



## CABINET

10 FEBRUARY 2016

Subject Heading:

**Rainham and Beam Park Housing Zone**

**Land Acquisition Strategy**

Cabinet Member:

**Cllr Ron Ower**

Cabinet Member for Housing Company  
Development and OneSource  
Management

CMT Lead:

**Andrew Blake-Herbert**

Deputy Chief Executive, Communities &  
Resources

Report Author and contact details:

Chris Barter

Economic Development Programme and  
Projects Manager

[christopher.barter@havering.gov.uk](mailto:christopher.barter@havering.gov.uk)

x2614

Policy context:

Havering Housing Strategy, Havering  
Economic Development Strategy. Rainham  
and Beam Park Housing Zone submission.  
Rainham and Beam Park Housing Zone  
Overarching Borough Agreement.

Financial summary:

The Housing Zone Land Acquisition Strategy will act as a catalyst for investment and regeneration in the Housing Zone and stimulate market interest in the delivery of comprehensive residential development by removing existing uses that do not support the Council's vision to transform the area into a residential neighbourhood. There is an allocation of £5.65m non recoverable grant and £5.42m recoverable grant from the GLA Housing Zone Programme to support this. There is a commitment in principle from the London Borough of Havering to invest £1.2m to support the land acquisitions as part of the Housing Zone programme.

Is this a Key Decision?

**Yes**

When should this matter be reviewed?

Spring 2018

Reviewing OSC:

Towns and Communities OSC

### The subject matter of this report deals with the following Council Objectives

Havering will be clean and its environment will be cared for	X
People will be safe in their homes and in the community	
Residents will be proud to live in Havering	X

## SUMMARY

This report seeks the Cabinet's approval to implement the Housing Zone Land Acquisition Strategy including approval in principle to the making of a Compulsory Purchase Order (CPO) to enable the acquisition of the land interests that cannot be acquired by private treaty, and the use of officer time and resources to facilitate the relocation of businesses within the area affected.

Following Cabinet approval on the 24<sup>th</sup> September 2014 the Rainham and Beam Park Housing Zone bid was submitted to the GLA. The submission was successful and Havering's status as a Housing Zone Borough was announced on the 25<sup>th</sup> June 2015. Cabinet approved the Overarching Borough Agreement authorising the Council's entry into the funding contract with the GLA on the 4<sup>th</sup> November 2015.

The vision for the Housing Zone is the transformation of a declining industrial area into a vibrant new residential community providing much needed new housing including family homes, plus social, physical and green infrastructure with access to public transport and employment opportunities.

The acquisition of the Gateway sites and other sites along the A1306 acts as a catalyst to kick-start development activity and unlock development opportunities along the New Road in Rainham. This creates a major opportunity to build a new strong sustainable community with its own identity based around the new station and local centre at Beam Park; integrating and improving connectivity between existing and proposed new residential neighbourhoods.

The key elements of the Land Acquisition Strategy are stakeholder engagement and consultation, land assembly and business relocations.

The strategy will implement the most economically beneficial approach to delivering the land assembly programme in order to kick start and catalyse comprehensive residential development across the Housing Zone.

We will engage with landowners to purchase their sites through private treaty negotiations. If necessary a CPO will be used to ensure that sites not acquired by private treaty can be acquired to enable the Housing Zone objectives to be achieved.

## RECOMMENDATIONS

That Cabinet:

1. **Agree** to the Council entering into direct negotiations with land owners to purchase sites by private treaty as the opportunities arise.
2. **Agree** to the Council implementing the Housing Zone Land Acquisition Strategy including the principle of using the Council's CPO powers to acquire land interests the extent of which are shown in the annexed plan edged red (Appendix One) and thereby embarking on the formalities necessary for the making of the CPO.

3. **Agree** to the Council in principle using the Council's Capital Contingency to fund land acquisitions to the value of £1.2m.
4. **Agree** to the Council working with its wholly owned company Mercury Land Holdings to bring forward quality housing either on its own or in partnership with other developers on land acquired.
5. **Delegate** to the Leader of the Council, Cabinet Member for Housing Company Development & One Source Management and the Group Director Community and Resources the authority to approve the making of a CPO for confirmation by the Secretary of State.
6. **Delegate** to the Leader of the Council, Head of Property and the Group Director Community and Resources the authority to approve land negotiations and the acquisition of sites by private treaty by various means and to approve the relocation of businesses within the A1306 corridor where appropriate.

