

CABINET

4 August 2014

Title: London Housing Zone Proposal	
Report of the Cabinet Members for Housing and Regeneration	
Open Report	For Decision
Wards Affected: Abbey/Gascoigne/Thames	Key Decision: Yes
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Accountable Divisional Director: Jeremy Grint, Divisional Director Regeneration,	
Accountable Director: Steve Cox, Director of Growth	
Summary: <p>The Greater London Authority (GLA) have issued a prospectus seeking bids for London Housing Zones (LHZs) which offer a range of tools and funding (up to £400m) to unlock the delivery of new housing and wider economic development objectives. The GLA are aiming to support 20 housing zones. Bids need to be submitted by the end of September but ideally need the involvement of partners and a clear political statement of support that the Local Authority would take a lead coordinating role as part of a successful bid. The report sets out the proposals for Barking Town Centre and Barking Riverside bids (either separately or as a single bid), considers other potential opportunities and seeks approval for developing and submitting at least one bid.</p> <p>Local authorities are asked to identify and package together brownfield land which could be used for new housing/mixed-use development, where there are barriers to delivery, how they can be addressed and set out a clear vision for the zone. The vision statement needs to explain aspirations beyond housing delivery into wider job creation, economic development and place-making goals.</p> <p>LHZ's are anticipated to have a life of around 10 years however early results are important and the GLA is expecting new housing to come forward within 2015-18 and a high level of delivery for a number of years afterwards. Barking Town Centre is ideally suited to the bidding criteria with a range of sites with varying timescales and barriers to development from those close to delivery but needing some support through to opportunity sites requiring site assembly, decanting and masterplanning prior to redevelopment. Delivery of new housing as part of mixed used schemes in the town centre is a critical part of the strategy to make the town centre more vibrant and prosperous.</p> <p>In addition Barking Riverside will speed up delivery from around 150-200 homes per year to 500 homes per year if the funding for the rail extension is put in place. Barking Riverside, potentially also including adjacent sites would meet the objectives of a Housing Zone.</p>	

Only Local Authorities can bid however the GLA expect private sector and RSL partners to be involved where appropriate and there are some specific loan funding strands which can only be utilised by private sector.

Barking Town Centre is ideally aligned to the priorities of the bids and indeed the GLA have encouraged a Barking Town Centre bid. Initial discussions have taken place with a number of private sector partners and Housing Associations who are supportive. There is no restriction on the number of bids a Borough can submit although there is a limited amount of funding for the whole of London.

The bid requires a 'vision document' setting out the Borough's aspirations and delivery proposals and Appendix 1 sets out a draft for both Barking Town Centre and Barking Riverside. There could be a separate bid for both Barking Town Centre and Barking Riverside or a single bid covering both areas. The GLA is expecting further discussion with the Council regarding the bids prior to submission. Following Cabinet's steer the bid(s) will be more fully developed addressing the full criteria to meet the GLA's timescale.

Recommendations

The Cabinet is recommended to:

- (i) Agree to development of a London Housing Zone bid for Barking Town Centre and Barking Riverside as referred to in Appendix 1 to the report, either separately or as a single bid; and
- (ii) Agree whether any other LHZ bid should be developed at this stage.

Reason(s)

The recommendation is very aligned to four elements of the emerging vision and priorities namely:

- Build high quality homes and a sustainable community
- Support investment in housing, leisure, the creative industries and public spaces to enhance our environment
- Enhance the borough's image to attract investment and business growth
- Work with London partners to deliver homes and jobs across our growth hubs

The London Housing Zone bid is fully in line with the overall Council objective of encouraging growth and unlocking the potential of residents.

1. Background

- 1.1 The Mayor of London's Housing Strategy identifies a need for housing to address the rising demand of 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.
- 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 emerging new Barking Town Centre Strategy in particular identifies the critical role new housing can play in delivering growth objectives.

