



# ASSETS, REGENERATION & GROWTH COMMITTEE

## 5<sup>th</sup> September 2016

Comment (9) extraformation	
Title	GRAHAME PARK PLOTS 10, 11 AND 12 COMPULSORY PURCHASE ORDER
Report of	Cath Shaw - Commissioning Director, Growth and Development
Wards	Colindale
Status	Public
Urgent	No
Key	Yes
Enclosures	Appendix 1 – CPO Plan
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## Summary

This report seeks authority to make a Compulsory Purchase Order (CPO) at Grahame Park for Plots 10, 11 and 12 (the Concourse). The use of Compulsory Purchase Orders will be an option of last resort and will only be utilised where third party interests cannot be acquired through private treaty negotiations. Authority is sought to make, seek confirmation and implement up to three separate CPOs for the acquisition of third party proprietary interests within Stage B of the development..

The CPO will be promoted using statutory powers under the Town and Country Planning Act 1990.

### Recommendations

That the Asset, Regeneration & Growth Committee agrees:

- 1.1 to authorise the making of up to three CPOs;
- 1.2 that the appropriate Chief Officer be authorised to issue and sign the order, notices and certificates in connection with the making, confirmation and implementation of the CPO(s)

- 1.3 that the appropriate Chief Officer be authorised to make General Vesting Declarations (GVDs) under the Compulsory Purchase (Vesting Declarations) Act 1981 and/or to serve notices to treat and notices of entry (if required) following confirmation of the CPOs;
- 1.4 that the appropriate Chief Officer be authorised to issue and serve any warrants to obtain possession of property acquired by the Council following the execution of a GVD or service of a notice of entry relating to the CPOs if it was considered appropriate to do so;
- 1.5 that the appropriate Chief Officer be authorised to transfer all properties and proprietary interests acquired pursuant to the CPO(s) to Choices for Grahame Park in accordance with the terms of the Principal Development Agreement dated 30<sup>th</sup> January 2007;
- 1.6 that the appropriate Chief Officer be authorised to take any further necessary actions to secure the making, confirmation and implementation of the CPO(s);
- 1.7 that, subject to any necessary consent from the Secretary of State, approval be given to the sale of retained council houses to existing home-owners whose properties are due for demolition within the Grahame Park estate, and to the corresponding acquisition of their current homes.

#### 1. WHY THIS REPORT IS NEEDED

- 1.1.1 In January 2001 the Council embarked upon a scheme for the regeneration of the Grahame Park Estate ("the Estate") which aimed to transform it into a thriving, mixed tenure community with improved transport links and enhanced community facilities. On 30th January 2007 the Council entered into a Principal Development Agreement (PDA) with Choices For Grahame Park (CFGP) a special delivery vehicle created by Genesis Housing Association (GHA).
- 1.1.2 The regeneration of the Grahame Park Estate is a key priority for the Council. This is set out in saved policies from the London Borough of Barnet UDP 2006, the Adopted Core Strategy 2012 and within the associated Development Plan Documents (DPDs).
- 1.1.3 The estate was constructed in the late 1960s. Due to its design, layout and construction it is characterised by a number of issues such as:
  - poorly defined public and private space;
  - lack of orientation within the estate:
  - no clear connection between the estate and the surrounding Colindale streets;
  - unappealing entrances to blocks and poorly maintained internal communal areas;

