

## **POLICY & FINANCE COMMITTEE**

**26 SEPTEMBER 2019**

### **ESTATE REGENERATION - YORKE DRIVE ESTATE AND LINCOLN ROAD PLAYING FIELDS**

#### **1.0 Purpose of Report**

1.1 To report progress on the Yorke Drive estate and Lincoln Road playing fields regeneration proposals and seek the necessary approvals to enable the project to move into the next phase of delivery.

#### **2.0 Background Information**

2.1 The Committee has previously received reports in September 2017, June and November 2018 and April 2019, to inform Members of the key activities undertaken to deliver the Yorke Drive regeneration project, which emanates from the Bridge Ward Neighbourhood Study (2012).

2.2 The proposals for the Yorke Drive estate and Lincoln Road playing fields have been developed to deliver extensive transformational change and investment to the area by:

- Building new mixed tenure homes for rent and sale.
- Raising money for new rented homes and improvements to the whole estate.
- Providing improved sports and leisure facilities for all (including a new sports pavilion).
- Improving road access and the road network in the area.
- Making the whole area a better and safer place to live.

#### **3.0 Project Updates and Actions**

##### ***Planning***

3.1 Outline Planning for the scheme was approved at Planning Committee on 2 April 2019, with two officer recommendations to be addressed before the approval notice is issued.

3.2 The first of these, to undertake noise mitigation works to Good Life Foods factory on Brunel Drive, adjacent to the Lincoln Road Playing Field has now been completed. The second, to undertake a bat survey across the estate, is underway with the final report expected by the end of September 2019.

##### ***Demolition and Compensation for Home Loss***

3.3 Delivery of the project requires the demolition of 130 properties, 108 of which are council properties, 13 are in private ownership and 9 in the ownership of the Registered Provider, PA Housing. The purchase of the 9 PA Housing units was approved at the Committee meeting on 5 April 2018, with the contract for the sale due to be finalised over the next month.

3.4 In accordance with the Committee approval at its meeting in November 2018, initial Demolition Notices (*valid for five years*) were served (*20 March 2019*) on those council tenants affected by the demolition proposals. The Notice outlined the council's intention to regenerate the area and consequently suspend the Right to Buy. Prior to any works a 'Final Demolition Notice' will need to be served once a date for demolition is known, which will remain valid for two years.

3.5 At the November meeting the Committee also approved the principles of the 'Resident Offer' for those residents affected by the demolition proposals. This has a financial impact on the regeneration proposals through statutory Home Loss and Disturbance Payments, along with acquisition costs of the existing owner occupied properties.

3.6 Statutory Homes Loss compensation is payable as set out in the Land Compensation Act 1973. For resident owner occupiers (*who have lived in the property as their only or main residence for the last 12 months from date of loss*) this is the market value of their property plus 10%. Home Loss Payments compensation for non-resident owner-occupiers is a 'Basic Loss Payment' set at market value plus 7.5% and compensation for tenants with a statutory tenancy agreement is currently set at £6,400. External legal advice is being sought to confirm whether statutory compensation applies to private tenants.

#### ***Resident Involvement***

3.7 Resident involvement continues to be at the heart of the regeneration proposals and a resident involvement strategy is in place for the project, with clear and consistent lines of communication including: the establishment of the Yorke Drive Residents Panel; dedicated social media channels; a dedicated Yorke Drive email address; webpage; and resident newsletter.

3.8 The Council has now appointed a 'Regeneration & Growth Lead' officer, part of whose role is dedicated to the delivery of this project.

#### ***Design Guide***

3.9 Work is progressing to develop a 'Design Guide' for the new affordable housing contained within the proposals. The Guide will set the expectations of the council in terms of neighbourhood and housing design, giving a clear steer to architects and developers about the standards the council and residents expect.

3.10 The guide will also drive those working on other council housing developments to actively consider and validate their design principles. Whilst improved standards will inevitably lead to increased cost, the requirements will be set as a range of essential and recommended criteria, with each development balanced individually for value and quality.

### **4.0 Delivery**

#### ***Procuring a Development Partner***

4.1 Soft market testing has indicated an appetite amongst developers to be involved in the delivery of this regeneration proposal and in accordance with the project plan external legal advice was sought on alternative delivery models, which include a joint venture; full OJEU (Official Journal of the European Union) procedure; and OJEU compliant procurement frameworks. From this advice and officer consideration, the preferred model for delivery is to utilise Homes England's Delivery Partner Panel 3 (DPP3) to procure a development partner.

