Labour councils in London are selling off social housing and displacing poor people in a bid to transform blighted areas. By Edward Simpkins

Shelter for the middle class

Labour councils in London are using their housing policies to alter the social mix in their boroughs. The move is part of a deliberate process of gentrification that will result in social housing being replaced by owner-occupied dwellings and developers being given free rein to build luxury flats.

Southwark and Newham councils are at the forefront of the policy to boost the number of middle-class residents. Hackney, Lewisham and Lambeth are also involved.

Southwark and Newham are demolishing social housing in good locations and, because they both own most of the social housing in their boroughs, are able to move the tenants to less central locations. This frees up sites to be sold to private developers.

A plan by Southwark council to demolish three estates around Tooley Street near Tower Bridge has resulted in the council being accused by local residents of wanting to cash in on the raised property values there following the decision to site the London Assembly nearby. Southwark Liberal Democrat MP Simon Hughes has accused the council of treating people as pawns in the property market.

Newham plans to block influx of the poor

Newham council, meanwhile, last week revised its official plan for the area to stop more poor people from moving in.

Large tracts of prime riverside development land in the Docklands have been earmarked for luxury flats, and in an unheard-of move, the council has decided against any housing for poor people there.

Newham is planning to allow 3,500 new homes on the banks of the Thames in Docklands and 700 near the new Channel Tunnel station at Stratford, but it does not want any social housing whatsoever.

Bob Young, head of housing policy at Newham, says: "What we have is a concentration of benefit-dependent people in the area. Social housing attracts people that are challenged economically who can't support local shops and services. We don't want to see any more social rented housing."

Development charge buys out rental housing

Instead of providing social housing, the developers will have to make a payment to Newham. But that money is to be used to buy out housing rented to people on housing benefit in the borough. The houses will then be sold on to middle-class owner-occupiers.

And the borough has ordered housing associations to sell flats when they fall empty instead of renting them out again. "We want to encourage more economically active people into these areas of benefit dependency," says Young.

He also says that the borough has a problem caused by asylum seekers taking cheap rented housing that is in such a poor state that they qualify to be rehoused. "It's a gateway to the borough for people with all kinds of economic and social problems."

These are hardly traditional Labour Party sentiments, but Young claims: "We've got a New Labour government. All we have done is put our local surfboard on a wave that is coming out of Downing Street."

Fred Manson, head of regeneration at Southwark council, says that the council has accepted as a policy principle that the borough needs a wider range of people – that is, more well-off people – to support local services. The council's plans for Tooley Street are the first sign of that policy in action.

He adds: "Because social housing generates people on low incomes coming in and that generates poor school performances, middle-class people stay away. We need to try and do this for stability."

He points out that 60% of housing in Southwark is social housing, one of the highest figures in London, and that the policy is aimed at reversing some of the problems caused by past social engineering.

Lack of funds to pay for better housing is also driving the new policy and Southwark plans to use money raised by the redevelopment of social housing in attractive locations to pay for the refurbishment of the rest of the housing stock.

STEPHEN PARKER

Southwark's Tooley Street estate will come down to make way for "a wider range of people"

Lambeth, where 38% of all housing is council owned, is poised to put a similar policy on a permanent footing.

One source at Lambeth council said: "We are looking to reduce our housing stock. There isn't a feeling, as in the past, that Labour would never do that. Now we would be willing to consider those concepts."

Lambeth is close to signing a deal with Wimpey for the redevelopment of two large estates in Vauxhall. Chris Lee, head of the chief executive's department at Lambeth, is running the project. "There are 30 acres of prime central London land occupied by the Ethelred Estate," he says. "That's 900 units of late 1960s and early 1970s low-rise council housing with three tower blocks and a failing school. We offered the land to the developer with a shopping list of our requirements."

That list includes schools, a library, leisure facilities, open space, shopping and social housing but only 450 social units. At present, Wimpey has agreed to build 1,500 private dwellings and 500 social units. The final numbers will vary but slightly.

Lee adds: "We've given a guarantee that anyone who wants to can return to the site as public-sector tenants, but there will always have to be a trade-off with the developer."

