

North Tyneside Council Report to Cabinet Date: 11 February 2013

ITEM 6(n)

Title: Rosehill
Compulsory Purchase
Order

Portfolio(s): Elected Mayor

Cabinet Member(s): Mrs Linda Arkley

Report from Directorate: Chief Executive's Office

Report Author: Graham Haywood
Chief Executive

Tel: 643 2001

Wards affected: Riverside

PART 1

1.1 Purpose:

The purpose of this report is to seek authority to progress with a Compulsory Purchase Order (CPO) for the remaining flats at Bamburgh Drive and Helmsley Drive in Rosehill within the area shown hatched on the attached plan at Appendix 1 and listed by address in Appendix 2.

1.2 Recommendations:

It is recommended that Cabinet:-

1. Note the progress made to date in the regeneration scheme of the Rosehill area.
2. Authorise the Client Manager - Property, in consultation with the Head of Business and Economic Development (and, on a temporary basis pending the postholder to the said post joining the Authority, the Head of Legal, Governance and Commercial Services), the Strategic Director of Finance and Resources, the Head of Legal, Governance and Commercial Services and the Elected Mayor, to:
 - (a) proceed with a Compulsory Purchase Order for all interests not currently acquired by the Authority within the area of land located on Bamburgh and Helmsley Drives, as identified by cross hatching on the plan attached as Appendix 1, and specifically the flats listed by address in Appendix 2(b); and
 - (b) to take all ancillary steps which are necessary or appropriate to give effect to such authorisation.

1.3 Forward Plan:

This report appears on the Forward Plan for the period 12 December 2012 to 30 April 2013.

1.4 Council Plan and Policy Framework

The Council Plan 2012/2015 relates to this regeneration scheme in the following way:

Priority 3: Providing affordable rented housing in partnership with the private sector and registered social landlords

3.2. We will use council owned brown field sites as our contribution to a partnership to provide affordable and rented homes.

Priority 5: Work in Partnership to realise the Full Potential of the North Bank of the Tyne Regeneration

In July 2010 Cabinet approved a Strategic Development Framework for the River Tyne North Bank that includes Bamburgh and Helmsley Drives.

This scheme relates to the residential neighbourhood element of the North Bank Regeneration Strategy.

North Tyneside Sustainable Community Strategy 2010/13

North Tyneside Strategic Partnership has an ambitious vision for the Borough, which is that the Borough is a place of opportunity, prosperity and vibrancy; a place where people are happy, healthy, safe and able to participate in a flourishing economy and achieve their full potential.

The Partnership states it will work together to see that amongst other things:

- Our children and young people have high aspirations, enjoy their childhood and acquire the skills to support their own and the borough's wellbeing and prosperity,
- Our local environment is clean, green, attractive and sustainable,
- Our borough is welcoming and everyone has the chance to contribute to their community. Differences between people are valued and respected, and everyone has similar life opportunities,
- Neighbourhoods are friendly, inclusive, safe and connected, offering a range of quality housing options and local facilities,
- People, young and old, feel a sense of pride in and belonging to our area, are involved in volunteering, and are engaged in shaping the decisions that affect their lives.

1.5 Information:

1.5.1 Background Information

The Rosehill area is within the boundary of the River Tyne North Bank Strategic Development Framework Plan (SDFP) and is highlighted as an area in need of enhancement of the existing green space, and improvement and redevelopment of the residential neighbourhood.

The properties which are proposed to be the subject of a Compulsory Purchase Order, are situated in the Rosehill area in the south west of the Borough of North Tyneside within the Riverside Ward, and are shown crosshatched on the plan attached plan at Appendix 1.

A CPO in principle was agreed by Cabinet on 12 July 2010 as part of the Authority's commitment to the regeneration of this area. Authority is now sought to progress the CPO in order to expedite the CPO scheme.

The properties form part of an estate built in the early 1960's as part of a larger housing site for which planning permission was granted to the builder William Leech (now Persimmon Homes as successors in title), who built out a number of houses and flats with associated garages. The estate is made up of 39 houses, which are privately owned and generally in good condition, and 36 flats (in two blocks) and associated garages (in four blocks) that have been a cause for concern for many years (for the reasons set out below).

The properties which are the subject of this report are two blocks of flats and associated garages with a complex ownership arrangement, involving a freehold owned by Newcastle City Council which has now been acquired by North Tyneside Council; a long lease to Persimmon Homes; and then long underleases to the individual owners.

The two blocks of flats each contain 18 units over 3 floors with a communal entrance serving the two upper floors. The flats are individually owned but many of the owners live outside of the area and it is therefore presumed that the properties have further sub-tenancies on a shorthold tenancy basis. This has contributed to problems of anti social behaviour, extreme violence, vehicle theft, vehicles set on fire, fly tipping, littering of drug paraphernalia, and other crime and disorder, concentrated around the two blocks of flats, which has led to a downward spiral of decay in the wider area.

In 2006 North Tyneside Council took the step of initiating a multi agency group to consider ways in which the estate's problems could be tackled.

In 2007, a Rosehill Residents Action Group representative was selected as a special regional winner of the 2006/07 Respect Awards for "Taking a Stand" as a result of the work with the Multi Agency Group in trying to improve the area.

