

Barratt Metropolitan Limited Liability Partnership

**THE LONDON BOROUGH OF BARNET (WEST HENDON
REGENERATION AREA) COMPULSORY PURCHASE**

ORDER (No 2) 2016

And

**THE LONDON BOROUGH OF BARNET (WEST HENDON MAJOR
HIGHWAY WORKS) COMPULSORY PURCHASE ORDER**

(No 2a) 2016

Proof of Evidence

Mr Nathan Smith

28 February 2017

ENV/3164290 & NPCU/CPO/N5090/77105

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1. Introduction

Personal details

- 1.1 My name is Nathan Smith. I am the Senior Project Manager for the West Hendon regeneration project and have been in this role for 4 years. I am responsible on behalf of Barratt Metropolitan LLP for the delivery of the regeneration of West Hendon, including managing the Principal Development Agreement and stakeholder and community engagement.
- 1.2 I hold the following qualifications: BSc. (Hons) Leisure Property, MSc. Project Management (Major Construction Projects) and have been a member of the Royal Institution of Chartered Surveyors since 2011.
- 1.3 I have 4 years' experience in delivering regeneration schemes with Barratt and I work solely on the delivery of the West Hendon regeneration.
- 1.4 Prior to joining Barratt in 2013 I spent 4 years employed by The Abbeyfield Society delivering a variety of older persons accommodation across the south of England, and 6 years with Home Group and Affinity Sutton working on 2 major regeneration schemes (Dollis Valley, L.B. Barnet and Rayners Lane, L.B. Harrow) as well as undertaking various other work within their respective Development Departments on the financial appraisal of new schemes, securing new business, and managing new build housing contracts.

Role in relation to Scheme

- 1.5 My responsibility in regard to the Scheme covers:
 - Managing the Principal Development Agreement, including the performance of the Developer's obligations under it.
 - Managing and delivering site assembly, including all third party negotiations, and community engagement and stakeholder management.
 - Drawing land down periodically from the Council to deliver future phases of West Hendon's regeneration.

- Reporting to the LLP's Board quarterly on contractual and financial matters, including delivery of specific planning obligations (such as the 2 new bridges).
- I also Chair the Construction Working Group where residents are invited to attend a monthly evening meeting to discuss construction-related matters arising at the time.

2. Scope of Evidence

2.1 In my evidence I will

- I. Describe the structure of the Developer and its arrangements with the Council
- II. Describe the experience of the Developer
- III. Describe the Scheme and the project phasing
- IV. Confirm the Developer's commitment to delivery
- V. Describe the changes in resident relations since the CPO 1 inquiry
- VI. Respond to objections relating to the areas covered within this evidence

3. The Developer

- 3.1 The Regeneration Project is being and will continue to be delivered by the Council's development partner, Barratt Metropolitan Limited Liability Partnership, (the Developer), a consortium of Metropolitan and Barratt.
- 3.2 BDW Trading Ltd & Barratt Developments PLC (formerly known as Barratt Homes Ltd until 30 November 2007) trading as Barratt London ("Barratt") is one of the UK's leading housebuilders, building homes and new communities across the UK. It was established in 1958 and listed on the London Stock Exchange in 1968 and is a constituent of the FTSE 100 Index.
- 3.3 Barratt London is the business unit responsible for delivering Barratt's London schemes. It is the only national housebuilder with a major presence in the London market. Barratt London's development portfolio includes large regeneration schemes, high-rise residential towers and the conversion of redundant office buildings to provide high-quality residential accommodation, as well as small high-value niche developments. The portfolio includes both mixed use and residential led schemes.
- 3.4 Barratt has a broad range of regeneration experience and is used to working collaboratively with partners from both the public and private sectors. It has worked with successive government agencies and councils across London and the UK to transform derelict sites into quality homes and associated community facilities.
- 3.5 Barratt's recent experience includes working with the Council on delivering the Stonegrove estate regeneration providing 937 residential units, a church and a community centre. The Great West Quarter scheme involves 897 residential units, hotels, offices and retail space. In Bromley-by-Bow Barratt have also worked with the LDA on the redevelopment of St Andrews Hospital to deliver 964 new homes, a new health centre and community building. In Lewisham town centre, Barratt are building a new leisure centre for Lewisham Council together with 788 new homes. Other current developments include the delivery of 465 new homes and a new Sainsbury's store overlooking the River Thames in Fulham, a development of 129 apartments in Westminster, and a 27-storey tower at Aldgate. Barratt has also been selected by LB Enfield as their development partner on Meridien Water.

3.6 In addition, we are working to deliver 842 new homes at Upton Gardens, E13, 318 new homes at Harrow Square, and 211 new homes at Wembley Park Gate.

3.7 Barratt is committed to quality design and utilises award winning architects to create well-designed buildings that positively enhance the built environment. Barratt schemes have secured multiple awards including:

- In 2016 a Barratt employee won the Pride in the Job Supreme Award in the Multi Storey category for Barratt's Aldgate Tower. These awards are known as the 'Oscars of the house-building industry', NHBC has been rewarding the best site managers in the UK for the last 36 years and winning an award is an exceptional achievement
- Hendon Waterside has won the National House Building Council Health and Safety award for best practice in the country under the supervision of our Project Manager Sury Patel.
- West Hendon also won the 2016 best Urban Regeneration Project awarded by Brick Development Association.
- In June 2016 site managers working for Barratt won 80 awards for quality workmanship in the NHBC Pride in the Job Quality Awards. The Pride in the Job Awards are the industry's most prestigious national awards for building the best quality new homes in Britain.
- In 2016, Barratt was confirmed as meriting the maximum five star official rating after new home buyers took part in the annual Home Builders Federation customer satisfaction survey. This is the seventh year running that Barratt has won a five star rating for customer satisfaction – the only major national housebuilder ever to do so. Over 90% of our customers would recommend us to their friends and family.

Other awards include:

- Housebuilder Awards 2016 – Housebuilder of the Year and Best Community Initiative
- Sunday Times British Homes Awards – Homebuilder of the Year.