- building fabric in need of repair and upgrade to meet current environmental and building standards
- 1.1.4 Through the regeneration Scheme the housing stock will be significantly improved to meet current building and construction standards, improving the environmental and social wellbeing of the area. Overall the regeneration Scheme will also include training and employment opportunities for residents within the borough, as well as proposals for a new health centre, community hub, and children's centre, together with improved transport links, improving the economic, social and environmental well-being of the area.
- 1.1.5 The Council remains committed to securing the delivery of the overall Scheme, and the need for the comprehensive redevelopment of the Estate is recognised in adopted planning policy including the NPPF, the London Plan, the Barnet Core Strategy and Saved policies from London Borough of Barnet UDP 2006 and adopted Development Management Policies (DMP).
- 1.1.6 The Regeneration Scheme will deliver the following real and tangible benefits:
  - Residential homes built to Lifetime Standards, incorporating higher standards of build quality applying Secure by Design principles and achieving a tenure blind design;
  - Mixed and balanced communities delivered through a wider choice of tenure and unit mixes, offering wider opportunities for home ownership and creating sustainable, inclusive and mixed communities;
  - The transformation of unappealing groups of buildings and disconnected external spaces into thriving and cohesive neighbourhoods through the integration of the Estate with its surrounding context (achieved through public parks, play spaces and community facilities);
  - The removal of the Concourse which represents a significant obstacle to vehicular movement in the locality;
  - Public realm improvements to the whole area
  - Improved green spaces and play spaces.
- 1.1.7 At present properties within the Estate fail to meet Decent Homes Standards. Taking into account the significant investment required to bring the existing buildings up to current standards and the commitment to secure the comprehensive regeneration of the Estate, the Council considers that there is a compelling case in the public interest to secure the delivery of the Scheme (and its associated benefits). To that end, the Council intends to utilise the powers under section 226(1)(a) of the Town and Country Planning Act 1990 and section 13 of the Local Government (Miscellaneous Provisions) Act 1976 because it is not certain that it, or GHA will be able to acquire all third party proprietary interests and/or rights by agreement.
- 1.1.8 On 8 September 2014, officers presented a report to members of this Committee providing an update on the progress made to date on the Grahame Park Regeneration Scheme in addition to setting out a proposal for Stage B of the Scheme. As previously reported, the Scheme is divided into

two distinct stages; A and B. Stage A is currently underway and is divided into nine phases. In total, Stage A will deliver 685 homes of which, 332 (49%) will be residential units for sale on the open market or rent and 352 (51%) will be affordable housing homes. The 352 affordable homes are made up of 235 social rent, 38 affordable rent and 80 shared ownership.

- 1.1.9 A review of Stage B, undertaken by RegenFirst on behalf of the Council and completed August 2013, identified a significant viability gap and the need for public sector investment. On 12 September 2014, GHA submitted a major bid relating to the Grahame Park Regeneration Scheme. GHA secured a £56m Government loan in March 2016. This loan will be used to progress Stage B of the Scheme and in particular the demolition of the Concourse. It is envisaged that those secure tenants falling within Plots 10, 11 and 12 of the Concourse will be the first to be decanted into the new homes being built on Plots 5 and 6 which are within Stage A of the Scheme. The balance of the remaining secure tenants in Plots 12 will move into the newly built homes on Plot 10.
- 1.1.10 GHA have approximately three years within which to expend the funding. In order to advance the demolition of the Concourse, CFGP will require vacant possession of the land. Within the Concourse there are approximately 630 residential units and 31 commercial units of which 25 units are third party proprietary interests (i.e. interests held by parties other than the Council). In the first instance, the Council and CFGP will seek to acquire all third party proprietary interests through private treaty negotiations however, in order to secure the delivery of the Scheme officers are seeking a resolution in principle for the Council to exercise compulsory purchase powers where necessary. The power to compulsorily acquire third party proprietary interests would only be exercised as a last resort in the event that those interests cannot be obtained by private treaty.
- 1.1.11 On 15<sup>th</sup> December 2014 Officers presented a report seeking authorisation to commence the preparation of the CPO and this work has now started with the appointment of land referencers to identify third party proprietary interests, and serve appropriate notices. This work has now been completed subject to late alterations in the redline boundary to include access arrangements whilst works are taking place. The Secretary of State approved the Council's application under the Housing Act 1985 Schedule 2 Ground 10A, by way of a Decision letter dated 11<sup>th</sup> February 2016. This gives grounds for possession in respect of dwellings let under secure tenancies.
- 1.1.12 The Council achieved vacant possession of the land required to deliver Stage A of the Scheme without the need to exercise compulsory purchase powers and it is envisaged that works in respect of that Stage will be completed by January 2018.

