

Cabinet	 TOWER HAMLETS
26 September 2018	
Report of: Ann Sutcliffe, Acting Corporate Director of Place	Classification: Unrestricted
Chrisp Street Regeneration Scheme: CPO Resolution, dealings with Council land/interests and Street Market Management Arrangements	

Lead Member	Councillor Rachel Blake, Cabinet Member for Housing and Development
Originating Officer(s)	Mark Baigent – Divisional Director for Strategy Regeneration & Sustainability Niall McGowan – Housing Regeneration Manager Aaron Cahill –Project Manager Monju Ali – Housing Regeneration Project Officer
Wards affected	Lansbury
Key Decision?	Yes
Forward Plan Notice Published	28 August 2018
Strategic Plan Priority / Outcome	A borough that our residents are proud of and love to live in

1. EXECUTIVE SUMMARY

- 1.1 This report seeks agreement to facilitate the delivery of a regeneration project (the scheme) at Chrisp Street Market, Poplar E14 (the Site). The scheme is being led by a partnership between Chrisp Street Developments Limited (CSDL) a wholly owned subsidiary of Telford Homes, who will be responsible for delivering the scheme, and Poplar HARCA (HARCA), who will be responsible for owning and managing the current and future affordable housing on the Site.
- 1.2 This report seeks authorisation for Officers to proceed with three principal matters that will facilitate the regeneration of the Site (also referred to herein as the “Order Land”), the boundaries of which are shown in red on the Chrisp Street CPO and Site Plan at Appendix 1. The matters in respect of which the Mayor’s approval is sought are, in summary:
- a) Authority for Officers to make, seek confirmation of and give effect to a Compulsory Purchase Order (CPO), which will empower the Council to acquire all land and property interests within the Order Land necessary to facilitate the delivery of the scheme;

- b) Approval of decisions relating to dealings with the Council's land and property interests, including disposal of interests to CSDL and acquisition of others, in order to help facilitate the delivery of the scheme;
 - c) Approval of proposals to relocate the Street Market Traders in broad accordance with the plan set out in Appendix 12. The Council will sustain the Street Market's operation and business throughout the construction period and manage thereafter. Also sought is approval for nominated Council officers to become directors of the developer's Chrisp Street Management Company for the wider site detailed in Appendix 1 (replacing the environmental management role undertaken by HARCA), subject to satisfactory legal and financial terms, and how that company will work in partnership with the Council's own Street Market management service. The Council's service will continue to issue licences and set and collect trading fees. The land on which the Street Market is located will continue to be owned by the Council.
- 1.3 Approval of this report's recommendations will help facilitate the delivery of a scheme approved by the Council's Strategic Development Committee (SDC) on 24 July 2018, and in doing so implementation of a Council Local Plan priority (Site Allocation 9, Chrisp Street Town Centre, in the Managing Development Document 2013); and, more broadly, the delivery of a regenerated place, providing a focal point for the wider Poplar area.
- 1.4 The proposed CPO will run in tandem with CSDL's continuing efforts to achieve negotiated settlements with all land interests wherever possible, an approach consistent with DCLG's guidance on the Compulsory purchase process and The Crichel Down Rules (2018) (the "CPO Guidance"). The use of the Council's CPO powers now is considered necessary and proportionate to progress the scheme by reducing the risks arising as a result of uncertainty around land assembly and use.

2. RECOMMENDATIONS:

- 2.1 **In relation to the Compulsory Purchase Order, the Mayor in Cabinet is recommended to:**
- 2.1.1 Authorise the making, seeking confirmation and implementation of a CPO under section 226(1) of the Town and Country Planning Act 1990 to include all land interests within the redline boundary on the plan at Appendix 1 (including but not limited to those specific interests identified at Appendix 2) in order to facilitate the redevelopment of the Site by CSDL and HARCA, to provide new and improved housing, retail, leisure and community facilities.
 - 2.1.2 Subject to the Council entering into the Indemnity Agreement described in recommendation 2.1.3, delegate to the Acting Corporate Director of Place the power to effect the making, confirming and implementation of the CPO and take all necessary steps, including the making of any ancillary orders and the exercise of any of the Council's Planning functions, to give effect

to the CPO in respect of the area shown edged red on the plan at Appendix 1.

- 2.1.3 Delegate to the Acting Corporate Director of Place the authority to finalise the terms of, and enter into, the Indemnity Agreement substantially in the form set out at Appendix 8 to provide a framework for the respective obligations of the Council and CSDL and Poplar HARCA in the promotion and application of powers, including land transfer and the ability for the Council to recover its costs in conducting and managing the CPO, including all compensation costs to be paid;
 - 2.1.4 Delegate to the Acting Corporate Director of Place the authority to agree the terms of and enter into any documentation required to transfer and effect the transfer of any land interests, whether freehold, leasehold or otherwise which have been compulsorily acquired by the Council to Poplar HARCA/CSDL for a nil value consideration in accordance with the Indemnity Agreement and within a timescale to be agreed between the Council and Poplar HARCA/CSDL; and
 - 2.1.5 Delegate to the Acting Corporate Director of Place the authority to appoint external consultants to assess and agree any compensation due to the Council and to thereafter enter into any documentation to extinguish and/or to settle compensation for any infringement by the development of property rights benefitting Council-owned properties (including Rights to Light).
 - 2.1.6 Delegate to the Acting Corporate Director of Place the authority to require HARCA/CSDL to provide the necessary evidence to demonstrate that the option of refurbishment and/or retention of the existing buildings have been taken into account which may not otherwise deliver the full scheme benefits described in Section 6.14 to 6.19 in order to authorise the making of the Order.
- 2.2 In relation to the Council's land and property interests (other than those acquired pursuant to the CPO) and subject to any legislative and policy requirements, the Mayor in Cabinet is recommended to:**
- 2.2.1 Delegate authority to the Acting Director of Place to agree the terms of and enter into any documentation required to settle any property rights / matters necessary to progress the regeneration scheme as detailed in sections 11.4 to 11.17 of this report.
- 2.3 In relation to the Street Market arrangements, the Mayor in Cabinet is recommended to:**
- 2.3.1 Agree the proposed relocation of the Street Market as broadly described on the temporary relocation plan of the Street Market (Appendix 12) and in Sections 16.3 -16.4 of this report, noting the intention to ensure continuous Street Market trading both during the project delivery and after and delegate to the Acting Corporate Director of Place authority to enter

into any agreements or documentation, or take any steps or other action necessary, to give effect to this.

- 2.3.2 Note the proposals concerning the future management of the Site set out at Sections 16.5–16.8 and in Appendix 9 (Long Term Estate Management Plan), including in particular HARCA/CSDL’s proposal to employ a Town Centre Manager for the scheme;
- 2.3.3 Delegate to the Acting Corporate Director of Place, after consultation with the Mayor, the authority to nominate and appoint up to two Council representatives (one Member and one Officer, or two Officers) to act as directors of the Crisp Street Management Company, subject to being satisfied with the governing documents of the company, and to do all required, including execution of documentation, to give effect to that decision; and
- 2.3.4 Delegate to the Acting Corporate Director of Place authority to agree the terms of and thereafter enter into a management agreement (or variation to the existing management agreement) between the Council and Poplar HARCA and/or CSDL in respect of the market area.

3. THE USE OF COMPULSORY PURCHASE POWERS

- 3.1 The Council is empowered by section 226(1) of the Town and Country Planning Act 1990 (“**TCPA**”) as amended, to acquire any land in its area: (a) if it thinks the acquisition will facilitate the carrying out of development or redevelopment or improvement on or in relation to the land or (b) which is required for a purpose which it is necessary to achieve in the interests of the proper planning of an area in which the land is situated. Section 226(1A) requires that in order to make an acquisition under (a), the Council must consider that the development, redevelopment or improvement will contribute to the promotion or improvement of the economic, social or environmental well-being of the area.
- 3.2 In the present case, the Council proposes relying on section 226(1)(a) and so the requirements of section 226(1A) described must be satisfied.
- 3.3 The CPO Guidance sets out the policy tests that the Government will expect acquiring authorities to satisfy when making a CPO. In accordance with the CPO Guidance (para 2, pg 6):
 - 3.3.1 the Council should use compulsory purchase powers only where it is expedient to do so; and
 - 3.3.2 a compulsory purchase order should only be made where there is a compelling case in the public interest for doing so.
- 3.4 The Guidance sets out that:

“Compulsory purchase powers are an important tool to use as a means of assembling the land needed to help deliver social, environmental and

economic change. Used properly, they can contribute toward effective and efficient urban and rural regeneration, essential infrastructure, the revitalisation of communities, and the promotion of business – leading to improvements in quality of life.”

“The confirming authority will expect the acquiring authority to demonstrate that they have taken reasonable steps to acquire all of the land and rights included in the Order by agreement.”

“Compulsory purchase is intended as a last resort to secure the assembly of all the land needed for the implementation of projects. However, if an acquiring authority waits for negotiations to break down before starting the compulsory purchase process, valuable time will be lost. Therefore, depending on when the land is required, it may often be sensible, given the amount of time required to complete the compulsory purchase process, for the acquiring authority to:

- plan a compulsory purchase timetable as a contingency measure; and*
- initiate formal procedures*

This will also help to make the seriousness of the authority’s intentions clear from the outset, which in turn might encourage those whose land is affected to enter more readily into meaningful negotiations.”

- 3.5 In order to meet the requirements of the CPO Guidance, the making of a CPO should be preceded by genuine attempts to buy the land by agreement. It must be clear that the development offers public benefits, such as improved retail and leisure facilities, improved employment opportunities, increased housing provision and improvements to the general amenity of the area. The balance of interests between the protection of individual rights and the public benefits to be realised must be considered and a CPO only made where there is a compelling case in the public interest to do so. In making this assessment the Council may note the existence of a right for any objection to be heard at a public inquiry and a statutory compensation regime which includes payments to compensate for the involuntary nature of the process. Further details of the economic, social and environmental benefits of the Scheme are set out in Section 6.14-6.20 below.
- 3.6 The CPO Guidance also requires that the acquiring authority be able to show that the scheme is unlikely to be blocked by any physical or legal impediments to implementation, such as in respect of delivery or the need for planning permission or other consent or licence. Impediments are addressed at Section 14 below.
- 3.7 The CPO Guidance refers to the balance that has to be struck between ensuring a compelling case in the public interest and that the regeneration project sufficiently justifies interfering with the human rights of those with an interest in the land affected. It reads as follows:

"When making and confirming an order, acquiring authorities and authorising authorities should be sure that the purposes for which the compulsory purchase order is made justify interfering with the human rights of those with an interest in the land affected. The officers' report seeking authorisation for the compulsory purchase order should address human rights issues."

- 3.8 Consideration is given to the human rights implications of the decision to make a CPO below and further in Section 15.
- 3.9 The CPO Guidance has been taken into account and referred to, as appropriate, in the preparation of this Report.
- 3.10 The Acquisition of Land Act 1981 governs the procedures that apply to compulsory acquisitions. The 1981 Act provides that the authorisation for a compulsory purchase is to be conferred by a CPO. A CPO is required to follow the correct procedures.
- 3.11 The Compulsory Purchase Act 1965 governs post-confirmation procedures. The Land Compensation Act 1961, with associated legislation and guidance, governs the assessment of compensation.
- 3.12 The Council may dispose of the land under section 233 of the TCPA for the purpose of bringing it forward for development or otherwise facilitating development. Any such disposal must be for the best consideration that can reasonably be obtained, unless the Secretary of State's consent is obtained. Such an assessment may take into account the planning purpose underlying the disposal. By a combination of sections 226 and 233 of the TCPA, it is open to the Council to compulsorily acquire land for planning purposes and then transfer it to a developer or Registered Provider partner to facilitate development.
- 3.13 The sequence of actions/events to realise the CPO are as follows:
 1. CPO Resolution by Mayor in Cabinet
 2. Finalisation of title information by acquiring authority after the Cabinet resolution is passed.
 3. Continued negotiation with owners / occupiers / objectors to acquire their land / property interests.
 4. Pre CPO validation of HARCA/CSDL's dialogue with land interests above after which Council Officers will meet with land/property interests to discuss CPO process.
 5. Preparation of CPO, Order plans, Order schedules, Statement of Reasons, Statutory Notices and Advertisements
 6. Making of CPO and submission to Secretary of State by Acquiring Authority. Service of statutory notices and advertisements. Register Local Land Charge for public information.
 7. Period of objections to Secretary of State which will be for a minimum period of 21 days.

8. Secretary of State decides if a Public Inquiry is required or whether the objections can be considered through the written representations procedure (with the consent of all parties).
9. If no objections to the CPO, the Council should be in a position to confirm the CPO.
10. If there are objections and a Public Inquiry is required, Pre-inquiry preparation to be undertaken including instruction and meeting with Counsel; preparing evidence; appointing witnesses and drafting of the Statement of Case
11. Public Inquiry
12. Secretary of State decision on CPO
13. If the CPO is confirmed, the Council implements via statutory notices and a vesting date will be set.

4. NEED FOR REGENERATION

Description of the Order Land

- 4.1 The Site was built in various phases between the 1950s and late 1970s and is located in the Lansbury Ward, Poplar, E14. The Site (and thus the proposed CPO) covers an area bordering Cordelia Street to the north, Chrisp Street to the east (including the Co-op Car park, east of Chrisp Street which is bounded by the DLR line, Brownfield Street and Willis Street), East India Dock Road to the south and Kerbey Street to the west. The Order Land is illustrated in Appendix 1. The land interests affected by the proposal includes a 100 pitch Street Market; 31 lock up premises (and associated WC block); 212 homes; 68 small to medium sized commercial units providing a range of retail, café, food and other services; and four major business units, principally the bank, post office, and two major supermarkets, one of which has the benefit of an associated car park at street level to the east of Chrisp Street. Also included are the Council's Idea Store; One Stop Shop; and a Children's Centre (formerly known as the Sure Start Centre), split over two sites.
- 4.2 The Site also contains buildings of significant architectural merit. The older buildings to the north were designed by Sir Frederick Gibberd and built as part of the Festival of Britain in 1951. The existing 43 Festival of Britain homes; shops; 2 pubs and the Clock Tower in the Market Square are all being retained. The Festival Inn and the Clock Tower have been Grade II listed since 31 October 2017 and are being retained.
- 4.3 The Council is a major landowner within the site and provides a number of public services from it, but is not the freehold owner of any of the residential properties (as to which see below). The services include an Idea Store visited by c 327,000 people in 2017/18; Children's Centre Services run from two former retail premises, Market Way providing advice and support for parents of children under four years old; a One Stop Shop providing general advice on Council services and the Street Market trading services providing licences for traders using the 100 available pitches. The Council owns the freehold of the Street Market itself and the Idea Store; there are no changes in Council

freehold ownership in respect of these two sites as part of the regeneration proposal.

- 4.4 The land comprising the residential estate within the wider site was transferred to HARCA in August 2006. This followed a ballot of local residents, and was intended to improve the quality of the homes, the environment and to achieve wider regeneration outcomes. The Chrisp Street part of the Lansbury (South) Estate totals 169 homes, comprising 124 social rent homes and 45 leasehold homes (as of May 2013 when the initial demolition notice was served). There are a further 43 Festival of Britain homes (23 social rent, 20 leasehold) that will be retained in the scheme, making up the total of 212 homes on the site.

The need for change

- 4.5 Despite the merits of the design of some of the buildings and the site's continued use by local people, there are numerous issues which have impacted significantly on the quality of life for the residents and retailers in the area including:
- A poor standard of infrastructure for the street market which is contributing to the market steadily losing custom
 - inadequate security to the area and individual homes
 - lack of visibility north to south of the Site due to the residential properties built over the public realm
 - poor thermal and acoustic insulation in comparison to current building regulation requirements resulting in a higher fuel costs
 - Poor quality public realm including inadequate refuse disposal and collection facilities and poor quality external amenity and retail spaces.
 - Lack of any significant activity outside of the normal commercial operational hours leaving the area vulnerable to anti-social behaviour (ASB) and low level crime
- 4.6 The site continues to be well used by the local community during commercial operational hours, but the retail offer and general levels of activity has been in gradual decline in terms of the number and variety of actively trading businesses. The existing retailers and shoppers should benefit from the substantial improvement to the physical infrastructure that redevelopment would bring, and which will enable a much more attractive and vibrant retail offer. On the Chrisp Street site alone, the number of homes will increase nearly fourfold and housing developments in the immediate area should provide additional footfall to the Market area to boost spending in both the Street Market; the retail units; and complement the proposed new leisure offer.
- 4.7 By way of evidence, the *Tower Hamlets Town Centre Strategy 2017-22* (March 2017) reported a survey carried out by consultants in October 2016, where 46% of businesses in Chrisp Street reported turnover was down; 38% said it was the same and 16% said it was up compared to the previous trading

year. More detail can be found in the extract from the Strategy attached as Appendix 10.

