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| TITLE | Delivering the Gorse Ride Regeneration Project - Compulsory Purchase Order (CPO) |
| FOR CONSIDERATION BY | The Executive on Thursday, 31 January 2019 |
| WARD | Finchampstead South; |
| LEAD OFFICER | Deputy Chief Executive – Graham Ebers |
| LEAD MEMBER | Executive Member for Health and Wellbeing, Adult Social Care and Housing - Parry Batth |

PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)

- To enable the voluntary or compulsory acquisition of all necessary third party land interests to bring forward comprehensive regeneration of the Gorse Ride Estate.
- To seek an in principle resolution to use CPO (Compulsory Purchase Powers) that will provide certainty with regards to site assembly and the demonstration of the Council's commitment to rejuvenate the area.

RECOMMENDATION

That the Executive:

- 1) Notes the considerable progress already underway to support the rehousing of tenants and homeowners on the Gorse Ride estate.
- 2) Authorises the in principle use of a CPO to acquire all property interests (the extent of which is shown indicatively edged red on the plan in Appendix 1) required to deliver the Gorse Ride Regeneration Project
- 3) Agrees that Council Officers continue to negotiate the acquisition by agreement of all third party interests in the land in advance of confirmation of a CPO.
- 4) Authorises the Director of Corporate Services, in consultation with the Executive Members with responsibility for Housing and Finance, to take all necessary steps required for the making, confirmation and implementation of the CPO, including securing the appointment of an external specialist CPO adviser to prepare all necessary documents required to support this process, including statements of reasons and requisite statutory notices.
- 5) Authorises the Director of Corporate Services, in consultation with the Executive Members with responsibility for Housing and Finance to make General Vesting Declarations (GVDs) under the Compulsory Purchase (Vesting Declarations) Act 1981 and / or serve notice to treat and notices of entry (if required) following confirmation of the CPO.

EXECUTIVE SUMMARY

The purpose of this report to seek approval to proceed with the making of a CPO to achieve the comprehensive regeneration of the Gorse Ride estate.

The Executive on 16 May 2018 agreed various recommendations to enable regeneration of the Gorse Ride Estate (Phase 2+) to proceed. Budgets have been approved that have allowed key aspects of the project to be progressed.

The Phase 2 + (main estate) proposals are at detailed design stage and a planning application is programmed for formal submission in Spring 2019. The existing 178 sub-standard properties will be replaced with around 255 brand new affordable and mixed tenure homes centred around a village green, constructed to modern standards. There will be a net gain of circa 77 dwellings on site. These new homes will be delivered over an 8-10 year period. Development is expected to start in Summer 2020 and all new homes are expected to complete by 2028/29.

As at 3rd December 2018, 140 homes were in Council ownership, 3 were owned by a third party housing association and 35 were owned privately. To allow the programme for demolition and rebuilding to start by Summer 2020, the Council needs to complete land assembly by acquiring all third party property interests within the project boundary, as well as obtaining vacant possession of all homes occupied by Council tenants. Failure to do this will delay delivery of the regeneration and add further uncertainty and disturbance for residents.

The Council remains committed to its proactive land assembly strategy. This includes continuing with its tenant rehousing programme and acquiring third party property interests voluntarily without the need to exercise the CPO. However, in principle resolution for the Council to use its compulsory purchase powers for the acquisition of third party property interests as a last resort (if acquisitions by agreement cannot be achieved in a reasonable timeframe) is sought. The ability to use CPO will enable the regeneration scheme to proceed in accordance with the published timeframes shared with residents.

If a CPO is confirmed, the Council will use its statutory powers under the Town and Country Planning Act 1990 to apply the CPO to all third party property interests, including rights of access over land contained within the red line project boundary shown in the plan in Appendix 1.

If this report is approved, Council officers will begin the preparatory and planning work to use CPO (should they be required) for all interests not yet in the ownership or control of the Council.