- 1.3 The requirement of London Housing Zones (LHZs) stems from London's lack of housing supply of new homes which has not kept pace with the increase in housing demand since only around 20,000 to 25,000 have been built each year over the last 30 years. The demand for housing in the last decade has also grown widely as the average London household size was 2.47 in 2011 (2.65 in LBBB) compared to 2.35 in 2001 (2.42 in LBBB). House prices have also risen by 17% in the capital with an average house price now at £459,000 compared with an England average of £263,000 which is only 5%. This is in stark contrast to the average house price in Barking and Dagenham in July 2011 of £208,927. While this figure is amongst the lowest in London, this is an increase over the previous twelve months from £201,224 in August 2009. Nonetheless this still amounts to over six and a half times the salary at the lowest figure as the average household income for the borough is around £32,200 (CACI PayCheck data 2011). Rents are also higher in London as the average monthly rent is £1,480 for a private rented home compared to £677 which is the national average for a 2 bed (£966 for LBBB).
- 1.4 According to the Office for National Statistics (ONS) the capital contained a population of 8,173,900 in 2011 which represents a rise of 12% since the last census was conducted in 2001. This puts considerable pressure to deliver the level of housing required to meet the growing population. Housing Zones have been incorporated into London's planning framework through a new policy in the draft Further Alternations to the London Plan (FALP). The Zones will be areas where house building will be accelerated working in partnership with landowners, investors and developers.
- 1.5 Under the scheme the Mayor is committing £200m of capital funding from the Greater London Authority (GLA) housing fund in the form of a loan. There is also an additional £200m from central Government. The GLA will seek to recover their investment where possible either by direct recovery with an appropriate calculated interest rate or by profit share type arrangements. Where this is not possible the Mayor will make investment available through grants. The monies available from central Government will be in the form of a Financial Transaction and access to this fund will only be open to private sector organisations, including housing associations not public sector bodies.

2. London House Zone Criteria

- 2.1 The primary aim of a Housing Zone is to maximise new housing supply and is not geared at improving existing stock. Under the scheme any new homes developed will be expected to meet a range of housing needs to ensure that they are affordable – priority will be given to sell individual homes to Londoners wishing to own their own home. It also includes new long term market rent homes, affordable homes for rent and low cost home ownership. This wide range of tenures and the fact that private sector housing in LBBB is the most affordable in London means the

borough is well placed for a Housing Zone and able to deliver the full range of tenures.

- 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. An LBBD bid would reflect the importance the Council has placed 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 The Mayor's Housing Strategy mentions that Housing Zones should be in Opportunity Areas as they contain the most suitable areas for this scheme although the GLA are willing to consider other options. In Barking and Dagenham the London Riverside Opportunity Area covers Barking Town Centre through to Barking Riverside, through Dagenham Dock and Beam Park into Havering.
- 2.4 The Mayor is keen to see boroughs use existing planning and funding mechanisms creatively to secure additional new development and increase or accelerate housing supply. Each bid will be expected to bring in additional resources such as HRA funding, New Homes Bonus, Right to Buy receipts or other developer contributions. Boroughs are encouraged to use a range of approaches that work flexibly and operate according to local needs of an area. This may unblock or kick start development where it is delayed, speed up delivery of homes already planned or bring forward new supply that would otherwise not have happened.
- 2.5 Where there is already good transport links and accessibility this will be a key consideration and boroughs are encouraged to look for potential funding for transport schemes which support a Housing Zone.
- 2.6 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 the 2015-18 and deliver for a further number of years. Since each Housing Zone's objective is to kick start housing and complete within a tight timeframe there are a number of planning options which may help accelerating housing delivery in the designated area:
 1. **Accelerated Planning** – this process would treat a site as a planning application for the desired type of development. All necessary preparation would have been undertaken at this stage and the GLA could support in the process.
 2. **Local Development Orders** – these could be adopted to minimise the planning risk by specifying the type of development that is preferred and accelerating permission that meets the standard.
 3. **Compulsory Purchase Order** – locations which are third party owned may be prepared to proceed with CPO or the Mayor may use his CPO powers.
 4. **Private Rented Sector Support** – where the planning system encourages the PRS to increase the pace of development a Housing Zone may be achieved through an LDO or other planning mechanism.

- 2.7 To apply in the bidding round and achieve success in implementing the scheme the Mayor will consider a range of criteria's when assessing whether a potential location would be a viable Housing Zone.
- Areas must be within the borough boundary and Council led but expected to work in partnership with the GLA, landowners, investors and developers, where appropriate
 - Each Housing Zone will be an agreed **Delivery Framework** setting out the number of homes for delivery and timescales with all partners accountable, including the borough and GLA
 - A **Delivery Board** will be set up to ensure governance arrangements are put in place to focus on housing delivery and keep relevant partners informed and engaged. This would include but is not exhaustive of the GLA, the Council, landowners, developers and contractors. The borough would need to make a significant contribution through management, resources, local powers to deliver housing as part of a 'something for something' deal.
 - The deadline for submission is **30 September 2014**. Bids would need to be well evidenced and make a viable business case for a Housing Zone status where this is linked to housing delivery. If successful funding could be made available as soon as the relevant Housing Zone Delivery Board has been established and the Delivery Frameworks agreed.
 - A **letter of support** from the Section 151 Officer is required ensuring substantial input from Finance in developing any bid submissions.

