



Cabinet

15 June 2016

Subject Heading:

Overarching Borough Agreement with the GLA to support the reinvigoration of Romford town centre.

Cabinet Member:

Councillor Damian White
Deputy Leader and Cabinet Member for Housing

CMT Lead:

Steve Moore
Director of Neighbourhoods

Report Author and contact details:

Tom Dobrashian Head of Economic Development.
tom.dobrashian @havering.gov.uk
x2583

Policy context:

National Planning Policy Framework (2012)

London Plan (2015)

Havering Local Development Framework (including Romford Area Action Plan (2008)

Romford Development Framework.(2015)

Approval of the Overarching Borough Agreement will result in the Greater London Authority allocating £34.9m to the Romford Housing Zone subject to approval of project intervention agreements.

Financial summary:

The Overarching Borough Agreement is the in principle funding agreement that enables the GLA to allocate £34.9m to the Romford Housing Zone for future draw down, subject to approval of project intervention agreements.

Is this a Key Decision?

Yes

When should this matter be reviewed?

2019/20

Reviewing OSC:

Towns and Communities OSSC

The subject matter of this report deals with the following Council Objectives

Havering will be clean and its environment will be cared for	X
People will be safe, in their homes and in the community	X
Residents will be proud to live in Havering	X

SUMMARY

Cabinet on 8 July 2015 approved the Romford Development Framework which set a vision for Romford town centre as a place for an inclusive and sustainable community which builds on the existing historic context of Romford and capitalises on the opportunity to enhance Romford along with the new Crossrail development.

The Framework set out potential new developments and improvements to the environment and physical infrastructure. Cabinet also agreed that the Council should take a proactive role to bring these forward.

With the Framework in place, and in the light of the demonstrable progress being made by the Council on the Rainham & Beam Park Housing Zone programme, the Greater London Authority (GLA) invited the Council to submit a proposal for Romford to be granted Housing Zone status. With the agreement of the Leader, the Council submitted a proposal and the former Mayor of London announced in March that Romford had provisionally been granted Housing Zone Status. The GLA has subsequently confirmed that funding of £34.9m has been earmarked for Romford subject to the process described in this report.

The Romford Development Framework supported residential led schemes providing high quality urban living for a new economically active community alongside enhanced infrastructure to serve existing and new residents. Housing Zone status and funding will enable the Council to unlock or accelerate the delivery of three residential led schemes in Romford, to improve access from the West of the town, and also encourage investment by the private sector. The Romford Housing Zone programme will make a substantial contribution to meeting the London Plan target of an average of 1,170 new homes in Havering each year between 2015-2025.

As with the Cabinet report for the Rainham Housing Zone last year, this report seeks Cabinet approval to enter into an Overarching Borough Agreement with the GLA for the Romford Housing Zone. Cabinet is also asked to support the principle of development at Bridge Close, the Waterloo Road estate and Angel Way subject to future Cabinet reports, the first of which is in a separate report on the June agenda.

To improve the environment and access to the town centre and in line with the Romford Development Framework, Cabinet is asked to support the preparation of detailed proposals to create an 'East- West' pedestrian and cycle access linking Waterloo Road with Romford Station, together with improved access points across the ring road.

The Council has a longstanding policy commitment through its adopted planning and regeneration policies to enhance Romford's status as metropolitan centre and improve the retail and leisure offer. Increased residential living will support this objective. The Council

recognises community infrastructure will need to be delivered alongside housing and the Housing Zone governance arrangements will monitor and support that intent as well as the Housing Zone programme.

