Cabinet Decision

27 October 2021

Report of: Ann Sutcliffe, Corporate Director of Place



Classification:
Partially Exempt

Development of William Brinson Centre – Appropriation for Planning Purposes and use of Section 203 Powers (Rights of Light)

Lead Member	Councillor Danny Hassell - Cabinet Member for
	Housing
Originating Officer(s)	Karen Swift – Director of Housing
	Rupert Brandon – Head of Housing Supply
	James Walsh – Housing Regeneration
	Monju Ali – Housing Regeneration
Wards affected	Bromley North
Key Decision?	Yes
Forward Plan Notice	13 September 2021
Published	
Reason for Key Decision	Financial impact
Strategic Plan Priority /	A borough that our residents are proud of and love to
Outcome	live in

1. Executive Summary

- 1.1 This report seeks the agreement of the Mayor in Cabinet to authorise the Corporate Director of Place to appropriate for planning purposes under section 122 of the Local Government Act 1972 the Council's property known as Land at William Brinson Centre, Arnold Road, London E3 ("the Land"), edged and coloured in red on the plan attached (Appendix 1).
- 1.2 The appropriation is necessary for the purpose of facilitating the construction on the Land of two new buildings: one an 8-storey building and the other a 6-storey building, to provide 5 commercial units on the ground floor and 62 affordable housing units on the floors above with bicycle storage for residents and visitors, and communal landscaped amenity areas within the courtyard and along the west side and southern end of the site.
- 1.3 Planning permission ref. **PA/16/02789/A1** was approved by Planning Committee on 18 December 2019, following a successful Judicial Review of the planning decision (regarding the Council's daylight and sunlight assessment) brought by residents opposing the development.
- 1.4 The Council is currently considering the most suitable options to help expedite and build out the approved scheme. The key issue which needs to

be addressed is the requirement to appropriate the development site and override third party rights and easements (in particular, Rights to Light) with the use of section 203 powers of the Housing and Planning Act 2016 to override Rights of Light claims.

- 1.5 Since June 2020, the Council, through its Rights of Light consultants, Delva Patman Redler (DPR), has been investigating the effect that the Council's proposed development will have on adjoining owners and has established that there are several parties that may have the benefit of Rights of Light which will be affected by the new development.
- 1.6 In order to implement the William Brinson Centre redevelopment, it is necessary for the Council to appropriate the Land for planning purposes.
- 1.7 The Council advertised its intention to appropriate the William Brinson Centre in the local newspaper: East End Advertiser on the 19th and 26th August 2021 and invited comments from the public until 2nd September 2021. The Council was not legally obliged to do this. The Council received no correspondence or contact from members of the public regarding the proposed appropriation.
- 1.8 The Council made a Light Obstruction Notice (LON) application to the Upper Tribunal to protect the development site from future rights of lights occurring from surrounding properties which are less than 20 years old. A temporary LON certificate was issued on 15 September 2021 and has been registered with the Council's Land Charges department.

Recommendations:

The Cabinet is recommended to:

- Delegate authority to the Corporate Director of Place to appropriate the Land for planning purposes in accordance with section 122 Local Government Act 1972 and subsequent use of the Council's powers under s203-s206 of the Housing & Planning Act 2016 to override rights to light of neighbouring properties that would be infringed by the William Brinson Centre redevelopment;
- Delegate authority to the Corporate Director of Place to agree the settlement of rights of light claims with an affected party, together with any associated fees;
- 3. Authorise the Divisional Director, Legal to enter into any legal agreements considered necessary or desirable for the Council to put in effect the recommendations in this report.
- 4. Note that the cost of the proposed settlement of rights of light compensation payments and associated fees will be met from the capital budget for the William Brinson Centre scheme.

3. REASONS FOR THE DECISONS

- 3.1 The Council has instructed a Rights of Light consultant Delva Patman Redler (DPR) to carry out a detailed analysis to identify surrounding properties which would suffer an adverse impact to the level of light currently maintained. The report identifies of the 54 neighbouring properties assessed, a total of **37** are likely to experience potentially actionable rights of light infringements.
- 3.2 DPR has also assessed the level of light infringement to each individual property that is affected and provided details of the potential settlement budget for the release of these rights. Full details of the affected parties, settlement budgets as well as negotiations are set in the exempt appendices 2 and 3. Due to the high risk of an injunction to prevent the scheme being delivered and the associated settlement costs, the Council needs to consider appropriate use of its powers to mitigate these risks.