- 4.8 In short, the retail offer at the Site is limited and not maximising its full potential; the leisure and evening economy offer is very limited, apart from the 2 pubs that operate on the site; the residential units are not considered to meet modern day living standards and are considered impractical and inefficient to repair and improve if the scheme benefits described in Sections 6.14 to 6.19 are to be realised and delivered and the physical environment is rundown and prone to anti-social and criminal behaviour.
- 4.9 As a result, the site stands out as an area which is appropriate for major and comprehensive regeneration. It suffers from a number of problems as described above and does not make best use of land. Officers consider that it can however deliver a revitalised retail district centre together with new and improved housing. This approach would be consistent with the regeneration proposals taken forward on nearby estates such as Blackwall Reach and Aberfeldy Village.
- 4.10 It is for these reasons that HARCA/CSDL, acting with the Council's support, has begun to progress the scheme, which recognises that redevelopment of the location is capable of delivering transformational change to bring an improved retail and leisure offer and a significant quantum of new housing. This is expected to generate wider regeneration benefits for the community in Chrisp Street and wider area in a manner that is consistent in supporting existing council policies as set out in more detail later in this report.
- 4.11 HARCA has been engaging with the Council for some years with the intention of progressing the regeneration of the Site. A report was considered by the Council's Cabinet on 7 October 2009 titled "Chrisp Street regeneration proposals: Summary and Position Statement". The report references the need for a comprehensive approach to regenerating the Order Land; the need for this approach to be fed into the Core Strategy consultation process (which it subsequently was); and that the Council should participate in HARCA's development partner procurement process. The broader '*Reshaping Poplar*' vision envisaged a transformational change for the wider Poplar area (including Chrisp Street), which influenced some of the policy content of the Core Strategy adopted in September 2010. The '*Reshaping Poplar*' agenda also featured prominently in the Council's Borough Investment Plan '*Quality Homes in Quality Places*' (2010) as did the Chrisp Street Order Land itself as a Council supported investment priority. The regeneration of the Order Land is also identified as a Local Plan priority (comprising Site Allocation 9, Chrisp Street Town Centre, in the Managing Development Document 2013). (See Section 5 for more detail).
- 4.12 The proposed scheme is therefore intended to both address and reverse the gradual decline that has occurred in recent years and meet the broader range of challenges the Local Plan identifies. The full range of scheme benefits are outlined in Section 6.14-6.20 of this report. This scheme received planning

consent at the 24 July 2018 meeting of the Local Planning Authority's Strategic Development Committee.

- 4.13 Officers believe that the Site has the potential to build on its designated status as the local retail District Centre with a much wider offer for both the people who use it now and those who will be encouraged to use it in the future. Development of new homes in the surrounding area underpinned by the forecast for local population growth means that there are significant economic; environmental and social benefits that are potentially at risk if the scheme does not proceed.

Complementing Council investment in the area

- 4.14 The scheme will also complement investment made by the Council in the Poplar Baths community and leisure facility and that planned for the Idea Store, which is proposed to be extended as part of this scheme. The vision for the scheme is to create a regenerated retail, market, residential, leisure and wider community focal point for the Poplar area, making it a great place to live for the whole community, complementing nearby regeneration initiatives such as the Council sponsored 1,575-home Blackwall Reach scheme and HARCA's 1,200 home Aberfeldy village scheme.

Enhancing the Chrisp Street Market Offer

- 4.15 Officers are very aware of the concerns local residents and the wider Tower Hamlets public may have over the perceived threat of gentrification, meaning the displacement of local people, often on low incomes, to be replaced by non-local people on middle to higher incomes. However, the culturally diverse character of Chrisp Street is considered to be an essential part of its current popularity and will need to be protected and retained if the regeneration is to be successful. In housing terms, existing HARCA tenants (and tenants who have already been decanted) have a right to remain/return and the amount of affordable housing on the site is being increased. Support is in place to enable Independent retailers in the shops and lock up premises to remain at Chrisp Street, as set out in Appendices 4b and 13. The Street Market traders will remain as Council licensees both during construction and after.
- 4.16 As part of the ongoing approach with HARCA/CSDL, the Council will seek to mitigate those real or perceived impacts where possible. It should be noted that the land on which the Street Market itself is located is owned by the Council, as is the Idea Store. No change in freehold land ownership is proposed, making the Council a key stakeholder in the future success of the area. The Council will use that stake to help ensure the benefits generated from the regeneration scheme are enjoyed by the whole community where possible and will provide appropriate support to see the Scheme objectives delivered.

5. STRATEGIC POLICY CONTEXT

- 5.1 This section focuses on the strategic and policy framework set by the Council and its partners and how the proposed regeneration scheme contributes to the objectives that have been set.

National and Regional Planning Policy

- 5.2 The national and regional planning policy context in which the Chrisp Street regeneration scheme should be considered is briefly described below. The merits of the planning application (PA/16/01612/A1) have been considered by the Council's Strategic Development Committee which resolved to grant planning permission for the scheme at its meeting on 24 July 2018. The planning application is now in the process of being referred back to the Mayor of London for Stage 2 consideration. Subject to the Mayor of London confirming that he is content to allow the Council as Local Planning Authority to determine the application, and the completion of a legal agreement to secure a number of planning obligations, the Council is expected to grant planning permission for the scheme.

National Planning Policy Framework (NPPF) (July 2018)

- 5.3 **NPPF, Chapter 7, 'Ensuring the vitality of town centres'** states that planning policies and decisions should support the role that town centres play at the heart of local communities, by taking a positive approach to their growth, management and adaptation. Planning policies should:

- Retain and enhance existing markets and, where appropriate, re-introduce or create new ones;
- recognise that residential development often plays an important role in ensuring the vitality of centres and encourage residential development on appropriate sites

Mayor of London's London Plan (2016)

- 5.4 The Mayor of London has responsibility for the drafting and implementation of the capital's spatial development strategy, the London Plan.

- **Policy 2.15** promotes the inclusion of residential development within town centres. Specifically on planning decisions:

Development proposals and applications for retail to residential permitted development prior approval in town centres should conform with Policies 4.7 and 4.8 and:

- a) sustain and enhance the vitality and viability of the centre
- b) accommodate economic and/or housing growth through intensification and selective expansion in appropriate locations
- c) support and enhance the competitiveness, quality and diversity of town centre retail, leisure, employment, arts and cultural, other consumer services and public services

- d) be in scale with the centre
 - e) promote access by public transport, walking and cycling
 - f) promote safety, security and lifetime neighbourhoods
 - g) contribute towards an enhanced environment, urban greening, public realm and links to green infrastructure
 - h) reduce delivery, servicing and road user conflict.
- **Policy 3.3** seeks the provision of 42,000 additional homes per year across London. It also identifies a housing provision target of 39,314 additional homes to be completed between 2015 and 2025 in LBTH. This translates to an annual requirement of 3,931 dwellings per year for the Borough. Importantly, Policy 3.3 states that boroughs should seek to exceed their housing targets.
 - **Policy 3.14** resists the loss of housing, including affordable housing, unless the housing is replaced at existing or higher densities with at least equivalent floorspace.
 - **Policy 4.7** states that the scale of retail, commercial, cultural and leisure development should be focused within town centres and should be related to the size, role and function of the town centre and its catchment.
 - **Policy 4.8** seeks to support a successful, competitive and diverse retail sector and supports the provision of convenience retail in particular within district centres.

5.5 The Mayor of London has provided comments on the planning application which are set out in a letter dated 12 December 2016. The letter stated that:

“London Plan policies on town centres, estate regeneration, housing, urban design, heritage, inclusive design, climate change, and transport are relevant to this application. The principle of the mixed-use regeneration of Chrisp Street District Centre is strongly supported. A number of outstanding concerns are raised with regards to the principle of the uses, housing, urban design, climate change, and transport.”

5.6 Outstanding planning issues are expected to be resolved between the applicant and the respective planning authorities.

Mayor of London’s Draft London Plan (2017)

5.7 A draft replacement London Plan has been submitted to the Secretary of State for examination and the Examination in Public is scheduled for November 2018 to March 2019. The current 2016 consolidation London Plan still forms part of the adopted Development Plan. However, the Draft London Plan is a material consideration in planning decisions and gains more weight as it moves through the process to adoption. The draft London Plan includes a number of relevant

emerging policies that support the regeneration of town centres, the delivery of additional housing and the promotion of retail, leisure and community uses.

The Council's Development Plan

- 5.8 The Site is identified in both the Council's *Core Strategy (September 2010)* and *Managing Development Document – Development Plan Document (April 2013)* as both a district/town centre, and as a priority for improvement (Policy SP01).
- 5.9 The Managing Development Document (2013) allocates the Chrisp Street Town Centre site for development as part of the positive planning process to make sure the borough has the infrastructure needed to support the anticipated level of growth set out in the Core Strategy, specifically for the strategic housing and regeneration sites.
- 5.10 The site allocation is as follows: "Regeneration of the district town centre to improve Chrisp Street's vitality and viability. The site will be required to provide new homes and a district heating facility (where possible). The development will also include commercial floorspace and other compatible uses."
- 5.11 The Council's broad vision for town centres such as the Site is set out in Policy S04-S06 which are as follows:

SO4 - To have a hierarchy of interconnected, vibrant and inclusive town centres that are mixed use hubs for retail, commercial, leisure, civic and residential. The purpose of each town centre will differ according to its role and function.

SO5 - To promote mixed use at the ends of town centres and main streets

SO6 – To promote areas outside of town centres for primarily residential and supporting uses that do not need the higher levels of accessibility that town centres require

Source: LBTH Core Strategy Development Plan Document 2025 (September 2010)

Managing Growth and sharing the benefits Regulation 19 consultation document, titled Tower Hamlets Local Plan 2031: Managing Growth, Sharing the Benefits (October 2017)

- 5.12 More recently, in the context of the emerging Local Plan, the Site has been identified as a Delivering Sustainable Places priority (see the *Managing Growth and sharing the benefits Regulation 19 consultation document, titled Tower Hamlets Local Plan 2031: Managing Growth, Sharing the Benefits (October 2017)*). The new Local Plan was submitted to the Secretary of State for examination on 28 February 2018. Under the Design Principles heading it is stated that:

(The) Development will be expected to:

- *deliver a regenerated town centre for Poplar with a range of unit sizes (including those suitable for independent and small local retailers), a market square and a re-provided idea store located on East India Dock Road;*
- *respond positively to the existing character, scale, height, massing and urban grain of the post-war architecture and surrounding built environment, specifically the Lansbury Estate to the west and Poplar Baths to the south;*
- *protect and enhance heritage assets on site and in the surrounding areas, including the Lansbury Estate and conservation area to the west and Poplar Baths to the south;*
- *improve walking and cycling connections to, from and within the site – specifically to Langdon Park and All Saints DLR station. These should align with the existing urban form and grain to support east-west connectivity and wider permeability;*
- *integrate the site with the green grid route, helping to improve access from East India Dock Road to the north and Bartlett Park;*
- *improve the public realm with active site edges, specifically along East India Dock Road to the north and Bartlett Park;*
- *improve the public realm with active site edges, specifically along East India Dock Road and towards all surrounding and internal streets and public spaces; and*
- *reinforce and complement local distinctiveness and create a positive sense of place with improved visual connections to, from and within the site – specifically to Langdon Park and All Saints DLR station and the characteristics clock tower.*

Delivery Considerations:

- *Development should re-provide the idea store and ensure it is located within a central position.*
- *Effective engagement between landowners, developers and leaseholders will be needed to facilitate potential land assembly and comprehensive redevelopment. Local residents should also be fully consulted on any future proposals within this area.*
- *Development should ensure sufficient and well-integrated access arrangements for highways and servicing.*
- *Development should accord with any flood mitigation and adaptation measures stated within the borough's Strategic Flood Risk Assessment and the sequential test.*

Other strategic policy and guidance

- 5.13 The need for regeneration is also identified in the Council's Town Centre Spatial Strategy to 2025 and also in the report to Cabinet on 4th April 2017 titled *Update on the Town Centre Strategy*.

- 5.14 The Community Plan set out in that Town Centre Strategy provides the Tower Hamlets Partnership's long-term vision for the borough, articulating local aspirations, needs and priorities. The vision for Tower Hamlets Town Centres in the Community Plan has been identified as follows:

By 2025 Tower Hamlets will be refocusing on its Town Centres, ensuring they are places at the heart of civic life, which are vibrant, inclusive and accessible. The role of each town centre will differ, in order to serve all members of the community, according to character and function. Each of the Town Centres will form part of a rejuvenated, interconnected network of hubs for shopping, leisure, civic and associated housing uses.

- 5.15 Reference is made to the Mayor of London's future requirement for resident ballots on estate regeneration proposals in Sections 13.4 – 13.5.

6. THE SCHEME AND ITS BENEFITS

- 6.1 The scheme proposes the comprehensive redevelopment of the Order Land (including existing car park), For the purpose of the planning application, the scheme is described as follows:

Comprehensive redevelopment of the site (including existing car park) comprising the demolition of existing buildings with the exception of the Festival of Britain buildings, Clock Tower and Idea Store; erection of 19 new buildings ranging from 3 to 25 storeys (up to a maximum AOD height of 88m) providing 643 residential units (C3 Use Class) (including re-provision of 124 affordable residential units); existing market enhancement, including new canopy and service building; refurbishment of retained Festival of Britain buildings; reconfiguration and replacement of existing and provision of new commercial uses including new cinema (D2 Use Class); alterations and additions to existing Idea Store for community use and multi-function space (D1 Use Class); flexible workspace (B1 Use Class); retail floor space (A1 - A3 Use Class), including A1 food store; public house (A4 Use Class); hot food takeaway floor space (A5 Use Class); upgrade and provision of new public open space including child play space; new public realm, landscaping works and new lighting; cycle parking spaces (including new visitor cycle parking); and provision of disabled car parking spaces.

Source: LBTH PA/16/01612/A1

- 6.2 The economic, social and environmental scheme benefits are described in more detail in Sections 6.14-6.20. The Schedule of Interests at Appendix 2 sets out an initial list of the properties currently known to be affected by the CPO. This has been established following HARCA/CSDL initial desk top land referencing study.

The residential element

6.3 The scheme includes the demolition and re-provision of **169** homes as follows:

Table 1 – Homes proposed to be demolished

Block	No of Homes
Nos 1-8 Aurora House	8
Nos 1-16 Clarissa House	16
Nos 1-73 Fitzgerald House	73
Nos 1-16 Ennis House	16
Nos 2-30 (Even) Kerbey Street	15
Nos 1-16 Kilmore House	16
Nos 35-59 Market Square	25
Total	169

6.4 The following **43** homes, known as the Festival of Britain homes are **not** proposed to be demolished. These are:

Table 2 – Homes to be retained

Block	No of Homes
Nos 40-70 (Even) Kerbey St	16
Nos 72-84 (Even) Kerbey St	7
Nos 26-50 (Even) Market Way	13
Nos 1-7 Market Square	7
Total	43

6.5 These homes will be indirectly impacted by the remodelling of the podium decks and associated landscaping works for the new homes on the site, and by the construction activity (albeit that this will be strictly controlled by planning conditions). This disturbance will principally occur during Phase 1 of the scheme (see 'Delivery', below). However, these same residents will also benefit from a much improved environment surrounding their home, including but not limited to:

- Landscaped podium gardens rather than service yards which are a magnet for antisocial behaviour
- Lift access to their property which does not currently exist.

6.6 The current tenure and bedroom mix profile of housing on the Site (excluding the Festival Britain homes) is as follows:

Table 3 – Current tenure and bedroom mix of homes to be demolished

	Bedsit	1 BR	2 BR	3BR	4BR	5BR	Total
Social Rent Affordable	4	35	20	38	27	0	124
Private	8	2	6	25	3	1	45
Total	12	37	26	63	30	1	169

Note: this tenure profile reflects the state of play on 20 May 2013 when prior demolition notices were served to suspend the right to buy.

6.7 The tenure profile is therefore as follows:

Table 4 - Tenure mix by number of existing homes and habitable rooms

	No of Homes	% of Homes	No of Habitable Rooms	% of Habitable Rooms
Social Rent Affordable	124	73%	421	74%
Private	45	27%	151	26%

6.8 After the scheme is completed, the tenure and bedroom mix profile is anticipated to be as follows:

Table 5 – Proposed tenure mix by number of new homes

	1BR	2BR	3BR	4BR	Total
GLA Affordable / Social Rent	41	33	40	22	136
Intermediate Affordable S/O	18	11	8	0	37
Tower Hamlets Living Rent	17	7	3	0	27
Market	221	128	94	0	443
Total	297	179	145	22	643

Explanatory Note: Greater London Authority Affordable Rent; S/O denotes Shared Ownership, meaning part rent, part buy homes provided by HARCA.

- 6.9 Affordable housing is a particularly important feature of the scheme. The number of affordable homes being provided (all tenures) totals 200, which comprises 31.1% by unit numbers and 35.8% by habitable rooms of the development total of 643 homes, an increase of 76 affordable homes which equates to an increase of 289 affordable habitable rooms.

Retail provision

- 6.10 The approach to future retail provision is to relocate existing businesses so that food based retailers are centred on the Market Square and the new anchor store to the north is accessed via Market Way, with existing businesses relocated to this area. In this way the scheme will provide both new and improved, replacement retail floorspace. The aim is to draw footfall from East India Dock Road throughout the whole of the District Centre to maximise footfall throughout the full extent of the centre for the benefit of all retailers. Achieving this will require:

- Demolition of 22 existing commercial properties
- 19 businesses remaining in their current units, with a new lease or an amendment to their existing lease
- Relocation of 29 occupiers within the centre, comprising 14 due for demolition; 6 to reconfigure their units; 9 due to the design of the proposals
- 2 occupiers have chosen to leave the scheme and there is currently 1 vacant unit

- 6.11 There are also 31 Lock Up (also known as kiosk) premises, which are the small trading units on the eastern side of the Street Market. 27 of these are owned by the Council, with four owned by HARCA. Of these 31, four are empty, leaving 27 licensees in occupation. These are managed and the rent collected by HARCA which contributes to the cost of the environmental management of the Street Market. The Lock Up licensees are to be re-provided for within the Scheme (or within the ground floor commercial units in Cygnet House on Chrisp St) as described in Appendix 13. Temporary 'pop up' units may also be provided within the site boundary in the interim where permanent premises cannot be immediately found.

The Street Market

- 6.12 There are currently 100 market pitches which will be re-provided on an improved surface with better facilities including:

- A dedicated food preparation area
- New toilet facilities in the Community Hub Building
- New services provision points for each stall for electricity and water
- A new market canopy
- New lighting
- Drainage and wash down provision

- 6.13 Market traders are granted permanent and temporary licences by the Council, the owner of the Street market land, to operate at Chrisp Street. Apart from having to relocate temporarily from their current location when works are being undertaken to the market area, their arrangement with the Council will remain unchanged and the Council will continue to both issue licences and collect fees. None of the existing licence holders (permanent or temporary) will be displaced by the scheme, apart from the temporary relocation during construction works.

