

Committee:	Dated:
Community and Children's Services Capital Buildings Board	3 November 2022 16 November 2022
Subject: Middlesex Street Estate – Areas of Car Park and Six Shop Units.	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	4, 12
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	Y
Joint Report of: Clare Chamberlain, Interim Executive Director Community & Children's Services Paul Wilkinson, City Surveyor	For Decision
Report authors: Paul Murtagh Assistant Director Housing & Barbican	

Summary

The purposes of this report are:

Community and Children's Services Committee

To consider whether areas in the car parks and the six Gravel Lane shop units proposed for non-housing use at the Middlesex Street Estate (together called the "MSCP" broadly shown edged red on the Plans annexed to this report), are no longer required for housing purposes, and may be appropriated for other use.

The report includes responses from estate-wide consultation carried out on the issue and advises that the areas are not required for housing purposes for the next 20 years subject to a capital sum for housing purposes

Capital Buildings Board

To consider the appropriation of the MSCP to police purposes and to consider, at its discretion, the ring-fencing of a capital sum for housing purposes following appropriation.

Recommendations

The **Community and Children's Services Committee** is asked to:

1. Note the outcome of the recently completed consultation process on the Middlesex Street Estate.

2. Agree that (subject to the agreement to Recommendations 5 & 6):
 - 2.1 The six **shop units** (shown within the MSCP on the Plans annexed to this report) proposed for non-housing use at the Middlesex Street Estate are not required for housing purposes for a period of 20 years from the date of resolutions, in accordance with Recommendations 4 & 5. At the end of the 20-year period, unless a further appropriation is agreed by the City of London Corporation (the City Corporation) in its capacity as a housing authority, the MSCP will revert to its normal use for housing purposes.
 - 2.2 The areas of **car park** shown within the **MSCP** on the plans annexed to this report, proposed for non-housing use at the Middlesex Street Estate, are not required for housing purposes for a period of 20 years from the date the Relocation and Consolidation Works are completed (as described at Paragraph 27).
 - 2.3 At the end of the 20-year period, unless further appropriations are agreed by the City Corporation, in its capacity as housing authority, the MSCP areas described at 2.1 and 2.2 will revert to their normal use for housing purposes
3. Instruct the Comptroller and City Solicitor to prepare a Memorandum of Appropriation in accordance with Recommendation 2, to be placed on the Middlesex Street Estate Deed Packet as soon as any appropriation has taken effect.
4. Agree that the Finance Committee, as an independent Committee, will make a recommendation on the 'capital sum' that can be ring-fenced for housing use, in respect of the appropriation of the MSCP, to the Community and Children's Services Committee for its agreement.

The **Capital Buildings Board** is asked to:

5. Agree to appropriate the MSCP to police purposes upon Recommendation 2 taking effect.
6. Agree that despite there being no legal nor audit reason to do so, if the Community and Children's Services Committee requires a capital sum as a condition of the surplus resolution, then a capital sum can be ring-fenced for housing use, its expenditure to be determined by the Community and Children's Services Committee (the sum to be recommended by the Finance Committee to the Community and Children's Services for approval).

Main Report

Background

Middlesex Street Estate

1. The Middlesex Street Estate land was acquired between 1879 and 1964 for social housing, under Improvement Orders and a Compulsory Purchase Order¹ made under the Housing Act 1957. As such, the land is held for housing purposes by the City Corporation in its capacity as a housing authority.