John Perry of the Chartered Institute of Housing is concerned about the wider impact of this strategy.

"Councils should be cautious about exporting housing need to other areas of London," he says. "They must consider the overall housing need in the city."

In brief

German fund gains in the City
German open-ended fund BfG has acquired 68 Lombard Street, EC3, from Real London Properties. BfG paid £17.3m – a 7% net initial yield. The 3,623m² (39,000 sq ft) building is let to Regus. GVA Grimley acted for BfG and Lewis & Partners represented Real.

Crawley offices sold to trust
Phillips & Drew has sold Magellan Terrace, in Gatwick Road, Crawley to The Pensions Trust for £3.6m, reflecting a net initial yield of 9.3%. The 11 office units total 2,287m² (24,615 sq ft). Saxon Law acted for Phillips & Drew; Richard Ellis acted for The Pensions Trust.

Capital Shopping Centres
Capital Shopping Centres has asked us to point out that, although it was invited to make a presentation to Railtrack for the redevelopment of Waverley Station in Edinburgh (*Estates Gazette*, 20 February, p32), it declined to do so and was not involved.

Wickes takes Plymouth prelet
British Land and ASM Properties have prelet 2,601m² (28,000 sq ft) of the second phase of Marsh Mills Retail Park, Plymouth to Wickes, at £161 per m² (£15 per sq ft). Conrad Ritblat and John Breining-Riches advised British Land. DTZ Debenham Thorpe acted for Wickes.

Agents named for Coventry deal
CB Hillier Parker and Brown Harknett have been appointed to market a former car plant at Gallagher business park in Rowleys Green, Coventry. The plant comprises 14,587m² (157,028 sq ft) in total, of manufacturing, warehouse and office space and is available on a freehold or leasehold basis.

London councils use housing policy to change social mix in boroughs

Labour demolishes social housing to woo better-off

Edward Simpkins

Labour councils in London are to raise money and boost the number of middle-class residents, by selling off social housing.

Some councils are planning to demolish social housing in central locations, moving the residents to less sought-after parts of the borough, and selling the sites to private developers.

Southwark and Lambeth are leading the trend, with hung Hackney, Lewisham and Newham also involved.

Fred Manson, head of regeneration at Southwark council, said: "We need to have a wider range of people living in the borough and that has been accepted as a principle by the council."

He denied that the policy amounted to social engineering and said the current situation, whereby 60% of housing in Southwark is social housing had not come about by accident.

He said: "Because it generates people on low incomes coming in and that leads to poor school performances, middle-class people stay away. The case is very strong that we need to try to do this for stability."

Southwark also plans to use sales of council houses in attractive locations to pay for refurbishment of the rest of the housing stock.

Lambeth, where 38% of all housing is council-owned, is also poised to put a similar policy on a permanent footing.

One source at Lambeth council said: "We would probably be looking to reduce our housing stock: there isn't a feeling as in the past that Labour would never do that."

Meanwhile, large tracts of development land in Docklands are earmarked for exclusively private schemes instead of social housing by Newham council.

Akeler (Glasgow) Ltd, a joint venture between Akeler and Mirror Group plc, is about to start on work on a new 8,360m² (90,000 sq ft) headquarters for the *Scottish Daily Record* and *Sunday Mail*. Phase 2 of the 3.74ha (9.25 acre) site, at 40 Anderston Quay near Glasgow city centre, will be developed as a business park. Outline permission has been granted for 37,160m² (400,000 sq ft) of space, and Akeler chief executive Mark Glatman said he had already spoken to potential occupiers. "We can provide business park space close to the town centre. We can offer flexible terms and bespoke design," he said.

Bristol to be UK distribution star

Bristol city council has plans to establish one of the largest integrated distribution centres in Britain.

The council has appointed Chesterton to advise on joint venture talks with Burford Holdings.

Burford has secured exclusive rights from the city council, for one year, to enter into a formal joint venture agreement on developing 112ha (276 acres) of land at Avonmouth. This land is adjacent to Burford's 183ha (452 acre) Cabot Park, which it has been promoting for a year.