3.8 Metropolitan is the brand name for Metropolitan Housing Trust Limited (MHT) and Metropolitan Support Trust (MST). Metropolitan is a leading registered provider of integrated housing services, care & support and community regeneration. It manages nearly 38,000 affordable homes for rent and sale to those with greatest housing need, along with a range of care and support services. Metropolitan is investing in the West Hendon Regeneration Project via its wholly owned subsidiary Metropolitan Living

Limited. It has a development pipeline due to deliver 1,000 new homes a year from 2017.

- 3.9 Metropolitan provides a diverse range of service to over 71,000 customers across London, the East of England and the East Midlands. It is a member of the g15, which represents London's 15 largest housing associations. The g15 houses one in ten Londoners and builds a quarter of London's new homes.
- 3.10 The Developer's member organisations have significant track records of delivering similar large scale residential projects, and have teams of in house experts covering development, finance, project management and construction working on this project, as well as external consultants covering design, planning, community engagement and site assembly.
- 3.11 The Developer has already delivered the Pilot and Lakeside phases (which I shall refer to as phases 1 and 2 respectively in my evidence) together with phase 3a. Site assembly and site clearance for phase 3b has been completed. Site assembly for phase 3c has also been completed with demolition works currently underway and construction programed to commence in April 2017. Accordingly, the Developer is well placed to continue and is committed to deliver and complete the whole of the West Hendon Regeneration Project.

4. Arrangements between the Developer and the Council

Scheme Background

- 4.1 The Decent Homes Programme outlined in the evidence of Mr Shipway at para 3.11 required local authorities to ensure that their housing stock offers residents the opportunity of a decent home and promotes social cohesion, well-being and self-dependence.
- 4.2 The Council identified the homes within the Estate as failing to meet those requirements, and after consideration of various options decided that proposals to regenerate the Estate (with a new local town square, improved transport links and improvements to the area surrounding the Welsh Harp Reservoir SSSI) would be the best way to achieve the delivery of those requirements.
- 4.3 In 2002, following a competitive tendering exercise advertised in the Official Journal of the European Community in November 2001, the Council selected the West Hendon Consortium (Metropolitan Housing Trust, Lovell Partnerships and Bellhouse Joseph) as its development partner to undertake regeneration proposals for West Hendon.
- 4.4 On 31 May 2005, the Council approved a decision authorising Barratt Homes Limited as a development partner (replacing Lovell Partnerships and Bellhouse Joseph) alongside Metropolitan Housing Trust to form Barratt Metropolitan LLP.
- 4.5 The Council and the Developer entered into a Principal Development Agreement dated 11 August 2006 ("the PDA"). In 2006 the PDA secured an initial investment of approximately £450 million. This commitment has increased as the project has progressed.

The 2008 Permission

- 4.6 On 20 March 2008, the Council granted planning permission (planning ref: W13230A/07) for a standalone 'Pilot Phase 1' as part of the regeneration proposals. Outline planning permission (planning ref: W13987/04) for the comprehensive regeneration of the Estate was granted on 1 July 2008 ("the 2008 Permission"), with

reserved matters approval (planning ref: H/04103/08) for Phase 2 known as 'Lakeside' granted on 22 December 2008. 194 residential units have been completed pursuant to those permissions.

- 4.7 Whilst both the Council and the Developer remained committed to delivering the aims of the Regeneration Project, the changing economic climate was starting to impact on the proposals. The Developer also further considered the practicalities of delivering the development as approved under the 2008 Permission, which highlighted difficulties in decanting and re-providing homes within the scheme phasing. A number of market-focused and construction deliverability factors led to the Developer and the Council agreeing that further development under the 2008 Permission was not possible.

The Scheme & the PDA

- 4.8 In consultation with the Council, the Developer prepared revised Masterplan proposals, and from autumn 2011 the Council and the Developer held pre-application discussions to revise the Masterplan with a view to securing a suitable and viable development proposal for the Estate and wider West Hendon area. The Developer subsequently submitted the part-detailed part-outline planning application ref: H/01054/13 ("**CDB.01**") for the Scheme in March 2013.
- 4.9 On 19 November 2013, the Council and Developer entered into an agreement pursuant to section 106 of the Town and Country Planning Act 1990 (the "s106 Agreement" "**CDB.36**"), in respect of the Scheme. Planning Permission for the Scheme ("the 2013 permission") was granted on 20 November 2013 ("**CDB.37**").
- 4.10 The PDA was varied on 5 February 2014 to reflect the revised masterplan for the Scheme and changes to its commercial aspects. The Council and Developer also entered into a CPO Indemnity Agreement ("CPOIA") on 5 February 2014, under which the Developer undertook to indemnify the Council in respect of costs incurred in promoting, making and securing the compulsory acquisition of the Order Land and the compensation payments arising from those acquisitions.
- 4.11 The CPOIA also requires the Developer to indemnify the Council in respect of costs related to the making and promotion of additional Orders, again including land acquisition costs, required to deliver the Scheme.

- 4.12 The PDA sets out the arrangements between the Council and the Developer in relation to the Scheme, including respective responsibilities, notifications and approvals, land transfers and financial arrangements. The evidence of Mr Bailey at section 4 provides further information about this.
- 4.13 The PDA contains a number of overarching pre-conditions relating to the Scheme overall, such as the receipt of planning permission. Following satisfaction of these pre-conditions, the PDA was deemed unconditional in July 2014. The Scheme is now subject only to individual phase conditions.
- 4.14 The Regeneration Project is divided into a number of phases for the purposes of decanting, construction and delivery. In addition, for the purpose of land transfers from the Council to the Developer, the PDA adopts these phases which are linked to the planning permission for the Scheme (**CDB.37**). Land for each phase can be drawn down by the Developer serving a notice on the Council, but the Developer is only able to serve the notice when specified phase conditions have been satisfied.
- 4.15 Phase conditions include matters such as infrastructure, planning, design and other approvals. Responsibility for satisfying the conditions is divided up between the Developer and the Council.
- 4.16 The conditions also include a 'viability test' which requires an assessment of the viability of the subject phase to be undertaken, and an agreed level of return to be demonstrated before the phase commences. The Developer can opt to waive this viability test and deliver a phase even if the PDA viability test is not met.
- 4.17 Whilst the Scheme is divided into phases for the purposes of planning and delivery as set out above, the Developer's principal concern is to ensure that the Scheme as a whole produces a sufficient return on its investment, which it does. The Developer has therefore opted to take forward phase 3 despite this phase alone not meeting the PDA viability test. The developer also considers phase 4 to be deliverable, even though, on its own, it does not meet the phase viability test within the PDA at today's date, and is currently delivering phase 3b and 3c to enable the project to progress to phase 4.
- 4.18 Phases 5 & 6 provide the majority of the private market sale housing within the scheme, and therefore profit from the Scheme. This provides the Developer with a