The Council's Statutory Powers

S203 Housing and Planning Act 2016

- 3.3 Under Section 203 of the Housing and Planning Act 2016 a local authority can override easements and other rights affecting the land such as rights of way and light that would impede the development.
- 3.4 There are four requirements that must be fulfilled in order for section 203 to be used:
 - 1. the site must be acquired or appropriated by a local authority for planning purposes (the land will be appropriated, and this is referred to in section 4);
 - 2. there is planning consent for the building or maintenance work or use;
 - a local authority could (if not already the owner) acquire the site compulsorily for the purposes of carrying out works (including construction and maintenance works), or for the use of the land permitted by the relevant planning consent;
 - 4. the work or use in question relates to the purposes for which the land was appropriated.
- 3.5 The effect of section 203 is to enable the development to proceed and authorises the interference of those rights. However, the Council is liable to pay compensation for any interference with a relevant right or interest or breach of a restriction that is authorised by section 203 and this is addressed in section 204.
- 3.6 Section 204(2) confirms that compensation should be calculated on the same basis as compensation payable under section 7 and 10 of the Compulsory Purchase Act 1965. The amount of compensation payable is the diminution in the value of the affected interest. Any dispute about compensation payable may be referred or determined by the Upper Tribunal.

- 3.7 One of the requirements for the use of section 203 is that the relevant authority must show that "it could acquire the land compulsorily" (whether compulsorily or by negotiation for the purpose of the development in question). It will involve an interference with Human Rights under article 1 of protocol of the European Convention on Human Rights and where residential properties are affected (right to peaceful enjoyment of your property), also under article 8 (right to family and private life). Prior to the use of section 203, the intention is that private treaty negotiations will take place with those with an affected interest. A summary of these negotiations is provided at exempt appendix 3. However, the right to peaceful enjoyment of property under article 1 is a qualified right and not an absolute right. Article 8 is also a qualified right and article 8(2) permits interference which is "in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the protection of health and morals, or for the protection of the rights and freedoms of others."
- 3.8 The development site benefits from planning approval and there are no further planning impediments. The approved scheme will contribute to the much-needed affordable housing for the borough and benefit those currently registered on the Council's re-housing waiting list. The re-development of William Brinson Centre will also bring back into use what is currently a vacant and underutilised Council asset. Officers of the Council believe the benefits of the development outweigh the infringement of article 1 and 8. Officers have considered that the development will promote or improve the economic well-being, social well-being or environmental well-being of the area.

4. <u>ALTERNATIVE OPTIONS</u>

- 4.1 <u>Do nothing option</u>: if the Council decides not to appropriate the Land then there is the potential that affected private property owners could bring injunction proceedings which could stop the construction of the project or significantly delay its delivery. As a result, this would put at risk the Council's approved budget to deliver this scheme and impact the Council's affordable homes target, whilst jeopardising the 62 affordable units proposed as part of this approved scheme. In addition, the Land will remain vacant as a disused asset and the Council will continue to incur associated security and maintenance costs.
- 4.2 The carrying out of the development is dependent upon adhering to a programme. That programme cannot be met unless those entitled to rights of light agree to infringements or the infringements are authorised by s203. The Council needs to maintain its programme to lawfully implement the development before 18 December 2022 and subsequently complete the development. If the proposed development were not to come forward due to an inability to implement the planning permission prior to its implementation deadline, then it is unlikely that any development of the nature, type and scale proposed in planning application PA/16/02789 would be proposed or implemented on the site.