4.2 DPP3 offers a public procurement compliant process with the benefit of a shorter timespan than a full OJEU tender does. Should approval be given to use this procurement route, then an indicative timeline would see an invitation to tender issued in mid-October 2019, with interviews at the beginning of the new year and confirmation of the selected development partner by March 2020.

- 4.3 The procurement exercise will include input from representatives of the Yorke Drive Resident Panel through involvement in interviewing prospective developers about their community links and resident engagement, along with the opportunity for residents to visit examples of regeneration schemes elsewhere.

***Preparation for Resident Decant***

- 4.4 During October, it is planned to undertake a 'Resident Needs Survey'. The survey will be carried out with every household impacted by the demolition proposals to ascertain bed size requirements, along with discussing residents' current and future housing needs and aspirations. This detailed assessment will be offered on a face-to-face basis and will inform the final development proposals. For example, understanding how many households may require a level access property and how many households wish to remain on the new estate or move elsewhere.

***Decant Policy***

- 4.5 Building on the principles of the 'Resident Offer', approved by the Committee at its November 2018 meeting, a Decant Policy is being drafted to set out how the council intends to manage the process of moving residents from their homes in order to facilitate the regeneration proposals.
- 4.6 This will include how and when alternative accommodation is made available to those residents requiring a move; the support to be offered to enable a move and mechanisms available to assist current homeowners who wish to remain on the estate. *(A general aim is to try to move residents just once to minimise the disruption, although this may not be possible in each and every case depending upon the individual circumstances.)*
- 4.7 In addition the Policy will detail the council's payment terms with regard to Home Loss and Disturbance, which have been factored into the current assumptions of the financial model referenced at Section 5 of the report.
- 4.8 The final draft Decant Policy will be presented to the Committee at its November meeting.

***Compulsory Purchase Order***

- 4.9 The delivery of the Yorke Drive Regeneration project relies on the demolition of 130 properties to facilitate new development, infrastructure and the physical opening of the estate to Lincoln Road providing a new frontage.
- 4.10 The council has already begun to consider the re-housing of existing tenants and the acquisition of privately owned homes within the area marked for demolition. The council can only purchase the privately owned properties either with agreement from the homeowner or through a Compulsory Purchase Order (CPO).
- 4.11 Council officers will work closely and support home owners to facilitate a voluntary move that will meet their needs. However, to ensure that the project can be delivered and to mitigate identified risks, consideration needs to be given to the council applying for a CPO that will run alongside the voluntary negotiation process.
- 4.12 Instigating a CPO is seen very much as a last resort where all other avenues to reach a suitable agreement with the homeowner, set against the 'Resident Offer' principles, cannot be reached. Further background on the process to apply for a CPO in relation to the Yorke Drive regeneration scheme can be found at **Appendix A**.

- 4.13 If Committee resolves to agree in principle to the making of an Order, officers will progress with the necessary prescribed procedure including: developing a schedule identifying the ownership of all land and other relevant interests within the defined site; the preparation of a 'Statement of Reasons' (*the basis of which will be formed from the Bridge Ward Neighbourhood Study and Yorke Drive Master planning exercise*); and the necessary communication, advertisement and submission of the Order.
- 4.14 In accordance with these powers there is a need to identify the area of land that the order would apply to. In this respect for the York Drive regeneration scheme the area where CPO powers would be applicable to is identified in the red line plan at **Appendix B**.
- 4.15 It is imperative that there is transparency with all resident owner occupiers, non resident owners and private tenants over what a CPO is. Therefore, when officers undertake the 'Resident Needs Survey' the purpose of a CPO will be explained and there will be emphasis that the council's overriding objective is to agree a sale through the voluntary negotiation process.

#### ***Legal Comments***

- 4.16 As stated above, compulsory purchase is seen as very much a last resort. However, government guidance is that "if an acquiring authority waits for negotiations to break down before starting the compulsory purchase process, valuable time will be lost". If the Committee agrees to the principle of the Council making a CPO officers can serve requisition notices on affected properties making it clear that it wishes to acquire by agreement, but asking for names and addresses of all owners, lessees and private tenants. Officers can also prepare the Statement of Reasons.

### **5.0 Financial Model**

- 5.1 Financing modelling has been undertaken on the regeneration proposals setting out the estimated total development costs based on the scheme design, accommodation schedule and phasing detailed within the Planning Design & Access Statement. Key assumptions have informed the modelling, provided through external, technical advice that includes:
- Market valuations
  - Construction costs
  - Acquisition costs
  - Developer profit margin
  - Statutory compensation (*Home Loss and Disturbance Payment*)
  - Consultancy & Technical support (*Architect, Structural, Mechanical, Electrical and Civil Engineers, etc.*)
  - Projected rental income
  - Indicative grant levels
- 5.2 The modelling has identified a funding gap to deliver the scheme. The viability of the project is primarily impacted upon by the extra-ordinary costs associated with the regeneration proposal, including a programme of significant demolition, resident compensation, wider estate improvements and provision of a community sports pavilion and sports field works.