**REPORT DETAIL**

**1.0 BACKGROUND**

- 1.1 The vision for the Rainham and Beam Park Housing Zone is to transform the area from a declining industrial landscape into a vibrant sustainable community providing much needed homes and social, physical and green infrastructure.
- 1.2 The Housing Zone programme overall will deliver:
  - 3,454 new homes (941 affordable);
  - the transformation of the A1306 into a 'boulevard';
  - transport: the construction of the new Beam Park Station and enabling bus access to the station and new centre;
  - social and physical infrastructure – health, and education facilities;
  - access to open spaces; and
  - a robust Planning Framework and Masterplan document to set investment priorities and act as a design guide.
- 1.3 Cabinet approved the Housing Zone bid in September 2014 and the Overarching Borough Agreement authorising the Council to enter into contract with the GLA on the 4th November 2015.
- 1.4 The Rainham and Beam Park Masterplan and Planning Framework has been produced following extensive stakeholder consultation and is due to be adopted as non-statutory planning policy by Cabinet in February 2016. It will form part of the evidence base of the forthcoming Local Plan.
- 1.5 The Masterplan and Planning Framework document sets out the Council's investment priorities in the area and guides and shapes the quality of the development that will be coming forward. It sets out a clear vision supported by key

design and development principles that will ensure a coherent approach to any development activity. The Framework seeks to avoid piecemeal development with its lack of intergration, poor design, build quality and lack of infrastructure provision. It instead favours a comprehensive approach that links new and existing development with social, physical and transport infrastructure to create a well connected, integrated urban structure as the location for the new sustainable residential neighbourhood.

- 1.6 There is a grant allocation from the GLA to support the Housing Zone Land Acquisition Strategy. This includes:
- £5.65m non recoverable grant
  - £ 5.42m recoverable grant.
- 1.7 Recoverable grant is grant that the GLA would expect to be repaid over time. The Council's repayment of recoverable grant will be funded by sales receipts of onward resale of land to a developer from land acquired through funding provided by the GLA.
- 1.8 The Housing Zone Land Acquisition Strategy is referenced in the Master Plan and Planning Framework and consultation around these proposals was part of the comprehensive overarching consultation community involvement strategy undertaken by the team for the Master Plan and Planning Framework. The scope of the consultation activity is outlined in Appendix 3.
- 1.9 An initial programme of site assembly involving Gateway sites along the A1306 will provide much needed homes including affordable housing. The exact number of units depends on how the programme is phased but the strategy aims to deliver up to 252 homes from this initial programme.

## **2.0 Housing Zone Land Acquisition Strategy**

### **2.1 Character of Area**

The target acquisition sites are predominantly located to the north of the A1306 and are characterised by low value, low density commercial and light industrial uses which do not enable the change in land use and transformation as envisaged in regional or local planning policy or facilitate the vision of the Council to create a vibrant new residential community in the area. Many of the businesses also detract from the visual amenity and environmental quality of the area with operations often overflowing directly onto road frontages, in some cases creating a negative visual impact, as well as increasing levels of contamination.

### **2.2 Rationale for intervention**

The purpose of the strategy is to enable the acquisition of certain land interests within the area shown on the annexed plan edged red (Appendix One) necessary to facilitate change of land uses in the area in order to promote comprehensive high quality housing development where existing landowners fail to bring forward high quality schemes that meet the Housing Zones design and investment criteria. We are advised by our professional advisors that this will increase property resale values as the area improves, thereby increasing the viability of development. This will in turn act as the catalyst for further investment and development activity along the A1306

## **Cabinet 10 February 2016**

corridor, improving the long term economic growth and visual amenity of the area and facilitating the creation a sustainable new residential neighbourhood. The final red line will be decided following further analysis and investigation following approval of this Cabinet report.

