CABINET
21 July 2015

Title: Barking Housing Zone

Report of the Cabinet Member for Regeneration and Cabinet Member for Housing

Open Report with Exempt Appendix (9) For Decision

Wards Affected: Abbey and Gascoigne Key Decision: Yes

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Accountable Director: Chris Naylor, Chief Executive

Summary:

In August 2014 Cabinet agreed to the submission of a London Housing Zone bid for Barking Town Centre. Housing Zones are a key element of the government and Greater London Authority’s (GLA) attempts to address the lack of housing supply through an intensive focus of investment and other support to unlock development potential in targeted locations. The bid was submitted and following a lengthy approval process the GLA announced in February that Barking Town Centre was one of the first 9 housing zones. The headline figures for the zone are £42.3m funding of which £8.6m is grant funding in relation to ten initial schemes totalling 2,295 homes.

The Barking Housing Zone proposals are integral to the adopted Barking Town Centre strategy as the delivery of significant new housing including many managed rental apartments for people in work is seen as critical for supporting the improvement of Barking’s retail and food and drink offer as well as kick starting the evening economy. In addition to new housing the zone will deliver a number of other commercial facilities and unlock community infrastructure and new homes bonus funding to support social infrastructure costs. As part of the Housing Zone governance there will be a Board bringing together members, developers and key town centre stakeholders to discuss how working together Barking’s full potential can be unlocked.

The Housing Zone includes 10 initial schemes however further schemes have been identified in the zone. These are shown in plan form (Appendix 2) and on an aerial photograph (Appendix 3). The Council’s role in each varies from just assessing planning applications through to leading the delivery.

The GLA requires Boroughs identified as Housing Zones to firstly enter into an ‘Overarching Borough Agreement (principles document)’. This Agreement sets out the overarching principles upon which Borough Zone Funding may be made available and the Borough’s role in securing the delivery of the Third Party zone outputs. The next layer of agreements are the specific ‘Intervention Agreements’ which will set out the detailed terms and conditions upon which specific amounts of Borough zone funding will
be advanced to the Borough by the GLA for each site. This report is seeking approval to enter into the Overarching Borough agreement based on the schemes set out in this report and in some cases to delegate to the Chief Executive in consultation with the Cabinet member for Regeneration (and where relevant the Cabinet Member for Housing) and the Chief Finance officer and Head of Legal Services to enter into the individual scheme ‘intervention agreements’ as they are finalised along with other necessary approvals to enables schemes to progress.

The schemes with the most involvement of the Council and which would be subject to intervention agreements are Gascoigne West, Crown House, Cambridge Road and London Road/James Street whilst this report also includes recommendations to take forward 32-58 Ripple Road, Gurdwara Way/Whiting Avenue, land behind Barking Enterprise Centre and the Clockhouse Avenue/Broadway site.

Recommendations

The Cabinet is asked to:

(i) Agree to enter into the Overarching Borough Agreement with the Greater London Authority forming the basis for the Housing Zone arrangements with the Council as set out in paragraph 1.9;

(ii) Delegate to the Chief Executive in consultation with the Cabinet Members for Housing and Regeneration, Chief Finance officer and Head of Legal Services to enter into an Intervention agreement with the Greater London Authority for the Gascoigne West site (shown in appendix 4) for £4.3m grant funding and £3.5m recoverable grant as set out in paragraphs 2.4 to 2.7;

(iii) Agree to the principle of a comprehensive development of the Cambridge Road site (shown in appendix 5) in partnership with Swan New Homes as set out in paragraphs 2.8 to 2.11 with a further Cabinet report setting out the business case and seeking agreement to enter into a Development Agreement;

(iv) Agree the principle of the Council’s land at London Road/James Street (shown in Appendix 6) forming part of a comprehensive redevelopment with the detail of the terms of the Development Agreement delegated to the Chief Executive in consultation with the Cabinet member for Regeneration and the Chief Finance Officer and Head of Legal Services;

(v) Delegate authority to the Chief Executive, in consultation with the Cabinet Member for Regeneration, the Chief Finance Officer and Head of Legal and Democratic Services, to enter into an Intervention agreement with the Greater London Authority for the London Road/James Street site;

(vi) Agree to the principle of a comprehensive redevelopment of the Crown House site shown in Appendix 7 and, should negotiations with leaseholders not progress, authorise the use by the Council of 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 interests in the properties set out in paragraphs 2.16 to 2.19 as shown on Appendix 7 for the purposes of securing land needed to allow the redevelopment of these areas;
(vii) Authorise the Chief Executive, in consultation with the Head of Legal and Democratic Services, to take all necessary steps to secure the making, confirmation and implementation of a CPO in respect of the Crown House site, including the publication and service of all Notices and the presentation of the Council’s case at any Public Inquiry;

(viii) Agree to seek a development partner for the Crown House site with a further report to Cabinet to approve the details of any development agreement and an intervention agreement with the GLA.