Scheme benefits

- 6.14 A summary of the benefits of the scheme is as follows:-

Economic benefits in summary - The proposed development is focused on the regeneration of the district centre to ensure its continued vitality and viability to the benefit of the local economy. The development will provide new and enhanced commercial space to the benefit of both existing traders as well as new businesses in the area. The commercial proposals for the site seek to diversify the centre and provide an evening economy as well as support and enhance the existing market, sustaining a total of circa 500 existing and new jobs. The proposed development will also contribute to economic growth during the construction period. The construction of new development creates a range of employment opportunities within the local and wider economy and has been acknowledged by the Government as a key driver for boosting housing delivery as required by the National Planning Policy Framework (NPPF). Construction of the development will support jobs directly on site as well as indirect support to additional jobs in the supply chain. The proposals will also contribute to the economic role of sustainable development by delivering land to improve choice and competition in the residential market place. In addition, new workers and residents will spend within the local economy an estimated £10.2m per annum, which will assist in sustaining the local services and infrastructure in the wider area. HARCA/CSDL have advised that the scheme will provide additional employment opportunities accessible to local people. Furthermore, the investment in this site as a key regeneration area, will act as a catalyst for future growth, to the benefit of the wider Poplar area, in line with the Council's aspirations.¹

- 6.15 Drawing on the above, the headline economic benefits are:

- 19,418 sqm of new (and existing) retail, leisure, community (identified in social benefits) and other space. This includes:
 - a new multi-screen cinema
 - an anchor supermarket store similar in size to the existing large supermarket up to 32 food and drink premises
 - HARCA/CSDL anticipate the Scheme once delivered is expected to fully regenerate the existing district centre and market by enhancing and increasing the amount of town centre activity, including

¹ Extract from the Chrisp Street, Poplar, London – Planning Statement Poplar HARCA & Telford Homes (June 2016) including an amendment to the estimated number of jobs which reflects a figure totalling existing jobs that will be sustained and new jobs that will be created.

sustaining/creation of circa 500 new jobs and an estimated additional annual spend of £10.2m

- As part of the associated draft S106 agreement, an employment and training offer for construction and administration jobs will be made to local people for the duration of the project

6.16 Social benefits in summary - The regeneration proposals for the district centre will provide new and enhanced facilities for the benefit of the wider community. As well as an enhanced retail offer, the proposals include the provision of leisure facilities, including restaurants, cafes and a cinema, as well as a new community hub as an extension to the existing Idea Store which will provide much needed space for community events. The residential proposals for the site comprise the re-provision of high quality affordable housing to compensate for the loss of the existing poor quality housing stock which will help meet local housing needs. The proposals will also introduce new residents to the area and expand the local community. The provision of a range of dwelling sizes will meet the needs of different occupiers and will assist in creating a strong and balanced community.¹

6.17 Drawing on the above, the headline social benefits are:

- A total of 200 new affordable homes, comprising 136 GLA Affordable Rent/Social Rent² homes; 37 homes for affordable shared ownership; 27 homes at affordable Tower Hamlets Living Rent, representing a net increase of 76 affordable homes onsite from the current 124 social rent homes
- A significant increase in market homes from 45 homes to 443 homes.
- 65 wheelchair accessible homes
- A new community hub building which will include a proposed extension of the Idea Store³; workspace on the second floor; and event space on the third floor
- Proposed new Children's Centre on the adjacent Kerbey Street site, bringing services under one roof, subject to statutory consultation
- All new homes will meet modern day living standards

6.18 Environmental Benefits in Summary: The redevelopment of the site will remove the existing poor quality buildings and extensive hard surfacing, and will provide new buildings of high quality design that will improve the contribution of the site to the local townscape. The proposals include extensive improvements to the public realm, improving the local environment for residents and visitors alike. The proposals seek to introduce a variety of soft landscaping areas to the site which will deliver ecological and environmental benefits to the site and surrounding area. New homes will be built to modern day living standards which will reduce negative environmental

¹ Extract from the Chrisp Street, Poplar, London – Planning Statement Poplar HARCA & Telford Homes (June 2016)

² HARCA has advised that the rents charged for these homes will be either GLA Affordable Rents or Social Rents, whichever the lower.

³ CSDL is offering the Council an option to acquire a long lease on the first floor of the proposed Community Hub building at a peppercorn rent.

impacts. The proposals have been developed with sustainable design and construction in mind.

- 6.19 Drawing on the above, the headline environmental benefits are:
- New street market canopy; new street market service building (including WCs); new paving with services for the Street Market; new public realm, landscaping works and lighting
 - Retention of the heritage features of the site, namely the existing 43 Festival of Britain homes (excluded from the above figures); retail provision at ground floor level in the northern half of the site; and a refurbished Clock Tower
 - Environmental improvements which will include provision for a new child play space
 - New cycle parking spaces (including visitor cycle parking)
 - A car free development but with provision for 10 disabled car parking spaces
 - 24 hour onsite management presence with onsite security and Closed Circuit TV (CCTV) coverage
- 6.20 If authorisation to make the CPO is granted in accordance with the recommendation contained in this report, the next stage will be referring the Compulsory Purchase Order to the Secretary of State via submission of a Statement of Reasons setting out the Council's justification for seeking the Order. The Statement of Reasons will build on the above summary of benefits and set out the economic; social and environmental benefits of the proposed scheme in greater detail. As set out in recommendation 2.1.6, the Council will require HARCA/ CSDL to provide the necessary evidence to demonstrate that the option of refurbishment and/or retention of the existing buildings have been taken into account which may not deliver the full scheme benefits described in Section 6.14 to 6.19 in order to authorise the making of the Order. The Council will maintain control of making and implementing the CPO throughout the CPO process to monitor and ensure all affected resident and commercial land interests are dealt with in accordance with good practice and statutory guidance.

7. CONSULTATION

Consultation to Date

- 7.1 Engagement with the local community began in 2009, following the initial scheme feasibility study work in 2008, with specific consultation events to inform the local community and affected stakeholders to secure their input into scheme proposals being held every year since. Consultation has therefore helped to shape the proposed scheme over the last 9 years.
- 7.2 Appendix 3, the Statement of Community Involvement that supported the planning application, describes the scope of engagement that has been undertaken between 2009 and 2016 and the main outputs from it. In particular, the Council can confirm that HARCA/CSDL have engaged in dialogue with all stakeholders about the scheme proposals.

- 7.3 It is also to be noted that the GLA response to the planning consultation set out in their Strategic Planning Application Stage 1 Referral Report (12 Dec 2016) were strongly supportive of the principle of redevelopment of the Site, and encouraged the positive engagement from HARCA/CSDL.
- 7.4 Since the initial pre planning consultation set out in the 2016 Statement of Community Involvement, there has been a public exhibition in the Management Office at No 19 Market Square in Chrisp Street open to stakeholders to visit. The exhibition was updated in April 2017 to reflect the changes requested by the planning department. Leaflets were distributed to over 100 residents and key stakeholders and the exhibition's hours extended to include evenings and a weekend. Update newsletters were distributed to traders and residents in November 2017. A presentation was made to local faith groups in September 2017; Lansbury Estate Board in November 2017; and South Poplar Round Table in November 2017, a stakeholder group including Tower Hamlets College; Canary Wharf; and SPLASH. Street Market Traders continue to attend regular bi-monthly meetings where updates on the project are provided.
- 7.5 As a result of the consultation activities undertaken and evidenced by HARCA/CSDL, the Council is satisfied that all local stakeholders have had a meaningful opportunity to comment on and input to the development of the scheme design proposals.

HARCA/CSDL Chrisp Street 22 & 23 June 2018 Information Days

- 7.6 HARCA/CSDL, as evidenced in the Statement of Community Involvement (Appendix 3), consulted with stakeholders to help contribute to the development of the regeneration scheme proposals. An issue raised at the 15 February 2018 Strategic Development Committee's meeting, which contributed to its decision to defer the Chrisp Street Market planning application, related to the specific impacts on individuals and businesses from Chrisp Street stakeholder groups. As a consequence, the applicant was asked to provide more detail (over and above that set out in the above Statement) of the consultation and engagement that was undertaken with local stakeholders which has been provided to the Council's planning officers.
- 7.7 In addition, following discussion with council officers, HARCA/CSDL decided to organise further consultation days to ensure that stakeholders continued to be fully informed of the scheme's proposals. This event was organised with the dual intention of informing stakeholders that the scheme was soon to be considered again by Strategic Development Committee and to set out in clear terms in individual brochures what the offers from HARCA/CSDL to each of the stakeholder groups were. The intention was that the offer documents would set out what the impacts of the scheme would be to stakeholders and where relevant, what compensation/ relocation options etc. would be available to them.

- 7.8 To publicise and disseminate this information, HARCA/CSDL organised a two day event on Friday 22 and 23 June 2018 from the Management Office, 19 Market Square in Chrisp Street Market, which remained open up to the Strategic Development Committee meeting date and after, allowing the public to view the plans for the area. This facility will remain open to the public for the foreseeable future.

Promotion

- 7.9 The event was promoted in the local press, through social media, by leaflet and via Poplar HARCA's own resident news feed 'Say It'. Of the 2,500 leaflets printed, 1,600-1,800 were delivered directly to households surrounding Chrisp Street Market, the balance were distributed through local community centres, local shops and around the Market on the days of the event.

Event

- 7.10 The event took place on Friday 22 June (12pm – 7pm) and Saturday 23 June (10am - 4pm). HARCA/CSDL estimate that over 300 people attended of which 114 signed in and 96 completed comment forms. Of the comment forms 83 were positive about the regeneration, 11 were neutral and 2 were negative.

Offer Brochures

- 7.11 Offer Brochures (attached as appendices to this Cabinet Report) for market traders; residential (HARCA) tenants; residential leaseholders; retailer leaseholders; and lock up occupiers were produced for the event. Each of the stakeholder groups present on the days were provided with the relevant brochure. Brochures for non-resident (investor) leaseholders were posted on 29 June 2018. Where email addresses were available, brochures were sent by email also.
- 7.12 Due to the low attendance of market traders and retailers, HARCA staff delivered the documents to many of the stall holders, lock-ups and shopkeepers. The balance of were delivered Friday 29 June as were the residential documents.

Consultation going forward

- 7.13 The brochures will continue to be used at future events and 1-1 discussions to inform individual stakeholders of what the impact of the scheme will mean to them. Many of these stakeholders have been in contact and in negotiation with HARCA/CSDL before these brochures were produced.
- 7.14 The scheme has a minimum duration of at least 9 years to complete, therefore a forum for on-going consultation is needed during that process. Ongoing consultation is therefore planned by HARCA/CSDL through regular newsletters, drop in sessions, and the continued one to one dialogue with the retailers, tenants and leaseholders. The HARCA Estate Board and the Chrisp

Street Partnership will also be used as a means of communicating with wider affected stakeholders.

7.15 There are a wide range of stakeholders who have a current interest and are likely to have a future direct interest in the scheme. CSDL, HARCA and the Council therefore intend to convene a Chrisp St Community Liaison Forum, which will enable people with a direct interest in the scheme to liaise with key personnel to discuss any concerns they have and seek an appropriate remedy. HARCA/CSDL will make themselves regularly available for one-to-one sessions with individual stakeholders to address their relocation needs and issues they may have.

7.16 The forum is not intended to replicate or confuse any element of the CPO negotiation process. Council officers, HARCA/CSDL representatives anticipate it will serve as a useful mechanism for stakeholders to:

- be kept informed and be able to influence scheme progress such as:
 - Events management, for example, ensuring that traders have the opportunity to participate in events on equal terms; ensuring that event space and the public realm provides the amenities which will help retain audiences at events and increase dwell time on-site; providing free public Wi-Fi to increase dwell time in the area; agreeing arrangements for constant engagement - when the public enter the space, ensuring there is something available to keep people engaged even when events are not happening
 - Stakeholder and business support and engagement, for example, being responsible for raising the profile, promoting and advertising of Chrisp Street through local and wider media including social media; setting up lines of communication with all businesses, residents and shoppers; facilitating meetings as appropriate with businesses including independents, stall holders and multiples; setting up shopper forums, attend Resident Association or equivalent meetings as required; representing and promoting Chrisp Street at local and possibly national level as a centre of excellence; signposting businesses to relevant agencies that will help their businesses grow; ensuring that all businesses have access to the regular Centre management meetings; recording and reporting shopper statistics in order to better inform both the individual and collective retail offer to maximise business for all.
- discuss general or specific concerns about the scheme delivery and the day to day impact of having a major building project in close proximity to their homes and/or businesses
- help ensure for the long term the new environment is economically successful; delivers social outcomes; and contributes to community cohesion.

8. **ALTERNATIVE OPTIONS**

8.1 Early consideration was given to refurbishing the existing building but was considered impractical and inefficient to repair and improve if the scheme benefits in Sections 6.14 to 6.19 are to be realised and delivered.

8.2 The alternative option is to NOT make the recommended resolution for the proposed CPO and associated decisions. HARCA/CSDL have stated that without a commitment from the Council to use CPO powers to support land assembly and cleansing of rights over land, they are highly unlikely to be able to progress the scheme, as the cost risk will be too high. In this instance negotiations by HARCA/CSDL with individual land interests could continue, but the absence of a back-up CPO process could potentially have negative impacts, including:

- Risk of losing specific planned investment and commitment by CSDL to provide comprehensive regeneration across the wider area, including those listed as per the planning application
- Risk to land assembly, jeopardising or at least delaying delivery of the Scheme. Delay leads to higher land assembly and build costs, which in turn impacts upon the ability to deliver the wide range of community benefits
- Ability of just one or more individual land owners (e.g. lessees) to delay or even stop the scheme
- Potentially higher costs for HARCA/CSDL, which in turn could reduce scheme funding and overall financial viability
- Uncertainty for shopkeepers, tenants and leaseholders as to whether the Scheme will progress, which will make it harder for them to make informed decisions about their future, including business investment or acquiring alternative accommodation.
- A piecemeal development which does not maximise potential social, economic and environmental benefits.
- The loss of investment in Council interests from the overarching regeneration approach
- Loss of GLA housing funding of £9,196,000. HARCA has secured this sum from the GLA's 2016/21 Affordable Housing Programme. To successfully draw down this grant, the affordable housing needs to be onsite before 31 March 2021. Any slippage in the programme (as described in Table 6) will endanger HARCA's ability to claim this grant. In the event that the programme slips further, grant would have to be re-applied for under a new funding programme and there is no guarantee that monies will be forthcoming or available for the same amount. It will also be reputationally harmful to the Council that it is not supporting a scheme that is a Local Plan priority and longstanding regeneration priority.

8.3 The Council is committed to its programme of affordable housing delivery, e.g., building 1,000 new council homes, and it is not considered feasible for the Council to be undertaking delivery of this particular scheme given Poplar HARCA was established to deliver housing and regeneration objectives itself. Specifically:

- The Council is a minority land owner of the Order Land which is not the subject of redevelopment (apart from resurfacing, canopy and servicing works being undertaken by CSDL for the benefit of the Council)
- Poplar HARCA is the majority landowner and should therefore be expected to bring forward housing and associated development on its own land
- The Council transferred the land and property at Chrisp Street to Poplar HARCA in 2006 for regeneration purposes. It is considered the Council's role is to facilitate, rather than deliver, this process part of which involves agreeing this Cabinet Report
- Cabinet on 7 October 2009 acknowledged the Council's supporting role through participating in the tender process for a development partner to deliver a regeneration scheme at Chrisp Street
- HARCA in partnership with CSDL have developed proposals that have taken nearly 10 years to get to the stage of a planning application considered by Strategic Development Committee and a Cabinet Report to approve the making of a CPO
- HARCA and CSDL have undertaken significant and long term consultation and engagement with stakeholders on Chrisp Street as described in the Statement of Community Involvement at Appendix 3
- The total estimated gross development value is £320m, requiring significant privately sourced investment which will be paid for from residential market sales. The investment required involves a significant degree of risk. It is considered better that a private sector organisation take this risk on, rather than the Council

8.4 Whilst the proposed regeneration scheme does not preclude the Council from taking an interest in certain elements of the scheme, e.g., first floor extension of the Idea Store, a more significant intervention is not considered to be in the best interests of the Council.

Reasons for a Comprehensive Regeneration Option

8.5 The vision for the proposed scheme requires the comprehensive regeneration of the entire site, excluding the Festival of Britain architecture and the Council's Idea Store. The regeneration proposal cannot be delivered through refurbishing the existing housing and commercial stock alone. The current design is outdated and inefficient and is consequently not suitable for modern retailing use. The current layout of the site is also inward facing with isolated pockets of land underused for loading bays providing non active frontages at ground floor level which cannot be addressed by refurbishment alone. The constraints of the existing layout of buildings would also require significant

remodelling to enhance pedestrian footfall, improve the streetscape and to provide additional floorspace. A piecemeal or smaller scale approach to regeneration will be financially inefficient and will not achieve the comprehensive regeneration benefits as set out in Section 6.

- 8.6 The site is also in a conservation area that limits the refurbishment options available for making the scheme viable to deliver the wider community improvements as the new market square, extension to the Idea Store and public realm. Therefore to achieve comprehensive regeneration the properties to the south of the site with the exception of the Idea Store need to be demolished. The area to the south of the site also provides the location of the cinema which is part of developing a late evening/night time economy in line with the Council's site allocation.
- 8.7 To create a vibrant and viable district centre, the developer needs to provide a sufficient number and wider mix of retail units, which will provide the variety necessary to make the scheme successful and create a more desirable place for people to shop and spend leisure time now and in the future.

9. SCHEME PROGRAMME

- 9.1 It is anticipated that construction of the scheme will last at least nine years and is planned to start from the northern end of the Order Land and be delivered in two major phases. The programme for the scheme aims to maintain retail activity in the district centre throughout the delivery of the project. The Street Market will need to temporarily relocate to the southern edge of the Market Square and the area facing onto East India Dock Rd, however there will be no break in Street Market trading.

