

DECISION-MAKER:	CABINET		
SUBJECT:	TOWNHILL PARK REGENERATION PHASE 1: PROCUREMENT, CPO POWERS AND PUBLIC OPEN SPACE DISPOSAL DELEGATION		
DATE OF DECISION:	9 FEBRUARY 2016		
REPORT OF:	CABINET MEMBER FOR HOUSING AND SUSTAINABILITY		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY

None

BRIEF SUMMARY

In response to the impact of changes to Government Housing and Planning Policy on Affordable Housing and the Welfare Bill on Southampton's Housing Revenue Account (HRA), this paper proposes a revised procurement and delivery of Townhill Park Phase 1. In addition delegated powers are sought in order to advance the Compulsory Purchase Order for Phase 1 to acquire land and property to complete site assembly. Townhill Park also contains areas of 'Public Open Space' and the Council is required to advertise its intentions to dispose of land and seek and consider any representation made following the advertisements. The report also seeks approval for demolition of the former Ark Public House.

RECOMMENDATIONS:

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| | (i) | To approve the commencement of a procurement process for the redevelopment of Townhill Park Phase 1 to deliver a scheme acceptable in planning terms which should include the provision of Starter Homes and affordable housing; |
| | (ii) | To delegate to the Chief Operating Officer following consultation with the Cabinet Member for Housing and Sustainability, agreement of the procurement details. The preferred bidder will be referred to Cabinet for approval; |
| | (iii) | To delegate to the Chief Operating Officer the commencement of the Compulsory Purchase Order process necessary to secure the delivery of the scheme in Phase 1 by the carrying out of land referencing, survey and other information gathering activities to establish the detailed type and scope of powers required and the extent of interests likely to be affected; |

	(iv)	To note that the Chief Operating Officer will seek Cabinet approval for the making of the Compulsory Purchase Order at the appropriate time;
	(v)	To resolve that the use of the Council's compulsory purchase powers under section 226 (1) (a) Town and Country Planning Act 1990 to facilitate the redevelopment of Phase One would be justified in principle;
	(vi)	To authorise the Service Director, Legal and Governance : (a) To acquire interests in or rights over the land shown edged red on Appendix 1 either by agreement or compulsorily (b) To advertise the proposed disposal of part of Townhill Park open space for two consecutive weeks in a local newspaper circulating in the locality.
	(vii)	To delegate authority to the Chief Operating Officer following consultation with the Cabinet Member for Housing and Sustainability to determine any objections received from the adverts and to make a final decision as to whether or not to approve the disposal in light of any such objections and to finally take the decision to confirm the disposal;
	(viii)	To authorise the Chief Operating Officer, following consultation with the Service Director, Legal and Governance and the Chief Financial Officer, to take all lawful steps to effect the proposals in the report;
	(ix)	To approve the demolition of the former Ark Public House;
	(x)	To note that the current approved budget for site assembly will be used to cover the costs of activities outlined in this paper;
	(xi)	To note that there is £7.7M available in the Housing Revenue Account (HRA) Business Plan for the purchase of affordable properties in Townhill Park Phase 1; and
	(xii)	To thank the Townhill Park Forum for working with the Council on the project, their contribution and valuable comments, as the scheme has progressed.

REASONS FOR REPORT RECOMMENDATIONS

1	The Council's Estate Regeneration programme aims to identify the potential within Southampton's council housing estates for the development of new modern homes and to stimulate more mixed tenure communities. Townhill Park regeneration continues the momentum already achieved in delivering improvements to a number of council estates. Recent proposed changes to housing and planning policy have required reappraisal of how Phase 1 of Townhill Park is delivered. This report therefore sets out recommendations enable the redevelopment of Townhill Park Phase 1 and the delivery of the Estate Regeneration objectives.
2	In order for Phase 1 to proceed vacant possession of the whole site is required in order to pass the site over to the developer. There is only one interest yet to be acquired, all the rest of the land in Phase 1 being in the Council's ownership. Whilst negotiations with the owner will continue, if these prove unsuccessful, the Council will need to use its powers of compulsory purchase to acquire the outstanding interest.

