

# PROPOSAL TO ESTABLISH A HOUSING ZONE FOR THE HAYES AREA

<b>Cabinet Members</b>	Councillor Ray Puddifoot MBE Councillor Jonathan Bianco Councillor Keith Burrows Councillor Philip Corthorne Councillor Douglas Mills
<b>Cabinet Portfolios</b> <i>(cross-cutting portfolios)</i>	Leader of the Council Finance, Property & Business Services Planning, Transportation & Recycling Social Services, Health and Housing Community, Commerce and Regeneration
<b>Officer Contact(s)</b>	Chris Mansfield; Residents Services
<b>Papers with report</b>	Appendix 1 Proposed Housing Zone area (public) Appendix 2 Proposed Governance Structure (public) Appendix 3 Housing Zone Proposal (confidential) Appendix 4 Potential housing schemes (confidential) Appendix 5 Potential sites plan (confidential)
<b>PUBLIC/PRIVATE</b>	<b>This report is public, but it contains confidential appendices in Part 2 of the agenda for information only.</b>

## 1. HEADLINE INFORMATION

<b>Summary</b>	This report seeks approval to enter into an agreement with the Greater London Authority to establish a Housing Zone for the Hayes area.
<b>Putting our Residents First</b>	This report supports the following Council objectives of: <i>Our People and Our Built Environment</i>  This report contributes towards the medium and long term growth proposals identified in Hillingdon's Local Plan and the Housing Strategy.
<b>Financial Cost</b>	The Housing Zone proposal seeks a recoverable/ non recoverable grant of £45.6m over a ten year period. The grant would be provided to the Council directly or to development partners/registered landlords through a series of site specific agreements.  The coordination of the Housing Zone programme draws on staff time from a number of services together with a dedicated project manager initially for a fixed term of 18 months at an estimated cost of £100k.

	In the event that individual sites in Hillingdon's ownership come forward for development a business case will be prepared to identify potential capital expenditure. Where appropriate funding will be sourced from the Housing Revenue Account (HRA).
<b>Relevant Policy Overview Committees</b>	Residents' and Environmental Services; Social Services, Housing and Public Health
<b>Ward(s) affected</b>	Townfield, Botwell and Pinkwell

## **2. RECOMMENDATION**

That Cabinet:

- 1) **Note the Council's Bid submitted in Appendix 3 and the subsequent outcome of it following discussions with the Greater London Authority;**
- 2) **Agree to progress with and establish a Housing Zone for the Hayes areas as initially set out in Appendix 3 and;**
- 3) **Delegate full authority to the Leader of the Council (and Cabinet Members for Finance, Property and Business Services and Community, Commerce and Regeneration as the Leader deems appropriate), in consultation with the Deputy Chief Executive and Corporate Director of Residents Services, to:**
  - a) **Agree any revisions to the Housing Zone schemes as the project develops;**
  - b) **Make all necessary decisions in relation to implementing the Housing Zone project, including entering into any agreements on behalf of the Council and all related policy, project, property, procurement and financial decisions where constitutional democratic authority is required from the Project Board.**

### **Reasons for recommendation**

Cabinet on 21 January 2016 provided the necessary authority for the Council to submit a bid to the Greater London Authority (GLA) to progress a Housing Zone in the Hayes area. Cabinet is now asked to note the bid submitted and the outcome of recent discussions with the Greater London Authority which will now enable the progression of the Council's Bid.

The Housing Zone regeneration programme is a very good opportunity for the Borough and in particular, the Hayes area. However, there may be consequences for particular existing housing sites and tenants or occupiers arising from the development schemes which may come forward. The extent and scope of this will only become known as the specific schemes evolve and this cannot be confirmed at this stage. There is also the importance of maintaining commercial confidentiality on aspects of the prospective development projects with developers and landowners so that the Council can negotiate effectively on behalf of residents and the public

purpose. Therefore, elements of this report will be considered in private and that it is recommended that Cabinet provides the necessary authority for officers to release public information about the programme as it progresses, at the appropriate time and as agreed by the Leader of the Council.

The GLA has formally considered and endorsed the allocation of a Housing Zone for Hillingdon based on the Hayes area as defined in Appendices 2 and 3.