(ix) Agree that officers explore the feasibility of a comprehensive redevelopment of the 32-58 Ripple Road site shown on Appendix 8 and report back to Cabinet with a recommended course of action;

(x) Agree the principle of the Gurdwara Way/Whiting Avenue site shown as site I in appendices 2 and 3 being used for low cost home ownership or custom build and subject to a future Cabinet report setting out the detail;

(xi) Agree that officers explore the feasibility of the Council acquiring and comprehensively redeveloping the Clockhouse Avenue / Broadway site shown as Site K in appendices 2 and 3 and report back to Cabinet on a recommended course of action; and

(xii) Agree to the procurement of a partner to design, manufacture, supply and install an off-site modular mixed used development on the land behind Barking Enterprise Centre shown as site L in appendix 1 on the terms set out in paragraph 2.24 of the report, with the results of the procurement reported back to Cabinet for approval.

**Reason(s)**

Delivery of the Barking Housing Zone is central to the Borough’s Objective of ‘Growing the Borough’ by enabling the delivery of significant numbers of new homes and commercial space in the town centre.

### 1. Background

1.1 The Mayor of London’s Housing Strategy identifies a need for housing to address the rising demand for new homes in London. In the Mayor’s 2020 Vision around 49,000 homes a year are needed if it is to keep pace with rising population and address the historic backlog of housing need. Housing zones are a new approach which the Mayor and Central government are offering to get new homes built quickly. Each Zone is to have a life of around ten years but the GLA appreciates some may be more or less. New housing should come forward within 2015-18 and deliver for a further number of years.

1.2 The aims and objectives of London Housing Zones are extremely aligned to the Council’s vision and priorities for achieving growth. The Council has a strong track record in delivering new housing and regeneration and a Housing Zone can support the delivery of new housing with positive implications in terms of physical regeneration, new jobs, increased footfall and spending power and improving the profile and perceptions of the Borough. The new Barking Town Centre Strategy
(approved by Cabinet 14 September 2014) in particular identifies the critical role new housing can play in delivering growth objectives.

1.3 A Cabinet report in August 2014 set out the background to Housing Zones and approved the submission of a Barking Town Centre Housing Zone bid and its associated vision. Following an assessment process, the GLA announced Barking as one of the first 9 Housing Zones in London. The headline figures for the Zone are 2,295 homes with £42.3m of funding of which £8.6m is grant (ie non refundable). These resources will make a significant contribution to unlocking Barking’s potential. The benefits of delivering the housing zone schemes would be a physical transformation of Barking town centre which supports an improved retail and restaurant offer, additional funding in the form of Community Infrastructure Levy (CIL), New Homes Bonus, Council tax and business rates. There is a risk new development generates additional costs to the Council and a strain on existing social infrastructure. This is partial addressed in the tenure mix discussion below and the Local Plan Review which is seeking to plan social infrastructure needs of new development and how its relates to CIL income.

**Tenure Mix in Barking Town Centre**

1.4 A key element of the Barking Town Centre Housing Zone vision was creating a wider choice of tenures to help create a more sustainable and resilient town centre and move away from the dominance of social housing. Around 70% of the housing stock immediately surrounding Barking Town Centre is social housing. The case for change was set out clearly in the bid and has been acknowledged by the GLA. A wider choice would help broaden the range of retail, food and drink, leisure and cultural facilities by attracting higher income residents. London Boroughs will always face a significant transient population given the more dynamic economy and the challenges of the housing market. Traditionally reducing transient residents has been achieved through owner occupation however in recent years many new private properties have been purchased by buy-to-let landlords and the worst of both worlds has been achieved – lower income residents in unsuitable poorly maintained properties resulting in a more transient community. There are two significant tenures (shared ownership and managed private sector rental - PRS) and two potential minor tenures (low cost home ownership and self/custom build) which could help provide accommodation which supports residents staying and forming communities in better maintained properties with securer tenures reducing the likelihood of transiency.

1.5 Managed PRS is where blocks of properties are developed, let and managed by a single organisation who may also provide additional facilities for residents such as gyms, concierge services etc. The first PRS scheme in Barking is Grainger’s above the new London Road Asda with their website setting out their offer to tenants: [www.abbevilleapartmentsbarking.co.uk](http://www.abbevilleapartmentsbarking.co.uk). Given their business model of wanting to ensure the developments attract tenants, they have a built in requirement to ensure the buildings, communal space, public realm, facilities and wider area are being managed and maintained well. Typically theses places are occupied by people wanting on average a three year tenancy. Given its public transport accessibility Barking is ideal to attract working people who would benefit from the type of accommodation, the facilities on offer and the security of tenure. There is plenty of commercial interest in this sector and many firms wanting to invest in Barking. Whilst this is yet to be seen this tenure is likely to attract younger single people and couples in work.
Another tenure which has real potential in Barking Town centre is shared ownership which can give residents who cannot afford a full mortgage the chance to have an ownership stake. The GLA is particularly supportive of its First Steps shared ownership initiative. Officers are in discussion with the GLA regarding this initiative.