BACKGROUND

The Gorse Ride estate was built in the 1970's using the Ministry of Housing and Local Government Development Group (MOHLG) non-traditional construction technique, where the homes were largely made up of pre-fabricated timber panels. Due to its design and form of construction, the homes overtime have suffered from poor thermal insulation, structural defects and above and below ground drainage problems that have proved difficult and costly for the Council to maintain.

On 16 May 2018, the Executive approved the plans and funding to regenerate the main Gorse Ride Estate (Phase 2 +). The plans involve the demolition and clearance of 178 existing properties and their replacement with brand new, high quality homes of mixed tenure. The Council also agreed the rehousing of affected tenants and the acquisition of private properties on the estate in order to facilitate the scheme.

In September 2018, architects ACG and consultants AECOM were jointly appointed to take the Masterplan forward through to detailed design, planning and delivery and completion stages.

BUSINESS CASE (Including Options and Evidence of Need)

Phase 2 + Masterplan Refinement / Phasing

Since the May 2018 resolution, residents and stakeholders have continued to provide input on the development of the Masterplan for the estate through the Steering groups and other meetings. The current plan includes a mix of 1 and 2 bedroom flats and bungalows, 2, 3, 4 and 5 bedroom houses varying in height from 1 to 4 storeys. These homes will accommodate household needs of existing residents (Council tenants and homeowners) who wish to return to the rebuilt estate and also provide dwellings to meet housing needs within the wider Borough. The design stage will conclude with the formal submission of a detailed Planning Application to provide around 255 new affordable and mixed tenure homes in Spring 2019. If planning consent is achieved, then development will commence in Summer 2020.

The estate will be re-developed over an 8 to 10 year period in 3 phases (2A, 2B and 2C) to the indicative timeframes set out below.

| Phase (no. of existing homes) | Decant start | Development Commencement | Development Completion |
|---|----------------|--------------------------|------------------------|
| 2A (68 Properties) 1-41 Firs Close, 17-21 Billing Ave and 1-22 Dart Close | In progress | August 2020 | March 2023 |
| 2B (49 Properties) - 9-16 Billing Ave, 1-28 Orbit Close and 6-18 Whittle Close | September 2020 | March 2023 | December 2025 |
| 2C (61 Properties) - 1-5 Whittle Close, 8-42 Gorse Ride South (even nos) and Billing Ave (1-8 and 21a-45). | April 2023 | December 2025 | April 2028 |

The current plans will deliver the following indicative tenure mix:

- 158 x social rented homes (at target rents)
- 21 x shared ownership homes at 35% equity share and rent on unsold equity capped at the 1.5% per annum
- 76 x private sale homes (including replacement homes for current homeowners who wish to remain on the estate)

Land Assembly Strategy

The land required for the Gorse Ride Estate Regeneration and proposed for compulsory acquisition is identified edged red on the plan at Appendix 1. There are 178 properties on the Phase 2 + estate that will need to be vacated. As at 3rd December 2018, 140 homes were in Council ownership, 3 were owned by a third party housing association and 35 were owned privately.

In order to ensure scheme viability and delivery, the development start and completion of each phase has to occur within a defined timeline and in accordance with the identified phasing plan. The land assembly exercise is also dependent on residents relocating from their existing properties to suitable alternative properties on or off site in line with the phasing plan timelines. Delays in achieving vacant possession to kick start development of Phase 2A by Summer 2020 and subsequent relevant phases thereafter could negatively impact the deliverability of the scheme. Where the acquisition by agreement is not forthcoming, the use of CPO will be critical in achieving vacant possession as quickly and efficiently as possible.

The programme for the decanting and rehousing of affected residents is well underway in accordance with the phasing plan. Council Officers have conducted interviews with the majority of Council tenants who have been invited to register their rehousing preferences, including whether they wish to return to the newly built estate or wish to move off site. Similarly individual meetings have also been held with homeowners to discuss their circumstances and offer information and advice on rehousing options.

