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| Committee: Cabinet | Date: 7th November, 2007 | Classification: Unrestricted | Report No: | Agenda Item No: |
| Report of: Corporate Director of Development and Renewal | | Title: Progressing leaseholder buy-backs to enable RSL regeneration schemes. | | |
| Originating Officer(s): Jackie Odunoye (Interim Service Head Housing Strategy & Development) / Niall McGowan (Housing Regeneration Manager) | | Wards Affected: Blackwall and Cubit Town; Bromley by Bow; Mile End East; Spitalfields and Banglatown; | | |

1. SUMMARY

- 1.1 This report seeks delegated approval to make a series of compulsory purchase orders (CPOs) to assist the Council's registered social landlord (RSL) partners to fulfil their regeneration commitments on a number of estates. The estates concerned have all been transferred to the RSL landlords following ballots of residents under the Council's housing choice programme.

2. RECOMMENDATIONS

- Cabinet is recommended to:-
- 2.1. Authorise the Corporate Director of Development and Renewal to take all necessary steps, including the making of Compulsory Purchase Orders (CPOs), General Vesting Declarations or Notices to Treat, to ensure that the leasehold interests in respect of Crossways, Leopold, Bow Bridge, Holland, Christchurch and British Street Estates, identified at Appendix 1, shall be acquired by Compulsory Purchase Orders, if necessary;
- 2.2 Authorise the Corporate Director of Development and Renewal to include, in any of the CPOs referred to in recommendation 2.1 above, the acquisition of any other leasehold or freehold interests granted to assured tenants within the blocks or streets requiring decant for regeneration of the estates (also referred to in 2.1 above), between consideration of the report and the making of the CPO;

Local Government Act 1972 (as amended) Section 100D

List of "Background Papers" used in the preparation of this report

Brief description of "Background paper"
of holder and address where open

Name and telephone number

Stock Transfer Offer
Documents and working papers
supplied by RSL partners

Niall McGowan (ext 2538)

- 2.3 Note that the authorisation of the Corporate Director of Development and Renewal to make the CPOs referred to in recommendations 2.1 and 2.2 above, shall include determination as to whether any individual Order shall be made under the provisions of Section 17 Housing Act 1985, or Section 226 Town and Country Planning Act 1990, as detailed in paragraphs 4.24 to 4.27, should the Assistant Chief Executive (Legal Services) consider this appropriate;
- 2.4 Agree that the use of CPO powers in the cases where this is recommended in this report is exercised after balancing the rights of the individual property owner with the requirement to obtain possession in the public interest; and
- 2.5 Agree that the interference with the human rights of the property owners affected by these proposals, and in particular their rights to a home and to the ownership of property, is proportionate, given the adequacy of their rights to object and to compensation, and the benefit to the economic, social and environmental well being of the areas of Tower Hamlets affected by these proposals.

3. BACKGROUND

- 3.1 This report updates Members on regeneration work currently underway by three of the Council's social landlord partners (RSLs), on six estates, which have been transferred through the housing choice process.
- 3.2 The estates concerned are:-
 - Leopold and Bow Bridge Estates (Poplar HARCA)
 - Holland, British Street and Christchurch Estates (EastEnd Homes)
 - Crossways Estate (Swan Housing Association).
- 3.3 The report seeks approval for measures which will be required to help these RSL landlords carry out their planned redevelopment work, and achieve the regeneration aims which were integral to the transfer of these estates.
- 3.4 The regeneration work across these estates comprises a combination of comprehensive refurbishment and redevelopment with the construction of new homes for rent and sale. An outline of the regeneration activity proposed for each estate is set out in the report.

4. LEASEHOLDER BUY-BACKS

- 4.1 Poplar HARCA, EastEnd Homes and Swan Housing Association each have regeneration proposals for the estates listed in para.3.2 which require the vacation of residential and/or shop premises in specific housing blocks, or streets.