In relation to low cost home ownership and custom build they are relatively niche but could be explored in Barking Town centre as a means of supporting residents who would feel a stronger stake in their community. Low Cost home ownership is a model whereby homes are sold normally 20% below market sale rates in perpetuity - part of the mechanism for achieving this is being slightly under London Plan space standards but with a much great focus on design and layout to maximise the efficiency and sense of space. Pocket Living are a major player in this sector and specialise in 1 bed homes around 20% smaller than London Plan space standards however the Mayor of London has approved their model on the basis of its being below market price in perpetuity. Custom build is a broader term than the earlier more commonly used term of self build. Custom build is where occupiers work with a specialist developer to deliver a bespoke home – this could simply be a flat where occupiers have the ability to agree their own internal layout and interiors.

The GLA require various governance structures to be in place for Housing Zones and these are set out in section 3 below.

The GLA requires Boroughs identified as Housing Zones to firstly enter into ‘Overarching Borough Agreement (principles document)’. This Agreement sets out the overarching principles upon which Borough Zone Funding may be made available to the Borough and the Borough's role in securing the delivery of the Third Party Zone Outputs. The agreement sets out the total zone allocation and includes the following Borough obligations:

i) Not, without the prior written consent to the GLA, dispose of the whole or any part of any Borough Site comprised within the Zone save as expressly contemplated within any Intervention Agreement.

ii) Use all reasonable endeavours to ensure that none of its employees engaged in the delivery of the Zone Outputs or any Agreed Intervention is paid an hourly wage (or equivalent of an hourly wage) less than the London Living Wage.

iii) Subscribe to the Mayoral Concordat which stipulates that new homes for sale will be available for sale to Londoners before or at the same time as they are available to buyers from other countries.

iv) Ensure that a Planning Performance Agreement is in place in relation to each of the Sites and that the GLA is party to such agreement in relation to any Site which is referable to it or an alternative arrangement acceptable to the GLA to ensure efficient and prompt decision making.

v) Comply with the provisions of the Governance Strategy and Structure.

The next layer of agreements are the specific ‘Intervention Agreements’ which will set out the detailed terms and conditions upon which specific amounts of Borough Zone Funding will be advanced to the Borough by the GLA. This report is seeking approval to enter into the Overarching Borough agreement based on the schemes set out in this report and to delegate to the Chief Executive in consultation with the
Cabinet member for Regeneration and the Chief Finance officer and Head of Legal Services to enter into some of the individual scheme ‘intervention agreements’ with others subject to a further report to Cabinet.

1.11 The Council would seek to maximise the extent of local labour and local supply opportunities from the new developments through Section 106 agreement and where applicable development agreements.

2. Barking Town Centre Housing Zone Projects

2.1 The Barking Housing Zone includes 10 identified schemes delivering a total of 2,295 homes with funding of £42.3m. This figure consists of a soft loan of up to £29.195m to Swan New Homes for construction costs of the Cambridge Road site with a £650,000 grant to LBBD towards infrastructure costs, £3.3m grant and £3.5m recoverable grant (i.e. interest free loan) to LBBD for leaseholder buy back costs at Gascoigne West with a further £1m grant for Abbey Road infrastructure, grant and recoverable grant to LBBD for land acquisition costs for the Crown House site, £1m land acquisition/demolition costs to LBBD at London Road and £24k grant per unit for North Street and Kingsbridge. These are all explained in more detail below. Appendix 9 in the exempt section of the agenda lists the 10 schemes and includes some commercially confidential information relating to potential buyback costs.

2.2 All new homes would need to be built to high quality standards and expected to conform to the Mayor’s London Housing Design Guide as well as meeting environmental performance. Any proposal put forward would need to demonstrate how new homes will achieve coherent neighbourhoods through a master planned approach, good community spirit and strong urban design principles. LBBD’s bid reflected the importance the Council place on high quality design and public realm and the fact that place-making and high quality developments are a central to place-making and achieving the Council’s broader objectives.

2.3 Whilst the Housing Zone consists of 10 initial schemes there are 22 schemes being considered (as shown on appendix 2 and 3). A Barking Housing Zone Board will discuss Housing Zone wide issues such as place-making, retail/restaurant mix, branding, tenure mix and seek to ensure a joined up approach to maximise the positive impact of developments on the town centre. This forum would be an ideal location to discuss issues such as car sharing/bike hire and exploring the scope for a town centre wide schemes for new developments which would reduce the potential for parking problems to arise given that many schemes will have minimal parking provision. The key schemes which are the object of this report are:

2.4 Gascoigne West

Abbey Road in Barking has changed significantly over recent years with a number of further sites still in construction. There has been a significant intensification of development on the western side of Abbey Road which has resulted in the eastern side looking increasingly at odds with the new development. The part of Gascoigne West (shown as Site 2 in appendices 2 and 4 and in more detail in appendix 5) offers a clear opportunity for redevelopment which significantly increases the total quantity of housing development as well as enabling both sides of Abbey Road to better complement each other. The element adjacent to the St Pauls roundabout (phase 3 in appendix 5) also offers the chance to complement the Abbey Sports Centre development and continue the length of striking corner developments along
The Broadway/North Street. It also helps define Abbey Green along with Site A to help establish it as Barking’s ‘Village Green’ surrounded by high quality new development.