- strong commercial incentive to proceed through phases 3 and 4 to allow them to commence phases 5&6.
- 4.19 Phase 3 involves the provision of a significant amount of infrastructure and also the delivery of the majority of the Scheme's affordable housing. Provision of this physical and social infrastructure is key to meeting the Council's objectives in regenerating the area. The PDA obliges the Developer to complete phase 3 before moving to subsequent phases. Phase 3 also provides decant capacity for Council secure tenants and eligible leaseholders who live within the area of phase 4, enabling these residents to move to a new home on the estate in a single decant.
- 4.20 For the Developer, the critical consideration is that later phases of the Scheme (that is, after phase 4) will bring higher levels of return, thereby making the Scheme overall viable. Having already delivered phases 1 and 2 and part of phase 3, therefore, the Developer is committed to proceeding to complete and deliver the entire Scheme as there is a very significant commercial incentive to it to do so.
- 4.21 The phase pre-conditions are set out in full at and appendix 1. They require the Developer to secure detailed planning consent for phase 4 and the major highway works. To date the Developer has secured detailed planning consent for all preceding phases including phase 3b and 3c. An application for discharge of reserved matters for phase 4 was submitted to the Council in December 2016. Against the background of the 2013 Permission and reserved matters approvals that have been given for earlier phases I do not foresee any difficulty in meeting this condition for phase 4 and subsequent phases.
- 4.22 The conditions also require vacant possession of the land to be available for construction. Whilst the Council and Developer remain committed to assembling the site by agreement, the Orders are necessary to ensure this condition is met within a reasonable timescale.
- 4.23 It is necessary for the Council and Developer to agree certain details such as the detailed project programme and overage. Similar matters have been agreed to enable the delivery of phases 1, 2 & 3a. Consequently I see no reason why these details should not be agreed for the remainder of phase 3, phase 4 or subsequent phases.

- 4.24 The phase conditions are designed to ensure that delivery of any phase does not commence until the necessary background work is complete and required consents are in place. This is to ensure that there remains no impediment to delivery once construction of each phase commences.
- 4.25 The Developer is confident that satisfying the phase conditions in the PDA presents no impediment to completing phase 3, phase 4 or to delivering the remainder of the Scheme. Further details are set out at para 7.29 onwards. The Developer and Council have already satisfied comparable conditions relating to the phases which are complete and those parts of phase 3b and 3c presently under construction/site preparation.

5. Scheme description

- 5.1 The Orders facilitate the completion of phase 4 of the Scheme and the associated major highway works by assembling the land interests and rights necessary to complete these works. The Project Synopsis at section 2 and the evidence of Mr Heyns at section 3 describe the Scheme more fully.
- 5.2 Information about the phased delivery of the Regeneration Project is considered further at section 6 of this evidence.
- 5.3 Completion of phase 4 (including the major highway works) is fundamental to the completion of the whole Scheme as it will link the phases which are already completed or under construction into the wider area. It will also provide significant new infrastructure which is vital to the delivery of the later phases of the Scheme and the wider regeneration of the West Hendon area.
- 5.4 Phase 4 falls within the southern area of the Regeneration Project and will create a new sense of place through completion of the reconfigured York Park and linking phase 1 & 2 to phase 3 and the wider area. The transformation created by phase 4 supports the reintegration of the estate with the local area and provides an impetus for the overall regeneration of West Hendon.
- 5.5 Without the completion of all of the phases of the Scheme, the wider benefits of the comprehensive regeneration will not be realised and instead isolated pockets of redevelopment would remain within an outdated 1960's social housing estate. The evidence of Ms Blackman at section 3 demonstrates that the market alone could not assemble the land interests required to complete phase 4, and therefore compulsory purchase is the only means to complete phase 4 and enable delivery of the wider Scheme.
- 5.6 The extent of the land and new rights required for phase 4 and included within the Order has been a product of careful consideration by the Council, the Developer and both parties' professional teams.
- 5.7 Plan 23 within the Book of Plans shows the 2013 Permission boundary dashed green, phase 4 boundary edged blue, and the Orders land shaded pink (to be acquired) and shaded blue (new rights). Miss Blackman's evidence at section 3 demonstrates

that for the Scheme to be delivered as a whole, and as anticipated in the 2013 Permission, all interests and new rights identified in the Orders are required to facilitate its implementation.

6. Scheme Phasing

- 6.1 The Scheme is based on a hybrid planning permission (**CB.37**) for the regeneration proposals and will be delivered by a phased programme of demolition and redevelopment. The Regeneration Project is to be delivered in 6 phases. Phases 1 and 2 consisted of the Pilot and Lakeside aspects of the 2008 Permission with the current Scheme delivering phase 3 to 6. Phase 4 has been divided into development sub phases 4a, 4b and 4c.
- 6.2 As part of the planning permission for the Scheme granted on 20 November 2013 (**CDB.37**), a phasing strategy (**CDB.13**) for delivery was agreed. Given the large and complex nature of the Scheme the indicated dates may change as the Scheme progresses and the table below sets out the current phasing programme.

Phase	Construction commenced / due to commence	Completed / due to complete
Pilot/phase 1	March 2011	December 2011
Lakeside/phase 2	June 2010	July 2013
3a	January 2014	2015
3b	2016	2018/19
3c	2017	2018
4,5,6	2019	2027

- 6.3 Vacant possession of the land required to enable the delivery of phases 1, 2 and the construction of Phase 3a has been achieved without the need to exercise compulsory purchase powers. Further details are set out in para 3.27 of the Project Synopsis Information.