- 4.2 HARCA's proposals include the repurchase of a number of leasehold or freehold interests, with provision for the affected owners who currently live in the properties to remain on the estate if they wish, via the take-up of alternative leaseholds to new or refurbished properties.
- 4.3 Alternatively the leaseholders whose homes are purchased may choose to make their own arrangements. The general provisions of each RSL's proposed buy-back options for leaseholders were explained in the leaseholder consultation documents issued by the Council to dwelling leaseholders prior to the transfer ballots on each of these estates, the exception being Christchurch Estate (Island Gardens Estate transfer) where proposals affecting the leaseholders of Capstan House have been developed since transfer.
- 4.4 Specific provisions are proposed in the schemes where shop leaseholders are to be displaced, and these are set out in section 5 of the report where applicable.
- 4.5 When leaseholders' homes are repurchased, they receive the full current market value of their property. Leaseholders who occupy their properties as their "principal" homes receive an additional 10% of the final market value as a statutory "Home Loss" payment. Leaseholders who do not occupy their homes may be eligible for an extra 7.5% of the purchase price as a "Basic Loss Payment," if they have maintained their flat well.
- 4.6 To help displaced leaseholders move to their new homes, their reasonable moving costs are paid: for example, solicitors' and valuers' professional fees, the hire of private removal companies, disconnection and reconnection of cookers, washing machines, and all associated domestic costs of moving from one property to another, including an allowance for carpets and curtains etc. Where a resident leaseholder makes their own arrangements, the RSL meets the reasonable cost of stamp duty.
- 4.7 In addition to this standard option set out in paras. 4.2 - 4.5 above, which reflects the Council's own approach to leaseholder buy-backs, the RSLs may be able to offer further options when they are purchasing leaseholders' homes. These options have been developed in consultation with affected home owners, usually prior to the stock transfer ballots of residents.
- 4.8 For example, Poplar HARCA also offers lease swaps and conversion to shared equity or shared ownership, where there is insufficient capital in the existing property to enable the displaced leaseholder to purchase a new replacement home at full cost.

- 4.9 Swan HA and EastEnd Homes offer leaseholders the same additional options as HARCA. They may also offer a “do it yourself” shared ownership option, for residential leaseholders prepared to find their own replacement properties.
- 4.10. The aim of all three RSLs is that leaseholders are treated fairly and that resident leaseholders have opportunities to remain living on the improved estate if this is their preference.
- 4.11 Compulsory Purchase Order**
Each of these RSL schemes is at a different stage, which is reflected in the extent and progress of negotiations with individual leaseholders to date. However they share a common requirement for the Council to assist them in carrying out all the necessary steps to secure vacation, including the making of a Compulsory Purchase Order, to ensure that those properties identified can be acquired by Compulsory Purchase Order if necessary. Appendix 1 lists the leasehold interests affected.
- 4.12 Each RSL will continue to prioritise and pursue its own voluntary negotiations with the affected leaseholders and to respond sensitively to their specific issues and concerns. However given the scale of the proposed projects, the overall regeneration benefits to the residents of the affected blocks and the communities of each estate as a whole - along with the need to start redevelopment within programmed timescales - it will be necessary to begin CPO processes on the remaining residential and (where applicable) commercial leasehold interests, in tandem with negotiations by the RSL.
- 4.13 RSLs are not empowered to make compulsory purchase orders, but it is well established that local authorities can make a CPO, for the RSL to secure the regeneration. A recent example in Tower Hamlets is Priestman Point on Crossways Estate, on which the Council made a CPO to expedite the first phase of the SRB6 refurbishment scheme by Swan HA. The same provision was also agreed by Cabinet when the transfer of East India Estate to Poplar HARCA was agreed on 4th July, 2007.
- 4.14 The CPO process will be managed in close liaison between the Council and the RSL landlord of each affected estate, along with the residents concerned, to ensure that the leaseholders understand that the Council’s role in the CPO is to support the regeneration of the estate. The full cost of each CPO, and of the Council’s services, will be met by the RSLs.

- 4.15 It is therefore requested that delegated authority be given to the Corporate Director of Development and Renewal to make a series of CPOs - on the statutory grounds indicated in this report - for each estate, after consultation with the Assistant Chief Executive (Legal Services), to enable the buy-back of all interests in leaseholder properties identified in Appendix 1.
- 4.16 Authority is also sought to include in these CPOs any further properties which might be bought by tenants under a preserved right to buy, or right to acquire, in the housing blocks or streets identified in Appendix 1, It is necessary to include these rights since the Council and RSLs are under a statutory right to grant them, whether or not a Compulsory Purchase Order has been made and confirmed. It is therefore possible that the landowner will be compelled by law to grant a lease or transfer to an individual entitled after the CPO has been made. Apart from a voluntary sale, compulsory acquisition is the only way to re-acquire these leases.
- 4.17 Under Schedules 5 and 5A of the Housing Act 2004, the Council is entitled to block the grant of any of the interests mentioned in the preceding paragraph when it intends to demolish the building in which the dwelling house is situated. However this right does not apply to any application to buy made before 18th January 2005, and consequently there may be some cases where the landlord cannot block the grant of an interest mentioned in the previous paragraph. It is for those cases that the power to acquire, set out in paragraph 2.1.2 and explained in the previous paragraph is required.
- 4.18 When used all such properties will be listed in the Compulsory Purchase Order It is believed that all known cases are listed in Appendix 1, but paragraph 2.1.2 delegates power to the Corporate Director to add additional properties to any of the CPOs if further cases are identified at a later date, before the making of the relevant CPO
- 4.19 This measure is necessary, since an inability by the RSL to ultimately secure full vacant possession of the blocks could unnecessarily delay the wider regeneration schemes for these estates, delaying much needed improvements for existing residents. The making of a CPO will not diminish the RSL's efforts to secure vacant possession by negotiation with individual leaseholders.
- 4.20 Section 5 of this report briefly sets out the regeneration schemes on each of the estates for which the Council's RSL partners are seeking the Council's support, in the form of compulsory purchase orders.