5. DETAILS OF THE REPORT

- 5.1 Increasing the supply of affordable housing is a significant priority for the London Borough of Tower Hamlets. There are currently more than 19,000 households on the Council's Housing Register, of which at least 50% are in urgent housing need. As part of meeting the need for affordable homes several council-owned sites across the borough have been identified for infill development. The William Brinson Centre is one of those opportunity sites identified in the Bromley North area.
- 5.2 London with a population of approximately 8 million people, is expected to grow to over 10 million over the next two decades. In east and south east London, an increase of 600,000 is forecasted to reach a population of 2.9 million by 2031. Providing sufficient housing and employment to meet current and future demand is a strategic priority for London's Local Authorities, the Mayor of London, and the Government. The borough's emerging Local Plan identifies the need to accommodate 30,601 new homes and 78,975 new jobs by 2031.
- 5.3 Housing has an important role in shaping healthy places, preventing ill health, supporting residents into work and tackling child poverty. The Council has a corporate objective to deliver 2000 new Council homes by 2022.
- 5.4 The Land is a part of William Brinson Centre and the Council owns the freehold of the Land. At the time of the planning application only the ground floor was occupied by an adult day learning centre run by the charity Vibrance. Since the relocation of Vibrance, in 2017, the property has remained vacant and incurring costs to the Council. It is held in the General Fund, consistent with its previous use.
- 5.5 The redevelopment of the Land will create **62** new affordable units comprising: **16** x 1bed units, **14** x 2bed units, **20** x 3bed units and **12** x 4bed units (including 6 wheelchair units) with associated amenity space, along with 400sqm of commercial office space, provided in a new residential block ranging from eight to six storeys in height, along with bicycle storage. All 62 new homes will be for affordable rent.
- 5.6 The key objectives of the redevelopment of William Brinson Centre are to provide much needed genuinely affordable housing as well as social, economic, and environmental benefits to Tower Hamlet's community. The new development will replace the existing building and adjoining car parking spaces on site.
- 5.7 The design and construction of the new development will use a range of energy and environmental improvements. The benefits will be included in the new building to minimise longer-term running costs, and with a target of BREEAM Very Good, create natural benefits through landscaping, species protection, along with photo-voltaic cells and rainwater harvesting as

- examples of energy efficiency methods being built in. Some residents will have their own gardens on the ground floor and there will be a green biodiverse roof that will enhance the ecology on the development.
- 5.8 The Council and it's Right of Light consultant has already communicated with affected private property owners the intention to work with them to reach amicable voluntary agreement for the release of their rights.

Public Dialogue

- 5.9 The Housing and Planning Act 2016 does not set any specific procedure for implementing the powers of section 203 and there is also no statutory procedure for consultation for use of the powers. However, it is recommended that a process similar to the Compulsory Purchase Order process is used. Before the Council can implement section 203, it will be necessary to identify all the rights which may be infringed and seek a release of those rights. Records of all negotiations and attempts at negotiations should be kept as it will be important to show that negotiations have been unsuccessful.
- 5.10 As a matter of good practice, the Council (through its rights of light consultant: DPR) has contacted affected parties with a view to reach voluntary agreements for the surrender of any rights prior to exercising s203 powers. DPR has been instructed to manage all negotiations and the surrender of rights with affected parties on behalf of the Council, with officers reviewing and monitoring progress. This process is not based on any statutory requirement and therefore does not need to be pursued to lawfully use the section 203 powers.

Costs and Professional Representation

5.11 Although it is not necessary for the Council to pay affected parties professional fees (legal and surveyor costs) it is prudent to do so to encourage parties to surrender rights voluntarily before the section 203 takes effect. This approach has also been taken by private developers and Housing Associations on the basis an agreed figure should be provided (to cover legal and professional fees) for the affected party to seek advice and caveated that further costs will only be paid upon successful completion of a deed of release/surrender before the section 203 is implemented. This mitigates risk in terms of spending money without achieving the objective.

6. PROPOSAL & ISSUES

- 6.1 Without the exercise of the Council's appropriation powers, parties who are affected by the diminution of their rights to light have the ability to bring injunction proceedings to prevent the development. This could potentially halt the project and would result in a delay to the delivery of the development.
- 6.2 Once the Land is appropriated for planning purposes and since planning permission for the development has already been granted, the Council will be empowered under section 203 Housing and Planning Act 2016 to override

- existing rights and extinguish adjoining owners' rights without the possibility of legal injunction.
- 6.3 Pursuant to section 203 (and in accordance with section 204 HPA 2016), all rights of light claims are resolved by payment of statutory compensation to affected parties.
- 6.4 The Council's representative DPR have attempted to make contact with all the affected parties and are trying to either commence or conclude negotiations with the appointed surveyor or the owners of a freehold/leasehold interest. Voluntary negotiations will continue with affected parties until such time s203 powers are exercised by the Council. A list of the affected parties and a detailed breakdown of the stage of negotiations can be found in the exempt Appendix 3.
- 6.5 If agreement on compensation payment is not reached with any party, the matter can be referred to the Upper Tribunal for independent determination.
- 6.6 As a result of the above authority is sought to authorise the Corporate Director of Place to appropriate for planning purposes under section 122 of the Local Government Act 1972 along with adopting S.203 Powers under The Housing and Planning Act 2016 to work towards extinguishing the Rights of Light of potentially affected parties enabling the development to proceed.

