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Lion's Share for Camden

Everyone knows that Centre Point is a large empty office block owned by Mr Harry Hyams. What is perhaps less well known is that the land on which Centre Point stands is owned by the GLC - and that if it had not been for the active co-operation of the old LCC in buying up much of the site by compulsory purchase orders, Centre Point could never have been built.

Centre Point, in fact, apart from being symbolic in so many other ways, was also one of the first examples of something that has become increasingly common in recent years - the so-called 'joint scheme'. This means a property development involving a property company and the local authority, supposedly to the advantage of both. Thanks to the increasing scale of modern development, more and more schemes can only take place with the active co-operation of local authorities, who provide anything from help with the assembly of the site by compulsory purchase to major concessions on planning permissions - in return for such 'planning gains' as road-widening or council flats. In the case of Centre Point, Mr Hyams paid £1.5 million to the LCC, so that they could complete the assembly of his site and at the same time provide for a roundabout at the top of the Charing Cross Road. In return for such beneficence, Mr Hyams received a special planning permission which enabled him to put up an office block on twice the usual plot ratio - and which is today worth £25m.

In recent months, we have been examining a number of the large redevelopment schemes presently taking place in central London, where this kind of active co-operation by a local authority is an essential ingredient.

Of all the schemes we examined, perhaps the most imbalanced was a deal being negotiated between Camden Council and Stock Conversion for the redevelopment of a 10½ acre site on the Euston Road, known as Tolmers Square. Stock Conversion (majority shareholder - Mr Joe Levy) had been buying up parcels of land around Tolmers Square for the past 10 years. Camden had also had its eye on the area as a suitable site for council housing - but its attempts to buy land there had been thwarted by spiralling prices. The result of this impasse has been a proposition whereby Mr Levy's company would subsidise the compulsory purchase of 8½ acres of the 10½ acre site, up to a limit of £480,000 an acre. In return for this subsidy, Camden would not only assist Mr Levy with completing his assembly of the two-acre plot fronting the Euston Road, but would make an extraordinary planning concession to allow him to put on it 250,000 square feet of offices, and 125,000 square feet of warehouses and workshops. Camden would receive a handy subsidy of up to £3.7m. for their council housing land. And Mr Levy would be able to build himself a

large office block and other developments, which would be worth something over £35m.

It must be said that Camden has not arrived at this arrangement without a great deal of apparent travail and heart-searching. The Labour group was recently described by the Conservative leader as being in 'a schizophrenic dilemma' over the whole deal. When, on 16 May, the Council agreed after a stormy and unhappy debate to proceed with the scheme, several Labour councillors refused to support it. Nevertheless, it seemed to be generally agreed that, if Camden was to get its housing land, there was no alternative. It was at this point that we decided an entirely practical alternative could be put forward. We consulted with a merchant bank, one of whose directors is the leader of a large local authority. We retained a leading firm of commercial estate agents. And we also retained the services of a leading firm of architects, Gollins Melvin Ward, who have put up several of the handful of office blocks which have actually won general acclaim in recent years, such as the Commercial Union tower in the City and Castrol House.

The result was that two weeks ago we were able to present to Camden Council an offer. The essence of this offer was that, so long as the outlines of the proposed development remained the same, we would be able not just to subsidise their council housing land, but to give it to them for nothing. Furthermore, when the office block was completed, we would be able to sell it off, and present the profits for community uses in the borough, amounting to nearly £10m. (or £50 for every man, woman and child in Camden). Camden would then get all the

profits from the schemes which they alone had made possible, while Mr Levy would be fully compensated for his land, at existing market value (still representing a profit to him of several million pounds).

Camden's initial reaction was understandably cautious. The council leader Frank Dobson commented that he had 'not been brought up to believe in Father Christmas' (although of course in many people's view, it was Camden which had been prepared to act like Father Christmas, in making possible such huge profits for Stock Conversion). However, they are now in the process of establishing whether or not our offer is soundly thought out and financed, and we are confident they will be satisfied in all these respects.

But then they will be faced with the wider implications of our offer. It will of course involve the acquisition of all the land at present held by Stock Conversion, if necessary by compulsory purchase - although this will only mean applying to Stock Conversion the same treatment which they intended should be applied to other landowners on the site, several of whom are quite substantial. As for obtaining the necessary CPO sanction from the Department of the Environment, there is no question that a prime consideration must be the interests of the ratepayers - who would of course be much better served by our offer than by Mr Levy's. Camden fear that to accept our offer might mean delays through legal battles (presumably over the compulsory purchase from Stock Conversion), although this need take no longer than the legal processes which would in any event be required in acquiring the whole site.

To sum up: first, we should not have been able to make our offer on Tolmers Square, if we had not been financially covered by the huge margin of profit which Camden alone was proposing to make possible for Stock Conversion. It was this which would enable us to not only buy out Mr Levy at full market value, but still to have many millions left to give back to Camden's ratepayers. Secondly, we hope to draw attention in a wider sense to the huge imbalance of advantage which many joint schemes involve. It is time that local authorities learned to use their own strength in these operations, and to secure for the community the gigantic sums which they alone make possible.

Lastly, we hope to show that the role of the property developer in central London has now become minimal. In the risk-free conditions which now surround office building in London, the financing, the building and the sale are merely a matter of putting together the skills of a team of professional experts. The site acquisition and the planning permission remain the two real difficulties and increasingly these are in the gift of local authorities, who assist with compulsory purchase powers on one, and planning concessions on the other. Wherever this is the case, the community must receive back the lion's share of what is being given away on its behalf. We have had the lesson of Centre Point staring us all in the face for seven years. It is high time we learned it. And we hope that by accepting our offer on Tolmers Square, Camden will be one of the first to point the way.

THIS IS ALDERMAN
BLOGGINS - HE'S IN
LOCAL CORRUPTION