Since the Group was formed it has led on actions to minimise the problems in the area, including proactive policing and neighbourhood management from North Tyneside Council. This has not provided an effective long-term solution however and despite the efforts of all agencies the issues have continued, with a detrimental impact on the quality of life for residents of the nearby houses, and placing a much larger area at risk of irreversible decline and market failure, including the adjacent former Northumberland Arms public house site, which is being redeveloped for houses for sale by Gleeson

Homes. To date 14 homes have been sold by Gleeson, 5 of which are affordable through the “First Buy” product. The First Buy product is a government scheme which assists first time buyers in the market to purchase a property.

The only effective solution was therefore considered to be for the Authority to acquire all the leasehold interests and demolish the two blocks of flats and associated garages. The cleared site could then be landscaped in accordance with an agreed scheme. The immediate requirement is for the Authority to quickly complete the acquisition of the flats and enable their demolition as a response to the on-going anti-social behaviour issues.

The Authority has directly approached all of the flat owners and has already completed the process of acquiring, through negotiation, **16** of the 36 flats. A further two acquisitions are progressing and are subject to contract. The Authority has also recently demolished a single block of garages on Helmsley Drive due to health and safety concerns. A further **18** flats therefore remain to be acquired, as listed in Appendix 2(b), assuming those two acquisitions which are subject to contract are completed, and no further acquisitions have taken place through private treaty negotiation in the meantime.

Negotiations with the remaining flat owners who are all landlords, and therefore sub lease the flats on a shorthold tenancy basis, have not so far been productive and it is considered that the use of Compulsory Purchase powers is now appropriate and essential to ensure the acquisition of the flats listed in Appendix 2(b) (including as a precaution the two flats which are at an advanced stage of acquisition) can be completed speedily in the interests of the quality of life for nearby residents. In addition, the increasing number of vacant properties as the Authority secures ownership through negotiation leaves the remaining residents of the flats potentially susceptible to an increased risk of anti-social behaviour, a further reason for instigating the use of Compulsory Purchase powers.

It is possible that adjoining land owners could serve a blight notice if the CPO scheme is shown to have a negative impact on the sale price of the adjoining land due the progression of the CPO. This would require the Authority to purchase the land owner’s property at market value if the notice were upheld. However given that the objective of the CPO is to improve the condition of the land subject to the CPO, the risk of adjoining land owners taking such action is considered to be low.

1.5.2 Funding

Funding for the acquisition and demolition of the flats and associated garages has been secured through a combination of the Authority’s Growth Point allocation and funding from the Homes and Communities Agency. It is anticipated that the additional cost of completing the CPO will be offset by the reduction in values paid for the acquisitions. Currently the maximum paid for flats leased out by landlords has been capped at an upper limit of £20,000 and the lowest amount paid to date was £9,000. Through the CPO process market value would be paid which may result in the last remaining units being acquired for significantly less than the maximum value that has been paid to date by the Council through negotiation with owners.

It is considered that there is also sufficient funding to deal with the service of any blight notices and the subsequent objection processes.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet may approve the recommendations as set out in paragraph 1.2 of this report in order to expedite the regeneration scheme.

Option 2

Cabinet may decide not to approve the recommendation to proceed with the CPO and request that officers continue to negotiate privately with individual owners. To date officers have been in contact with the owners of the individual properties for over 12 months and many of these owners, some of whom live outside the north east area, are resistant to enter into dialogue with the Authority. Failure to reach a negotiated sale will almost certainly result in a completely stalled scheme, causing further dereliction within the area, and will almost certainly result in market failure across the estate. In addition the Authority, as owner of the flats already acquired to date, will retain liability for all repairs and maintenance costs arising.

1.7 Reasons for recommended option:

Option 1 is the recommended option as this will demonstrate the Authority's clear commitment to the acquisition and demolition of these flats and garages as a priority within the River Tyne North Bank regeneration SDFP, and to secure an improved quality of life for local residents. It also provides certainty that these properties will be acquired and demolished as soon as possible, while allowing owners to continue to negotiate with the Authority to agree terms outside of the CPO process.

1.8 Appendices:

Appendix 1: Plan of properties (shown crosshatched) proposed to be subject to Compulsory Purchase

Appendix 2: (a) Completed Property Acquisitions (b) List of Properties proposed to be subject to CPO.

1.9 Contact officers:

Francis Lowes, Senior Manager, Regeneration, tel. (0191) 643 6421

Kate Lovelock, Project Manager, Regeneration, tel (0191) 643 6426

Vicki Dixon, Senior Manager, Financial Strategy and Planning, tel (0191) 643 5723

Alison Campbell, Finance Business Manager, tel (0191) 643 7038

1.10 Background information:

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

- a. River Tyne North Bank Strategic Development Framework Plan
http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=516659

- b. Rosehill CPO Cabinet on 12 July 2010
- c. Rosehill Neighbourhood Regeneration Cabinet report 17 February 2011 (pink report).

