

CROYDON – WHITGIFT REDEVELOPMENT
LAND ACQUISITION AND RELOCATION STRATEGY

March 2014

1. INTRODUCTION

- 1.1. This is an agreed strategy document between Croydon Council (the Council) and Croydon Limited Partnership (the Partnership). The Partnership is a joint venture between Hammerson UK Properties plc (Hammerson) and Westfield Shoppingtowns Ltd (Westfield). Its purpose is to address how land acquisitions and relocations for the Scheme below will be managed.

- 1.2. The Council and the Partnership are working together in order to deliver the redevelopment of The Whitgift Centre and surrounding land in Croydon Town Centre (the Scheme). The site is bordered by George Street, Wellesley Road, Poplar Walk and North End. The Scheme is a retail-led mixed use scheme which includes leisure, residential, office and community elements, as well as car parking.

- 1.3. The site is in multiple ownerships with interests and rights needing 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 and this will require authorisation by the Council's Cabinet first. Once made, the CPO must be confirmed by the Secretary of State before it can be used to acquire land compulsorily.

- 1.4. The Partnership will use reasonable efforts to undertake negotiations with third parties whose land, or rights in 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.

- 1.5. Negotiations will be carried out in such a way that the guidance to acquiring authorities set out in Circular 06/2004 (Compulsory Purchase and Crichton Down Rules) is complied with.
- 1.6. These activities will be monitored by the Land Assembly Group (LAG) which will meet regularly. The LAG includes representatives from the Partnership, the Council, Nigel Laing Associates, CBRE and Deloitte. Other team members will attend if required.

2. PROPOSED ACTION

Communications

- 2.1. The Partnership 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 who may have existing rights affected by the Scheme.
- 2.2. The Partnership will use reasonable efforts to contact every party whose property or rights in property are required, 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 Partnership.
- 2.3. The Partnership 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 Partnership's invitation to enter into discussions and negotiations.

- 2.4. 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.
- 2.5. The Partnership, the Council and their respective advisers will respond promptly to all enquiries received from affected parties.

Negotiations

- 2.6. The Partnership 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 Partnership's progress.
- 2.7. The Partnership 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 Partnership will progress negotiations diligently and in all circumstances will maintain comprehensive written records to evidence the position with each party.

2.8. The particular circumstances of each case will influence the approach taken by the Partnership. 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. The range of potential proposals include (but are not restricted to) the mechanisms set out below.

Freeholds/Long Leaseholds

2.9. The Partnership (through its ownership of the Whitgift Limited Partnership) has a long leasehold interest in the Whitgift Centre. At present it does not have a direct landlord and tenant relationship with the occupational tenants in the Whitgift Centre due to an intervening long leasehold interest. Further, it does not have control over the occupational tenancies arising under other freeholds and long leaseholds within the proposed Order Land (the Landlord's Interests). As immediate landlord to the occupiers it would be more practicable for the Partnership to treat with them early. The Partnership will therefore actively seek to acquire all freehold, long leasehold and landlords' interests at an early stage and are actively seeking to progress discussions.

2.10 If the Landlords' interests are not acquired at an early stage the Partnership will seek to agree options and conditional contracts for the acquisition of the tenants' interests where practicable (along with other potential mechanisms and agreements). This is considered in more detail below.

2.11 If a Landlord's interest is acquired early it is anticipated that agreement can more easily be reached with tenants to allow them to leave early, take up opportunities to relocate, or even discontinue their businesses or activity, depending on their circumstances.

Properties owned by The Partnership

2.12 The Partnership owns the Centrale Shopping Centre (Centrale). Vacant space within Centrale is being made available by the Partnership for the possible relocation of some businesses.

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

2.14 The Partnership and the Council have vacant properties within their ownerships. Where practicable these will be made available to businesses that have to relocate from the development site on normal commercial terms.

2.15 Both Hammerson and Westfield will also explore opportunities with displaced businesses for relocation to properties in their ownership elsewhere in London which could be made available.

Occupiers

2.16 The Partnership and the Council are keeping records of vacant property in Croydon and this information will be made available to those having to relocate. These records will continue to be updated throughout the land assembly period.

2.17 The Partnership 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.
- ⌚ 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 centre.
- ⌚ 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.
- ⌚ Agreeing to acquire on acquisition of the landlord's interest.

2.18 The Partnership will deal with all occupiers on a fair basis. However, it is acknowledged that certain occupiers might be more significantly affected than others. The Partnership 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.

2.19 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.

2.20 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 or CLP has agreed with an occupier that 'relocation' represents the appropriate basis for compensation to be assessed then the Council and CLP will work with that occupier, where

reasonably possible, to help them find alternative accommodation to relocate to.

2.21 The particular circumstances of each occupier will vary, as will their relocation requirements and the availability of suitable and affordable alternative premises. In discussions with occupiers CLP can consider the possibility of them relocating to the Scheme once completed. 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 Croydon town centre before considering premises in alternative locations.

3. RIGHTS

3.1. 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.

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

4. RESOURCING

4.1. All negotiations must reflect the respective roles of the Council as the acquiring authority and the Partnership as proposed developer.

- 4.2. The Council 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.
- 4.3. Details of all communications and negotiations will be available to the Council subject to confidentiality arrangements agreed between the Council and CLP.
- 4.4. On the Partnership's behalf negotiations to acquire interests by agreement will be undertaken by its advisors, currently being Nigel Laing Associates; CBRE; Savills; or the Partnership direct.
- 4.5. Following the exercise of compulsory purchase powers or acceptance of a blight notice the Council will be responsible for the conduct of negotiations that follow. The Council will either undertake these themselves or through its advisers, currently Deloitte.
- 4.6. Prior to the exercise of compulsory powers if an affected landowner wishes to deal directly with the Council, the Partnership and the Council will seek to accommodate such a request and put in place appropriate arrangements and consider the approach to any agreement with such a landowner. The Council will then keep the Partnership and the LAG informed of any direct dealings with affected landowners, following this Land Acquisition and Relocation Strategy.

4.7. In the event that further resource is required by the Partnership or 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.

4.8. 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.

5. BLIGHT AND HARDSHIP

5.1. 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. To supplement these provisions, the Council will put in place an Exceptional Hardship Scheme, the proposed terms of which are set out in the attached draft document.