- 6.4 The phasing strategy was based on the key policy objectives of the Council. The phasing strategy (**CDB.13**) has been designed to ensure the majority of the social housing is re-provided within the first 3 phases. 74 secure tenants relocated as part of 3a, and another 98, including early moves for some tenants from later phases, will move once phase 3b is completed. These phases also include the delivery of infrastructure such as the combined heat and power plant, Cool Oak Lane Bridge and the re-provision of York Park. These will be completed prior to commencement of Phase 4, for which this CPO is required.
- 6.5 Phases 4, 5 & 6 provide the majority of the private housing within the Scheme together with the major highways works. As previously mentioned, the delivery of these later phases is vital in commercial terms to the delivery of the whole Scheme as these will provide the Developer with a sufficient return on the investment previously made in phases 1, 2, and now being made in phase 3. In addition, it is envisaged by the Developer that the value of the private housing and commercial units within these later phases will benefit from the wider uplift in property values resulting from the regeneration. It is clear, therefore, that the Developer has a very significant commercial incentive to complete phase 3, phase 4 (including the major highway works) and then the remainder of the Regeneration Project.

7. The Developer's commitment to delivery

- 7.1 The Developer is committed to delivering the Scheme. I set out below a number of areas of work required to deliver the scheme, and demonstrate how the Developer is ensuring delivery.

Planning

- 7.2 The Developer has been granted planning permission (part detailed and part outline) **CDB.37** for the Scheme. Part of the outline permission relates to land affected by these Orders. The planning permission for the Scheme will be implemented by the Developer. The Developer is satisfied that the Scheme is deliverable.
- 7.3 Some elements of private/public frontages in which rights are sought on West Hendon Broadway fall outside of the planning application. These areas will be resurfaced and improved as part of the major highways works. Further details of these are set out in the Project Synopsis at section 5 and in the evidence of Mr Mileham at section 4.

Site Assembly

- 7.4 The Developer assembled the land interests needed to complete phases 1 & 2 without the need for compulsory purchase and has completed 194 residential units. The Developer is currently constructing phase 3b and preparing the site for phase 3c.
- 7.5 The Developer assembled the site required for phase 3a by agreement utilising land purchased from Catalyst and land owned by the Council together with land formerly part of the Highway (**CDA.13**). The Developer also acquired by agreement a number of interests and temporary consents required during construction, such as over sailing rights.
- 7.6 In addition to acquiring the interests within phases 1 & 2 by agreement, Metropolitan acquired 28 leasehold Estate residential units and 2 multi-unit properties on the Broadway (comprising 16 residential and commercial units) over the period 2004-2008.
- 7.7 To secure vacant possession of phase 3b it was necessary to make a CPO. However following confirmation of the CPO 33 of 34 long leasehold interests in phase 3b were ultimately acquired by agreement. A General Vesting Declaration (GVD) was

exercised to secure vacant possession of phase 3c; however, the majority of compensation claims were agreed before possession was taken. Currently only 2 outstanding claims in phase 3c remain under negotiation.

7.8 At the beginning of 2016 Phase 4 included 34 long leasehold residential units which were owned by third parties. Negotiations led by the Developer's appointed surveyor have resulted in:

- *The acquisition of 6 units*
- *Exchange of contracts or heads of terms on a further 15 properties*
- *Sale of 6 shared equity units*

7.9 Details of negotiations and other acquisitions are given in the evidence of Ms Blackman at section 7 and Appendix 1.

Sales progress

7.10 The Developer and their appointed architect have wide experience in delivering housing, and have designed the number and type of units within phases 1, 2, 3 and 4 to accord with market demand.

7.11 As of January 2017 all units within phase 1, 2 and 3a have been sold by the Developer with the exception of 110 affordable social rented units retained by Metropolitan. These units are all occupied by secure tenants who were relocated from parts of the Estate which have been or will shortly be demolished.

7.12 98 of the private units in phases 1 & 2 (approximately 65%) were sold to local residents. The provision of market and affordable housing for local families demonstrates the provision of social and wellbeing benefits for the Borough. 82% of purchasers across phase 3a were bought by people already living in London, with 22% of buyers moving from within Barnet. Across the whole phase, 47% were first time buyers, rising to 67% within the tower, Block E2.