#### 2 REASONS FOR RECOMMENDATIONS

2.1 The CPO(s) are required to provide certainty with regard to the demolition and regeneration of the Concourse area. Without a Compulsory Purchase Order

- as a 'backstop', it would be very hard to assemble the site through private treaty negotiations.
- 2.2 The Council is obliged under the terms of its Development Agreement with GHA to progress the CPO for Grahame Park.

#### 3 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

3.1 The only alternative to seeking Compulsory Purchase powers would be to try to acquire the properties and interests required to progress the scheme by private treaty. Without a Compulsory Purchase Order as a 'backstop', it would be very difficult to assemble the site through private treaty negotiations.

#### 4 POST DECISION IMPLEMENTATION

4.1 Post ARG, delegated authorities will be sought for the final CPO proposals and separate applications for each CPO will be made to the Secretary of State. It is likely that CPO inquiries will be necessary for the CPO(s) applications. Once formal decisions are received, vesting dates will be agreed and the appropriate legal notices issued.

#### 5 IMPLICATIONS OF DECISION

#### 5.1 Corporate Priorities and Performance

- 5.1.1 The vision for 2020 expressed within the Council's corporate plan 2015- 2020 emphasises the principles of fairness, responsibility and opportunity and the following strategic objectives.
- 5.1.2 The council, working with local, regional and national partners, will strive to ensure that Barnet is the place:
  - of opportunity, where people can further their quality of life
  - where people are helped to help themselves
  - where responsibility is shared, fairly
  - where services are delivered efficiently to get value for money for the taxpayer
- 5.1.3 The regeneration of the Grahame Park regeneration estate also supports the Sustainable Community Strategy for Barnet 2010–2020 through the following objectives:
  - A new relationship with citizens the new developments will offer more choice and promote independence by providing a number of different housing options such as shared ownership to residents and to other people in the wider community.
  - A one-public-sector approach the Council is working together with other public sector partners to ensure the delivery of the schemes.

- A relentless drive for efficiency the Council is working with development partners to ensure that the scheme is delivered in the most cost effective way.
- 5.1.4 The regeneration scheme also complies with strategic objectives in the Council's Housing Strategy 2010-2025 which include:
  - Increasing housing supply, including family sized homes, to improve the range of housing choices and opportunities available to residents; and promoting mixed communities and maximising opportunities available for those residents wishing to own their own home.

## 5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 The Council has agreed the terms of a Compulsory Purchase Order Indemnity Agreement (CPOIA) with GHA. Under the terms of the CPOIA GHA is required to cover all of the Council's costs in relation to the preparation, making, confirmation and implementation of up to three Compulsory Purchase Orders. These costs include the purchase price or any compensation for any land or interest which the Council has to acquire either pursuant to the Compulsory Purchase Order or in consequence of the service of valid blight notices, including all payments made pursuant to the Compulsory Purchase Act 1965 and the Land Compensation Acts 1961 and 1973; any statutory interest payable and the Council's reasonable and proper internal and external costs including legal and surveying and other professional costs are also covered by the indemnity agreement.
- 5.2.2 As all CPO costs including land acquisitions, legal costs and staff time are covered by the CPO Indemnity Agreement, there is no financial risk to the Council.
- 5.2.2 The Council and GHA have put in place a Scheme team including surveyors, legal officers and land referencers to work towards making the necessary orders for the CPO(s).
- 5.2.3 The CPO process is a last resort and the Council and GHA are committed to negotiating the voluntary acquisition of third party interests.

#### 5.3 Social Value

5.3.1 As indicated in sections within this report, the Grahame Park regeneration project will secure wider social, economic and environmental benefits.

#### 5.4 Legal and Constitutional References

5.4.1 The Council has the power through various enactments to make Compulsory Purchase Orders and to apply to the Secretary of State for confirmation of those orders. The Management of Asset, Property and Land Rules with the Council Constitution, outlines the governance structure within which the council may acquire, lease, act as landlord, licence, develop, appropriate,

change use of or dispose of Assets within its Asset Portfolio. In addition it states that the Council may delegate responsibility to Authorised Service Providers to manage the Council's Asset Portfolio on its behalf in accordance with specific rules, and in accordance with any approved scheme of delegation maintained by the Council and published on the Council's website.