- 4.21 The use a compulsory purchase order is taken very seriously by the Council. Prior to the Council making a CPO, the requesting RSL will be asked to demonstrate that it has been attempting to progress voluntary negotiations with all the leaseholders, freeholders or shop owners whose homes (or shops) are to be included: including those set out in Appendix 1 of this report.
- 4.22 The Council's RSL partners confirm that they have written to the leaseholders / freeholders of the addresses listed in Appendix 1, to state their intention to purchase these leasehold interests by voluntary negotiation if possible. The need to acquire most of the leaseholder interests listed in Appendix 1 was also indicated in pre-ballot consultation and described generally in the Leaseholder Consultation Documents, which preceded the transfer ballots (with the exception noted in para.4.3).
- 4.23 The Council will liaise with, and monitor, the RSLs regularly, to ensure as far as possible that they continue to attempt to negotiate with leaseholders before, or in tandem with any CPO which may be made.
- 4.24 There is a technical legal question as to which legal power a particular Compulsory Order will be made under. On the basis of the proposals being made in this report, there are two Acts under which orders could be made depending on the exact circumstances in each case.
- 4.24.1 The Housing Act 1985 section 17 authorises a CPO to acquire existing housing or land on which to build houses. It extends to the provision of recreation grounds, shops and other commercial premises and buildings serving beneficial purposes for the people who will occupy the dwellings (for example community centres) Guidance in Circular 06/04 states that a qualitative or quantitative gain in the housing stock must be shown to justify the making of a CPO.
- 4.24.2 The Town and Country Planning Act 1990 section 226 authorises the making of a CPO if the authority thinks that acquisition will facilitate the carrying out of development, re-development or improvement on or in relation to the land involved. However this must promote the economic, social or environmental well-being of the borough, and be in the public interest. Guidance in Circular 06/04 states that this can include housing development (where there is no qualitative or quantitative gain) and cases where other benefits are gained e.g road or rail improvements

- 4.25 The Guidance states that where possible specific power (e.g the Housing Act 1985) should be used rather than the more generic planning power. It is therefore necessary to determine in the case of each CPO whether all the reasons for acquisition fall within the Housing Act or not in which case the planning powers must be used. This judgement can only be made close to the making of the CPO, when all of the factors applicable are known.
- 4.26 Whether the housing or planning powers are used people affected by the CPO have similar rights to object, to be heard at a public inquiry and to receive compensation. However the grounds for acquisition depend on the Act used and consequently the basis for objection will differ between the Acts.
- 4.27 As the required judgement cannot be made at this time, and the general policy of this report is to delegate future decisions of detail to the Corporate Director, it is recommended that the decision as to whether to use the Housing or planning powers for the CPO is similarly delegated.

5. OUTLINE OF REGENERATION PROPOSALS

5.1 Crossways Estate (Swan HA)

- 5.1.1 Crossways Estate is located in the Bromley by Bow and Mile End East Wards of Tower Hamlets, which is in the 20% most deprived wards nationally. The Estate was transferred to Swan HA in March 2005. At the time of transfer it comprised 276 homes in 3 tower blocks (Priestman, Hackworth and Mallard Points) and 22 homes in a low-rise terrace (Holyhead Close); 260 of these homes were for rent, although many were let to non-secure tenants, and 40 were owned by leaseholders.
- 5.1.2 At Crossways, Swan is leading a major, SRB6 regeneration scheme that will provide vastly improved living conditions for the estate's residents and impact significantly on the quality of the surrounding area.
- 5.1.3 Spending more than £120 million, the scheme aims to provide new and improved homes, enhanced access and a better, safer place to live. Work is well underway on the infrastructure and construction of new affordable homes. Work is planned to start soon on the refurbishment programme, commencing with Priestman Point, following the making of an initial CPO for this block under a Cabinet authorisation of February 2005.

