



Cabinet
15 September 2014

**Report from the Strategic Director
for Regeneration and Growth**

Wards affected:
Alperton, Wembley Central,
Tokyngton, Barnhill and Preston

Housing Zone Bids for Alperton and Wembley

1. Summary

- 1.1. London boroughs have been invited by the Greater London Authority (GLA) to bid for a £400 million programme, jointly funded by the Mayor and national government, to create 20 Housing Zones across London, delivering 50,000 new homes and over 100,000 associated jobs over the next ten years.
- 1.2. These Housing Zones will provide a package of financial and planning interventions and support stronger partnerships with land owners, investors and contractors in order to accelerate housing delivery in the chosen areas.
- 1.3. It is proposed submit bids to the GLA to establish separate Housing Zones in two of the borough's identified growth areas, in Alperton and in Wembley.
- 1.4. Housing Zone status for Alperton and Wembley would not only accelerate the delivery of new homes but also increase the number of homes and the yield of affordable housing on development sites in the growth area and support the achievement of the objective in the Housing Strategy to increase housing supply and to maximise the provision of affordable homes.
- 1.5.

2. Recommendations

- 2.1. That Cabinet endorses the proposal to submit a bid to the GLA for Alperton to become a Housing Zone.
- 2.2. That Cabinet endorses the proposal to submit a separate bid to the GLA for Wembley to become a Housing Zone.
- 2.3. That Cabinet delegate authority to the Strategic Director of Regeneration and Growth to approve the final Housing Zone bids due for submission on 30 September 2014.
- 2.4. That, if either or both bids are successful, Cabinet agree for a further report to be brought to Cabinet on the required funding agreements between the Council and the GLA, and any associated matters, requiring approval.

3. Detail

3.1. Housing Zones

- 3.1.1. The GLA has published a prospectus inviting London boroughs to bid for Housing Zone designations, with plans for twenty zones to deliver 50,000 new homes over 10 years, with the support of £400m of investment, at least half of which is expected to be recoverable. Each zone must have capacity for a minimum of 1,000 new homes over the longer-term. The GLA are keen to secure early housing delivery over the 2015-18 period and bids able to achieve substantial build within this timeframe are likely to be prioritised.
- 3.1.2. The GLA propose to designate 20 housing zones across London, with an average investment of £20m per zone. Half of this funding may be directed through the relevant council and may be made on a recoverable basis through overage or profit-share arrangements but also potentially as grant. The remaining half is to be directed through a private sector partner, including potentially Registered Providers, and this must be on a recoverable basis.
- 3.1.3. Housing Zones will work flexibly and operate in different ways according to local circumstances so that the approach fits the specific needs of an area. A Housing Zone designation could be used to unblock or kick-start development where it is stalled; it could be used to speed up delivery of homes that are already planned; or it could be used to bring forward new supply that would not otherwise have occurred. In any one Housing Zone any or all of these approaches could be applied.

- 3.1.4. Housing Zones will require partnerships between boroughs, the GLA, land owners, investors and contractors to be geared towards meeting a range of housing needs and to accelerate housing delivery. Planning and financial interventions are viewed as the main tools to accelerate supply.
- 3.1.5. The Mayor's Housing Strategy states that Housing Zones should typically be in Opportunity Areas, and mainly in places of relatively low land values, sometimes with an historic industrial use, which are usually characterised by some form of market failure that requires substantial intervention.
- 3.1.6. Development in the designated areas will need to be already underway or ready to start and be able to be rapidly increased or accelerated. Proposals may include the delivery of required infrastructure in order to enable increased housing delivery.
- 3.1.7. The Council's Regeneration Strategy (2010-30) identifies five growth areas with the potential to accommodate large-scale housing development and business and employment growth, these being Wembley, Alperton, Colindale/Burnt Oak, Church End and South Kilburn.
- 3.1.8. Of these areas Wembley and Alperton are considered the most suitable candidates for Housing Zone status, and both meet the GLA's criteria. Wembley is an identified Opportunity Area within the London Plan. Of the five growth areas it has the largest capacity for new housing development with issued planning consent. At Alperton significant development is underway and there is potential to increase both housing capacity and delivery, including in the short-term
- 3.1.9. At South Kilburn development is advancing well, led by the council. A phased approach is, however, required in order to provide for the existing tenants to be rehoused in new affordable homes and there is limited scope for acceleration as required for a Housing Zone bid.
- 3.1.10. Burnt Oak/ Colindale growth area contains a number of larger sites which have long term commercial tenants with viable businesses. The case for intervention is therefore considered to be weaker than in both Alperton and Wembley and design of a package of practical measures that could actually accelerate housing delivery questionable. Church End growth area is too small, with insufficient housing capacity to meet the minimum criterion of 1,000 homes, and therefore is not eligible for Housing Zone status.
- 3.1.11. The priorities set out in the Council's recently adopted Housing Strategy for 2014-19 align closely with the GLA's ambition for the Housing Zones. The Housing Strategy sets the strategic objective to maximise the development of new housing across all tenures and, by