- 2.3 The area has been designated land for comprehensive residential development in the Local Development Framework 2008 and will continue as such in the emerging Local Plan due to be adopted in December 2016/January 2017.
- 2.4 However, due to historically low values and other technical and economic constraints (including a pattern of disparate land ownership) only a limited number of residential schemes have come forward. These have been on a small scale piece meal basis, generally offering poor design and build quality with limited contribution to the environment and infrastructure provision.
- 2.5 Typical existing uses undertaken in the area include scrap yards, tyre warehouses, trade counters, MOT centres, and car repair and body workshop businesses. The businesses tend to face out onto the main road frontages and while a few are well presented many, in terms of their physical appearance and operations, detract from physical or environmental quality and long term economic viability of the area.
- 2.6 Our intervention will encourage comprehensive residential development by organising sites currently in multiple, complex ownership into developable plots in single ownership. The sites will be acquired through private treaty or Compulsory Purchase Order, if necessary, and will be brought forward for comprehensive residential development by the Council's housing company, Mercury Land Holdings, and other developers working alongside them.
- 2.7 The area represents one of the few remaining large scale strategic development opportunities in London. The Council's intervention through the Land Acquisition Strategy aims to act as a kick start and encourage the market to bring forward comprehensive development within the area in order to bring about the transformational change which is one of the objectives of the Housing Zone.

### **3.0 Approach**

- 3.1 The strategy focuses on the acquisition of key sites by negotiation and private treaty but backed by a CPO, if necessary.
- 3.2 This will ensure that the Council, as a last resort, is able to acquire sites it is not otherwise able to purchase by private treaty.
- 3.3 If the strategy is approved we will work with land owners and developers who are willing to bring forward high quality schemes in the area that meet the Housing Zones design and investment criteria. Where this occurs the Council will be able to exclude these sites from the CPO redline thereby saving time, money and resources.
- 3.4 This approach facilitates the delivery of schemes with the right mix, typology and quality to accord with the objectives of the Housing Zone and local, regional and national planning policy; thus improving the economic viability, amenity and visual appearance of the area.
- 3.5 Our strategy will seek to minimise the Council's risk and to manage budget and cash flow carefully by recycling sales receipts/ development profits to fund future phases

## **Cabinet 10 February 2016**

on a rolling basis. The Council will use instruments such as option agreements and conditional contracts as appropriate to reduce the upfront capital cost of acquisition where possible.

- 3.6 Two areas of focus are being considered within the Housing Zone and sites which deliver the best value for money and the greatest impact in terms of development and regeneration outcomes will be within the proposed definitive red line for the CPO to which we will seek approval later this year. The strategy prioritises the purchase of 84-86 New Road (a scrap yard) which will provide access to the new Beam Park station and will also consider the inclusion of the Somerfield site within the CPO. This is because the Somerfield site is critical to the wider regeneration objectives of the Housing Zone and the private sector has to date failed to deliver residential scheme despite planning policy support and an approved planning application.

### **4.0 Land acquisition by Private treaty and negotiation**

- 4.1 The strategy involves seeking acquisitions as opportunities occur by making offers based on market value as sites come onto the market, or by making direct approaches to the owners of target sites within the area.
- 4.2 Once the Council has acquired the freehold interests in the land it can use estate management powers to manage existing occupational arrangements with business owners.
- 4.3 The benefits of early and direct acquisitions by negotiation and private treaty are:
- The Council will secure sites at current market value before the interest created by the Housing Zone and the planned investment in and provision of infrastructure starts to push up values.
  - Acquiring fewer sites through the CPO process will save time, cost, and resources.
  - Early acquisitions will send a message to the market about the emerging commercial opportunity created by the Housing Zone and will make it easier for the Council, working with Mercury Land Holdings, to secure a developer partner.
- 4.4 It is important to demonstrate that the Council has used reasonable endeavours to acquire sites by private treaty initially as this will greatly improve the prospect of the Secretary of State confirming the CPO and strengthen the CPO case.

### **5.0 Land acquisition by Compulsory Purchase Order (CPO)**

- 5.1 The strategy involves the Council using its compulsory purchase powers in support of the land assembly programme to acquire sites not purchased through private treaty.
- 5.2 The Council has the powers under section 226(1)(a) of the Town and Country Planning Act 1990 to make a CPO for any land within the borough to if they think that the acquisition will facilitate the carrying out of development, re-development or improvement on or in relation to that land if they think that the acquisition is likely to contribute to the achievement of one or more of the following objectives:
- promotion or improvement of the economic wellbeing of their area;

## Cabinet 10 February 2016

- promotion or improvement of the social wellbeing of their area; and
- promotion or improvement of the environmental wellbeing of their area.