RECOMMENDATIONS

That Cabinet:

1. **Agree** to the Borough entering into the Overarching Borough Agreement with the Greater London Authority in respect of the Romford Housing Zone.
2. **Delegate** to the Leader, Cabinet Member for Housing and the Section 151 Officer the authority to approve individual funding agreements.
3. **Agree** to the establishment of the Romford Housing Zone Delivery Board and governance arrangements as set out in Section 6 of this report, and request officers to arrange twice-yearly briefings for all Members to include consideration of the overall programme of development and the implications for Council services.
4. **Agree** to the principle of repaying recoverable grant to the GLA through S106, Community Infrastructure Levy contributions and receipts from the sale of land arising from developments in the Housing Zone. The terms of any repayment to be delegated to the Cabinet Member for Housing and the Section 151 Officer
5. **Agree** to the principle of new development at Bridge Close noting that the business rationale is subject of a separate report.
6. **Request** the Head of Economic Development in conjunction with other services to prepare a report for Cabinet on future parking arrangements for the town centre to meet the requirements of businesses and visitors and, subject to that, report on options for the redevelopment of the Angel Way Car Park and adjacent land.
7. **Authorise** the Director of Neighbourhoods and the Director of Housing, in conjunction with the Cabinet Member for Housing, to evaluate options for new residential development and community facilities within the Waterloo Road estate, and take the necessary action to prepare a Masterplan, initiate procurement and formulate proposals for consideration by Cabinet.
8. **Authorise the** Head of Economic Development to prepare, in conjunction with other services, detailed plans and business cases for a new pedestrian and cycle route from Waterloo Road to Romford Station, enhancement of the entrance to the southern entrance to the Station, and other linkages connecting the west of Romford to the Station and town centre. The approval of proposals and any funding applications to be delegated to the Cabinet Member for Environment, Regulatory Services and Community Safety.
9. **Confirm** the Council's commitment to consult with those who may be affected by the Housing Zone proposals and officers to include the outcome of consultation in reports to Members.

REPORT DETAIL

1.0 BACKGROUND

- 1.1 The London Housing Zones programme was launched by the former London Mayor in 2014. It is designed to accelerate home building in a designated area which can provide at least 1,000 new homes on brownfield land. The local authority must drive delivery and contribute resources such as land, financial investment and officer time. The GLA will provide grant or repayable loans to support land assembly, various forms of infrastructure and the delivery of affordable housing.
- 1.2 The GLA invited the Council to submit a proposal for Romford to be awarded Housing Zone status. In consultation with the Leader, a proposal was submitted and the former Mayor of London announced in March 2016 that this was one of 11 new Housing Zones, making Havering one of only 8 Boroughs to be awarded a second Housing Zone. The GLA subsequently informed the Council that it was making £34.9m available for Romford; £22.7m in grant and £12.2m in recoverable grant (loan).
- 1.3 The Council has a longstanding policy commitment through its adopted planning and regeneration policies to enhance Romford's status as metropolitan centre, improve access and public transport to and within the town centre, to enhance the retail and leisure offer, and to significantly increase the number of people living in the town centre. In making the case for Romford to be granted Housing Zone status, the Council was able to point to factors such as:
- the inherent strengths and potential of the town centre, enhanced by the introduction of Crossrail in 2019;
 - the clear vision and delivery plan set by Members through the Romford Development Framework approved by Cabinet in July 2015 including the vision referred to earlier in this report;
 - the good progress that is being made on the Rainham and Beam Park Housing Zone which was one of the first phase of schemes granted Housing Zone status in 2014;
 - the establishment of Mercury Land Holdings which will play an important role in the delivery of private sector housing in the Romford Housing Zone, and the Council's affordable housing delivery programme funded through the Housing Revenue Account; and
 - a track record of delivering projects and current investment plans for Romford.
- 1.4 The latter includes Cabinet approval for investment in the new leisure centre, transformation of the Market, a package of public realm improvements, implementation of Crossrail Complementary Measures at Romford Station, and the delivery of homes at Como Street by the Council and Mercury Land Holdings.
- 1.5 Underlying the GLA programme is the requirement to deliver an average of 49,000 homes in London each year between 2015-2025, even if not all of these will be delivered in Housing Zones. Havering is expected to accommodate a minimum average of 1,170 homes per annum which was calculated on the basis of a

previous (and lower) London wide target. The new Mayor has also emphasised housing delivery.

