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**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	24 May 2016
<b>Subject:</b>	Grange Farm Estate land issues, including Compulsory Purchase
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Tom McCourt, Corporate Director of Community
<b>Portfolio Holder:</b>	Councillor Glen Hearnden, Portfolio Holder for Housing
<b>Exempt:</b>	No, except for Appendix 2 which is exempt under paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended) in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	Harrow on the Hill
<b>Enclosures:</b>	Appendix 1 – Boundary Plan to be annexed to the CPO's Appendix 2 (Exempt) – Tables of Properties and Stage of Negotiations

**Section 1 – Summary and Recommendations**

This report sets out the case for the council to declare a Compulsory Purchase Order for the Grange Farm estate relating to all interests in land within the boundary of the plan shown at appendix 1. This will include

dwelling and no dwellings including rights of access over land. This report also seeks authority to commence the formal consultation process with secure tenants about the proposal and steps thereafter, if appropriate.

### **Recommendations:**

Cabinet is requested to:

1. Authorise the making up of Compulsory Purchase Order pursuant to the statutory powers contained in section 226(1)(a) of the Town and Country Planning Act 1990 (as amended) and section 13 of the Local Government (Miscellaneous Provisions) Act 1976 and section 17 of the Housing Act 1985 for the acquisition as necessary of the land outlined in red on the map at Appendix 1 in order to enable the redevelopment of the Grange Farm Estate.
2. Authorise the Director of Legal & Governance Services following consultation with relevant Portfolio Holder(s) to make and seal the Compulsory Purchase Orders notices and certificates in connection with making of the order and to submit the Orders for confirmation by the Secretary of State to confirm the Compulsory Purchase Order in the event that no objections are received, or to request modifications to the Orders if this is considered expedient to the confirmation of the Orders.
3. Authorise the Director of Legal & Governance Services following consultation with the relevant Portfolio Holder(s) to make all necessary applications or requests (as the case may be) for a "stopping up order" to be made pursuant to section 247 of the Town and Country Planning Act 1990 or under section 116 of the Highways Act 1980 or any other relevant enabling power for the stopping up or diversion of any existing highways within or around in the land subject to the compulsory purchase order, to enable the regeneration proposals to go ahead.
4. Authorise the Director of Legal & Governance Services following consultation with the relevant Portfolio Holder(s) to sign all Notices and certificates in connection with the Compulsory Purchase Orders and, if objections are received, to make arrangements for public inquiries and to take all actions in connection with such inquiries including the appointment of Counsel.
5. Authorise the Director of Legal & Governance Services following consultation with the relevant Portfolio Holder(s) to make one or more General Vesting Declarations under the Compulsory Purchase (Vesting Declarations) Act 1981 in the event of the Compulsory Purchase Orders being confirmed and/or serve notices to treat and notices of entry and to take all other requisite steps pursuant to the compulsory acquisition procedures to obtain possession of properties if it is considered appropriate to do so, and to deal with any compensation issues, if necessary by way of reference to the Lands Tribunal.
6. Authorise the Director of Legal & Governance Services or the Corporate Director of Community (as appropriate) following

consultation with the relevant Portfolio Holder(s) to take any further actions required to make and implement the respective Compulsory Purchase Order and to acquire the relevant properties.

7. Authorise the Corporate Director of Community or other officer delegated by him following consultation with the relevant Portfolio Holder(s) to authorise and serve demolition notices to suspend or end the Right to Buy on properties due for demolition (as required by the regeneration scheme) pursuant to sections 138A and 138B and schedule 5 and 5A of the Housing Act 1985 (as amended).
8. Authorise the Corporate Director of Community, or other officer delegated by him, following consultation with the relevant Portfolio Holder(s) to:
  - (a) start the statutory consultation of secure tenants pursuant to Ground 10A of the Housing Act 1985 (as amended),
  - (b) consider the feedback from the consultation, and then
    - (i) subject to the feedback, apply to the Secretary of State for consent.
    - (ii) subject to Secretary of State approval, take all further steps necessary to recover possession of secure tenants homes.

