

CABINET

19 April 2016

Title: Barking Riverside Gateways Housing Zone	
Report of the Cabinet Member for Regeneration	
Open Report	
Wards Affected: Thames	Key Decision: Yes
Report Author: David Harley – GM Economic Development and Sustainable Communities	Contact Details: Tel: 020 8227 5316 E-mail: david.harley@lbbd.gov.uk
Accountable Director: John East - Strategic Director of Growth and Homes	
Summary <p>Housing Zones are a key initiative of the Government and Greater London Authority (GLA) to speed up delivery of housing development. In August 2014 Cabinet agreed “to development of a London Housing Zone bid for Barking Town Centre and Barking Riverside along the lines of Appendix 1 either separately or as a single bid.” The GLA requested the Council’s initial focus should be a specific Barking Town Centre bid - this was successful and this Housing Zone is now established with the Overarching Borough Agreement in place.</p> <p>In recent months the GLA has confirmed it has £400m additional funding to announce a further number of zones. Unlike last time there is not a competitive bidding process but certain areas have been encouraged to develop proposals. With the high political focus on housing delivery there is an element of ‘first come first served’ in relation to the funding if proposals fulfil the GLA’s objectives. The Council was encouraged to progress proposals for a Housing Zone covering existing industrial areas on Thames Road and parts of River Road. These areas divide Barking Riverside from Thames View Estate and also present an extremely poor entrance to what is one of London’s largest development sites. Therefore the bid was named ‘Barking Riverside Gateways Housing Zone’ and sought £30m grant funding for a phased development of around 3,000 homes, commercial space and associated facilities. On the 10 March the GLA announced 11 new Housing zones including Barking Riverside Gateways although the quantum of funding was not publically announced.</p> <p>A Barking Riverside Gateways Housing Zone would be an ideal opportunity to bring forward development in this area much quicker than leaving it to the private sector alone. This is fully in line with the Council’s ‘Growing the Borough’ priority however delivery is not without significant challenges. This report sets out the benefits of the bid and the challenges for delivery. An indicative masterplan of the Housing Zone area forms Appendix 1.</p>	

Recommendation(s)

The Cabinet is recommended to:

- (i) Agree to enter into the Overarching Borough Agreement and associated Intervention Agreement(s) with the Greater London Authority, forming the basis for the Housing Zone arrangements with the Council, as set out in the report;
- (ii) Agree to the principle of a phased redevelopment of the area shown in Appendix 1 for a housing-led, mixed used development;
- (iii) Agree to the principle of procuring a long term funding partner with a view to managing the area and holding property over the long term;
- (iv) Delegate authority to the Strategic Director for Growth and Homes, in consultation with the Strategic Director of Finance and Investment, the Director of Law and Governance and the Cabinet Members for Finance and Regeneration, to approve land purchases within the Barking Riverside Gateways Housing Zone area, subject to available funding;
- (v) Agree that, should negotiations with landowners not progress, the Council use its Compulsory Purchase Order (CPO) making powers pursuant to Section 226 of the Town and Country Planning Act 1990 (As Amended) for the acquisition of the leasehold and freehold interests in the properties for the purposes of securing land needed to allow the redevelopment of these areas;
- (vi) Delegate authority to the Strategic Director for Growth and Homes, in consultation with the Director of Law and Governance, to take all necessary steps to secure the making, confirmation and implementation of a CPO within the Housing Zone area including the publication and service of all Notices and the presentation of the Council's case at any Public Inquiry;
- (vii) Agree that the GLA Housing Zone funding of £30m shall not be used to purchase any of the Council's property interests in the area and used instead to provide a receipt or income stream from subsequent development; and
- (viii) Agree that a further report be presented to Cabinet on options for the delivery of new homes on the site.