- 5.3 Work continues with Homes England and MHCLG to explore grant-funding opportunities to enable delivery of the regeneration proposals. Most recently the council submitted a grant funding application to Homes England's 'Small Sites Fund' and received notification that the proposals have met sufficient criteria (of the Fund) to be considered further and worked up for project development. Officers are now liaising with Homes England officers to progress this matter, though the Committee should note at this stage Homes England have not approved the grant funding.
- 5.4 On the advice of Homes England the council's original funding submission through the 'Accelerated Construction Programme' has now been withdrawn, with focus being turned to the 'Small Sites Fund' and the Affordable Homes Programme.
- 5.5 In terms of the council's contribution to the project to help address the funding gap this could be delivered through:
- Seeking increased public sector funding (grant, low cost loans, etc.)
  - Utilisation of the Housing Revenue Account (*further to removal of the debt cap*).
  - Utilisation of the General Fund Capital Programme (*the Council's current contribution to the Scheme is to put in the land*).
  - Review of the rent model assumptions.
  - Recycling some of the Council controlled planning contributions into the scheme (*e.g. for community facilities*).
  - Procuring a development partner (*as detailed above*).
  - Undertaking a value engineering exercise with the preferred development partner, along with considering modern methods of construction.
- 5.6 It might also be possible to reduce the scope of scheme to reduce costs, but this is not recommended as it would limit the impact of transformation and wider estate improvements, which has always been one of the key objectives of the proposal.
- 5.7 The consideration of the council's contribution, linked to the assumptions made through the financial modelling, are explored further in the exempt report.

## **6.0 Proposal**

- 6.1 In reviewing the detail contained within the report the Committee is asked to consider the activities being progressed to deliver the regeneration proposals developed for the Yorke Drive estate and the Lincoln Road playing fields in Bridge Ward, and approve the proposals set out in the recommendations at paragraph 11 in order to further progress the regeneration scheme.

## **7.0 Equalities Implications**

- 7.1 Equality implications for this regeneration scheme have been considered and an Equality Impact Assessment approved by this Committee in November 2018. This will be reviewed once a development partner has been secured and an updated Assessment will be submitted to the Committee for consideration.

7.2 The community consultation and master planning programme is aimed at ensuring that the needs and priorities of the existing community on Yorke Drive are addressed in developing and then delivering the proposals.

## **8.0 Financial Implications (FIN19-20/3750)**

8.1 The impact on the HRA has been modelled with decanting and demolition as normally considered HRA functions. The modelling also takes account of future rent loss on the demolished units, although this is offset by the affordable rents on the new rented units.

8.2 The detail of which has been entered into the HRA financial business plan to assess the viability of the project in conjunction with the overall business plan and is considered viable when taking into consideration receipt of a Homes England grant (*an assumption made in the schemes financial model*), which is yet to be confirmed. Should grant not be awarded, the scheme would then need to be reassessed for viability.

8.3 HRA funding will only be utilised for justifiable costs relating to proper expenditure to be incurred by the HRA. Any shortfall to the project once funding has been allocated from other sources (including the HRA) would therefore need to be met by the General Fund.

8.4 General Fund expenditure would be met by the Council's Change Management Reserve. The balance after this transfer would be £2,852,064.

## **9.0 Comments from the Business Manager – Planning Policy**

9.1 The proposals in the Bridge Ward Neighbourhood Study were incorporated within the Allocations & Development Management DPD (2013), including the Yorke Drive Policy Area (NUA/Ho/4) which sets the planning framework for the Yorke Drive Regeneration scheme. The progression of this scheme will help to meet a number of the objectives of the Council's development plan and deliver significant benefits to the local area as well as providing additional dwellings to help meet the council's housing targets.

## **10.0 Community Plan – Alignment to Objectives**

10.1 The rationale for the project has been clearly articulated in this and previous reports, its strategic importance is reflected through its inclusion in the Council's Community Plan. Following extensive and continued consultation with residents on the estate, the project is also supported by the overwhelming majority of residents.

