

New Road, Rainham

Rainham & Beam Park Regeneration LLP

(Notting Hill Genesis and the London Borough of Havering)

CD024

Land Acquisition Strategy

**July
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1. Introduction

- 1.1. The London Borough of Havering (“the Council”) and Notting Hill Genesis (“NHG”) are working together through the Rainham & Beam Park Regeneration LLP (“the LLP”) to redevelop an area around New Road, Rainham for mainly residential purposes.
- 1.2. The Council has made ‘*The London Borough of Havering (Rainham and Beam Park Housing Zone Regeneration Area) Compulsory Purchase Order 2019 No. 1*’ (“the Order”) pursuant to the statutory powers contained in S.226 (1)(a) of the Town and Country Planning Act 1990 as amended and associated provisions within section 13 of the Local Government (Miscellaneous Provisions) Act 1976. The Order was made in October 2019. An Inquiry into whether the Order should be confirmed is expected in Q3/Q4 2020, but no date has been set.
- 1.3. The Council’s purpose in making the Order and seeking, if necessary, its confirmation by the Secretary of State, is to enable the Council to acquire all property interests and rights needed for the Scheme.
- 1.4. The Scheme is a development of new homes (including affordable homes), the transformation of the A1306 into a residential scale, green ‘boulevard’, the provision of a new Beam Park Railway Station and public transport access, a new 3 FE Primary School, social and physical infrastructure and access to open spaces.
- 1.5. The Scheme forms part of the wider Mayor of London’s Housing Strategy, which introduced Housing Zones as a new way to deliver a large number of new homes in areas of London with high development potential.
- 1.6. This is a strategy document agreed between the Council and NHG. The Strategy’s purpose is to address how it is proposed that land acquisitions required for the Scheme will be managed. The Strategy has been prepared having regard to Government Guidance as set out in the Ministry of Housing, Communities and Local Government document ‘Guidance on Compulsory Purchase Process and the Crichton Down Rules’ (“the Guidance”).
- 1.7. The Scheme comprises multiple sites that include a number of freehold plots in private ownership. Land assembly will therefore be required, and the LLP is seeking to negotiate through private treaty acquisition to enable comprehensive redevelopment of the sites.

1.8. The LLP will need to acquire both freehold and leasehold commercial and residential land interests. It will also need to acquire a variety of minor interests, including short term periodic tenancies, informal tenancies, tenancies at will and assured shorthold residential tenancies. This Land Acquisition Strategy (“LAS”) sets out how the LLP will actively attempt to engage with property owners and occupiers in order to achieve the acquisition or determination of all interests by agreement on reasonable terms. The LLP’s preference is to reach fair and reasonable agreements with compulsory purchase used only as a last resort.

1.9. This LAS is an evolving document, which will be revised as and when further relevant information is available. The LAS should be read in conjunction with:

1.9.1. The Business Relocation Strategy; and

1.9.2. The Residential Relocation Strategy.

1.10. Information about the CPO, the Business Relocation Strategy and the Residential Relocation Strategy is available on the Council’s dedicated website: www.rainhamandbeampark.co.uk.

2. Acquisition Strategy

2.1. The Scheme is comprised of a number of freehold plots, primarily in private ownership. Currently 95 plots in 46 freehold ownerships have been identified, excluding plots where the acquisition of new rights is needed. There are also 14 leasehold interests and circa 95 other occupiers (short term tenancies, informal tenancies, tenancies at will or assured shorthold tenancies).

2.2. The aim of this acquisition strategy is to bring forward the regeneration delivery programme through negotiated acquisitions.

2.3. There are 3 options available to achieve land acquisition to enable vacant possession of the redevelopment sites:

2.3.1. By agreement – private treaty negotiations.

2.3.2. Use of Landlord and Tenant Act procedures.

2.3.3. Compulsory Purchase.

2.4. Acquisitions by agreement can include conditional contracts and option agreements where property can be acquired at a reasonable cost.

2.5. Whilst NHG and the Council will continue to work to acquire all necessary interests on reasonable terms by agreement, the LAS includes the use of compulsory

acquisition powers if required. This is to provide certainty over project delivery and to enable the Scheme to proceed within a reasonable timeframe.