3. **LBBD's Proposal for a Housing Zone – Barking Town Centre**

- 3.1 To meet the necessary deadline, kick start new housing development and establish the most appropriate area for delivery of additional homes Barking Town Centre (BTC) has been identified as a key consideration for a Housing Zone as it has potential to deliver over 1,000 new homes by 2018 and over 4,000 within a 10 year period.
- 3.2 Barking Town Centre is in the London Riverside Opportunity Area and the largest town centre in the Borough. It is designated a Major Centre in the Further Alterations to the London Plan. It is at the heart of East London and is easily accessible from the City providing good transport links and connectivity - this further supports the Mayor's Housing Zone criteria and significantly reduces costs, time and management required to establish additional transport connectivity. The Town Centre plays a pivotal role to the wider regeneration of Thames Gateway being the main town centre for the future aspirations of the new community at Barking Riverside and the Thames View residents.
- 3.3 The Growth Strategy identifies the Town Centre as the shop window for Barking and forms the principal focus of community, commercial and visitor activity within the Borough. In the last decade there have been increased efforts on part of the Council and other stakeholders to improve the town centre to meet the aspirations of the Barking Town Centre Area Action Plan. A number of the key building blocks have been put in place to stimulate future growth and the prospects to capitalise on the development plans at Barking Riverside and other key sites are not to be missed. With further funding we are trying to grasp the opportunities available to promote and reimagine the town centre which has, for a long time, suffered from a relatively poor perception in the minds of non-residents.

- 3.4 Delivery of new housing, particularly in and around the town centre can have much wider economic development implications helping to increase employment and prosperity and support a wider range of shops, services and facilities. A new Strategy for Barking Town Centre is proposed to be presented to Cabinet in September however increasing the delivery of new housing and associated mixed use developments is central to delivering the objectives of the strategy. This includes making Barking's new cultural hub for East London. The Council needs to consider additional ways of increasing the supply of new social rented and other forms of affordable homes in the short to medium term which could be met through this bid submission.
- 3.5 One of the aims of creating a wide choice of tenures and moving away from the dominance of social housing in Barking is to help widen the range of choice of retail, food and drink, leisure and cultural facilities by attracting higher income residents. Traditionally this 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 and more transient residents in poorly maintained properties. An alternative tenure which is growing in London is the Private Rented Sector where blocks of properties are managed and let by a single company who also provide additional facilities for residents and given their business model have a much greater stake in the buildings, communal space and wider area being managed and maintained well. The first scheme of this nature in Barking is under construction – the 100 apartments at London Road/North Street to be managed by Grainger which completes next year. It is therefore not possible yet to fully assess the true implications of PRS however it is felt that it would be appropriate for a number of the London Housing Zone proposals. Grainger have recognised Barking potential in terms of superb accessibility and real potential and there is scope to work with Grainger and other similar companies to further develop Barking's offer.
- 3.6 Whilst the list of actions is substantial, the fundamental problems facing the town can only be addressed by prioritising efforts to introduce new housing along with improving connectivity, revitalising the public realm and rejuvenating the mix of uses on the High Street. The priorities in the draft Barking Town Centre Strategy will be challenging and will not be easy to implement; nevertheless, they are seen as fundamental in setting Barking Town Centre on the road to developing a distinct and vital place for living, working and offering a leisure experience that would set the town apart from other centres in years to come.
- 3.7 The town centre has changed over the years with an increase in people wishing to live and bring up their families in the area. Population and demographic changes have had significant implications on the town centre and impacts on service provision as the borough is experiencing a higher number of young people, higher birth rates and new communities moving in compared to the national averages. Along with welfare cuts, lack of government funding, restricted availability of credit, limited jobs and high unemployment puts additional pressure and creates a bleak future for the town centre without the sufficient supply of housing to cater for the demand. Recent findings from a report produced by the LGA Growth Advisors Programme by Renaisi highlighted that Barking should focus on place making and raising the profile as a desirable place to live and capitalising on the property market. It also advised the Council to look at understanding the current housing

stock and market new build housing in more innovative ways to spread the word across East London as a place to live. This in turn would deliver wider social and economic benefits.