2.5 The Housing Zone would provide grant funding of £3.3m and recoverable grant of £3.5m to support the delivery of 850 units. The dates for repayment of the recoverable grant would be set out in the intervention agreement but would be after the completion of the final phase of the scheme. Given the amount of tenant decant and leasehold buy backs and that Housing Zone funding would not enable the whole scheme to be progressed at once, it is proposed a phased approach is undertaken whereby receipts from each stage of development unlocks further funding to continue the next phase. The indicative phasing is shown in Appendix 4 and its is proposed to start with the southern part of Abbey Road and look at a mixed use scheme which provides a substantial proportion of affordable rent units which can be used as decant for later phases to speed up delivery. This scheme could utilise EIB funding towards affordable rent units.

2.6 A Cabinet report in January 2015 on the Estate Renewal programme included the Gascoigne West site and gave approval for the leasehold buy back of relevant properties in the following addresses subject to securing the Housing Zone funding:

- 105 to 135 Abbey Road
- 55 to 87 Tomlins Orchard
- 1 to 16 The Shaftesburys
- 94 to 117 The Clarksons
- 2 to 55 Lindsell Road
- 28 to 63 Hardwicke Street

Letters have gone out to all the residents (tenants and leaseholders) within this area setting out the three phase approach and Phase 1 visits will start shortly after a public meeting. Design work on phase 1 will commence shortly.

2.7 Abbey Road highway is in an extremely poor state of repair and the Housing Zone bid has provided a £1m grant to LBBD for infrastructure upgrading for Abbey Road. The key issue however is the timescale for such improvements given the ongoing development in the area. Officers are currently exploring an interim measure whereby the carriageway is temporarily improved whilst the more permanent improvements are carried out once all the development proposals are completed. In addition there is a clear need to establish a parking strategy for the area.

2.8 Cambridge Road
The Cambridge Road site adjacent to Barking station (shown as site 1 in appendices 2 and 3) has lain empty for many years as landowner Swan New Homes has been unable to progress a viable scheme. This is therefore exactly the type of site Housing Zone interventions are designed to unlock. This site is therefore proposed as the flagship housing zone site showcasing Barking’s potential and containing high quality apartments and a ground floor use which symbolises Barking’s transformation and offer to attract residents. The Council owns a part of the southern end of the site (shown in red on Appendix 5) which could not deliver a significantly sized development independently of the rest of the site. Therefore LBBD and Swan’s land need to be pooled in order to deliver the site’s full potential particularly given its proximity to the station. Subject to Cabinet
approval the Council and Swan have agreed to work collaboratively with Swan being the lead development partner given their majority landholding. With agreement from the Council, Swan have selected and appointed good quality architects, Studio Egret West, to design a scheme which befits the site’s gateway status. Studio Egret West have designed a scheme involving buildings of circular appearance with around 260 1 and 2 bed apartments. It is proposed the majority would be private for sale with 10-15% shared ownership. Whilst the current design at its highest point (nearest the station) is 23 storeys, the design seeks to minimise the sense of height and provides a scheme which will deliver a striking gateway into the borough.

2.9 The largest element of the Housing Zone funding is a loan of up to £29.195m to Swan New Homes for a significant proportion of the construction costs of the scheme. This would be at a lower interest rate than Swan can secure themselves and therefore supports the scheme moving forward by improving viability. The Council would not be party of the agreement between the GLA and Swan although the GLA is likely to require a charge on the whole site. In addition £650,000 grant is being provided to the Council towards the infrastructure costs. This would be subject to an intervention agreement between LBBD and the GLA and would be utilised to cover infrastructure, public realm and ground floor fitting out costs as set out below.

2.10 The Council’s landholding has been independently valued at £747,500 and it is proposed that for this amount and a proportion of the £650,000 Housing Zone infrastructure funding Swan provide up to 485sqm GEA of ground floor shell and core space to the Council for a 250 year lease at a peppercorn/nil premium. This space would provide a permanent home for the Bathhouse Barking (previously Barking Bathhouse) and other complementary activities which provide a key destination in the housing zone and clearly signal change in Barking. The Barking Bathhouse was a very well received pop up spa during summer 2012 and has since been located in rooms on the first floor of the Barking Learning Centre. It is a not-for-profit social enterprise. A key element of Bathhouse Barking has been about changing perceptions of Barking and their presence in this key gateway scheme should both make the apartments more marketable and provide a facility for both new and existing residents of the town centre which helps address the limited evening economy. This is seen as part of the Housing Zone’s ‘something-for-something’ arrangement whereby the GLA provides funding for housing delivery and the Council uses its assets to deliver something which enhances the zone’s offer to new and existing residents. The space would include a flexible venue for activities and events. Given the length of lease it is important the ground floor space is flexible enough can be utilised for a range of alternative uses. This will be a key consideration as the design progresses and will be set out in a future report to Cabinet.