- 5.1.4 Grant funding and support from the Council, SRB, the Housing Corporation, the London Housing Board and Swan, together with cross subsidy from new and refurbished homes for sale, is being used to refurbish 276 existing flats in three tower blocks (Priestman Point, Hackworth Point, Mallard Point), and to build new homes of various tenures, following the demolition of mostly redundant garages and 22 homes at Holyhead Close.
- 5.1.5 The scheme will lead to the estate having approximately 712 homes in total, including 360 affordable homes (330 for rent and 30 for shared ownership), and around 352 for sale. It also includes significant infrastructure and environmental improvements. 73 homes built by Swan on an adjacent brownfield site at Campbell Road were used to enhance the Crossways project. A key benefit of the overall scheme is that it is enabling existing tenants with young children and others to move to new low-rise homes. In general terms the scheme will transform the Crossways Estate, leading to a qualitative and quantitative gain in homes and improved amenities.
- 5.1.6 **Purpose of the decant and leaseholder buy-backs on Crossways.**
A rolling programme of rehousing tenants and the buy-back of leasehold properties is being carried out across the estate, linked to the provision of the new and refurbished homes. As at October 2007 there are 38 tenanted homes and 17 leasehold properties remaining within the total of 298 properties.
- 5.1.7 The three towers, Priestman Point, Hackworth Point, and Mallard Point, are being decanted prior to refurbishment.
- 5.1.8 The scale and intrusiveness of the major works required to these blocks is such that it would not be reasonable for tenants or leaseholders to remain in occupation throughout the works.
- 5.1.9 The process will involve considerable noise and inconvenience, including the removal of asbestos within flats, which will restrict access and use of amenities, and generate high levels of dust.
- 5.1.10 The decant and demolition of 1-43 Holyhead Close is necessitated by the new affordable housing development and infrastructure programme.
- 5.1.11 The Crossways scheme has outline planning permission to refurbish Mallard Point, Hackworth Point & Priestman Point & demolish Holyhead Close. This was granted 5 August 2005 with the signing of a Section 106 agreement, following approval at the Council's Development Committee 15 September 2004.
- 5.1.12 Conditional approval has been obtained to commence refurbishment work to Priestman, subject to approval of materials. Other required planning approvals for the later stages of the overall regeneration scheme are being sought.

5.1.13 Consultation with leaseholders across the estate has been extensive, both in terms of the general scheme and through ongoing efforts to negotiate terms with individual leaseholders for the purchase of their homes.

5.1.14 To date more than 20 leaseholders' homes have been successfully purchased across the estate by Swan through negotiation. The proposal for a CPO to cover Hackworth Point, Mallard Point, and Holyhead Close, is a precautionary measure, to help ensure overall delivery of the scheme. Swan will continue negotiations with approximately 17 remaining leaseholders in these blocks, including those who do not live on the estate.

5.1.15 The leasehold interests on Crossways to be included in the proposed CPO are set out in Appendix 1. Delegated authority to initiate and manage CPO processes for the leaseholder dwellings on Crossways was originally agreed by Cabinet in February, 2005, when the stock transfer was also agreed. On the basis of this Cabinet resolution an initial CPO was made for Priestman Point only, under housing grounds, to help expedite the refurbishment of this block.

5.1.16 This CPO was challenged by some of the affected leaseholders in Priestman but, following a Public Inquiry in July 2006, the inspector upheld the Council's case in his report and this was accepted by the Secretary of State, who confirmed the CPO on 28th November 2006. Since then several leaseholders have exercised their legal right to test the validity of the CPO in the High Court. A hearing on 20th September 2007 upheld the validity of the Priestman Point CPO and this is now being concluded.

5.1.17 Cabinet is asked to consider the updated information on the Crossways regeneration project provided in paras. 5.1.1 – 5.1.16 and agree the making of a CPO, to include the dwellings listed for Crossways in Appendix 1

5.2 Leopold Estate (Poplar HARCA)

5.2.1 Leopold (and West Burdett) Estate is located in Mile End East Ward. It was transferred to Poplar HARCA on 1st August 2005. At transfer, the estate comprised 536 homes of which 409 were tenanted and 127 were leasehold.

5.2.2 Poplar HARCA proposes to invest over £50 million in the Estate over an 8 year period. Comprehensive regeneration includes full refurbishment to bring all homes up to the Government's Decent Homes Standard. This includes Callingham Close, Tunley Green, Wallwood Street; 1-28 Couzens House, 1-30 Grindley House, 1-46 Perley House, 1-56 Stileman House, 1-57 Whytelaw House, 1-36 Wilcox House, 1-77 Elmslie Point and 22-30 Leopold Street.

5.2.3 Works include improvements to the exterior of the blocks and the environment, addressing safety, security and access issues.

5.2.4 Purpose of the decant and leaseholder buy-backs on Leopold.

HARCA's programme also entails the demolition and redevelopment of 166 properties in:-

- Ackroyd Drive (Nos. 1-6, 7-18, 19-42, 43-60 and 61-78), including four freehold houses, and
- Shelmerdine Close (Nos.1-14, 15-46, 47-70, 71-88), to be replaced with a mixture of new homes for rent and for sale.

5.2.5 The redevelopment will contribute to the overall regeneration of the area, providing approximately 149 new homes for rent, 23 for shared ownership, and 308 homes for private sale, providing essential cross-subsidy to help fund the refurbishment of the rest of the estate. Subject to planning approval, which will be sought in November 2007, and the successful outcome of decants and leaseholder buy-backs, it is envisaged that Shelmerdine Close will be demolished in late 2009, (Nos.1– 14 having already been demolished), with Ackroyd Drive following in 2011.