3	The redevelopment of Townhill Park involves the redesign of the buildings and open space. The existing layout provides large open space areas between buildings which are of low quality for recreation. The new design improves the relationship between buildings and open spaces and provides for better quality recreational opportunities which it is believed compensate for the actual loss of public open space.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
	<u>Revised procurement and delivery of Phase 1</u>
4	To continue with plans to deliver Phase 1 via a Development Company has been reconsidered due to the impact of recent Government policy changes on housing, along with the Welfare Bill, and the resulting adverse financial impact on the Housing Revenue Account.
5	Working with a Housing Association to develop the site has also been discounted as the ability of Housing Associations to deliver affordable homes has been adversely affected by the impact of recent Government changes. The Council has a strong relationship with local Housing Associations. Following changes made in the summer 2015 budget, meetings took place with Housing Associations working in the City to discuss the possibility of their involvement in citywide regeneration. Feedback so far is that, due to the summer budget changes, there is no immediate appetite amongst Housing Associations to take on this kind of project.
	<u>Compulsory Purchase Order (CPO)</u>
6	To reject the use of CPO powers and to continue to try to acquire the land by agreement only. This is unlikely to deliver vacant possession of the site to enable development to take place.
	<u>Public Open Space Disposal</u>
7	To maintain all of the current low grade open space would not maximise the provision of new housing at Townhill Park. The proposed loss of the open space in Phase 1 will be mitigated by the enhancement of the remaining open space.
DETAIL (Including consultation carried out)	
8	Townhill Park is progressing well, the outline planning application for Townhill Park (detailed element for Phase One with the remainder of the application reserved) was submitted in September 2015 and is due for determination in 2016. The regeneration project is large scale and transformational. It is focused on replacing the existing blocks at Townhill Park over a 10 year period with new apartments and houses. Currently, work is planned in 3 phases: Phase 1 – 269 apartments units and 7 houses Subsequent phases – 264 apartments 135 houses
9	In addition to the new homes, the whole environment will be redesigned with a new feature local park, the Village Green, in the centre of the area with new shopping facilities. Meggeson Avenue, the main transport route through the area, is traffic calmed, by narrowing the carriageway, providing raised crossing points and a 20mph to create a user friendly pedestrian environment. In addition there are improvements to children's play and walking, cycling with links to adjacent open spaces such as Frog's Copse.
10	In total the Phase 1 sites are made up of 136 existing properties in 8 blocks. All

	<p>the 115 council tenancies have been successfully moved to new accommodation and 14 of the 15 leaseholders have accepted a negotiated settlement and moved out. Six properties were void at the beginning of the process and had no occupants to move. Negotiations are continuing with the remaining leaseholder, but it may be necessary to resort to compulsory purchase of the property if settlement cannot be reached.</p>
11	<p>Demolition of 7 of the 8 blocks is likely start at the beginning of February 2016 and continue through to September 2016. Tendering is completed and formalities are currently being concluded with the chosen contractor. Unless the remaining block is vacated imminently, it will require to be demolished in a separate contract. Approval is also sought to demolish the former Ark Public House on Meggeson Avenue as part of the Phase One demolition contract. The Council is in ownership of the building, having purchased the lease interest in 2014. Although the property is scheduled to be redeveloped as part of Phase 2, it is in poor condition and requires to be kept secure which is a cost to the Council. It would be beneficial for demolition to take place as part of the Phase 1 contract.</p>
12	<p>Over recent months the Government has announced a number of proposals which impact on the current aspiration to provide a significant number of homes for affordable rent through the HRA as part of the council's ongoing Estate Regeneration programme and in particular the delivery mechanism for Townhill Park.</p>
13	<p>The Chancellor's summer 2015 Budget contained a number of measures affecting current and future social housing provision:</p> <ul style="list-style-type: none"> • The announcement that rents in the social rented sector will be reduced by one percent per year for the next four years; • The compulsory introduction of "pay to stay" requiring higher income social housing tenants to pay market rents and for councils to handover to the exchequer the additional rents collected; • A review of the use of lifetime tenancies in social housing "to limit their use and ensure households are offered tenancies that match their needs and ensure best use is made of social housing"; • The extension of the Right to Buy (RTB) to Housing Associations; and • The compulsory sale of "high value voids" in the Local Authority sector to support, in part, the RTB for Housing Associations.
14	<p>Further the Housing and Planning Bill also proposes significant changes to the planning system most notably by placing a duty on local authorities to promote starter homes and the ability to direct authorities to disregard policies incompatible with that duty, the corollary of which may result in the removal of section 106 requirements for the provision of affordable housing in favour of starter homes. Home Ownership products are far more attractive to the Developer Sector than providing affordable rent and social rent housing through Housing Associations and we are already seeing shifts in priorities from national developers and a number of large housing associations away from affordable rent in particular. In other words a shift to providing owner occupied homes and in particular for Housing Associations shared ownership and starter home products.</p>
15	<p>The announcement that rents paid in the social rented sector will be expected to fall over the next four years, by one percent per year, is good news for social</p>