1. Introduction and Background

- 1.1 Housing Zones are a significant tool for speeding up the delivery of new homes utilising a range of tools but principally through GLA grant and loan funding. The Council was successful in securing one of the first London Housing Zones for Barking Town Centre. This is progressing well with the Overarching Borough Agreement in place and individual schemes moving forward.
- 1.2 Cabinet in August 2014 agreed to the submission of a bid for Barking Town Centre either separately or with Barking Riverside. The GLA requested that the Council focus its initial attention on Barking Town Centre however now additional funding is available for more Housing Zones they have asked the Council to bring forward

proposals for the industrial land surrounding Barking Riverside. Glennys were appointed to provide valuations of all the sites for acquisition and this has informed development appraisals for the area.

2. Proposal and Issues

- 2.1 Barking Riverside is London's largest housing development site with outline planning approval for 10,800 homes and associated facilities. With 2km of River Thames frontage it offers superb potential to provide housing in a new community with excellent accessibility to central London in a borough where property prices are more affordable for London's workforce. One of Barking Riverside's current challenges though is the oppressive entrances to the new development through a dated, unattractive industrial area. The contrast between Barking Riverside's award winning architecture and the industrial area is stark. The negative image is raised by existing and potential residents and there have been numerous negative press articles highlighting this major barrier to Barking Riverside achieving its potential.
- 2.2 Last year saw the publication of the London Riverside Opportunity Area Planning Framework (OAPF), the 'City in the East' plan and the Council's Local Plan review - all of them making a strategic case for the de-designation of industrial land on Thames Road and part of River Road for housing. The Cabinet agreed on 21 July 2015 to consult on the Local Plan Issues and Options report. The Thames Road site is identified for potential de-designation in the report, removing it from Strategic Industrial Land (SIL). It proposed to bring forward the site as a mixed-use housing site, suitable for 2,000 homes. The Local Plan is the Borough's key strategic planning document and provides the vision for how Barking and Dagenham should develop up to 2030. There are strong planning arguments for de-designation including enabling better linkages between Thames View estate and Barking Riverside, improved gateways into Barking Riverside and removing potential conflict between land uses (and associated vehicles movements). The documents also highlight a focus elsewhere on delivering new business accommodation suitable for modern business needs.
- 2.3 The Council's recent development of a new primary school on the eastern end of Thames Road has created an anomaly in Thames Road. Changing industrial uses on Thames Road to mixed use residential will help integrate the school into the wider community and make it safer and more attractive for pupils. Changing land use will change the nature of traffic in the area making it safer.
- 2.4 In many areas simply removing a Strategic Industrial Land designation would result in the private sector bringing forward housing redevelopment proposals. However, in this area residential and employment land values are broadly similar plus there is likely to be remediation/flood risk mitigation works associated with redevelopment therefore de-designation alone will not result in the development coming forward. Given the fragmented ownership it is also important that there is a comprehensive redevelopment proposal (albeit with phased implementation) rather the piecemeal redevelopments. A Housing Zone is needed to support land assembly, preparations of sites and selection of development partners. The Council will need to ensure if sites cannot be acquired by agreement that it can utilise its compulsory purchase order powers.

- 2.5 The industrial area consists of buildings mostly built pre-1970s with many no longer fit for modern industrial uses. This has resulted in a number being used for alternatives uses such as places of worship, banqueting suites, etc. A detailed analysis of the area has been carried out looking at the types of businesses/uses, the quality/appearance of the site and the rateable values. There is also scope to consider whether any uses could work adjacent to residential or take ground floor space in a mixed use development. There is evidence from other parts of London where housing/mixed used development has replaced industrial uses that job numbers in the area remain constant or even increase. This is due in part to the relatively low density of employment for industrial/warehouse uses.
- 2.6 It is important to recognise however that whilst the area has dated buildings and poor appearance there is extremely limited vacancy and that it would involve displacement of a significant number of businesses and places of worship (local and regional ones). There are some, albeit limited, alternative locations elsewhere for businesses and the Council would work with key industrial developers/landowners such as SEGRO, Baytree/Axa and others to explore opportunities. The Council also owns the former Remploy site which could be used for business relocations. However it may be the case that a number of businesses are unwilling or unable to relocate and decide to close.
- 2.7 There are a number of places of worship on Thames Road although some do not have planning approval. Thames Road has proved attractive to places of worship as large warehouses which do not meet modern distributors needs provide cost effective space. Their acquisition is likely to be controversial and more challenging to secure alternative premises than business relocations. It may be the case that smaller places of worship providing for a local catchment could occupy ground floor space created as part of new developments. For both businesses and places of worship it will be important to develop a clear strategy for engagement as part of the next stage of progressing the bid.

