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The tide turns against the developers

Relations between London's local authorities and property developers may never be the same again after this week's turn-around by the majority Labour Group on Camden Council over the Tolmers Square redevelopment deal.

Although Labour councillors have officially 'deferred' the deal - which gave Joe Levy's Stock Conversion a £20 million profit on a £40 million office development in return for subsidised land for housing - it is now generally regarded as a duck which is not so much lame as dead.

But there is little chance of the council accepting the alternative put forward by the two radical property journalists, Christopher Booker and Bennie Gray, who proposed the same development but with the profits going back to the borough. Instead, Camden are looking at ways to cut out developers and their merchant bankers altogether and to redevelop the site themselves.

If they succeed - and this will ultimately depend on the Secretary of State for the Environment, Geoffrey Rippon - other Labour boroughs like Southwark, Islington or Tower Hamlets, who are also being 'squeezed' by developers, will feel their hands greatly strengthened. Camden is a stalking horse.

The change of heart over the Levy deal came over the weekend after a series of long telephone calls between council leader Frank Dobson and key figures in the party. He consulted the local Labour MPs, Lena Jeger and Jock Stallard, his deputy Geoffrey Bindman (a long-standing opponent of the Stock Conversion scheme), some of the elder statesmen of the group and at least one of the radical younger members. By Sunday night he had decided on the 'compromise' proposal of deferring the deal.

Until then, Camden, for all its reputation as the most radical borough in London, looked to be next in the line of

local authorities which - for pressing social reasons like extra rates to pay for social services - have handed out planning permissions worth a king's ransom to property developers in return for more or less paltry returns.

Stock Conversion was proposing a 250,000 square foot office development on two of the 11½ acres at Tolmers Square, but for this they needed the land re-zoned for offices and permission to build. Power to confer these rested with Camden Council which, in its turn wanted to build homes for 1,500 people on the remaining 8½ acres but could not get loan sanction from the Government because the land was too expensive.

The bargain they struck gave Levy his planning permission in return for a £4 million subsidy on the land.

On political, planning and emotional grounds the Labour group at Camden was united in its distaste for the Stock Conversion deal but, with a housing waiting list of 11,000 families and next to no land for new building, there seemed no alternative.

Two things changed the situation.

One was the Booker/Gray scheme which split the Labour group in two. The radical left seized on it as a chance to clobber the developers, but Frank Dobson and a majority of his colleagues rejected it because it depended on a Tory Environmental Minister granting a compulsory purchase order against Stock Conversion - who already owned half the site. -The likelihood, they thought, was hardly high.

A good deal of initial support for Booker and Gray, too, vanished when councillors began to feel that the campaign had become too personal. Indeed, relations have now become so soured that the idea would find few supporters. It played, however, a crucial part in opening the whole issue up and forcing Camden to re-think its assumption that property developers were a necessary evil.

The second major factor was the decision by two of the three Camden constituency Labour parties, Hampstead and St Pancras North, to support a Stop the Levy Deal

Campaign. The third party, Holborn and St Pancras South, is Frank Dobson's home territory and it remained loyal to him when it thought him under personal attack.

So Dobson ended the deadlock. Lena Jeger, MP for Holborn and St Pancras South, and Jock Stallard, MP for St Pancras North, offered to approach Geoffrey Rippon; and a plan emerged to call together the Labour Thames-side boroughs, who all have major developments in store, to meet GLC leader Sir Reg Goodwin to find a common approach.

Among the ideas under discussion is a plan to ask the unions or the Co-op to arrange finance for Tolmers Square - 'clean money' as one councillor put it. Another is to get the GLC to use its powers to borrow on the foreign money markets.

All things are suddenly possible. However, many Labour councillors still feel that, whatever way they would like to proceed, the granting of the necessary CPOs won't be forthcoming until a Labour Minister is in Rippon's office.

Dobson's weekend move was a wise one. Had he faced the pre-council group meeting on Monday night with a flat choice between Stock Conversion and the Booker/Gray company, Claudines, he risked a defeat for his own well-known views. The party would have been bitterly divided and would have found itself with a leadership crisis which no one wanted.

'I said that there were no alternatives which were likely to produce the houses as expeditiously as Stock Conversion would, and that belief I still hold,' he said. 'In proposing this deferment I accept the responsibility - and I hope other people will accept it too - for some element of delay in providing the houses on the site. But in the light of the similar situations which are arising in other boroughs we felt it would be worth investigating further whether we could change the situation to the advantage of the local authorities.'

'I don't deny that I am also concerned about unpleasant developments between the three constituency Labour parties.'