**Reason:** Cabinet has previously endorsed the progress made with proposals to regenerate the Grange Farm estate due to the poor condition of the Resiform flats within the estate. In order to progress to the next phase, that of demolition and rebuilding, the council needs to be able acquire those properties which have previously been sold as well as those occupied by council tenants. This would allow the regeneration scheme to proceed in accordance with the programme shared with residents and to give certainty to the Development partner who will be selected via a tender process.

## **Section 2 – Report**

### **Introductory paragraph**

2.1 Cabinet has previously received a number of reports to authorise various stages in the development of the regeneration plans for Grange Farm. In July 2014 Cabinet approved several recommendations to enable the regeneration of the Grange Farm estate to proceed. Budgets have been approved to enable key aspects of the scheme to be progressed. The Grange Farm estate was built using a non-traditional form of construction (Resiform) and the flats are past their ideal useful life proving difficult for the council to maintain and for residents to heat. Other estates of similar construction both in Harrow and elsewhere have already been demolished and rebuilt. The aspiration of both residents and the council is to undertake a comprehensive redevelopment and regeneration of the estate in which the council retains ownership of the affordable rented housing.

2.2 The current redevelopment plans will deliver around 547 new units with 318 being for sale and 229 retained by the council for rent within the HRA. There are 253 existing social rented homes on the estate including 20 homes to be acquired from a housing association. The current plans provide for less

new council homes for rent overall but house the same number of people as there will be more larger family homes than currently exist. The sale units provide the cross subsidy to enable redevelopment to be financed. The exact ratio of sales units to retained rental units could be subject to negotiation with development partner bidders during the procurement phase. At this stage it is envisaged that the freehold of the whole site will remain with the council with long leases granted to the developer allowing onward sale of the private units.

2.3 The delivery of the regeneration is now at a critical stage with a planning application programmed for submission in June 2016. By use of a Pre Planning agreement and following consultation with the Greater London Authority the design team that has evolved the proposed scheme have a high degree of confidence that the proposal meets the requirements to obtain a planning approval.

2.4 The procurement of a development partner has already commenced with a sifting exercise identifying 5 potential bidders for the work. The next phase of the tender process will invite bids for the completion of the whole build based upon the plans submitted for Planning approval. By the nature of this complex development process there will be some scope for negotiation around the exact specification of the build and around the extent of any financial contribution in cash or kind towards the overall development cost. However, the scheme is predicated upon the sales values of the private properties cross subsidising the re-provision of the Affordable rent units albeit to a different mix of sizes.

### **The Benefits of the Regeneration Proposals**

2.4 The redevelopment is needed as the majority of the site is made up of Resiform properties which are a system build design including a number of external walls made of fibreglass panels. Despite previous insulation works the properties are difficult to maintain and to keep warm. More recently there have been a number of examples of drain collapse at the point where foul drainage passes beneath the foundations of the buildings. The council's Stock condition survey identifies significant investment requirements in the near future. A number of other properties that are not of Resiform construction are included within the red line boundary; this is to make a coherent development which gives sufficient scale to make the whole project viable while making the best use of the available land and exploiting the topography to best effect.

2.5 The regeneration of the Grange Farm estate will remove unsatisfactory Resiform flats which are of poor insulation standards and increasingly pose problems of maintenance. The proposed new estate will provide a better mix of social housing units and also provide additional properties for sale while providing a significant boost to the local environment and economy of South Harrow.

2.6 The proposed development involves the comprehensive redevelopment of the site to provide a modern housing development that strengthens and reinvigorates the surrounding area and provides residential choice and mix. The overarching strategic vision of the scheme is to deliver a new lifetime neighbourhood that naturally connects with the wider locality and provides a quantitative and qualitative improvement in housing for the borough.

The development would consist of approximately 547 dwellings, delivered over 17 high quality and distinctive new buildings, varying between two and ten storeys in height, divided into market sale and affordable rent housing. A community centre of up to 722sqm is also proposed, replacing the existing facility.

2.7 The site will accommodate approximately 268 residential car parking spaces - split between podium and surface level, landscaping and public realm space that includes a hierarchy of open spaces, both public and private. There will also be an on-site energy centre, which will utilise combined heat and power (CHP) technology.