- 1.6 Focussing new development on the two Housing Zones is consistent with the Council's adopted planning and regeneration strategies since it will locate new development in areas where there is good provision of existing infrastructure and facilities to support new development. Development in these locations will help will mitigate the risk of development that might adversely impact on the Green Belt or the green environment and character of the Borough.
- 1.7 The Housing Zone proposals for Romford (and Rainham) however go beyond simply the delivery of housing. Through investment in infrastructure, transport and community facilities, and with good design quality, the town centre will be a vibrant metropolitan centre. The developments will bring on-going economic growth, and encourage private sector investment in the town's retail and leisure offer for the benefit of all Havering residents and for visitors.

2.0 The programme of schemes supported by Romford Housing Zone funding

- 2.1. The GLA will provide £34.9m (including affordable housing grant) to support the schemes described below. The location of these areas is indicated on the attached map.

Scheme	GLA funding £m		
	Grant	Recoverable grant (loan)	Total
Bridge Close (including construction of East-West Link)	8.9	6.5	15.4
Waterloo Road Estate	10.1	3.6	13.7
Angel Way	3.7	2.1	5.8
Total	£22.7m	£12.2m	£34.9m

- 2.2. The proposal to the GLA indicated that funding above would support a comprehensive redevelopment of 840 new homes on Bridge Close, the delivery of 300 new homes at the Angel Way site and an additional 220 new homes within the Waterloo estate.
- 2.3. The proposed GLA investment will also indirectly support the delivery of schemes by private sector developers (already in the pipeline or identified within the Romford Development Framework) making a total Romford Housing Zone programme of 3,304 units.

3.0. Individual schemes supported by Housing Zone funding

a) Bridge Close

- 3.1. Bridge Close is a 2.97 hectare site currently occupied by mixed industrial, warehouse and ancillary units, an ambulance station, Islamic Cultural Centre and a number of terraced properties to the front of the site. The site is in multiple ownerships and for some years one of the main landowners has been attempting to bring forward a comprehensive redevelopment of the site.
- 3.2. The 2008 Local Development Framework declassified the site as strategic employment land and this is endorsed by the 2015 Havering employment land review produced as evidence for the new Local Plan.
- 3.3. The Housing Zone proposal is in line with the Romford Development Framework approved by Members in 2015 which identified Bridge Close for comprehensive redevelopment with the ability to provide c.850 new homes.
- 3.4. A separate report for Cabinet sets out proposals for this site and explains the measures that will be taken to assist residents, businesses and other occupants affected by proposals.
- 3.5. As well as providing housing, redevelopment at Bridge Close will enable the delivery of the East-West pedestrian and cycle link thereby improving access from Waterloo Road and surrounding areas.

b) Waterloo Road Estate

- 3.6. The Waterloo Road Estate was built by the Council in the 1960's. Whilst the Council has invested to maintain its properties, parts of the estate are dated.
- 3.7. The density of the site is lower than some adjacent areas and there is potential to utilise land to provide additional housing and improve the quality of open space.
- 3.8. There is potential to create infill development or undertake more comprehensive schemes. Community consultation was initiated in 2015 and a review has been undertaken identifying a number of options for the estate. The Housing Zone proposal sought investment to deliver 220 new homes, which has now been supported by the GLA.
- 3.9. GLA investment allows the Council to potentially review further options. Rather than take a piecemeal approach and risk fragmenting the estate, the Cabinet Member for Housing has asked that a full option review, viability assessment and comprehensive Masterplan for the area is prepared. A procurement exercise will be initiated for advisers to assist with this work including potential delivery partners.
- 3.10. Residents will continue to be consulted and assist in the shaping of proposals and a report will be presented to Cabinet to report on progress later in the year.

c) Angel Way

- 3.11. The Romford Town Centre Development Framework approved by Members in 2015 identified Angel Way as an available area for development in the town centre. The area referred to in the framework includes the privately owned former decathlon site which has planning permission for 350 homes plus associated retail and a hotel.