#### Town and Country Planning Act 1990 Powers

- 5.4.2 Section 226 (1) (a) of the Town and Country Planning Act 1990, (as amended by the Planning and Compulsory Purchase Act 2004), provides that a local authority shall, on being authorised to do so by the Secretary of State, have power to acquire compulsorily any land in their area if they are satisfied that the acquisition will facilitate the carrying out of development, redevelopment or improvement on or in relation to the land. However the power must not be exercised unless the authority thinks that the development, redevelopment or improvement is likely to contribute to the achievement of the promotion or improvement of the economic, social or environmental well-being of their area. The compulsory acquisition of third party proprietary interests and/or rights in the CPO land will enable the delivery of Plots 10, 11 and 12 in accordance with an agreed programme and will provide certainty with regard to land assembly and the implementation of the Scheme. The ability to deliver Plots 10, 11 and 12 will enable the Council and GHA to progress the delivery of future phases and the Scheme in its entirety.
- 5.4.3 The third party proprietary interests to be included within the CPO(s) are shown on the redline drawing attached at Appendix 1. The CPO land largely comprises estate properties.
- 5.4.4 In using the enabling powers pursuant to section 226 (1) (a) of the Town and Country Planning Act 1990 and Section 13 of the Local Government (Miscellaneous Provisions) Act 1976, the Council is using the most specific powers available to it for the purposes of the redevelopment of the Grahame Park estate properties required to deliver Stage B.
- 5.4.5 Government guidance on the use of compulsory purchase powers is set out in "Guidance on Compulsory Purchase Process and the Crichel Down Rules for the disposal of surplus land acquired by, or under the threat of, compulsion" 2015 ("DCLG CPO Guidance"). That guidance states that compulsory purchase orders should only be made where there is a compelling case in the public interest.
- 5.4.6 In resolving to make CPO(s) the Council has had full regard to the DCLG CPO Guidance. The regeneration of the Grahame Park Estate provides a compelling case for the making of the CPO. The existing housing stock is outdated and does not meet current environmental and building standards. The Grahame Park regeneration proposals will improve the economic and social well-being of existing and future residents through the creation of training / job opportunities (e.g. during construction phases of development), updated housing stock, proposals for a health and children's centre and

community centre and improved transport links. Vacant possession of each phase will be required in advance of its implementation.

#### **Human Rights**

5.4.7 The Human Rights Act 1998 requires (amongst others things) that every public authority acts in a manner which is compatible with the Convention for the Protection of Human Rights and Fundamental Freedoms ("the Convention"). The following parts of the Convention are relevant to the Council's exercise of its compulsory purchase powers:

Article 1 of the First Protocol – the right to peaceful enjoyment of possessions; Article 8 – respect for private and family life and home.

- 5.4.8 A decision to make CPO(s) must strike a fair balance between the public interest in the regeneration of the land and interference with private rights. Bearing in mind the fact that the exercise of compulsory purchase powers is a statutory process, the provisions for compensation to be paid to those affected and the compelling case in the public interest for the regeneration, it is considered that the interference with private property rights is necessary, proportionate and strikes a fair balance towards meeting the Council's objectives.
- 5.4.9 Those affected by the CPO(s) will be informed and advised of their right to make representations to the relevant Secretary of State, to be heard at public inquiry and of a fair entitlement to compensation (where applicable). Throughout the process the Council will ensure that rights of individuals are protected in line with Article 6: right to a fair hearing.
- 5.4.10 The Council's Constitution outlines the terms of reference of Assets, Regeneration and Growth Committee which includes: to develop and oversee a Regeneration Strategy; develop strategies which maximise the financial opportunities of growth; oversee major regeneration schemes including those of key social housing estates; and all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.
- 5.4.11 The Constitution also sets out specific terms of reference relating to land disposals. The Management of Asset, Property and Land Rules govern how the Council may acquire, lease, act as landlord, licence, develop appropriate, change use of, or dispose of assets within its asset portfolio. Specific aims of the Management of Asset, Property and Land Rules outline how to apply the terms of reference.