- 3.8 The Town Centre has struggled to compete with nearby centres including Romford, Ilford and Stratford City Westfield as well as out of town centres like Lakeside and Bluewater. New housing will help to increase footfall in the town centre and have a knock on effect in the long term attract new premium stores to minimise any trade diversion to other town centres. This can help to ensure there is long term growth Barking needs to maintain its town centre position as a major shopping destination and create new opportunities to rejuvenate its retail offer. However it is critical that alongside delivery of new housing other interventions are made to ensure Barking provides what residents need to ensure they spend time and money in the town centre - this forms part of the Town Centre strategy.
- 3.9 Appendix 1 sets out an initial part of a LHZ bid for Barking Town Centre including a vision statement and identification of sites that would make up the zone. The sites can be grouped into two key areas – ‘new housing in the heart of the town centre’ and ‘realising the potential of Roding Riverside’. Detailed discussions need to take place with private landowners, developers and Housing Associations as appropriate however even if agreement for number of sites cannot be reached there is ample opportunity for Barking to have sufficient sites for a bid. It will be important that all parties share the same vision for Barking and work together to deliver it.
- 3.10 A London Housing Zone bid would be very aligned to four elements of the emerging vision and priorities namely:
- Build high quality homes and a sustainable community
 - Support investment in housing, leisure, the creative industries and public spaces to enhance our environment
 - Enhance the borough's image to attract investment and business growth
 - Work with London partners to deliver homes and jobs across our growth hubs
- 3.11 By kickstarting housing at all the town centre sites identified in Appendix 1 a total of over 4,413 homes could be delivered by 2024. As well as housing new jobs will be created, new public realm and two new schools to accommodate the growing population. Further scoping of each site would be required as each area differs in terms of land ownership, its current status and level of importance for delivery as described at Appendix 1.
- 3.12 If successful for the bid each site will have an agreed delivery period with key players involved through a newly set up Delivery Board. This will ensure governance arrangements are in place to focus on delivering new homes with an agreed timescale. The ‘something for something deal’ would be provided by the Council through day to day management costs, providing staff, time and resources to deliver the house building agenda and local planning powers to reduce the time in order to implement each site. The Council’s track record on supporting the delivery of new housing - either through direct delivery or in partnership with others is extremely strong and a good reputation for ensuring high quality design and public realm and a clear vision for the town centre is acknowledged by the GLA.

4 Alternative London Housing Zone locations

4.1 Whilst Barking Town Centre is most aligned with the LHZs bidding criteria, there are other opportunities in the borough:

4.2 Barking Riverside

Barking Riverside is the borough's largest housing site and clearly has a number of barriers to delivery. However with the GLA as joint owner of the site it would be critical to have their involvement. LHZ funding could contribute towards the critical London Overground extension and potentially over critical infrastructure requirements. There are sites adjacent to Barking Riverside which the Council could address independently from the GLA/Barking Riverside Ltd. These sites address the poor gateway problems identified in the Creekmouth Interventions report at the June Cabinet. However it is unlikely that the gateway sites alone could deliver over 1,000 units and certainly not by 2018. It is suggested a Barking Riverside/Barking Riverside Gateways LHZ bid should only be developed and submitted if a strong positive steer is given from senior levels of the GLA. If such a steer is provided it is important for Cabinet to consider whether Town Centre objectives would best be achieved for a separate Town Centre bid or whether a single bid covering Barking Town Centre and Barking Riverside should be submitted to maximise the potential of funding and support for the town centre.

4.3 Chadwell Heath

Chadwell Heath offers scope for intensification based around the improved public transport accessibility that will occur with Crossrail. However there are limited brownfield sites ready to be brought forward in the timescales required for the LHZ bid therefore it is proposed more detailed consideration is made of the opportunities at Chadwell Heath but that it does not form part of a LHZ bid at this stage.

4.4 Beam Park

The Beam Park/Ford Stamping Plant sites have significant barriers to development which could benefit from additional funding however given the site is so heavily connected with the GLA and is not seen as a site where over 1,000 units can be delivered by 2018 it is not proposed to include in any LHZ bid at this stage.