7.13 The Developer is confident that there will be significant market demand for the units proposed within phase 4.

Resources

- 7.14 The Regeneration Project will be financed by the Developer. The Developer will achieve a sufficient commercial return on its investment from the sale of the private residential units, as well as the commercial units. Through the negotiation and completion of the PDA the Developer has demonstrated its ability to finance the Scheme. The Council has confirmed that it is satisfied that the Developer is able to finance the delivery of the Scheme (**CDA.11 Para 6.12**), and the Developer remains committed to doing so.
- 7.15 Government Guidance from October 2015 (**CDA.12 para 14**) sets out the requirement for acquiring authorities to demonstrate resources necessary both to acquire land and implement the scheme underlying the Order. I now explain how this requirement is met in the present case.
- 7.16 Metropolitan Housing Trust continues investing in the West Hendon project via its wholly owned subsidiary Metropolitan Living Limited (MLL), the latter being the company that as part of its activities has formed the joint venture with Barratt. MLL is funded by MHT using a formalised on-lend facility whereby the parent company secures finance against its social housing portfolio and on-lends a regulated amount to its subsidiary. Metropolitan also has access to a variety of other sources of funding (including the GLA, HCA, bank loans and the bond and capital markets), and its funding requirements are reviewed by the Board on a regular basis (based on the group business plan) to ensure that sufficient secured facilities are in place to meet all known and projected funding requirements.
- 7.17 I can confirm that Barratt have the necessary resources in place to enable completion of the Scheme. In June 2013 Barratt Developments PLC undertook a refinancing package. Through this package, committed borrowing facilities were achieved on attractive terms over a period of up to eight years.
- 7.18 In December 2016 Barratt Developments PLC further strengthened its balance sheet capacity by amending and extending our existing committed revolving credit facility, removing the £150m stepdown in facility size previously due in December 2017 and extending our £700m facility to December 2021. As part of its ongoing financial and business management, Barratt will review its funding requirements on a regular basis, and ensure its funding arrangements are extended and renewed well in advance of the current end-point of December 2021. This approach is common practice within the property development industry.
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- 7.19 The Developer has calculated the likely project costs together with an appropriate contingency and these costs have been included in the business plans of the Developer's constituent companies to ensure that there is sufficient finance available to deliver the Scheme.
- 7.20 In assessing the viability of the Scheme the Developer has taken professional advice from its team and has taken account of all the likely costs associated with securing and acquiring land through Compulsory Purchase. The Developer has also considered the costs and implications of Blight and Purchase notices and has demonstrated to the Council that resources are available to acquire properties subject to Purchase or Blight notices if required. The Developer has already acquired a number of properties as outlined in para 7.8 of this evidence.
- 7.21 The Developer is currently delivering phase 3, having funded all associated site assembly and compulsory purchase costs. Although Phase 3 did not meet the phase financial viability test within the PDA, the Developer is confident that the Regeneration Project will be viable overall and has therefore waived the viability pre-condition for phase 3, and is continuing to deliver the Scheme.
- 7.22 Phase 4 also does not meet the PDA agreed return. However, the Developer remains confident that the Regeneration Project overall is viable, and so intends to waive the financial viability pre-condition relating to phase 4 at the appropriate stage. Further information about phase pre-conditions is set out at para 7.29 below.
- 7.23 The PDA requires the Developer to deliver the remaining elements of phase 3, and then phase 4, before delivering later phases of the Scheme. Consequently the Developer cannot deliver subsequent phases 5 & 6 until construction of phase 4 is completed.
- 7.24 Based on the funding arrangements set out above, I confirm that funding in the form of Barratt internal resources, the Barratt revolving credit facility set out at para 7.18 above, and debt funding from MLL secured on the social housing owned by MHT, are all available to enable delivery of phase 4.
- 7.25 As set out previously at para 6.5 above there is a very significant commercial and financial incentive for the Developer to complete the Scheme. Consequently the

Developer is committed to the completion of the remaining elements of phase 3, then phase 4 and all subsequent phases.

- 7.26 In considering factors affecting the deliverability of a project underlying a compulsory purchase order, Paragraph 14 of the 2015 Government Guidance (**CDA.12**) does not require the project to be financially viable in itself, but does (at least by implication) require an acquiring authority to demonstrate that the project is likely to be delivered within a reasonable timescale. By explaining the requirements of the hybrid planning permission (**CDB.37**), the PDA, the on-going delivery of phase 3b & 3c as well as describing the Developer's financial and professional resources, I believe I have demonstrated how phases 3b, 3c and phase 4 will be delivered.
- 7.27 The Developer has a broad range of regeneration experience and is used to working collaboratively with partners from both the public and private sectors. Examples of this are set out in paragraph 3.5 of my evidence. The Developer is fully committed to the delivery of the whole of the West Hendon regeneration Scheme and has sufficient funding to ensure its delivery.
- 7.28 At IR 609 (**CDA.19**) the previous CPO Inspector concluded that whilst individual phases of the Scheme might not be viable, the financial benefits to the Developer arise from later phases. She recognised this as a significant incentive for the work on phase 3b & 3c to be completed promptly. The same incentive applies to phase 4, which the Developer wishes to deliver in a timely manner.

Preconditions

- 7.29 The Developer is satisfied that meeting any conditions such as detailed planning consent or securing highways orders will not constitute an impediment to delivering this or later phases of the Scheme.
- 7.30 I set out at Appendix 1 a summary of the phase 4 pre-conditions, and my view on how they will be satisfied. If any pre-condition is not likely to be satisfied, I set out whether it can be waived by the Developer or the Council, and how likely this would be to happen.

- 7.31 We have either satisfied all pre-conditions in relation to the previous and current phases, or agreed that they will be waived, and intend to follow a similar process for Phase 4. I therefore do not foresee difficulties in satisfying the Phase 4 pre-conditions.

Other consents

- 7.32 Stopping up orders to enable the construction of phase 3a have already been secured, as have those to deliver phase 3b and 3c. Further highways orders will be required throughout all phases of the Scheme to enable the diversion and modification of highway rights. Due to the decant strategy and phased delivery structure it was necessary to develop a programme for bringing forward the necessary highway orders which fits within the construction programme and also ensures all existing and new properties retain access at all times. This phased delivery means that a number of interim access solutions have to be provided before the final street layout shown on the masterplan is completed in the final phases of the scheme. Only during the final phases of the scheme will it be possible to realise the street layout outlined in the masterplan.
- 7.33 A stopping up order for highways within phase 4 was publicised in January 2017. The order will only be implemented once the properties currently served by the affected highways have been acquired or alternative rights have been provided.
- 7.34 The Developer and the Council have entered into a planning performance agreement to ensure the timely delivery of planning consents required to deliver the Scheme.
- 7.35 Pre-application planning consultation in relation to the detail of phase 4 was undertaken and an application for reserved matters approval was submitted on 22 December 2016. This included an application to discharge reserved matters for the highway works. Following discussions during the pre-application process and advice from the Developer's professional advisers, I do not foresee any reason for delay in granting approval.

Bringing forward works

- 7.36 During Partnership Board meetings, in January 2016, it was agreed between the Developer and resident representatives that the Developer would consider bringing

forward the Major Highway Works and a significant element of the Green Infrastructure within the Scheme.

- 7.37 Following consideration and discussion with the Council, it was agreed that the Developer would bring forward the works. The Developer is contracted to deliver the Major Highway Works by phase 4c or by the 1058th unit within the scheme. They will now commence in Phase 3c rather than within phase 4 as previously programmed.
- 7.38 This decision I believe demonstrates the commitment of the Developer both to working positively with residents and to delivering the Scheme.