	<p>housing tenants. However, it represented a complete u-turn on the current national social rent policy and one that will seriously impact on rental income forecasts included in the 30 year Housing Business Plans of both Council's and Housing Associations. All social housing providers including the City Council have undertaken a review of both revenue and capital plans for future investment in their housing stock.</p>
16	<p>For Southampton, the impact of the rent cut is a reduction in the HRA business plan of £33m over the next 4 years and £493m over the 30 year business plan. Therefore it is now necessary to plan for a significantly reduced rental income alongside the previously announced plans to sell off vacant "high value" council housing and hand over the capital receipts to central government. This will represent a significant threat to councils' 30 year Business Plans as all stock holding authorities including Southampton balance the requirements of investing in their current stock with their aspirations for providing new homes to meet housing need in their area..</p>
17	<p>From discussions with local Housing Association partners it is clear that they also have carried out fundamental reviews of their business plans and the feedback is that their development programmes will either be reduced or reprioritised in favour of other housing tenures. Therefore there is clearly reduced capacity and viability in the ongoing development of affordable housing in the City by the Housing Association sector.</p>
18	<p>Over the years the Council has established a strong relationship with the Homes and Communities Agency (HCA). The Chancellor's Autumn Statement on 25th November 2015 announced that £2.3B will be available to deliver 200,000 Starter Homes over the next five years. The following day (November 26), the Council's Capital Board met to discuss the Townhill Park project and the impact of the previous day's announcement. The Board gave approval to explore this approach and contact was made with the HCA before the end of November to discuss the initiative.</p>
19	<p>The Government is expected to announce (by April 2016) resources in excess of £1B. The Department of Communities and Local Government (DCLG) are currently working up the scheme which should be in place by April 2026 (subsidy is likely to be in the form of a voucher redeemable on purchase of a home). The HCA are now seeking Local Authority champions for the Starter Home Initiative and in response to the Council's earlier discussions have asked that Townhill Park Phase 1 be put forward as a flagship scheme. Therefore, this report seeks approval for procurement to market Phase 1 for a developer to take the site and develop it for Starter Homes. This change of delivery model for Phase 1 is in response to the impact of the change to government policy particularly around the adverse impact on the HRA, the emphasis on support for the delivery of low cost home ownership products and to take forward the opportunity offered by the HCA to provide a flagship scheme for the government's Starter Home Initiative. Working on this basis advice is being sought on the most suitable type of procurement but this is now likely to be using the HCA framework.</p>
20	<p>Current Phase 1 proposals as part of the planning application include the building of 269 apartments and 7 houses:</p> <ul style="list-style-type: none"> Plot 1 contains 1 apartment block of 56 units and 7 houses and Plot 2 contains 5 apartment blocks with a total of 213 units

21	In order for the procurement to be successful it is essential that there is a clear brief for the bidders, setting out clearly that the site should be used for Starter Homes, ideally drawing on any external resources available (in addition to using HCA grant of £750k for 50 homes for Affordable Rent which the council could purchase from the developer). There is a provision of £7.7M available in the HRA Business Plan for the purchase of affordable properties in Townhill Park Phase One in 2018/19.
22	The proposed timetable for procurement of a successful developer to build phase 1 can be achieved by the end of December 2016. There then follows the formation of the contract and process of setting up the contract. Assuming that the process is smooth with little change from the existing proposals then a site start could be achieved in August 2017. It should be noted that 2017 is the earliest the Council is likely to have full vacant possession of the site in view of the likely timescales of the possible CPO, until which development cannot progress. Phases 2 and 3 are due to follow on with completion in 2025.
<u>Progressing the Compulsory Purchase Order (CPO)</u>	
23	There is a need to progress the CPO for Phase 1, as soon as possible, in order to avoid delays in achieving vacant possession, so the site can be fully demolished and handed over to the developer for redevelopment. The CPO can take 9 months or longer to conclude. Progressing the CPO will give the developer certainty that the site is available and ability to fix the delivery programme.
24	Cabinet on 12 th March 2012 delegated authority to the Senior Manager Property and Procurement to negotiate and acquire by agreement any legal interests or rights held in respect of Phase 1, not held by the Council, using such acquisition powers as the Service Director, Legal and Governance advises. In each case subject to confirmation from Capita, acting as independent Valuers, that the price represents the appropriate Market Value.
25	The process of purchasing leaseholder properties by negotiation has largely been successful and is completed except for one leaseholder property. Negotiations are continuing to purchase the remaining property, which is not held in Council ownership, but these negotiations may not lead to a mutually acceptable deal. Therefore, to ensure the redevelopment of Phase 1 can be guaranteed within the time frames to be set out in the development agreement with the preferred bidder, it appears increasingly likely that the use of the Council's compulsory purchase powers will have to be exercised to authorise the acquisition by the Council of any remaining land and property at Townhill Park Phase 1.
26	A resolution that a compulsory purchase order is justified in principle is sought for approval together with delegated powers to progress the CPO as the procurement develops. In the meantime the Council will continue to try to reach a negotiated settlement with the remaining leaseholder.
27	The Council is able to make a compulsory purchase order to acquire land in third party ownership to bring forward development in its area using powers under s.226 of the Town and Country Planning Act 1990. This power is designed to facilitate development projects and is considered the most appropriate power available to the Council. It must be considered that the development is likely to contribute to the achievement of the promotion or improvement of the economic, social or environmental wellbeing of the area. A CPO should only be made where there is a compelling case in the public