5.3 To ensure that a CPO is confirmed by the Secretary of State the Council must demonstrate that there is a compelling case in the public interest for the CPO having regard to guidance on the compulsory purchase process which was revised and reissued in October 2015 by DCLG.

5.4 We will do this through the following actions:

- Ensuring that the Council's proposals for CPO comply with the statutory requirements and are in accordance with the updated guidance.
- Ensuring that the CPO objectives align with the Council's corporate policy and planning, regeneration and economic development strategy.
- Having an adopted planning framework in place in advance of the adoption of the local plan to demonstrate a clear strategic policy framework.
- Ensuring that the regeneration proposals deliver social, economic and environmental benefit. These are set out in planning policy in appendix two
- Making a planning application with sufficient detail to demonstrate that there are no obvious reasons why planning permission for the scheme might be withheld.
- Demonstrating the sources of funding available for the acquisition of the land and the implementation of the development including the availability of grant from the GLA or other public subsidy that addresses any market failure and supports scheme viability.
- Seeking a selection of developer partnerships to ensure deliverability. This will be through Mercury Land Holdings.
- Demonstrating that there has been adequate stakeholder consultation as part of the consideration of the planning framework and emerging local plan.
- Demonstrating that the Council has attempted to acquire the sites by private treaty and is engaging constructively on business relocation options.
- Confirming that without the CPO the regeneration as envisaged would not come forward. So far the comprehensive provision of housing or infrastructure of the required quantum or quality has not come forward in the area to date and no alternatives have been promoted by landowners to achieve the Council's objectives.
- Articulating the social, economic and environmental benefits of the strategy.

5.5 The economic benefits include the creation of a new sustainable residential neighbourhood with supportive social and physical infrastructure adjacent to the London Riverside which would act also as catalyst for economic growth, with the economic multiplier effect impacting positively on the local community. The place making arising from the delivery of the Housing Zone objectives will also direct investment and development activity in the area. The social benefits include the creation of a mixed, balanced, community with its own identity in a well designed

## **Cabinet 10 February 2016**

space for living, working and leisure; thereby promoting social cohesion and wellbeing. The environmental benefits include remediating and mitigating degraded, derelict, contaminated and unstable land, where appropriate, which will be one of the outcomes of the land acquisition strategy given the nature and existing uses of many of the target sites. On the last point, the benefits of the outputs from the Housing Zone are set out in section 1.2 of this report.

5.6 The benefits of promoting the CPO are as follows:

- Ensures land is secured to enable and facilitate comprehensive development and regeneration for social, environmental and economic benefit in line with existing and emerging Local Plan and regional planning policy
- Supports and underpins land negotiations by private treaty.
- Facilitates public sector intervention necessary to address market failure and to catalyse investment and development in the area
- Enables the delivery of the strategic objectives of the Housing Zone
- Enables the management of a business relocation strategy
- Provides cost and programme certainty around the delivery of the Housing Zone objectives.

5.7 It is proposed that as the part of the CPO strategy that Mercury Land Holdings will prepare and submit appropriate planning applications covering the sites within the CPO redline area earmarked for residential development.

5.8 The planning applications will be part of the evidence base demonstrating the deliverability of the regeneration proposals in addition to their compliance with planning policy.

### **6.0 Consultation (see Appendix 3)**

6.1 The consultation and community involvement activity for land acquisition delivery strategy has been delivered so far as part of the wider Housing Zone community involvement and consultation. Details of the community engagement and consultation activity is set out in the Master Plan and Planning Framework cabinet paper being tabled on the 10<sup>th</sup> February 2016 and a summary has been attached to this report as an appendix.

6.2 The results of the public consultation on the Master Plan and Planning Framework indicated that 80% of the local stakeholders were in favour of the changes proposed in the area.

