



Havering
LONDON BOROUGH

17/7/17
appendix 1
& EXEMPT
appendix 2

Notice of Non-key Executive Decision containing exempt information

This Executive Decision is not available for public inspection as it contains or relates to exempt information within the meaning of paragraph 1 of Schedule 12A to the Local Government Act 1972. It is exempt because it refers to personal details of an individual – whether resident, employee, tenant, service user or applicant (including information that could identify an individual), and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

Subject Heading:	<u>107 Waterloo Road, Romford, Essex, RM7 0AA</u> Acquisition of freehold interest in a 3 bedroom mid-terrace house, with vacant possession, to enable site assembly for the proposed Bridge Close development scheme.
Cabinet Member:	Councillor Roger Ramsey – Leader of the Council In consultation with Councillor Damian White – Cabinet Member for Housing; and Garry Green – Head of Property Onesource
SLT Lead:	Steve Moore – Director of Neighbourhoods
Report Author and contact details:	Suzanne Lansley – Projects and Programme Manager, Economic Development
Policy context:	Housing Strategy (2014) Romford Development Framework (2015) Romford Housing Zone (2016) Bridge Close Redevelopment - Cabinet Report (June 2016)
Financial summary:	107 Waterloo Rd, Romford, RM7 0AA Budget: Exempt from publication This will be funded from the £12.4m allocated by the GLA under the Romford Housing Zone Programme.

Relevant OSC:	Towns and Communities
Is this decision exempt from being called-in?	No

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

- Communities making Havering [X]
- Places making Havering [X]
- Opportunities making Havering [X]
- Connections making Havering [X]

Bridge Close is a key component of the Romford Development Framework and Romford Housing Zone Programme, aimed at delivering the Council's vision for Romford, including the acceleration of new homes in the area.

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

The acquisition with vacant possession of a number of residential properties in Waterloo Road, Romford is required to enable site assembly for the proposed Bridge Close development, which is part of the Romford Housing Zone.

The principle of the Romford Bridge Close development was approved at Cabinet on the 15th June 2016.

Recommendations

It is recommended that formal approval be given for -

1. the Council to acquire 107 Waterloo Road, Romford, Essex, RM7 0AA, with vacant possession, being a freehold 3 bedroom mid-terrace house within the Bridge Close redevelopment area. The property is as shown edged red on Land Registry Title Plan in relation to Title Number: EX12690, which is to be found at Appendix 1 to this Report.
2. the Head of Property to be authorised to deal with all matters arising from this Decision, including any necessary minor variations to the terms, and to complete the acquisition.

Decisions

It is hereby formally authorised for -

1. the Council to acquire 107 Waterloo Road, Romford, Essex, RM7 0AA, with vacant possession, being a freehold 3 bedroom mid-terrace house within the Bridge Close redevelopment area. The property is as shown edged red on Land Registry Title Plan in relation to Title Number: EX12690, which is to be found at Appendix 1 to this Report.
2. the Head of Property to deal with all matters arising from this Decision, including any necessary minor variations to the terms, and to complete the acquisition.

AUTHORITY UNDER WHICH DECISION IS MADE

On the 15th June 2016 Cabinet –

3. **Agreed** to the Council entering into direct negotiations with land owners to purchase sites on Bridge Close by private treaty as the opportunities arose and **noted** that that an external chartered surveying firm would be appointed to professionally assist with negotiation, valuation and acquisition of the land interests.
4. **Delegated** to the Leader, Portfolio Holder for the Romford Housing Zone, and the Head of Property oneSource, the authority to approve the terms of acquisition of sites by private treaty and any financial arrangements for relocation of current land owners or tenants.

The authority in the Constitution under which the decision is made is set out in Part 3 paragraph 2.5 (t) of the Constitution (revised Sept 2017).

'To approve the 'in principle' decision of the Council disposing of or acquiring an interest in property or land where the disposal or acquisition receipt is not considered likely to exceed £1,000,000'.