The Council's Local Plan and Housing Strategy seek to provide additional housing in the Borough to meet the population needs and growth for the next 15 years. The creation of a Housing Zone and access to grant funding will help to unlock potential housing sites and increase the element of affordable homes.

Delegation of all future decisions to the Leader and relevant Cabinet Members will enable streamlined, accountable constitutional decision-making to deliver the Housing Zone programme, working closely with and officially sanctioning on behalf of the Council any key actions from the proposed governance board in charge of the project.

### **Alternative options considered / risk management**

The Council could choose not to enter into an agreement with the GLA to establish a Housing Zone but the opportunity to bring forward new homes and essential infrastructure directly and through third party land ownerships would be diminished. The Council can encourage development to occur through the normal course of the planning process but will not be able to accelerate the pace of development.

The risks to the Council reflect the challenge of land assembly, financial viability and the willingness of third parties to collaborate to bring forward developments.

### **Policy Overview Committee comments**

None at this stage.

## **3. INFORMATION**

### **Supporting Information**

#### **Putting Our Residents First- Housing Zones**

- 1 The Mayor's Housing Strategy introduced the concept of Housing Zones as a way to speed up the number of homes being built across the capital in areas with high development potential. The Mayor has already announced 20 zones across the capital providing 53,000 homes, around one third of which will be affordable.
- 2 The GLA has allocated over £561 million of funding to the 20 Housing Zones of which over £365m is to be repaid. A Housing Zone includes a minimum of 1,000 home across tenures. The GLA can supply grant funding and debt finance flexibly to reflect the circumstances of a particular Housing Zone.

- 3 Twenty designated zones are in existence across the Capital delivering a range of housing schemes and other benefits including station upgrades, estate regeneration, health facilities, parks and new bridges.
- 4 Housing Zones are flexible in terms of planning and funding arrangements with bespoke arrangements to meet the needs of different areas. The zones are a long term commitment with funding expected to be in place for ten years. Key features of the Housing Zones include sharing risk and reward between partners; and a high-level and strong political and business commitment. Scope exists to create partnerships with private sector developers and land owners to deliver the schemes identified within the zone.

#### Planning package

- Borough support
- GLA as broker
- Tailoring of local / national planning policies
- Accelerated planning- PPAs
- Local development orders
- Land assembly- CPO
- Private Rented Sector support

#### Finance package

- Infrastructure/Gap funding
  - Land remediation/site preparation
  - Affordable housing delivery
  - Prioritising home ownership
  - London Housing Bank
  - Underwriting risk with pre-sales guarantees
  - Other investment sources
- 5 Additional funding is being made available to fund a further ten Housing Zones across London. The Housing Zone allocation would help facilitate a broad range of housing delivery mechanisms, including private sector investment coupled with public sector development for new housing stock. Following the decision by Cabinet to delegate authority to the Deputy Chief Executive and Corporate Director of Residents Services, in consultation with the Leader of the Council and relevant Cabinet Members on the 21 January 2016, a proposal was submitted to the GLA (Appendix 3).
  - 6 The GLA have reviewed all the bids received and have invited Hillingdon to enter into an agreement to form a Housing Zone as set out in the proposal. At this preliminary stage, the sites identified and available funding will be subject to further discussion with the understanding that the overall offer could be revised to reflect the GLA budget. The allocation of a Housing Zone does not fetter the Council's ability to direct development through its role as an enabler or as the Local Planning Authority. Any obligations would only be entered into once the Council is fully satisfied with any terms and conditions.

## Hayes Housing Zone

- 7 The Hayes area of the Borough provides the greatest concentration of development opportunities to justify the allocation of a Housing Zone. A wide boundary is suggested covering all of the Hayes Town Area. This would maximise flexibility in activity included in the Housing Zone (Appendix 1).