2.8 The reason that authority is sought under the planning and housing acts is to allow more flexibility going forward. At this stage the scheme is almost exclusively a housing development with the addition of a new community centre. Once a development partner has been appointed the scheme they may request changes that may be beneficial to the overall scheme and by having this flexibility it will remove the need to return to Cabinet for authority

### **3 Options considered:**

3.1 Two options have been considered for properties that are not owned by the council:

Option 1: Acquisition of leasehold and freehold properties through voluntary negotiation only.

Option 2: As Option 1 but with the back-up of a Compulsory Purchase Order should voluntary negotiation be unsuccessful.

Option 1 has been rejected as it may result in properties not being acquired which would prevent the implementation of the approved estate redevelopment plans.

3.2 During the last 12 months offers have been made to acquire leasehold and freehold properties on the same basis as if a CPO was in force. This includes paying market prices for the properties plus 10% (7.5% for non resident owners) and meeting legal fees. This negotiated route has led to the purchase of 4 units, with ongoing negotiations with the majority of owners. In addition positive discussions have been held with two Housing Associations owning property on the estate and the local church that manages a small community centre at Osmond Close. Cabinet has also approved an Equity Share option to be offered to resident leaseholders/freeholders who would find it difficult to purchase outright a suitable alternative property. In addition latterly an incentive for early completion of sales has been offered on a time limited basis.

3.3 No further options were considered in relation to seeking a CPO, as it is considered necessary to obtain a CPO as a back-up in case agreements are not reached with leaseholders to acquire the relevant interests. This process was followed in the successful regeneration schemes at the Rayners Lane estate and Mill Farm Close.

3.4 There are 12 leaseholders and 4 freeholders who have yet to agree terms and in order to give certainty to the project the council must proceed with the CPO process. Disputes as to levels of compensation payable would be resolved by the Lands Tribunal. However failure to agree the level of compensation is not a ground for delaying or refusing the CPO.

3.5 A separate report is attached at Appendix 2 as an exempt item detailing the stage of negotiation on each individual property in the Schedule. These interests must be purchased as soon as possible to enable the redevelopment to start by the proposed date of Spring 2017. Any delays in acquisition will potentially increase costs for the development and delay the start of the redevelopment creating delays and disturbance for the majority of the estate residents who are council tenants. Land Reference Agents have already commenced the process of defining all those with an interest in the land within the red line boundary and have commenced sending out detailed survey information.

3.6 Cabinet in January 2015 approved the service of Initial Demolition Notices on all existing tenants to confirm that the Right to Buy would be suspended. The initial Demolition Notices were served on 29<sup>th</sup> January 2015 and are for a period of six and half years. The council is negotiating the purchase of 22 units from two housing associations and most of these will be acquired with tenants in occupation. These tenants will be given secure tenancies upon the completion of the purchase and it would be prudent to serve similar initial demolition notices on these new tenants of the council immediately upon creation of the tenancies.

3.7 Options have also been considered for properties let by the council on secure tenancies:

Option 1: Following consultation with secure tenants on the estate a decant process has been agreed and is set out in a Charter. The decant process ensures that secure tenants will be offered a suitable alternative tenancy, either to a temporary decant pending a move to a new permanent home on the new development or a permanent move to another council property, to enable the demolition of the properties to proceed. All tenants who have expressed a wish to return to a suitable secure tenancy of a new home on the redeveloped estate will be offered a new home and all will receive the statutory home loss and disturbance payments.

Option 2: As option 1 and backed up by taking forward Ground 10A Possession proceedings. The legal process to obtain possession would only be needed if a secure tenant, despite having been offered a suitable alternative home and the appropriate compensation, refused to move.

3.8 Option 2 is preferred as it will provide certainty to the redevelopment process should any tenant refuse to move to a suitable alternative tenancy. Throughout the consultation to date there have been no objections to the principle of regeneration nor to the rehousing options offered to secure tenants.