Table 6 - Chrisp Street Regeneration Indicative Phasing Timetable

Phase	Start	Complete
Enabling Phase		
LBTH Children's Centre	2018	2019
Phase 1 (North Side)		
(a) Vacant Possession of Aurora and Clarissa Houses; Poplar Boys & Girls Club	2019	
(b) Demolition of Aurora and Cordelia Houses; Kerbey St Garages; Site Welfare Established	2019	2020
(c) Development of Blocks D & E (including 31 no Social Rent homes)	2020	2023
(d) Demolition of Poplar Boys & Girls Club; Supermarket	2019	2019
(e) Development of Blocks A, B and C (including 37 no Shared Ownership homes)	2020	2022
(f) Street Market and Public Realm (with Street Market works expected to take 12 months during this time)	2020	2023
(g) Development of Block M (81 no Social Rent homes)	2020	2022
Phase 2 (South Side)		
(a) Vacant Possession of Nos 2-30 Kerbey St; Fitzgerald House; Nos 35-59 Market Square (Part)	2023	
(b) Demolition of Nos 2-30 Kerbey St; Fitzgerald House; Nos 35-59 Market Square (Part); Post Office; Bank; Poplar HARCA Housing Office.	2023	2023
(c) Development of Blocks J, K and L (including 19 no Social Rent homes) and Community Hub Building	2023	2026
(d) Vacant Possession of Ennis House & Kilmore House; Nos 35-59 Market Square (Part)	2023	
(e) Development of Blocks F, G & H.	2024	2026
Scheme Completed	2027	

9.2 The proposed phasing of the Scheme has been designed to:

9.2.1 Provide opportunity for social resident decants into the new affordable homes and provide the opportunity for current leaseholders to acquire new properties within the redeveloped parts of the estate. This has positive benefits in that those people that wish to remain part of, or return to, the community will be able to do so, which in turn has a positive benefit on maintaining and building community cohesion.

9.2.2 Create new retail space in advance of existing spaces being removed to allow the relocation of existing businesses. HARCA/CSDL have provided a detailed Retail Management Strategy as part of the planning

application (included here as Appendix 4a and 4b) which identifies which retail premises are required to be vacated to enable the scheme to be progressed, how this will be managed, how the retail provision will be managed during the regeneration programme and proposed management arrangements for the future.

9.2.3 Provide the most efficient build programme to minimise disruption where possible and use resources most effectively.

9.2.4 Minimise the number of property acquisitions required to deliver the early phases of development.

9.2.5 Maintain a viable Street Market and broader retail trading environment during the redevelopment.

9.2.6 Minimise disruption to residents in the demolition and build processes.

Poplar HARCA's ability to undertake this scheme

9.3 Poplar HARCA was established by the Council in 1996 to deliver decent homes to transferred homes from the Council and deliver wider physical and community regeneration objectives. Through a series of subsequent stock transfers from the Council and its own new build programme, HARCA now owns and manages c 9,500 homes as well as a wider range of the aforesaid regeneration objectives. In 2017 it had a turnover of £59.1m showing a surplus of £14.581m. The proposed CPO is the sixth that the Council will have undertaken on behalf of HARCA. The previous five have been at: Leopold; Bow Bridge; St Paul's Way; Aberfeldy Phase 2; and Aberfeldy Phases 3-6. Most of these schemes have been very successful with delivery well underway and with no major problems to date. The exception to this, in delivery terms, is Bow Bridge which is expected to be onsite in late 2018.

9.4 Delivering this project represents a risk to the development partnership, but the financial risk is largely being taken by CSDL. For example, buybacks of residential properties is being borne by CSDL rather than HARCA. The financial risk that Poplar HARCA faces from this scheme is relatively modest and is limited mainly to the development of the affordable housing. GLA grant has been secured for 168 of those homes. Further grant will be sought from the Council's Grant Committee to support the delivery of 27 Tower Hamlets Living Rent homes. This will yield a total of 200 new affordable homes from the scheme. Given HARCA's experience of delivering regeneration schemes, the Council is confident that it will be able to deliver this scheme, in partnership with CSDL.

Chrisp Street Developments Limited (CSDL) ability to undertake this Project

- 9.5 Undertaking this programme of work will involve significant financial investment by the developer, CSDL. Whilst HARCA has been successful in securing significant capital funding of £9.196m plus potentially more from the Council (see Section 13 below), this is a relatively small amount compared to the estimated gross development value of £320m.
- 9.6 The Draft CPO Indemnity Agreement, as set out in Appendix 8, requires the Council to undertake a due diligence exercise to ensure Telford Homes PLC (the owner of CSDL) can undertake this project.
- 9.7 CSDL, owned by Telford Homes PLC, are an established company with a track record of delivery in the capital who have undertaken large scale public regeneration schemes of this nature. More detail on their financial capacity to take on this project is set out in Section 13 below.

The need for a single CPO approach

- 9.8 Although the scheme has a construction programme lasting up to a decade, the Council considers that it is necessary to secure the land to facilitate the development through a single CPO, now. The proposal is for a single CPO that will be implemented in two phases.
- 9.9 If the Council agree a resolution for CPO in September 2018, it is anticipated that the Order to be made in early 2019, with the Order confirmed a minimum of 3 months later, if there is no Public Inquiry. However, if there is an inquiry, the timeframes will be extended by a minimum of nine months.
- 9.10 HARCA/ CSDL require vacant possession of Phase 2 in 2023 (See Table 6) to progress the scheme. As such, either of the above options work in terms of service of the General Vesting Declarations on a phased basis within 3 years of confirmation. However, should there be scheme slippage, HARCA/CSDL would request that the Council vest all land excluding any interests remaining to be acquired and to serve Notice to Treat on these. This then allows for a further 3 years in which to secure voluntary settlements or to acquire compulsorily via the Notice to Treat process.
- 9.11 There is no difference in the approach or efforts being made to acquire properties by private negotiation across the two phases. Good progress has already been made in achieving vacant possession of Aurora and Clarissa Houses (the only residential blocks for demolition in Phase 1): all social housing tenants have been decanted to suitable homes of their choice. Similarly good progress has also been made with acquiring residential properties in Phase 2. To date, out of the 45 properties required, 17 have been purchased; purchase terms have been agreed on a further 3 properties which leaves 25 properties left to acquire. HARCA/CSDL has expressed confidence in acquiring all property interests voluntarily where reasonably possible. This is described in more detail below.

- 9.12 There is a need to provide sufficient certainty and support to the developer to ensure a comprehensive regeneration can be delivered. Without the backing of a CPO, the uncertainty would make it difficult for a developer to fully commit resources to the project in its entirety to deliver the scheme benefits identified in Section 6 of this report.
- 9.13 The CPO will also be required to vary the service and access requirements of both residential and retail units in the development that are being retained. The development works will impact the current open access to the rear of the retail units, and managed service yards will be provided for deliveries to minimise business disruption to the retail tenants. Likewise, alternative access routes will be provided to the retained residential units.

10. NEGOTIATIONS WITH AFFECTED PROPERTY INTERESTS

Introduction

- 10.1 The site is occupied and used by a wide range of stakeholders from the local community. This section focuses on the groups of stakeholders who will be impacted by the scheme, how their rehousing or relocation needs are being addressed, and the progress that has been made by HARCA/CSDL to date. The groups are as follows:
- a) Resident tenants and leaseholders (including investor landlord owned properties)
 - b) Commercial freeholders
 - c) Commercial leaseholders & licensees in retail premises
 - d) Commercial licensees in lock ups
 - e) Street market traders
 - f) Public service providers
 - g) Other service providers
- 10.2 It is necessary for HARCA/CSDL to acquire a further 27 residential leaseholds (resident and investor owners) and renegotiate leasehold terms for 36 retail properties, in the latter case, because of the proposed changes in access arrangements and possible outright acquisition of specific premises. Without agreement to the new leases, business leaseholders will not benefit from the rent concession set out in Appendix 4a. HARCA/CSDL has undertaken a desktop referencing exercise to identify, so far as possible, all land ownership and interests that will need to be acquired or extinguished through the CPO process. This is reflected in the Schedule of Interests to be acquired at Appendix 2. Known commercial interests are also set out within Appendix 2, all of which must be acquired to enable the scheme to come forward.
- 10.3 HARCA/CSDL has engaged specialist surveyors to lead on settlement negotiations with parties having a residential or commercial interest in the Order Land. Engagement and subsequent negotiations commenced with

residents (i.e., tenants and leaseholders) in March 2013 and commercial occupiers in December 2014. Affected parties are encouraged at the outset to seek independent valuation advice and, if necessary, to appoint a valuer or lawyer to assist in negotiations with HARCA/CSDL's advisors. The reasonable costs for this, together with any reasonable legal fees, will be reimbursed by HARCA/CSDL as explained in Appendix 4b Retail Leasehold Offer (June 2018) and Appendix 5 Residential Leasehold Buyback Offer (June 2018) and in accordance with the terms of the CPO Indemnity Agreement and statutory requirements relating to compensation for compulsory purchase (the Compensation Code).

- 10.4 Council officers have been liaising closely with HARCA/CSDL to review their strategy for land assembly and their approach to negotiations with those affected. The proposed CPO Indemnity Agreement provides that Council officers will regularly meet HARCA/CSDL's representatives to monitor progress in securing acquisition through voluntary negotiation. In particular, the Housing Regeneration Team will monitor the financial and relocation offers made by HARCA/CSDL to ensure compliance with the Council's requirements to support the CPO route. This work has already begun, with evidence of negotiations with residential and property interests (e.g., relocation offers, completed buybacks) having been provided to the Council by HARCA/CSDL.
- 10.5 HARCA/CSDL are required by the indemnity agreement to continue negotiations with the owners of the remaining land interests and to acquire all interests by agreement wherever possible, without having to rely on the Council acquiring these interests under the CPO unless this becomes absolutely necessary. Approving the making of the CPO under delegation will not therefore result in any reduction in efforts to continue negotiations to achieve vacant possession by agreement, and indeed should stimulate those negotiations by commencement of the formal process.
- 10.6 The CPO is, however, an essential step which signals the Council's support for HARCA/CSDL's scheme and provides them with the certainty to proceed with the scheme, which will provide a revitalised district centre, significant housing, community and leisure benefits to local residents, by delivering full land assembly. Commencing the CPO process and undertaking private negotiations in parallel is entirely in accordance with the CPO Guidance.
- 10.7 If the CPO is made and confirmed, land and other interests will be acquired through the CPO process only when it is needed (but within the statutory time limit, running from confirmation) to enable the next phase, which will allow time for HARCA/CSDL to secure further voluntary settlements wherever possible.

Efforts to Acquire by Agreement – Residential Premises

- 10.8 Below is a summary and explanation of the process by which HARCA/CSDL has sought to acquire land interests on a voluntary basis. The paragraphs

below set out HARCA/CSDL's core offer to the different types of residential interests followed by an update on the number of buy back completions and where terms are yet to be agreed on a phased basis. Table 7 details the state of play on occupancy in the residential properties on the site.

Table 7 – State of play on occupancy of homes to be demolished

Block	Total No of Homes	Lease-holds (Resident)	Lease-hold (Investor)	Tenant	S'life	Voids	Occupancy Level (i.e., exc S/Life & Void)
Phase 1 – Aurora	8	1	0	0	0	7	13%
Phase 1 – Clarissa	16	1	2	0	0	13	19%
Phase 2 – Ennis	16	0	3	6	6	1	56%
Phase 2 - Fitzgerald	73	3	3	11	45	11	23%
Phase 2 - Kerbey - Nos 2-30	15	0	0	0	15	0	0%
Phase 2 – Kilmore	16	2	3	7	2	2	75%
Phase 2 - Market Square - Nos 35-59	25	4	5	2	12	2	44%
Total	169	11	16	26	80	36	31%

Updated: 5 September 2018

Social Housing Tenanted Properties

10.9 At the point of stock transfer in 2006 there were 124 social rented homes identified for demolition under the scheme proposals. There are now 26 social housing tenants in occupation affected by the proposal still requiring relocation (See Table 7 for detail). HARCA/CSDL has made the following commitments to its tenants:

- Awarded decant priority status since April 2013
- Relocation to a suitable home of a type and size that meets their housing need
- Help with the cost of moving
- Home Loss payment
- Option to return to the new scheme for all existing secure tenants being decanted

- Existing former Council tenants who transferred to HARCA will keep their protected rights (such as Right to Buy) if they decant to another HARCA property.
- Other HARCA tenants will keep their assured tenancy rights if they choose to move within HARCA properties or to any other Housing Association

10.10 Neither the Council nor HARCA/CSDL anticipate that there will be any significant problems in rehousing the remaining 26 social housing tenants. A programme to rehouse the remaining tenants has been developed in line with the build programme and when vacant possession will be required for each phase. This will prevent unnecessary disruption to tenants in the second phase of the development and also help HARCA/CSDL to manage its resources more efficiently to assist tenants when their move is required.

10.11 The first phase of the scheme will be used to relocate people from the second phase into new homes within the scheme if this is their choice. This assists in maintaining them in their existing community. HARCA/CSDL have ensured no existing tenants who want to return to the estate have been or will be prevented from doing so.

Home Ownership

10.12 From the outset within the Chrisp Street scheme there were 45 leasehold properties to be acquired across Phases 1 and 2. To date some 17 of the 45 resident leaseholders' interests have been successfully acquired as part of an ongoing process to secure voluntary agreements, with a further 3 with terms agreed and solicitors instructed to exchange contracts. This leaves 25 acquisitions to be completed.

Resident Leaseholders in Occupation

10.13 HARCA/CSDL have made the following commitments to resident leaseholders who occupy their properties as their principal home in line with CPO good practice:

- Payment of Full Market Value (FMV) of property
- Payment of Statutory Home Loss Payment of 10% of the FMV
- Payment of reasonable costs of relocation and disturbance (including: legal, valuation, and conveyancing fees)
- Payment of Stamp Duty Land Tax (SDLT) and other relevant compensation where a leaseholder makes their own arrangement to acquire an alternative property

10.14 In addition to the standard options set out above, and where resident leaseholders cannot afford and/or cannot obtain another mortgage an alternative home due to insufficient capital in the existing property. HARCA/CSDL is offering the following options which have been prepared to assist resident 'in situ' leaseholders with affordability issues to maintain themselves in home ownership:

- Shared ownership on the new scheme
- Shared ownership, off the Chrisp Street scheme but within HARCA stock
- Shared equity arrangements on/off the new scheme
- Lease swap outside of the new scheme but within HARCA stock

10.15 These options have been communicated to leaseholders in the Residential Leasehold Buyback Offer (June 2018) detailed in Appendix 5), which also sets out the acquisition process in some detail as well as signposting leaseholders to relevant agencies to secure external advice and support.

10.16 Resident leaseholders have been offered a range of support activities to facilitate voluntary sale which include:

- a) Negotiated settlements based on market valuations.
- b) Funding by HARCA/CSDL to pay for independent valuations.
- c) Reimbursement of reasonable legal fees to complete sale.
- d) One to one meetings.
- e) Underwriting costs of negotiations.
- f) Support in finding alternative properties.

10.17 It should be noted there is no automatic right to return for resident leaseholders. Instead an option to return is based on either being able to afford to buy back into the new scheme or being able to secure a new mortgage to buy a property in the new scheme. However, HARCA/CSDL have confirmed they do not require affected resident leaseholders to use their personal savings to fill any gap in available capital required for the purchase of a new property. HARCA/CSDL will hold properties within the development for existing resident owners to purchase for a direct move, if the owners are able to do so at full value. For those who are not able to fund a new replacement home on or offsite (e.g. they are unable to obtain a mortgage) the options outlined above will apply, and CSDL has confirmed that it will help resident leaseholders further by way of its affordability policies where applicable (see the Residential Leasehold Buyback Offer in Appendix 5). Of the remaining resident leasehold properties, Poplar HARCA and CSDL, acting under the Council's oversight, is progressing dialogue to achieve voluntary settlements wherever possible and has been negotiating with owners of properties affected by the regeneration scheme since 2013.

10.18 HARCA/CSDL through its consultation process, drop in sessions and home visits have started to gather information about the personal and financial circumstances of resident leaseholders, to identify any hardship considerations and to identify options that fit with each resident leaseholder's financial circumstances at an early stage. Council officers will continue to monitor the decant programme and regularly review this information to confirm that HARCA/CSDL is providing robust options that meet the needs of all resident leaseholders.

10.19 HARCA/CSDL have advised the Council they will be sensitive to the needs of resident leaseholders to ensure that they are either able to acquire

comparably priced properties in the local area, or where there is a desire to remain in the scheme but where outright purchase is not a possibility, to allocate suitable shared ownership homes to accommodate the needs of local people.

- 10.20 HARCA/CSDL have also confirmed where leaseholders have chosen to move off site, but are still in a position where the acquisition value of their property is not sufficient to acquire a property that meets their needs (perhaps because they need a larger property due to increase in family size), then HARCA/CSDL has agreed to acquire the property of their choice and then enter into a shared ownership lease agreement. HARCA/CSDL have advised the Council that they will endeavour to provide resident leaseholders with flexible options in order to meet their requirements (i.e. on/off site, bed size, type of property etc) for relocation purposes taking into account individual circumstances to meet their needs.

Non-Resident (Investor) Leaseholders

- 10.21 HARCA/CSDL has made the following commitments to non-resident leaseholders:

- Payment of Full Market Value (FMV) of property
- Payment of Statutory Basic Loss of the 7.5% FMV,
- Payment of Reasonable costs of relocation and incidental costs of buying another property including: legal, valuation and conveyancing fees, and Stamp Duty Land Tax (SDLT)

These options were communicated to leaseholders through the Residential Leasehold Buyback Offer (June 2018) in Appendix 5.

- 10.22 Investor (non-resident) leaseholders have also been offered support and guidance in purchasing another property in their area of choice using the same approach as set out for resident leaseholders, excluding the shared ownership and access to hardship options to ensure affordability.
- 10.23 At the outset there were 23 non-resident investor leaseholders within the scheme. To date acquisition of 7 non-resident leasehold properties has been successfully agreed. HARCA/CSDL in liaison with, and with oversight by, the Council will continue to negotiate with the 16 outstanding non-resident investor leaseholders to reduce this number further.