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- 3.12. The Council owns and operates the Angel Way Car Park, and also owns the freehold of the buildings known as River Chambers and Ballard Chambers which comprise shops at ground floor, offices on the 1st floor and residential above. The residential accommodation is occupied by Council tenants or owned by Council leaseholders.
- 3.13. The Housing Zone submission related solely to the Council owned elements of the site, which studies indicate could accommodate in the region of 300 residential units and other uses at ground floor. This is in line with the Romford Development Framework approved in 2015.
- 3.14. The Romford Town Centre Development Framework set aspirations for this site to complement residential development:
- a new route linking Trinity Methodist Church and St. Edward the Confessor Church;
 - a route along the River Rom and enhancements to the ecological and environmental quality of the river;
 - a new public square; and
 - new community infrastructure.
- 3.15. Architects will undertake a concept design and cost appraisal exercise which will be accompanied by an assessment of overall viability of a development at Angel Way by Mercury Land Holdings and Council officers. This work will include consideration of whether any of the existing buildings might be retained and refurbished or whether the whole site must be redeveloped in order to ensure a comprehensive and viable development.
- 3.16. Whilst the Angel Way site provides an opportunity to enhance the area and provide a substantial amount of housing, it does result in a reduction in public parking. A detailed analysis of parking provision undertaken in 2014 measured occupancy levels across the all main Car Parks in Romford and forecast future demand taking into account seasonal factors, anticipated economic and residential growth, and the underlying shift away from car usage to other forms of travel that has been achieved in London in recent years and is reflected in national and London policy.
- 3.17. On that basis, the consultants concluded that the loss of both Angel Way and Como Street Car Parks could be accommodated. Usage of these car parks is relatively low and is highest during the week when partly occupied by Council staff. Cabinet subsequently in May 2015 agreed in principle to Como Street's redevelopment with Mercury Land Holdings being the principal developer in partnership with a future private sector partner.
- 3.18. However before any recommendation to proceed is made, a Romford Town Centre car parking assessment will be undertaken. This will review the previous conclusions in the light of latest growth projections within the Housing Zone. Also, whilst the policy framework and the nature of the new developments will mean that the ratio of car ownership in Romford town centre will be lower than if the Council instead focused new housing development on other towns and settlements across Havering, the parking assessment is expected to recommend changes to policies and practices in order to encourage people to make more sustainable choices for their journeys and to reduce the proportion of journeys made by car. This likely to

include an increased emphasis on the preparation and implementation of travel plans so that major employers, including the Council itself, encourage alternative ways of travelling including car sharing and public transport.

- 3.19. The parking assessment will form part of an integrated approach to access and transport which is addressed in section 4 of this report. The work will be co-ordinated with the Head of Environment's review of resident parking across the Borough.

d) New 'East-West' pedestrian and cycle route

- 3.20. A large part of the housing development, existing and planned, including the Housing Zone sites, is located on the west side of the town centre. There are physical difficulties that hinder people living in these communities accessing the town centre and the station, including the River Rom and the Ring Road.

- 3.21. A surface crossing of the Ring Road will be funded by an existing planning legal agreement associated with the development of the former Oldchurch Hospital site at Union Road. However under this agreement, and with no direct access eastwards through the Bridge Close area and then across the River Rom, pedestrians seeking to access the town centre would be directed northwards to use the inhospitable tunnel under the rail corridor and then onwards to Exchange Street and The Battis towards the station. This is not considered a satisfactory option.

- 3.22. The proposed East -West Link would make provision for a more direct and accessible route eastwards, through the new residential development at Bridge Close, across the River Rom via a new foot and cycle bridge and then onwards to the station. This will integrate with proposals currently being explored by the Council and its partners to improve the southern entrance to the station as part of the Crossrail programme.

- 3.23. Housing Zone funding (grant and recoverable grant) would enable this project to proceed through the compulsory purchase of land at Bridge Close, and land to the east of the River and the construction of a new bridge with associated landscaping of the very unsightly River corridor culvert

4.0 Access, transport and impact on other services

- 4.1 The East-West Link will form part of a wider approach to maintain and improve access to and within Romford and to cater for an increase in the number of people living in the area. A separate Romford Transport Assessment has been commissioned to review transport issues and to identify possible interventions to improve transport (including car, bus, cycling and pedestrian access), thereby reducing congestion and improving air quality.