2.11 A Development agreement between LBBD and Swan New Homes would be conditional upon the following Conditions Precedent being satisfied by a Longstop Date:

- Acceptable Planning Consent and Completion of a satisfactory planning agreement
- Swan New Homes and Swan HA Board and LBBD Cabinet approval.
• The parties undertaking and agreeing a viability test within 1 month of obtaining detailed planning approval and must progress the scheme if it is shown to be viable. Viability being defined as a return for Swan New Homes of 15% on GDV (or lower if agreed at the complete discretion of Swan New Homes) on delivering the approved scheme.

2.12 **London Road/James Street**
With the development of Abbeville Apartments and the new Asda (Site 7 in appendices 2 and 3), the site on the other side of London Road (site 3 in appendices 2 and 3) is a clear development opportunity. The boarded up White Horse site presents a very negative image for the town centre. There is potential for a comprehensive development of this area which includes The White Horse site, the under-utilised (Council owned) bus turnaround site and the commercial / residential block on London Road which is all within a single ownership. There are significant vacant units on this parade and the building’s architectural merit is limited. There is scope to look at an alternative excess point for the multi-storey car park (mostly likely adjacent to the existing exit point) which would then remove the need for a significant part of James Street and creating a larger development site. Appendix 6 shows the potential development opportunity site consisting of three landownerships. The White Horse site has recently been purchased by a company wishing to redevelop for a student housing however their ownership alone cannot deliver a scheme of the height and density they are seeking. The Council is seeking to pull together the other two landowners and facilitate a comprehensive scheme for the whole site which could include student housing (which could have a beneficial impact on the town centre economy) as well as traditional housing and ground floor commercial use. Given the White Horse and the Council’s adopted planning guidance on public houses the scheme would include a ground floor bar.

2.13 The Council’s land consists of James Street and the bus turnaround currently used by Transport for London (TfL) but under an expired lease. TfL do not have any driver facilities on site and just use the land for turning buses around and waiting. Discussions are taking place with TfL regarding what alternative options there are in Barking Town Centre which would replace the need for this facility. There is likely to be a cost implication to resolving this issue for which Housing Zone funding can be used.

2.14 Negotiations between the parties are still at an early stage however all parties which to proceed quickly therefore Cabinet approval is sought for the principle of the Council’s land forming part of a comprehensive redevelopment with the detail of the terms of the Development Agreement delegated to the Chief Executive in consultation with the Cabinet member for Regeneration and the Chief Finance Officer and Head of Legal Services on the basis of the Council receiving a receipt for its land.

2.15 Approval is also sought to enter into an intervention agreement with the GLA for London Road/James Street for £1m grant which would be utilised to fund the alternative bus turnaround and the new access to the multi-storey car park which then frees up the Council owned land to form part of the development scheme. Any remaining grant funding would contribute towards the demolition costs to improve the scheme viability. The Housing zone output requirement is 220 units.
2.16 **Crown House**
Crown House (site 5 in appendices 2 and 3) is an under-utilised office block which appears to no longer meet the needs of modern office users judging by the high vacancy rate. The Council owns the freehold of the site with the leaseholder having 55 years remaining. The leaseholder has requested that the Council extend the lease or sell the freehold to enable them to convert the block to residential. With adjacent Council owned land (see appendix 7) there is much greater potential for a redevelopment of the wider site rather than a conversion of Crown House which may not result in the quality of accommodation the Council wants in the Housing Zone. Whilst views of the architectural merit of Crown House vary, it is felt a comprehensive redevelopment of the wider site, wrapping around the Listed Baptist Church could provide a high quality scheme better linking the Cambridge Road development site (site 1 in appendices 2 and 3) and the William Street Quarter more fully to the heart of the town centre.

2.17 At this stage discussions are still taking place with the leasehold owner however, given the need to progress this scheme, Cabinet are asked to agree to the principle of comprehensive redevelopment of the site utilising Housing Zone grant funding and backing up negotiations with the approval to use compulsory purchase order powers if agreement cannot be reached with the leasehold holders to progress with a viable comprehensive development. The CPO would cover the leasehold interest of Crown House and the parking area of the Baptist Church. Interest has been shown in the site by a number of private sector investors and with the Housing Zone funding a viable development scheme can be delivered however it is critical it is progressed this year and the back up of approval to utilise CPO powers will assist this. There is scope for existing office users to relocate to other office facilities nearby.

2.18 There could be the potential to include the Cambridge House site given its poor appearance however as it has been converted to residential apartments its inclusion may not be viable and is therefore not included within the CPO boundary. There is also scope to consider the public highway land given that the existing roundabout is not required. A reconfiguration of the highway land could result in a larger LBBD development plot.