7. EQUALITIES IMPLICATIONS

- 7.1 An assessment was undertaken and the potential impact of the development on various equality groups was deemed as having a low impact.
- 7.2 To the extent that any person's right to light is to be impacted by the development, there is no known adverse impact on any specific person with a protected characteristic.
- 7.3 If that property benefits from a right to light, there is an entitlement of compensation which has been addressed in the body of this report.

7.4 Impact on community

- Housing needs that respond to a wide range of protected characteristics will be positively enhanced through the development of these new affordable 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 of the borough.
- 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.

8. OTHER STATUTORY IMPLICATIONS

This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

9. ONE TOWER HAMLETS CONSIDERATIONS

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

10. BEST VALUE (BV) IMPLICATIONS

10.1 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 redevelopment scheme will be funded by a mix of right to buy receipt and private borrowing. This will contribute to the delivery of 62 new affordable homes for the borough. The scheme will also attract additional Council Tax and Business Rates (from the 400 sqm of commercial space) for the Council.

11. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

11.1 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 seek to maximise reductions in carbon dioxide emissions through the implementation of Be Lean, Be Clean and Be Green energy efficiency measures.

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 12.1 The proposals have been discussed with the Designing Out Crime Officer on separate occasions and were generally well received. The design seeks to create an active surveillance of the communal areas, and the lighting strategy has been developed to ensure the public areas around the buildings are clearly lit.
- 12.2 It is considered that the redevelopment of this site is likely to have a beneficial impact upon the streetscene and that the development ought to be at least neutral as to crime and disorder reduction and will hopefully contribute toward the reduction of crime and disorder in this part of Tower Hamlets.

13. SAFEGUARDING IMPLICATIONS

13.1 Not applicable to this report.

14 RISK MANAGEMENT

14.1 This Cabinet Report is intended to support the Council's objective to deliver affordable homes. The over-arching strategic risk relates to whether the intervention being sought is on balance justified to deliver the outcome. Ultimately, the re-development being proposed by the Council is to deliver a strategic priority (to deliver 2000 homes affordable new homes).

15. COMMENTS OF THE CHIEF FINANCE OFFICER

- 15.1 The scheme's capital budget is currently provided for within the Council approved HRA 'First 1000 Homes' capital programme, last updated and approved at Cabinet on the 30th June 2021.
- 15.2 As the scheme's capital budget is contained within the Council approved HRA first 1,000 homes scheme, it is recommended that the appropriation of land to the HRA take place prior to incurring any cost.
- 15.3 The appropriation of land from the General fund to the HRA will not lead to any adjustments required to either the General Fund or the HRA Capital Financing Requirement (CFR) as the 'certified value' of the site has been valued at nil.

16. COMMENTS OF LEGAL SERVICES

Statutory Power to Appropriate

16.1 Under section 122 of the LGA 1972, appropriation may be made where the land is no longer needed in the public interest of the locality for the purpose for which it is held immediately before appropriation. In this regard, a broad view of local need (taking account of the interests of all residents in the locality), has to be taken and officers consider that this test has been met. Officers are also satisfied that the use of appropriation would be in the public interest and proportionate to the objectives of the redevelopment scheme for the purpose of the Human Rights Act 1998.

- 16.2 This report seeks approval from the Mayor in cabinet to appropriate, under section 122 of the Local Government Act 1972 (LGA), land belonging to the Council which is currently vacant. The land is now required for planning purposes for redevelopment which consists of affordable units and commercial space.
- 16.3 Any reference to appropriation for planning purposes is, by virtue of the provisions in section 246 of the Town and Country Planning Act 1990 (TCPA), regarded as a reference to appropriation for the purposes for which land can compulsorily be acquired under section 226 TCPA.
- 16.4 By virtue of s226(1A) TCPA a local authority must not exercise the power granted under s226(1)(a) unless the development, redevelopment or improvement on or in relation to the land is likely, they think, to contribute to the achievement, the promotion or improvement of any one of more of the following objectives the economic, the social and/or the environmental wellbeing of the area. This report details that the proposed development will provide new dwellings and amenity space.
- 16.5 The Council must also be satisfied that the Land is no longer required for the statutory purposes for which it was originally held before the appropriation. This "surplus to requirements" component of \$122 of the LGA enables the Council to prioritise relative needs. It follows that the Council is entitled to look at the current use of the Land as well as the prospective use of the Land and on this project, what the Land can deliver. The Council can consider matters such as whether sufficient use is currently made of the Land and the need to secure an enhanced form of redevelopment.
- 16.6 Appropriation however requires more than a mere decision to hold land for a different purpose. Case law dictates that an authority cannot properly appropriate land to planning purposes unless it considers that the resulting interference with third party rights is necessary. A local authority cannot properly appropriate land to planning purposes unless it considers that it has good reason to interfere with third party rights which would be overridden by section 203 of the Housing and Planning Act 2016 as outlined below.