## Wider activity in the Hayes Area

- 8 Hillingdon Council and Transport for London started work on a major £6m scheme to transform Hayes Town Centre in February 2015. This two year programme of improvements will include:
- Better pavements and street lighting to make the area feel secure and welcoming, especially at night;
  - Flow of pedestrians, cars, buses and cyclists throughout Station Road increasing footfall and use of the town centre especially in the evening
  - More safe and convenient place for people to cross roads;
  - Phase 1 of the scheme (Coldharbour Lane to Pump Lane) is on track for completion March 2016 and preliminary works underway for Phase 2 (Station Road) to start from April 2016. Final Phase 3 (Pump/Botwell/Coldharbour Lane junction) to be completed April 2017.
- 9 The Council will also be carrying out further work between Hayes and Harlington Station and the canal bridge with the support of Crossrail and Transport for London.
- 10 The concept of developing the bridge to accommodate cyclists, pedestrians and road traffic, including buses has been presented to Transport for London which supports feasibility development to the next stage to confirm design, deliverability and cost. The brief includes producing a detailed funding proposal and business case to secure additional funding from TfL to construct the board walk. This is estimated to be circa £1m.
- 11 It is envisaged that the bridge improvement work will be delivered with a similar timeframe to the completion of the town centre regeneration scheme in spring 2017 and the commencement of full Crossrail services in 2019.
- 12 Hillingdon Council has been upgrading the canal towpath area over the whole length of the Grand Union Canal within Hillingdon during recent years with a considerable focus on the Western View area in Hayes.
- 13 Western View has been subject to an upgrade of the upper and lower towpath surface to a value of more than £250k. The Council has also encouraged Thames 21 to foster and establish a network of volunteers to enhance and maintain the embankments, nurture civic pride and prime the ground for further initiatives such as the establishment of annual canal-side festivals including a floating market. The Council is working with Stockley Park, Transport for London and Canal & Rivers Trust to upgrade the towpath further improve connectivity.

## Crossrail

- 14 Crossrail is set to transform travel around the capital, through greater London and beyond into the Home Counties by offering direct connections to previously unconnected routes, improving journey times and significantly easing congestion.
- 15 The western section of the Crossrail route runs from Paddington in West London to Heathrow Airport and Reading. The stations on the route will undergo a number of enhancements to facilitate the new Crossrail services due to begin in 2019. This includes new station buildings at Hayes & Harlington and West Drayton.
- 16 Hayes & Harlington station will benefit from major enhancements in preparation for the introduction of Crossrail services, including a new, spacious ticket hall, a new footbridge with four new lifts to provide step free access, platform extensions and new canopies.
- 17 The distinctive new glass and steel structure is intended to create a landmark that will be much more visible and prominent than the existing station. The new building will be open from the end of 2017 and will be located to the north of the existing station.
- 18 Crossrail has set out plans to develop and enhance the public spaces around stations in a number of outer London boroughs including Hayes & Harlington. The local area is largely made up of low density, suburban housing, with the exception of the recent High Point Village residential development, the first of a number of developments set to substantially change the character of the environs.
- 19 The urban realm design proposals include options to “future proof” the area for the large scale developments that are likely to come forward. Each option creates a new public space in a triangular site between the proposed station and High Point Village. They improve pedestrian and cycle connectivity to the station in all directions through better pedestrian crossings, continuous cycle lanes, tree planting, higher quality materials and safer junctions. The scheme will also provide step-free accessibility between the station and the proposed major developments to the west, via a ramp from Station Road to Blythe Road. £2.6m (£1.8m Transport for London and £0.8m S.106 funding) is earmarked for public realm improvements as part of the Crossrail Complementary Measures. Architecture/design work is being commissioned for implementation from Sept 2016 to April 2018
- 20 When Crossrail arrives at Hayes & Harlington station in 2019 it will offer connections to areas of central and eastern London which were previously unreachable by direct connections. Commuters can expect to be at Bond Street within 20 minutes, Liverpool Street within 27 minutes and Canary Wharf within 35 minutes - cutting the journey time by nearly half an hour.

## **Financial implications**

- 21 At this stage there is no commitment required other than a dedicated project management resource together with officer support. It is anticipated that to attract a candidate with the required skills subset for this important role would require a cost of up to £100k for 18 months. This could initially be funded through the Housing Revenue Account (HRA) given the scope of the Housing Zone. Internal staff resources will also be deployed to set up the programme. The GLA funding for the next set of Housing Zones is

£200m across the boroughs with an anticipated allocation of £20m per Zone. This grant funding is capital in nature and typically a mix of direct grant assistance and repayable grant depending on the nature of the projects undertaken within the Zone.