In accordance with their wishes, to date 6 tenants have been rehoused in permanent replacement accommodation off site within the borough and statutory compensation has been paid.

Homeowners have been given the option of selling back to the Council and moving either off site or moving to a new home at a later date on the rebuilt estate, including through an equity share scheme where financial support is required.

Over the last 6 months, the Council has made offers to acquire privately owned freehold properties on the same basis as if a CPO was in force. This includes paying the market value for properties plus 10% statutory home loss payment (7.5% for non-resident homeowners) and meeting disturbance costs. This negotiated route has led to the purchase of 4 properties by agreement enabling homeowners (who had decided to sell early) to make their own rehousing arrangements off site. The Council has agreed terms of sale for a further 6 properties and there are ongoing negotiations with other homeowners.

Positive discussions have been held with the external Housing Association that owns 3 properties on the estate regarding plans for the re-housing of their tenants and the acquisition of these properties.

The Council remains committed to its proactive land assembly strategy. This includes continuing with its tenant rehousing programme and acquiring third party property interests voluntarily without the need to exercise the CPO. Whilst considerable progress has been made, it may not be possible to achieve full vacant possession of land within the timeframes required for development through negotiation alone. For example, if private owners do not engage with the Council or negotiations become complex and protracted, then delays to the land assembly process will pose a significant risk to the delivery of the scheme. As well as a delay in the programme, there will be a negative impact on the financial viability as well as Council reputation. A delay in the project would also result in further uncertainty and disturbance for residents. In order to give certainty to the project, the Council should proceed with the CPO process to enable possession of homes using CPO as a last resort.

CPO Process / Timetable / Costs

If approved, Council Officers (in consultation with Lead Members) acting under delegated authority will undertake work associated with the preparation and making of the CPO, following which the Order will be submitted to the Secretary of State.

The CPO process is made up of a number of stages which can take between 18 and 24 months to complete in total. Progress may depend on whether any objections are made to the CPO and the nature and scope of these objections and the form of inquiry that occurs i.e. written representations or Public Inquiry. If no objections are received then the CPO can immediately be confirmed and implemented subject to compliance with statutory requirements.

If objections are received, the Council will seek to address these. If the objections are not resolved within a reasonable timeframe, it is likely that the Secretary of State will arrange for a Public Inquiry to consider any outstanding objections before he reaches a decision on the CPO.

If confirmed by the Secretary of State, the CPO must be implemented within 3 years (this period can be extended) by serving a Notice to Treat and then a Notice of Entry on the proprietors of the relevant interests.

If authority to pursue a CPO is granted, Council Officers will commission a specialist legal firm to provide advice and take all necessary steps to bring forward CPO powers. The costs of preparing, making and implementing a CPO could vary from £20,000 to £125,000, depending on whether additional stages to the CPO process are triggered by objections that lead to the requirement for Written Representations or Public Inquiry.

Legal Powers for Use of CPO

The Council has the power in Section 226 (1) (a) of the Town and Country Planning Act 1990, (as amended by the Planning and Compulsory Purchase Act 2004) to make a CPO on being authorised to do so by the Secretary of State, to acquire compulsorily any land in their area if they are satisfied that the acquisition will facilitate the carrying out of

development, re-development or improvement on or in relation to the land and will contribute to economic, social and environmental well-being of an area.

Government guidance on the use of Compulsory Purchase Powers states that they should only be made where there is a compelling case in the public interest.

The regeneration of the Gorse Ride Estate provides a compelling case for the making of the CPO. The redevelopment is needed as the majority of the existing housing stock is in poor condition, outdated, poorly insulated with significant maintenance costs and liabilities arising from its non-traditional construction type. The Council's stock condition report carried out by Rand Associates in 2011 and an updated stock condition survey in 2017 both identify significant investment requirements over the next 30 years to ensure the properties meet basic Decent Homes Standard and remain well insulated.

