



WORKING POSITIVELY FOR KINGS CROSS

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**please use email for any reply  
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## **Disposal of Stanley Buildings Deputation Statement by KXRLG**

### **1. Introduction**

We are grateful that the Committee is prepared to hear us.

As you will already know, Argent had applied for the injunction (preventing demolition of listed and other buildings until the judicial review is resolved) to be discharged or, if it was not, for a cross-undertaking for damages. On 12<sup>th</sup> April they dropped both claims and instead asked for a more limited order. This would have allowed Argent to demolish the interior of Stanley Buildings North. Negotiations resulted in further concessions but, even so, seek to do works that would render the building unusable if the demolition consent was quashed. We expected to have a hearing about this on Friday 20<sup>th</sup> April but the Court deferred the case at the last moment. The case is now due to be heard the same day as Scrutiny meets. We will orally report on anything that affects this submission.

We entirely agree that 'The Council must keep its role as landowner separate from its role as Planning Authority'. Our concern is that the Council is failing to protect its interests as landowner.

Some questions arise with or without the fact that a judicial review (JR) is in progress. The JR creates additional uncertainties that the Council needs to address but the biggest question, irrespective of the JR, is the valuation of the land.

### **2. Is the valuation 'best consideration'?**

In principle the basic value of any land depends on what it can be used for: changes in planning permission change the value. Land can also have additional value for some purchasers because, for instance, it unlocks other land and enhances the overall value.

For reasons that remain unclear to us, the process followed in this valuation exercise has been hidden from public view. On the basis of what the Executive was told, we are concerned about whether the method of valuation asked the correct questions. The two questions should be:

- 'what is the value of the land with the new planning permission?' and
- 'what additional value is unlocked by uniting the site with the land already under the developers' control?'

#### **2.1 Value as housing**

The Executive report states that 'Argent would be in a position to pay a better price...than the existing value of the buildings to the Council or to any third party purchaser' (§5.2(i)). The problem comes from the reference to 'the existing value of the buildings', as housing, as this is the value *minus* the planning permission. This appears to have been further undervalued by assuming use as affordable housing only: the Executive report points out that 'The cost of repair and refurbishment to re-provide affordable housing would be very high'. When the Council sells other housing (as it recently agreed to do with properties in Parkhill Road, Hillfield Road and Messina Avenue) it does so on the open market. Even if housing was the proper basis for valuation, the fact that Stanley Buildings' past use was as affordable housing is an irrelevant consideration. It was taken away by the current consent, as the developer has accepted a duty to re-provide the 20 units of affordable housing lost from Stanley elsewhere on the site.

We don't know the proposed sale price, other than that press reports have claimed it is 'about £3M' including the alleged premium. Stanley Buildings consists of twenty 3-bedroom flats. That works out at £150,000 per flat. It is almost impossible to buy a one-bedroom flat in King's Cross for that little. Knocking off whatever the 'premium' is and allowing for refurbishment costs, this looks like a bargain-basement price not a 'best consideration' valuation.

## **2.2 Value with planning consent**

Argent's scheme proposes to demolish Stanley Buildings North and to 'embed' Stanley Buildings South in a new building with a total floor area of more than 50,000 square feet, mostly for B1 office uses. That is the basis on which the valuation should be assessed.

The demolition of Stanley Buildings North also unlocks land for development as part of Argent's Block B and provides access to it by the realignment of Pancras Road. These elements indicate some of the additional value that Argent gains as a result of acquiring the land.

## **2.3 conclusions**

We believe that Stanley Buildings has been seriously undervalued by the Council. The sale price may have to be confidential but the process by which it is reached should be transparent.

**We urge you to appoint a wholly independent valuer to assess the price the Council should seek for the land.**

This valuation appears to have been carried out on an ad hoc basis. It will not be the only occasion that the Council sells land subject to planning consent.

**This Scrutiny Committee may wish to examine the procedures used for such sales to ensure the Council always maximises the benefit it obtains from these sales.**

## **3. Issues not considered in the response to the Call-in**

The call-in expresses concern about the position if the JR is successful and, as a result, the demolition consent for Stanley Buildings North is quashed. The consequences of the JR succeeding are not addressed in the present report nor were they in the report to the Executive. As a responsible authority the Council needs to consider the circumstances that would exist if the planning consents were quashed.

### **3.1 Planning process if the permission is quashed**

The first result would be that the Council would be required to consider the applications afresh taking into account the judge's reasons for quashing the permissions. There would have to be no prejudgment of that consideration. The developers would also have to consider their position. Depending on the reasons for the decision, the Council may require changes to make the application acceptable and the developer may offer amendments. In the extreme case, the Council could end up refusing permission or the developers could withdraw. How long the process would take is uncertain.

### **3.2 Unconditional sale**

At present the requirement on the Council is to sell Stanley Buildings to Argent whatever happens. At the least, the sale should be conditional on the planning consent surviving JR and a new consent being granted. Anything less is bad business practice. Once sold to Argent, the Council cannot get it back. The land is an important part of the land assembly of the site.

**The Council should not hand control of Stanley Buildings over until there is certainty.**

### **3.3 Changes affecting Stanley Buildings**

The future of Stanley Buildings could easily change if the planning application has to be revised. Even without enumerating the variety of potential changes, it should be obvious that maintaining Council control of the land until there is certainty, is the responsible position to take.

## **4. Role of DCLG**

At the beginning of the Executive meeting the legal advice on the status of Stanley Buildings was revised. Until then it was thought to be held for slum clearance purposes under Part IX of the Housing Act 1985. As such the Council had to satisfy itself that it was getting best value.

The new advice is that it is held under Part II of the Act and any disposal requires the consent of the Secretary of State. The Department's approval criteria mean that they will not consider giving approval until after the judicial review decision in May.

#### **4.1 Argent disputes advice**

Although we believe the current advice to the Council is correct, we understand that Argent takes a different view. John Hobson Q.C., who advises the King's Cross Railway Lands Group, was told that:

'Argent is expecting to acquire Stanley Buildings on 27<sup>th</sup> April, following Camden agreeing to the disposal on 24<sup>th</sup>. They are aware of the Secretary of State's position about s.32 not being considered until proceedings are concluded but consider it to be wrong. They don't consider that the Secretary of State's consent is required if the disposal is of Stanley Buildings. If however they don't acquire ownership they would expect a licence from Camden.'

Officers may already have resolved the dispute with Argent's lawyers. If so, Scrutiny Committee should know the result. What is clear is that the Department wants to protect itself by only taking a final decision when the position is clear. **Whether or not the Council needs DCLG approval for the sale, it should be equally responsible.**

#### **4.2 A licence for works**

If the sale is agreed by Scrutiny but the sale has to wait for DCLG consent, it appears Argent expect the Council to allow them to carry out works on Stanley Buildings North despite the uncertainties created by the JR. That is for the Council to decide. However, such a licence should only be granted with conditions that protect the Council's property interests by, for instance, requiring restoration of any damage if the JR succeeds.

### **5. Conclusions**

We urge you:

1. To appoint a wholly independent valuer to assess the price the Council should seek for the land;
2. To consider examining the procedures used for such sales to ensure the Council always maximises the benefit it obtains from these sales;
3. Not to hand control of Stanley Buildings over until there is certainty;
4. Whether or not the Council needs DCLG approval for the sale, it should act as responsibly as the Department is doing; and
5. To recommend measures to protect the Council's property interests until there is certainty.