5.2.6 Leaseholders have been consulted by Poplar HARCA about the scheme. Negotiations with six of the individual leaseholders/freeholders are underway. To date some 9 leases have been successfully purchased by Poplar HARCA through negotiation and 8 remain.

5.2.7 The proposal for a CPO, to include leaseholder interests in Ackroyd Drive and Shelmerdine Close, is a precautionary measure to help ensure overall delivery of the scheme. HARCA will continue negotiations with the remaining leaseholders, including those who do not live on the estate.

5.2.8 The leasehold interests on Leopold to be included in the proposed CPO are set out in Appendix 1.

5.3 Bow Bridge Estate (Poplar HARCA)

5.3.1 Bow Bridge Estate is located in Bromley by Bow Ward. It was transferred to Poplar HARCA on 27th November, 2006. At transfer, the estate comprised 297 homes in 9 blocks, of which 245 were tenanted and 52 were owned by leaseholders.

5.3.2 Within 6 years after transfer, Poplar HARCA intends to spend over £20 million on the Estate. A programme of redevelopment and refurbishment will bring the properties up to modern standards and make them more comfortable and safe to live in. Phased refurbishment works are being carried out to 203 homes at Henshall Point, Dorrington Point, Ballinger Point, Insley House, Hardwicke House and 39 Arnold Road. Refurbishment work could commence in Spring 2008.

5.3.3 Purpose of the decant and leaseholder buy-backs on Bow Bridge Estate.

HARCA's full regeneration proposal, subject to planning permission, also entails the phased demolition of 93 homes in Warren House, 1–20 Fairlie Court, 8 to 42 & 92 to 96 Rainhill Way, and 40-49 Stroudley Walk, plus 15 shops located in Stroudley Walk and 5 shops in Bromley High Street.

5.3.4 It is proposed that these blocks would be replaced with a mixture of new social rented and private sector housing, and a new local shopping centre. The scheme will provide approximately 100 new homes for rent and 338 new homes for private sale, subject to the resolution of detailed design and planning issues and further modeling on proposed unit numbers and mix. All income from the sale of private flats will be re-invested in the wider regeneration scheme.

5.3.5 The shopping centre will provide a new community focus. The centre may include a new community health care facility, expanding the existing GP surgery, subject to agreement with the Primary Care Trust.

5.3.6 HARCA's proposals were developed as a result of consultation primarily in response to residents' concerns about safety, security and the reduction of anti-social behaviour, especially around the Fairlie Court, Warren House and Stroudley Walk area. Poplar HARCA's offer document reflected this proposal with the scheme providing an opportunity to:

- provide new, better quality homes for decanted tenants;
- relocate the shops and other community facilities into a better defined commercial area around Bromley High Street, wherein shop owners and market stall holders would benefit from increased trade;
- relocate and provide a new community facility for residents and potentially a new modern health centre;
- bring private homes for sale into the area, providing a more balanced and mixed community;
- create safer and better links between Bow Bridge and neighbouring Crossways Estate, and other facilities within the area;
- create a strong boundary to the estate, enhancing security;
- reduce anti-social behaviour and crime on the estate;
- reduce the costs of certain services provided to the Estate as a whole, through the provision of more flats contributing to service charges;
- utilise ground rents from the new flats for sale to help pay for community services on the estate;

5.3.7 The extensive estate redevelopment scheme is presently being developed to address planning requirements. HARCA advises that planning applications are likely to be submitted from late Autumn 2007, with demolition and redevelopment work scheduled in the following indicative phases, which will be reviewed within the planning process.

- Phase 1 and 2: refurbishment.
- Phase 3: construction of replacement social housing on vacant sites as identified in the formal consultation document.
- Phase 4: decant of Warren House homes and potentially Rainhill Way homes into new (phase 3) homes and construction of new homes on the Warren House site.
- Phase 5: relocation of residents in Stroudley Walk and building of new homes to provide accommodation for Fairlie Court residents.
- Phase 6: redevelopment of Fairlie Court.
- Phase 7: demolition and redevelopment of Rainhill Way properties.

5.3.8 Leaseholders have been consulted generally by Poplar HARCA about the scheme through the stock transfer proposal and ballot process. Some 25 dwelling leases and 20 shop leases will need to be bought out by Poplar HARCA or transferred to new accommodation. Buy-back negotiations with individual dwelling leaseholders are now underway and HARCA reports that 2 completions are due shortly.

5.3.9 Negotiations with 20 shop leaseholders will commence in tandem with the design process, in Autumn/Winter 2007/08, once the planning application is ready for submission to LBTH: shop keepers were consulted on the proposals in the lead-in to the transfer ballot in 2006.

