

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2223

### Title: Disposal of Sovereign House & former substation land at Lion Green Road, Coulsdon

#### Executive Summary:

This Mayoral Decision is for the disposal of the freehold of 0.18 hectares of land owned by GLA Land and Property (GLAP) at Lion Green Road, Coulsdon, in the London Borough of Croydon. This land is to be sold to Brick by Brick Ltd, a wholly-owned subsidiary company established by Croydon Council to build new homes in the borough. The disposal will facilitate a comprehensive housing development scheme with the adjacent Croydon Council owned site, at least 50% of which will be genuinely affordable homes. On completion of the disposal GLAP will be granted a call option to allow it to take back the land if development has not commenced by 31 December 2020.

#### Decision:

That the Mayor approves:

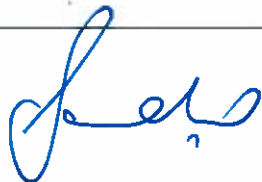
- the freehold disposal of land consisting of Sovereign House and former substation land at Lion Green Road, Coulsdon to Brick by Brick Ltd at the direction of GLA Land and Property Limited under an Agreement for Sale and associated Transfer and Call Option; and
- expenditure of £15,000 to meet commercial and legal fees for the legal documentation to give effect to the disposal.

#### Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

18/1/17

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 GLA Land and Property Limited (GLAP) owns the freehold interest in approximately 0.18ha of land at Lion Green Road, to the south of Coulsdon Town Centre in the London Borough of Croydon (the Site). The Site sits between the Lion Green Road car park to the south and south east, Wells Cottages to the north and an electricity substation to north west and includes a narrow access to the site from Lion Green Road. A plan showing the extent of the Site (coloured grey) is attached at Appendix 1. The Site contains a dilapidated building known as Sovereign House and is currently vacant. The adjoining Lion Green Road car park is owned by the London Borough of Croydon (LBC) and was declared surplus by LBC in 2012 (the Car Park).
- 1.2 In November 2015, Mayoral Decision 1571 approved the freehold disposal of the Site to LBC for an agreed sum to support land assembly for development of a consented scheme. The consent was for a non-residential scheme comprising a supermarket and a medical facility. The scheme was due to be delivered by the Croydon Council Urban Regeneration Vehicle (CCURV), a joint venture between LBC and John Laing.
- 1.3 In January 2016, CCURV decided not to proceed with the consented scheme on commercial grounds. This meant the approved disposal did not take place. LBC has since set up a subsidiary company, Brick by Brick Ltd (Brick by Brick), to develop new homes in Croydon. Brick by Brick has revisited the previous plans, and has come forward with a residential scheme incorporating the Car Park and the Site.

#### Disposal proposal and value for money

- 1.4 Brick by Brick and another party have expressed an interest to purchase the freehold of the Site. Both offers to acquire the Site are based on a residential scheme including affordable housing. Currently both schemes are assuming a minimum of 50% affordable housing. Brick by Brick's scheme includes the Car Park. The details of the offers are commercially sensitive, and are set out in part 2.
- 1.5 Following discussions with both parties and assessment of their respective offers, Brick by Brick was selected as its financial offer is unconditional and unfettered. By including the Car Park, Brick by Brick's offer also supports a more comprehensive housing development, bringing forward a higher number of units in total. Brick by Brick's proposed scheme is expected to improve the physical appearance of Lion Green Road and links between Coulsdon Town Centre and the new residential development at the former Cane Hill hospital site, to the south of the Car Park.

#### **2. Objectives and expected outcomes**

- 2.1 Release of public sector land for new homes to enable the delivery of c.150 homes of which, at least 50% will be affordable.
- 2.2 The comprehensive redevelopment of the Site will regenerate the area. It will also improve the connectivity between Coulsdon Town Centre, Lion Green Road and the new housing development at the former Cane Hill hospital site.

### 3. Equality comments

3.1 The GLA is subject to the public authority equality duty contained at section 149 of the Equality Act 2010, and set out below:

*s.149 Equality Act 2010 (Public authority equality duty)*

*(1) A public authority must, in the exercise of its functions, have due regard to the need to—*

*(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*

*(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*

*(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

*(2) A person who is not a public authority but who exercises public functions must, in the exercise of those functions, have due regard to the matters mentioned in subsection (1).*

*(3) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—*

*(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;*

*(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;*

*(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.*

*(4) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.*

*(5) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—*

*(a) tackle prejudice, and*

*(b) promote understanding.*

*(6) Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.*

*(7) The relevant protected characteristics are—*

*age;*

*disability;*

*gender reassignment;*

*pregnancy and maternity;*  
*race;*  
*religion or belief;*  
*sex;*  
*sexual orientation.*

(8) A reference to conduct that is prohibited by or under this Act includes a reference to—  
(a) a breach of an equality clause or rule;  
(b) a breach of a non-discrimination rule.