¹ City of London (Middlesex Street Estate) CPO 1964

2. Where land is held for housing purposes by a housing authority, the land may only be used for providing buildings or land for housing purposes, certain ancillary purposes, shops, recreation grounds and, with the Secretary of State's prior consent, other purposes beneficial to the housing occupiers of the land².
3. Where land, which has been acquired for one purpose, is not required for that purpose, it may be appropriated (permanently or temporarily) for any other purpose for which the City Corporation is authorised to acquire land.³

Eastern Hub

4. The City Corporation (in its capacity as police authority/promoter of the proposals) is exploring the potential to redevelop parts of the Middlesex Street Estate's basement, ground-floor, and first-floor car parks and, six retail units along Gravel Lane (together referred to in this report as the "**MSCP**"), to provide an operational base for the City of London Police (CoLP) in the East of the City of London. This is to be complimentary to the new police premises at Salisbury Square both, to ensure capacity for the CoLP functions and to ensure a continued police presence in the eastern part of the City. There has been liaison with the City Corporation in its capacity as housing authority, as to whether this land is required for housing purposes, and if not, whether it could be appropriated to police purposes. Any appropriation to police purposes is a matter for the Capital Buildings Board, evaluated at **Paragraphs 31 to 33**.

Context for consideration of police use of the MSCP

5. Whether or not the **MSCP** is required for housing purposes, in the light of the current extent and nature of its use, is the prior and prime question for the Community and Children's Services Committee, which is evaluated at **Paragraphs 6, 7 8 and 26 to 30**.
6. In the long term, there is the potential for the estate-wide redevelopment of the Middlesex Street Estate, for example, should the dwellings on the estate reach the end of their life and require replacement with new dwellings. At that stage, it is likely that all the land currently held for housing purposes, would be required to facilitate redevelopment for housing purposes (and potentially to allow for additional dwellings, given current and foreseeable demand for affordable housing). However, no such measures are envisaged or considered feasible in the medium term, noting the significant disruption that would be caused and the extensive lead in time that would be required to develop, fund, and implement any such proposals
7. In the short and medium term, parts of the estate car park are either unused or underused, resulting in maintenance costs to the HRA (and ultimately to tenants) from which no benefit is being derived for estate residents. The six shop units are not considered to serve a housing purpose. The evaluation as to whether these areas are required for housing purposes is set out below.
8. Access to the area proposed for police use would be through the ground floor service yard. This would be shared between residents, commercial tenants, and the police, if agreed by the Community and Children's Services Committee. The

² S.12 Housing Act 1985

³ S.12(1) City of London (Various Powers) Act 1949

arrangements for sharing access would also need to be agreed by the Community and Children's Services Committee.

Consultation on whether the MSCP is surplus to housing purposes

9. The City Corporation (through its Department of Community and Children's Services) carried out consultation to seek the views of the residents, commercial tenants, and other stakeholders of the Middlesex Street Estate, as to whether those areas of the basement, ground-floor, and first-floor car parks and, the six retail units along Gravel Lane, proposed for non-housing use are still required for housing purposes.
10. Comm Comm UK, a specialist planning, licensing, and infrastructure communications agency, was appointed by the City Corporation to provide assistance and support during the consultation process and, with the collation of, and response to community and stakeholder feedback. As part of its commission, Comm Comm UK has produced a Consultation Summary Document, which is attached to this report at **Appendix 'A'**.
11. The Consultation ran from 4 July to 31 July and included a public consultation meeting, that was held at the Artizan Street Library on 12 July. In addition to this, the consultation process included printed information hand delivered to all residents and commercial tenants on the Middlesex Street Estate, online information and submissions through a dedicated project website, emails, and telephone calls.
12. The consultation process generated significant interest and resulted in the following:
 - 23 residents and commercial tenants attended the public consultation meeting on 2 July.
 - 30 online survey responses were received from residents.
 - 3 online survey responses were received from commercial tenants.
 - 9 paper survey responses were received.
 - 1 telephone call was received.
 - 10 emails were received.
 - 97 visits were made to the website including, 80 unique visitors and 98 page views.
13. As Members will appreciate, the Consultation was intended to deal solely and specifically with the surplus space and potential change of use for the space for non-housing purposes. The consultation was not intended to deal with the City Corporation's proposal for an extension of the CoLP's occupation of areas within the Middlesex Street Estate. However, given that residents and commercial tenants are aware of the proposal relating to the CoLP, it was understandably inevitable that they were keen to know more about the proposal and, were frustrated to be told that this was not part of the consultation process, and no additional information was available at this stage. It is envisaged that if the proposals relating to the CoLP advance, they will be subject to separate consultation by those promoting the proposals, including as part of any planning application process.