2.6. NHG is continuing and will continue to use reasonable endeavours to reach agreement with the parties to acquire the outstanding land interests and rights, required to enable delivery of the Scheme. NHG's preference is to reach an agreement with each landowner and third-party interest, rather than rely on the Council's use of CPO powers. Where it is not possible to reach an agreement on value, NHG and the Council will offer an Independent Valuation process as a form of Alternative Dispute Resolution. Ardent Management Ltd ("Ardent"), is leading on private treaty negotiations on NHG and the Council's behalf; advising on terms and compensation payable in accordance with the statute and case law that govern compensation, commonly known as the compensation code.

2.7. Since the outbreak of the covid-19 pandemic, NHG and the Council have also offered landowners option agreements which will allow property values to be assessed at a later date, after any short term disruption to the market causing 'material valuation uncertainty' has passed.

3. Private Treaty – Commercial Freeholds

3.1. Under the joint venture agreement NHG is responsible for the purchase of plots in private ownership required for site assembly to enable delivery of the Scheme. The benefits of acquisition by agreement for an owner is that it allows for a greater level of flexibility and certainty between the parties on timing and levels of value/compensation. The initial focus by NHG is to acquire the freehold land interests within the red line area through private treaty negotiations. Affected occupiers should then have sufficient time to identify, secure and relocate to alternative premises which in turn allows for the mitigation of risks and potential disturbance costs. This provides advantages not only for landowners and businesses, but also employees.

3.2. The initiation of acquisition through private treaty is only effective when there is a willing buyer and willing seller. Where an owner of a property interest does not wish to sell, or will only reach agreement on unrealistic terms, acquisition by agreement cannot be achieved. NHG is nonetheless committed to making reasonable efforts to acquire land by agreement on market terms and within a reasonable timescale.

4. Private Treaty – Commercial Leaseholds

- 4.1. NHG will seek to acquire freeholds with tenants in occupation. Where appropriate and reasonable, vacant possession will be sought through the use of Landlord and Tenant Act powers. In those cases where occupiers hold leasehold interests, NHG will offer option agreements exercisable subject to acquisition of the freehold, or the confirmation of compulsory purchase powers. The options will include 'not-before' dates providing a guaranteed minimum period of occupancy and, where agreement is possible, agreed compensation sums, or compensation assessment mechanisms. Subject to the options becoming unconditional, leaseholders will be able to call on NHG to acquire their interest and pay compensation when they identify replacement premises.
- 4.2. As a general policy, the LLP seeks to ensure that disruption to tenants is minimised, as far as it is possible to do so, and that tenants are able to remain in occupation for as long as possible until vacant possession is required. This will ensure that:
- 4.2.1. the effect of disruption to local businesses and suppliers is reduced.
 - 4.2.2. any resultant effect of "scheme blight" is minimised.
 - 4.2.3. tenants and business have longer to identify and secure replacement premises; and
 - 4.2.4. potential crime associated with empty properties is mitigated.
- 4.3. For all tenants, including those holding unprotected leases and licences, assistance in finding suitable relocation premises will be provided in accordance with the Business Relocation Strategy. Although ultimately occupiers are responsible for organising their own relocation, NHG will work with tenants to assist them to source alternative relocation premises with the aim of minimising the risk of business disruption and extinguishment.
- 4.4. Assistance in finding suitable relocation premises is provided to businesses by NHG and the Council through Ardent, who may be contacted at any time.
- 4.5. Where freehold interests are purchased with occupational tenancies in place, following completion of the purchase, NHG will write to occupying tenants introducing themselves as the new Landlord and providing contact details. New terms may need to be negotiated to include flexible termination clauses and compensation in accordance with the compensation code. It is intended that any re-negotiation provides tenants with greater certainty around timescales and outcomes.

5. Private Treaty – Residential

5.1. Residential freehold acquisitions and tenancies are to be accorded the same strategy as businesses. The intention is, where it is possible and appropriate, to acquire these properties with vacant possession. Where agreeable to the vendors, the strategy is for an exchange of contracts with delayed completion, at a date closer the requirement for vacant possession. Support and advice will also be offered to residential occupiers in finding alternative residential accommodation. Please refer to the residential relocation strategy for further details.

6. Compulsory Purchase

6.1. Compulsory purchase is a means by which land and rights in land may be acquired to facilitate a development Scheme. The use of a CPO (compulsory purchase order), whilst being a last resort, does provide certainty for the community that the Scheme can be delivered within a reasonable timeframe and at a reasonable cost.

6.2. The CPO will only become effective after it has been confirmed by the Secretary of State. The Council will then be in a position to serve notices, acquire property and pay compensation. Compensation is payable for the market value of the interest acquired and disturbance costs, if the claimant is an occupier.