#### 5.5 Risk Management

5.5.1 The delivery of the Scheme is dependent upon the ability of the Council and GHA to acquire all third party proprietary interests in the land and/or rights over the land.

- 5.5.2 The Scheme is to be implemented in accordance with an agreed phasing plan. In order to ensure Scheme viability (and delivery) the commencement and completion of each phase has to occur within a defined timeline. Both the Council and GHA are committed to entering into negotiations with third party freeholders and leaseholders with a view to acquiring their interest in the land by way of private treaty. However, in the event that negotiations become complex and protracted any delay to the completion of the land assembly process will pose a significant risk to the delivery of the Scheme.
- 5.5.3 Given the lengthy construction programme to deliver the Scheme in its entirety, on 14th December 2014, the Cabinet Resources Committee resolved in principle, to the making of up to three separate CPOs in order to safeguard the delivery of the Concourse plots in the event that the Council and GHA are unable to acquire all third party proprietary interests and/or rights in the land through private negotiations within required timescales.
- 5.5.4 This report seeks a resolution to make up to three CPOs. Appendix 1 of this report shows the area over which the compulsory acquisition of land and/or rights are required for these CPOs.
- 5.5.5 Whilst it is hoped that all proprietary interests can be acquired by negotiation, the Scheme cannot proceed with the risk that negotiations may not prove successful in all cases. If confirmed by the Secretary of State, the CPO(s) will secure the delivery of Plots 10, 11 and 12 of the Scheme.
- 5.5.6 The land assembly exercise is also dependent upon tenants relocating from their existing properties to other suitable alternative premises within an identified construction timetable. Any delays in achieving vacant possession could risk the deliverability of the scheme. By a letter dated 11<sup>th</sup> February 2016, the Secretary of State granted Ground 10A approval for the redevelopment of Plots 10, 11 and 12 of Grahame Park regeneration scheme under Part V of Schedule 2 to the Housing Act 1985. In the first instance officers will seek to rely on that approval to obtain vacant possession of properties occupied by secure tenants. In order to further mitigate this risk, it is also proposed that all tenures, including premises occupied under a secure tenancy on the estate, would be included within the proposed CPOs for the Scheme.

#### **CPO Indemnity Agreement**

- 5.5.7 Costs incurred by the Council relating to the compulsory purchase process (including compensation payments and claims arising from blight notices) will be met by GHA in accordance with the CPO Indemnity Agreement ("CPOIA"). The Council through Re has procedures in place to monitor costs against the agreed estimate. Costs will be approved by both GHA and Re.
- 5.5.8 Once CPO(s) have been made, the Council will be exposed to potential blight claims from owners of properties included within the CPO areas. The CPOIA will indemnify the Council against any payments made following a blight notice.

- 5.5.9 If confirmed by the Secretary of State, CPO(s) must be implemented within three years (this period can be extended to a further three years (making a total of six years) by the service of Notice to Treat and then a Notice of Entry on the proprietors of the relevant interests.
- 5.5.10 The Council and GHA are confident that the regeneration of plots 10, 11 and 12 is viable and remain committed to the delivery of the Scheme in its entirety.

#### 5.6 Equalities and Diversity

- 5.6.1 The Council is committed to improving the quality of life and wider participation for all in the economic, educational, cultural, social and community life of the Borough. The Grahame Park Regeneration Scheme will provide a mix of affordable and private sale properties. The new mixed tenure housing will improve the community cohesion in an area with a highly diverse population. It will provide increased choice and opportunity for Barnet residents. This supports the overall aim of the Council's Equalities Policy and the Council's duties under the Equality Act 2010.
- 5.6.2 At present the Grahame Park Estate does not reflect a mixed and balanced community, with a heavy bias towards social rent. The regeneration proposals seek to address this imbalance through the delivery of a range of residential tenures across the site e.g. private housing, a new range of intermediate housing, wider range of unit sizes across all tenures and 10% of all residential units meeting Wheelchair Standards. The Scheme seeks to improve the demographic of the Estate to provide a step change in the levels of social inclusion to create a sustainable, mixed and cohesive community.
- 5.6.3 The public sector equality duty under section 149 of the Equality Act 2010 ("PSED") requires the Council to have due regard to: (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; and (ii) the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it. 'Protected characteristics' are: gender, race and disability, sexual orientation, age, religion or belief, pregnancy and maternity and gender reassignment.
- 5.6.4 The Council is aware that within the Grahame Park estate there may be residents for whom English is a second language. The Council will offer a translation service when sending out CPO literature; additionally all those affected will be advised to seek independent legal advice so they fully understand the CPO process.
- 5.6.5 All owners and/or residents within the CPO boundary will be affected by the Compulsory Purchase Orders. The Council and its partners will endeavour to reduce this effect by extensive consultation. Consultation has and will continue to be undertaken with the residents and wider community to ensure that the Scheme reflects local needs. In this regard, the Council and GHA appointed an Independent Resident Advisor to work with the residents on the estate. A Partnership and Residents Board has been established which meets

