site information for each of these sites has been compiled in Appendix 01. For each of these prioritised sites, an in depth review has been carried out. The team commissioned external consultants, Inner Circle Consulting and RCKA Architects, to help define a methodology for reviewing sites. From this, a four stage review process was set up:

- a) Identify risk - Inner Circle Consulting and RCKa have created a 'Risk & Opportunity Toolkit for Small and Complex Sites' in the form of a questionnaire, which gives an overall percentage of risk associated with each site. There are 5 categories in the toolkit which include, site context, planning, delivery/construction, political, and legal risk. At the end of the questionnaire a radial diagram is created showing where the highest and lowest levels of risk are.
- b) Capacity study - The team complete an initial capacity study for each of the sites. This work has been undertaken by officers who are qualified architects with experience in submitting planning applications for small and/or complex sites. When assessing the sites, the team have followed the guidance set out in Lewisham's Small Sites SPD. Each of the capacity studies have been tested through an initial conversation with Lewisham's planning department to reduce their level of risk.
- c) Financial Assessment - Based on the capacity studies and the Council's most recent Assumptions Paper of 2023, officers have completed a financial assessment of each site using a financial viability model (Optimix) to understand the projected costs of developing each site and the potential Net Present Value (NPV). Each site has also had a valuation carried out by one of the team's Red Book Valuers, based on the residual land value for a private developer.
- d) Comparison – The information from the previous stages was gathered into a spreadsheet to compare all the analysis. This includes number and tenure of homes, amount of borrowing, NPV, and potential sale value. Various metrics were then used to compare the sites to one another. This included simple colour coding to aid visual comparison, but also the production of a

‘development rating’ and a ‘sales rating’. These are created by finding the factor of variation from the average in several categories.

- e) Recommendations – The sales rating assess the value of the site compared to the number of homes the site can provide, and then calculates how this compares to the average site. The development rating also calculates variation against the average across a number of factors, including NPV per home, and cost to value. This allowed officers to understand the potential of each site, in context with the overhead make recommendations on each.
- 5.5. This process has resulted in a relative rating of how suitable each site is financially for either disposal or development. It also provides a high-level understanding of the risks associated with each site.
- 5.6. A broader qualitative assessment of the physical characteristics of each site was also carried out by officers based on experience and feedback from previous development programmes. For example, officers deem it highly unlikely the Council would ever seek to develop small sites with particularly challenging constraints (e.g underground services, trees, restricted access) on the basis of limited returns when compared with the amount of officer time required.
- 5.7. Similarly, sites that only have the capacity for a single home are unlikely to be developed by the Council for similar reasons and associated overhead costs.

6. Funding Deadlines

- 6.1. The sites we are proposing for potential disposal will be uploaded to the GLA’s Small Sites Small Builders Portal in Spring 2025.
- 6.2. Below is a table that outlines the key milestone dates and the grant allocation.
- 6.3. SSSB Funding Deadlines

Milestone	Date	Grant
Project awarded funding	12/02/2024	50%
Due diligence consultants appointed	03/04/2024	N/A
Delivery timeframe for consultants To complete due diligence work	31/12/2025	N/A
Sites to be uploaded to the portal	12/02/2025	N/A
Share evaluation and outcomes	15/03/2025	50%

7. Market Engagement Timeline

- 14/03/2024 – ONHPB – Meeting on Small Sites

An overview of small sites was given at this meeting. It was acknowledged that work done on small sites so far and the meet the sites events (detailed below) were fantastic and the high level of response to these events was great.

- 13/03/2024 – Meet The Sites – Event

This was a closed event showcasing some of the Council's small sites. The event was invitation only due to the pre-election period. Over 20 representatives from developers, architects, community land trusts and estate agents attended to express their interest in the opportunities. 12 attendees expressed interests in the small sites. Feedback from the event can be found in Appendix 02

- 13/06/2024 – Meet The Sites – Event

This was a closed event showcasing some of the Council's micro and small sites with a focus on the self-build audience and those registered on the Council's self-build register. The event was invitation only due to the pre-election period. Attendees provided feedback on the sites that were of most interest. 35 people were in attendance with 31 expressions of interest made. Many people interested in purchasing council land to build homes on. Feedback from the event can be found in Appendix 02.

8. Best Considerations

- 8.1. Advertising for possible disposal of the 8 sites outlined in section 5.3 of the report is considered to be the best option due to a number of reasons.
- 8.2. The Strategic Housing and Growth team have analysed each site in detail as outlined in section 5.4 of the report. The process has been based on the Inner Circle Consulting work carried out, which includes a flowchart with recommendations as outlined in Appendix 01.
- 8.3. A capacity study and viability assessment for each site has been carried out and the results conclude that none of the sites are viable for new build social housing. Even if the sites were viable there is currently no borrowing available in the HRA to develop the sites.
- 8.4. The Strategic Housing and Growth team have spoken to the Supported living team in the Council to see if they had any interest in using the sites for Supported Living homes. They advised that they had little capacity to take on sites for new build homes and prefer sites with existing buildings that can be converted.
- 8.5. Many of the sites are single home sites and are not financially viable for the council to develop. Some of the sites have been vacant for a number of years

and if they continue to remain vacant they risk adverse possession claims, anti-social behaviour and fly tipping.

- 8.6. The council are receiving a lot of interest in small sites from the public. As outlined in section 7 of the report, the Strategic Housing and Growth team hosted 2 events earlier this year to carry out market testing on the sites. There was a lot of interest from members of the public including numerous people on the self-build register who want to purchase council land to build their own homes.