2.19 The existing Linton Road car park would form part of the redevelopment site. This is currently used on market days as parking for market trader vans. Alternative market trader parking is being considered and would need to be in place prior to the closure of the car park. The income generated by the car park should be mostly retained through people parking at the nearby multi-storey car park instead and through providing alternative parking for the market traders. The loss of Linton Road car park is not seen as adversely impacting on provision for shoppers and other town centre uses given the proximity of the multi-storey.

2.20 The remaining Housing Zone schemes are **North Street, Kingsbridge, Abbey Sports Centre, Abbey Road, London Road/North Street and Gascoigne East Phase 1**. Whilst they form part of the Housing Zone outputs they are not subject to any additional funding and no site specific recommendations are required. Further details of these sites are set out in appendix 1. There are a number of further sites not within the 10 initial Housing Zone schemes but which are important to the Town Centre. These are:
2.21 **32-58 Ripple Road**
The Council owns 6 out of 14 properties in this terrace with various lengths of lease (see site E in appendices 2 and 3 and appendix 8). Many are in a poor state of repair and will require significant investment. Given this and the various problems associated with the privately owned access road to the rear (which is also the service access for the Barking Learning Centre), there is the potential to consider whether the Council seeks to assemble the whole site and look at a comprehensive redevelopment which would involve upper floor residential development at significantly higher densities than currently. With the transformation of the Gascoigne estate this ensures the quality continues into the town centre and links to Barking Central. Feasibility work is required on the costings of land assembly and the potential development value which can be created. The results of this work would be reported back to Cabinet to approve a way forward.

2.22 **Gurdwara Way/Whiting Avenue**
This small site (shown as Site I in appendices 2 and 3) is seen as ideal for offering the potential to pilot a new form of tenure for the town centre. Interest has been shown in site by two companies – one who focus on low cost home ownership and another who focus on custom build. As set out earlier in this report both offer the potential to attract residents with a long term stake in the town centre. This seems an ideal site where such models can be tested in the borough and will be the subject of a future Cabinet report.

2.23 **Clockhouse Avenue/Broadway**
This site is almost entirely in the freehold ownership of the Council with various sub leases. The majority leaseholder has approached the Council to consider purchasing the leasehold interest. Property consultants have been appointed to carry out an assessment of the cost of acquiring all the necessary interests to enable a redevelopment of the site as well as setting out the potential development value of a comprehensive redevelopment with residential apartments about ground floor commercial space. Such a redevelopment would provide a much strong frontage to Clockhouse Avenue and the Broadway as well as East Street. Cabinet are asked to agree to the principle of redevelopment with a further report to be submitted setting out a business case and options for moving forward. This scheme is not currently identified as a Housing Zone scheme.

2.24 **Land Behind BEC**
This plot of land (Site L in appendices 2 and 3) has been earmarked for an extension of Barking Enterprise Centre however no external funding has been able to be secured to deliver it. In March 2015 Cabinet agreed to convert the Foyer Annex on Wakering Road for further BEC space therefore there is scope to consider alternative uses which can be viably developed but still deliver economic development benefits. This site offers an opportunity to pilot new ways of delivering housing/mixed use schemes much more quickly through modular construction. This is ideal for the European Investment Bank funding given it starts generating an income much sooner than with traditional builds. There is scope to deliver a residential scheme with ground floor commercial space for example for creative industries. The site could provide around a dozen residential units which could be let at 80% of market rent through Barking and Dagenham Reside enabling repayment of the EIB funding. The value is likely to be below OJEU works contract. It is proposed to go out to tender seeking a single partner to design, manufacture, supply and install using off site manufacture with a NHBC guarantee and equivalent
of Code for Sustainable Homes level 4 with a requirement to deliver within a year (including planning).

3.0 Governance

3.1 The GLA have placed certain governance requirements on Housing Zone local authorities. A Barking Town Centre Housing Zone Board (name may change) is being established to bring together key town centre developers and other stakeholders to assist with co-ordination and a joined up approach to unlocking Barking’s full potential. This includes considering issues such as branding/marketing, place making, the evening economy, the retail and leisure offer, tenure mix, car/bike sharing schemes etc. The Cabinet Member for Regeneration would chair the meeting with the Cabinet member for Housing also attending.

3.2 Countryside Properties have kindly agreed to fund a study into how the Council and partners can support the delivery of a better and broader mix of retail and food and drink offer in the town centre. This will form a key topic at the first board.

3.3 Alongside the Board meeting is a monthly Barking Housing Zone Steering Group which more specifically focuses on ensuring progress on the delivery of the Housing Zones schemes. There will also be regular updates to Cabinet.