Councillor Roger Ramsey – Leader

Portfolio items assigned (from paragraph 2.6 of Part 3 of the Constitution) by the Leader's Cabinet Member appointments to portfolios (revised May 2017):

Strategic & Policy and Direction of the Council
Strategic Financial Planning
Property Strategy and Asset Management
HR and Workforce Strategy
Communications
Regeneration

Delegations (from paragraph 2.5 of Part 3 of the Constitution):

(a) to (cc) [i.e. includes **(t)**]

STATEMENT OF THE REASONS FOR THE DECISION

Background

Cabinet Members approved a Report on 15th June 2016 that outlined the proposed Bridge Close development programme and **delegated** to The Leader in consultation with, the Portfolio Holder for the Romford Housing Zone and the Head of Property oneSource, the authority to approve the terms of acquisition of sites by private treaty and any financial arrangements for relocation of current land owners or tenants.

The Report outlined the benefits of acquiring land interests alongside seeking to acquire site by negotiation / private treaty and where necessary, the Council to consider and begin to undertake the necessary steps to acquire land by compulsory acquisition.

The benefits of early and direct acquisitions by negotiation and private treaty supports:

- the Council's ability to secure the site at the current market value before the interest created by the Housing Zone and regeneration proposals, planned investment and the

provision of infrastructure improvements begin to increase values in the area;

- the acquisition of fewer sites through potential CPO, which will help to save time, cost, resources and inevitably reduce project risk;
- endorsement of the programme by the Council by demonstrating its intent and commitment to deliver the regeneration plans for Bridge Close through land assembly, which will also ensure the site remains an attractive commercial opportunity to the market, in support of a joint venture delivery partnership.

Early acquisition will also support the Council's financial standing by temporarily utilising acquired properties for temporary accommodation of homeless families, thereby enabling income generation through renting, whilst reducing reliance on bed and breakfast accommodation.

The Council has been actively encouraging resident home owners across its regeneration areas to sell their homes to the Council, with a commitment to buy homes early. Failure to honour its offer would presents a reputational risk to the Council and undermine future efforts to acquire property by private treaty or to secure a potential CPO.

Acquisition of 107 Waterloo Road

Officers initiated work on the Bridge Close Land and Property Acquisition Strategy following the Cabinet approval on 15th June 2016. The residential properties affected by the proposal include 37 terraced houses along Waterloo Road and Oldchurch Road, comprised of a mix of Council tenants (6 No.), freehold owner occupiers (15 No.), and non-resident landlords and their private tenants (16 No.). Six of the houses have been owned freehold by the Council for some years (one house in Waterloo Road and five houses in Oldchurch Road) and a further 3 houses in Oldchurch Road are owned freehold by First Base Limited, the Council's preferred development partner.

Over Autumn 2016, Council officers have been making concerted efforts to meet with all residents and/or owners affected by the proposals, in order to gain more information about their circumstances and to provide further advice and assistance, as part of the process for acquiring their homes. The Council's approach to land assembly is to acquire homes by private treaty negotiations, with the use of a Compulsory Purchase Order (CPO) as a last resort.

This approach responds positively to the recent Secretary of State ruling on LB Southwark's Aylesbury Estate CPO, which called for Local Authorities to take more reasonable steps to acquire land interests by agreement. It is therefore 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 a CPO, if this becomes necessary.

One property identified for early acquisition is 107 Waterloo Road, a 3 bedroom mid-terrace house. The property was inspected by the Council's valuers, Glenny, in July 2017 and a Valuation Report and Offer letter was issued on 24th July 2017.

Following receipt of the Council's offer, the property owner has proceeded to find a replacement freehold property to purchase and have had their offer accepted by the vendor and now urgently require the Council to purchase 107 Waterloo Road, to enable them to buy their replacement home.

The Open Market Value of 107 Waterloo Road has been valued by Glenny at £342,500. The breakdown below provides details of the Council's offer & associated costs, which is based upon what would be required to be paid under the statutory requirements of a CPO.