10.2 The proposals directly relate to the following objectives with the the Community Plan:

- *Improve the cleanliness and appearance of the local environment*
- *Reduce crime and antisocial behaviour, and increase feelings of safety in our communities*
- *Reduce levels of deprivation in target areas and remove barriers to social mobility across the district*
- *Improve the health and wellbeing of local residents, with a particular focus on narrowing the gap in healthy life expectancy and other health outcomes*
- *Increase participation with the Council and within local communities*

With the objective to

- *Accelerate the supply of new homes including associated facilities;*

having the supporting action of

*Direct delivery of homes:*

- Progressing implementation of Yorke Drive regeneration scheme;

#### **11.0 RECOMMENDATIONS that:**

- a) **the Council's financial commitment to the scheme and capital budget for 2019/20, the details of which are set out in the exempt report, be approved;**
- b) **subject to financial commitment being agreed as indicated in a) above, to approve that a procurement exercise is undertaken through Homes England's Delivery Partner Panel (DPP3) to identify a suitable development partner for the delivery of the Yorke Drive estates and Lincoln Road playing fields regeneration proposals, with the outcome of this exercise being reported to the Committee together with the actual scheme costs for approval;**
- c) **delegated authority be given to the Director of Governance and Organisational Development, in consultation with the Director of Resources, to enter into an appropriate Homes England Grant Funding Programme to support delivery of the Yorke Drive project; and**
- d) **the Council agree in principle to use powers under Section 17 of the Housing Act 1985 and Section 13 of the Local Government (Miscellaneous Provisions) Act 1976 to make a compulsory purchase order or orders to acquire such interests and rights in or over the land shown [edged red on the plan at Appendix B] as:**
  - (i) **are needed to complete the Yorke Drive Regeneration project; and**
  - (ii) **cannot be acquired by agreement.**

#### **Reason for Recommendations**

**To progress the transformational project, focussing on the regeneration of the Yorke Drive estate and Lincoln Road playing fields.**

#### **Background Papers**

Nil

For further information please contact either Rob Main, Business Manager – Housing Strategy & Development on 01636 655930 or Cara Clarkson, Regeneration & Growth Lead on 01636 655923.

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**Compulsory Purchase Order – Briefing Note**

1. There are a number of powers that enable public bodies on which they are conferred to acquire land compulsorily ('enabling powers'). A Compulsory Purchase Order (CPO) should only be made where there is a compelling case in the public interest to acquire the land. A CPO is intended as a last resort to secure the assembly of all the land needed for the implementation of the project.
2. There are a number of stages to securing a CPO as follows:

**Stage 1:** Choosing the right compulsory purchase power

**Stage 2:** Justifying a compulsory purchase order

**Stage 3:** Preparing and making a compulsory purchase order – including informing owners and tenants

**Stage 4:** Consideration of the compulsory purchase order and any objections by the Secretary of State or an Inspector

**Stage 5:** Implementing a compulsory purchase order – taking possession

**Stage 6:** Providing the necessary compensation

***Choosing the right Compulsory Purchase Power.***

3. Powers under Section 17 of the Housing Act 1985 and Section 13 of the Local Government (Miscellaneous Provisions) Act 1976 can be used to make a CPO or orders to acquire such interests and rights as are required for progression of the Yorke Drive regeneration scheme.
4. Section 17 of the Housing Act 1985 empowers local housing authorities to acquire land, houses or other properties by compulsion for the provision of housing accommodation. Acquisition must achieve a quantitative or qualitative housing gain.
5. Section 13 of the Local Government (Miscellaneous Provisions) Act 1976 allows for the compulsory acquisition of new rights over land where full land ownership is not required e.g. the compulsory creation of a right of access.