8. Resident relations since the 2014 CPO inquiry

8.1 Since the close of the 2014 CPO inquiry, relations with affected residents have significantly improved. This has been one of my priorities, and together with the Council, we have implemented a number of changes in the project team and policies which have been favourably received by affected residents.

8.2 These are outlined at para 5.4 of Mr Bailey's evidence, and I highlight my personal experience of these improvements.

- *Following the move of secure tenants within phase 3b to new homes residents have gained an appreciation of the benefits provided by the scheme. This has been demonstrated by the overwhelmingly positive response to a satisfaction survey undertaken by decanted residents in 2015. Furthermore no secure tenants in Phase 4 have objected to the proposed move to a new home.*
- *Agreement has been reached to acquire 21 out of 34 long leasehold interests in phase 4*
- *It is evident when I walk around the estate, visiting residents and speaking with resident groups and local businesses, that there has been a marked improvement in overall relations between the Development Partners and the community since 2014/15. The overall sentiment of relations amongst the Partnership Board is now positive and forward looking and makes for much more productive meetings amongst the team.*
- *In addition, the large number of people who have moved into new homes since the public inquiry for CPO1 has encouraged a more positive attitude in the existing secure tenants and leaseholders, who have had the opportunity to visit friends and neighbours who have moved into new accommodation.*

8.3 The Developer and Council are committed to maintaining and improving good relations with affected parties. The Developer is working to bring real benefits to residents from the Scheme, and ensuring wherever reasonably possible that the impact of the scheme on those affected is mitigated.

9. Responses to Objections

- 9.1 The Secretary of State has received objections against the confirmation of the Orders **(CDA.03 and CDA.06)**. A schedule of objectors for each order is in the Core Document library at **CDD.03**.
- 9.2 Although a number of individual objections were made it has been possible to identify a number of common themes in these.
- 9.3 Responses to these objection themes have been collated in the Response to Objections document and I refer below to those objections relating to my evidence.

Group 1 theme 2: Loss of Community Spirit / Cohesion

- 9.4 Some objections have expressed the view that there is a strong sense of community within the Estate, and that the Regeneration Project will disperse members of that community.
- 9.5 I respond to this objection along with Mr Bailey, and my response is set out at para 2.13-2.19 of the Response to Objectors.
- 9.6 The project office that is situated within the estate is my usual place of work. We have seen the local community remain as leaseholders and secure tenants have relocated to new homes within the development. My own experience is that the majority of those who have moved speak very positively about their new home, as do the new residents who have moved here.

Group 1 theme 7: Funding – Developer’s Ability to Acquire Interests

- 9.7 The objections raise concerns over the Developer’s ability to fund the scheme/property acquisitions.

Response:

- 9.8 I have addressed this above at para 7.14-7.28 and at para 2.48 of the Response to Objections.

9.9 I confirm that the Developer has the resources available both to acquire third party interests and deliver the Scheme.

Group 1 theme 10: Human Rights (Purchase Price of Shared Equity, SDLT & Service Charges)

9.10 The objections claim the scheme will be in disproportionate contravention of Article 1 of the First Protocol to, and Article 8 of the European Convention on Human Rights (ECHR). I respond to the objection along with Ms Blackman and Mr Bailey.

9.11 The objectors also raise specific issues in regard to 3 policies associated with the shared equity scheme.

Response:

9.12 The response to this objection is set out at 2.52 and 2.59 of the Response to Objections.

9.13 A summary of the shared equity offer is set out at Appendix 2. I confirm that the Developer will continue to work with eligible leaseholders to ensure the shared equity scheme is a realistic and affordable option.

Objections group 2

9.14 An objection was submitted by Jasmin Parsons to which is appended a petition with 30 signatories. This has been treated as 31 individual objections; however the substance of each individual objection replicates Ms Parsons's statement. These are summarised at section 3 of the Response to Objections

9.15 The objection prepared by Ms Parsons includes a number of themes which have been addressed by a number of different witnesses. I respond below to the themes that are relevant to my evidence.

Group 2 Theme 2:

9.16 The objectors claim that the new buildings have been plagued with problems in other parts of the Regeneration Project.

Response:

9.17 This claim is not true, and the response is set out at para 3.17 of the Response to Objections.

9.18 Where any minor issues have been identified with the new properties, these have been resolved. The majority of those who have moved to new properties are very happy with them, as are those new residents who have moved into the estate.

Group 2 Theme 3:

9.19 The objectors state that:

- *There is no longer a guarantee to stay or return to the estate*
- *Communities, families and social networks are being fragmented and people are being forced outside London.*

9.20 I respond to this objection along with Ms Blackman, Mr Bailey and Mr Shipway.

9.21 Resident's rights vary depending on their tenure and the response is set out at para 3.22 onwards of the Response to Objections.

Group 2 Theme 4:

9.22 The objections state that:

- *Insufficient information is provided regarding the costs of the scheme and funding arrangements.*
- *That without further information regarding funding and viability the CPO ought not to be confirmed.*

9.23 I respond to this objection along with Mr Bailey.

Response

9.24 The scheme will be funded by the Developer who will make a commercial return from the sale of private units, as I have explained above (see para 7.14-7.28). The response to the objection is set out at para 3.36 of the Response to Objections.

9.25 I confirm that the Developer has resources available to deliver the Scheme.

Group 2 Theme 7:

9.26 Objections raise issues concerned with health and safety associated with on-going development on land outside of the orders. I respond to this objection, and the objection response is set out at para 3.49 of the Response to Objections.

Response

9.27 The Developer has worked hard to ensure that the development on site outside the Order Lands complies with all Health & Safety requirements. Hendon Waterside won the National House Building Council Health and Safety award for best practice in the country under the supervision of Project Manager Sury Patel.

9.28 If residents have any specific concerns regarding site management or health and safety these can be raised through the independent resident adviser (Robert Webb), the Developer's on site team or Environmental Health department of Barnet Council.