14. As can be seen from the appended Consultation Summary Document, the key topics, issues, and recurring themes raised by residents, commercial tenants and Members were:

- loss of car parking spaces, garage spaces, storage spaces.
- do not support police use.
- new facility blocking/changing/restricting access.
- disruption caused by police activity/vehicles.
- loss of Gravel Lane business community.
- lack of information.
- car park security.
- possible alternative use for the space.
- benefits to residents.
- elderly/disabled access considerations.

15. On 12 August 2022, we wrote to all residents and commercial tenants of the Middlesex Street Estate advising them of the outcome of the Consultation by way of a Resident Response Document prepared by our communications consultant, Comm Comm UK. The Resident Response Document forms part of the Consultation Summary Document appended to this report.

16. Although, we were unable to answer questions directly related to the proposal concerning the CoLP's occupation of the Middlesex Street Estate, we were able to provide assurance to residents on several matters including:

Loss of parking space, garage, and storage space

17. Whatever the future use of the potential surplus space, there will be no reduction in the number of parking spaces, garage and storage spaces required for residents and visitors.

Provision of cycle spaces, cycle storage and electric vehicle (EV) charging points

18. Whatever the future use of the potential surplus space, there will be no reduction in available cycle and storage space. In relation to EV charging points, we are currently working on a bid for funding to enable the installation of EV charging points across all our housing estates including the Middlesex Street Estate.

Provision of disabled car parking and access to the car parks

19. Whatever the future use of the potential surplus space, the City Corporation would need to develop an appropriate parking strategy to ensure the practical needs of vulnerable residents, as well as businesses, visitors and service vehicles are met. In addition, the City Corporation must ensure it continues to meet its legal obligations in relation to the provision of disabled parking bays and access to car parks.

Reliability of the ANPR system and security gates

20. These are current and legitimate concerns and, whilst it is correct that the ANPR and gates/shutters to the car park entrances have failed regularly over the last three years, this has been due in part to vandalism and vehicle accidents. We are

looking at ways in which we can 'future-proof' the entrances to avoid lengthy repair and maintenance times.

Changing access routes or, restricting access to lifts, stairs, and car parks

21. Although these questions related directly to the proposal around the CoLP, we confirmed that if, areas identified in the car parks and ground-floor service yard proposed for non-housing use at the Middlesex Street Estate are indeed declared surplus for current housing purposes, the remaining space will be considered suitable and sufficient to maintain access routes for residents to lifts, staircases, and car parks without adverse impact on equalities.

Access to and, condition and maintenance of the podium

22. Irrespective of any decision taken in relation to the proposal for alternative use, the issues of water leakage and falling masonry on the podium are being addressed as part of the City Corporation's Housing Major Works and Repairs and Maintenance Programmes. In addition, the podium space is not included in those areas that are being considered as potentially surplus. Any future proposal for the use of surplus space will not be considered if it leads to restricted access to the podium.

Alternative use for the car park space whether that be for social housing, community use or other commercial use

23. The City Corporation has considered alternative uses for the space in the past. The proposal to convert the first-floor car park into commercial office space was a 'time limited' offer that has subsequently fallen away. Progressing that offer would have required the permanent disposal of the space in the first-floor car park which, at the time, was not something the City Corporation wished to pursue.
24. The proposal to convert the space into social housing was also explored, but as the first-floor car park does not benefit from any natural light, any accommodation built into the space would have to be built upwards, thereby preventing future access to the podium garden for residents. For this reason, it was discounted.
25. Proposals to develop surplus space in the Middlesex Street Estate for housing-related community use has been considered in the past. Some short-term projects were implemented but these were limited and ultimately did not last. There have been no other tangible sustainable proposals put forward to suggest that this is a viable proposition.