The combined sites would create a warehouse distribution centre with 566,700m² (6.1m sq ft) of capacity, offering three transport nodes: road, rail and shipping.

The investment value of the combined Avonmouth site is said to be over £400m.

P&O latest to try Plymouth shops

P&O is hoping to succeed where other developers have failed, and pull off a retail scheme in Plymouth. Next month it will submit an application for a 65,030m² (700,000 sq ft) covered scheme in the city.

Phil Cooke, director of P&O Shopping Centres, said the planning application would be lodged by the end of April.

"I know we've been down this road many times before, but this time it's going to happen."

P&O, with its adviser Chesterton, is believed to have agreed space requirements with anchor tenants for its Drake Circus site and to be in informal talks with council planning officials about the design.

Existing anchors M&S, C&A and Mothercare will all be taking more space in the new scheme, with M&S taking up to 11,148m² (120,000 sq ft).

Once outline consent is obtained there is expected to be a lengthy CPO phase.

Slough's Atlas Park: one of the initial assets in the PERI fund, which will be quoted on the Belgian stock exchange

Slough launches £100m Europe fund

Slough Estates is to launch a £100m tax-exempt vehicle to target office property around Brussels.

Slough has already placed two business parks near Zaventem Airport, with a capital value of £45m in the new vehicle.

European director David Simons said that the new vehicle, to be called PERI Fund, formed with KBC Bank, would more than double in size. "Both parties expect to expand the fund to nearly £100m in the next three years."

The initial assets in the property investment vehicle are Slough's Atlas Park (above) and KBC's Airway Park, which total 37,000m² (398,277 sq ft) in 14 buildings. The fund is a SICAFI (*société d'investissement a capitale fixe en immobilier*), and is exempt from corporation tax, provided it distributes 80% of income to shareholders.

Simons commented: "This will give us more flexibility in dealing with development opportunities in Belgium, a country which has a complex fiscal regime.

"The appeal of having two well-located and well-leased schemes in the SICAFI is shown by the speed with which the shares have been taken up."

The PERI fund stock will be quoted on the Brussels Stock Exchange on 11 March.

Standard Life Euro fund, p49

Healey & Baker report recommendations backed up by requirements

Liverpool retail revamp attracts the big guns

David Mann

International developers have Liverpool's Bluecoat Triangle in their sights for a 75,000m² (807,320 sq ft) shopping centre.

Liverpool council has adopted a retail report on the city by Healey & Baker, which says the city centre needs a substantial retail extension to stay competitive.

Most of the major retail developers have expressed interest in the scheme, which would be close to the city's main retail pitch. Local agents expect Land Securities, Stadium Group, Hammerson, Lend Lease, Prudential, and Capital Shopping Centres to get involved in what would be one of the largest shopping schemes in the north. One source said Morrison Developments, developer of nearby Chavasse Park, had already talked to the council.

Liverpool has two ready-made anchor tenants for such a scheme in Debenhams and House of Fraser. Both retailers want to open in Liverpool but cannot find suitable sites.

According to Healey & Baker retail partner Mark McVicar, Liverpool suffers "a desperate shortage of modern retail space in the centre".

Mason Owen retail partner Andrew Malley echoed Healey & Baker's findings. He said: "A scheme like this would reinstate Liverpool to its natural status in the retail hierarchy. At the moment, retailers want to come to Liverpool but there isn't enough suitable stock."

Glasgow St Q in merger opt-out

St Quintin's Scottish office has opted out of the Richard Ellis/Insignia merger and decided to go it alone.

Although RE made an offer to keep the Glasgow-based team, which specialises in retail, the six Scottish directors at St Quintin will trade as Reith Lambert from next week. "It would have been nice to have had them in our network," said Alan Froggatt, RE chief executive. "But we quite understand that they want to remain independent. We did not structure the deal with them included for this reason."

● Insignia Richard Ellis and St Quintin are expected to seal their merger this weekend, insiders have confirmed.