2.8 Objectives of the BR Gateways Housing Zone

- Improved gateway into Barking Riverside – improving perceptions and raising land values;
 - Removing physical and perceptual barriers between Barking Riverside and Thames View Estate;
 - Bringing forward development far quicker than without intervention;
 - Delivery of thousands of new homes plus commercial space;
 - Delivering new affordable homes for rent and for sale;
 - Delivery of site for a new secondary school;
 - Encouraging Barking Riverside residents to walk/cycle (including to Barking);
 - Links with recently announced Barking Riverside Healthy New Town designation (the zone can be included within this) and a ‘Low Emission Neighbourhood’ bid about to be submitted; and
 - Potential to showcase new housing delivery methods and new models of mixed use development.
- 2.9 The additional objectives for the Council is that the Zone provides grant funding to speed up delivery with resulting new development securing Community Infrastructure Levy, New Homes Bonus and new Council tax. There would be new business space generating additional NNDR however this is likely to be lower than

the current NNDR collected on the site. The proposals include providing land for a new secondary school.

2.10 Housing Zones require a 'something for something' approach between bidders and the GLA. The Council's 'something' for the GLA's £30m would be:

- Utilising extensive experience and expertise in delivery;
- Include the Thames View Roxwell Road site into the Housing Zone. This is identified in the Estate Renewal Programme 2015-2021 and enables us to include some affordable rent which is already identified for HRA funding;
- Utilising the former Remploy site for business relocations (but gaining either a capital receipt or rental income - this would be subject of a specific Cabinet report);
- There are a number of freeholds in the area in Council ownership. Rather than requiring upfront Housing Zone funding for their purchase, the Council could pool its interests and either receive a receipt from the development or an ongoing income stream from rented properties;
- The Council will carry out strategic flood risk assessment work and initial planning to de-risk sites;
- Tie the Housing Zone into 'Low Emission Neighbourhood' and 'Healthy New Towns' proposals; and
- Prioritise LIP bids/funding to the Housing Zone.

2.11 The initial documents submitted to the GLA form Appendices 1 and 2. These consist of the Vision Statement (justifying the intervention), an indicative masterplan, phasing plans, the GLA required proforma and various financial appraisals. These documents would form the basis of the detail of an Overarching Borough Agreement to secure the Housing Zone funding.

Procuring a Partner

2.12 The key approach to developing a place like the Housing Zone area is to create a neighbourhood which includes new homes, retail, leisure and workspace. In order to ensure this happens in a planned and comprehensive way it needs to involve a funder who wishes to retain property long term and therefore sees high quality management of the neighbourhood as critical to maintaining their investment. This is starting to happen on a number of sites of similar scale throughout the London area. It is therefore being recommended that the Council, together with the GLA, seek a long term funding/investment partner to take forward the regeneration of the Housing Zone area.

Acquisitions and CPO

2.13 The total cost of site acquisitions assessed by Glenny would be over £100m however a phased approach is proposed whereby receipts from initial stages of development are used to fund the next stage of acquisition along with finance from a funding partner. Initial funding of £30m provides the opportunity to start on a number of phases. This is set out in Appendix 1. A future report will be made to Cabinet on options for the delivery of new homes on the site detailing the involvement of a funding/investment partner who brings the additional land purchase funding as well as development funding. This would speed up delivery and ensure a comprehensive, well planned development.

