

Agenda Item 6

Housing Delivery Programme Working Group	15th February 2018
Subject: Project 3000 Progress Report	
Report of: The City Surveyor	For Information
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Summary

The City Surveyor is progressing a number of opportunities to bring forward sites to support the delivery of the City's Project 3000. Delivery of many of the identified sites is subject to a high level of risk which may impact on timescale and on unit numbers. The majority of sites are not wholly in the control of the City, either being subject to long leasehold interests, or to occupation by service department. In addition, many of the sites lie in areas where local planning policy would not support large scale residential development.

The current sites highlighted in the programme are unlikely to provide the full 3,000 homes within the 2025 target date. A total of 3,361 potential units have been identified but only 108 units are on site, with a potential for a further 93 to be delivered within 5 years. 2,700 residential units are dependent on the release of the sites of Billingsgate Market and New Spitalfields Market.

On the basis of the current position, it is clear that the City will need to investigate other opportunities to help fulfil its Housing Strategy.

Recommendation(s)

Members are asked to note the contents of this report.

Background

1. In October 2015 the Court of Common Council approved a policy document for City led initiatives to supply 3,700 homes across the Corporation's existing assets by 2025.
2. An update report was presented to Policy and Resources Committee in 2016 highlighting the City Surveyor's progress on several key sites.
3. This report provides an update on the progress of the City's commitment to deliver 3,000 new homes across London by 2025 from its existing investment and operational property portfolio, i.e. non HRA housing estates.

Progress & Current Position

4. The spreadsheet in Appendix A provides a summary of the opportunities previously reported to Policy & Resources Committee as having potential for residential development. For each opportunity it highlights their respective residential unit numbers, likely timescales for delivery in bands of “up to 5 years”, “5-10 years” and “10-20 years” and the anticipated risk of delivery (RAG rating).
5. The spreadsheet also includes “other” sites where the City or its partners are promoting, or are likely to promote, commercial use owing to local planning policy. For example, Fleetbank House; the City’s Police Stations; 20/21 Aldermanbury and 65/65A Basinghall Street. The City of London School for Boys’ Marvels Lane Playing Field (previously identified with potential for 300 units) is likely to be retained for its existing use rather than releasing it for residential development, unless alternative facilities can be identified.
6. With regard to the risk of delivery, only 2 sites – Bernard Morgan House (former police section house) and Queensbridge House - are highlighted as a Green RAG status, being on site to deliver 99 and 9 units respectively.
7. Of the City owned sites identified, only 5 have the potential to deliver more than 50 units – West Ham Nurseries, Eagle Wharf Road, Newington Causeway, Billingsgate Market site and New Spitalfields Market site. It should be noted that two of these sites have a Red RAG rating.
8. Within the next 5 years there is a potential for up to 201 units to be delivered from the released sites and, within 5-10 years, up to a further 3,160 units. This latter sum, however, includes 1,500 units at Billingsgate Market site and 1,200 units at New Spitalfields Market site, so is subject to many complications on delivery as detailed in paragraphs 14 & 15 below.
9. In summary, all the opportunities identified are dependent on third party negotiation or have been identified as having planning constraints. The key projects are set out below:
10. **Bernard Morgan House:** The City has granted consent under lease for its lessee, Taylor Wimpey, to construct a **99-unit** residential scheme. Planning consent has been granted and demolition underway. **Construction is due to start in March 2018.**
11. **West Ham Park Nurseries:** Following recommendation of the Operational Property Review, the greenhouse nursery at West Ham Park was closed in July 2016. The site is held by a Charitable Trust set up to protect the future of West Ham Park. Consultant master-planners have worked up outline options for alternative uses ranging from open space to full residential development. These options will be subject to Member and Trust approval and subject to public consultation in advance of detailed options being developed. Owing to its Charitable Trust status, a large number of residential units is unlikely to be supported. There is potential for between **60 and 100 new units within 3 years**, however the Trust may seek to limit housing in favour of open space.

