

SOUTH OXHEY INITIATIVE

APPENDIX 9a LAND ACQUISITION STRATEGY

NOVEMBER 2015

▪ Introduction

.1. This is an agreed Land Acquisition Strategy document between Three Rivers District Council ("the Council") and Countryside Properties (UK) Limited ("Countryside") and hereafter collectively referred to as "the Parties". Its purpose is to address how land acquisitions and relocations for the Scheme below will be managed.

.2. This Land Acquisition Strategy forms an appendix to the Development Agreement between the Parties. Capitalised definitions shall have the same meaning as in the Development Agreement unless specifically stated otherwise.

.3. The Parties are working together in order to provide a development of the Core Site and the Satellite Sites to provide a residential led mixed use regeneration ("the Scheme") The Scheme comprises the following elements:

- Ninety six (96) Social Rented Housing Units
- 418 Private Housing Units
- A foodstore of approximately 18,452 sq. ft.
- General retail space of approximately 37,222 sq. ft.
- Public realm
- Retail and residential car parking

.4. The Scheme delivers general retail space that could, in appropriate circumstances, be offered back to retailers currently on the Site (refer to the Retail Strategy).

.5. The Core Site is in multiple ownership albeit a proportion of it is owned freehold by the Council and land interests and potentially new rights will need to be acquired from third parties. It is likely that the Scheme will only be delivered with the support of a compulsory purchase order (CPO). The Council is considering making a CPO although this will first require authorisation by Full Council. Once made, the CPO must be confirmed by the Secretary of State before it can be used to acquire land compulsorily.

.6. The Council will use reasonable efforts to undertake negotiations with third parties whose land is required for the Scheme and seek to reach agreement for its acquisition. CPO powers will only be exercised if agreements cannot be reached.

.7. Negotiations will be carried out in such a way that the guidance to acquiring authorities set out in Circular 06/2004 (Compulsory Purchase and the Crichel Down Rules) is complied with.

.8. These activities will be monitored by the Land Assembly Group (LAG) which will meet regularly. The LAG includes representatives from the Council, Bond Dickinson and Deloitte. Other representatives (such as land referencers or Countryside) will be asked to attend as and when required.

▪ **Proposed Action**

Communication

.1. The Council will maintain a continuing dialogue, where practicable, with all parties holding an interest in properties within the land subject to the proposed CPO (Order Land) or those from whom rights need to be acquired and also those, if any, who may have existing rights affected by the Scheme.

.2. The Council will use reasonable efforts to contact every party whose property or rights in property are required or where rights are to be interfered with, to provide details of the Scheme and the proposed CPO. This will include information on the current status of the Scheme; the current timetable; and the impact of the Scheme on their property. All parties will be invited to discuss their concerns and enter into negotiations with the Council.

.3. The Council will ensure, where practicable, that affected parties are updated of progress and any alterations to the Scheme and the impact on their properties as the Scheme evolves. They will also be reminded of the Council's invitation to enter into discussions and negotiations.

.4. Such communications will be through a range of media, such as one to one meetings, e-mails, telephone conversations, periodic 'surgery sessions', or regular newsletters. Correspondence and records of communications will be gathered and stored so that there is an up to date record of all communications with all parties as far as practicable.

.5. The Council and their advisers will respond promptly to all enquiries received from affected parties.

Negotiations

.6. The Council will use reasonable efforts to acquire all interests by agreement or reach an agreement that establishes the basis on which a future transaction will be undertaken. It will have flexibility with regard to the structure of such agreements. The LAG will receive regular updates about the Council's progress.

.7. The Council will use reasonable efforts to make direct contact with all affected parties having an interest in the Order Land or whose existing rights may be affected by the Scheme and give them the opportunity to enter into negotiations. Where this is taken up, the Council will progress negotiations diligently and in all circumstances will maintain comprehensive written records to evidence the position with each party.

.8. The particular circumstances of each case will influence the approach taken by the Council. It will use a range of contractual mechanisms, where practicable, to reach agreement on all land interests needed to deliver the Scheme, including early acquisitions, options and conditional contracts.

.9. The Council owns the freehold interest of the majority of the Order Land. The remainder of the Order Land is controlled by Thrive Homes, which owns the freehold interest of Pennard House and Luffenham House (“the Thrive Interests”).

.10. The Council has a direct “landlord and tenant” relationship with the majority of commercial occupational tenants. Further details on the existing leasehold arrangements are provided within the Legal Report prepared by Clarke Wilmott and dated 2 February 2015.

.11. There are four general categories of land interests to be acquired: Commercial (with lease expiry after envisaged possession date) Commercial (with lease expiry before envisaged possession date), residential leaseholders and the Thrive Interests. These are considered in turn below.

Commercial – Lease expiration (or break provisions) after envisaged possession date

.12. The Council will keep records of vacant retail property in the South Oxhey area and this information will be made available to those on the Order Land. These records will continue to be updated throughout the land assembly period.