5.3.10 The shops affected are listed in Appendix 1. It is proposed by HARCA that replacement shop units for those demolished will be relocated in the new retail development and that existing shop leaseholders will be relocated to these if they do not wish to be bought out and make their own alternative arrangements.

5.3.11 HARCA's proposals for shop relocation should not result in loss of income as temporary replacement shops will be provided at ground floor level in the new housing blocks at Stroudley Walk, pending construction of new, purpose built, permanent shop units in the new shopping hub at the top of Bromley High Street.

5.3.12 The proposal for a CPO, to include leaseholder interests in the addresses listed in Appendix 1, is a precautionary measure to help ensure overall delivery of the scheme. HARCA will continue negotiations with the remaining dwelling leaseholders, including those who do not live on the estate, and with shop leaseholders, to seek to achieve a complete decant without the full execution of the proposed CPO.

5.4 Holland Estate (EastEnd Homes)

5.4.1 Holland Estate is located in Spitalfields and Banglatown Ward. It was transferred to East End Homes on 13th November 2006. The estate comprises 401 homes in 11 blocks, of which approximately 188 are tenanted and 213 are owned by leaseholders.

5.4.2 East End Homes' estate-wide regeneration scheme at Holland will refurbish 11 blocks to bring tenanted homes up to Decent Homes standards. The programme of works includes upgrading of the internal facilities and also external works, such as lift installation, landscaping and communal areas.

5.4.3 Purpose of the decant and leaseholder buy-backs on Holland Estate.

East End Homes' key proposals also include the demolition and redevelopment of the area located around the base of Denning Point. This was identified as a priority for regeneration through a master-planning exercise conducted by the Holland Estate Steering Group. The Denning Point area suffers considerable anti-social behaviour and is characterised by a lack of investment in the building fabric and communal areas. This has resulted in low levels of security to the blocks and inefficient land use particularly in communal and external areas.

5.4.4 Resident and stakeholder objectives for the estate were prioritised through master planning. In order to achieve these aims a development scheme has been proposed which includes new affordable rented homes to help address local needs and private homes for sale, new shop units, community facilities, landscaped areas and public open space. This has been subject to detailed consultation.

5.4.5 At this stage it is anticipated that there will be at least 70 new affordable rented homes and 200 homes for sale. Capacity studies are currently in progress and initial indications are that these figures could increase. The new homes for sale will generate cross-subsidy which will contribute to the overall business plan by helping to fund the new rented homes and the wider regeneration of the area.

5.4.6 Subject to detailed design and planning issues, and the achievement of the proposed decants, redevelopment work will start in 2009/10. Formal submission of a full planning application is projected for Spring 2008.

- 5.4.7 The demolition and redevelopment area comprises three low rise blocks – Bradbury and Ladbroke Houses and 28 – 42 Old Castle St. comprising 26 homes in total.
- 5.4.8 These 2 storey blocks are built on a podium deck with shop units below. In addition to 12 leaseholders’ dwellings, some 12 shop units are proposed for demolition, and the leasehold interests in these will also need to be purchased, if possible through negotiation, to enable the planned redevelopment. Details of both dwelling and shop leasehold interests requiring buy-out by East End Homes are listed in Appendix 1.
- 5.4.9 The dwelling leaseholders were consulted prior to and since ballot and commercial lessees have been kept informed. Both groups will be fully engaged throughout the design development consultation. The Council’s Offer Document for Holland confirmed that the existing tenants and leaseholders affected by the redevelopment would be offered new homes in the redeveloped blocks.
- 5.4.10 Similarly the Holland Offer Document states that new retail units will be provided in place of the blocks that are demolished, as part of the regeneration programme. Businesses displaced by redevelopment will be relocated, wherever possible, within the new development if this is their choice.
- 5.4.11 Negotiations with both dwelling and shop leaseholders are at an early stage. The proposal for a CPO to include leaseholder interests in the addresses listed in Appendix 1 is a precautionary measure to help ensure overall delivery of the scheme. East End Homes will continue negotiations with dwelling leaseholders, including those who do not live on the estate, and with shop leaseholders, to seek to achieve a complete decant without needing to rely on the full execution of the proposed CPO unless it is absolutely necessary.

5.5 Capstan House, Christchurch Estate (EastEnd Homes)

- 5.5.1 Capstan House is located on the Christchurch Estate, in Blackwall and Cubit Town Ward. It was transferred to East End Homes as part of Island Gardens on 16th January 2006. The block comprises 24 homes, of which 3 are owned by leaseholders. Among the 21 rented properties there are a number of non-secure tenancies (homeless families awaiting permanent housing) and 3 void units. Capstan House is in need of extensive repair.