Meeting the Re-housing Duty

- 10.24 Legislation requires that where a person is displaced from their home as a result of the CPO process, and suitable alternative residential accommodation on reasonable terms is not otherwise available to that person, then, subject to legislation's requirements, it shall be the duty of the Council to secure such other accommodation.

- 10.25 In the first instance, HARCA/CSDL will be expected to proactively explore and evidence alternative rehousing options for resident leaseholders (including rehousing within its own stock) with support from the Council in order to limit the possibility of homelessness arising from the regeneration proposals.
- 10.26 Appendix 5 sets out the HARCA/CSDL's approach for leasehold buybacks and relocation and Appendix 6 sets out the approach for HARCA tenants. The aims of Appendices 5 and 6 are to ensure that rehousing options for both tenants and resident leaseholders (i.e. not investor landlord owners) are both suitable and realistically achievable whilst offered on reasonable terms in compliance with legislation. This is also to further reduce the risk to the Council by limiting potential homelessness arising from this regeneration scheme.
- 10.27 When the Council makes a CPO it also requires its Registered Provider/Developer partner to liaise closely with absent investor landlords and any private tenants affected, supporting and guiding them to appropriate advice and support. It should be noted that obtaining lawful vacant possession of property where there are private tenants currently in situ remains the responsibility of investor landlord leaseholders who are required to serve appropriate notices to those parties and where possible provide advice and support in their relocation.
- 10.28 Tenants of HARCA were given decant status in April 2013 which has given tenants sufficiently high rehousing priority through the Common Housing Register to move to homes voluntarily elsewhere in the borough. Short life licensees will be expected to move to other short life accommodation (or other temporary accommodation) that becomes available assisted by the Council and HARCA.
- 10.29 There may be instances where an occupier may not consider the offer made to them is suitable and/or being offered on reasonable terms. Where such instances arise, HARCA/CSDL will work with the Council to assess what options have been made available; whether the options meet a test of suitability and/or reasonableness; and, if not consider what further options are necessary to meet that test.

Efforts to Acquire Commercial Interests

Commercial Freeholders

- 10.30 There were three commercial freehold interests of significant value in the Order Land:
- Co-op Car Park
 - Co-op Store
 - Iceland Store

These interests have already been acquired by CSDL.

Commercial Leaseholders & Licensees in Retail Premises

10.31 HARCA/CSDL have been engaging closely with affected interests in the existing commercial units. There are 66 existing commercial units within the Site, which includes Vesey Path, Market Way, Market Square and East India Dock Road. This number excludes the Street Market Traders and the 31 Lock Up premises. A schedule of properties is included at Appendix 2, setting out all the properties that are currently occupied under commercial lease agreements. Of these commercial properties 15 units are occupied on an agreed short term basis and have development break clauses or are occupied by HARCA. A schedule setting out the addresses and current usage of the retail units is also included within Appendix 2.

10.32 Table 8 illustrates the negotiation position of commercial occupiers at the time of writing this report.

Table 8 – Negotiation position on commercial occupiers

Phase	Category	Terms to be agreed	Heads of Terms Agreed	Legal Documents in Prep'n	Legal Documents Exchanged	Total
Phase 1	Relocations	1	0	9	6	16
Phase 2	Relocations	5	1	4	5	15
Phase 1	No Relocations	4	0	4	9	17
Phase 2	No Relocations	0	0	2	1	3
Total		10	1	19	21	51

Date: 5 September 2018

Explanatory Note 1: Terms to be agreed means there has been negotiation but no agreement between the lessee and CSDL; Heads of Terms Agreed means there is agreement on the terms on which leases will be renegotiated; Legal Documents in Preparation means that solicitors have been instructed on both sides to reach agreement on the new form of lease; Legal Documents Exchanged means agreements has been agreed on the new form of lease and are legally binding on both sides. Completion is likely to be when lessees either move to new premises or (where they don't have to move) are about to have improvement works undertaken to their units.

Explanatory Note 2: Some commercial leaseholders (i.e., those referenced as 'No Relocations' will not be required to move, principally those in the northern section of the Order Land.

10.33 Table 9 reports the position for occupiers on short term lease arrangements.

Table 9 – Occupiers on short term rent and lease arrangements

Phase	Category	Short Term	Poplar HARCA	Total
Phase 1	Relocations	3	3	6
Phase 2	Relocations	4	2	6
Phase 1	No Relocations	0	2	2
Phase 2	No Relocations	1	0	1
Totals		8	7	15

Date: 5 September 2018

10.34 Many of the short term arrangements have arisen because they have been permitted with the intention of helping to maintain the local economy before the regeneration scheme commences. Such occupiers may be found alternative premises elsewhere on the site. The 7 HARCA premises are used or held vacant by them.

10.35 There are a further 2 premises which are in HARCA's ownership: the management office and the former 'Young Prince' pub. This gives the total of 68 commercial premises for the Order Land.

10.36 HARCA/CSDL have been in negotiations with the commercial occupiers of shop units since May 2013. HARCA/CSDL will seek to ensure that for existing trading businesses that are **not** on short term arrangements:

- a) They will be given the opportunity to continue trading in the area
- b) Any new premises would continue to be affordable by way of the implementation of the retail policy
- c) Alternative suitable options would be explored if they did not wish to remain trading at their current location

10.37 HARCA/CSDL have appointed surveyors to provide initial professional advice and guidance on reaching agreement with each actively trading business, which is being monitored by the Council. The options available to commercial interests include continuing trading through relocation within the Scheme, exploring alternative locations off site or considering other options such as extinguishment of their business and/or surrendering their lease.

10.38 HARCA/CSDL has advised each of the shopkeepers that they are entitled to be professionally represented and a number have taken up this option. In each instance HARCA/CSDL will underwrite reasonable fees.

10.39 HARCA/CSDL are in dialogue with all businesses and have set out a detailed proposal to each of them, which they have agreed with the Council as a suitable framework to reach negotiated settlements. This includes:

- a) Having first priority for relocation into new premises where relocation is required within the scheme.

- b) A personal rent concession of up to 5 years for long term commercial leases for on-site relocation to maintain affordability
- c) Support relocation to alternative equivalent premises off site, if that is their preference.
- d) A negotiated settlement to extinguish their business and/or surrender their lease if that is the preferred choice.
- e) For any commercial short term occupiers Poplar HARCA may fund the development of a suitable business plan for the new location, which will also be used to assess their long term sustainability in the new scheme.

10.40 HARCA/CSDL set out the basis of the commercial relocation offer in the Retail Management Strategy (June 2016) Retail Leasehold Offer (June 2018) which can be found in Appendices 4a and 4b respectively. The offer can be summarised as follows:

- a) Shopkeepers providing a retail service have been advised they will have the option to relocate, if required, into new premises within the Scheme.
- b) Offer accommodation in larger premises if space permits on commercial terms
- c) Rent concessions, for qualifying businesses (i.e. long term commercial lessees), over a period of 5 years as detailed in the Retail Management Strategy and Updated Addendum
- d) New signage and shop fronts at no charge to all retailers
- e) Compensation for costs associated with relocation and shop fitting
- f) Where the preference is for off-site relocation, CSDL will provide support in identifying suitable alternative premises;
- g) If the option chosen by the business owner is to extinguish the business, then HARCA/CSDL will take advice on and consider appropriate settlement value to achieve this, having regard to any representations from the retailer and their professional surveyors

10.41 HARCA/CSDL will also work with and assist all other retailers without the right to renew (i.e. short term leases) to seek to identify alternative relocations.

10.42 HARCA/CSDL's default offer to owners / occupiers of business premises exceeds the statutory provisions. Examples of where the statutory provisions are exceeded are:

- Rent concessions for qualifying independent retailers
- New shop fronts
- Business support for independent retailers

10.43 Should it be required to exercise the Council's CPO powers (if granted), business occupiers (with a compensable interest) will have an entitlement to claim compensation in accordance with the Compensation Code.

10.44 Dialogue will actively continue between HARCA/CSDL and each shopkeeper to seek voluntary negotiated arrangements to avoid the need for the use of CPO powers to acquire these interests. To date HARCA has reached agreements with a good proportion of the existing shopkeepers. These

agreements are likely to result in 49 businesses either being relocated to the new retail area or entering into updated lease arrangements in their current location with another 2 being extinguished voluntarily, as at 29 May 2018. The Council is closely monitoring progress in this matter and will assist in brokering where required.

- 10.45 Where appropriate, HARCA/CSDL will also rely on Landlord and Tenant Act powers in order to recover retail premises.

Commercial Licensees in Lock Ups

- 10.46 There are 27 occupied Lock Ups on the Street Market concourse (excluding voids). Three are hot food outlets and are to be relocated to purpose-built units to be built on the Council's Street Market site. Options for the remaining 24 occupiers in the Lock Ups include new premises within the scheme (including 3 units on the ground floor of Cygnet House acquired by CSDL that can be configured to 4 units) on the eastern side of Chrisp St; new premises on the ground floor of Block M (eight units ranging from 25 sqm to 57 sqm in size) on the eastern side of Chrisp St (currently the Co-op Car Park); new/existing premises on Chrisp St Market area proper; or a Market Stall, subject to agreement with the Council's market trading team. The lock up occupiers will need to be temporarily relocated for the period between the demolition of the old lock ups and when the permanent units are ready. Temporary relocation arrangements will be arranged and be the subject of consultation at least six months before the resurfacing and canopy works are due to occur. The outline of where Lock Up licensees are to be presently intended to be relocated is shown in Appendix 12.

Street Market Traders

- 10.47 Apart from a temporary relocation anticipated to be in 2020 to elsewhere on the Order Land, there will be no change in the status of Street Market licensees in Chrisp Street and licences will continue to be issued by the Council both during the regeneration works and after them. Temporary relocation arrangements will be arranged which will be the subject of consultation at least six months before the resurfacing and canopy works are due to occur. The outline of where Street Market Traders are presently intended to be relocated is set out in Appendix 12. An information brochure titled Market Stalls Offer was distributed to stall holders during June 2018 and can be found in Appendix 11a. A more detailed approach to how the Street Market will form part of the wider marketing approach to Chrisp Street is set out in Appendix 11b.

Public Service Providers

- 10.48 The Council is the main public service provider on the Order Land. With regard to the:
- Idea Store (No 1 Vesey Path): This is staying in its current location and services will be provided throughout the scheme's progress. There is

likely to be some disturbance when the proposed Hub Building is constructed adjacent to (and oversailing) the northern end of the Idea Store building

- Children's Centre (No 9 and Nos 23-27 Market Way): Subject to the statutory consultation response, this is to be relocated to a new purpose built centre which is proposed to be constructed by the developer at Nos 50-52 Kerbey St. It is proposed that the Council maintains use of No 9 Market Way (used for office space) for the medium term, in agreement with HARCA/CSDL.
- One Stop Shop (No 15 Market Square): This is due to relocate to the ground floor of the Chrisp St Idea Store during early 2019 under the Council's *Local Presence* initiative. This move was not prompted by the proposed regeneration scheme
- Metropolitan Police Office (2 Market Way): The Police may have a requirement for new premises to be re-provided elsewhere in the scheme. CSDL/HARCA are investigating where they can they can be relocated to.

Other Service Providers

10.49 These include the following:

- Poplar Boys' and Girls' Club (No 75 Chrisp St) is to be relocated to Trussler Hall in nearby Kerbey St, adjacent to the Order Land
- Post Office (No 22 Market Square). Agreement has been reached with the Post Office with regard to options for their relocation
- HARCA Main Office (No 167A East India Dock Road) is to be relocated to George Green Building on the corner of Kerbey St and East India Dock Road (adjacent to the proposed scheme)
- Barclays Bank (159/165 East India Dock Road) is expected to relocate to new premises in the scheme with no break in service anticipated.

Summary of acquisitions by phase

10.50 The following table shows the position as at 5 September 2018 in relation to acquisition of residential and commercial properties in each phase. Any changes to this table will be verbally reported at the Cabinet meeting.

Table 10 – Acquisitions by Phase and property interest still to be acquired

	Phase 1	Phase 2
Residential properties acquired	6	12
Residential properties - terms agreed	3	0
Residential properties – terms not agreed	1	23
Residential tenants to be rehoused	0	26
Commercial Units terms agreed	28	13
Commercial Units terms not agreed	5	5

Date: 5 September 2018

11. COUNCIL LAND INTERESTS AND ASSOCIATED ISSUES

11.1 The Order Land includes land parcels currently in the ownership of the Council (see Appendix 2). These are proposed for inclusion within the CPO boundary to ensure that all third party interests or rights over such land are acquired. However, the Council's interest in the land will be excluded from the CPO and in order to facilitate the scheme, the Council will need to transfer certain interests to HARCA and/or CSDL. The Council's freehold interests in the Idea Store and the Street Market are unaffected.

11.2 The Council has retained external valuers to advise on the value of the various land parcels for the purpose of negotiating the terms and conditions, including any consideration, for the transfer of interests to HARCA who will in the first instance lease the land onto CSDL for development. The Council intends to dispose of its interests in accordance with legislation and policy requirements.

11.3 There are also some property related issues that need to be addressed to help ensure that all land, property and outstanding legal issues are resolved. In respect to recommendation 2.2 and subject to legislative and policy requirements concerning dealings with Council land, the Mayor in Cabinet is recommended to delegate to the Corporate Director of Place the authority to agree the terms of, and enter into any documentation required to:

11.4 Vary existing leases on Nos 1-15 Vesey Path

In order to construct the scheme around the existing retail units under the Idea Store and enhance them to a standard commensurate with the remainder of

the Scheme, HARCA/CSDL will require a variation to the leases of Nos 1-15 Vesey Path. The proposed terms are to enable the retail units to be upgraded, harmonise the length of head leases across the scheme and to extend the term of the leases from 89 unexpired years to a longer term.

11.5 Grant a lease in respect to the Community Hub Building oversailing council owned land

The proposed Community Hub Building will be built adjacent to the northern end of the Idea Store. The new building's 3rd floor will oversail the current building, the market square and the Idea Store and therefore a lease needs to be granted to CSDL to allow them to occupy the airspace required for the Hub Building, and any rights of light and air affected by this need to be considered for possible inclusion or extinguishment

11.6 Settle any sums which may be due to the Council arising under a pre-existing Development Clawback Agreement before the Council will make the Compulsory Purchase Order. The Council will not make the CPO until the Agreement has been reviewed and agreement reached.

Stock transfer agreements between the Council and new (or existing) social landlords included an agreement that the Council should receive a financial share of any future uplift in development values if a redevelopment scheme was proposed. There are development clawback provisions originating from the transfer agreement between the Council and HARCA. These will be reviewed and agreement will be reached on whether those provisions are triggered by the proposals and, if so, the sums which are or may be due to the Council under the agreement (if any).

11.7 Consult with users of the Children's Centre (formerly known as the Sure Start Centre) on the proposed relocation of services from No 9 and Nos 23-27 Market Way to a new purpose built centre at No 50-52 Kerbey St (adjacent to the Crisp St site) and, subject to the outcome of that consultation, to take a lease of the new Children's Centre. It is proposed that the Council maintains use of No 9 Market Way (used for office space) for the medium term, in agreement with HARCA/CSDL. The Council will also need to approach the Department for Education to clarify whether grant funding provided to create the original Sure Start Centre facilities is subject to clawback. Based on current government funding guidance, as the service is to be re-provided, this clawback requirement may be waived. Until this is confirmed, the financial costs associated with this risk, if it becomes an issue, will be treated as a cost that must be met by the developer under the terms of the Indemnity Agreement (See Appendix 8)

It is proposed that approximately a third of the current Children's Centre premises at Nos 23-27 Market Way will be demolished as a consequence of the regeneration scheme. It was not considered feasible that services could continue to be provided given the loss of space and the proximity of the

demolition and redevelopment works. The Council concurred with the view that an alternative location needed to be considered. Discussions between LBTH Children's Services and HARCA/CSDL began in February 2016 concerning the proposed relocation of the Children's Centre services currently provided from the retail units at No 9 and Nos 23-27 Market Way to Nos 50-52 Kerbey St. Following design discussions with officers, a planning consent was granted on 11 October 2016. The Council is consulting with stakeholders, in accordance with the statutory requirements necessary for such a proposal, on the proposed relocation. Consultation feedback is in the process of being considered on whether or not the services should be relocated to the proposed location above, or further design revisions are necessary to make the proposed move acceptable. If it is decided to relocate, a new lease will need to be agreed between the Council and HARCA/CSDL which will be broadly on similar terms to those at the current locations identified above. HARCA/CSDL would also meet the fit out and relocation costs associated with any agreed move.

11.8 Release a restrictive covenant on Amenity Land

There is a small area of grass to the rear of Fitzgerald House where development is not permitted by a restrictive covenant on the title. This covenant formed part of the original transfer of the land in 2006 to HARCA. A release of this covenant is sought to allow development on the basis that that new amenity space is provided as part of the proposed scheme.

11.9 Take a lease of the Idea Store Building

The developer intends to offer the first floor of the community hub building for the purpose of extending the first floor of the Idea Store. Agreement will need to be reached with CSDL on the lease term; fixtures and fittings; and service charges, which will be subject to a business case.

11.10 Enter into a management agreement in respect of the Clock Tower

The Clock Tower is a local and borough architectural asset and was recently the subject of Grade II listing (along with the Festival Inn) by Historic England. It is in a poor state of repair and requires refurbishment. CSDL considers the Tower as an important part of promoting the scheme, the Street Market and the broader retail and leisure offer and therefore both wish to invest in the Tower and take responsibility for refurbishing and managing it, with detailed management arrangements subject to the Council's agreement.

11.11 Grant a deed of easement in respect to Water Attenuation Tanks

Occasional heavy downpours of rain can cause localised flooding where local drainage infrastructure is overwhelmed. The installation of such water tanks allows for such a downpour to be collected and drained off at a more measured rate avoiding localised flooding. Council officers will need to approve the location and specification of the water attenuation tanks and access and maintenance arrangements. The Council must also be assured,

contractually and practically, that the value of the land is protected and that there will not be diminution in value caused by the subsistence of the tanks. It may also be necessary to consult with the statutory undertaker to make installation arrangements.

