



Mayor and Cabinet

Land-led Development Agreements - Proposals for Land Sales and Development Agreements with Private Sector Partner

Date: 29 January 2025

Key decision: Yes

Part 1

Ward(s) affected: Forest Hill and Evelyn

Outline and recommendations

The Council is committed to addressing housing needs in Lewisham. By utilising land-led development schemes combining the Council's land assets alongside funding with those of third parties, we hope to deliver a significant number of new homes that will be added to the Council's estate portfolio.

The two land-led development schemes, Willow Way, SE26 and Parker House, SE8, being proposed will deliver (subject to planning consent) circa 177 new social rent and shared ownership homes that will be leased to the Council on 999-year leases and replacement employment spaces.

Through this approach to public-private partnering of assets, the Council is addressing critical affordability challenges for households in housing need, promoting mixed tenure housing, offering pathways to homeownership, and supporting local economic activity by ensuring continued opportunities for local businesses and employment.

1 Mayor and Cabinet are asked to note:

- A. The history of the proposals for new build schemes on the sites at Willow Way and Parker House.
- B. The negotiations between officers and the developers/owners of the sites at Willow Way and Parker House.
- C. The positive outcomes sought for the Council in the proposed partnership working with the developers/owners of the sites at Willow Way and Parker House.

2 Mayor and Cabinet are asked to approve:

- D. The Budget for the two named schemes (Full details Part 2 Report)
- E. The proposed funding strategy and financial model.
- F. Delegate authority to the Executive Director of Place in consultation with the Executive Director for Corporate Resources and the Director for Law and Governance to approve the terms of and to enter into the grant agreement as part of the funding strategy.
- G. Delegate authority to approve the final terms of and execute the land sales/development agreement to the Executive Director of Place in consultation with the Cabinet Member for Inclusive Regeneration and

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Timeline of engagement and decision-making

Mayor and Cabinet, 22 October 2014	Parker House Surplus Declaration and Approval to Demolish
Mayor and Cabinet, 06 December 2023	BFL Development Programme Update and Key Decisions
Mayor and Cabinet, 24 January 2024	Building for Lewisham – Capital Budget Approval and Procurement Strategy
Mayor and Cabinet, 10 July 2024	BFL Development Programme update and key decisions

1.1 Exclusion of Press and Public

- 1.1. It is recommended that under Section 100 (A) (4) of the Local Government Act 1972, the public be excluded from the meeting during discussion of this item because it involves the likely disclosure of exempt information as defined in paragraph 3 of part 1 of Schedule 12A of the Act as set out below and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

2. Summary

- 2.1. Officers have been working on the feasibility of working on partnership agreements to deliver genuinely affordable housing at the schemes known as Willow Way and Parker House as part of the Building for Lewisham (BfL) Programme.
- 2.2. The potential for the sites has been previously reported to Mayor and Cabinet in the BfL update reports.

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- 2.3. This report provides an update on the proposed schemes and seeks approval for delegation to officers to finalise arrangements with the developers for the sites and to approve the funding strategy including delegating to officers the bidding for and acceptance of GLA grant
- 2.4. The aim of the proposals is to use the Council's existing land value, GLA grant and Ministry of Housing, Communities and Local Government (MHCLG) Right to Buy (RtB) receipts to create an outcome that delivers affordable units whilst maximising a positive Net Present Value (NPV) and cashflow for the Housing Revenue Account (HRA).
- 2.5. If the recommendations are agreed, the Council would be supporting the delivery of approximately 220 new homes at Willow Way and 150 new homes at Parker House with 50% of these being Council owned affordable homes, subject to Masterplan proposals being in conformity with the Local Plan, at that time.

3. Recommendations

- 3.1. Mayor and Cabinet are asked to note:
- 3.2. The history of the development of a new build scheme on the sites at Willow Way and Parker House.
- 3.3. The negotiations between officers and the developers/owners of the sites at Willow Way and Parker House.
- 3.4. The positive outcomes sought for the Council in the proposed partnership working with the developers/owners of the sites at Willow Way and Parker House.
- 3.5. Mayor and Cabinet are asked to approve:
- 3.6. The Budget set out in the Part 2 report.
- 3.7. The proposed funding strategy and financial model.
- 3.8. Delegate authority to the Executive Director of Place in consultation with the Executive Director for Corporate Resources and the Director for Law and Governance to approve the terms of and to enter into the grant agreement as part of the funding strategy.
- 3.9. Delegate authority to approve the final terms of and execute the land sales/development agreement to the Executive Director of Place in consultation with the Cabinet Member for Inclusive Regeneration and Planning, the Executive Director for Finance, Digital and Corporate Resources and the Director for Law and Governance on the basis of the principles set out in this report.