7. Government Guidance

7.1. The Guidance recognises that due to the time taken to make and confirm a compulsory purchase order, it may be appropriate to run the compulsory purchase order process in parallel with efforts to acquire interests in property by agreement.

7.2. The Council and NHG have a responsibility to protect the public purse. The requirement in the Guidance for an acquiring authority to demonstrate that it has taken reasonable steps to acquire all of the land and rights included in the Order by agreement, does not require the payment of a sum significantly in excess of market value. However, the Guidance does allow acquiring authorities to make offers to property owners and occupiers which reflect their entitlement to compulsory purchase compensation and the 'value for money' the acquisition may provide to the project as a whole.

7.3. Therefore, the proposal is to progress the compulsory purchase order process concurrently to NHG seeking to acquire the third-party interests through private treaty negotiations. Compulsory purchase powers will only be used where acquisition of the land and/or rights has not been possible by agreement. When

compulsory purchase powers are used, those affected will be able to claim compensation under the compensation code.

7.4. When engaging with business occupiers at New Road, NHG will have regard to the Guidance. Therefore, NHG will:

- 7.4.1. Make offers to landowners and occupiers which reflect their entitlement to compulsory purchase compensation and the 'value for money' the acquisition may provide to the project as a whole.
- 7.4.2. Attempt to reach agreements regarding the level of compensation that will be payable if the property is acquired using compulsory purchase powers, if desired by those affected.
- 7.4.3. Engage proactively and constructively with occupiers over relocation issues where relevant.
- 7.4.4. Work with occupiers to mitigate the risk of loss, as far as it is able to do so;
- 7.4.5. If necessary, provide a 'not before date' confirming that acquisition will not take place before a certain time.
- 7.4.6. Try to provide landowners/occupiers with greater certainty in terms of when their interests will be acquired, when compensation might be paid and how relocation could be achieved and funded.
- 7.4.7. Consider funding professional costs for entering into acquisition discussions.
- 7.4.8. Where disputes over compensation arises, give consideration to settlement of those disputes through the early use of Alternative Dispute Resolution.

7.5. This process has been led by NHG's agent, Ardent. Ardent will continue its discussions with owners and occupiers up to and during the CPO Inquiry.

8. Management of acquired land

8.1. When land is acquired by agreement, it will be held and managed by NHG until such time as the full site is assembled for development. Prior to development commencement, NHG will consolidate the various individual titles into a single freehold title. It will then transfer a long leasehold interest in the site to the LLP. The LLP will then take the Scheme forward. Therefore, for clarity, the freehold title remains in NHG's name together with the land required to deliver the affordable housing.

9. Covid-19 Pandemic

- 9.1. The Covid-19 pandemic and in particular the 'lock down' restrictions have had an impact on the way that we have been able to work on the New Road project. From 23 March 2020 the UK was put into 'lock down'. This placed a restriction on inspections, meetings and acquisitions. However, Ardent has continued to engage with those affected, wherever possible, through virtual meetings with MS Teams. Discussions have also continued via telephone and e-mail.
- 9.2. Property inspections were not possible during full lock down, which meant that valuation activity became more difficult. The full economic effects of Covid-19 and the impact it may have on property values are not yet clear. The Council therefore took the view that it is in the interest of both the Council and those affected by the project to wait and to undertake value discussions in a more settled market.
- 9.3. Finding alternative premises and progressing relocations has also become more difficult for affected businesses and has delayed the business relocation process. The Council has given consideration to individual property owners' circumstances where alternative relocation premises have been identified.
- 9.4. The Council and NHG have continued with acquisition negotiations by offering option agreements to business owners and occupiers, with prices to be agreed. The affected owner or occupier is able to call for a purchase of the property interest on or after 31 January 2021. The option also provides a 'not before date' which is the earliest date on which NHG would acquire the property under the option. This date varies depending on the location of the property. The aim of the option agreements is to provide owners and occupiers with a greater level of certainty over the timing of an acquisition.
- 9.5. Where offers to acquire property interests had been accepted and heads of terms entered into prior to the 'lockdown', the Council and NHG took the view that purchases should be completed as soon as UK Government restrictions were lifted sufficiently to enable this to happen.
- 9.6. The Council has continued to attend to Housing needs assessments matters for residential occupiers. These have been offered virtually, or over the telephone as part of the continued observance of the Government's 'lock down' guidelines. Residential occupiers will be supported with their relocation when their property is acquired.
- 9.7. Discussions with owners and occupiers are continuing.