

Decision maker Cabinet	DATE: 24 February 2021	ITEM NO 11
TITLE Purchase of land and property at Penhall Road, Charlton Riverside	WARD(S) Charlton	
CHIEF OFFICER Director - Regeneration, Enterprise & Skills	CABINET MEMBER Regeneration & Growth	
LEAD OFFICER: David Falco, Regeneration & Development Manager, Directorate of Regeneration Enterprise and Skills.	IS THE FINAL DECISION ON THE RECOMMENDATIONS IN THIS REPORT TO BE MADE AT THIS TIME?	
DECISION CLASSIFICATION Key Exempt Appendix Exempt by virtue of paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended): Information relating to the financial or business affairs of any particular person including the authority holding that information.	Yes	

1. **Decision required**

This report makes the following recommendations to the decision-maker:

- 1.1 Cabinet to approve the acquisition of 19-21 Penhall Business Park, Penhall Road, London SE7 8RX 'Site 3a' and 14-18 Penhall Road, London 'Site 5' (the "**Site**") as set out edged red on the plan at paragraph 3 below from Leopard Guernsey Anchor Holdco 5 Limited / Leopard Guernsey Anchor Holdco 3 Limited (the "**Seller**").
- 1.2 To delegate authority to agree the final acquisition documents relating to the Site, based on the heads of terms set out in the Exempt Appendix of this report, to the Director of Regeneration, Enterprise and Skills in consultation with the Director of Legal Services.

- 1.3 To agree that the contents of the Exempt Appendices 1 to 8 to this report be exempt from publication on the grounds that they contain information relating to the financial or business affairs of a particular person (including the authority holding that information) under Paragraph 3, Part 1 of Schedule 12A of the Local Government Act 1972 (as amended). To agree that this exempt information contained in the confidential Appendices shall not be released to the press or public.

2. **Links to the Royal Greenwich high level objectives**

- 2.1 The acquisition of the Site will allow the Council to facilitate and deliver the following high-level objectives:

- **Promote economic prosperity**
Through the aspirations of the Charlton Riverside Supplementary Planning Document (SPD) adopted June 2017, informed by the Charlton Riverside Employment & Heritage Study May 2017 to facilitate additional employment floorspace and employment densities to allow an additional 4,400 to 10,000 jobs in total.
- **Ensure a healthy and safe living environment**
The Council setting the vision of Charlton Riverside with strategic place making including neighbourhood centres; mix of commercial space; green spaces and public sector led infrastructure.
- **Housing**
Delivery of over 8,000 new homes within the Charlton Riverside opportunity area with up to 50% affordable housing on Council owned land.

3. **Purpose of Report and Executive Summary**

- 3.1 The acquisition of the Site as set out below combined with the Council's existing land holdings provide the opportunity to hold a 9-acre development block in the middle of the Charlton Riverside Opportunity Area.



- 3.2 An important factor to take into consideration is the marriage value between the Council's current land holdings with the Site. The Site immediately adjoins the Council's existing ownership and automatically offer synergies that other parties would not benefit from and in turn gives the Council 'Special Purchaser' status.
- 3.3 A benefit to the Council in acquiring the Site is that it would also prevent a third party acquiring the land and permanently segregating the Council's holdings to the North and South of Penhall Road.
- 3.4 Having a third-party landowner in between the Council's existing land holdings would also potentially hinder the Council's own development plans. For example, a third-party landowner would likely have differing views on scheme design, height, density, access/egress. Whilst these aspects will generally be dictated through the planning process and influenced by the SPD it is highly unlikely that a third-party led scheme would complement the Council's own development plans in the same way as a more comprehensive scheme proposed by the Council as the sole landowner.
- 3.5 This is particularly important in the context of the Council's emerging Site Allocations Local Plan Preferred Approach (August 2019). This states that due to the size of the Charlton Riverside development area, the complexity of introducing residential into a wholly industrial area, and the variable local context, piecemeal development based on disparate land ownerships will not be acceptable. Phased development will be acceptable where it can be demonstrated that the proposals realise the full potential of sites. Where proposals are advanced for

individual land ownerships, it must be demonstrated that proposals do not compromise the realisation of the full potential of the site or prejudice the development of adjacent ownerships.

