

**Housing and Community Cohesion
Policy Advisory Committee**

23rd July 2024

**Proposed use of the Council's Compulsory Purchase Powers
to facilitate the Cambridge Crescent Regeneration project
in Shepway**

Timetable	
Meeting	Date
Housing and Community Cohesion Policy Advisory Committee	23 July 2024
Cabinet	18 September 2024

Will this be a Key Decision?	Yes
Urgency	Not Applicable
Final Decision-Maker	Cabinet
Lead Head of Service	Mark Green, Director of Finance, Resources & Business Improvement
Lead Officer and Report Author	Katie Exon – Head of Property and Leisure
Classification	Public
Wards affected	Shepway

Executive Summary

Report to consider a request from Golding Homes for the Council to use its Compulsory Purchase powers (CPO) to secure the regeneration of the Cambridge Crescent area of the Shepway estate by Golding Homes.

To be considered by the Advisory Committee before decision by Cabinet.

Purpose of Report

Recommendation to Cabinet

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This report asks the Committee to consider the following recommendation to the Cabinet;

It is recommended that:

1. Subject to Golding Homes indemnifying the Council for all associated costs, the Council utilises its CPO powers as outlined in this report, thus enabling the redevelopment of Cambridge Crescent to proceed.
 2. Authority is delegated to the Director of Finance, Resources and Business Improvement to commission professional services and carry out all other necessary steps to enable the CPO powers to be exercised.
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Proposed use of the Council's Compulsory Purchase Powers to facilitate the Cambridge Crescent Regeneration project in Shepway

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> • Embracing Growth and Enabling Infrastructure • Safe, Clean and Green • Homes and Communities • A Thriving Place <p>We do not expect the recommendations will by themselves materially affect achievement of corporate priorities. However, they will support the Council's overall achievement of its aims.</p>	Head of Property and Leisure
Cross Cutting Objectives	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> • Heritage is Respected • Health Inequalities are Addressed and Reduced • Deprivation and Social Mobility is Improved • Biodiversity and Environmental Sustainability is respected <p>Should the recommendation be approved, the Councils cross cutting objectives will all be achieved in the redevelopment of Cambridge Crescent coming forward.</p>	Head of Property and Leisure
Risk Management	Already covered in the risk section	Head of Property and Leisure
Financial	The costs for the Council of exercising its CPO powers will be covered by Golding Homes.	Section 151 Officer & Finance Team
Staffing	<ul style="list-style-type: none"> • We will deliver the recommendations with our current staffing. 	Head of Property and Leisure

Legal	<ul style="list-style-type: none"> Acting on the recommendations is within the Council's powers. This specialist area of work will be undertaken by an external firm. 	Head of Property and Leisure
Information Governance	<ul style="list-style-type: none"> The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council Processes. 	Senior Information Governance Officer
Equalities	<ul style="list-style-type: none"> The recommendations do not propose a change in service therefore will not require an equalities impact assessment 	Head of Property and Leisure
Public Health	<ul style="list-style-type: none"> We recognise that the recommendations will have a positive impact on population health or that of individuals. 	Head of Property and Leisure
Crime and Disorder	<ul style="list-style-type: none"> There are no implications to Crime and Disorder 	Head of Property and Leisure
Procurement	<ul style="list-style-type: none"> On accepting the recommendations, the Council will then follow procurement exercises. We will complete those exercises in line with financial procedure rules. 	Head of Service & Section 151 Officer
Biodiversity and Climate Change	<p>The implications of this report on biodiversity and climate change have been considered and:</p> <ul style="list-style-type: none"> There are no implications on biodiversity and climate change. 	Head of Property and Leisure

2. INTRODUCTION AND BACKGROUND

- 2.1 The Shepway estate was once owned and managed by Maidstone Borough Council, but was transferred to Golding Homes as part of the Council's broader social housing stock transfer in 2004. Shepway is one of the most deprived Wards in the borough, as well as in the southeast of England, and some areas of the estate are now in need of regeneration, most notably the Cambridge Crescent area to which this report relates. The properties that make up Cambridge Crescent are at the end of their life span and are in need of regeneration.
- 2.2 Golding Homes have been working on this regeneration project since 2018 and secured planning permission for their proposals in October 2022, with

the Reserved Matters approvals secured in February 2024. In total, 114 homes will be demolished (Phase 1 – 40no, Phase 2 – 40 no and Phase 3 - 34 no), and these will be replaced 236 new homes, all for affordable housing. The new homes will be a mix of 178 apartments (1 and 2 bedroom) and 58 houses (2 and 3 bedroom). The new affordable housing provision will include the same social rented number as before, plus further homes for affordable rent and shared ownership. Owing to the financial challenges of delivering the scheme, Golding Homes have been successful in securing Social Housing Grant monies from Homes England, which is highly unusual for regeneration projects.