- 4.2 Capital investment through sources such as Transport for London, the rail operators, the Council through developer contributions and, in due course, Community Infrastructure Levy will help fund measures to make the town centre easier for pedestrians and cyclists to navigate, and to improve the connectivity of bus, train, pedestrian and cycle access at Romford Station.

- 4.3 The level of new development in Romford will bring economic benefits as well as mitigating the need for housing development in the green belt and in other towns and settlements within Havering. It will however increase demand on some public services in particular schools. As there is already a shortfall of school places within

the Romford area, officers are modelling the future additional demands created by the Housing Zone. This will ensure that plans can be developed that appropriately meet the need for school places for the children of Romford. The Assistant Director of Learning and Achievement, the Head of Economic Development and the Head of Regulatory Services will undertake a detailed assessment of future need and phasing, and work to identify a suitable site for new school provision.

- 4.4 The Council will also continue to make the case for additional investment in local health provision and will consider the potential to incorporate facilities into new developments. It will reflect these in its Infrastructure Development Plan within the emerging Havering Local Plan and will consider the potential to incorporate facilities into new developments.

Overarching Borough Agreement

- 5.0 The London Borough of Havering is being asked by the GLA to enter into an Overarching Borough Agreement with the GLA in respect of the Romford Housing Zone. The Overarching Borough Agreement is the agreement which embodies the basis of the Housing Zone principles and arrangements with Boroughs. It may be revised and/or amended at the discretion of GLA and Boroughs to reflect Zone specific or other provisions. Upon signing of the agreement, the GLA will allocate budget resources of £34.9m for the delivery of the Romford Housing Zone programme comprising £22.7m grant and £12.2m recoverable grant (loan). The Overarching Borough Agreement makes clear that the provision of GLA Housing Zone funding is dependent on a number of factors namely: the GLA carrying out due diligence, the availability of GLA resources and the Borough entering into individual project Intervention Agreements. The Overarching Borough Agreement is supported by a number annexures which set out the broad overall key agreed inputs, outputs and deliverables.
- 5.1 The terms of the repayment of grant to the GLA will be set out in the contracts for individual interventions. The Borough mechanism for repayment would be through recouping payments from s106 and Community Infrastructure Levy contributions, and receipts from the sale of Council owned land in the Housing Zone area (which would have been purchased using GLA funding). It is therefore it is proposed to ring-fence CIL payments and developer s106 contributions from development schemes within the Housing Zone to repay the forward funding. Due regard will be made to 2010 CIL Regulations specifically those limiting up to 5 the maximum number of contributions through S106 that can be pooled to provide a particular project.
- 5.2 Each element of the Housing Zone programme will be subject to an individual funding agreement which will form the contractual basis for drawing down Housing Zone funding.
- 6.0 **Governance**
- 6.1 It is intended to establish a Housing Zone Board to monitor and shape the delivery of the Romford Housing Zone programme. It is proposed that the Board will consist of the Leader, Cabinet Member for Housing, Deputy Cabinet Member with particular responsibility for the Romford Housing Zone, Group Director and a GLA nominated representative.

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- 6.2 Through the Group Director, the Head of Economic Development will be responsible to the Board for the overall delivery of the Housing Zone and the majority of schemes. The Director of Housing Services will be responsible for the Waterloo Road Estate project.
- 6.3 The Board will ensure consistency with the vision in the Romford Development Framework, consider the implications for other services (including schools and parking), shape operational strategy, agree specific investments and monitor delivery.
- 6.4 Individual Project Teams will be established as appropriate.

7.0 Communications and Consultation

- 7.1 Letters have been sent to the owners and occupiers of all properties likely to be directly impacted by the proposals for Bridge Close explaining the Council's intended approach.
- 7.2 Letters have been sent to Council tenants and leaseholders of the residential properties at Angel Way and the Council's commercial tenants. These explain that the Council will be investigating a potential redevelopment, will keep people informed and will work with tenants and leaseholders on an individual basis if development does proceed.
- 7.3 Regeneration proposals for the Waterloo Estate will involve a process of full resident and stakeholder consultation. There will be further communication with residents in July 2016.