4.0 Options Appraisal

4.1 In terms of the overall principal regarding whether the Council should enter into an the Housing Zone Overarching Agreement with the GLA, without the GLA funding the development schemes are either likely to not come forward or be significantly delayed. In terms of the broader option of whether the Council wants to support town centre growth – the advantages and disadvantages have been laid out in the previous Cabinet report supporting the submission of the bid and in developing the Council’s objectives whereby ‘Growing the Borough’ has been clearly identified and supported. The Local Plan Review report also on the same Cabinet agenda sets out how the review and development of the CIL charging has sought to address the social infrastructure requirements of growth.

4.2 The reasons for certain schemes forming part of the Housing Zone and not other relates to an assessment at the bid writing stage over which schemes could be unlocked through additional GLA funding and whether the Council or other partners felt confident of delivery with such support. The GLA however do not rule out supporting other schemes in the Housing Zone in future.

4.3 In relation to specific schemes there would be an option analysis for each as they come forward.

5.0 Consultation

5.1 In developing the Barking Town Centre Housing Zone proposals there has been extensive discussion with developers, Housing Associations and key town centre stakeholders. Presentations have been made to the Barking Town Team. There was extensive public consultation on the Barking Town Centre Strategy which
specifically highlighted the Housing Zone and the critical role new housing can play in unlocking Barking’s potential.

6.0 Financial Implications

Implications completed by: Carl Tomlinson, Finance Group Manager

6.1 The London Housing Zone funding agreed for Barking Town Centre will contribute to financing land acquisition costs, leasehold buy backs, demolition works and infrastructure improvements, the up front costs of which had previously rendered many of the schemes unviable.

6.2 The financial spreadsheet shown in appendix 9 gives a breakdown of the ten schemes that formed the Authority’s successful Housing Zone bid to the GLA for Barking Town Centre. This appendix is in the exempt section of the agenda as it contains some commercially confidential information.

6.3 In summary, the proposal included 2,295 new homes across the 10 developments and £42.317m in funding. Within this sum, £29.195m will be paid by the GLA directly to Swan New Homes in respect of the Cambridge Road development and £13.122m will be paid to this Authority. Of this £13.122m sum, £8.622m will be received in the form of non repayable grant and £4.5m will be in the form of an interest free loan (known as recoverable grant) to be repaid to the GLA after completion of the developments. The loans are in respect of two projects – Gascoigne West and Crown House.

6.4 The repayment of these loans will be funded from either the sale of land or dwellings, depending on tenure mix and ownership arrangements agreed with the developers.

6.5 There are 5 developments where the Authority will be taking the lead role in delivering the project and these are Gascoigne West, North Street, Kingsbridge, Abbey Road and Gascoigne East.

6.6 Gascoigne West is likely to be delivered in phases as the high amount of tenant decants and leasehold buy backs could not be funded from the Housing Zone Grant alone. This approach would enable development receipts generated from one phase to be used to fund the up-front costs on the next phase. It is likely that European Investment Bank funding would be used to finance the scheme, however, a robust business plan will need to be agreed to ensure financial viability.

6.7 The North Street and Kingsbridge projects will attract Affordable Housing Grant from the GLA. However, this will not cover the full cost of the proposed developments. A robust business plan will again need to be produced to ensure the financial viability of these schemes.

6.8 The Abbey Road scheme is currently being built by Bouygues. The units will be let and managed by B&D Reside. The scheme is being funded by the Council’s European Investment Bank loan.

6.9 Gascoigne East will be delivered in partnership with East Thames Group and the funding for this project has been included in the Estate Renewal Programme 2015 –
2021. Details of the funding for this project, including through a European Investment Bank loan, were included in the report to Cabinet held on 27 January 2015.

6.10 The report mentions several additional schemes that may be included in the Barking Housing Zone proposal in the future, in all, there are around 20 proposed developments, however, only four are currently subject to the GLA’s proposed intervention agreement and two will qualify for Affordable Housing Grant. The viability of the future schemes will need to be assessed and will be the subject of future reports to Cabinet where relevant.

6.11 There are some potential financial implications arising from the proposed developments that will need to be addressed as follow:

1. London Road / James Street scheme will involve the removal of the existing bus turn round area and there is likely to be a need to find alternative provision. Until talks with TfL have been concluded it is not certain whether this alternative provision can be funded from the £1.0m grant that will be forthcoming from the GLA as the funding will also have to contribute towards the cost of land acquisition, demolition works and adaptations to London Road car park.

2. The Crown House Development will involve the loss of Linton Road car park which is currently used by market stallholders four days per week and available for public use the other three days. With the loss of this car park there is a need to assess whether or not the current “non-market” users can be displaced into London Road car park and adjacent pay and display parking areas without impacting on the overall level of parking income received in the Town Centre. There is also a need to find alternative parking for the market stallholders and fund this from the £1.0m grant along with land acquisition costs.

6.12 As with any new housing development, the Authority currently receives a New Homes Bonus of £7,500 for every net new home built and will also be able to charge a Community Infrastructure Levy on the developers. There is also the possibility of income being generated from Section 106 agreements with developers which will be used to fund specific infrastructure and public realm improvements. At this relatively early stage, however, without knowing the specific details of each scheme it is difficult to estimate the amount of income that will be generated.