12. **Mortimer Wheeler House, Eagle Wharf Road:** The City holds the freehold interest and the property is occupied by Museum of London (MoL) under the terms of a lease. There is potential for MoL to move part of its operation to part of Smithfield site and the development potential of Eagle Wharf site will to be confirmed once full details of Smithfield / MoL site have been confirmed. Based on densities achieved on adjoining sites, there is potential for the delivery of about **120 residential units over the next 5-10 years.**
13. **Newington Causeway:** The Bridge House Estates' investment site has potential for mixed use development. Discussions have commenced with adjacent owners to assemble the site to maximise the development potential. The City has appointed agents to value its interest and more detailed feasibility studies will be undertaken during 2018. The site has potential to deliver up to **300 units over the next 5-10 years.**
14. **Billingsgate Market Site:** Officers are assessing the potential for redeveloping the Billingsgate Market site in the event that the Markets Strategic Review recommends a relocation. The City and the joint owners London Borough of Tower Hamlets are working on a masterplan to support the local plan allocation should it be released for development. The redevelopment of the site can only be brought forward once a suitable new site has been secured and the market operations and occupiers relocated. This will be subject to a new Act of Parliament, to the receipt of all necessary planning consents and to securing developers for the new and existing market sites. Depending on the above factors and the development delivery option, there is a potential for **approximately 1,500 units in the next 5-10 years.**
15. **New Spitalfields Market Site:** The site is zoned for industrial use but the London Borough of Waltham Forest have indicated that they would support residential (potential 1,200+ units) if the market relocates. Releasing the site for redevelopment would, however, be subject to many of the same restrictions as the Billingsgate site, i.e. planning, a new Act of Parliament, successful relocation of the existing market and procurement of developers.
16. **Other sites:** Many of the sites highlighted within "other" are unlikely to be deliverable for residential use owing to alternative proposals in the pipeline and/or they are located in commercial areas of City where current Local Plan policy focuses on the protection and increase of provision, with housing encouraged near identified residential areas.
17. **Bethlem Royal Hospital, Beckenham:** The site is held by Bridge House Estates and subject to 750-year lease to South London & Maudsley NHS Foundation Trust. The 2016 report to P&R Committee advised that discussions were underway with the Trust to consider a collaborative agreement for the modern combined NHS buildings relocated within the site to free up brownfield residential development land with the potential for 250 new homes. A meeting has taken place between City and Chief Officers at LB Bromley who effectively ruled out additional development on Metropolitan Open Land. There is limited potential for conversion of existing health care buildings for residential use and the Trust is now considering options for a new healthcare facility.
18. **Smithfield:** The buildings are Grade 2 or Grade 2* listed and redevelopment for residential is likely to be problematic and unlikely to secure the best value.

20. **65/65A Basinghall Street & 201/21 Aldermanbury:** The City will be bringing forward options for the development of these contiguous sites. Whilst at an early stage of feasibility, it is envisaged that the uses will be operational and commercial as the location is not considered suitable for residential.

Conclusion

21. We are progressing a number of residential or mixed- use opportunities to release sites and support the delivery of the City's Project 3000, however the majority of those identified are not wholly in the control of the City, being subject to long leasehold interests or occupation by service department. Many of the sites lie in areas where planning policy would be supportive of commercial, not large scale residential, development.

22. Delivery of any of the identified sites is subject to many risks which may impact on both the timescale and scope of delivery. These include conflict with local planning policies, objections from existing or neighbouring residents, and the complexities and sensitivities of decanting existing occupiers.

23. The current sites highlighted in the programme are unlikely to provide the full 3,000 homes within the 2025 target date. As detailed above and summarised in the spreadsheet in Appendix A, only 108 units are currently on site, with a potential for a further 93 to be delivered within 5 years, but the latter all shown as Amber risk. A total of 3,361 potential units have been identified but 2,700 are dependent on the release of Billingsgate and New Spitalfields Markets. The City will need to investigate other opportunities to help fulfil its Housing Strategy.