- 2.14 Sites within the Housing Zone identified for development will sought to be acquired through negotiation in the first instance, and by prioritising sites which are currently being marketed by landowners. The Council always seeks to acquire by negotiation but should compulsory purchase order powers be needed then a fair package of compensation based on the current Compulsory Purchase legislation would be offered, including an appropriate level of compensation to enable relocation on top of the agreed market value.
- 2.15 In order to expedite matters, should it not be possible to acquire by negotiation the necessary leasehold interests, this report seeks authority for the use of the Council's Compulsory Purchase Order making powers pursuant to Section 17 of the Housing Act 1985 for the acquisition of any outstanding interests in the properties outlined in the report, for the purposes of securing land needed to allow the redevelopment of the sites included within the Barking Riverside Gateways Housing Zone boundary.

3. Options Appraisal

- 3.1 Set out below as a summary of the three main options:

Option	Advantages	Disadvantages
Do Nothing	No financial risk or resource implication	Unlikely sites within the area would be brought forward retaining the significant negative impact to Barking Riverside.
Implement Housing Zone proposals	See paragraph 2.8	Requirements on the Council to intervene utilising GLA funding. Issues with loss of businesses/places of worship.
Selective acquisition of initial interventions	Shorter term commitment.	No guarantees private sector will move in therefore options should not be curtailed at this early stage. Can move investment to Creekmouth if private sector does move in.

- 3.2 Options for the delivery of development of the site and selection of an investment/funding partner will be presented in a future Cabinet report.

4. Consultation

- 4.1 There has been no specific consultation on the Housing Zone proposal, however there has been public and business consultation on the proposal to de-designate the area from Strategic Employment Land. This occurred through consultation on both the London Riverside Opportunity Area Planning Framework and more recently the Local Plan Issues and Options consultation. A letter was delivered to every property within the zone setting out the de-designation proposal and also including a questionnaire.

- 4.2 It is recognised there are numerous businesses and other uses within the Housing Zone area therefore an engagement strategy would be developed to take forward more detailed discussion with individual landowners and occupiers. As part of any development process there would be extensive pre-planning consultation with the local community as well as statutory planning consultation processes.

5. Financial Issues

Implications completed by: Richard Tyler, Interim Services Finance Manager

- 5.1 If the Council's Barking Riverside Gateways Housing Zone application is acceptable to the GLA, a non repayable grant of up to £30m will be forthcoming.
- 5.2 The cost of submitting the proposals to the GLA has been funded from existing Regeneration and Economic Development budgets and the GLA have agreed to provide separate funding for the property valuations undertaken by Glennys.
- 5.3 It is intended to use the majority of the £30m grant for the purchase of property and land within the proposed Housing Zone.
- 5.4 As stated in paragraph 2.12, there are a number of premises occupying the area at the present time, most of which are used for industrial or commercial purposes and many are not currently owned by the Authority. To purchase all of these premises would cost in excess of £100m and, therefore, a phased approach is proposed whereby receipts from initial stages of development are used to fund the next stage of acquisition. Initial funding of £30m provides the opportunity to start on a number of phases.
- 5.5 The proposal is for around 3,000 homes to be constructed and along with these a number of commercial and retail units will also be created. These additional residential units will increase the Council Tax base, attract new homes bonuses if the Government continue to support the scheme (currently £7,500 per unit), will generate a Community Infrastructure Levy and possibly also generate Section 106 receipts. At this early stage in the process, however, it is obviously not possible to accurately assess how much income will actually be forthcoming. The residents occupying these new homes will, however, place additional burdens on local services, such as waste collection, street cleansing and school places.
- 5.6 Although the proposed new retail outlets will generate new Business Rates, as stated above, this area is currently occupied by a number of commercial and industrial companies, most of which would need to vacate the area if the Housing Zone proposal goes ahead. This will lead to the loss of the Business Rates that are currently being generated from the area.
- 5.7 As each of the phases within the proposed Housing Zone are brought forward for development, separate reports will be brought to Cabinet setting out the business case for the proposals and giving details of the planned property types and tenure mixes. For each area, the net affect of the loss of business rates compared to the estimated increase in overall levels of income from other sources will need to be assessed.