REASONS AND OPTIONS

Reasons for the decision:

The Housing Zone programme gives access to significant investment to accelerate the delivery of Members' objectives set out in the Romford Development Framework.

Other options considered:

Not entering into the Overarching Borough Agreement – REJECTED. The Council has satisfied the GLA that the housing schemes within the Romford Housing Zone will not come forward as outlined without financial support. These schemes will make a significant contribution to meeting housing need and the target set for Havering in the London Plan. Not to proceed with these schemes would increase the pressure for housing elsewhere in the Borough. Not to proceed with plans for the construction of the pedestrian and cycle link from Waterloo Road to Romford Station and the town centre would be a missed opportunity to enhance access for existing residents as well as the occupiers of new developments.

IMPLICATIONS AND RISKS

Financial implications and risks:

Entering into the Overarching Borough Agreement does not commit the Council to any immediate capital outlay, but does seek support for the overall package of GLA and Council funding.

The GLA Grant of £34.9m would be a combination of £22.7m grant and £12.2m recoverable grant which combined with Council funding will accelerate housing and infrastructure developments within Romford Housing Zone for the Bridge Close, Waterloo Road Estate and Angel Way.

It is proposed to repay the GLA recoverable grant that is interest free by ring fencing s106 and CIL contributions from developers and receipts from the sale of land arising from developments in the Housing Zone (funded with LGA monies). The recoverable grant would be paid back over a period of time to be agreed with the GLA.

Contractual commitments will be through the Intervention Agreements. These will contain full details of projects, an appraisal, business plan, delivery programme, cash flows and exit strategy; these will be completed as the major projects are refined later in the Housing Zone delivery. These will be the contractual basis for project delivery.

Legal implications and risks:

The overarching agreement is a comprehensive agreement with the following main provisions within:

Clause 2 - The provision of GLA zone funding is dependent on a number of factors provided at clause 2 – namely: GLA carrying out due diligence, the availability of GLA resources and the Borough entering into an Intervention Agreement with the GLA.

Clause 4 – In the event that there is a failure on the part of the Borough to deliver or procure a Borough Direct Zone Output within the timescales set out in the zone output schedule the GLA have a number of measures at their disposal which they **may** employ such as : a) terminate the agreement , where the failure has a material adverse effect , b) Cancel any undrawn final intervention sum, c) Recover sums paid to the borough and require the Borough to remedy and submit a plan of action to GLA for approval within 10 business days, or adjust the Final Intervention sum.

Clause 5 – There are a number of obligations placed on the Borough restricting the Borough from disposing of the whole or part of a Borough site (defined as meaning the land upon which the Agreed Interventions and Borough Zone Outputs are to be constructed) within the zone unless expressly prescribed within the Intervention Agreement. The remaining obligations centre largely around the employment of staff employed by the Borough complies with the requirements of the London Living Wage.

Clause 6 – The Borough as part of the GLA's notification & reporting procedure will be required to attend review meetings within 10 business days of each quarter date to discuss progress, in addition to the schedules quarterly meetings the GLA can call a review meeting at any time, with reasonable notice given.

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In addition to entering into the Overarching Agreement the Borough will be required to enter into "Intervention Agreements" which will set out the terms and conditions upon which specific sums of funding will be advanced to the Borough by the GLA. Much of the contract detail will be contained within this agreement which will be specific to the Borough.

Due regard will need to be paid to the 2010 CIL Regulations and to the limit of up to 5 the maximum number of contributions through S106 that can be pooled to provide a particular project in establishing the funding packages for individual infrastructure items.

Human Resources implications and risks:

The Economic Development Service will be required to dedicate resources to the programme management and delivery of projects. Additional temporary resources will be required and will be discussed with CMT. Funding for resources to deliver components of the Housing Zone programme can be drawn down from the GLA funding allocated.

The Housing Zone Programme will require the input and resources of a number of Council services particularly Planning, Highways, Legal and Property Services.