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Under best practice, Local Authorities should ensure their offers do not leave affected residents in a financially worse position as a result of its regeneration proposals.

The Havering Local Lettings Plan (2016) and Regeneration Plan for Leaseholder and Freeholder (2017) provides the framework for achieving this through rehousing options and process; financial compensation and support to be made available throughout the development process. This includes details on entitlements and levels of home loss payments, disturbance compensation and reimbursement of reasonably incurred costs.

Next Steps

The owner has now accepted the Council's valuation and offer for 107 Waterloo Road, and has appointed McCorry Connolly (Solicitors) (for the sale to LBH) and Healy Crowley Ahern (Solicitors) (for the purchase of their replacement home in Ireland) as their legal advisors to deal with the Council in this matter.

The Council must now initiate its approval process to proceed, and then instruct its own solicitors to complete the purchase of 107 Waterloo Road to the Council.

	Next Steps	Timescale	Status
1	Obtain Internal Capital Contingency Budget Approval to meet Total Acquisition Costs.	Aug/Sep-17	Complete
2	Prepare Executive Decision Report for the Council's Acquisition of the freehold of 107 Waterloo Road.	Sep-17	Complete
3	Obtain Executive Decision Approval for the Council's Acquisition of the freehold of 107 Waterloo Road.	Oct/Nov-17	Pending
4	Instruct the Council's Solicitors to deal with the Acquisition of 107 Waterloo Road	Nov-17	Pending
5	Glenny to Review and Agree Disturbance Costs	Dec-17	Pending
6	Complete the Acquisition of 107 Waterloo Road	Jan-18	Pending

Once properties have been acquired and subsequently vacated, they will be allocated for temporary accommodation, or rented privately on the open market, subject to an assessment of its condition.

Where properties fall below the Council's lettable standards and are economically unviable to repair for the period before their demolition, these properties will be made available for use through Property Guardians. Where properties are beyond any reasonable habitable use they will be secured with security screens and alarms, where required.

OTHER OPTIONS CONSIDERED AND REJECTED

Option: The Council not proceeding to purchase 107 Waterloo Road.

Rejected: Without the necessary commitment to assemble the site, the entire Bridge Close development scheme would be placed at risk. A high proportion of the Housing Zone funding secured from the Greater London Authority (GLA) is allocated towards the acquisition of land interests, to facilitate the delivery of the redevelopment proposal.

PRE-DECISION CONSULTATION

- Cabinet Report 15th June 2016 – 'Bridge Close, Romford: Vision & Way Forward'
- Councillor Damian White and Councillor Joshua Chapman
- Garry Green, Head of Property – oneSource Property Services
- Richard Portsmouth, Principal Property Adviser – oneSource Property Services

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: **Suzanne Lansley**

Designation: **Projects and Programmes Manager, Development**

Signature: *S. Lansley* Date: ^{Nov} 24 ~~October~~ 2017

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

The Council has power under Section 120 of the Local Government Act 1972 for the purposes of any of their functions, or for the purposes of the benefit, improvement or development of its area, to acquire land by agreement. The Cabinet report of 15 June 2016 explained how the proposed purchases of properties in this area will enable the development of the area. In addition, the Council has powers under section 1 of the Localism Act 2011, which enables the Council to undertake any activity a normal person could undertake, subject to any statutory constraints on the Council's powers.

There are normal risks associated with conveyancing for the purchase of the freehold interest of 107 Waterloo Road, Romford, Essex RM7 0AA.

Those risks will be mitigated by the usual professional conveyancing processes to be used by the Council's legal advisors.

FINANCIAL IMPLICATIONS AND RISKS

Overall Budget

The overall capital budget requirement and cost breakdown are exempt from publication.

In addition, there will be 20% VAT payable, on the current owner's professional fees and also on LBH's professional fees if we use external advisers but, even with VAT on those elements, the total will not exceed £0.5m (the financial trigger level for a Key Decision).