11.12 Permit seating for Food and Drink in the Street Market Area, subject to any planning restrictions

Using the market space during the day and in the evening for the serving of food and drink from retail premises while the Street Market is not operating is considered a helpful means to make the market an attractive leisure destination. Consultation will need to be undertaken with residents nearby (principally in the Festival of Britain homes) to ensure any possible noise generated does not disturb their quiet enjoyment of their home. The Council is in principle supportive of such uses and any planning considerations that arise must be conditioned and upheld, e.g., hours of operation.

11.13 Repayment of the LDDC Burden Payment

The LDDC funded some refurbishment works to the market, set out in an agreement in 1992 (varied in 2006). Due to the development proposals, payments will be due by both the Council and HARCA. The Council's element of this payment would have been £71,250 had it been payable in December 2016. The amount will reduce annually. This payment will be paid by CSDL in accordance with the Indemnity Agreement.

11.14 Disposal of a parcel of freehold land, currently used as a Loading Bay

A small parcel of land used as car parking to the north east of the Co-op is in the ownership of the Council, which the Land Registry omitted from HARCA's title following the stock transfer to HARCA. HARCA/CSDL has requested that this land registry error is corrected. Instances of such amendments to Title to correct such errors identified on other stock transfer schemes have been made previously by way of a Deed of Variation. Alternatively, it may be necessary to liaise with the Land Registry in regards to rectification of the register.

Note: The investigation of the title to the Site has identified that there may be a small parcel of land within the loading bay area lying to the south of the Co-op store (the "Loading Bay") as shown hatched blue on the plan attached at Appendix 3 which remains within LBTH's title to the residue of Lansbury Estate registered under title number NGL224982. This parcel of land was intended to form part of the transfer of land by LBTH to HARCA in 2006 now registered under title number EGL509916 but it is not registered within this title, although it has been excluded from the title plan to NGL224982 and is shown on this plan as being within title EGL509916. The position is currently being clarified with the Land Registry in order to rectify the register if possible. However, to the extent that the parcel of land correctly remains within LBTH's ownership, it is proposed that this is transferred to HARCA in order to simplify the title position.

11.15 Transfer of minor land and property interests by LBTH to CSDL

The Council has a small number of freehold and leasehold interests in the site and has appointed external valuers (funded by CSDL) to negotiate on its behalf to ensure best consideration is secured for any interests the Council chooses to dispose of. Any disposal will exclude the Council's freehold interests in the Street Market and the Idea Store.

11.16 Grant a Lease(s) to HARCA and/or CSDL for 3 Hot Food Kiosks from the Council's freehold of the Market Square

HARCA/CSDL proposes to create a new 3 unit hot food outlet on the Market Square. A lease will need to be agreed between the Council and HARCA/CSDL on satisfactory terms and any necessary planning consents and licences obtained.

11.17 Grant a building licence to CSDL to undertake works to the Council-owned Market Square and Clock Tower, which shall require as a minimum the Council's approval of the scope of works proposed and materials to be used in line with the planning permission and relevant planning condition.

Part of the regeneration scheme involves the resurfacing of the Market Square; installation of services; installation of a new canopy; and the refurbishment of the Clock Tower. These works will be paid for by the developer but will nonetheless require the Council's permission and due diligence before being undertaken.

12. OTHER LAND INTERESTS

12.1 The Order Land includes electricity substations where land has been leased to the statutory undertaker(s). Whilst it is likely that agreement will be reached with the statutory undertaker(s) for the relocation and/or enhancement of this service, a CPO resolution will reinforce the necessity to reach such an agreement. Additional statutory and/or Parliamentary procedures may be required if agreement with the relevant statutory undertaker(s) cannot be reached.

12.2 There are likely to be other land interests and rights which will need to be extinguished or acquired by CPO or the proposed follow-up use of the Council's powers under s203 of the Housing and Planning Act 2016. These will include:

- Wayleaves
- Rights of way/access
- Third party rights
- Rights to light
- Over-sailing rights
- New rights required

- Mortgage interests
 - Other interests
- 12.3 All land interests will be identified via a referencing process and, where appropriate, negotiated settlements will be reached to allow the redevelopment to proceed unhindered.
- 12.4 The fact that the Order Land is proposed to be vested in or acquired by the Council (whether through private treaty or a CPO) prior to its transfer to CSDL is important because it will trigger the operation of section 203 of the Housing and Planning Act 2016, the effect of which is to permit the carrying out building or maintenance work even if it involves:
- (a) interfering with a relevant right or interest, or
 (b) breaching a restriction as to the user of land arising by virtue of a contract.
- 12.5 This provision does not apply to the rights of statutory undertakers and certain other protected rights. However, where it is available, development may commence in spite of the existing right, which will be converted into a right to claim compensation. This prevents an injunction being brought for interference with a right through the construction or use of a development. The Council should take into account the potential consequential effects of section 203 on affected parties when deciding whether to make the CPO, including any potential claims for compensation.

Rights to Light

- 12.6 One of the implications of high-density development is the potential to reduce the light reaching windows of surrounding homes; this is an important consideration in the planning process, where there are well-established methodologies for calculating Daylight/Sunlight penetration. However, there are some instances where, even when a development has planning consent, there are still adverse implications to some neighbouring homes.
- 12.7 Where there is a significant impact upon right to light there may, in certain circumstances, be an entitlement to injunct against the proposed development. Any private properties affected in this way will be outside the red-line CPO area. However, one of the effects of enabling regeneration by compulsory purchase of land through the use of planning powers is the potential to rely on s203 of the Housing and Planning Act 2016 to override private third party rights, as described above. This can include overriding interference with any rights to light.
- 12.8 Rights to light only impacts on certain freehold or long leasehold interests and not on tenancies, where the interest is usually of limited duration.
- 12.9 CSDL have commissioned a specialist rights of light surveyor, EB7, to undertake a preliminary assessment of the Scheme using the submitted planning application, to establish how many properties around the Order Land will potentially be affected by rights of light impacts. The assessment has

identified a number of different premises (including land owned by the Council) that surround the site and could potentially be impacted.

Phases 1 and 2

Site No	Addresses
1	1-11/15 Susannah Street
2	Poplar Baths
3	Station cars
4	10 Chrisp Street
5	Fusion Building
6	Poplar Fire Station
7	Chrisp Street Health centre
8	Norwich House
9	Equinox development
10	62-70 Chrisp Street
11	Balsam House
12	Salvation Army Hall
13	Lansbury Lawrence School
14	156 East India Dock Road
15	George Green Building

- 12.10 The effect of the proposed CPO on any such owners would be to override any entitlement to injunct against the proposed scheme. They may instead be entitled to compensation once any impact upon the Right to Light is fully determined.
- 12.11 The Council and HARCA/CSDL, as landowners, are entitled to take precautionary measures such as issuing Light Obstruction Notices in respect to certain neighbouring properties which have not acquired a qualifying right. HARCA/CSDL has advised the Council that they have served Light Obstruction Notices to surrounding properties to the development to prevent future rights of light claims arising from the proposed development.
- 12.12 HARCA and CSDL have undertaken that once infringement of qualifying rights of light of any rooms in properties adjoining the Order Land become ascertainable and quantifiable (both in the extent of the interference and the calculation of entitlement to compensation) they will use reasonable endeavours to reach voluntary settlements with those affected. This process has been written into the draft CPO Indemnity Agreement, to require the assessment of the detailed design scheme with the above objectives in mind and to ensure that Council officers will be able to regularly review and monitor CSDL's ongoing negotiations with rights of light claimants, just as they will do for other affected land interests.
- 12.13 By way of action, HARCA/CSDL have appointed a specialist rights of light surveyor (EB7) who have undertaken a preliminary assessment of the scheme as submitted using the planning application scheme. The details of the initial assessment has been reviewed by the Council's appointed rights of

light consultant (Delvar Patman Redler) who are satisfied with the initial assessment.

12.14 HARCA/CSDL have confirmed that post cabinet resolution, they will undertake a further detailed analysis with affected parties and endeavour to reach a negotiated settlement based on the statutory measure of compensation. The calculations will be checked by the council's own independent rights to light consultant to ensure that the figures are appropriate and consistent with market value.

12.15 It is proposed that, following the confirmation of the CPO, land interests will be vested by the Council in a number of phases according to the development requirements. At this point actionable rights will cease, whilst remaining fully compensatable. The Council will be able to request the following information at each vesting stage, to ensure that HARCA/CSDL are engaging appropriately with all affected claimants:

- Disclosure of technical rights of light assessments, including actionable claims
- Details of the estimated compensation schedule and HARCA/CSDL's current offers
- Details of any covenants in leases which prohibit rights of light entitlements, i.e. in some right to buy/transferred Council homes which would otherwise have been affected
- Details of ongoing negotiations with all those owners who have actionable rights of light claims and evidence that injunction has been threatened and/or is a real risk
- Update on general negotiations with other land interests to date, including leaseholders, etc
- confirmation that reasonable alternatives to the extinguishment of rights of light have been fully explored by HARCA/CSDL, e.g. design solutions considered in liaison with Planners and, where applicable, evidence of revised designs and non-material amendments, to avoid the necessity of using the powers

Road Closure

12.16 HARCA/CSDL have advised that an adopted road called Southill Street (Appendix 2, Plot 16) will be the subject of a road closure which will require a Stopping Up Order under section 247 of the Town and Country Planning Act 1990, authorising the stopping up of the areas of highway including rights obtained by prescription.

12.17 HARCA/CSDL advise that they intend to utilise Highways Act powers for stopping up of part of the service road. The land is owned by HARCA. HARCA/CSDL also advise that all necessary applications will be made to the Council Highways Department who will serve the appropriate notices and carry out the statutory consultation. This application will run concurrently with the CPO process.

Asset Protection Agreements

- 12.18 On a scheme such as Chrisp Street, it is likely that statutory utilities such as National Grid, UK Power Networks will have equipment (such as electricity substations) or services running through the site.
- 12.19 CSDL/HARCA advise that their approach to engaging with the statutory utilities is that prior to the Cabinet meeting they will notify all statutory utilities of the proposal for a CPO, when this is to be considered by the Council's Cabinet and to request that they advise if they have any land interests or services within the proposed CPO area.
- 12.20 Once any interests in the land have been identified through the above process CSDL/HARCA will enter into negotiations with a view to providing Asset Protection Agreements or other suitable agreements to protect the statutory utilities interests and to avoid the necessity for the statutory utilities to formally object to the CPO. Any costs in relation to this agreement will be met by the HARCA/CSDL in line with the Indemnity Agreement.

Open Space

- 12.21 Section 19 of the Acquisition of Land Act requires that any areas of open space within a CPO area are subject to a special parliamentary procedure unless the Secretary of State is satisfied and certifies that certain conditions prevail. Key to this in relation to this specific scheme is that land of at least the same size and quality will be returned to use as open land.
- 12.22 HARCA/CSDL have identified that there are areas of land within the proposed CPO that could constitute open space. More detailed assessment of these areas will be made during the detailed land referencing process and it will be established at this point whether an application for a Section 19 Certificate needs to be made. When the CPO documentation is submitted to the Secretary of State, a statutory certificate process will follow (unless the Secretary of State calls for a parliamentary process), which will involve securing approval from the Secretary of State on the basis that the re-provision of open space is appropriate.

13. FUNDING

Poplar HARCA

- 13.1 HARCA has secured funding from the GLA's Affordable Housing Programme of £9.196m to fund the 124 re-provided new homes at GLA Affordable Rent, plus additional 12 GLA Affordable Rent homes.
- 13.2 HARCA has also secured funding to the GLA's 2016/21 Affordable Housing Programme of £1.036m to fund the provision of 37 Shared Ownership affordable homes.

- 13.3 Further Right to Buy (RTB) funding support is likely to be sought from the Council for 27 additional affordable housing charged at Tower Hamlets Living Rents, subject to a grant application and satisfactory agreement between HARCA and the Council. Any decision to award RTB receipts as grant to a Registered Provider rests with the Grants Determination (Cabinet) Sub-Committee and the availability of funding for this programme is determined by Full Council in setting the overall capital budget and strategy.

GLA Estate Regeneration Policy and GLA 2016/21 Affordable Housing Programme

- 13.4 Since HARCA secured the £9.196m funding above, the GLA in July 2018 announced details of the criteria by which they were going to require resident ballots for estate regeneration schemes where GLA Affordable Housing Programme funding is sought.

Source: Poplar HARCA (4 June 2018)

- 13.5 The GLA Guidance on estate ballots is detailed in Chapter 8 of the GLA's Affordable Housing Capital Funding Guide. Under Exemption 5, where GLA funding was committed on or prior to 18 July 2018, such schemes will be exempt from the requirement to hold resident ballots. The Chrisp Street scheme had its funding confirmed well before this date and therefore the scheme is expected to be exempt from the requirement to hold a residents' ballot. Poplar HARCA as the Investment Partner will need to apply for this exemption and the GLA will need to confirm the exemption in writing. Consultation and engagement undertaken to date and planned for the future with residents and other local stakeholders is detailed in Section 7 of this report.

Telford Homes PLC

- 13.6 Telford Homes PLC who own CSDL were asked to provide a statement of their financial capacity to deliver this project which is set out below:

Telford Homes Plc is an AIM listed developer of residential-led, mixed use sites in London, where the need for homes far exceeds supply. The company's customers include individual investors from the UK and overseas, owner-occupiers and housing associations. Increasingly they are working with institutional investors in the build to rent sector, a growing market in London. Founded in 2000, the company now directly employ 248 people and have a development pipeline of over 4,000 homes.

They are a respected partner to landowners, housing associations, local authorities, build to rent investors and their supply chain. They are investing in the communities they create via their new sustainability strategy and they look after their people, who they regard as the real heart of their business.

The business has traditionally focused on East London and is skilled in all aspects of London development. The company develops in non-prime locations to maintain an affordable price point for individual customers and the

strategic move into build to rent which provides scope to work with investment partners across London.

Telford Homes Plc reported on 31st March 2017 net assets of £204 million and an annual revenue of £291 million. The company has a £210 million club banking facility with four banks RBS, HSBC, Santander and Allied Irish Bank. There is significant headroom to fund this project which has a gross development value of £321 million. Telford Homes has the financial capability and experience to complete this project over the eight year projected programme.

Source: Telfords PLC Note – 16 January 2018

- 13.7 In view of the above information, Officers are satisfied that funding sufficient to carry out the scheme (including acquiring land interests and paying other compensation) is available to HARCA/CSDL.

14. POTENTIAL IMPEDIMENTS

- 14.1 The Scheme is not currently considered to have any significant planning, resourcing (including financial), legal or other impediments. An outline of issues that need to be factored into the Risk Management Plan that is developed for the project is set out below. A summary of the potential impediments, and the likelihood of the impediments arising, and proposals for removing such impediments are summarised below.
- 14.2 **Developer's Capacity to Deliver** – both HARCA and Telford Homes PLC, the owner of CSDL, have a significant track record of housing and broader regeneration delivery. Their respective capacity to deliver this scheme is referenced in Section 9.3 – 9.7. No impediments are expected to arise.
- 14.3 **Planning** – the Scheme was submitted for the local planning authority's consideration in June 2016. The scheme was approved on 12 July 2018 subject to a number of planning conditions. It will be for the HARCA/CSDL to ensure that planning conditions are addressed to ensure the scheme progresses. The GLA in its strategic planning authority role may also have comments to make on the planning conditions set by the Council.
- 14.4 **Compulsory Purchase Order** – The implementation of the recommendations of this Cabinet Report are intended to remove impediments to acquiring all necessary land interests in the site to progress the scheme.
- 14.5 **Other Orders** – As set out in Section 12 above, other orders may be required in order to authorise the stopping up of highways as set out. These orders will be progressed alongside the CPO and the Council is not aware of any reason why such an order would not be likely to be forthcoming.
- 14.6 **Special Parliamentary Procedure (SPP)** – As there is potential for public open space to be included in the Order, there is a risk of engaging a SPP.

However the intention is that any open space that is lost will be re-provided. As such a S19 Certificate should be capable of being obtained.

15. HUMAN RIGHTS AND EQUALITIES IMPLICATIONS

- 15.1 Section 6 of the Human Rights Act 1998 prohibits public authorities from acting in a way that is incompatible with the European Convention on Human Rights. Various convention rights are likely to be relevant to the Order, including:
- ***Entitlement to a fair and public hearing in the determination of a person's civil and political rights*** (Convention Article 6). This includes property rights and can include opportunities to be heard in the consultation process.
 - ***Peaceful enjoyment of possessions*** (First Protocol Article 1). This right includes the right to peaceful enjoyment of property and is subject to the State's right to enforce such laws as it deems necessary to control the use of property in accordance with the general interest.
 - ***Right to respect for, private and family life***, in respect of which the likely health impacts of the proposals will need to be taken into account in evaluating the scheme (Convention Article 8).
- 15.2 The European Court has recognised that "regard must be had to the fair balance that has to be struck between the competing interests of the individual and of the community as a whole". Both public and private interests are to be taken into account in the exercise of the Council's powers and duties. Any interference with a Convention right must be necessary and proportionate.
- 15.3 The Council is therefore required to consider whether its actions would infringe the human rights of anyone affected by the making of the CPO. The Council must carefully consider the balance to be struck between individual rights and the wider public interest. In the present case the CPO would amount to an interference with the property rights of those individuals whose property or interests are to be acquired compulsorily. It is considered that any interference with the Convention rights caused by the CPO will be justified in order to secure the social, physical and environmental regeneration that the project will bring. There is a right for those individuals to object and have their objection heard at a public inquiry and, additionally, appropriate compensation will be available to those entitled to claim it under the relevant provisions of the CPO Compensation Code.
- 15.4 Before making a CPO, the Council must also have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not. An Equalities Impact Assessment (EIA) has been carried out to assess the impact of the CPO and the Scheme on individuals or communities.