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0-5 YEARS

Bernard Morgan House	99	<5 years	31/01/2018: Residential development by third party on City land. Demolition consented under lease. Licence to construct under review/ongoing. Demolition completion & start on site scheduled for March 2018 with completion of full scheme 2020.
Grafton Street	15	<5 years	31/01/2018: Residential development by third party on City land. Development agreement yet to be signed.
Queensbridge House	9	<5 years	31/01/2018: Hotel & resi scheme; works on site have commenced and continue to progress.
Woodredon Nursing Home	6	<5 years	31/01/2018: EFCC declared surplus. Report to CASC Feb 2018 on sale options. Subject to planning - Refurbishment/ Redevelopment potential limited by GB status - existing development footprint. Subject to Committee approval, marketing to start in March 2018, so disposal and construction estimated at Q3 2018.
West Ham Park Nurseries	60	<5 years	31/01/2018: Potential disposal (on a long lease) of nursery plot. Masterplan architects are instructed. Analysis and assessment of the site continues in order to seek appropriate alternative use - for Committee approval. Site held by charitable trust - options ranging from open space (no residential) to 60-100 residential units. Likely to be marketed in autumn 2018.
Heathfield House	10	<5 years	31/01/2018: Heathfield House & Lodges - 3No 2-storey buildings accommodating Open Spaces estate office and commercially let offices above; and 2 blocks of residential lodges. City's consultants Montagu Evans have completed high level feasibility on long term potential to redevelop whole or part of site. Highlighted potential for relocation of offices to Parliament Hill to release Heathfield House for residential development - about 10 units. Open Spaces to carry out further work into viability. Lodges would need to be re-provided so no efficiencies released.
West Ham Nursery Lodges	2	<5 years	31/01/2018: Potential disposal (on a long lease) of nursery plot. Architects are instructed. Analysis and assessment of the site continues in order to seek appropriate alternative use. Once alternative use has been provisionally agreed then Committee approval will be sought.

5-10 YEARS

Shoreditch Estate	40	5-10 years	31/01/2018: Mixed use development by British Land on City land (City's Estate). Planning for the site has been granted including 40 residential units. British Land have yet to sign development agreement but have a deadline of February 2019 when the development option expires. Following recent discussions, the City is confident that British Land will sign the agreement and complete the development by 2026.
Eagle Wharf Road	120	5-10 years	31/01/2018: Mortimer Wheeler House - City Freehold. Occupied by MOL - potential for MOL to move part of its operation to part of Smithfield site - development potential to be confirmed once full details of Smithfield / MoL site confirmed. Adj. site (similar size) seeking planning permission for mixed use scheme with c.120 residential units, commercial and self storage.
Newington Causeway	300	5-10 years	31/01/2018: Potential mixed use development on City land (Bridge House Estates). Discussions have commenced with adjacent owners to assemble the site to maximise the development. Agent appointed to value City's interest and more detailed feasibility studies will be undertaken during 2018.
Billingsgate & New Spitalfields Markets	2,700	5-10 years	31/01/2018: The City's Master planners, Allies & Morrison, will completing the Billingsgate masterplan in Q1 2018 which will inform residential numbers (potential 1,500 units). Development of the site is subject to Collaboration Agreement/Development Agreement with LB Tower Hamlets (joint owners); relocation of the current market/occupiers (requiring an Act of Parliament); and planning consent. New Spitalfields - site is zoned as industrial but LB Waltham Forest have indicated that they would support residential (potential 1,200+ units) if market realcates.
Monkhams Hall / Parts, Woodredon & Warlies Park Estate	tbv	5-10 years	31/01/2018: Restricted by progress with OS Bill. Potential for long term development. To remain on hold.