2019, to facilitate the development of 5,000 new affordable rented and low-cost home ownership homes. In addition, the strategy targets provision of 1,000 new private rented homes, of which at least 30% should be affordable to those on lower incomes. The strategy anticipates that a large proportion of new housing supply will come forward in the identified growth areas.

3.1.12. The designation of Housing Zones in the growth areas of Alperton and Wembley could make a major contribution to the achievement of these objectives. Housing supply could be significantly increased in these areas with the potential for a higher proportion of affordable housing and tenure diversification through intermediate and private rented housing to accelerate housing supply and to meet a wider range of housing needs. The specific interventions in each area will be designed to maximise their contribution to the objectives of the Housing Strategy and to the wider priorities of the Council.

3.2. Potential Interventions

3.2.1. A package of interventions are being devised for each of the Housing Zones. The GLA prospectus outlines a range of potential interventions which include the following.

3.2.2. GLA and potentially council investment in land acquisition or equity investment under a Joint Venture arrangement, to diversify the housing tenure mix and deliver greater amounts of affordable housing or private rented sector housing on one or more development sites in a zone.

3.2.3. Such tenure diversification could allow development sites to come forward in parallel which might otherwise only come forward sequentially as activity would not be limited by the capacity of the local market to absorb private sales housing before reaching saturation point. Deferred equity release through the sale of intermediate and private rented residential units after up to 15 years could help maintain financial viability and take advantage of capital growth.

3.2.4. The GLA may invest to support pre-sales purchase guarantees, underwriting sales risk and de-risking development. The GLA may also provide finance to forward fund development costs, with a particular focus on abnormal costs, such as the remediation of contaminated land and the costs associated with business re-location.

3.2.5. GLA and/or LBB Compulsory Purchase Order powers may be used to assist landowners and developers with site assembly.

3.2.6. The Council may commit to invest Community Infrastructure Levy generated from new development into infrastructure in the area to

raise the quality of the environment in the growth area making a more attractive investment opportunity.

3.2.7. The Council will propose to enter into Planning Performance Agreements on all schemes that come forward in the proposed Housing Zones, and commit additional resources to accelerate the planning process.

3.2.8. Through its Housing Strategy the Council is committed to directly bring forward 700 new affordable homes by 2019. In support of this objective the Council could invest alongside the GLA in the development of additional affordable and intermediate homes. This could be through the use of HRA funding, the investment of replacement RTB receipts and s106 monies earmarked for affordable housing.

3.2.9. The commitment of council financial resources will be subject to approval by Cabinet of funding and associated agreements if one or both of the Council's Housing Zone bids are successful.

3.3. Preparation of the Bids

3.3.1. As part of the bid submission boroughs will be required to demonstrate the impact of proposed Housing Zones, both in terms of accelerating delivery and any additional housing that would be delivered.

3.3.2. Consultation with landowners in the respective growth areas will be used to gauge their appetite for development, intentions on timing and phasing, expectations on development and viability, and more generally their support or otherwise for a Housing Zone.

3.3.3. The estimated impact of the proposed zone wide and site specific interventions upon site capacities and development trajectories will need to be assessed in consultation with the Local Planning Authority (LPA).

3.3.4. The package of potential interventions for each proposed zone will be subject to financial appraisal and testing, prior to finalisation and bid submission. The council has appointed consultants to carry out development appraisals to support both bids.

3.3.5. The LPA would continue to negotiate development on all development sites within the Housing Zone through the planning process in order to secure maximum public benefit such as affordable housing, community facilities and public realm interventions.