- 15.5 This EIA has been completed by an independent consultant using the LBTH EIA guidance and format and has included a comprehensive desktop review of equalities policy and legislation, regeneration priorities and other core Council documents. Central was a review of the scheme proposals, the planning application, the proposed CPO, offers for tenants and leaseholders and the CSDL retail strategy. For the purposes of this report, the EIA is described as an EqIA, to distinguish it from an Environmental Impact Assessment.
- 15.6 In addition, to support the evidence base to assess the likely positive and negative impacts, there has been a review of equalities data, in part held by the developer and HARCA and supported by a primary research programme, which was completed between May and June 2017. Specifically this research addresses the equalities profile of tenants, leaseholders, businesses and other property interests. This data has been analysed and sets out the core basis of the profile of key equality groups and protected characteristics being assessed through this EqIA.
- 15.7 A central component of the EqIA is the need to distinguish between regeneration impacts per se and specific impacts on particular protected characteristics. The EqIA highlights specific Equalities Impacts and reviews these against the 9 protected characteristics of the Equality Act 2010. It also addresses issues of language, health and wellbeing and socio economic inequality.
- 15.8 The EIA report highlighted 'positive' and 'negative' equality impacts and set out a series of recommendations to mitigate negative impacts. The impacts are summarized below. The full report can be found at Appendix 7 and includes an action plan which identifies mitigation activities to address the identified impacts, which can be carried out.

Equalities Impact Assessment (EqIA) highlighted positive impacts

- 15.9 The design of the regeneration programme has sought to deliver a range of positive impacts. A summary of these positive impacts, specifically in terms of equality, is set out below.

15.10 Housing

- Housing needs that respond to a wide range of protected characteristics will be positively enhanced through the development of these new units providing opportunities for housing.
- There will be more homes designed to lifetime homes standards and with disability access.
- Improving the housing stock will provide more homes for more people, to higher standards and hence improve the quality of accommodation for residents currently on the estate.

- Fabric First approach will use sustainable forms of energy such as centralized heating and hot water and photovoltaics to generate electricity. This should mean lower running costs.
- Application of Considerate Contractor requirements to minimise negative impact during construction period
- There will be an expansion of housing offer (additional units) for those on the waiting list, many of whom come from protected characteristics.
- The needs of older people and those with disabilities will be enhanced by the development of properties built to lifetime homes standards.
- Families will have units that are in much better condition than they are currently.
- There will be more two and three bed units which will address local and community housing needs

15.11 Business

- CSDL/ HARCA have confirmed that all retailers who had a right to renew their lease will be offered the option to stay within the scheme if they so wish.
- Alternatively, if any retailer wishes not to remain and surrender their lease to CSDL/HARCA, they will compensate them accordingly in line with the CPO compensation code.
- Retailers who are not being relocated will be provided with new shop fronts and unit improvements in line with the proposals submitted for planning.
- New signage and improved security arrangements will also be provided.
- CSDL/HARCA will meet the reasonable costs associated with either the granting of a new lease, an agreement to lease or the amendment to their current lease.
- CSDL will also pay reasonable professional costs (surveyor) if required up to an initial 10 hours, reviewable depending upon the complexity of the matter, plus reasonable legal costs associated with the transaction.
- For retailers who are required to relocate to another unit within the scheme CSDL/HARCA will offer the following in addition to that described above:
 - Retailers will be offered a unit of the same floor area or slightly smaller as they currently occupy unless a different size unit is more appropriate to their business performance and aspirations.
 - CSDL/HARCA will pay for the shop fit of the unit to, at minimum equivalent standards of their existing unit, and ensure all units meet current regulatory requirements.
 - CSDL/HARCA will also pay reasonable relocation costs associated with the move.
- CSDL will specify a mechanism to agree reasonable fees between the parties if agreement cannot be reached by referral to an independent surveyor / shopfitter. This store fit out is in addition to the new shop fronts and signage detailed above. CSDL / HARCA also will give personal rent

concessions to independent retailers. This concession will last up to 5 years and be subject to them meeting reasonable criteria as detailed in the Retail Management Strategy Addendum.

15.12 Community / District Centre Users

- New facilities
- Night-time economy
- Cinema
- Improved public amenity space
- Sustainable injection the longevity of the district centre
- New Children's Centre being built adjacent to site
- Additional community space
- Increase in parking provision for disabled people from 3 parking spaces currently to 10 in the new development a growth of 330%
- Design of new community facilities to address the access needs of disabled shoppers and those people with mobility scooters, prams, buggies and physical access needs
- Whilst there are no tenants to be rehoused in phase one of the scheme, those tenants in phase two will have the ability to move into completed phase one homes and as a result they would have the choice to remain in the locality should their children need to attend local schools, thus mitigating any possible educational disruption.

15.13 EqIA Highlighted negative impacts

15.14 A summary of the potential negative impacts is set out below.

15.15 Generic Regeneration Impacts:

- The CPO process does have a direct impact on leaseholders and other land holding interests as their homes/businesses will be compulsorily purchased if it has not been possible to agree a voluntary settlement. This is universal to all leaseholders and is not in itself an equality impact.
- What residential leaseholders and businesses choose to do next will be their decision, as they have the options of taking their sale value and buying elsewhere (if possible), porting their mortgage and rebuying in the new estate, or entering a shared ownership or shared equity as per the relocation offer.
- The CPO process may have a disproportionately negative impact on non-resident leaseholders who have no option to stay, however resident leaseholders have options under the relocation offer.
- For some, the relocation offer of porting mortgages and entering shared ownerships may cause financial burdens, particularly for people with low earning capability and/or ineligible to take on a mortgage.

- There will be less 4 plus bedroom units on site i.e. 30 down to 13. Although this is made up by significantly more 2 and 3 bedroom units.

15.16 Equality specific negative impacts:

- Some burden may arise from households where their married status has changed since the property has been purchased and this may cause legal costs to clarify ownership and to agree the way forward for that household.
- The CPO process may have disproportionate impacts for leaseholders who are either older people and single parent families as their capacity to meet the increased values will impact against them. Similarly, this will have impacts on all leaseholders who find difficulty in meeting any possible increased cost of home ownership on the estate.
- Potential negative health impacts of the construction process including noise, dust, construction debris and environmental impacts, often negatively impacting more disproportionately on people with poor health and disability
- Households with children and older people may find the regeneration process and construction harder to live with.
- Language is potentially an issue for residents (leaseholders and tenants alike), businesses and market traders and in some cases residents who did not speak English as their first language may have felt that their understanding of the impact of the regeneration scheme had suffered because of this.
- Much of the interaction with residents will be through Poplar HARCA development team staff and those negotiating with leaseholders. In these cases, there is a real concern that the borough's equalities commitments are maintained in the negotiations process (training of staff to recognise equalities issues of those in negotiation).
- The decant process must address the equality needs of residents. These are most likely to be affecting those who are older, disabled or who have health conditions.
- The rehousing of the social tenanted properties should seek to retain the local feel for Chrisp Street particularly the BAME profile to reflect the local community and to sustain community cohesion.
- Wellbeing is a critical factor, as is the support network previously available pre-regeneration.
- Sense of community particularly those of immediate neighbours will have negative impacts on residents reliant on a local/neighbour care network, this is most likely to impact on older people, disabled and those with health conditions.

15.17 Recommended Mitigation activity

- 15.18 Below are the headline mitigation activities that are recommended to address the impacts highlighted above, which will be incorporated into a Mitigation Plan, which will form part of the Risk Management Plan referred to in Section

22.11 of this report. More detailed activities are set out in the action plan set out in the Full EIA.

- Generic Mitigation Activity
- Ethnic Mitigation
- Disability Mitigation
- Age Mitigation
- Socio-Economic Mitigation
- Language Mitigation
- Health Mitigation

16. STREET MARKET ARRANGEMENTS

- 16.1 Two specific proposals relating to the day to day management of the Chrisp Site are detailed here. The section on Street Market Management Arrangements sets out how the Council intends to work with the developer's new Chrisp Street Management Company Limited (CSML) to help ensure the Street Market becomes more successful. More detail is provided in Appendix 11b.
- 16.2 The second section focuses on how the wider Site can be managed, led by a Town Centre Manager employed by the Chrisp Street Management Company, established by HARCA/CSDL.

Future Street Market Management Arrangements

- 16.3 The market within the Chrisp Street district centre is a vital part of the retail offer and will continue to be so throughout and after the regeneration works. The LBTH Markets Team, HARCA and Chrisp Street Developments Ltd have been working together to produce a shared vision for the operation of the market. The Chrisp Street Market Proposal represents this shared vision and explains the changes required to the existing management agreement. The market will remain a Council-owned market where the Council receives licence fee income. However the LBTH Markets Team, HARCA and Chrisp Street Developments Ltd would like to:
- Improve and expand the trading space by installing new infrastructure for the market
 - Increase the variety and occupancy within the market area
 - Improve the aesthetics
 - Establish a long-term management plan to promote and sustain the market
- 16.4 These objectives will be achieved through a partnership approach with the Council, whilst ensuring that the market remains open for trading. More detail on the proposed approach is set out in Appendix 11b.

Future Management of the Wider Chrisp Street Site

16.5 A draft proposal for the long-term estate management of the Site from HARCA/CSDL is attached as Appendix 9. It is considered to be a well-developed proposal which sets out how the newly created management company, CSML will be contractually responsible for the estate management of the site and will be led by a Town Centre Manager. CSML will be funded by service charges paid proportionately by all retail and residential occupiers. CSML will have four distinct objectives:

- Facilities Management – Effective day to day management of the physical aspects of the estate
- Transitional Co-ordination – To provide and co-ordinate all aspects of the centre during the construction period and provide the key contact point and co-ordination for all stakeholders
- Marketing and Promotion – To animate the centre with a range of activities appealing to different audiences in order to increase footfall and also support the promotion of business located in Chrisp Street both before during and after construction
- Business support – To promote the take-up of business support and co-ordinate stakeholder engagement.

Appointment of Council Representatives to the Estate Management Company (CSML)

16.6 The draft proposal states that parties with a significant property interest, including the Council, will be eligible to nominate up to two directors and to have voting rights on estate management matters through the Company's Annual General Meeting. The Council proposes to delegate to the Acting Corporate Director of Place authority to nominate and appoint two officer(s) or one officer and one Council Member on behalf of the Council to act as director(s) of the Chrisp Street Management Company, after consultation with the Mayor, subject to review of the governing documents of the company, and to do all required, including execution of documentation, to give effect to that decision. This proposal is detailed in recommendation 2.3.3 of this report.

17. COMMENTS OF THE CHIEF FINANCIAL OFFICER

17.1 This report updates Members on the Poplar HARCA / CSDL partnership's progress on the acquisition of land and properties on the Chrisp Street element of the Lansbury (South) Estate, and seeks the approval of the Mayor in Cabinet for CPO proceedings to be initiated and any resulting order implemented should efforts to acquire all of the appropriate property interests by agreement fail. 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 owners.

17.2 The report also seeks approval to enter into a CPO Indemnity Agreement with Poplar HARCA/CSDL. Subject to this being approved, there are no overall financial implications for the Authority arising from the CPO process because the costs of the purchases and associated compensation packages will be borne by Poplar HARCA/CSDL, with the cost of all officer time involved in the

CPO process also being recharged to the organisations. As part of the indemnity arrangements it will be necessary for the financial standing of Poplar HARCA/CSDL to be assessed.

- 17.3 The costs of officer time and legal fees to be met by Poplar HARCA/CSDL will be dependent on whether or not the CPO is challenged at a public inquiry. In that case, the reimbursement for staff and legal costs incurred could exceed £100,000 which will be met by Poplar HARCA/CSDL subject to the draft Indemnity Agreement being signed.
- 17.4 On completion of the CPO process, any properties that were not acquired via negotiation will ultimately be vested in the Council, although all costs will have been financed by Poplar HARCA/CSDL. At that stage it will be necessary to formally agree to transfer the interests of these properties to Poplar HARCA or CSDL at nil consideration in accordance with the terms of the proposed indemnity agreement.
- 17.5 It should be noted that the Council has property interests within the redevelopment area, and it is proposed that ultimately these will be disposed to Poplar HARCA or CSDL. Details are provided within Section 11 of this report. Any disposal will be at market value as assessed by external valuers commissioned by the Council, and will take place in accordance with Council procedures.
- 17.6 It is proposed that the Council acquires a leasehold interest in the proposed Community Hub building in order that the existing Chrisp Street Idea Store can be extended. This will be subject to a business case being assessed and the financial terms being consistent with the available budget that has been set aside for the expansion of the current Idea Store.
- 17.7 In certain cases it will be necessary for Council services to relocate as part of the regeneration scheme. The Children's Centre will move to a new purpose built centre, with fit out and relocation costs funded by CSDL. The new centre will be let on similar terms as the current buildings. It should be noted that the original Sure Start Centre was part financed through Department for Education grant which may be subject to clawback if the service relocates. As a new purpose built centre will be provided, it is hoped that the any clawback will be waived, however if the previously received grant does need to be paid back, this cost must be met by the developer under the terms of the Indemnity Agreement (see section 11.7).
- 17.8 While the regeneration works are being undertaken, the existing market will have to temporarily relocate before moving back to an improved site with better facilities. It is proposed that although the Council will continue to own the Market Square, a partnership approach will be developed with Poplar HARCA/CSDL to further improve the facilities and to establish a long term plan to sustain the market. Costs will be contained within existing budgetary provision.

- 17.9 The overall Chrisp Street Regeneration scheme is likely to benefit from grant funding of £9.196m from the GLA's Council Affordable Housing Programme, with a further bid of approximately £1 million likely to be submitted in respect of the shared ownership affordable homes (Section 13). The grant will be payable to Poplar HARCA and will not impact upon the authority. There is potential for the Council to support the provision of additional affordable housing within the scheme through its Affordable Housing Grant Programme which uses retained Right to Buy receipts to finance grants to Registered Providers towards the delivery of affordable housing units for rent. These properties are let to housing applicants on the Council's housing waiting list. Any decisions on grant allocation will be considered in accordance with the Council's Grants Determination Sub-Committee procedures.
- 17.10 Due to the scale of the regeneration scheme, consideration must be given to rights of light issues affecting neighbouring properties (sections 12.6 to 12.15). CSDL has commissioned a specialist rights of light surveyor to advise on the process which could ultimately result in compensation being due to property owners. In the event that this occurs, the liability for compensation payments will rest with Poplar HARCA/CSDL.

18. LEGAL COMMENTS

- 18.1 The report seeks approval on various recommendations relating to the facilitation of the scheme, including:
- i. The making, confirmation and implementation of a CPO;
 - ii. Disposal of Council interests (both those acquired pursuant to the above CPO and others);
 - iii. Acquisition of property interests; and
 - iv. The nomination of a Council Officer to the board of directors of Chrisp Street Management Limited, the new estate management company.

The Compulsory Purchase Order

- 18.2 The Council's power to make a CPO pursuant to section 226(1)(a) of the TCPA is accurately described at section 3 above.
- 18.3 As also described, the Acquisition of Land Act 1981 ("the 1981 Act") governs the procedures which apply to such an acquisition, the Compulsory Purchase Act 1965 ("the 1965 Act") governs post-confirmation procedures and the Land Compensation Act 1961 ("the 1961 Act") governs the amount and assessment of compensation. In addition, Councils are strongly expected to have regard to the Central Government's non-statutory "Crichel Down Rules" relating to the management and disposal of land that is compulsorily acquired.
- 18.4 The 1981 Act provides that the authorisation of a compulsory purchase is to be conferred by an order, called a compulsory purchase order ("CPO"). A CPO is required to be made in a prescribed form and must describe by reference to a map the land to which it applies. If the Council makes a CPO, it

must submit the CPO to the Secretary of State for confirmation. Prior to submission to the Secretary of State, the Council must publish notice of the making of the CPO specifying that the order has been made, describing the land and the purpose for which it is required, naming a place where the order and map may be inspected and specifying a time which (and the manner in which) objections may be made. The Council must also serve a notice in prescribed form on affected owners, lessees, tenants or occupiers of the land allowing them the opportunity to object. The procedure for confirmation is specified in the 1981 Act and may require the conduct of a public inquiry if there are objections.

- 18.5 In exercising its powers to make and give effect to a CPO, the Council will need to take care that it does not contravene the rights of individuals under the European Convention on Human Rights (“ECHR”). Before making a CPO, the Council must also have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not.
- 18.6 Human Rights and Equality issues arising from the CPO and the scheme generally are set out in detail in the Equality Impact Assessment at Appendix 7 and section 15 of the report. The report confirms any interference with human rights would be justified and that the potential negative equalities impacts arising from the proposals can be mitigated by the identified measures.
- 18.7 The making of a CPO is an executive function, by virtue of section 9D of the Local Government Act 2000 and the Local Authorities (Functions and Responsibilities) (England) Regulations 2000. Pursuant to section 9E(2) of the Local Government Act 2000, the Mayor may arrange for the discharge of an executive function by an officer of the authority.
- 18.8 Relocation of the street market may require steps to be taken in accordance with the legal framework under which the market operates. This is being established and officers will be advised of any necessary steps.

Disposal of Council land/interests and acquisitions

- 18.9 The Council may dispose of the land under section 233 of the TCPA for the purpose of bringing it forward for development or otherwise facilitating development. Any such disposal must be for the best consideration that can reasonably be obtained, unless the Secretary of State’s consent is obtained. By a combination of sections 226 and 233 of the TCPA, it is open to the Council to compulsorily acquire land for planning purposes and then transfer it to a developer.
- 18.10 In respect to land which is not acquired through the CPO process, the Council has various powers to dispose of it. The process for disposal and the legislative requirements with which the Council must comply varies according to how the land is held.