- 3.6 Accordingly, the acquisition of the Site provides the Council with a larger area in single land ownership from which to promote development and reduces the risk of proposals on neighbouring land not aligning with the Council's aspirations. This will undoubtedly reduce the planning risk associated with securing consent on the Council's existing land ownerships given the policy's aspiration for comprehensive development, as while these are relatively large parcels of land in their own right, any development of the land will be influenced by neighbouring land uses. Acquiring the Site also avoids any potential requirement to exercise compulsory purchase powers in order to allow the Council to achieve its redevelopment proposals and deliver the Council's aspirations within Charlton Riverside.
- 3.7 The acquisition also removes any potential issues about the timing of delivery and release of land for development. The present uses on the Site are not considered to be neighbourly uses to residential development. Ideally, this land would be redeveloped at the same time as the Council's adjoining land ownership so to: (i) maximise sales values through removing undesirable land ownerships, and (ii) allowing the stretch of Penhall Road separating the sites to be 'stopped up' so that the land can be incorporated into a wider development scheme. If the Site remained outside of the Council's ownership, and the owner did not want to advance development on the same programme as the Council, the existing road would encumber the design of development through the road falling outside of the Council's land ownership and it having to remain available for use.
- 3.8 By adding the Site to the Council's existing portfolio, the acquisition will strengthen the Council's control over the timing, phasing and nature of any development. Furthermore, it will also help to reduce the number of 'infill' developments that do not necessarily meet the Council's ambitions for Charlton Riverside.

4. **Introduction and Background**

- 4.1 The Council identified Charlton Riverside as a priority for regeneration and is focusing substantial resources to bring forward positive change in the area and enhance its role as a significant living, working neighbourhood.

- 4.2 Its rich industrial heritage will shape a series of new neighbourhoods, integrating residential development with modern industrial, office and creative employment opportunities. Incoming residential development will be characterised by medium-rise housing and family homes. A network of streets and open spaces will reflect the historical pattern of paths and boundaries, creating a healthy environment that encourages walking and cycling over using a car, where children can play outside, and residents and visitors can enjoy a varied and attractive selection of leisure, recreation and social activities. Development will be supported by new schools and facilities. Improvements to Charlton Station and Woolwich Road will help to integrate new development with the rest of Charlton.
- 4.3 An economically active Charlton Riverside Employment provision will be as important to the regeneration of Charlton Riverside as new housing. There will be 4,400 to 10,000 additional jobs in a range of different industries and at a range of scales. Employment growth will be supported by a proposed mix of uses, including retention of existing heavier, industrial uses and provision of a range of new workspace units.
- 4.4 The development of varied housing types, tenures and sizes, will encourage a wide spectrum of people to live and work in Charlton Riverside. These homes will include a significant proportion of family housing, to ensure that local residents have the opportunity to be part of the new development. Housing will be provided at a human scale (typically varying between 3 to 6 storeys, allowing for 10 storeys in some areas) and actively contribute to a sense of place.
- 4.5 Charlton Riverside will create new, public-transport accessible routes and walkable neighbourhoods throughout the development area, increase accessibility to the Thames Path, re-design Woolwich road to prioritise public transport, pedestrians and cyclists, and create a green bridge or green link connecting Charlton Riverside with areas south of the Woolwich Road. It will also allow for future provision of a Waterfront Rapid Transit route connecting Thamesmead to the Peninsula via Charlton Riverside.
- 4.6 Charlton Riverside will ensure appropriate provision of schools and community facilities within neighbourhoods to ensure development benefits all residents and provides facilities within neighbourhoods to support community life. It will also ensure that there is sufficient and flexible space provided within the development blocks and movement network for potential changes of use over time to meet the needs of the community over its lifetime; with open spaces designed to meet the

recreation and leisure needs of all age groups, from young children to the elderly.