9. Financial implications

- 9.1. The report requests the approval to advertise for potential disposal of 8 sites listed in section 5.3 of this report via the GLA Small Sites Small Builders portal and delegate authority to the Executive Director of Place, to approve the advertisement, negotiate disposal terms and enter into agreements for the disposal of the sites.
- 9.2. The Council will need to achieve best consideration for the sites and therefore will not sell the sites if best consideration cannot be obtained via the GLA's publicly accessible portal. The sites will be valued as part of any potential sales process.
- 9.3. The report also asks for delegated authority to the Executive Director of Place in consultation with the Cabinet Member for Inclusive Regeneration and Planning to accept and enter into agreements for any local, regional or national or otherwise available grants to support the disposal of the sites to small builders.

10. Legal implications

- 10.1. This report seeks authority to advertise for potential disposal sites held within the Council's Housing Revenue Account. The Council has sufficient powers under its general power of competence in the Localism Act 2011 to undertake this exercise.
- 10.2. Where the estimated value of property exceeds £500,000 the Council's constitution requires Mayor and Cabinet must approve any declaration that the property is surplus to requirements.
- 10.3. Detailed implications regarding the disposal of each site will be provided in any report authorising such disposal. It is noted that Mayor and Cabinet are requested to delegate the entry into any documents for disposal to Executive Director of Place (in consultation with the Director of Law and Governance and the Executive Director of Corporate Resources). Should the disposal value of any site exceed £1.5m then the Council's Key Decision process must be followed when exercising such delegation.
- 10.4. Section 32 of the Housing Act 1985 permits the Council to dispose of land held

in its Housing Revenue Account but such disposal requires the consent of the Secretary of State. The Secretary of State has issued some general consents, meaning that if a general consent applies, there is no requirement for the Council to make a specific application for consent to the Secretary of State. In the cases of the properties listed in the report, there is a general consent available where the disposal is of vacant land (i.e. land on which either no dwelling-houses have been built or, where dwelling-houses have been built, such dwelling-houses have been demolished or are no longer capable of human habitation and are due to be demolished).

- 10.5. Section 123 Local Government Act 1972 permits the Council to dispose of its land in any manner it wishes, provided that, in the case of the disposal of its freehold title it obtains the best consideration that is reasonably obtainable. It is recommended that the Council demonstrates compliance with this requirement by obtaining valuations of each site. In the event that the terms agreed are at less than the best consideration the Executive Director of Place must ensure that the necessary ministerial consents have been obtained prior to the disposal.
- 10.6. Where a disposal is of “open space” (i.e. land laid out as a public garden, or used for the purposes of public recreation, or land which is a disused burial ground) prior to disposal the Council must comply with the public notice provisions set out in section 123(2A) Local Government Act 1972.
- 10.7. Finally, this report makes recommendations in respect of the application for and acceptance of grant funding. The Council has sufficient powers under its general power of competence in the Localism Act 2011 to do this, provided that, if applicable because of the value of the grant, its key decision process is followed.

11. Risk Implications

- 11.1. A number of risks have been identified with the Small Sites Programme. These have been identified below along with the work that officers have undertaken to mitigate the risks.

Risk	Mitigation
Delay in sites being uploaded to the SSSB portal	Officers have already started the due diligence process.
Delay in due diligence information	Officers have already requested information and the due diligence process has started.
Sites are undevelopable due to unforeseen constraints	Officers have carried out appropriate levels of due diligence for projects at this stage. Should unforeseen constraints arise on a particular site, by virtue of the proposed development batches, it can be swapped out

	for a simpler site
Sites do not sell	Soft market testing has been carried out at two 'Meet the Sites' events at which developers, contractors, architects and self-builders were present. Feedback from the event (as detailed in Appendix 02) has shown there is a strong demand from a broad range of parties to purchase the sites should they become available.

12. Equalities implications

- 12.1. There is no significant impact on any of the protected characteristics as outlined in equality legislation.

13. Climate change and environmental implications

- 13.1. Some disposal sites will need to be considered in terms of biodiversity and net gain. If development eventually occurs on any sites with existing green cover then biodiversity and net gain will need to be considered alongside a planning application.

14. Crime and disorder implications

- 14.1. Many of the sites on the wider Small Sites pipeline are scraps of disused land or garage sites which are often poorly surveilled and can therefore attract anti-social behaviour.
- 14.2. Encouraging development on these sites will promote measures such as passive surveillance and active frontages to help mitigate the likelihood of the sites attracting antisocial behaviour .

15. Health and wellbeing implications

- 15.1. There are no immediate health and wellbeing implications associated with the recommendations of this report.

16. Social Value implications

- 16.1. There are no contracts being awarded and therefore there are no social value implications to be considered.

17. Background papers

- 17.1. Small Sites SPD 2021.
- 17.2. Appendices. To be Attached

18. Glossary

Term	Definition
GLA	Greater London Authority
SSSB	Small Sites Small Builders
GF	General Fund
HRA	Housing Revenue Account

19. Report author(s) and contact

19.1. Patrick Dubeck, Director of Inclusive Regeneration

Telephone: 020 8314 7279

Patrick.dubeck@lewisham.gov.uk

19.2. Comments for and on behalf of the Executive Director for Corporate Resources.

Sandra Gray, Building for Lewisham Commercial Accountant.

Telephone: 020 83149918

Sandra.Gray@lewisham.gov.uk

19.3. Comments for and on behalf of the Director of Law and Corporate Governance

Melanie Dawson, Head of Legal Services & Deputy Monitoring Officer for Director of Law and Corporate Governance

Melanie.Dawson@lewisham.gov.uk