3.4. Alperton Growth Area

- 3.4.1. Brent's Local Development Framework (LDF) adopted in 2010 identifies Alperton as a Growth Area for residential led mixed-use regeneration. The Alperton growth area is a strip of brownfield land along the Grand Union Canal, encompassing some of the poorest quality industrial land in the borough. There is the capacity to deliver significant housing through residential-led mixed-use redevelopment of the industrial land.
 - 3.4.2. 12.25 hectares of land is promoted within the LDF for at least 1,600 new homes to 2026, supported by infrastructure identified within the council's Infrastructure Investment Framework.
 - 3.4.3. The Alperton Masterplan Supplementary Planning Document (SPD) (adopted 2011) sets out a vision to transform Alperton into an attractive place to live, work, study and visit. It describes three distinctive new character areas linked by a high quality and lively stretch of canal; high density flatted development with commercial uses in Alperton's Core, a Waterside Residential Neighbourhood with family homes along the Canal and a new working suburbia in the Industrial Transition Zone.
 - 3.4.4. The SPD is intended to set out to developers the scale of change which the council would like to see in Alperton and the infrastructure required to support this. This document was developed over two years in consultation with many stakeholders and intends to ensure that Alperton is transformed in a way that benefits existing as well as new communities, which is environmentally and socially sustainable as well as being economically viable.
- 3.5. Housing delivery in Alperton
- 3.5.1. Network Housing Group's acquisition and development of the 1.5 hectare former B&Q site at 243 Ealing Road for 440 residential flats has provided a recent boost to housing supply in the area. Over the last six months there has been renewed interest in some of the adjoining sites in this character area. Two sites in the local centre are currently under consideration by the Local Planning Authority with pre-application consultation underway on a further two sites.
 - 3.5.2. Overall however the pace of delivery has been relatively slow and remains concentrated on the more deliverable land parcels in single ownership in Alperton's Core. The Waterside Residential Neighbourhood is more challenging to deliver and efforts to bring forward development in the central Alperton area remain frustrated by a number of factors including:
 - Acutely fragmented land ownership meaning costly site assembly
 - Existing businesses facing difficulties in finding suitable premises to which they can relocate

- High likelihood of land contamination and the need for remediation, with attendant costs.
 - The council does not have any significant landholdings in the area and so cannot physically deliver the change on its own.
 - Low Public Transport Accessibility Levels (PTALs) which place a planning check on densities and drive higher parking requirements for new development.
- 3.5.3. The council's aspiration is to release a proportion of the Strategic Industrial Location in Northfields for inclusion in the Housing Zone. This would enable a mixed-use scheme, which supports the delivery of housing and modern employment space. Northfields is considered to be crucial to ensure the regeneration at Alperton does not result in the closure of businesses to the detriment of Brent's economy.
- 3.5.4. The council has been in positive dialogue with key landowners of the Northfields Industrial estate, with a view to bringing forward a viable scheme which meets the council's aspirations for the area. However, this will be subject to releasing a proportion of SIL to allow mixed-use development as set out in the Development Management Policies currently under review.
- 3.5.5. The Mayoral Development Corporation (MDC) boundary as proposed encompasses Northfields industrial estate. This creates uncertainty for the regeneration of Northfields and the delivery of the SPD. The council has stated in its draft response to the Old Oak Common MDC Consultation that the MDC boundary must be amended to exclude Northfield Industrial estate.
- 3.5.6. The interventions proposed in the Housing Zone bid will be mainly focused on the central character area and Northfields in order to unlock development across the growth area.
- 3.5.7. The council recognises that in order for the transformation of Alperton to be a success new developments must have regard for the needs of the new and existing communities and the need for infrastructure, both social and physical, to be delivered alongside the new homes. The council has made good progress in working with partners to deliver infrastructure improvements which are required to support the existing and new communities including securing funding to rebuild Alperton Community School, the delivery of improvement projects along the Canal and the identification of spaces within the growth area suitable for medical or health services, nursery, crèche or day centre.
- 3.5.8. The council is currently preparing an Investment Plan for Alperton which will set out a delivery strategy for all of the infrastructure improvements required in Alperton to support the population growth. A project list has been prepared for Alperton and the council will shortly engage with the different communities about how to prioritise

the list, and on the developing proposals for a Housing Zone for the area and will build on previous engagement with over 50 businesses in the area.