5.5.2 Most of the Christchurch estate was built in the 1960's and 70's. Capstan House includes 12 bedsits which are considered to be poor and inappropriate accommodation throughout the housing stock in London Borough of Tower Hamlets. The area where Capstan House is located comprises 6 blocks fronting Manchester Road. Most are 3 and 4 storey maisonettes, but there is also one 10 storey block. The blocks are set around landscaped courts of variable quality and openness. The open spaces suffer from anti-social behaviour, which require measures to improve security and supervision. The majority of blocks will be refurbished internally, for tenants, and externally for all residents to the Decent Homes standard.

5.5.3 Purpose of the decant and leaseholder buy-backs at Capstan House.

Following master-planning consultation, East End Homes plans the redevelopment of Capstan House to provide more modern, appropriately sized accommodation, and to address the layout of the area in which the block is situated. At present in the area there are a number of poorly defined open spaces and the boundary of the site is also not clear. The proposed scheme is for 90 flats which would include around 39 affordable homes, in an overall mix of 1, 2, 3 and 4 bed units.

5.5.4 The scheme, incorporating the provision of some homes for sale, has been developed in the context of the wider improvement of Island Gardens. The intention is to consider linking the two blocks currently adjacent to Capstan House, with a new block creating a street frontage and securing open space to address anti-social behaviour. If the scheme is implemented the increased density is primarily achieved by a much more efficient use of the existing land.

5.5.5 East End Homes advises that the approximate timescale for the redevelopment would be 19 months, commencing in 2009, subject to planning approval, which is to be sought in 2008. Detailed design work is presently underway.

5.5.6 Negotiations with the 3 leaseholders in Capstan are at an early stage. The proposal for a CPO, to include leaseholder interests in the addresses within Capstan House, listed in Appendix 1, is a precautionary measure, to help ensure overall delivery of the scheme.

5.5.7 East End Homes will continue negotiations with the leaseholders to seek to achieve a complete decant without the full execution of the proposed CPO unless it is absolutely necessary.

5.6 British Street (East End Homes)

5.6.1 British Street Estate is located in Mile End East Ward. It was transferred to East End Homes on 11th April 2005. At transfer the estate comprised 500 homes in

11 blocks, of which approximately 410 are tenanted and 90 are owned by leaseholders.

5.6.2 The regeneration proposals stem from extensive resident consultation over a four year period. EastendHomes has outline planning approval (granted 31st January 2007) for a scheme which will invest more than £50 million within the area over a five year period. The estate-wide regeneration scheme will:-

- bring all existing homes to 'Decent Homes Plus' standard, and significantly improve the built exterior of the estate;
- enhance the quality and improve the amenity of the landscaping of the estate, making it more secure and safe;
- provide a quality development and enhance the character and appearance of the estate and local area;
- contribute to the diversification of the existing tenure mix, providing new homes for rent and private sale, with cross-subsidy from the latter helping to fund the overall regeneration of the area;
- provide new community facilities and shops.

5.6.3 Purpose of the decant and leaseholder buy-backs at British Street.

The proposed redevelopment scheme requires the demolition of one block, 2-12 Merchant Street, containing 4 rented homes, 6 shops and an adjoining community hall.

5.6.4 [One of the shops is used under license for community use.](#) Vacant possession will be required to allow the works to proceed as planned. A mixture of homes for rent and sale will be provided on this site, along with 5 new, replacement shops. A new community centre, is under construction nearby, which will offer new premises for displaced community groups, .

5.6.5 Planning permission has been granted on the site of the shops for 39 homes for private sale, within a planning approval for a wider area.

5.6.6 Negotiations with shop lessees are ongoing and include provision for relocation in the new units. Of the 6 retail units scheduled for development one is currently let under license for community business provision and will be relocated as part of the community facilities re-provision; 3 three other retail units are currently occupying under license due to expiry of their leases. The replacement retail units will be built and ready for occupation before any need to start work on the existing shops site, ensuring that any temporary re-provision is unnecessary. This ensures one move only and minimises disruption of trade.

5.6.7 The proposal for a CPO, to include the shops listed in Appendix 1, is a precautionary measure, to help ensure overall delivery of the scheme.

5.6.8 No special circumstances which might affect the proportionality test required under the Human Rights test is known in any of the above cases.

6. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)

6.1 The Council is empowered by law to make Compulsory Purchase Orders to acquire land and can use this power to assist with a developer (in these cases housing associations). Since this deprives people of their property against their will it is always the last resort and should be preceded by vigorous attempts to buy the land by agreement. The enhanced payments given by law and set out in paragraph 4.5 of this report are payable on voluntary purchase as well as under the CPO.

6.2 Depriving people of their property is a serious step and is not to be taken lightly. In this case the inclusion of specific properties in the proposed Compulsory Purchase Orders and the formal making of the Orders is proposed to be delegated to the Corporate Director of Development and Renewal. The properties involved and the circumstances in which the CPOs will be made (if needed) have been set out for members. This is a specific type of order to meet a particular but common circumstance. The Council's Constitution provides for this broad delegation of decision making in circumstances which include the present proposals. If members wish to exercise a more personal involvement in the process of authorising the making of the Compulsory Purchase Orders they should consider whether to approve this delegation or require the Orders to be individually authorised by Cabinet.