	interest and the purpose for which the compulsory purchase is made justifies the interference with a property owner's human rights.
28	The outline planning application promotes the provision of a high quality living environment with modern homes built to good energy standards set in attractive surroundings with access to open space and local facilities. The 2015 Index of Multiple Deprivation (IMD) shows that the area is currently subject to pockets of deprivation. On the IMD maps produced the south east end of Townhill Park shows a high level of deprivation than the northern area. The 2015 requires further detailed analysis to identify the particular deprivation aspects affecting Townhill Park. However, taking the City analysis the largest deterioration has been seen in the area of the Health deprivation and disability domain, followed by some worsening in the Employment and Living Environment domains. The proposals for Townhill Park aim to raise both the environment and socio economic aspects. Estate Regeneration projects planning consent are accompanied by a Skills and Employment Plan, where local people are offered a series of opportunities to improve their job prospects. This has been very successful in other Estate Regeneration projects.
29	In the circumstances and for the reasons set out above, it is considered that the Council will be able to demonstrate a compelling case that the acquisition of land in the Townhill Park area will be in the public interest.
30	Contracting with a development partner following a suitable selection process will ensure the council is best positioned to oversee the delivery of Phase 1.
	<u>Public Open Space Disposal</u>
31	The open space within the Townhill Park Estate is public open space within the meaning of the Local Government Act 1972. A disposal of public open space (lease greater than 7 years) needs to be advertised for two consecutive weeks in a newspaper in the locality. The loss of open space at Townhill Park, as a consequence of the new design proposals, will require the advertising procedure to be undertaken and any objections being formally considered before any final decision whether or not to approve the disposal is made.
32	The proposals for the whole of Townhill Park regeneration are currently subject to an outline planning application, with Phase 1 in detail, and the procedures have included public consultation which has shown that the project is widely supported by the public. There now needs to be direct consultation relating to the loss of public open space which will include a programme of consultation with the key stakeholders and the Open Spaces Societies and Groups prior to advertisement.
33	It should be noted there has already been consultation relating to the loss of public open space with key stakeholders and the Open Spaces Societies and Groups both prior and during the planning application process.
34	The Southampton Commons and Parks Protection Society (SCAPPS) has responded positively to the regeneration proposals. Modifications have been undertaken in line with their views with an existing open space site at the top of Roundhill Close being withdrawn from redevelopment and greater emphasis placed on the potential recreational provision of the adjacent open space known as Frog's Copse.
35	As with other similar Southampton planning applications, Natural England has objected on the grounds of the need to provide alternative semi natural