4. Background

Willow Way – SE26

- 4.1. The Council owns land on Willow Way in Sydenham. The site was used as a

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neighbourhood housing office and Council depot until it was cleared for temporary use in 2014.

- 4.2. There are two adjoining sites which are privately owned – 21-57 Willow Way and 12-24 Willow Way. A developer, Kitewood, have an option on both sites and planning consent at 21-57 Willow Way.
- 4.3. The owners of the adjoining site have sought planning permission for their current ownership only. Planning permission was refused as it did not deliver on the Council's plans for a masterplan for the area.
- 4.4. The Council have been in discussion with the landowners who wishes to purchase the Council's land to add to their existing holdings at Willow Way. The discussions have been for a proposal that would see the Council add its land and funding to a wider masterplan site in exchange for 50% of the new homes being Council owned affordable housing on a 999-year lease.
- 4.5. Feasibility work has suggested that c220 new homes can be built on the enhanced site with the Council owning 74 social rent homes and 34 shared ownership homes. There will also be replacement employment space.
- 4.6. A map showing ownership is appended as Appendix 1 in this report.
- 4.7. Officers have held advanced discussions with the developer and landowners to develop joint proposals that deliver the planning required masterplan for the area.

Parker House

- 4.8. In October 2014, Mayor and Cabinet approved the officer recommendation to declare Parker House on Evelyn Street as surplus to requirements and permit the demolition.
- 4.9. The site is restrained with an industrial estate to one side and a business centre, Evelyn Court, to the other side and the busy A200 to the front of the site. The size of the site and the restraints have prevented officers from being able to develop viable plans for new use.
- 4.10. The owners of the adjoining Evelyn Court have been planning to develop their site for housing which has presented an opportunity for officers to consider a partnership whereby the Council contributes land and funding in exchange for 50% (by habitable rooms – incentivising larger family homes) of the housing being Council owned affordable housing on a 999-year lease.
- 4.11. Feasibility work has suggested that c150 new homes can be built on the enhanced site with the Council owning 31 social rent homes and 38 shared ownership homes. There will also be replacement employment space.
- 4.12. A map showing ownership is appended as Appendix 2 in this report.
- 4.13. Officers have held advanced discussions with the developer and landowner to develop joint proposals for the proposed scheme.

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5. Policy Context and Mayor Commitments

- 5.1. The Council's Corporate Strategy (2022-2026) 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.
- 5.2. Delivering this strategy, the following priority outcomes were identified: Strong Local Economy, Quality Housing, Health and Well Being and Safer Communities. Providing accessible quality affordable housing in the Borough directly contributes to achieving these priorities and outcomes.
- 5.3. The mayor has also made a range of development related commitments which include:
 - Delivering a further 800 new social homes for families on Lewisham's housing waiting list, delivering a total of 2,000 new social homes in Lewisham between 2018 and 2026.
 - Develop our new rent-controlled homes with a focus on delivering affordable and secure rents for younger people.
- 5.4. Our new build development programme directly contributes to these commitments.

2. Willow Way Proposal

- 2.1.1 A key spatial objective in Lewisham's emerging Local Plan is the 'renewal of industrial land at Willow Way to better complement the Kirkdale centre with new workspace and a wider mix of uses, along with improvements to the townscape and public realm.'
- 5.5. The site is identified as Site Allocation 9: Locally Significant Industrial Site (LSIS) and provides an indicative residential capacity of 175 new homes alongside renewed employment space to be delivered within 6-10 years.
- 5.6. Current planning policy prohibits the delivery of housing on the employment location, but the emerging Local Plan now has sufficient weight (Regulation 19 consultation completed in April 2023) in the decision-making process to allow for residential development alongside commercial floorspace on Willow Way.
- 5.7. The Council is seeking to benefit from the opportunity to deliver its site on Willow Way through a developer who have options to develop two sites on either side of Willow Way. By including the Council's parcel of land on Willow Way, and delivering all three sites together, can result in the emerging Local plan's ambitions being realised in the timeframes proposed.