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There are additional legal costs associated with proceeding with a CPO which are expected to be met by the reduction in the property values for acquisition in this way. It is envisaged that all costs associated with the CPO, including any costs associated with a blight notice, will be contained within existing budgets. Any other costs arising which cannot be contained within existing budgets will be reported to Cabinet for decision before costs are incurred.

2.2 Legal

On 12th July 2010 Cabinet approved in principle the use of compulsory purchase powers, if necessary, to acquire land and property to facilitate a comprehensive regeneration scheme for this area. The compulsory purchase of land is intended as a last resort in the event that attempts to acquire by agreement fail. Following approaches by the Authority to all property owners, it is now considered necessary to take forward the CPO process in order to expedite the remaining acquisitions identified on Appendix 2 (including those currently at an advanced stage of acquisition).

The Acquisition of Land Act 1981 allows local authorities to acquire land under compulsory purchase powers. For a CPO application to be successful, it must demonstrate that the acquisition of the land is both necessary for the purposes of development, and in the public interest. Authorities must also demonstrate that there is a reasonable prospect of the scheme going ahead. Appropriate external advice may be sought as considered necessary in order to be assured that these criteria are met in this case. Once a CPO has been served, a period of at least 21 days is allowed for objections. If a valid objection is made and not withdrawn, an inquiry chaired by an inspector will take place. The inspector then reports to the Secretary of State who determines whether or not to confirm the CPO. Market value for the properties will be payable under the terms of any confirmed CPO.

As detailed in the report of July 2010, and in accordance with the ODPM Circular 06/2004, the formal CPO procedure may be embarked upon at the same time as negotiations are undertaken with land owners, given the often lengthy timescales associated with the CPO process.

All relevant legislation and applicable procedures will be adhered to in taking forward the CPO. Where specialist external support is required to support the process, this will be resourced as referred to in section 2.1.

Under the legislation, an owner of adjoining land may serve a blight notice if they consider that the CPO scheme will have a negative impact on the sale price of adjoining land. If a notice is received, the Authority may serve a counter notice to object to the claim of blight. Where such a notice is upheld, the Authority would be required to

compensate the owner of the blighted land. Whilst the risk of a blight notice is low given the objective of the CPO is to improve conditions in the area, the cost implications associated with the potential service of such notices will need to be taken into consideration within the CPO process.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

The Elected Mayor, Ward members and officers as detailed in section 1.9 above, have been consulted in relation to this report.

2.3.2 External Consultation/Engagement

The Multi Agency Group referred to in paragraph 1.5 above includes Ward members and representatives of the Rosehill Residents Action Group who attend on behalf of the community. Police and Fire Service representatives who have been heavily involved in the work of the group are keen to see radical intervention in this area to make it a safer place to live.

Consultation has been carried out with the local Residents Action Group and a drop in event held at Howdon library to provide information on the planning process in relation to the residential development which is now well underway on the former public house site.

The Council has made appropriate efforts to contact property owners, including letters sent to the various individual owners of the flats in question, offering to purchase their properties, and to date 16 flats have been acquired subject to contract. Newsletters have been distributed to local residents to advise of the progress made in relation to the regeneration of the area.

2.4 Human rights

There are no significant human rights implications directly arising from this report. The Authority has provided appropriate support and assistance to occupiers of flats acquired by the Authority, in relocating or finding alternative accommodation and, where properties were subject to tenancies, has allowed those tenancies to come to a natural end before taking possession.

2.5 Equalities and diversity

Equality and diversity issues will be fully considered and addressed as part of the development of the project. It is considered that this scheme will have a significant positive impact upon the quality of life for the residents of this community.

2.6 Risk management

There are no significant risk factors associated with the commencement of the CPO.

Should Cabinet not approve the recommendations as set out in paragraph 1.2, there is a risk that the Authority will be unable to achieve the proposed regeneration of the area. Further delays will leave the flats vulnerable to further anti-social behaviour and blight to

this neighbourhood and market failure across the wider area. These risks may be increased as a result of the increasing number of void properties that present opportunity for such behaviour. The Authority will continue to work closely with the Police and the Fire and Rescue Service, Persimmon Homes and the local residents to manage this risk, however, speedy completion of the acquisitions and demolition is essential to remove it completely.

2.7 Crime and disorder

Demolition of these flats and garages will significantly reduce the existing crime and anti-social behaviour levels by removing the source of these problems in this area. The Police and the Fire and Rescue Service have already played an integral part in the implementation of the actions identified by the Multi Agency Group and are in favour of the acquisition and demolition due to grave concerns about the existing problems and the negative impact on the future of the area.

2.8 Environment and sustainability

The current condition of the flats and garages are very poor and one block of garages has had to be demolished as a matter of urgency due to the dangerous condition of the structures. The flats themselves have not been maintained and have serious water ingress problems. A structural survey was carried out in 2009 and an estimate for bringing the properties up to Decent Homes standards was provided at circa £30,000 per unit which is not considered a viable option.

The proposed regeneration scheme will result in a much improved environment for the local community, increasing the green space and improving the landscaping and access to the wildlife corridor.

PART 3 - SIGN OFF

- Chief Executive
- Strategic Director(s)
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Strategic Manager, Policy and Partnerships