3.6. Wembley Growth Area

- 3.6.1. Wembley is the largest growth area in Brent covering approximately 70 hectares, and is one of the largest regeneration programmes in the UK. Wembley has the capacity to accommodate at least half of the planned residential and employment growth in the borough, including at least 11,500 homes, and thus is strategically important to meeting the challenges of regeneration of Brent as a whole.
- 3.6.2. Wembley Park can accommodate the majority of the growth with substantial land opportunities around Wembley Stadium. Over 30 hectares of this land is owned by Quintain Estates Development and is being delivered as the Wembley Park development.
- 3.6.3. The regeneration process is bringing major transformative changes to the area. Large entertainment venues are here with the restoration of Wembley Arena and the rebuilding of Wembley Stadium. Brent's Civic Centre is a revolutionary new public building that sets the standard for environmental sustainability in the area.
- 3.6.4. The London Designer Outlet is the city's first fashion outlet centre and combines shopping with eating and entertainment, including a new multiplex cinema. This has transformed the footfall to Wembley from 'event-based' to 'everyday', with millions of new visitors every year, and provides local people with additional shopping choice and many new employment and training opportunities.
- 3.6.5. There remains considerable opportunity for further inward investment into the regeneration programme for a mix of uses, whether commercial, residential or within leisure and educational sectors. Much of the development activity to date has been west of Olympic Way and while acquisitions have taken place in the eastern lands, developments have not as yet come forward.

3.7. Housing delivery in Wembley

- 3.7.1. 85% of new housing in Brent will be delivered in growth areas and about half of that can be accommodated in the Wembley growth area. There are planning permissions in place for over 5,000 homes in Wembley which have not been built out.
- 3.7.2. Wembley therefore has significant capacity to deliver new housing; however the pace of delivery has been somewhat slow. There are a number of reasons for this, including the earlier need to deliver significant infrastructure improvements and more recently the economic recession. More generally, despite large development land

capacity and existing planning consents, delivery has been constrained by commercial considerations including market capacity to absorb private housing sales, developer cashflow and expectations on sales values.

- 3.7.3. Given the sheer scale of potential housing delivery in Wembley, Housing Zone interventions are expected to include efforts to encourage tenure diversification and to accelerate supply through the delivery of additional private rented, intermediate and affordable rented housing. Spatially, consideration is being given to a focus on sites in and around the Wembley Link area, however the precise zonal area will be developed as the proposed bid submission is drawn up.
 - 3.7.4. The delivery of additional new homes will additionally be supported by promoting the Wembley growth area for residential investment and by promoting and soft market-testing specific sites for residential or mixed use development. Investment in the infrastructure required to support development will be critical through the phasing and delivery of key projects, supported by s106 and CIL receipts and potentially by GLA investment.
 - 3.7.5. The council will support the delivery of new jobs by promoting Wembley for business investment; promoting specific sites for commercial or mixed-use development; connecting prospective employers to Wembley Works to broker jobs to Brent residents; and lead partners to design a model to support SMEs growth and sustainability.
 - 3.7.6. An Investment Plan is being prepared for Wembley, a four year delivery strategy for the growth in homes and jobs as well as infrastructure and improvements to the neighbourhoods required to support the growth. The Investment Plan will be developed over the coming months in parallel with the Housing Zone bid.
- 3.8. Next Steps
- 3.8.1. That Cabinet endorses the proposal to submit a bid to the GLA for Alperton to become a Housing Zone.
 - 3.8.2. That Cabinet endorses the proposal to submit a separate bid to the GLA for Wembley to become a Housing Zone.
 - 3.8.3. That Cabinet delegate authority to the Director of Regeneration and Growth to approve the final drafts of the Housing Zone bids due for submission on 30 September 2014.
 - 3.8.4. The GLA has indicated that it expects to conclude its evaluation of the bids by December 2014. If either or both bids are successful the

terms of the associated funding agreements will be reported to Cabinet for approval.

