

# London property developer gets no-profits challenge

IN A move to break the seeming stranglehold that property developers have gained on Britain's city centres, two young journalists have challenged one of the biggest developers, Joe Levy, and Stock Conversion, his £94 million company.

They are bidding to take over a major development Mr Levy plans in the heart of London and to transform it into a non-profit-making enterprise. They aim to provide land free for 600 homes and to plough the scheme's multi-million-pound profits back into local social services and housing. To back up the bid they have assembled a heavyweight team of advisers, including a City merchant bank willing to put up more than £20 million.

The site is the 10½-acre Tolmers Square development west of Euston station. The journalists are Christopher Booker and Bonnie Gray, familiar to this newspaper's readers for their recent inquiries into developers' profits on London property deals. They revealed, for instance, the new details of the controversial St Katharine Dock development shortly before the recent GLC election.

Their challenge to Mr Levy—though independent of this newspaper—has, in fact, grown out of an article they wrote in The Sunday Times on April 22. Headed "Camden's crumbs from

£20 million land deal profit," it began: "A major deal now being considered by the London Borough of Camden has raised in an acute form the thorny question of whether local authorities—especially in London—get the best possible deal for ratepayers when they undertake joint ventures with property developers."

They were referring to Mr Levy's proposed deal with Camden on the Tolmers Square development. For they found that under the deal Camden was to get a £3.4 million subsidy from Mr Levy towards buying land for housing. But, in return, the borough will enable Mr Levy to build a tower block of offices worth more than £30 million giving Stock Conversion a capital profit of up to £20 million.

This apparent imbalance of advantage prompted the article—and then a month's hard work. Last Friday, as Camden Council and Mr Levy were on the point of

signing their deal after years of negotiations, a rival offer from Booker and Gray was delivered to the deputy town clerk.

The offer is simplicity itself: exactly the same deal as Mr Levy is offered—but all profits to Camden.

CAMDEN COUNCIL has been trying since 1965 to redevelop the rundown Georgian terraces, workshops, Indian restaurants and Victorian pubs clustering round Tolmers Square. Its determination increased when, in 1967, Mr Levy finished building the Euston Centre on the site along Euston Road immediately west of Tolmers Square.

The council has always wanted to use the site—whose size could be from 9.5 to 12 acres, depending on its boundaries—for housing, local shopping and workshops. But the land has always been too costly.

Levy's firm had been buying sites around Tolmers Square since

1962. As recently as 1969 Mr Levy was acquiring some houses there for £1,000 apiece.

By May this year he had worked out this deal with Camden:

Mr Levy, who has accumulated most of the two key acres of the site fronting Euston Road, as well as significant holdings in the 8.5 acres forming its rear, will try to buy the entire 10.5 acres. Where he fails to buy, Camden will step in with compulsory purchase orders.

With the whole site assembled, Mr Levy will sell to Camden the rear 8.5 acres for housing at £200,000 an acre. This will represent a subsidy to Camden by Mr Levy of £3.7 million.

In return he will get the freehold of the two acres fronting Euston Road. And a grateful Camden is to see that he also gets—from itself, the GLC and the Department of the Environment—the planning consents necessary to pile on to his site 250,000 sq ft of offices, plus

120,000 sq ft of commercial space.

Without Camden's assistance Mr Levy would be entitled to erect only a small fraction of this lucrative floorspace. For a gift to Camden of £3.7 million, therefore, Stock Conversion will be able to carry out a development producing a capital profit of up to £20 million.

IT WAS THE size of this profit that made Booker and Gray realise a month ago that it gave a margin to finance three radical steps. If precisely the same procedure were followed Mr Levy's holdings could be bought out (at a healthy profit for him); Camden could be given its 8.5 acres for housing; top professional advisers could be hired at normal commercial rates to finance, design, build and manage the project; and the profitability of the development would still ensure a surplus running into millions of pounds—which could be ploughed back

into whatever social purpose Camden chose. Moreover, very profitability would provide the cast-iron security to persuade some shrewd financier to the scheme.

They won backing from Ed Bates merchant bank; archi Gollins, Melvin, Ward; and estate agents Richard Ellis would manage the project.

AT THIS POINT it ought to be said that Booker and Gray are ordinary journalists. Christopher Booker, 35, was the fourth editor of Private Eye. His book, Goodbye London, a detailed pictorial guide to thousands of buildings threatened with development. Bennie Gray, was once in property conversion. Nine years ago he invented "antique supermarket" concept.

Gray says: "All we are doing in Tolmers Square is to demonstrate that it is Camden alone which is making these enormous profits possible. And that it is feasible to devise ways of ensuring that these profits go back to Camden."

Councillor Frank Dobson, Labour leader of Camden Council, says: "We shall examine the matter seriously."

Stock Conversion's reaction to the news was a brisk "no comment," though one senior executive said: "I'm slightly horrified."