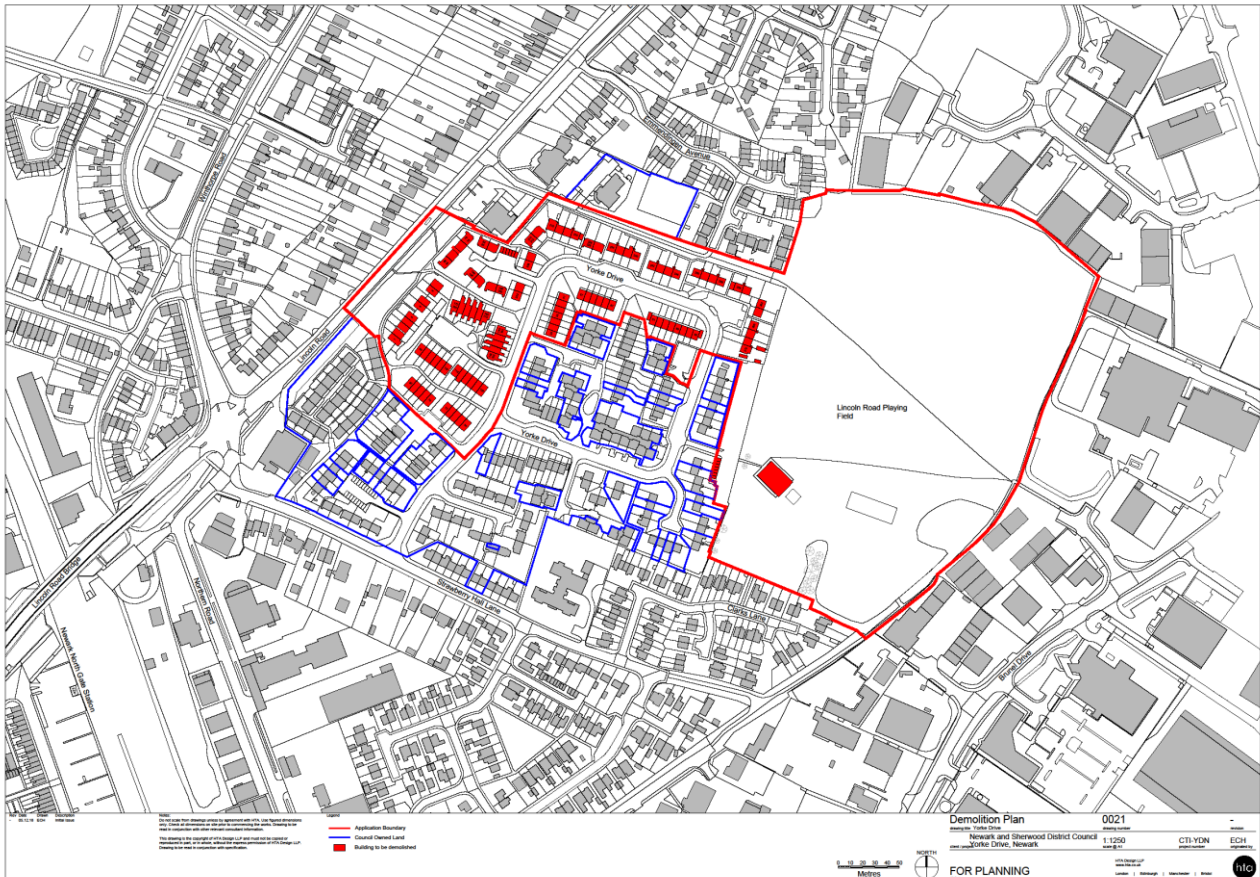
***Justifying a Compulsory Purchase Order***

6. As the authority acquiring the land ('acquiring authority'), the council must be confident that there is a compelling case in the public interest to proceed with a Compulsory Purchase Order. In this instance, the findings of the Bridge Ward Neighbourhood Study (identifying social, environmental and economic challenges), engagement with residents and the Master Planning process indicate that only through extensive remodelling of the area, can transformational change be delivered.
7. The Secretary of State, when considering the Order, will consider the sources and timing of funding for the project and the progress of planning permission i.e. to ensure that the scheme is unlikely to be blocked by any financial, physical or legal impediments to implementation.



8. In proposing the Order, the council must also consider the rights of property owners under the European Convention of Human Rights in particular:
  - Article 1 of the First Protocol which protects the right of everyone to the peaceful enjoyment of possessions. No one can be deprived of possessions except in the public interest and subject to the relevant national and international law.
  - Article 8 of the convention, which protects private and family life, home and correspondence. No public authority can interfere with these interests except if it is in accordance with the law and is necessary in the interest of national security, public safety or the economic wellbeing of the country.
9. Any decision to proceed with a Compulsory Purchase Order must be taken after balancing the rights of the individual owners whose houses or rights are being taken against the wider benefit to other nearby residents, future residents and the public in terms of housing, environmental and health impacts.

**Defined Area for Compulsory Purchase Order request**



**Specifically:**

- 64-86 Lincoln Road (Even numbers only)
- 29-41 Yorke Drive (Odd numbers only)
- 57-62 Yorke Drive (All numbers)
- 65-67 (All numbers)
- 70 Yorke Drive
- 78 Yorke Drive
- 82-104 Yorke Drive (All numbers)
- 118-128 Yorke Drive (Even numbers only)
- 142-202 Yorke Drive (Even numbers only)
- 206-220 Yorke Drive (Even numbers only)
- 226-234 Yorke Drive (Even numbers only)
- 238 Yorke Drive
- 242-246 Yorke Drive (Even numbers only)
- 250-256 Yorke Drive (Even numbers only)
- 262-268 Yorke Drive (Even numbers only)