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- 5.8. The site's proposals will have a considerable amount of employment floorspace associated with it given its current and previous use. Officers do not envisage the Council having any requirement or option to own or lease this employment floorspace. Though discussions with Economy Jobs and Partnerships colleagues will attempt to maximise wider Council benefits.
- 5.9. The Developer, as a requirement of a land option on the site, were required to have submitted a planning application for their site by 31 December 2022 (DC/22/129789). This was duly carried out to secure the land option and was subsequently refused by planning colleagues for numerous reasons. Following this refusal, an appeal was submitted to ensure that the application remained "active". This appeal was allowed.
- 5.10. The next phase of the planning process that is commencing will develop a Masterplan across all three site components including the Council's ownership. Workshops involving the Council and the developer will form a key component of this process.
- 5.11. The current plan is to submit a full masterplan application in this calendar year.
- 5.12. The Council have developed a proposal for a Development Agreement with the developer, on a scheme where the partner would finance and where the Council would inject GLA grant, land value and MHCLG RTB receipts, to deliver positive financial and affordable housing outcomes. This scheme would/could deliver circa 220 residential units starting in, subject to Masterplan proposals being in conformity with the Local Plan, at that time.
- 5.13. The Council will seek to purchase 50% of the scheme. This is currently forecast to be 110 residential homes of which 74 will be for social rent and 34 will be for Shared Ownership. This is subject to change through the planning system.
- 5.14. The initial due diligence required for the land sale and development agreements has begun review with Trowers and Hamlin. The Heads of Terms for Willow Way are appended at Appendix 1 of the Part 2 Report. These set out the structure to be agreed.
- 5.15. The developer has proposed that the Council share 50% of the planning costs associated with the development of a masterplan across the site. Officers' view this as reasonable as the structure of the deal is a partnership and as it allows the Council to have more control over the design and layout of the developed scheme. As such, the Council has agreed to match fund up to £300,000 in planning costs.
- 2.1.2 The next stages of the development will be to ensure conformity with our internal Employers Requirements. The project team will work with the direct delivery team to incorporate these into all contract documents. Officers will work with the developers on a series of workshops that will feed into the planning application process.
- 2.1.3 Internal stakeholder workshops will be held with attendees from the Housing

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directorate to present the proposed design and, gain feedback on any design changes required to facilitate the management of the homes once in occupation. These workshops should include representation from Asset Management, Repairs, Compliance, Environment, Housing Management and Building Safety.

- 2.1.4 During the on-site phase, quality control will be undertaken by an appointed Employers Agent along with our in-house Clerk of Works resource and the LBL project manager. Engagement and joint site visits will be required with the Housing Directorate with regards to any post contract design changes, inspection of 1st and 2nd fix, commissioning and testing and handover.
- 2.1.5 The projects should fully incorporate the principles of the Golden Thread, the Building Safety Act and BIM Level 2. To ensure this, appropriate consultants will be engaged on the project to support the LBL project team.
- 5.16. This project already has an approved expenditure budget of £222,000 to develop the structure of a land sale and development agreement.
- 5.17. The basic premise is that the Council enters into a “back-to-back” development agreement/ land sale with the developer for circa 108 units (74 Target Rent and 34 Shared Ownership) at a fixed ‘package price’.
- 5.18. The ‘package price’ is set to ensure that the NPV and cash flow remains positive. All risk on build costs and private sales sits with the developer, though shared ownership sales risks will sit with the Council.
- 5.19. Following is an indicative mix based on 108 homes. The scheme is still at a pre-application stage, so a definitive accommodation schedule is not yet available. The accommodation strategy will aim to allocate the smaller units to the shared ownership component and the three bed units in the social rent component.

Bed size	Social Rent	Shared Ownership
1 bed	0	16
2 bed	30	18
3 bed	44	0
Total	74	34

- 5.20. The scheme costs are currently set out in the part 2 report.

3. Parker House Proposal

- 5.21. The site forms part of Site Allocation 3: Evelyn Court at Surrey Canal Road Strategic Industrial Location (SIL) in Lewisham’s emerging Local Plan and along with the neighbouring site provides an indicative residential capacity of 102 new homes alongside renewed employment space to be delivered within 1-5 years.

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- 5.22. Current planning policy prohibits the delivery of housing on the employment location, but the emerging Local Plan now has sufficient weight (Regulation 19 consultation completed in April 2023) in the decision-making process to allow for residential development alongside commercial floorspace on the combined sites.
- 5.23. The Council is seeking to benefit from the opportunity to deliver Parker House with the neighbouring site through a Development Agreement with Landgate (developer) who is seeking to develop the adjoining land parcels. By including the Council's parcel of land and delivering both sites together, can result in the emerging Local plan's ambitions being realised in the timeframes proposed.
- 5.24. As with the Willow Way proposals, the site's proposals will have a considerable amount of employment floorspace associated with it given its current and previous use. Officers do not envisage the Council having any requirement or option to own or lease this employment floorspace. Though discussions with Economy Jobs and Partnerships colleagues will attempt to maximise wider Council benefits.
- 3.1.1 The next phase of the planning process that is commencing will develop a Masterplan across the two site components including LBL and Landgate land holdings. This will include the developer working with our internal team to ensure conformity with our internal Employers Requirements.
- 5.25. The developer is now currently redesigning the scheme to allow for two cores as required under new fire safety regulations for buildings over 18m. The current plan is to submit a full masterplan application in this calendar year.
- 3.1.2 The Council have developed a proposal for a Development Agreement with the developer, on a scheme which the partner would finance and where the Council would inject GLA grant, land value and MHCLG RTB receipts, to deliver positive financial and affordable housing outcomes. This scheme could deliver circa 150 residential units starting in Quarter 3 2025, subject to Masterplan proposals being in conformity with the Local Plan, at that time.
- 5.26. The Council will seek to purchase 50% of the scheme by habitable rooms, thereby maximising the amount of family sized homes in the rented homes and smaller homes in the Shared Ownership provision. Currently this is forecast to be 69 residential homes of which 31 will be for social rent and 38 will be for Shared Ownership.
- 5.27. This project has been modelled in the Building for Lewisham Programme and supports its overall NPV. This paper seeks permission and resources to develop the project to a point at which a formal agreement may take place with the developer to enter into a Development Agreement and Land Disposal.
- 5.28. The basic premise is that the Council enters into a development agreement/ land sale with the developer for circa 69 units (31 social rent and 38 Shared Ownership) at a fixed 'package price'.
- 3.1.3 The 'package price' is set to ensure that the NPV and cash flow remains positive.