Evaluation of whether the MSCP is Surplus to Housing Purposes

26. Having considered all relevant matters, analysed the views and feedback from residents, commercial tenants, and other stakeholders, and taken into account all such views and feedback, officers are satisfied that the areas in the car parks, ground floor service yard and the six Gravel Lane shop units proposed for non-housing use at the Middlesex Street Estate are no longer required for housing purposes, for the reasons set out below:

Car Park Areas.

27. There are significant areas of car park space which are currently either unused or underused. The development of the underused areas to provide dwellings was explored and discounted due to lack of light, as set out at **Paragraphs 23 to 25**. There will be no reduction in the overall space currently occupied by car parking spaces (including disabled spaces), cycle storage, and other storage. It is anticipated that all those estate residents requiring car parking spaces and, currently having spaces on the ground floor will continue to do so. The area which would still be available for car parking, cycle storage, other storage and potentially EV charging points, are considered sufficient to meet all anticipated future needs during the 20-year appropriation period. All relocated spaces will be moved to equally accessible areas of the car park. The proposed Relocation and Consolidation Works to re-provide all relevant facilities required by residents in a reduced car park area, are provisionally shown on the Plans annexed to this report and, and no appropriation would take effect until this work is completed.

Six Retail Units

28. The shops were originally provided under housing authority powers to provide services of benefit to tenants with a view to providing community facilities and ensuring a range of services were available for estate residents. This was historically achieved by restricting and controlling goods sold from each unit, but this led to disputes about lease terms and significant management resources. It was acknowledged that this approach had fallen out of step with competition law and that enforcement could be problematic, Your Committee therefore adopted a revised approach in 2017 and, ceased imposing user restrictions aimed at providing a range of essential services for tenants. In addition, it is noted that on-line purchasing habits have increased and that a range of services are generally available in convenient locations in the neighbourhood. As a result, the link between the use of the units and the needs of estate residents has eroded such that the units are no longer considered to relate to housing purposes. The units are currently used as follows:

Unit	Business Type	Service Users
8 Gravel Lane	Sale of Mobile phone accessories	Mix of retail and wholesale. Business said to be affected by local parking restrictions.
10 Gravel Lane	Sale of Fancy Goods including vaping supplies	Mainly wholesale. Business said to be affected by congestion charge.
12 Gravel Lane	Vacant	None.
14 Gravel Lane	Brass band musical instrument sales	Professional musicians and music students.
16 Gravel Lane	Printing services	Retail.
18 Gravel Lane	Hairdresser	A significant proportion of users were stated to be office workers and post covid WFH has reduced customer base.

29. Due to the nature of the businesses and service user base, and the availability of on-line services and local services for residents conveniently located elsewhere in the neighbourhood, it is not considered that the above units are required for

housing or ancillary purposes. It is also not considered that estate residents, including residents with protected characteristics, would be adversely affected were the businesses to be relocated further away. No adverse impacts for residents have been identified by residents through the consultation process.

30. If the retail units are agreed to be surplus to housing use, future arrangements regarding the units will no longer be a matter for the Community and Children's Services Committee but, following an appropriation to police use, will be a matter for the Capital Buildings Board. However, it is likely that retail units at the Middlesex Street Estate which are currently vacant, will be considered for use to accommodate any of the tenants seeking relocation in the vicinity. The City Surveyor's report to the Capital Buildings Board, entitled 'Proposed Eastern Base for CoLP – Vacant Possession Strategy', is included as a **Non-Public Appendix** to this report.