Power to Interfere with Rights

16.7 Reliance on s203 of the Housing and Planning Act 2016 to override the rights of adjoining owners and any other property rights on an appropriation of land for planning purposes is dependent upon the requirements in s226 Town and Country Planning Act 1990 (TCPA), having been satisfied that is there is a compelling case in the public interest for the appropriation of this land, having regard to the European Convention on Human Rights must apply before

- construction of the 62 new dwelling units with associated amenity space, along with bicycle storage commences.
- 16.8 The enabling provisions in s203 (1) and (4) of the Housing and Planning Act 2016 are required for the construction, maintenance and use of the redevelopment, to the extent that this will interfere with private rights of adjoining owners. Several adjoining private landowners enjoy rights of lights ("Owners") which will be affected by the new development. The operative provisions in section 203-207 are necessary in order to override these rights as well as to override other property rights, including any unknown rights that may impede the construction or use of the units in the William Brinson Centre redevelopment.
- 16.9 Negotiations with the Owners of those properties affected by the redevelopment have been taking place since August 2021 and reasonable attempts to reach voluntary agreement have been made as set out in this report. However, in order to ensure that the William Brinson Centre redevelopment can proceed within the agreed timescale and cost it is necessary for the Council to appropriate the site for planning purposes. This will not preclude the continuation of negotiations with the Owners, and it is anticipated that non-statutory based compensation packages will be agreed with most, if not all of them in due course.
- 16.10 If the Council were to commence the development works without appropriating the site from housing to planning purposes, it would potentially be infringing those affected Owners' rights to light. The remedy for such an infringement by the affected Owners is an injunction. It is an equitable remedy and is within the court's discretion to grant. The court can award damages where it considers this an adequate remedy. If the adjoining owners choose to institute proceedings for an actionable injury the court might also grant an injunction pending the court's decision on whether there has been an infringement of their rights or not. The consequences of this for the Council will be to set back commencement of the development and delivery.

Human Rights and Equalities Implications

- 17.1 The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.
- 17.2 Article 1 of the First Protocol of the European Convention on Human Rights (ECHR) provides that every natural or legal person is entitled to peaceful enjoyment of their possessions ("human rights"). Appropriation of property engages s.203 to authorise interference with rights of light involves interference

with a person's rights under this Article. As these rights are enjoyed by corporate bodies as well as individuals all of those whose rights will be affected can claim an infringement. However, the right to peaceful enjoyment of possessions provided under this Article is a qualified rather than absolute right, as the wording of Article 1 of Protocol 1 permits the deprivation of an individual's possessions where it is in the public interest and subject to the conditions provided for by law and by the general principles of international law.

- 17.3 Article 8(1) provides that everyone has the right to respect for his private and family life, his home and his correspondence. Article 8 would be engaged as a result of interference with rights to light to a private residence. Article 8(2) allows for interference which is "in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the protection of health and morals, or for the protection of the rights and freedoms of others".
- 17.4 There must therefore be a balancing exercise between the public interest and the individual's rights whereby any interference in the individual's rights must be necessary and proportionate. "Proportionate" in this context means that the interference must be no more than is necessary to achieve the identified legitimate aim, thereby striking a "fair balance" between the rights of the individual and the rights of the public.
 - a. Planning permission has been granted for the development of the Land and the public benefits arising from the development, and thus the public interest, are set out earlier in this report. Furthermore, notwithstanding the overriding of their 'rights to light', compensation will still be available to those who are affected. On this basis it is considered that the public interest in facilitating the development of the Land outweighs the rights of the individuals to peaceful enjoyment of their possessions and to their homes and that the proposed use of s.203 powers results in a proportionate infringement.

Linked Reports, Appendices and Background Documents

Linked Report

 Strategic Development Committee Planning Report, Planning Permission Ref. PA/16/02789/A1, 18 December 2019

Appendices

- Appendix 1 Site Location Plan William Brinson Centre
- <u>EXEMPT Appendix 2</u> Rights of Light Analysis Report ref. AC/18416, by Delva Patman Redler dated 5 October 2021
- EXEMPT Appendix 3a and 3b Negotiations Tracker and Negotiations Schedule ref. 18416, by Delva Patman Redler dated 1 October 2021

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

NONE

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