Funding will be made available from the Bridge Close Capital Budget **A2391** to meet the cost of acquiring 107 Waterloo Road, as shown above.

This will be funded from the £12.4m allocated by the GLA under the Romford Housing Zone Programme. This funding is to support the acquisition of properties and to deliver the east-west link. A letter of comfort dated 23 February 2016 has been issued by the GLA to reinforce its support and funding commitment to the project and acquisition programme.

Going forward, the Council intends for a proportion of future acquisitions to be paid for from the GLA allocation and the remainder to be made predominately by the proposed Bridge

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Close Joint Venture partner.

To fund an initial tranche of property acquisitions, a budget of £1.6m was approved on 12th December 2016, by the Council's Chief Officer. Approval of this budget was based on the understanding that these funds would be reimbursed through the GLA Housing Zone funding, once finalised.

To supplement this budget and fund the purchase of 107 Waterloo Road, an additional capital contingency budget of £0.5m has been approved by the Director of Neighbourhoods in July 2017, this is reflected within project A2391.

Delivering an initial tranche of acquisitions now, will support the Council's homelessness demand through temporary use of acquired properties as temporary rented accommodation, which will generate income and reduce reliance on the requirement to use bed and breakfast accommodation.

Based upon Local Housing Allowance rent levels of £242.40 per week for a 3 bedroom property, approximately, £12,604.80 per annum could be generated in revenue, from temporarily housing a homeless family in 107 Waterloo Road if let as temporary accommodation.

The cost of housing a family in bed and breakfast accommodation in Romford is estimated at c.£0.029m per annum, per family, based upon an average charge of £560 per week. By utilising 107 Waterloo Road as temporary accommodation until such time as the property is required for redevelopment, the Council could potentially realise £16,515.20 of savings. These savings will be used to offset the current financial pressure within Homelessness.

In the event that the redevelopment of Bridge Close does not materialise, the Council could retain ownership of acquired property within its housing stock, increasing its supply of affordable family sized accommodation, whilst generating income through rents and Council Tax. This would require an appropriation from the Council General fund to the HRA. Additionally, the cost of any works required to bring the property to a lettable standard, would also need to be funded.

Alternatively, the Council could sell property in the future to recover its cost, and potentially generate a profit if values were to increase in line with current trends. Values on Waterloo Road have increase by c.40% in the past year.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

There are no direct HR implications or risks to the Council or its workforce that can be identified from the recommendations made in this Report.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The Bridge Close development is covered by the Council's Local Letting Plan. The Local Lettings Plan is a high-level strategic document that sets out the Council's Offer including rehousing options for all residents affected by the regeneration plans. The focus of the document is to provide a framework around the rehousing options and process, financial compensation and the support that will be made available throughout the development process for the different stakeholders.

The evolving Equalities Impact Assessment (EIA) for Bridge Close forms part of a continuous

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assessment of the broad equalities impact, as a direct result of the development plans. The EIA is informed by findings from resident and business engagement carried out, based on one-to-one consultation meetings. The EIA for Bridge Close is also informed by the strategic EIA for Havering's Estate Regeneration and Local Lettings Plan.

By carrying out Equality Impact Analysis, the Council is ensuring that no activity is wilfully or unwittingly undertaken which constitutes a detriment or discrimination to any individual based upon a 'Protected Characteristic' as set out in the Equality Duty.

APPENDICES

- Appendix 1 107 Waterloo Road, Romford, RM7 0AA
Land Registry Title Number: EX12690 - Title Register & Title Plan
Appendix 2 Exempt Appendix

Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Details of decision makers

Signed: 

Portfolio: Councillor Roger Ramsey - Leader

Dated: 9/11/2017

following consultation with:

Councillor Damian White – Cabinet Member for Housing; and

Garry Green – Head of Property - oneSource

Lodging this notice

The signed decision notice must be delivered to the proper officer, Andrew Beesley, Head of Democratic Services in the Town Hall.

For use by Committee Administration

This notice was lodged with me on 9/11/2017.

Signed 