## **Implications of the Recommendation**

4.1 The making of the CPO by the council could be challenged by anyone with an interest in the land. If this was the case and the Secretary of State deemed an Inquiry would be necessary, before confirming the CPO there could be a significant delay and additional costs before a decision was reached.

4.2 Estimated costs have been determined but the final overall costs of the development will not be finalised until a planning application is submitted and approved and tenders are received and the council's development partner appointed. The tender and selection process of the development partner will include significant scope for negotiation. Part of this negotiation will revolve around where risks will fall. There is a risk that appeals against the CPO could lead to an expensive Inquiry into the justification of the CPO. The council has undertaken substantial consultation with all residents, including leaseholders and freeholders from the start of the project in the detailed preparation of the plans as well as offering an equity share purchase scheme to resident leaseholders/freeholders who would find it difficult to purchase another property outright, which will minimise the risk of receiving an adverse final decision. However negotiation with developers will allow for sharing, if not transfer of the risk of delay and expense of an inquiry. Should the Secretary of State deem an Inquiry to be necessary costs could be around £90,000.

4.3 Agreement to start the statutory consultation process of the secure tenants will enable progress to be made to reach a final decision, and subject to that, to then recover possession of properties (where needed) under Ground 10A of the Housing Act 1985. This is also subject to other requirements being met including Secretary of State consent etc. This process is required to ensure that the proposed project progresses appropriately.

## **Environmental Implications**

5.1 In designing the new development emphasis has been placed on the importance of high quality landscaping. The landscape design has taken account of surveys of existing plant and wildlife habitats, including bat migration paths and the quality of existing mature trees. The best quality existing trees are to be retained and complimented with further tree planting of semi mature trees.

5.2 Heat and hot water for dwellings on the site will be provided by a central Combined Heat and Power system. This is intended to provide economies and minimise carbon emissions. This provision is largely driven by GLA policy and would offer future scope for integration into wider energy network initiatives in future years.

5.3 The energy efficiency of the individual dwellings will be to a much enhanced standard over the current provision and is designed to achieve the previous target embodied in Sustainable Homes Code 4.

## Consultation

5.4 The proposals for Grange Farm have been in development since January 2014 and consultation with residents has been on-going taking a variety of forms. In July 2014 the first major open consultation with residents took place and from this early series of meetings a Steering Group was formed.

5.5 The Steering Group subsequently appointed an Independent Tenant Advisor paid for by the council who has given advice and training to the Steering Group since February 2015.

5.6 Regular meetings, at least once a month, have been held and in periods when there have been multiple strands of activity the meetings have been weekly.

5.7 In addition a series of open meetings for the Grange Farm residents have been held notably;

- On the weekend of 19<sup>th</sup> Sept 2015, coinciding with the London Open House event.
- On the weekend of 28<sup>th</sup> November 2015
- There have also been several mid-week meetings at various times of day and evening to ensure all groups had an opportunity to comment on proposals.

A wider consultation inviting residents both from the estate and the surrounding area was held on 21<sup>st</sup> January 2016 and a further event is being arranged on the submission of a Planning Application.

5.8 Leaseholders and Freeholders specific meetings have been held as early as October 2014 and subsequently individual negotiations have been held in particular to offer advice to resident owners who will need to find their own accommodation.

5.9 The consultation process to date has provided broad support from residents and through the design process the following concerns expressed and where possible, have been addressed:

- a) The need to provide suitable play space for a wide age range
- b) The need to provide adequate parking
- c) The need to ensure appropriate levels of security and design out Anti-Social Behaviour.
- d) The desire for a Community Centre that is flexible in meeting the needs of a broad range of residents and their families
- e) The need to produce adequate storage space and balconies, together with the configuration of bathroom / toilet facilities

5.10 We intend to commence the statutory consultation process as set out in para 4.3 subject to Cabinet approval once the plans for the new development have been finalised.

## Risk Management Implications

Risk included on Directorate risk register? Yes  
Separate risk register in place? Yes

The main risk associated is a delay in delivering the regeneration proposals if leaseholders do not voluntarily agree the sale of their properties. This risk is mitigated by the excellent voluntary compensation scheme including the equity share option and the proposals for compulsory purchase outlined in this report.