	recreational opportunities for local people in lieu of visits to the New Forest, which could damage the protected sites there. Further work is being proposed to enhance Frog's Copse in order to overcome this objection. This will be addressed through the planning application process.
	<u>Consultation</u>
36	Since the early Master Plan work started in late 2011 there has been regular consultation with a range of bodies, including local residents. The latest public consultation was held in June 2015 prior to the submission of the planning application. In September 2015 the statutory public consultation as part of the planning process was also carried out.
37	During the time the proposals have been developing there have been many changes in response to the consultations. These include: <ul style="list-style-type: none"> • Withdrawal of the proposed housing site at Frog's Copse and on the land grassland west of Hidden Pond • No to progressing the idea of a vehicular link from Townhill Park to Cornwall Road or opening a link to Cutbush Lane • No development to be pursued on the existing garage site and the open space at the top of Roundhill Close (Plots 3 and 4) • Postponing a decision on developing the site with the bus turning circle (Plot 14) and withdrawing it from the planning application. Discussions about its future will be held with the Townhill Park Forum.
38	During the process of developing the proposals for Townhill Park regeneration there has been broad and continuing public support for the regeneration proposals.
39	The Townhill Park Forum receives quarterly updates on the proposals. It is made up of local community groups and interested parties and is facilitated by local group SO18 and provides useful views and comment on the detail of the redevelopment proposals.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
40	The current approved budget for 'Townhill Park: Site Assembly', which totals £6,850,000, will be used to cover the costs of activities outlined in this paper. The Housing Revenue Account Budget Report and Business Plan, which is a separate item on this agenda, shows £3,884,000 of this budget in prior and current years, whilst it is recommended that the remaining £2,966,000 is evenly split between 2017/18 and 2018/19.
41	The cost of procurement is estimated to be in the region of £250,000. This includes an estimate of Capita fees covering the procurement process and legal fees to cover the required Development Agreement. The full cost of the CPO is hard to estimate. However, if it is necessary to attend court then the fees are likely to be around £50,000.
42	The total cost of building Phase 1 will not be known until the winning bid is received. The development costs will then fall on the appointed developer. It should be noted that £7.7M is due to be made available in the Housing Revenue Account Budget Report and Business Plan to purchase 50 Phase 1 units in 2018/19 as council housing. A grant from the HCA of £750,000 has already been secured to help with the financial delivery of these units.

<u>Property/Other</u>	
43	The land and properties are required for the improvement of the area which will improve the economic, social and health well-being of the residents within the estate regeneration area.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
44	Section 226 of the Town and Country Planning Act 1990 enables a local authority to exercise its compulsory purchase powers: a. If it considers that acquiring the land in question will facilitate the carrying out of development, redevelopment, or improvement on, or in relation to, the land being acquired (s.226(1)(a)); and b. Provided that it considers that the proposed development, redevelopment or improvement is likely to contribute to achieving the promotion or improvement of the economic, social or environmental well-being of its area (s.226(1A)).
45	The Council must therefore be satisfied on both counts when in due course it comes to make a resolution to make an order.
46	Cabinet is asked to consider in principle the use of CPO and associated powers for the purpose of facilitating the redevelopment of Phase 1 which overall will make a positive contribution to the economic, social and environmental well-being of the City of Southampton.
47	The disposal of open space land is authorised by virtue of S123 (2A) Local Government Act 1972, provided the land consisting or forming part of an open space is subject to notice of the Councils intention to do so, specifying the land in question, to be advertised in two consecutive weeks in a newspaper circulating in the area in which the land is situated and consideration of any objections to the proposed disposal which may be to the Council.
<u>Other Legal Implications:</u>	
48	In recommending the making of CPOs the rights of third parties that may be affected (including the property rights of the current property owners of the sites) must be balanced against the public interest in acquiring the land. The Council must be satisfied that the proposed CPOs are necessary and proportionate having regard to the provisions of the Human Rights Act 1998 and is in the public interest having regard to both the need to provide good quality, energy efficient homes in areas where people wish to reside now and in the future and the need to regenerate these estates.
49	Townhill Park, Phase One must be marketed within the requirements of the range of legislation that defines how the Council must procure includes; EU treaty principles, EU Public Procurement Directives, UK Procurement Regulations, Best Value Statutory Guidance, Equality Act 2010 and Public Services (Social Value) Act 2012.
POLICY FRAMEWORK IMPLICATIONS	
50	These proposals will help deliver the new homes including affordable homes required in both the Housing Strategy 2011-15 and as part of the council's partnership with PUSH to deliver more homes. The regeneration of Southampton's council estates will play an important part in delivering a number of corporate policy objectives.

KEY DECISION?	Yes	
WARDS/COMMUNITIES AFFECTED:	Harefield and Bitterne Park	
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
1.	Map of Phase 1 area bordered in red	
2.	Map of the Ark	
Documents In Members' Rooms		
1.	None	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		Yes
Privacy Impact Assessment		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		Yes/No
Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	
1.	None	