4.7 With strategic intervention by the Council, Charlton Riverside will deliver the following key overarching objectives of the Charlton Riverside SPD area:

- reconfigured levels of employment floorspace and employment densities to allow an additional 4,400 to 10,000 jobs in total.
- delivery of over 8,000 new homes with a minimum of 50% of units being provided for family housing with low to medium rise development.
- 35% affordable housing, with the actual quantum, type and mix to be addressed as appropriate, and subject to the test of viability.
- delivery of sustainable public transport infrastructure.
- protection of Strategic Industrial Locations and active wharfs.
- the public sector setting the vision of Charlton Riverside with strategic place making including neighbourhood centres; mix of commercial space; green spaces and public sector led infrastructure.

5. **Available Options**

5.1 Cabinet can agree with the recommendations of paragraph 1 above. This recommendation will allow the Council to lead in delivering the vision of Charlton Riverside with strategic place making including neighbourhood centres; mix of commercial space; green spaces and public sector led infrastructure. It will also allow the Council to provide new homes with much needed affordable family housing.

5.2 Cabinet can agree to 'Do nothing' and not agree to the purchase of the Site. This will ultimately result in the Site being purchased by a third party which as well as preventing a comprehensive Council led redevelopment, will ultimately increase the number of 'infill' developments that do not necessarily meet with the ambitions for Charlton Riverside.

6. **Preferred Option**

6.1 It is recommended that Cabinet approve the acquisition of the Site from the Seller for the price as set out in the exempt appendix.

6.2 The purchase of the Site will allow the Council to take control of a key piece of land, and through marriage with existing land holdings create

a 9-acre development block. This block is situated in the middle of the Charlton Riverside opportunity area and subsequently offers economic and strategic synergies through marriage that other parties would not benefit from.

7. **Reasons for Recommendations**

- 7.1 The SPD has undoubtedly helped endorse developer demand along with land values, as developers have a greater level of comfort in the fact that residential development within the area is not only supported but also encouraged.
- 7.2 The wider masterplan approach is going to improve the area exponentially with new housing being the key component to that. In addition, the enhancement of public realm, amenities and transport links that will improve accessibility are all factors driving up demand and values.
- 7.3 In many regards the benefits of acquiring the Site relate to practical matters which in turn will help ensure that the maximum land receipt can be generated on the Council's adjoining land holdings. The acquisition allows a larger development site to be formed and removes the risk of incompatible land uses or development ambitions which either hinder development of the Council's land or reduce sales values (and in turn land value). With the Council's planning policy seeking comprehensive development, a larger land holding formed of the Council's existing properties and the Site significantly reduces planning risk and allows a placemaking development to be advanced which in turn improves the sale values achievable on the completed units.

8. **Consultation Results**

- 8.1 No consultation is required for this decision.

9. **Cross-Cutting Issues and Implications**

Issue	Implications	Sign-off
<p>Legal including Human Rights Act</p>	<p>The Council has the power to acquire the land from the Seller in accordance with section 120 of the Local Government Act 1972.</p> <p>Under Part 3 of the Council's Constitution (Responsibility for Functions), Cabinet is authorised to agree the recommendations in paragraph 1.</p> <p>Paragraph 1.2 of this report recommends that the contents of the Appendices to this report not be published pursuant to paragraph 3 of Schedule 12A to the Local Government Act 1972 (Information relating to the financial or business affairs of any particular person) (as amended). The information in the Appendices to this report satisfies these criteria and, accordingly, should be exempt from publication.</p> <p>There are no specific Human Rights Act implications.</p>	<p>Sangita Arya Assistant Head of Legal Services, (Property and Regeneration) 10th February 2021</p>
<p>Finance and other resources including procurement implications</p>	<p>Financial implications are contained within the Exempt Appendix 8</p>	<p>Jason Coniam, Accountancy Business Change Manager, 29/01/2021</p>
<p>Equalities</p>	<p>The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no apparent equality impact on end users.</p>	<p>David Falco 26.01.21</p>

10. **Report Appendices**

10.1 The following documents are to be published with and form part of the report:

- Exempt Appendices 1 to 8

11. **Background Papers**

11.1 Charlton Riverside Supplementary Planning Document (SPD) adopted June 2017, informed by the Charlton Riverside Employment & Heritage Study May 2017.

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