Equalities implications and risks:

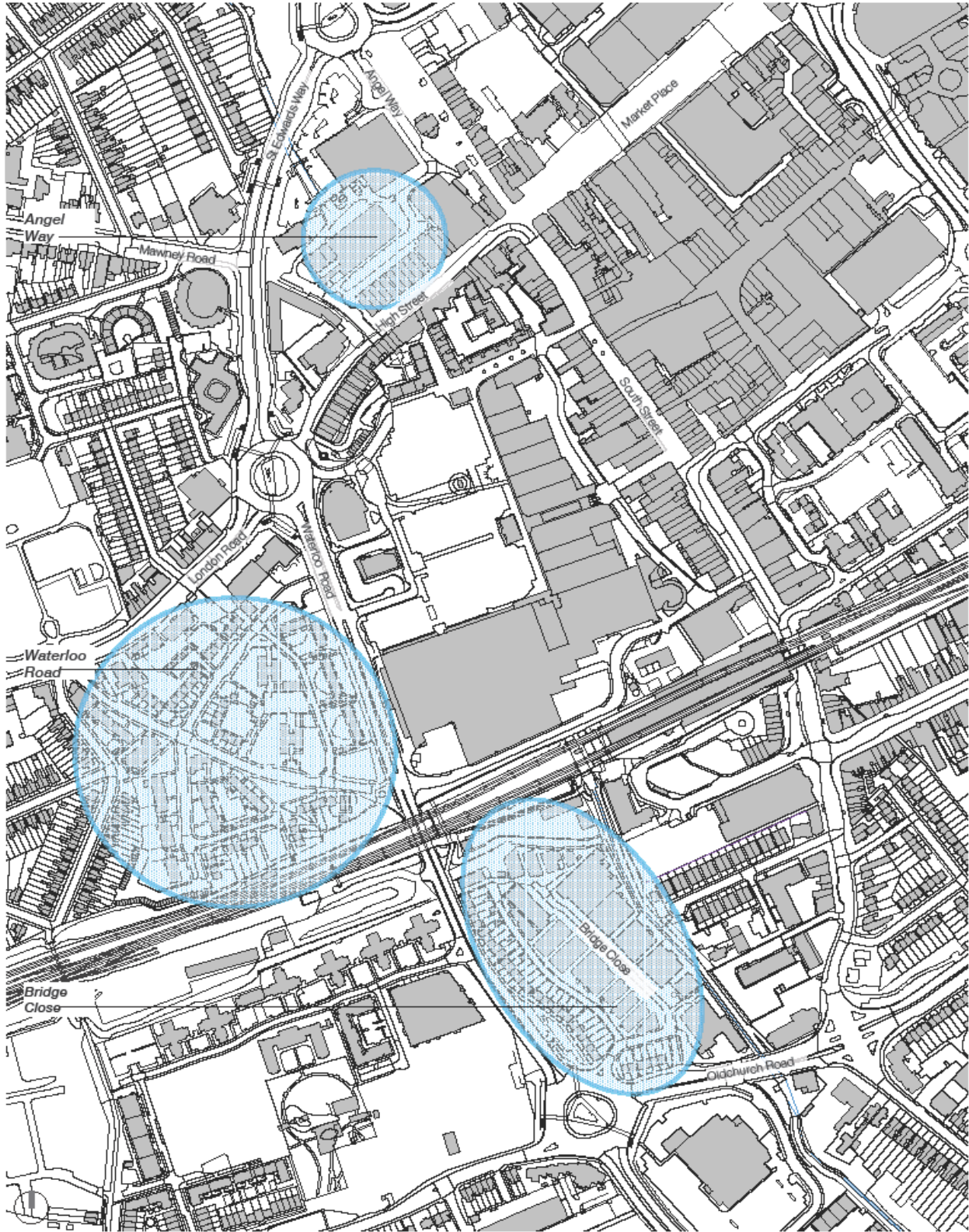
The Romford Housing Zone will unlock significant investment for market and affordable homes, including a proportion of homes built to lifetime homes and disabled living standards. It will make it easier and safer for people to travel through provision of a new accessible link.

It is proposed that an overarching EIA will be completed for the Housing Zone programme and EIAs will be undertaken for each of the four schemes.

Background Papers

None.

Romford Housing Zone



Not to scale

May 2016