Corporation's Proposal Relating to the CoLP

31. Subject to the Community and Children's Services Committee's agreement that the **MSCP** is no longer required for housing purposes, it is proposed that the **MSCP** be appropriated to police purposes by Capital Buildings Board to enable the proposed provision of the Eastern Hub element of the police accommodation project. Not only would this meet an accommodation need in the vicinity for a key emergency service, but it would also ensure the efficient use of General Fund land, avoiding underuse and maximising public benefit. The Capital Buildings Board, through its delegated officers, will be responsible for public consultation regarding the police proposals and the related planning application. It is anticipated this will take place later this year/early next year and will be the subject of separate reports to Capital Buildings Board.
32. There is no strict legal or accounting requirement for any capital allocation to be made in respect of an appropriation from one General Fund purpose to another. However, it is considered appropriate to have due regard to earlier proposals for part of the car park to be commercially let, the saving to the police accommodation budget of using land already owned by the City Corporation, the urgent need for works to the podium at the Middlesex Street Estate and, the wider interest in ensuring any proposed police use is successfully integrated into the local community and operates in the spirit of mutual consideration and co-operation between residents and the CoLP. As such, the allocation of a sum to be agreed for housing purposes at the Middlesex Street Estate is considered appropriate by the Department of Community and Children's Services. To assist in determining the sum to be agreed, an independent external valuation of the MSCP has been commissioned and it is proposed that the sum to be agreed be informed by this valuation. The independent valuation is included as a **Non-Public Appendix** to this report.
33. In terms of taking the Eastern Hub proposal forward, no dates have yet been set; however, it is intended that there will be two public events to support the wider planning consultation process. It is expected that these two public events and the wider planning consultation process will address many of the questions asked by residents and commercial tenants about the proposals. This consultation will not be carried out by the Department of Community and Children's Services, but by the City Corporation as promoter of the alternative proposals under the remit of the Capital Buildings Board. There will be opportunity for liaison and input between the

promoter and estate residents as well as the Department of Community and Children's Services.

Financial Implications

34. Income:

The appropriation of the **MSCP** will result in all expenditure and income attributable to those areas being accounted for in the General Fund and not the HRA.

35. Capital:

There is no strict legal or accounting requirement for any capital allocation to be made in respect of an appropriation from one General Fund purpose to another. However, the considerations in Paragraph 32 should be noted.

36. It is envisaged that the capital sum ring-fenced in the General Fund for housing purpose, would be a re-allocation of General Fund, as part of the previous agreement to a £5million bridging loan from City Fund on the basis that the HRA re-prioritises, or sweats its assets.

Legal Implications

37. The City Corporation has power to appropriate land (either permanently or temporarily) from the purpose for which it was acquired, to another statutory purpose, subject to it being no longer required for that purpose for which it was acquired⁴.

38. Where land is appropriated temporarily, at the end of the appropriation period it will revert to its former statutory use – in this case for housing purposes (unless a further appropriation is resolved by the housing authority).

39. Appropriations, including all their terms and the basis on which appropriations have taken place, are recorded in a Memorandum of Appropriation which is placed on the Deed Packet.

40. All other legal implications are contained in the body of this report and its footnotes.

Equalities Implications

41. At this stage, there are no equalities implications arising out of this report. Whatever the future use of the potential surplus space, the City Corporation must ensure it continues to meet its legal obligations in relation to the provision of disabled parking bays and access to car parks.

42. For any future use of the potential surplus space, an Equalities Impact Assessment will be carried out to ensure that City Corporation continues to meet its statutory obligations.

43. If the areas identified in the car parks and ground-floor service yard proposed for non-housing use at the Middlesex Street Estate are indeed declared surplus for current housing purposes, the remaining space will be considered suitable and sufficient to maintain access routes for residents to lifts, staircases, and car parks without adverse impact on equalities.

⁴ Section 12 City of London (Various Powers) Act 1949

Appendices:

Appendix A: Consultation Summary Document

Appendix B: Plans

Appendix C: Independent Valuation **(Non-Public)**

Appendix D: City Surveyor's Report – Proposed Eastern Base for CoLP -Vacant Possession Strategy **(Non-Public)**

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