- 22 The participating councils are usually expected to make a financial contribution with matched funding from other partners which could be private developers, housing associations or similar. The GLA prospectus states that "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".
- 23 The development of a Housing Zone therefore could provide a number of financial benefits to the Council. These benefits would accrue over the Housing Zone designation period, which is typically ten years, and would be expected to include:
- Delivery of new affordable housing units across tenures and regeneration of existing council owned stock that could deliver savings to both the HRA and General Fund Housing budgets;
  - Contributions towards capital infrastructure that might otherwise be entirely funded by the council, together with access to preferential PWLB borrowing rates for loans if required;
  - Generation of additional business rate and council tax income.
- 24 A key financial benefit of the Housing Zone is expected to come from the delivery of additional housing units which would be across a range of tenures. This is expected to include new social housing stock which would generate additional income to the HRA, together with the potential to regenerate existing inefficient HRA stock with relatively high maintenance liabilities. More generally delivery of additional housing units within the Borough should assist in alleviating the general fund pressures on housing budgets from temporary accommodation costs.

## **Governance**

- 24 The Housing Zone would be operated through a governance structure as determined by the local authority with input as necessary from the GLA. It is anticipated that the Board would be chaired by the Leader of the Council with senior councillor and officer membership. A delivery panel and project team would be established to support the Board. A suggested governance structure is attached as Appendix 2.

## **Benefits of Housing Zones**

- 25 The value of a Housing Zone is firstly its ability to attract grant funding and secondly the opportunity to co-ordinate a comprehensive development strategy delivering housing, infrastructure and place making benefits to a community. The opportunities identified for the Hayes area are clearly understood, many of which are coming about through positive planning and the Council's proactive approach to regeneration. The value of a Housing Zone lies in its ability to stitch together key infrastructure elements, reconciling cross-cutting issues and giving certainty to funding mechanisms. The development of this area could continue with or without a Housing Zone designation but the pace of delivery may be slower and some key infrastructure and public realm enhancements may not be achieved.

## **Next Steps**

- 26 Subject to the recommendations set out above being approved by Cabinet, officers will enter into detail discussions with the GLA to prepare an overarching agreement between the two authorities. In parallel the governance structure set out in Appendix 2 will be established together with the submission of a Project initiation Document to the Hillingdon Improvement Programme Steering Group.

As part of the internal and external communication strategy helping to keep our residents informed, regular updates will be provided to Cabinet highlighting the specific workstreams and outputs from the programme. An announcement by the Mayor of London is likely to be made on the 10 March 2016 indicating the areas to be designated as Housing Zones.

## **4. EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES**

### **What will be the effect of the recommendation?**

The preparation and implementation of a Housing Zone will support the accelerated delivery of housing within the Borough and the quantity of affordable homes for Hillingdon's residents. Opportunities to secure external funding and third party assistance to unlock constrained housing schemes and the associated infrastructure will improve the physical and social environment of the area putting our residents first.

### **Consultation Carried Out or Required**

At this stage, only internal consultation with relevant service areas has been undertaken. This includes Housing, Planning, Legal, Financial and Property services. Engagement and discussions with Greater London Authority officers has assisted with the preparation of the proposal as a joint commissioning process.

## **5. CORPORATE IMPLICATIONS**

### **Corporate Finance**

Corporate Finance has reviewed this report, noting that direct costs associated with the proposal to establish a Housing Zone for the Hayes Area are limited to project management support at this stage, with funding being sourced from the Housing Revenue Account. As outlined throughout this report, securing a Housing Zone would enable the Council to attract inward investment in support of accelerated delivery of homes for Hillingdon residents. The broader financial implications of this proposal will be reflected in the Council's Medium Term Financial Forecast as the project develops.

### **Legal**

The Mayor's statutory London Housing Strategy requires the Mayor to set out the policies required to meet the housing needs of London. The Mayor's intention is to bring forward land for development and accelerating the pace of housing delivery through Housing Zones.



The housing zones are discretionary, however, to be eligible for designation as a Housing Zone the Council must prove they can meet the designation criteria, which will require the Council to provide a range of data.

Following acceptance of the proposals to establish a Housing Zone a bespoke series of funding agreements will be drawn up between the Council and the GLA and will be based on their identified proposals and needs. This will firmly hold the Council to account in delivering agreed outputs.

### **Corporate Property and Construction**

It is noted that Council owned property is being considered as part of establishing a Housing Zone but comments on the possible implications of this are not appropriate at this stage until the detailed proposals are known.

## **6. BACKGROUND PAPERS**

NIL