6.3 As part of the engagement with the A1306 businesses, officers managed to make contact with over 30 businesses. While many of the businesses expressed concern about business continuity they generally acknowledged and accepted the proposals for change in the area and were receptive to the reassurances officers gave them about business and relocation support.

### **7.0 Business Relocations**

7.1 While the Council has no statutory obligation to relocate businesses, officers will work with businesses to provide advice and support as recommended by the DCLG



guidance. As part of its commitment to support local enterprise the Economic Development team will assist businesses to seek suitable alternative accommodation, and where appropriate, will try to keep quality businesses within the borough.

7.2 A business relocation action plan has been developed to programme the relocation of businesses to enable sites come forward for comprehensive residential development. The action plan involves the following:

A) **Communication and Engagement.** Officers have written to business owners about the regeneration plans for the area, have encouraged feedback and invited them to consultation meetings and a community public event.

B) **Business needs analysis.** Officers have arranged and will undertake more face to face meetings with businesses in order to understand the nature of the business and to record their aspirations and business needs based on location, space requirements, facilities and rent paid.

C) **Matching and relocation packages.** Officers have started to look for potentially suitable alternative premises for business in Havering and the neighbouring boroughs of Barking and Dagenham and Thurrock using existing business information databases and the extensive network of property agents within the region. Costs covering disturbance and relocation expenses are included in the land acquisitions budget (Property Cost Estimate).

D) **Ongoing engagement and support.** As part of the relocation action plan officers are seeking to provide advice and support for businesses which will not only assist them to relocate but also to grow.

7.3 To date officers have managed to visit and engage over 30 businesses in the Gateway area of the A1306, have recorded their business needs and requirements and have actively started seeking potential relocation sites.

7.4 Officers are making arrangements to contact business owners where visits are still to be arranged and engagement has not yet taken place.

7.5 Opportunities exist for relocation of some businesses within the London Riverside area, working with the GLA, partnering with land owners such as SEGRO and Rainham Steel both of whom are coming forward with major commercial development proposals in the area. In addition relocation opportunities exist in other borough wide and sub-regional destinations.

## **8.0 Financial Implications and Budget**

8.1 The funds available at present to acquire these sites are as follows:

- £5.65m non recoverable GLA grant
- £5.42m recoverable GLA grant

8.2 There is £1.2m of London Borough of Havering funding agreed in principle as a contribution to the land acquisitions.

8.3 Financial implications are discussed further in the exempt section of the report.

## 9.0 Programme

See table below, which is illustrative only at this stage

<b>Activity</b>	<b>Indicative Date</b>
1. In principle resolution to implement the land acquisition strategy including commencement of the process of making a CPO as necessary	Feb 2016
2. Approval to Master Plan and Framework Document.	
3. Resolution to make a CPO	Oct 2016
4. Submit Planning Applications	
5. Make the CPO and serve statutory notices	
6. Objection Period Ends	Nov 2016
7. Local Plan adopted	Dec 2016/Jan 2017
8. Planning Consent obtained	March 2017
9. CPO Inquiry	May 2017
10. CPO Inquiry decision	Nov 2017
11. CPO confirmation by SoS	
12. Commence vesting process to acquire any outstanding land interests pursuant to the CPO	Dec 2017
13. First site possessions through CPO	March 2018

- 9.1 This programme aligns with the evolution of emerging planning policy and the timings within the CPO process to allow for preparation of the CPO itself, the writing of the Inspector's report after an inquiry and decision making by the Secretary of State. The CPO process timetable enables planning policy and applications with sufficient weight in CPO policy terms to occur. The Housing and Planning Bill proposes that a general vesting deed transferring title to the Council cannot be made until 3 months have passed after serving the notice to make the deed is given to owners. We assume this will be law by the end of 2017. Some sites however may have been acquired by private treaty by this time and in other cases possession may not be obtained until tenancies expire.
- 9.2 In order to prepare for the resolution to make the CPO and to make the CPO itself, the immediate next steps are:
- Undertaking land referencing.
  - Preparation and sign off of the Book of Reference.

## **Cabinet 10 February 2016**

- Ascertain the extent of the land to be included in the CPO.
- Preparation of a disposal and housing development strategy with Mercury Land Holdings including market testing with potential developer partners.
- Preparing planning applications.
- Preparation of a Statement of Reasons setting out the reasons and justifications for making the CPO.

