

	<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">HOUSING HEALTH & ADULT SOCIAL CARE SELECT COMMITTEE</p> <p align="center">22 January 2013</p>
<p>TITLE OF REPORT Establishment of a Housing and Regeneration Joint Venture Vehicle</p>	
<p>Report of the Cabinet Member for Housing/ Executive Director of Housing and Regeneration/ Director Asset Management and Property Services</p>	
<p>Open Report</p>	
<p>Classification - For Scrutiny Review & Comment</p> <p>Key Decision: No</p>	
<p>Wards Affected: All</p>	
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1. EXECUTIVE SUMMARY

- 1.1. This report outlines proposals for the Council to derive greater value from the disposal of surplus HRA land through the sharing in development profits, in addition to extracting land value, by establishing a housing and regeneration Joint Venture Vehicle (JVV). The JVV will take forward delivery of selected Council owned development sites to increase housing supply, particular low cost home ownership, in conjunction with a Private Sector Partner who would bring finance and development expertise to the partnership. This initiative is a major component of the Council's (draft) Housing Strategy, "Building a Borough of Opportunity"

2. RECOMMENDATIONS

Members review and comment upon the following recommendations agreed by Cabinet on 12th November 2012

1. That approval be given to undertake an OJEU compliant procurement exercise using

the negotiated procedure to select a Private Sector Partner (PSP) to establish a housing and regeneration Joint Venture Vehicle (JVV), and that a further report be submitted to Cabinet with a recommendation regarding the preferred partner including details of the JVV structure, financial implications and governance arrangements.

2. That authority be delegated to the Cabinet Member for Housing, in conjunction with the Executive Director of Housing and Regeneration and the Executive Director of Finance and Corporate Governance to make decisions during the procurement process in order to identify a preferred PSP and to negotiate the terms for establishing a JVV.
3. That Cabinet notes that Watermeadow Court and Edith Summerskill House are proposed to be transferred to the JVV (once established) to be redeveloped for housing, following the satisfaction of certain pre-conditions, including:
 - obtaining satisfactory planning consents for those sites
 - securing best consideration; and
 - where relevant, disposal being subject to the Secretary of State's approval.
 - finalisation of the other financial and tax arrangements
4. That Cabinet notes:
 - its previous approval of the appointment of Lambert Smith Hampton (LSH) as the property and commercial advisors at the cost of £94,600 funded from S106 balances.
 - that the Director of Law has agreed the appointment of Eversheds LLP via delegated authority as the legal advisors in relation to this project.
5. That approval is given to incur expenditure of up to:
 - an additional £40,000 for property and commercial advice from LSH
 - £162,385 for property and procurement related legal work to be undertaken by Eversheds
 - £35,000 to appoint WYG Management Services Ltd to undertake technical surveys on the selected sites
 - £75,000 to appoint accountants to provide tax and financial advice on the structure of the JVV
 - £50,000 to undertake financial due diligence at the final stages of the partner selection
 - together with a contingency of circa £43,015, providing an overall budget for the Professional Team of £500,000,

And to note the use of staff resources as specified in section 3 of the report. All expenditure to be funded from the Decent Neighbourhoods Fund where it is possible to be capitalised or where possible held as a deferred cost of disposal; and from previously approved Section 106 balances in the case of revenue expenditure save for the potential net revenue risk of £128k which would be funded by the Housing Revenue Account as an additional charge to the 2013/14 budget.

6. That approval be given to draw down £350k from the Westfield Section 106 pot and £57k from the BBC Key Worker Section 106 pot to fund the costs of external expertise including legal, finance and feasibility work to advance the Council's programme of regeneration
7. That approval be given to appropriate Watermeadow Court, which is currently held as Housing Revenue Account land, as land held for planning purposes under Section 122 of the Local Government Act 1972, thereby transferring it to the General Fund at £7.5m; including necessary approval to seek consent from the Secretary of State for Communities and Local Government to appropriate the land as required by the Housing Act 1985.
8. That, subject to planning, approval is given to demolish Watermeadow Court, on a block by block basis, as vacant possession is achieved.
9. That approval be given for expenditure of up to £700,000 (to be funded from the Decent Neighbourhoods Fund) for planning and demolition costs relating to Watermeadow Court; and that authority be delegated to the Cabinet Member for Housing, in conjunction with the Executive Director of Housing and Regeneration, to appoint, through appropriate procurement routes, a design team (to secure necessary planning consents) and a demolition contractor.

3. INTRODUCTION AND BACKGROUND

- 3.1. On 12th November 2012, Cabinet agreed the attached report.

4. PROPOSAL AND ISSUES

- 4.1. The background and context is set out in the attached report.
- 4.2. Since the Cabinet decision, the procurement has reached the stage where the Pre-Qualification Questionnaires have been received. The next stage is to evaluate the submissions and issue the Invitation to Negotiate on 15th February.

5. EQUALITY IMPLICATIONS

- 5.1. These were set out in the attached report.

6. LEGAL IMPLICATIONS

- 6.1. These are set out in the attached report.

7. FINANCIAL AND RESOURCES IMPLICATIONS

7.1. These are set out in the attached report.

8. RISK MANAGEMENT

8.1. These are set out in the attached report.

9. PROCUREMENT AND IT STRATEGY IMPLICATIONS

9.1. These are set out in the attached report.

LOCAL GOVERNMENT ACT 2000 **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
	None		

LIST OF APPENDICES:

Establishment of a Housing and Regeneration Joint Venture Vehicle Cabinet
12th November 2012