10. Conclusion

10.1 In my evidence I have:-

- Described the structure of the Developer and its arrangements with the Council
- Described the experience of the Developer
- Described the Scheme, project phasing and progress to date
- Confirmed the Developer's commitment to Delivery, and demonstrated this through progress to date
- Set out the changes in resident relations since the CPO1 Inquiry
- Responded to objections relating to areas covered within this evidence.
- I do not consider that any of the objections raised provide justification for the CPO

Table of Phase 4 preconditions

	Pre-condition	Satisfaction requirement	Waiver ?	Comments
a	Confirmation that the Council has been consulted in accordance with the Consultation Protocol on the transfer of Phase 4	Council to confirm	n/a	The Developer will consult with the Council as required. This pre-condition has been satisfied for all previous phases.
b	Developer has obtained detailed Planning Permission and/or Reserved Matters Approval(s) relating to siting and massing pursuant to the Planning Permission for Phase 4 all in a form satisfactory to Developer (acting reasonably)	Reserved Matters to be obtained	n/a	The Developer submitted a reserved matters application on 22 December 2016 and based on advice from his professional team, and pre-application discussions with the planning department, expects reserved matters application to be approved shortly.
c	Such Planning Permission and/or Reserved Matters Approval(s) are beyond legal challenge with any Challenge Period having expired (i.e. JR period has expired)	Challenge Period to expire	n/a	The Developer will work with its advisers to provide the most robust reserved matters application possible to reduce risk of any challenge.
d	The Developer has confirmed to the Council in writing that it is satisfied the phase can be funded on terms satisfactory to the Developer	Written confirmation from Developer	n/a	As set out in para [x] the Developer has funding available for the Project, and will provide confirmation to the Council when required.
e	Provision of a Design	Design certificate to be provided	n/a	Design certificates have been provided

Table of Phase 4 preconditions

	Certificate in respect of Phase 4			for all previous phases and the Developer will ensure it is provided for Phase 4
f	Confirmation by the Council that the Compulsory Purchase Order and the exercise by the Council of its steps for appropriation (as referred to in clause 7) have been completed in relation to Phase 4 both in a form satisfactory to the Council and Developer acting reasonably	Council to confirm	n/a	The Developer is working with the Council to assist in the making of the Orders. This pre-condition was satisfied for Phase 3, and the Developer does not foresee any issue in it being achieved for Phase 4.
g	The Third Party Interests Acquisition Date has been achieved in relation to Phase 4	Date achieved		Third Part Acquisition Date has been achieved for all phases to date, and the Developer is working with the Council to achieve it for Phase 4
h	The Secretary of State's Consent for Phase 4 remains valid and satisfactory to Developer (acting reasonably) or new Secretary of State's Consent has been obtained for Phase 4 (or Further Secretary of State's Consents have been obtained pursuant to clause 7.8 on terms satisfactory to Developer (acting reasonably)).	Secretary of State consent valid	n/a	Secretary of State consent has been received for all phases to date and Developer does not foresee any issue with obtaining for this phase
i	The Ground 10A Consultation	Ground 10A consultation completed	n/a	Ground 10A consultation has been undertaken and

Table of Phase 4 preconditions

	having taken place in relation to that Development Phase, consisting only of information or material consistent with the obligations of the parties under the provisions of this Agreement unless otherwise agreed between the parties.			completed in respect of all secure tenants within Phase 4
j	The Consent of the DCLG being issued to the Ground 10A Consultation in a form satisfactory to the Council and Developer acting reasonably.	DCLG Consent obtained	n/a	Ground 10A consultation has been undertaken in respect of all secure tenants within phase 4 and approved by DCLG.
k	Developer has served a draft amended Master Programme to the Council and the Council has approved such amendments to the Master Programme	Master Programme served and approved	n/a	Master Programmes have been served and approved for phases to date, and no difficulties are foreseen for future phases.
l	MHT has if required entered into a Nomination Rights Deed in respect of Phase 4	Nomination Rights Deed if required	LBB/Developer waiver	The Developer will ensure a Nominations Rights Deed is entered into by MHT if required.
m	Where clause 14.4(b) applies, the Overage Phase Projected Construction Costs for the relevant Overage Phase have either been approved in	Costs agreed	n/a	Developer will provide Overage Phase Projected Construction Costs as required, and if they are not agreed, will be determined in accordance with clause 14.10 – Expert Determination

Table of Phase 4 preconditions

	writing between the Council and Developer or determined in accordance with clause 14.10.			
n	The Project Test and/or the Phase Test is satisfied in respect of Phase 4	Phase / Project Test satisfied	Developer waiver	As set out at para [x], phase 4 does not meet phase test but Developer considers overall Project is viable and will therefore submit a waiver notice to the Council if required to allow Project to proceed.

West Hendon Shared Equity Scheme Summary Note for CPO2

27 February 2017

Shared Equity Scheme

The West Hendon shared equity scheme has been designed to assist eligible owner-occupiers living on the estate move in to a new home within the development. The shared equity scheme enables eligible owner-occupiers to own 100 per cent of their new home.

As the new homes are worth more than the existing homes, Metropolitan provide a secure equity loan to assist. Unlike a traditional loan or mortgage Metropolitan do not charge any rent or interest on the equity loan and no regular payments are due.

When the shared equity home is sold Metropolitan recover the equity loan in full. As the equity loan is held against a share of the property, rather than a fixed cash amount, Metropolitan recover the market value of their share. An example of how the shared equity scheme works is provided at appendix 1.

Eligibility Criteria

Owner occupiers are entitled to apply for a shared equity property if:

- they are an existing owner occupier who purchased their property on the estate on, or before, 30th September 2003; and
- the property is their only or principal home now and they have occupied the property for 36 calendar months during the 5 years before being made an offer under the Shared Equity Scheme

Of the 26 remaining leaseholders in CPO2 9 are eligible for shared equity. Owner-occupiers are required to use all of the equity they receive from the sale of their existing property plus their Home Loss payment to purchase a new shared equity home.

It is necessary to purchase a minimum of 50 per cent equity in the new home to qualify for shared equity.

Availability

Barratt Metropolitan LLP is committed to ensuring a wide range of different property types are available for eligible owner-occupiers. Eligible owner-occupiers in CPO2 are being given the opportunity to move early, if they wish, taking advantage of the seven surplus shared equity homes built in P3A. To date six have moved in to a new shared equity home. Alternatively they can move in to one of the nineteen new shared equity homes being built in phases 3B and 3C. These range from one to three bedroom properties.