Comprehensive regeneration of the estate will remove the unsatisfactory MOHLG homes and will replace these homes with new, high quality homes that will be built to Secured by Design Principles and include Lifetime Homes Standards which will help to create a thriving balanced and sustainable community. The regenerated estate will naturally connect with the surrounding area.

The third party property interests are spread right across the estate and not confined to particular areas. Therefore, it will not be possible for comprehensive regeneration to happen without acquiring these interests. It cannot be guaranteed that voluntary acquisition by agreement will succeed in all cases and therefore without the use of CPO, the scheme may be undeliverable.

Land Proposed for Compulsory Acquisition

Appendix 1 shows the proposed CPO boundary and the affected areas. A list of third party land interests to be acquired is also included in Appendix 1 and will be confirmed following the land referencing exercise.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|-------------------------------|---|---------------------|
| Current Financial Year (Year 1) | £25,000 | Yes | Capital |
| Next Financial Year (Year 2) | £100,000 | Yes | Capital |
| Following Financial Year (Year 3) | £0 | Yes | Capital |

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| <p>Other Financial Information</p> <p>The Council will be required to cover all costs associated with the preparation, making, confirmation and implementation of the CPO. These costs include the purchase price or any compensation for any land or interest the Council has to acquire either pursuant to the CPO or in consequence of blight notices and legal, surveying and other professional costs. The budget for the acquisition of residential interests on the Gorse Ride estate has previously been approved by the Executive on 16 May 2018. It is anticipated that these and CPO costs will be met from within this agreed budget.</p> |
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| <p>Stakeholder Considerations and Consultation</p> <p>Consultation documents and minutes of all Steering Group meetings can be accessed via the link below. http://www.wokingham.gov.uk/housing-and-tenants/tenant-services/gorse-ride-estate-regeneration/</p> |
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| <p>Resourcing and Timeline for Next Steps</p> <p>If this report is agreed, work associated with the preparation and making of the CPO will be undertaken, following which the Order will be submitted to the Secretary of State. The CPO process (which is made up of a number of stages) is likely to take between 18 to 24 months to complete.</p> |
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| <p>Timeline for Review and Evaluation</p> <p>Review and evaluation will take place on a monthly basis by the Project Board.</p> |
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| <p>List of Background Papers</p> <p>Gorse Ride Executive report 16 May 2018 Background project documents: http://www.wokingham.gov.uk/housing-and-tenants/tenant-services/gorse-ride-estate-regeneration/</p> |
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APPENDIX 1 - Land Proposed for Compulsory Acquisition

Phase 2A

- 3 Firs Close
- 14 Firs Close
- 17 Firs Close
- 18 Firs Close
- 23 Firs Close
- 29 Firs Close
- Electric Substation Firs Close
- 2 Dart Close
- 6 Dart Close
- 9 Dart Close
- 10 Dart Close
- 11 Dart Close
- 18 Dart Close
- 19 Dart Close
- 22 Dart Close
- Electric substation Dart Close
- Gas Governor Whittle Close

Phase 2B

- 9 Billing Avenue
- Land adjoining 9 Billing Avenue
- 10 Billing Avenue
- 11 Billing Ave
- 15 Billing Avenue
- 5 Orbit Close
- 6 Orbit Close
- 9 Orbit Close
- 11 Orbit Close
- 14 Orbit Close
- 15 Orbit Close
- 23 Orbit Close
- Electric Substation Orbit Close
- 18 Whittle Close
- Electric substation Dart Close
- Parcel of unregistered land

Phase 2C

- 5 Billing Ave
 - 8 Billing Ave
 - 22 Gorse Ride South
 - 24 Gorse Ride South
 - 26 Gorse Ride South
 - 30 Gorse Ride South
 - 4 Whittle Close
- Electric Substation Whittle Close

Gorse Ride Phase 2 + Site Boundary



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