In relation to obtaining the CPO, the main risk is that the Secretary of State might refuse to confirm the CPO, or otherwise that there could be delay in obtaining the CPO due to objections from leaseholders/freeholders or other occupiers of the leasehold properties, or if it was necessary to hold a public inquiry.

Delay in obtaining the CPO would delay the redevelopment proposals. Completing the consultation with secure tenants is only one step in the process to ensure that the appropriate land can be released for development of the first phase. Delays may occur depending on changes to be made in light of consultation feedback, seeking and obtaining Secretary of State consent, and defended Ground 10A possession claims.

## **Legal Implications**

The Council has the power through various enactments, including the Planning and Compulsory Purchase Act 2004 to make Compulsory Purchase Orders and to apply to the Secretary of State for confirmation of those orders.

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. Compulsory purchase will enable regeneration to take place in accordance with an agreed programme and will provide certainty for site assembly and the implementation of the scheme – thus enabling the Council's objectives to be achieved in respect of the land the subject of the Compulsory Purchase Order.

Section 17 of the Housing Act 1985 empowers local housing authorities to acquire land, houses or other properties by compulsion for the provision of housing accommodation. Acquisitions using this power must achieve a quantitative or qualitative housing gain.

Whichever CPO power is used an acquiring authority should be sure that the purposes for which the compulsory purchase order is made justify interfering with the human rights of those with an interest in the land affected. Particular consideration should be given to the provisions of Article 1 of the First Protocol to the European Convention on Human Rights and, in the case of a dwelling, Article 8 of the Convention.

As already stated, without this CPO the regeneration scheme will be undeliverable. The CPO is required to deliver the redevelopment of the Grange Farm Estate.

In relation to secure tenants, possession under Ground 10A of Schedule 2 of the Housing Act 1985 (redevelopment scheme approved by the Secretary of State) will be required.

Ground 10A states:

*“The dwelling-house is in an area which is the subject of a redevelopment scheme approved by the Secretary of State or the [[Regulator of Social Housing] or Scottish Homes] in accordance with Part V of this Schedule and the landlord intends within a reasonable time of obtaining possession to dispose of the dwelling-house in accordance with the scheme.*

*or*

*Part of the dwelling-house is in such an area and the landlord intends within a reasonable time of obtaining possession to dispose of that part in accordance with the scheme and for that purpose reasonably requires possession of the dwelling-house.]”*

This ground requires that suitable alternative accommodation is made available to secure tenants against whom possession is sought on this ground.

Before steps can be taken to seek possession under Ground 10A, the authority has to follow the requirements of Schedule 2, Part V of the Housing Act 1985. This prescribes that secure tenants have to be consulted by serving a written notice on them (giving them at least 28 days to make representations) which sets out (a) the main features of the proposed scheme, (b) that the landlord proposes to apply to the Secretary of State for approval of the scheme, and (c) the effect of such approval in relation to proceedings for possession of the homes.

The authority, as landlord, cannot apply for Secretary of State consent until it has considered any representations that have been made within the relevant period for them.

If Secretary of State approval is given, notices seeking possession will have to be served on tenants before possession proceedings can be taken.

## **Financial Implications**

The cost of purchasing the properties that would be covered by the CPO is already budgeted for within the Housing Revenue Account capital programme.

Some of the preparatory work required before the CPO process can commence has already been undertaken. The majority of any additional work in respect of this is anticipated to be undertaken by the Council's legal department. The costs are not expected to be significant and will be met from within existing Housing Revenue Account ("HRA") budget provision.

Should an inquiry be deemed necessary, the estimated cost of this has not specifically been budgeted for, but could be met from HRA balances.

## **Equalities implications / Public Sector Equality Duty**

A draft Equalities Impact Assessment has been produced and will be finalised when the scheme design is complete (anticipated May 2016).