4. Financial Implications

- 4.1. Should the bid for a Housing Zone for Alperton and/ or Wembley be successful detailed financial plans will need to be developed with prospective partners.
- 4.2. The nature of any financial contribution from the Council will need to be determined but the greater contribution the Council and its partners can make to bringing a development forward the more likely it is to be supported as a Housing Zone. This contribution could take a wide range of forms such as HRA funding, s106 offsite contributions, Right to Buy or New Homes Bonus receipts, Transport LIP funding or borough landholdings. All this must be clearly identified in the bidding documentation and officers will be working to identify the most appropriate and relevant package of funding to include in the bid
- 4.3. It has been determined that Local Authorities who submit successful proposals for Housing Zones will also have access to cheaper borrowing at the Public Works Loan Board's project rate for capital infrastructure expenditure relating to the Zone in 2014-15 and 2015-16. £540m of project rate borrowing is available over those years across the country (there is no London split for the borrowing). If the Council wishes to request project rate borrowing for future years we will need to do it now as there will not be any future opportunities available.
- 4.4. The Mayor of London is committing £200m of capital funding from GLA housing funds to Housing Zones, alongside an additional £200m being made available by central Government. The GLA will look to recover its investment where this is possible, either by direct recovery through loans with a commercially calculated interest rate, or through overage or profit share type arrangements. Where this is not possible then the Mayor will consider making investment available through grant. All investment will need to fully satisfy state aid and the GLA's own value for money requirements. It is anticipated that each Housing Zone will benefit from £20m of this available funding.
- 4.5. Should the council bid be short-listed and entered into due diligence, the GLA will contact officers with the information that will be required. This is likely to include audited accounts, evidence of funding lines available to the bidder, and the identity of guarantor(s) where applicable. Further details will be set out in due course.

5. Legal Implications

- 5.1. The commitment to develop housing zones is set out in Policy 50 of the Mayor of London's draft London Housing Strategy. It is also being

incorporated into London's planning framework through Policy 8.1B in the draft Further Alterations to the London Plan ("FALP").

- 5.2. The Mayor of London's London Plan (Policy 3.3) states that London boroughs should identify and seek to enable additional development capacity to be brought forward to meet housing targets and maximise the potential to realise brownfield housing capacity through intensification, town centre renewal and opportunity and intensification areas.
- 5.3. The Mayor of London's Housing Zones Prospectus ("the Prospectus") has indicated that in each Housing Zone, there would need to be an agreed Delivery Framework setting out the target number of homes for delivery and in what timeframe. The Prospectus has also indicated that regarding governance arrangements, it is envisaged that a small Delivery Board would be set up for each Housing Zone comprised of the Greater London Authority ("GLA"), London borough(s) and key landowners and developers.
- 5.4. The GLA has indicated that on confirmation of a successful bid for Housing Zone status a bespoke series of funding agreements will be drawn up with each partner Borough based on their identified proposals and needs. It is intended that this will hold relevant parties to account in delivering agreed outputs. It is assumed that the funding agreements will be with the lead London borough but the GLA will consider alternative proposals.

6. Diversity Implications

- 6.1. The Core Strategy is the prime development plan document in the LDF. It sets out a vision for the future of Brent and sets out a strategy as to how the vision will be delivered through planning and managing developments. Alperton and Wembley are identified in the Core Strategy as growth areas whose assets mean that they are excellent locations for new housing, new local employment and new amenities.
- 6.2. The Core Strategy area covers the entire borough and will have an influence on all residents and communities in Brent. The equality analysis of the Core Strategy found that there is no evidence suggesting that the Core Strategy causes significant adverse impact. More importantly Brent's Core Strategy is geared towards reducing discrimination for diverse groups and has recognised the specific demands of these groups, for example the need for new schools and health facilities, that it set out a specific objective to ensure they will be met.
- 6.3. This aim to create a successful place is embedded within the Core Strategy (CP5), the changing needs of the community as the population increases has been calculated and is set out in the Brent Infrastructure and Investment Framework. It is essential that the

council ensures that this infrastructure is delivered alongside the new homes.

- 6.4. Housing Zone status will accelerate the delivery of the growth of the housing as set out in the Core Strategy and would potentially increase the yield of housing and affordable housing though the detail of this will be subject to refinement as necessary prior to finalisation of the submission.
- 6.5. When the Housing Zone bid for each growth area is ready an Equality Analysis will be undertaken on each bid. If the Council's bid to establish Alperton or Wembley as a housing zone is successful the findings of the EIA will be reported to Cabinet.

7. Staffing/Accommodation Implications (if appropriate)

- 7.1. The GLA will require regular and timely progress reports to a timescale to be agreed. The full content will be bespoke to each Housing Zone but each will need to provide comprehensive management information on all schemes within the Housing Zone including the development's progress, costs, values, and the project's funding position.
- 7.2. The growth areas have a dedicated team within Regeneration and Growth at Brent Council and will seek to use funding from the Housing Zone to recruit a planning officer and/or project manager to support the delivery of the Housing Zone.

Background Papers

GLA Housing Zone prospectus

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