

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

Summary 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.

Role in relation to Scheme

- 1.2 My responsibility in regard to the Scheme covers:
- Managing the Principal Development Agreement, including the Developer's obligations under it.
 - Managing and delivering site assembly.
 - Drawing land down to deliver future phases of West Hendon's regeneration.
 - Reporting to the LLP's Board quarterly on contractual and financial matters,
 - I also Chair the Construction Working Group
- 1.3 In this document, I summarise the matters covered in my proof of evidence

2. The Developer

- 2.1 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.
- 2.2 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.
- 2.3 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 programmed 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.

3. Arrangements between the Developer and the Council

- 3.1 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.
- 3.2 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.
- 3.3 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**).
- 3.4 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.
- 3.5 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.

4. Scheme description

- 4.1 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.
- 4.2 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.
- 4.3 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.
- 4.4 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.

5. Scheme Phasing

- 5.1 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. The Developer's commitment to delivery

The Developer is committed to delivering the Scheme.

Planning

- 6.1 The Developer has been granted planning permission (part detailed and part outline) **CDB.37** for the Scheme.

Site Assembly

- 6.2 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.
- 6.3 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**).
- 6.4 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.
- 6.5 To secure vacant possession of phase 3b it was necessary to make a CPO.
- 6.6 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*

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

Sales progress

6.8 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.

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

Resources

6.10 The Regeneration Project will be financed by the Developer. The Council has confirmed that it is satisfied that the Developer is able to finance the delivery of the Scheme and the Developer remains committed to doing so.

Preconditions

6.11 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.

6.12 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

6.13 A stopping up order for highways within phase 4 was advertised in January 2017.

6.14 I do not foresee any reason for delay in granting approval.

Bringing forward works

6.15 During Partnership Board meetings, the Developer and the resident representatives agreed that the Developer would consider bringing forward the Major Highway Works and a significant element of the Green Infrastructure within the Scheme.

6.16 Following discussion with the Council, it was agreed to bring forward the works and they will now commence in Phase 3c.

7. Resident relations since the 2014 CPO inquiry

- 7.1 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.
- 7.2 The Developer and Council are committed to maintaining and improving good relations with affected parties and ensuring wherever reasonably possible that the impact of the scheme on those affected is mitigated.

8. Responses to Objections

- 8.1 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**.
- 8.2 Although a number of individual objections were made it has been possible to identify a number of common themes in these.
- 8.3 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.
- 8.4 I do not consider any of the matters raised by objectors to represent impediments to the confirmation of the Order.

Objection reference	Objection Theme
Group 1 Theme 2	Loss of Community Spirit & Cohesion
Group 1 Theme 6	Funding – Developer’s ability to Acquire Interests
Group 1 Theme 9	Human Rights (Purchase Price of Shared Equity, SDLT & Service Charges)
Group 2 Theme 2	New buildings have been plagued by problems with build quality
Group 2 Theme 3	No guaranteed right to return to the Estate
Group 2 Theme 4	Insufficient information on funding and viability
Group 2 Theme 7	Health & Safety concerns associated with the construction work outside the Order Land

9. Conclusion

9.1 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.

9.2 I do not consider that any of the objections raised provide justification for the CPO not to be confirmed

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.