The initial assessment was based upon a Housing Needs Assessment carried out in 2014. The assessment did not identify any disproportionate impact upon any protected categories. The needs of those with physical disabilities will be specifically accommodated in the new buildings with properties tailored to individual needs above the Lifetimes Homes Standard. Rehousing options available to all secure tenants includes a guarantee that they could return to the new development should they choose to and as an alternative a permanent offer of rehousing should they wish to remain in their decant property. To date over 40 tenants have accepted decanting and the vast majority have elected to remain permanently in the new accommodation to avoid a second move. A number have had overcrowding alleviated by these decant moves, as the council has confirmed that actual housing need will be met in decanting or rehousing to the new Grange Farm development even if this exceeds what might have been offered under the current allocations policy.

All secure tenants having to move as a result of the regeneration scheme are paid a Home Loss amount set nationally (currently £5,300) and all reasonable expenses of removal are met.

A separate Health Impact Assessment has also been undertaken which will be used to track the long term impact of the regeneration scheme. To date this impact assessment has identified a number of positive benefits that should flow from the regeneration, including improvements in living environment (internal and external), economic benefits, lifestyle opportunities and community enhancement.

## **Council Priorities**

The Council's vision:

### **Working Together to Make a Difference for Harrow**

The Council's strategy to deliver its vision is set out in the Harrow Ambition Plan 2020 under three themes. Under the theme **Build a Better Harrow** the Homes for Harrow Programme, which includes the Grange Farm regeneration project, will contribute positively to the Council's vision, Ambition Plan and priorities in the following ways:

- Making a difference for the vulnerable – building a range of new affordable homes including homes for those who are most in need.
- Making a difference for communities – This work provides an opportunity to involve and engage residents on the Grange Farm estate and from the wider community in the development of new homes, the replacement of poor housing and improvements to the external environment.
- Making a difference for families – Improving the worst social housing in Harrow and building homes to meet family needs. Other benefits flowing from the regeneration programme include the creation of apprenticeships, jobs and training opportunities to help those most in need, especially the young.

### **Section 3 - Statutory Officer Clearance**

Name: Dave Roberts	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 29 April 2016		
Name: Jimmy Walsh	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 6 May 2016		

<b>Ward Councillors notified:</b>	<b>YES</b>
<b>EqIA carried out:</b>	<b>YES</b>
<b>EqIA cleared by:</b>	Dave Corby, Chair of Community DETG

### **Section 4 - Contact Details and Background Papers**

**Contact:**

Alison Pegg, Head of Housing Regeneration, Housing services, ext. 2933, direct dial 0208 424 1933.

Alison.pegg@harrow.gov.uk

Paul Mullins, Interim Senior Project Manager Housing services, ext. 5680, direct dial 0208 420 9680.

Paul.mullins@harrow.gov.uk

### **Background Papers:**

Cabinet report 20 June 2013, Housing Business Plan 2013, consultation draft Asset Management Strategy, Proposals for a future Affordable Housing Programme, and Proposed Grants to Move scheme

<http://www.harrow.gov.uk/www2/documents/g61429/Public%20reports%20pack%20Thursday%2020-Jun-2013%2018.30%20Cabinet.pdf?T=10>

Cabinet report 10 April 2014 Affordable Housing Programme Update

<http://www.harrow.gov.uk/www2/documents/g61438/Public%20reports%20pack%20Thursday%2010-Apr-2014%2018.30%20Cabinet.pdf?T=10>

Cabinet report 17 July 2014 Homes for Harrow

<http://www.harrow.gov.uk/www2/documents/g62354/Public%20reports%20pack%20Thursday%2017-Jul-2014%2018.30%20Cabinet.pdf?T=10>

Cabinet report 15 January 2015 Grange Farm Regeneration Scheme

<http://www.harrow.gov.uk/www2/documents/g62359/Public%20reports%20pack%20Thursday%2015-Jan-2015%2018.30%20Cabinet.pdf?T=10>

Cabinet report 17 June 2015 Grange Farm Regeneration Progress Planning and Implementation

<http://modern.gov:8080/documents/g62614/Public%20reports%20pack%20Wednesday%2017-Jun-2015%2018.30%20Cabinet.pdf?T=10>

**Call-In Waived by the  
Chairman of Overview  
and Scrutiny  
Committee**

**NOT APPLICABLE**

*[Call-in applies]*