on a regular basis to discuss the regeneration proposals with the Council and its partners.

5.6.6 Having had due regard to its duty under the Equality Act 2010, the Council is confident that the delivery of the Scheme will contribute towards the social, economic, educational and cultural improvements for existing and future residents. It will also increase levels of social inclusion within a mixed and diverse community.

#### 5.7 Consultation and Engagement

- 5.7.1 Consultation has and will continue to be undertaken with the residents and wider community to ensure that the Scheme reflects local needs. In this regard, the Council and GHA appointed an Independent Resident Advisor to work with the residents on the estate. A Partnership and Residents Board has been established who meet on a regular basis to discuss the regeneration proposals with the Council and its partners.
- 5.7.2 Barnet Council in partnership with GHA have carried out the following consultations in the last 12 months:-
  - Grahame Park Supplementary Planning Document workshops February 2016
  - Ground 10A Consultation for Plots 10, 11 and 12 November 2015
  - Design Consultation for Plots 10, 11 and 12 June and July 2016
  - Various drop in surgeries held in May, June and July 2016

#### 5.8 Insight

#### **Disposal of Retained Council Stock**

- 5.8.1 One of the greatest difficulties facing those existing homeowners whose homes are due for demolition, but who want to remain in the area for reasons such as employment and children's schooling, is the substantial value difference between their existing home and the new homes.
- 5.8.2 A range of measures is proposed, including brokering transactions between those who wish to remain and those in properties not due for demolition, but who wish to move. Additionally there is some provision within the business plan for equity mortgage assistance and for shared ownership. As the Council owns a number of properties that are not due for demolition, it is proposed that a limited number of those that are not currently occupied under secure tenancies should be offered as a property exchange, with payment made for any differential in either direction.
- 5.8.3 There are currently 21 properties owned by the Council not let on secure tenancies and that are not due for demolition. The expected value of these properties is such that at most there would be a small balance payable to a limited number of displaced homeowners, and overall the balance would be in

favour of the Council. However, in the event that the Council is required to pay a balance in respect of any of the transactions that do proceed, then this would be reimbursed by GHA.

- 5.8.4 Any balance received by the Council would be paid to GHA in the form of grant, subject to the Council's powers to recycle the capital receipts.
- 5.8.5 One consequence of this policy would be to further reduce the number of homes available for letting by the Council. However, as each such transaction would produce a saving to the regeneration business plan, the full value of the savings, taking into account the payments to or by the Council, would be used by GHA to provide additional rented homes within the regeneration project and it is anticipated there would be minimal loss in social rented homes.
- 5.8.6 This option was offered previously to the Stage A homeowners and was taken up by seven of them. This would have been one of the factors that helped to avoid the Stage A CPO from having to go to an inquiry.

#### 6. BACKGROUND PAPERS

Full Council, 16th December 2014, Grahame Park Regeneration Project

http://barnet.moderngov.co.uk/ieListDocuments.aspx?Cld=162&Mld=781 6&Ver=4

Policy & Resources Committee, 17th May 2016, Grahame Park SPD

http://barnet.moderngov.co.uk/documents/s31831/Barnets%20Local%20Plan%20-

<u>Draft%20Grahame%20Park%20Estate%20Development%20Supplementary%20Planning%20Document%20SPD.pdf</u>