In total 26 new properties are being made available for the eligible owner-occupiers in CPO2. It is envisaged that any surplus S/E properties will be offered to eligible owner-occupiers in CPO3 as part of the wider advanced acquisitions strategy that is being prepared.

Affordability

Barratt Metropolitan LLP will ensure that an affordable shared equity home with a comparable number of bedrooms is available for all eligible owner-occupiers (including parking if required) in CPO2. This is subject to the eligible owner-occupier using all of the equity they receive from the sale

of their existing property plus their Home Loss payment to purchase a minimum of 50 per cent equity in the new home.

Service Charge Subsidies

The Principal Development Agreement (PDA) requires Barratt Metropolitan LLP to subsidise residents moving in to their new homes to ensure that the amount of service charge they pay is comparable to the average residential service charge of Council and Registered Social Landlords within the LB of Barnet. This is higher than the existing service charge paid by residents living on the West Hendon estate.

The established Service Charge Endowment Trust Fund (SCETF) goes further than the PDA requires ensuring that residents re-housed in the scheme pay a comparable service charge to the existing service charge for properties on the West Hendon estate. This is maintained for a five year period before the service charge is gradually brought in line with the service charge for the new development over a further five year period.

In addition the SCETF provides an energy centre standing charge and a ground rent subsidy. Residents re-housed within the earlier phases of the development receive the SCETF subsidies annually.

Stamp Duty

When purchasing a shared equity property it is necessary to pay SDLT based on 100 per cent of the value of the property at the point of sale. Barratt Metropolitan LLP paid the full SDLT liability for owner-occupiers who purchased a comparable shared equity home in CPO1 and will do the same in CPO2.

Parking

Barratt Metropolitan LLP is providing 0.8 parking bays per new property built on the West Hendon scheme. Residents purchasing a shared equity home can purchase a parking space, subject to availability. Priority will be given to residents purchasing larger properties (2 bed+).

Allocations

Shared equity homes are allocated in line with the MHT Allocation Policy. Top priority is given to eligible owner-occupiers who have agreed Heads of Terms for the sale of their current property by Private Treaty. The allocation policy is attached at appendix 2.

Succession Rights

Eligible owner-occupiers purchasing a shared equity home are entitled to succession rights, these are set out in the attached successions policy at appendix 3.

Appendix 1 – Shared Equity Scheme Example

Step 1

Leaseholder sells existing property through private treaty for £200k, plus £20k Home Loss payment = £220k



Metropolitan provide secure equity loan (£220k - 50 per cent share). No rent or interest is charged.



Step 2

Leaseholder purchases a new shared equity home for £440k (Leaseholder provides £220k - 50 per cent share)



Step 3 (Time Passes)



Leaseholder sells the shared equity home for £600k



Leaseholder receives £300k (50 per cent share)



Metropolitan recovers equity loan of £300k (50 per cent share)

NB – Indicative values for illustration only

Appendix 2 - Leaseholders & Freeholders Allocations Protocol for the new West Hendon Shared Equity Homes.

The next phase of shared equity homes are expected to be available in late 2018. If you are eligible and interested in purchasing a Shared Equity property at West Hendon, you will be able to view plans of the properties shortly. You will then be asked to complete the form enclosed expressing a preference for up to 3 units.

Once expressions of interest have been received, preferences will be considered in accordance with the process set out below.

If you would like more information about the shared equity scheme please contact Sheila Morcombe on 020 3535 4250 or email sheila.morcombe@metropolitan.org.uk

1. Introduction

- 1.1. This protocol applies to all new Shared Equity Homes built on the West Hendon Regeneration Scheme and to eligible leaseholders and freeholders of the scheme.
- 1.2. A dedicated West Hendon Team will process the sale of the new homes.

2. Priority of Allocations

- 2.1. Priority will be given as follows:
 - b) Leaseholders who have agreed Heads of Terms for the sale of their current property by Private Treaty. Allocations made on this basis will be required to exchange contracts for sale and purchase within 28 days of agreed Heads of Terms
 - b) Leaseholders and Freeholders with medical needs in accordance with a medical professional assessment.
 - c) Leaseholders and Freeholders who have children attending secondary school.
 - d) Leaseholders and Freeholders with children currently attending nursery or primary school.
 - f) The length of time the Leaseholder has owned the lease interest in the property.
 - g) Suitability of the property in terms of household size

I have read and understood the information provided.

I have received a copy of Metropolitan's Allocation Policy.

Applicant: Signed..... Date.....

Metropolitan: Signed..... Date.....

Please complete all sections below:

Applicant Name(s).....

Address:

..... Post Code

Telephone: Home: Work

Mobile: Email.....



Single or Joint Application? Number of Children

Please circle the preferred mode of contact

First Preference: (Flat/Plot No)

Second Preference: (Flat/Plot No)

For Office Use Only

Property Offered

Anticipated Exchange date

Anticipated completion date

Appendix 3

West Hendon Shared Equity

Succession Policy

- The Existing Owner Occupier who takes up the shared equity product will be able to pass on the shared equity only once through their will to a Family Member (as defined in the PDA). To be eligible to inherit the shared equity the Family Member must:
 - have been in occupation in the property as their principal home when the shared equity offer was first made to CPO2 leaseholders; and
 - at the date of inheritance the property must be their principal home and have been so for 36 months out of the previous 5 years.
- If a Family Member is not eligible they will have to reimburse Metropolitan their equity, either with cash/mortgage or by selling the property.
- Family Members are defined as:

such a person is a member of another's family if:

 - (a) he/she is the spouse or civil partner of that person or he/she and that person live together as if he was; or
 - (b) he/she is that person's parent, grandparent, child, grandchild, brother, sister, uncle, aunt, nephew or niece;
 - (c) for the purposes of this definition then:
 - (i) a relationship by marriage or civil partnership shall be treated as a relationship by blood;
 - (ii) a relationship of the half-blood shall be treated as a relationship of the whole blood.