6.3 Whenever a Compulsory Purchase Order is made it is necessary to carry out a "balancing exercise" to judge whether it is in the public interest to make a CPO in view of the harm done to the interests of the individual. Against this should be placed the benefit of improved housing and amenities for all in the blocks involved and the benefit to the well-being of the community gained by the scheme. The impact of this harm is lessened by the existence of rights of objection and a statutory compensation regime which includes the payments set out in paragraph 4.5 above the market price to compensate for the involuntary nature of the process. This test is needed to be looked at now in general terms and, will be repeated by the Corporate Director in each case when the order is made, and will thereafter be subject to scrutiny by the inspector if there is a public inquiry. In the similar Priestman Point CPO, the inspector found that on the public interest test the Council's case was "compelling", but each case requires its own scrutiny.

6.4 A compulsory purchase order of a dwelling interferes with the Human Rights of the property owner under Article 8 of the European Convention (right to a home) (if he lives there), and also breaches the right to property under Article 1

of the First Protocol to the Convention. It is necessary to judge if these breaches are justifiable.

- 6.5 The Human Rights Act and the Convention makes clear that such breaches can be justified if the gain for the public interest is sufficient; the public gain must be proportionate to, or exceed, the individual loss. European case law establishes that the English system of proper regard to objection and fair compensation is proportionate and lawful, provided there is a good case for the CPO in the public interest. In general if the public interest case is well-founded the human rights test will be met in English cases. Exceptional circumstances may need individual consideration. However at present none are known.

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 This report seeks approval to establish the mechanism for compulsory purchase order proceedings to be implemented, should the leasehold interest buyback programme not succeed in acquiring all the appropriate properties. Arranging for these back-up procedures to be put in place now will reduce any subsequent delays in the regeneration programme that will arise if agreements cannot be reached with individual leaseholders.
- 7.2 There are no direct financial implications for the Authority of this process. The costs of the purchases and associated compensation packages are borne by the Council's Registered Social Landlord partners. In addition, the cost of all officer time involved in the CPO process will also be recharged to the RSLs.

8. EQUAL OPPORTUNITIES AND ANTI-POVERTY IMPLICATIONS

- 8.1 The social landlord partners whose regeneration schemes require the supportive Council measures proposed have adopted Equal Opportunities Policies and will implement procedures that reflect the needs and experiences of the communities they serve.
- 8.2 The improvements to the various estates through regeneration activity, which are outlined in this report, will provide a better quality of life for residents. The proposed CPO processes are intended to support and where necessary help enable major regeneration activity in these areas, which will direct resources to secure improved housing conditions. Producing better housing is integral to the core aims of these social landlord partners, along with more say for residents in the management of their homes and measures to promote community development and economic regeneration.

9. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 9.1 The backlog of investment required to the Council's Housing Stock and lack of resources means that much of the Housing stock suffers from poor thermal efficiency resulting in higher than necessary fuel usage. Only if sufficient resources are identified will it be possible to introduce improvements. The regeneration activity outlined in this report will help to implement this.

10. RISK MANAGEMENT IMPLICATIONS

- 10.1 The key risks arising from this report are: -

| Risk | Mitigating Actions |
|---|---|
| <p>Failure by RSL to secure vacant possession of the leasehold interests listed in Appendix 1</p> <p>Lengthy and costly delays to works programmes, which could also jeopardise wider regeneration proposals, for example if they depend on works to the affected sites for cross-subsidy, or replacement homes, to allow further decants within a rolling programme.</p> | <ul style="list-style-type: none"> Delegated authority sought to make CPO where required, to operate in tandem with negotiated procedures. Regular liaison with social landlord partner to anticipate difficulties within their buy-back programmes and address these through the measures proposed in this report. |
| <p>Failure to deliver the promises made to residents</p> | <ul style="list-style-type: none"> Covenants put in place at transfer. Partnership agreement in place. Monitoring and reporting arrangements put in place. |

APPENDICES

This report has the following appendices:

Appendix 1: Schedule of leasehold interests to be repurchased.

Appendix 2: Map of borough, showing estates for which a CPO is proposed.

Appendix 3: Crossways Estate – map showing location of dwellings for which a CPO is proposed.

Appendix 4: Leopold Estate – map showing location of dwellings for which a CPO is proposed.

Appendix 5: Bow Bridge Estate – map showing location of dwellings and shops for which a CPO is proposed.

Appendix 6: Holland Estate – map showing location of dwellings and shops for which a CPO is proposed.

Appendix 7: Christchurch Estate – map showing location of dwellings for which a CPO is proposed.

Appendix 8: British Street Estate – map showing location of shops for which a CPO is proposed.