.13. In accordance with the Retail Strategy, Countryside will be delivering a range of retail uses as part of the Scheme. The Retail Strategy provides further details on these uses but in order to assist with the land assembly process, it is recognised by the Parties that some of the retail delivered within the Scheme could be used to accommodate existing retailers, either on a temporary or a permanent basis.

.14. In order to assist the Council in its discussions with existing retailers, Countryside will maintain a schedule of retail units available within the Scheme. This schedule will be updated and presented to the LAG on a quarterly basis or in accordance with a timetable that the Parties shall agree. The schedule will details of the size and configuration of each available retail unit, the proposed leasehold terms and any user restrictions imposed under the planning permission.

.15. The Council will actively engage in negotiations with occupiers. Depending on the circumstances a range of potential agreements can be explored to include, for example:

- Agreeing a purchase price to enable them to vacate at an agreed time without relocation.
- Agreeing an early acquisition so that they can relocate. Either on the basis that a price is agreed or there is a mechanism for reaching that price.
- Agreeing to allow a lease to be surrendered.
- Agreeing a package to allow the business to cease trading during the construction period and to relocate back into the new centre.
- Agreeing a package that allows for temporary relocation and relocation back into the Scheme.

- Agreeing an arrangement whereby there is an extended notice period before their unit is acquired.
- Agreeing to acquire conditional on confirmation of the CPO and/or other matters.

.16. The Council will deal with all occupiers on a fair basis. However, it is acknowledged that certain occupiers might be more significantly affected than others. The Council will ensure that a flexible and empathetic approach is taken in such circumstances and will use reasonable efforts to reach agreements with these parties that reflects the particular difficulties or sensitivities that they are faced with.

.17. In line with the Communications strategy above, occupiers will be kept informed of progress. All contact will be recorded and stored on a readily accessible data base available to the acquisition team. The progress in each case will be monitored through the LAG meetings.

.18. It is acknowledged that the basis for compensation to be assessed will vary on a case by case basis and will depend on a number of factors, such as the nature of the interest held; the availability of alternative premises; the ability to relocate; and the cost of relocation relative to the cost of extinguishment. In circumstances where either the Council has agreed with an occupier that 'relocation' represents the appropriate basis for compensation to be assessed then the Council will work with that occupier, where reasonably possible, to help them find alternative accommodation to relocate to.

.19. The particular circumstances of each occupier will vary, as will their relocation requirements and the availability of suitable and affordable alternative premises.

.20. Countryside shall use its reasonable endeavours to support the Council in its engagement with commercial occupiers. This will include Countryside providing the LAG with regular updates to its phasing strategy, providing temporary decant premises where possible (through the use of void units or other such arrangements) and where requested by the Council, offering an early opportunity for existing occupiers to take a lease for new premises within the Scheme, on open market terms.

.21. However, it is anticipated that not all occupiers will want to relocate to the completed Scheme. In addition, the timing of such accommodation becoming available after occupiers have been displaced, together with the suitability and affordability of units might mean that a relocation to the completed Scheme is not reasonably practicable for all occupiers. In such circumstances, and where it is appropriate for their business, occupiers will be encouraged to relocate to alternative premises within, or close to, South Oxhey before considering premises in alternative locations.

.22. It is acknowledged that some businesses may not wish to, or be able to, relocate. In these circumstances it may be appropriate to pay compensation on the extinguishment (closure of that business). There may also be cases where the occupier chooses to relocate but the Council assesses compensation on the basis of relocation (or vice versa). In certain circumstances (principally where the business owner is over 60) the occupier can choose to extinguish his business (and be compensated on this basis) even if suitable relocation premises are available and a relocation could be achieved at a lower cost.

Commercial – Lease expiration (or break provisions) prior to envisaged possession date

.23. Where the Council is able to determine leases (in accordance with the Landlord and Tenant Act 1954 or otherwise) prior to the date that possession is required, the Council will seek vacant possession in accordance with the landlord and tenant processes and pay compensation (if appropriate) accordingly.

.24. The provisions of paragraph .23 do not preclude such commercial occupiers from being offered space within the completed Scheme, particularly where an occupier is considered to complement the wider Retail Strategy.

Residential Long leaseholders

.25. The Council will keep records of available residential property in the South Oxhey area and this information will be made available to the residential leaseholders on the Order Land. These records will continue to be updated throughout the land assembly period.

.26. The Council will actively engage in negotiations with residential leaseholders. Depending on the circumstances a range of potential agreements can be explored to include, for example:

- Agreeing a purchase price to enable them to vacate at an agreed time.
- Agreeing an early acquisition so that they can relocate. Either on the basis that a price is agreed or there is a mechanism for reaching that price.
- Agreeing an arrangement whereby there is an extended notice period before their property is acquired.
- Agreeing to acquire conditional on confirmation of the CPO and/or other matters.

.27. The Council will ensure that a flexible and empathetic approach is taken in such circumstances and will use reasonable efforts to reach agreements with these parties that reflects the particular difficulties or sensitivities that they are faced with.