- 18.11 Where the land is held in the General Fund, Section 123 of the Local Government Act 1972 enables the Council to dispose of it in any matter that it may wish. However, except in the case of a short tenancy (i.e. leases of less than 7 years), the consideration for such disposal must be the best that can reasonably be obtained. Otherwise the Council requires consent of the Secretary of State for the disposal. Scope exists for the Council to dispose of such land at less than best consideration and without the specific consent of the Secretary of State if it can bring itself within the provisions of the General Disposal Consent (England) 2003. The Consent provides that the Council can dispose of the land if it considers it will help to secure the promotion or improvement of the economic, social or environmental well-being of its area, and the undervalue is at less than £2m. In this regard, proper advice must be obtained in respect to the value in accordance with the Consent.
- 18.12 Where the land is held in the Housing Revenue Account (HRA), section 32 of the Housing Act 1985 provides the power to dispose of housing land. However, such disposal shall not be made without the consent of the Secretary of State. The General Housing Consents 2013 allow certain disposals to be made without the specific consent of the Secretary of State provided such disposals are at market value, except in the case of vacant land which can be disposed of at a price determined by the Council. In so doing, the Council must be mindful that it is acting in its capacity as the trustee of public assets.
- 18.13 Disposal of land from the HRA will require an assessment to be made of the market value of the land and a corresponding adjustment is required to be made to the HRA. Section 122 of the Local Government Act 1972 provides that a Council may appropriate for any purpose for which it is authorised any land which belongs to the Council and is no longer required for the purpose for which it is held immediately before the appropriation.
- 18.14 The general power under section 122 of the Local Government Act 1972 must be read subject to section 19(2) of the Housing Act 1985 (the "1985 Act") which states that where a local housing authority has acquired or appropriated land for the purposes of Part II of the 1985 Act, it will require the consent of the Secretary of State to appropriate any part of the land consisting of a house, or any part of a house, to any other purpose. The report explains that this does not apply in this instance.
- 18.15 Circular 8/95 (the "Circular") was issued by the then Department of the Environment in 1995 to provide guidance on the operation of the housing revenue account ring-fence, but it remains in force today. It provides that the Council should consider removing properties which have been provided under specified powers (including Part II of the 1985 Act) but which may no longer fulfil their original purpose. In these circumstances, the Council should consider their removal from the housing revenue account. The decision is for the Council to take, although it should be able to explain the basis of the decision to the external auditor and tenants, if called upon to do so.

- 18.16 In respect to leasehold or freehold acquisitions, the Council has the powers pursuant to section 120 Local Government Act 1972 to acquire land for the purposes of exercising its statutory functions. The relevant statutory functions are set out in the report and the Council may therefore rely on this power to acquire the interests identified on the terms to be agreed.

Appointment of a Council Officer to the Estate Management Company (CSML)

- 18.17 The report seeks a recommendation in respect to the appointment of Council Officer(s) and/or a Member to CSML, the newly created estate management company.
- 18.18 Under para 3.2.2 of part 3 of the constitution (Responsibility for Functions), in relation to executive functions, an appointment of an Officer and/or a Member to an external body is permitted where the position is unpaid.
- 18.19 Officers and Members of a local authority, who are also directors of an external body, must be aware of their duties in respect to each role. Conflicts of interest may arise in a number of areas for an officer who is also a director of the company and the person appointed must be mindful of their responsibilities, including those under the Local Government Act 1972, the Local Government Act 2000, the constitution and the Codes of Conduct.
- 18.20 The Local Authorities (Indemnities for Member and Officers) Order 2004 gives a specific power for authorities to grant indemnities and/or take out insurance to cover the potential liability of Members and Officers in a wider range of circumstances, including the above appointments.
- 18.21 In doing so, the Council will take out insurance to cover a situation where the actions of an Officer or Member, acting within their powers, gives rise to a claim. The 2004 order also allows the Council to indemnify Officers and Members where they are acting on outside bodies for the Council.

19. ONE TOWER HAMLETS CONSIDERATIONS

- 19.1 The Council has a range of statutory duties to facilitate development in the borough and provide affordable homes for local residents. Regeneration and development is a key factor to ensuring economic prosperity for the individual and for the community. The Council has to plan for the overall social infrastructure to meet the needs of the rising local population.

20. BEST VALUE (BV) IMPLICATIONS

- 20.1 The Council is required to consider the value for money implications of its decisions and to secure best value in the provision of all its services. The proposed regeneration scheme will be funded largely by private investment from the developers. In addition there will be £9.196m GLA funding to fund the delivery of 136 social rent/GLA Affordable Rent and 37 shared ownership homes. A bid submission is due from HARCA to fund the development of 27

Tower Hamlets Living Rent homes. Subject to a successful bid submission, the secured Right to Buy funds will deliver value for money in terms of the Council's investment, as this will contribute to the delivery of 27 additional affordable units as part of the scheme. The scheme will also attract New Homes Bonus and additional Council Tax and Business Rates for the Council.

- 20.2 The Council has considered and is satisfied that its duty to secure best value under section 3 of the Local Government Act 1999 in respect of the land transfer and property related issues set out in Section 11 above will be met by the satisfaction of the obligations upon HARCA/CSDL that will be secured through the parties entering into the CPO Indemnity Agreement.

21. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 21.1 The housing stock transferred from the Council to HARCA was designed to an environmental performance consistent with standards for build in place at the time the properties were built (mid 1960s). The performance standards will have been improved to a limited degree in the social housing properties through investment to bring them to the Decent Homes standard, but these improvements will not have been applied to all of the leasehold properties.

- 21.2 The proposed new scheme will provide homes built to a far higher standard of environmental performance, which will mean they are far more cost effective to run, thereby reducing the potential for fuel poverty for households that are expected to occupy the new homes within the scheme. The development will maximise reductions in carbon dioxide emissions through the implementation of Be Lean, Be Clean and Be Green energy efficiency measures. The development has been designed to achieve a 35.9% regulated carbon reduction on 2013 Building Regulations through on site measures.

22. RISK MANAGEMENT IMPLICATIONS

- 22.1 The Council is working with CSDL and HARCA to progress the regeneration proposal. The programme bears some time risks due to the need for occupiers to vacate the residential and commercial properties. The programme is being monitored closely. The CPO resolution for Chrisp Street will support the programme delivery if the need arises.

- 22.2 Failure to acquire the land interests through negotiation could jeopardize the Chrisp Street regeneration proposals unless this risk is off-set by taking steps to make a precautionary CPO, to acquire the land interests identified in this report.

- 22.3 Considering the risk management implications in more detail, there are a number of thematic risks associated (set out below) with this project which will be the subject of a detailed risk register which will need to be assembled, implemented and monitored following the adoption of this Cabinet Report.

Strategic Risks

- 22.4 This Cabinet Report is intended to support the delivery of a longstanding regeneration priority identified in the Local Plan and a priority in the Council-sponsored Poplar Housing Zone. The over-arching strategic risk relates to whether the intervention being sought is the correct one required to deliver the outcome sought. Ultimately, the regeneration scheme is being proposed by the landowner, HARCA in conjunction with a developer, CSDL, to deliver a strategic priority of the Council.

Compliance Risks

- 22.5 The key compliance risk relates to the making of the CPO and ensuring that the regeneration case for the scheme is robust, whether a CPO Inquiry becomes necessary or not. The Council also needs to be mindful of any potential negative impacts on protected equality groups identified in the 2010 Equality Act together with the impacts on the human rights of those affected. A full Equalities Impact Assessment has been undertaken and forms Appendix 7 of this Cabinet Report.

Financial Risks

- 22.6 These are considered to be relatively small to the Council given that the large proportion of this risk is to be borne by the developer, CSDL. All the Council's scheme enabling costs are being met by CSDL through the Indemnity Agreement (Appendix 8). Financial risks may arise from falling revenue from the Street Market, if market activity falls. However, it is expected that market activity will increase after the scheme is complete and therefore this may not be a risk that becomes an issue.

Operational Risks

- 22.7 The Council's own direct interests relate to services currently provided by the Idea Store; Street Market; Children's Centre and One Stop Shop. In turn, the Idea Store is not going to be relocated, but there is an intention to extend the first floor of the proposed Community Hub Building. Therefore there is likely to be some disturbance to service provision during this time. The Street Market is to be temporarily relocated for one year to the south of the Order Land in order to facilitate the resurfacing of the Market Precinct. The One Stop Shop is to be relocated to the ground floor of the Idea Store under an initiative sponsored by the Council, independent of the scheme proposed by CSDL.

Reputational Risks

- 22.8 The making of the CPO and associated actions identified in the reports raises significant potential reputational risks to the Council. The temporary and permanent relocation of moving residents (i.e. tenants and leaseholders); retail businesses; market traders; and employees from the place of living and/or work will involve significant upheaval and disturbance to the stakeholders identified. This will mean that the potential for negative coverage through, for example, Members' Enquiries; local press coverage; social media coverage is considered high. Delivering the CPO and the ensuring

regeneration objectives in the long term should justify a limited degree of disturbance for people living, working or spending recreational time in the areas. Where there is an unjustifiable degree of disturbance, then the use of Members' Enquiries; local media; social media may prove a useful means of establishing where interventions have gone wrong and what can be done to correct them.

- 22.9 However reputational risks for the Council are considerably reduced by the fact that HARCA are experts at regeneration having carried out the following successful strategic regeneration schemes in Tower Hamlets in partnership with the Council and also making use of their CPO powers for HARCA projects at Aberfeldy Estate and Bow Bridge.
- 22.10 In the past, HARCA have successfully managed to relocate affected parties by negotiation without the need of recourse to use of CPO powers. The Council will further have oversight of the CPO process to ensure the risk of behaviours that might give rise to reputational harm are avoided.

Concluding Risk Points

- 22.11 A proactive risk management approach with all the risks identified in a Risk Management Plan can reduce the likelihood of such risks becoming issues and mitigate the negative impacts where they so become issues.

23. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 23.1 Historically, the Site has experienced significant issues of crime and anti-social behaviour (ASB). These issues are exacerbated by the design and isolated nature of parts of the estate, caused by being surrounded by rear building elevations, lack of natural surveillance and by major roads. This enables those committing ASB to easily evade police and other enforcement activities.
- 23.2 This has been evidenced by Poplar HARCA reporting in late 2017 that Fitzgerald, Ennis & Kilmore Houses have been the subject of ASB and criminal behaviour including drug use and problems with groups of people congregating in communal areas behaving anti-socially. The Police have also reported in late 2017 that Chrisp Street Market suffers from a range of issues including: criminal damage; shoplifting; robbery/attempted robbery; actual bodily harm; grievous bodily harm; and harassment.
- 23.3 The proposed scheme intends to address those issues. Section 9.160 of the Planning Officer's report to the Strategic Development Committee meeting of 15 February 2018 on the planning application for the scheme (Ref No PA/16/161) states the following:

Secure by Design

- 23.4 *The applicant has engaged with the Metropolitan Police's Secure by Design team as part of the design process and they have been consulted with as part*

of the planning application process. The Secure by Design officer raised no objection to the proposed design of the scheme and has requested that a condition be imposed (in the event that planning permission is granted) which requires the applicant to achieve Secure by Design accreditation prior to the commencement of the development. Furthermore, the applicant has committed to providing CCTV on the site and this would be secured via condition. With the inclusion of the abovementioned conditions, the development would incorporate measures to increase safety and reduce antisocial behaviour on the site.

- 23.5 In addition to the above, the site's 24 hour CCTV will be monitored onsite complemented by a 24 hour onsite security presence. The new scheme will also be well lit during night time which with the benefit of the redesign will help ensure that those perpetuating crime and anti-social behaviour will have fewer opportunities to negatively impact individual and community safety in the future.

24. SAFEGUARDING IMPLICATIONS

- 24.1 Not applicable to this report.

25. REASONS FOR THE RECOMMENDATIONS

Reasons for the CPO

- 25.1 The Council has previously made CPOs to support its own, or its Registered Provider partners' regeneration projects. The need for this provision arises where acquisition of land interests (e.g., residential dwellings, shops, rights of way etc.) is necessary to fulfil commitments to deliver new social/affordable homes, new retail provision, and new leisure facilities and/or to achieve wider regeneration benefits, such as the provision of related infrastructure or community facilities. There are two main phases to this scheme as described in Section 9.1, Table 1, of this report which will take around 9 years to deliver. Good progress has already been made in securing possession of the residential properties required to deliver Phase 1 of the scheme. To provide certainty to CSDL/HARCA in regard to land assembly, it is proposed to make a single CPO encompassing land interests in both Phase 1 and 2.
- 25.2 This report seeks the Mayor's approval to make a CPO resolution now. For the reasons set out in Sections 3 and 4 of this report, it is important to commence the CPO process for all the non-acquired land interests included in, or affected by, the CPO land within the red-line boundary shown in Appendix 1. The report explains why the proposed CPO is needed to support the housing, retail and wider regeneration work proposed at Crisp Street, which will provide a revitalised district centre and crucial new homes for people in housing need.

- 25.3 The CPO Guidance dictates that the Council needs to demonstrate that compulsory purchase is used as a method of last resort and only implemented once all reasonable efforts to acquire by agreement have been exhausted.
- 25.4 Before making a CPO, Council officers require that HARCA/CSDL demonstrate that they have and will continue to actively seek voluntary negotiated settlements with all those whose interests are to be acquired, offering the full market value applicable and compensation in accordance with statutory requirements. This includes reimbursement by HARCA/CSDL for independent valuation and legal support, payment of the full market value for their property interest, and a compensation package to fulfil the claimant's statutory entitlement. The Council ensures that this is achieved through regular meetings with HARCA's/CSDL's team as well as review of documentary evidence that supports the information provided during meetings.
- 25.5 Council officers have regularly met HARCA/CSDL's representatives to monitor progress in securing acquisition through voluntary negotiation and are satisfied with the efforts being made.
- 25.6 Prior to making the CPO, the Council will carry out further due diligence in its monitoring and review role. In particular, the Council in partnership with HARCA/CSDL will engage with all owners of the known affected land interests to allow for negotiations and offers to date to be collectively reviewed and also for the Council to explain the CPO and compensation process. This will provide an opportunity for the Council and HARCA/CSDL to answer any additional concerns and questions affected land owners may have.
- 25.7 The proposed CPO resolution will progress the Council's regeneration aims by enabling HARCA/CSDL to deliver a major regeneration scheme on the site. HARCA/CSDL have requested that the Council exercise its powers to make a single CPO to safeguard land assembly across the proposed regeneration area. This will help facilitate delivery of the scheme in a timely and cost effective way, thus guaranteeing delivery of the new social/affordable housing, retail provision, leisure facilities and other associated regeneration and wellbeing benefits for the community. It will also minimise delays and additional costs to future phases.
- 25.8 HARCA/CSDL will continue to negotiate to acquire all of the affected land interests on a voluntary basis. The CPO process will run in tandem with HARCA/CSDL's efforts to secure acquisition voluntarily, thus enabling the proposed re-development scheme to progress without indeterminate delays.
- 25.9 Under the single CPO approach it is expected that any land acquired through the CPO will be vested at a time when it is needed to enable the next phase to proceed. This will allow HARCA/CSDL to secure voluntary settlements wherever possible, alongside the CPO process. This is in line with the approach that the Council has adopted in recent years for itself and on behalf of regeneration partners.

- 25.10 The draft CPO Indemnity Agreement in Appendix 8 will be entered into between the Council and HARCA/CSDL to govern the relationship between the parties during the CPO process. The Agreement confirms that CSDL will be responsible for the payment of compensation and all administrative and other costs associated with the CPO. As the Agreement has not yet been executed, an interim undertaking for legal and other related costs in the sum of £100,000 has been given by the solicitors acting on behalf of CSDL for all work carried out since the 1st December 2016. It is envisaged that this sum should be sufficient to underwrite costs until the Agreement is completed.
- 25.11 A Statement of Reasons will be published after the Order is made providing the justification for the making of the CPO. This will be prepared in consultation with HARCA/CSDL.

Reasons for the decisions on Council Land and Property interests:

- 25.12 The Council is a key landowner on the Site and therefore is both an interested party in the scheme as well as being the enabler for it. HARCA/CSDL has requested the Council make a number of decisions regarding its own land and property interests in the Order Land, as well some amendments to legal documents that date back to the transfer of the Chrisp Street housing stock (part of the Lansbury (South) Estate) and associated land in 2006. These are set out at Section 11 of the report.

Reasons for the decisions on Street Market Management Arrangements:

- 25.13 The scheme will provide a new market canopy and an enhanced public realm with improved servicing for a similar number of market stalls. Whilst this has the potential to generate additional market stall revenue for the Council, it requires substantial investment by HARCA/CSDL. Therefore the Council's support is sought for the following:
- CSDL to have a longer term management agreement than the current market management agreement which is terminable without fault at 12 months' notice by either party
 - The proposed food and beverage businesses to be permitted to have tables and chairs adjacent to their units on the edges of the market
 - CSDL to be granted a lease of the proposed kiosks in the market square
 - To include the Clock Tower in the management agreement to enable it to be brought into active use
 - Extension of the scope of the management agreement following further negotiation

Linked Reports, Appendices and Background Documents

Linked Report

Strategic Development Committee Planning Report, Item 7.1, 24 July 2018

<http://democracy.towerhamlets.gov.uk/mgChooseDocPack.aspx?ID=9268>

Appendices

Appendix 1 - Chrisp Street - Order Land Location & CPO Boundary Plan

Appendix 2 - Chrisp Street - Schedule of all Land Interests to be acquired (Sept 2018)

Appendix 3 – Statement of Community Involvement (June 2016)

Appendix 4a – Chrisp Street Retail Management Strategy (June 2016)

Appendix 4b – Retail Leasehold Offer (June 2018)

Appendix 5 – Residential Leasehold Buyback Offer (June 2018)

Appendix 6 – Residential Tenants Offer (June 2018)

Appendix 7 - Equalities Impact Assessment (June 2018)

Appendix 8 - DRAFT CPO Indemnity Agreement

Appendix 9 – Long Term Estate Management Proposal (June 2018)

Appendix 10 – Extract from Tower Hamlets Council Town Centre Strategy 2017-2022 (March 2017)

Appendix 11a – Market Stalls Offer (June 2018)

Appendix 11b - Future Chrisp Street Market Management Arrangements (16 October 2017, Updated June 2018)

Appendix 12 – Temporary Relocation Plan for Chrisp Street Market Traders and Lock Ups

Appendix 13 - Lock Ups Offer document (June 2018)

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None

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