(9) Schedule 18 (exceptions) has effect.

3.2 The public authority equality duty contained at section 149 of the Equality Act 2010 has been considered in relation to this recommendation and no specific issues have been identified as a result. The redevelopment of the Site for new homes will have a positive impact for both those in need of homes and the local community through the improved environment.

3.3 Part of the Site is subject to a right of way in favour of the land to the north of the Site on which Well Cottages are situated (until such time as the area is adopted highway). This is to ensure the elderly residents of Well Cottages can continue to access their home via the Site. Any development of the Site will need to take this into account.

#### **4. Other considerations**

##### **4.1 a) key risks and issues**

- With regard to receipt of the purchase price, there is no significant risk to GLAP as the Brick by Brick offer to acquire the Site is unconditional and unfettered and the contractual arrangements will ensure the agreed purchase price is paid in full at completion of sale contract.
- With regard to the risk that Brick by Brick fails to deliver the housing scheme post acquisition, this is thought to be unlikely as Brick by Brick have demonstrated its commitment to delivering the scheme by putting significant investment into the preparation of a planning application, which was submitted in December 2017. In addition, Brick by Brick will enter into a development agreement with LBC to acquire the Car Park and build out the scheme.
- The disposal will save the on-going security costs associated with Site maintenance and security and transfer to Brick by Brick from completion the potential risks arising from the redundant and dilapidated building standing on the Site.

##### **4.2 b) links to Mayoral strategies and priorities**

- The disposal is intended to contribute to the Mayoral housing priority of building more new homes, and delivering more genuinely affordable homes. It is also intended to meet the Mayoral target of delivering 50% affordable homes on public land, and the objective of releasing more public land for development as set out in the Mayor's Affordable Housing and Viability Supplementary Planning Guidance.

##### **4.3 c) impact assessments and consultations.**

- Brick by Brick will be required to undertake the statutory consultations and impact assessments as part of the planning process for the proposed housing development scheme.

## 5. Financial comments

- 5.1 The Decision is seeking approval for the freehold disposal of the Sovereign House site to Brick by Brick Ltd, a wholly-owned subsidiary company set-up by London Borough of Croydon to build new homes.

## 6. Legal comments

- 6.1 Section 30 of the Greater London Authority Act 1999 (as amended) (GLA Act) gives the Mayor a general power to do anything which he considers will further one or more of the principal purposes of the GLA. The principal purposes, as set out in section 30(2) of the GLA Act are:  
(1) Promoting economic development and wealth creation in Greater London;  
(2) Promoting social development in Greater London; and  
(3) Promoting improvement of the environment in Greater London.
- 6.2 Given the above and section 34 of the GLA Act, which allows the Mayor to do anything which is calculated to facilitate or is conducive or incidental to the exercise of any of his functions, the foregoing sections of this report indicate that the Mayor has the power to make the requested decisions.
- 6.3 External Lawyers will be appointed by TfL Legal to act for GLAP on the proposed disposal.

## 7. Planned delivery approach and next steps

Activity	Timeline
Finalise Heads of Terms	December 2017
Mayoral Decision	January 2018
Exchange of Contracts	January 2018
Completion of Sale Agreement	March 2018

### Appendices and supporting papers:

Appendix 1 - Site plan

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

**Part 1 Deferral:****Is the publication of Part 1 of this approval to be deferred? YES**

If YES, for what reason: to finalise Head of Terms and completion of Sale Agreement with Brick by Brick Ltd

Until what date: 31 March 2018

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – YES**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer:**

Darshan Chatha has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Sponsoring Director:**

David Lunts has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

James Murray has been consulted about the proposal and agrees the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**Corporate Investment Board**

This decision was agreed by the Corporate Investment Board on 15 January 2018.

**EXECUTIVE DIRECTOR, RESOURCES:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature



Date 15.01.18

TOM MIDDLETON ON BEHALF OF MARTIN CLARKE

**CHIEF OF STAFF:**

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature



Date 15/1/2018.