- 2.3 The proposed redevelopment in addition to residential units would also provide for some commercial units, which would maintain and enhance the local and wider community experience, through provision of local amenities.
- 2.4 Phase 1 of the project is now on site and will complete by March 2026. Phase 2 can commence once Golding Homes have a robust plan in place to acquire the remaining properties that remain in owner occupation. IE where previous tenants had purchased their homes through the Right to Buy, but in some cases those homes will have been sold on to new owner occupiers or investment landlords.
- 2.5 The Council is satisfied that Golding Homes have engaged effectively with all stakeholders and residents through various channels including quarterly newsletters to ensure all parties are aware of progress on the site as the project evolves. They are also holding in-person consultation sessions on site to give stakeholders, and the wider community, the opportunity to give feedback and ask questions regarding the development (previous session in February, most recent one on 17th July).
- 2.6 A breaking ground ceremony is planned for 26th July and Golding Homes expect to have a number of key stakeholders and delivery partners in attendance. Additionally, they are working with the contractor (Skillcrown) to ensure residents and neighbours remain updated and consulted as construction progresses.
- 2.7 In order to secure vacant possession of Phase 1, Golding Homes had to “buy-back” one leasehold property, but this was not without difficulties, and so Golding Homes has asked the Council to utilise its CPO powers as a backstop position in respect of six remaining leasehold properties in phases 2 and 3. Their requirements are set out in appendix 1 of this report, being an open letter from the Chief Executive of Golding Homes. They hope to be secure these six properties through private negotiation, as per phase 1, but wish to twin track this approach with the CPO process running in tandem.
- 2.8 The Council has been contacted by Golding Homes to ask for assistance in securing up to six leasehold properties by utilising its CPO powers.
- 2.9 Golding homes are now facing the risk that unless they can secure the ownership of the remaining units, then the scheme will be frustrated and delayed, and they will lose Homes England funding if they are not able to meet their tight delivery milestones. If the funding is lost the redevelopment is very unlikely to go ahead. As there is now a real risk to the

redevelopment, Golding Homes have formally asked that the Council evoke their CPO powers.

- 2.10 A representative from Golding Homes will be attending the meeting and if Members require will be able to make a presentation.

Outline of the Compulsory Purchase Order process

- 2.11 Compulsory Purchase Powers are a recognised tool to help acquiring authorities achieve social, environmental, and economic change to improve the quality of life of communities. The Council is an 'authorised body' granted powers to acquire land compulsorily to carry out a function which is in the public interest. The redevelopment of Cambridge Crescent demonstrates clear advantages both social and economic.
- 2.12 The law and procedures relating to compulsory purchase are complex and the use of such powers interfering with the rights of landowners / occupiers must be managed carefully and should only be used where there are clear benefits for public interest and delivering improvement.
- 2.13 CPOs by their very nature require management, expert, and specialist advice, they are very much process driven, and the statutory requirements and prescribed procedures must be adhered to and met. It is not a process that the Council would routinely undertake for all problem buildings and they can take time to complete and indeed are considered "expensive", The use of CPO powers is always seen as a last resort. Having met with Golding Homes, the report author is satisfied that they have reached this point, they have invested much time and effort into agreeing a negotiated purchase, which in the majority of cases has been successful.
- 2.14 The high-level process of a CPO is as outlined. Assuming Cabinet approval MBC will make the Compulsory Purchase Order (CPO), serving the notice of the owners and if applicable their tenants, approval is required from the Secretary of State by way of confirmation (after a Public Inquiry if objections to the order are made and not withdrawn). CPO powers cannot be exercised until after the order has been confirmed by the relevant Secretary of the State. MBC has three years from that date in which to implement its CPO powers. MBC can do this by either making a general vesting declaration, or by service of notice to treat and notice of entry. If the order is confirmed, MBC will advise affected owners, lessees, tenants and occupiers how it intends to exercise the order powers and will be required to serve notices relating to the making of a general vesting declaration, or notices to treat and notices of entry, as part of the acquisition process. Compensation will be paid, in accordance with the statutory compensation code, to parties from whom land, property and interests are acquired.
- 2.15 The council must demonstrate that the taking of land is justified and that there is a 'compelling case in the public interest' for the acquisition of the land. The council will prepare and issue a statement of reasons for the making of the order when the Compulsory Purchase Order is made, explaining the reasons and justification for the order. Any objections made which are not withdrawn will be considered by the inspector at the inquiry.