9.3 Officers have appointed specialist consultants (legal, planning and property) who are currently supporting the Council in preparing these requirements.

9.4 We anticipate that by October 2016 we would be ready to make Steps 3, 4 and 5 and therefore seek approval from the Leader of the Council to approve land negotiations and the acquisition of sites by private treaty by various means and to approve the relocation of businesses within the A1306 corridor where appropriate.

### **10.0 Planning Policy context (see Appendix 2 for detail)**

Planning policy at the National, Regional and Local level actively supports comprehensive residential development in the Housing Zone area and the use of CPO powers to facilitate this (see appendix 2 for detail).

### **11.0 Risk**

Risk has been evaluated at the programme and project level and the risks associated specifically with the land assembly works stream are set out in Exempt part of this report.

## **REASONS AND OPTIONS**

### **Reasons for the decision:**

#### **Supporting the Housing Zone**

The Housing Zone Land Acquisition Strategy supports the delivery of the Housing Zone objectives enabling the assembly of sites to catalyse and kick start comprehensive residential development. This will in turn encourage the market to come forward and participate in the delivery of high quality viable development schemes in the area.

#### **Other options considered:**

Not implementing the Housing Zone Land Acquisition Strategy– REJECTED. Without Housing Zone Land Acquisition Strategy the Council will be unable to acquire the land necessary to promote comprehensive residential development in the A1306 gateway. Without this intervention the existing low value commercial land uses would remain in place and infrastructure would not be improved. It will also not be possible to facilitate comprehensive residential development and any residential

development that is brought forward is likely to be poor quality and piecemeal. It will fail to deliver the required mix, tenures or typology necessary to meet the objectives of the Housing Zone.

## IMPLICATIONS AND RISKS

### **Financial implications and risks:**

Financial matters are dealt with in the exempt part of this report.

### **Legal implications and risks:**

The legal justification for the strategy is linked to the CPO statutory framework.

The Council has powers under section 226 of the Town and Planning Act 1990 to make a CPO for any land within the borough in the terms set out in para 5.2 above. . The DCLG Guidance 'Compulsory Purchase Process' and how the Council's case fits in with the statutory powers will be further developed before a CPO is made and is considered in the body of the report.

Section 13 of the Local Government (Miscellaneous Provisions) Act 1976 enables the Council to acquire any new rights over land which is required to facilitate the development proposed in the outline planning application.

### **Equalities Implications and Risks**

In deciding whether to make a CPO, the Council should be satisfied that there is sufficient justification for interfering with human rights of those with an interest in the land affected. In this respect the Human Rights Act 1998 incorporates certain provisions of the European Convention on Human Rights, namely:

- (a) Article 1 – the right of everyone to peaceful enjoyment of possessions. No one can be deprived of possessions except in the public interest and subject to the relevant national and international laws.
- (b) Article 8 – private and family life, home and correspondence. No public authority can interfere with these rights except if it is in accordance with the law and is necessary in the interests of national security, public safety or the economic well-being of a country.
- (c) Article 14 – the right to enjoy rights and freedoms in the Convention free from discrimination on any ground such as sex, race, colour, language, religion, political or other opinion, or national or social origin.

In the case of each of these articles, the Council should be conscious of the need to strike a balance between the rights of the individual and the interests of the public. The Council may decide that, in the light of the significant public benefit which would arise from the proposed development, the use of compulsory purchase powers is necessary and proportionate taking into account the availability of compensation. In particular, the Council may consider that the CPO would not constitute any unlawful interference with individual property rights. The CPO process provides the

## **Cabinet 10 February 2016**

opportunity for representations to be made and the holding of a public inquiry in the case of objections by affected parties.

### **Human Resources implications and risks:**

The Economic Development Service will be required to dedicate resources to the programme management and delivery of the land assembly and compulsory purchase work stream. Additional time limited support may be required as the land assembly, CPO and business relocation strategy work streams advance. Where this has been anticipated external funding for resources has been built into the overall project cost plan.

Delivering the Housing Zone Land Acquisition Strategy will at times require the input and resources of a number of Council services particularly, Housing, Planning, Highways, Legal and Property Services

**Background Papers**

None