6. Legal Issues

Implications completed by: Angela Willis, Major Projects Solicitor

- 6.1 The Council has powers to explore suitable delivery options. Section 1 of the Localism Act 2011 provides a general power of competence enabling the Council to do anything individuals generally may do, therefore allowing the Council to undertake a wide range of activities. Furthermore Section 111 of the Local Government Act 1972 enables the Council to do anything which is calculated to facilitate, or is conducive to or incidental to, the discharge of any of its functions, whether or not involving expenditure, borrowing or lending money, or the acquisition or disposal of any rights or property.
- 6.2 The implementation of these initiatives will require the Council to enter into a variety of agreements including, conditional grant funding agreements, development agreements, planning performance agreements, partnering agreements, traditional property transactions such as purchasing of interests, early termination of leases and licenses and potential procurement compliance issues. These will require early consultation with affected and interested parties to ensure swift progress of the component projects of this programme.

7. Other Issues

- 7.1 **Risk Management** - Barking Riverside Gateways Housing Zone forms a key means of addressing the Council's 'Growing the Borough' priority however it also generates reputational risk if the proposals are not delivered. A Risk Management assessment will form part of the next stage.
- 7.2 **Contractual Issues** - At this stage a funding agreement (known as an Overarching Borough agreement) is required. In relation to the appointment of a funding/investment partner this would be subject to a future Cabinet report - this phase is just about the Housing Zone bid and the first stage of land assembly and preparing sites.
- 7.3 **Staffing Issues** – The Housing Zone is an extensive programme of work and it will be important to prioritise the delivery of any commitments being made in relation to subsequent Intervention agreements. Planning Performance Agreements developers would be required to enter into would provide additional resources to fund planning staff resources. It would be important to ensure adequate funding of Regeneration staff resources to ensure delivery is achieved.
- 7.4 **Corporate Policy and Customer Impact** – The Housing Zone programme of work is in line with the Council's vision and priorities, in particular, 'Growing the borough', through the development of housing and infrastructure. Given that housing is an important priority in Barking and Dagenham and across London, the Housing Zone will be an important part of unlocking much needed investment to move this agenda forward.

The impact on retail, leisure, health services and schools would be significant given the additional new housing however this forms part of the numbers included in the Local Plan review whereby such facilities are considered as part of the social infrastructure planning. CIL charging contributes towards social infrastructure. No

equality impact assessment has been carried out to date however will be undertaken for part of the detailed site development work.

The area contains five trade waste customers of London Borough of Barking and Dagenham generating a total annual income of £8700. If no new businesses within the area utilised the Council's trade waste service then this would be a loss. An increase of new residential properties would result in additional refuse recycling vehicles and staff, capital expenditure on additional wheelie bins and street bins.

- 7.5 **Safeguarding Children** - These issues would be considered as part of the detailed planning proposals for the site.
- 7.6 **Health Issues** - The Housing Zone would form part of the 'Healthy New Towns' proposal for the wider Barking Riverside looking at environmental and design measures supporting a more healthy population.
- 7.7 **Crime and Disorder Issues** – These issues would be considered as part of the detailed planning proposals for the site.
- 7.8 **Property / Asset Issues** – This proposal includes significant property/asset issues as set out in the report including implications for income into the Council's commercial investment portfolio, with several leased units included within the proposed development area.

Background Papers Used in the Preparation of the Report:

- Barking Riverside Gateways Housing Zone proposal submitted to GLA

List of appendices:

- **Appendix 1:** Indicative Masterplan for Barking Riverside Gateways Housing Zone