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All risk on build costs and private sales sits with the developer, though shared ownership sales risks sit with the Council.

- 5.29. Below is an indicative mix based on 69 affordable units. The scheme is still at a pre-application stage, so a definitive accommodation schedule is not available. The accommodation strategy will aim to allocate the smaller units to the shared ownership component and the three bed units in the social rent component.

Bed size	Social Rent	Shared Ownership
1 bed	6	15
2 bed	16	23
3 bed	9	0
Total	31	38

- 5.30. The scheme costs are set out in the Part 2 report:

6. Financial implications

- 6.1. See Part 2 report.

7. Legal implications [pending revision – following are imps from 6 Dec report]

- 7.1. Pursuant to section 8 of the Housing Act 1985, the Council is required to consider the housing conditions and needs of its area with respect to the provision of further housing accommodation. The Council has the power under section 9 of that Act to provide housing accommodation. The Local Government Act 2003 gives the Council power to borrow for any purpose related to its functions, and to utilise capital receipts, subject to the limitations set out in that Act.
- 7.2. The Council has a fiduciary duty to look after the funds entrusted to it and to ensure that its Council tax and ratepayers' money is spent appropriately. In embarking on and continuing any project, the Council must consider whether the project is a prudent use of the Council's resources both in the short and long term and must seek to strike a fair balance between the interests of tax/ratepayers on the one hand, and the wider community's interest on the other hand. The public sector equality duty under section 149 of the Equality Act 2010 requires the Council to have due regard to; (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; and (ii) the need to advance equality of opportunity between persons who share a protected characteristic and persons who do not share it. Any equality impact assessment prepared in respect of the Building for Lewisham

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project (or any part of it) should be revisited as part of changing nature of the project.

- 7.3. The Council has sufficient powers to accept grant funding from the GLA. The Council must take care to comply with the conditions of grant funding as failure to do so may result in grant payments being cancelled, withheld, or claimed back by the GLA.

8. Equalities implications

- 8.1. There are no equalities implications arising directly from the recommendations set out in this report. However, it is noted that all of the protected characteristics will be considered and assessed with the impact and implications assessed as part of any decision to allocate a budget for the commencement of building work.
- 8.2. It should be noted that the Council is committed to ensuring our developments will be inclusive and feature accessible and adaptable homes that will meet the needs of our residents throughout their life.

9. Climate change and environmental implications

- 9.1. Existing and future planning consents obtained are and will be in line with the standards expected by the Council and the GLA.
- 9.2. Due to the nature of this report and recommendations set out it is likely the future development proposals may change and therefore climate change and environmental implications will be reviewed once firm development options are prepared for approval. These will be set out within any subsequent approval to Mayor and Cabinet.
- 9.3. Whilst options are considered for a programme of sites, every effort will be made to enhance natural environments, enhance landscape and amenity space with all development options considered.

10. Crime and disorder implications

- 10.1. There are no direct crime and disorder implications arising from this report.

11. Health and wellbeing implications

- 11.1. There are no direct health and wellbeing implications arising from this report.

12. Social Value Implications

- 12.1. The council is an officially accredited London Living Wage (LLW) Employer and

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is committed to ensuring that, where appropriate, contractors and subcontractors engaged by the council to provide works or services within Lewisham pay their staff at a minimum rate equivalent to the LLW rate.

- 12.2. Any future development options for these sites will be expected to meet LLW requirements and any associated contract conditions requiring the payment of LLW will be included in the service specification and contract documents.

13. Report author(s) and contact

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14. Appendices

- 14.1. Appendix 1 – Willow Way land ownership



Willow Way
Map.pdf

- 14.2. Appendix 2 – Parker House land ownership



Parker House
Map.pdf

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