.28. Although the current assumption is that leaseholders are compensated and put in funds to purchase their own alternative accommodation there is an understanding that some will not be able to find similar accommodation in the area for the compensation they receive and that they may not be able to bridge the gap themselves. As a fall back the Council will consider whether, in conjunction with Home Group, it can offer a shared equity or other low cost home ownership product to owner occupiers either in the new stock being built or off site in older stock in neighbouring streets.

.29. To this end the Council may, at its discretion, ask Countryside to provide an element of [low cost] private housing within the new Scheme, which in turn would be offered to existing residential leaseholders who are currently in occupation and are wishing to continue to live within the Core Site.

.30. In this instance, Countryside will be asked to identify (a maximum of 10) private residential units within the Scheme which could be offered on a discounted basis. Countryside will then update

the Financial Model to assess the impact upon the Price. For the avoidance of doubt, only the sales values for such units can be adjusted in the Financial Model, with all other inputs and the developers profit remaining fixed.

.31. Once the Council has had opportunity to review the Financial Model, it shall have the option of confirming the inclusion of low cost private housing and the Price shall be updated accordingly. Alternatively, the Price and private residential mix will remain unchanged.

.32. In line with the Communications strategy above, residential leaseholders will be kept informed of progress. All contact will be recorded and stored on a readily accessible data base available to the acquisition team. The progress in each case will be monitored through the LAG meetings.

Thrive Homes

.33. The Council has an on-going dialogue with Thrive Homes and following the exchange of the Development Agreement, intends to enter into negotiations with Thrive Homes with regard to acquiring the Thrive Interests. These discussions will cover the valuation and legal issues particular to social rented stock and arrangements for decant. Details of the provision being made for tenants are set out in the Housing Decant Strategy.

.34. The Parties acknowledge that Countryside's Registered Provider, Home Group, is well placed to support the Council in its efforts to acquire the Thrive Interests. Countryside and the Home Group have agreed to support the Council as follows:

- Reviewing and commenting upon financial proposals put forward by Thrive and valuations provided by the Council's advisors; and
- Supporting the decant of the existing Thrive tenants from their existing premises, as detailed more fully within the Housing Decant Strategy.

.35. Home Group has also expressed an interest in seeking to acquire the Thrive Interests on behalf of the Council. The implications of this upon the Financial Model will need to be understood but in principle, this is an option which the Parties are prepared to review further in the period between exchange of the Development Agreement and the Satellite Sites Unconditional Date.

Relocation to the Scheme

.36. Any requests for commercial occupiers to relocate to the Scheme will be considered on their merits having regard to factors that include, inter alia, the tenant mix sought by the Council and Countryside, the alternative options available to the displaced occupier, and the ability to maintain continuity of trade during relocation (i.e. the new unit being ready for occupation prior to demolition of the existing unit).

.37. Other occupiers will also be encouraged to relocate to other properties not in the control of the Council if appropriate.

.38. If the Council identifies other vacant properties within their ownership that may be suitable for relocation, where practicable these will be made available to businesses that have to relocate on normal commercial terms.

.39. Other occupiers will also be encouraged to relocate to other properties not in the control of the Council if appropriate.

Rights

.40. A number of properties within the proposed Order Land will not be acquired but will have existing rights interfered with, or rights may need to be acquired over their land.

.41. The Council will use reasonable efforts to negotiate with these parties with the intention of concluding terms by agreement.

Resourcing

.42. The Council and Countryside will need to be satisfied that reasonable efforts have been made to reach agreement with all relevant affected parties and that nothing is being done that might prejudice the CPO process. In particular the Council will have to be satisfied that each owner affected by the Scheme has, where practicable, been contacted and has had an opportunity to negotiate. This will be monitored in a 'Monitoring Schedule' and at the LAG meetings.

.43. The Council will be responsible for the conduct of negotiations. The Council will either undertake these themselves or through its advisers, currently Deloitte.

.44. In the event that further resource is required by the Council in order to deal with issues such as loss of profits, extinguishment, plant and machinery, planning etc. then this will be made available through the appointment of specialist advisors.

.45. The LAG will regularly review the availability and application of resources for dealing with land acquisitions to ensure that the appropriate resources are devoted to each case to ensure negotiations are carried out thoroughly and diligently.

Blight and Hardship

.46. Once a CPO is made, some owner-occupiers may be able to serve a Blight Notice on the Council, which if accepted would lead to the early acquisition of their property.

.47. Upon receipt of a Blight Notice, the Council shall refer it to the LAG who will consider the following options:

- To accept the Blight Notice
- To serve a Counter Notice on the grounds that the claimant does not qualify
- To serve a Counter Notice on the grounds that on the date of the notice, the claimant is ineligible
- To serve a Counter Notice on the grounds that the Council does not propose to acquire any of the land or only proposes to acquire part of the land

- To serve a Counter Notice on the grounds that no part of the land is in a relevant category of Blight
- .48. Where the Council is seeking to serve a Counter Notice on the grounds that the either some or all of the land is not required, it will in the first instance seek Countryside's confirmation (acting reasonably) that the land is indeed not required for the Scheme.
- .49. The Parties note that should a Counter Notice not be served within two months of receipt of a Blight Notice then a notice to treat will have deemed to have been served.