- 2.16 Persons who have received a CPO will be entitled to make an application to the local housing authority under the homelessness legislation. Each application would be considered on its merits, as this will depend on such matters as the composition of the household. If a full housing duty was owed, how the duty was ended will again depend on the circumstances of the applicant e.g. the amount awarded in compensation would be a factor, but there may be a period where the local housing authority is required to provide temporary accommodation whilst the applicant's long-term housing is resolved.
- 2.17 It should be made clear that objections to the order are not just restricted to tenants and owners, but any member of the public (with or without an interest) can make an objection to the CPO. If valid objections are received the process moves to a Public Inquiry.

Overview of costs

- 2.18 Before commencing any works, the Council will enter into an agreement with Golding Homes, which will bind Golding Homes to fully reimburse all expenditure including officer time.
- Estimated legal and Professional fees - £250,000 (assuming public enquiry)
 - Valuation payment for each property (open market value, currently £150,000 per unit on average)
 - Loss payment – statutory payment 10% of open market value
 - Owners and Tenants can claim for their reasonable professional fees associated with the order.
 - MBC Officer time TBC
 - The cost of providing temporary accommodation varies depending on the size of the household and whether they have particular needs. The average cost of single nightly paid temporary accommodation is around £45 per night but can be double that amount for larger households. This cost needs to be considered as there will be a potential obligation on the Borough Council to provide temporary accommodation to households displaced.

Timescale

- 2.19 In terms of timescales, there have been changes in legislation in recent years with a view to simplifying and speeding up the compulsory purchase process. This was particularly aimed at strategic neighbourhood planning but also helps schemes where there are no objections when acquiring authorities may now be able to confirm their own orders if they are unopposed and certain other criteria are fulfilled stages.

2.20 Whilst some stages in a compulsory purchase procedure have defined timescales (such as the time required to allow responses to public notices, periods of notice to prepare for public inquiry etc), the time taken to work through many of the stages will be dependent on numerous factors. As such, it is not possible to provide a guide timetable as there is no typical CPO.

- Preparing for and making the CPO – the process whereby the Council would consider its support for the CPO and thereafter prepare, publish and make the CPO. This is a very resource hungry part of the process.
- Confirmation of the CPO – this may involve the Council but will culminate in the CPO being either confirmed, modified, or rejected.
- Implementing the CPO - assuming the CPO is confirmed, the Council will acquire the land (we will need as part of agreement with Golding Homes a clause that compels us to transfer and GH to complete the transaction)
- Compensating – the Council will negotiate and pay compensation to interested parties. It should be noted that negotiations and acquisitions should be progressing throughout the whole process. The ideal situation is to acquire by agreement rather than use a CPO.
- Miscellaneous matters that may form part of the process, depending on the individual CPO.

3. AVAILABLE OPTIONS

- 3.1 The Council could utilise its CPO powers as outlined in this report which will enable the redevelopment of Cambridge Crescent to proceed.
- 3.2 Alternatively the Borough Council could choose not to use their CPO powers, the result being that the redevelopment of Cambridge Crescent may not progress.

4. RISK

- 4.1 There is a real risk that if the Council opt to not use its CPO powers, then this redevelopment may not be able to proceed, this would pose a reputational risk to the Council. Although it may be viewed that publicity in pursuing a CPO action against private homeowners may be controversial, the homeowners are fully compensated for loss, as detailed within this report.
 - 4.2 Members need to consider what holds the highest risk, failure to intervene and enable the redevelopment to proceed, which will deliver an increase in fully affordable homes, the modernisation of a development that is problematic in quality and social standards, or the risk of possible adverse publicity.
 - 4.3 With regard to financial risk, the Council will enter into an indemnity contract with Golding Homes to recover all expenditure, including officer time.
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5 CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 The local Ward Members have been consulted on the contents of this report. Any comments received will be reported verbally at the meeting.
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6 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

Following consideration by the Committee, this report and any recommendations will then be considered by Cabinet.

7 REPORT APPENDICES

- Appendix 1: Open letter from the CEO of Golding Homes
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