10-20 YEARS

Lewisham Estate	0	10-20 years	31/01/2018: Leases on part of the City's land (Bridge House Estates) expire in 2022/23 but are inside the 1954 Act so vacant possession cannot be guaranteed.
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OTHER

Project 3000 - Housing Delivery Programme Working Group
Appendix A

Wood Street Police Station	0	Other		31/01/2018: Planning & listed building consent received for use by CoLP. Concerns as to whether it meets the current CoLP needs - alternative options under review. Possible disposal (with planning) in 2018. City planners likely to support commercial uses only in this location.
Bishopsgate Police Station	0	Other		31/01/2018: Disposal anticipated circa 2025. Lease extension discussions ongoing at adjoining New Street site. Potential site assembly with New St. and Victoria Av under review. Commercial use.
Snow Hill Police Station	0	Other		31/01/2018: Refurb works on Bishopsgate and New St continue to enable decant of Snow Hill. Disposal anticipated 2019/20. Location would suggest commercial development unless the City reviews its policy.
Fleetbank House	0	Other		31/01/2018: Potential for CoLP & combined court facility or IPG redevelopment for commercial use - City feasibility underway and reporting anticipated May/June2018. Commercial site.
185 Tower Bridge Road and adjacent vacant site	0	Other		31/01/2018: Tenant has vacated 185 Tower Bridge Road and strategy being considered for the building and adjacent vacant land (both Bridge House Estates). The City is aware that LB Southwark planners are opposed to residential on this site. Interest so far for hotel or restaurant use so a disposal of a long leasehold interest is likely to maximise value.
Merlewood Staff Lodges	6	Other		31/01/2018: Initial work was undertaken to look at the potential of improving efficiency of yard and garden land of lodges for residential use however findings confirmed that there is minimal financial return. Property also affected by OS Bill. To remain on hold.
Merlewood Estate Office	34	Other		31/01/2018: Initial work was undertaken to look at the potential of improving efficiency of yard and garden land of lodges for residential use however findings confirmed that there is minimal financial return. Property also affected by OS Bill. To remain on hold.
Marvels Lane Playing Field	0	Other		31/01/2018 The School is seeking authority to appoint architects to undertake a feasibility study in respect of possible capital improvements at the school. The existing sports facilities/offer is not sufficient for the current school roll so it is unlikely that the School will seek to release its off-site school playing fields for residential development, as this does not fit with their current strategic vision going forward. Should site be released, estimated residential units 750.
1/3 Westminster Bridge Road	0	Other		31/01/2018: The City met with LB Southwark who are no longer interested in pursuing residential development including this site (Bridge House Estates land subject to 125 year long lease). The City has indicated that it would be open to further discussions on residential use and will await a proposal from the tenant.
Smithfield	300	Other		31/01/2018: Strategic Markets Review - draft GVA report due January 2018 which will inform options for relocation of the markets. The Smithfield buildings are Grade 2 or Grade 2* listed and redevelopment for residential is unlikely to release the best value.
Bethlem Royal Hospital	0	Other		31/01/2018: City land (Bridge House Estates) subject to 750 year lease to South London & Maudsley NHS Foundation Trust. Meeting has taken place between City and Chief Planner at LB Bromley who very clearly ruled out development on Metropolitan Open Land (effectively green belt). Limited potential for conversion of existing health care buildings for residential use. South London & Maudsley NHS Foundation Trust now considering options for new healthcare facility.
65/65a Basinghall Street	0	Other		31/01/2018: In operational use. Potential development site. Possible listing & City has applied for Certificate of Immunity Against Listing - awaiting determination Mar 2018. Residential unlikely to be acceptable in this location - planning/market/City policy.
20/21 Aldermanbury (CII)	0	Other		31/01/2018: Exchanged 12/10/17. Completion between 01/04/18 & 11/10/18. Development & future use potential to be reviewed.
London Metropolitan Archives	0	Other		31/01/18 Leasehold site. Landlord not willing to sell freehold but may consider lease extension - to be explored. LMA to review requirements and potential decant of part.