6.13 There will also be an increase in the Council Tax base as a result of the additional dwellings, however, the increased number of residents will also place additional demands on local services such as waste collection, street cleansing and School places.

6.14 As a result of the complex nature of these proposed developments, to ensure the smooth running of the planning application process, it is likely that the Authority will enter into Planning Performance Agreements with developers. Fees will be negotiated that reflect the total cost to the Council of providing the level of service required to support the planning application process.
7.0 Legal Implications

Implications completed by: Paul Feild, Senior Governance Lawyer

7.1 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.

7.2 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.

8.0 Risk Management

8.1 There would be a detailed risk management assessment for each individual scheme where the Council has involvement. Barking Housing Zone forms a key element of addressing the Council’s ‘Growing the Borough’ priority however it also generates high reputational risk if the Council is not able to deliver the schemes proposed.

9.0 Contractual Issues

9.1 The GLA requires Borough's identified as Housing Zones to firstly enter into ‘Overarching Borough Agreement (principles document)’. This Agreement sets out the overarching principles upon which Borough Zone Funding may be made available to the Borough and the Borough's role in securing the delivery of the Third Party zone outputs. The next layer of agreements are the specific ‘Intervention Agreements’ which will set out the detailed terms and conditions upon which specific amounts of Borough zone funding will be advanced to the Borough by the GLA. In addition the Council would need to enter into different Development Agreements in relation to specific schemes - these are set out in the report above.

10.0 Staffing Issues

10.1 The Housing Zone is an extensive programme of work and it will be important to prioritize the delivery of commitments being made in relation to specific schemes via Intervention Agreements. An additional PO3 post is being recruited for a two year period to help support existing staff in delivering the Housing Zone projects. Planning Performance Agreement developers would be required to enter into would provide additional resources to fund planning staff resources and it is likely individual developments will seek to ensure an element of Regeneration staff resources are funded.
11. Customer Impact

11.1 The impact on retail, leisure, health service and schools will be significant as new communities move into the borough to access new housing. The housing numbers proposed are informing service planning across the Council and in particular the figures are included in the Local Plan Review in terms of needs for social infrastructure. This also relates to the Community Infrastructure Levy charging which contributes towards social infrastructure. The tenure mix of proposed developments is critical in relation to the extent of the impact and high levels of 1 and 2 bed private managed rental units will help to minimise the impact on public services.

11.2 No equality impact assessment has been undertaken to date, but will be part of the submission from the developers of each site.

12. Safeguarding Children

12.1 No direct issues arising but each site will ensure that there are no barriers for creating a safe area to live and play by Designing out Crime. As set out in section 1.5, it is expected many of the 1 and 2 bedroom apartments being delivered as part of the Housing Zone will not attract (or be primarily marketed to) families with young children.

13. Health Issues

13.1 Each property will be built under strict environmental policies and good quality design with high levels of energy efficiency.

13.2 New housing will have a positive impact on increasing the ability to access good quality housing for residents of London to meet the housing shortage. There will be more opportunities for local people to live in Barking through a range of tenures offered. In terms of health needs for doctors surgeries etc this forms part of the social infrastructure requirements being addressed as part of the Local Plan review with the Housing Zone figures included in the analysis.

13.3 The relationship between poor housing and ill health is a complicated one which involves many different factors. Evidence suggests that living in poor housing and indoor environments cause or contribute to many preventable diseases and injuries, such as respiratory, nervous system and cardiovascular diseases and cancer. A degraded urban environment, with air and noise pollution and lack of green spaces and mobility options, also poses health risks.

13.4 Housing Zones provide an opportunity for us to consider Housing conditions as one of the mechanisms through which social inequalities translates into health inequalities thus providing an opportunity to intervene and develop programmes to overcome such inequalities and provide adequate housing conditions for everyone.

14. Crime and Disorder Issues

14.1 More town centre housing will increase surveillance and make the centre more active helping to reduce crime and disorder. Increasing town centre prosperity will also help address crime and disorder issues. Specific schemes will be subject to
planning approval which will consider crime and disorder issues and look to mitigate any impacts through design changes.

15. Property / Asset Issues

15.1 This report has significant property/asset issues as set out in the body of the report.

Background Papers Used in the Preparation of the Report:

- Housing Zones : A Prospectus (Mayor of London June 2014)
- “London Housing Zone Proposal” report to Cabinet 4 August 2014 (Minute 8)

List of appendices:

Appendix 1: Other schemes in Barking Town Centre Housing Zone
Appendix 2: Barking Housing Zone Plan
Appendix 3: Barking Housing Zone aerial plan
Appendix 4: Gascoigne West site with phasing
Appendix 5: Cambridge Road site
Appendix 6: London Road/James Site development site
Appendix 7: Crown House development opportunity site
Appendix 8: 32-38 Ripple Road
Appendix 9: Financial summary of Housing Zone funding (exempt information)