4.5 No other locations in the borough are able to deliver over 1000 units in the timescales required of bids.

5. Consultation

5.1 A BTC Workshop was held on 15 July with relevant Ward and Cabinet Members to look at the future of Barking Town Centre's vitality and viability over the next five years and how it can continuously prosper.

5.2 Meetings with site owners, developers and RSLs are being held to establish their involvement and support.

5.3 The members of the Barking Town Centre Team (BTT), made up of Council Members and officers, retail and businesses, investors, leisure and entertainment operators, was set up in 2011. The Group help to manage and promote the town centre and ensure that every opportunity to invest and increase the town centre's popularity is engaged. This will help the town centre to thrive by offering people a

range of services, goods and leisure facilities from their local high streets. The Group who will lead on revising the Barking Town Centre Strategy to address many of the concerns regarding retail, the night time economy, marketing and publicity, housing demand and supply, businesses and where it stands in the marketplace. A Residents Town Team is proposed to be established to support community based improvements and engagement.

6. Financial Implications

Implications completed by: Carl Tomlinson, Finance Group Manager

- 6.1 The costs relating to the collation and submission of the bid, which needs to be completed by the end of September, can be funded from existing Regeneration and Economic Development budgets.
- 6.2 Paragraph 1.4 indicates that there is £400m available as a contribution towards funding the London Housing Zone. £200m from the GLA, this is likely to be awarded in the form of loans and is available to Local Authorities. A further £200m has been set aside by Central Government but these funds will only be open to private sector organisations.
- 6.3 At this early stage in the process, the financial implications of this proposal cannot be properly assessed. This can only be done when the bid has been submitted and feedback has been received from the GLA. At that stage, depending on which schemes within the bid are being supported, detailed financial analysis can be undertaken.
- 6.4 For areas of privately owned land that are approved for development and funded from central Government grant, the Authority is likely to have a minimal involvement so there will be minimal financial implications. Council owned sites approved for development and funded through GLA loans will, however, have significant financial implications for the Authority and the financial implications of these schemes will need to be fully assessed.
- 6.5 For successful bids, there will be a process of negotiation with the GLA where funding arrangements and contributions from this Authority and/or its partners will be clarified for each of the approved developments. The overall bid requirements include that a letter of support is provided by the Section 151 officer.

7. Legal Implications

Implications completed by: Evonne Obasuyi, Senior Property and Regeneration

- 7.1 The report seeks agreement to develop a London Housing Zone bid for Barking Town Centre as outlined in the report. This is pursuant to the GLA's proposals seeking bids from Local Authorities to facilitate delivery of new housing and wider economic development objectives.
- 7.2 If bid is successful, 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.

7.3 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.

7.4 Legal Services should be consulted as necessary on development of the proposal and delivery options if a successful bid is made.

8 Other Implications

8.1 **Risk Management** - At this stage in the development of the bid a detailed risk management assessment has not been carried out. There is an initial risk that site owners are not willing to engage and form part of a bid however it is felt that Barking has sufficient sites even if a number of landowners are not involved. It will be important that the Council and partners are clear that the 'something for something' arrangement will ensure the delivery of new homes and other outputs however this detail will come through the development of the bid and more critically through the detailed negotiation with the GLA should the bid be successful. A full risk management assessment will be carried out alongside the bid.

8.2 **Contractual Issues** - Following the confirmation of a successful bid there would be a process of negotiation with the GLA culminating in the completion of funding agreements.

8.3 **Staffing Issues** - There will be more jobs created as part to support the construction of new housing. An increase of residents in the town centre will have both positive and negative impacts on local resources and this will need to be addressed at early stages of planning.

8.4 **Customer Impact** - The impact on retail, leisure, health service and schools will be significant as new communities move into the borough to access new housing. No equality impact assessment has been undertaken to date, but will be part of the submission from the developers of each site.

8.5 **Safeguarding Children** - 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.

8.6 **Health Issues** - There are no direct health issues as each property will be built under strict environmental policies and good quality design. New housing will have a positive impact on increasing good quality housing for resident 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.

8.7 **Crime and Disorder Issues** - 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.

8.8 **Property / Asset Issues** - Depending on the sites listed in Appendix 1 the properties will be the responsibility of each site owner.

Background Papers Used in the Preparation of the Report: None

List of appendices:

- **Appendix 1:** Draft London Housing Zone visions
- **Appendix 2:** Barking Housing Zone proposal plan