



City of Westminster

Cabinet

Date:	4 December 2017
Classification:	For general release with the exception of Appendix 3
Title:	Church Street Regeneration Programme- Masterplan and Next Steps
Ward Affected:	Church Street
Key Decision:	Yes
Financial Summary:	The projects and initiatives discussed in this report are already included the draft HRA Business plan for 2018-19 and this report does not request further funding be allocated to the Church Street programme. The current base position is -£47m and officers are working on a number of scenarios that could materially impact on this and help to reduce the overall cost.
Report of:	Barbara Brownlee, Executive Director, Growth, Planning & Housing

Executive Summary

- 1.1 The Church Street Regeneration programme has a number of projects and initiatives already underway following the publication of the Futures Plan.
- 1.2 The draft Church Street Masterplan, which develops on the principles of the Futures Plan and seeks to propose a deliverable set of interventions, was consulted on in September/October 2017.
- 1.3 The report and appendices detail the outcomes of that consultation and the proposed changes to the masterplan document as a result of the consultation. These relate in the main to providing additional or clarified information on key areas within the masterplan, including the Council's commitment to tenants, leaseholders and commercial interests in the area and the approach to affordable housing delivery.

- 1.4 A headline list of activity that needs to be undertaken on the basis of approval of the masterplan is included in the report, which explains what work officers will now undertake in order to be able to present detailed scheme proposals back to members in the second half of 2018.

2. Recommendations

- 2.1 That Appendix 3 be exempt from publication under Section 100 (A) (4) and Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) as it contains information which should be exempt from publication in that it contains information relating to the business and financial affairs of the authority
- 2.2 That Cabinet notes the Church Street Masterplan Consultation Report and on the basis of the proposed amendments to that document as a result of the consultation approves the Church Street masterplan as the Council's delivery framework for the regeneration programme in Church Street.
- 2.3 That Cabinet notes that further consultation will need to be undertaken on each area where a CPO may in the future be required on the full range of options to include the "do nothing" or maintenance only and refurbishment options as well as development options.
- 2.4 That authority is delegated to the City Treasurer to enter into a funding agreement with the Greater London Authority to formalize the terms of the second phase of the Edgware Road Housing Zone funding.
- 2.5 That authority is delegated to the Executive Director of Growth, Planning and Housing to approve acquisitions by the Council to acquire all leasehold interests in the blocks proposed for demolition (if a development option is approved in the future) situated within sites A, B and C, that are in addition to those identified in the Futures Plan where approval exists to offer the compensation policies within the Council's Policy on Leaseholders in Housing Renewal Area, designated as Church Street site 2, Blackwater House and Eden House, by agreement at market price
- 2.6 That authority is delegated to the Executive Director of Growth, Planning and Housing to approve spending on feasibility activity in line with the HRA business plan.

3.0 Reasons for decision

- 3.1 The decisions requested in this report will enable the Church Street Regeneration Programme to move into the next stage of detailed due diligence on the Phase 2 schemes proposals. It will also ensure that the funding from the GLA is secured to enable further consultation on areas where we need to use compulsory purchase powers and if the development option is chosen, enable programmes to move into delivery. The Church Street masterplan provides a

background to the Council's aspirations for the area. It is a formal non-statutory statement of policy which can be taken into account in the preparation of any planning applications which may come forward in the Church Street ward.

4. Background and context

4.1 The Futures Plan is the existing renewal plan for the Paddington Green, Church Street and Lisson Grove area for the period through to 2026/2030. The plan, which was prepared during 2011 and published in 2012, is not a formal planning document but was subject to a resident vote, which was positive and forms the basis for those proposals to be delivered. The main features of the Futures Plan are:

- Better homes
- Better parks and open spaces
- Cultural, economic and enterprise opportunities
- Improved retail
- Better connections
- Community facilities

4.2 A number of housing developments and other initiatives from the Futures Plan and associated opportunities developed in the intervening time period are already in progress.

- **Orchardson Street;** three 3 bed flats were built as an example development and completed in summer 2016. They are now occupied by families from the borough's housing waiting list.
- **Luton Street;** a planning application has now been submitted for the scheme, which includes 62 affordable housing units. As part of the scheme, a new nursery was built on Tresham Crescent, which opened in 2016, and projects are being funded to deliver improvement works to buildings around the site under the Community Benefit Fund project and the first phase of the Green Spine has also been funded.
- **Lisson Arches;** the 55 unit sheltered housing scheme, which also includes 10,000sqm of enterprise space, is currently on site for enabling works. The scheme includes 44 affordable units, which will primarily be utilized to rehouse residents from the sheltered scheme at Penn House. The scheme is due to complete in 2019.
- **Ashbridge/Cosway/Ashmill;** a planning application has been submitted for these linked sites, which will include delivery of 28 affordable units and significant public realm improvements around the Ashbridge site for use by residents of a number of large housing blocks. The scheme is due to be on site in summer 2018 and complete in early 2020.

- **Parsons North**; this scheme, although in Little Venice ward, was consulted on during the Futures Plan process. A planning application for a housing scheme including 14 affordable units has recently been approved with a proposed start on site in early 2018. It is proposed that the scheme be utilized to address a range of local housing needs issues.
- **Green Spine Phase 1**; running from Bell Street to the junction of Salisbury Street and Samford Street and incorporating Broadley Street Gardens, the Green Spine will provide a much needed increase in good quality open space in the heart of Church Street and is being designed to encourage play and recreation for all ages. There is a current planning application for the scheme and it will be delivered from summer 2018.
- **Neighbourhood Keepers**; the Church Street Futures Group (CSFG), the Council's Community Led advisory body for the regeneration programme, were instrumental in developing a set of proposals for positive activities to promote health and wellbeing and to encourage local people to have an increased sense of ownership for the area they live in. The Council has committed to funding the programme at £2m over five years, from 2017/18 onwards, and a number of projects have already been delivered. A community led panel is supporting the regeneration team in designing the rest of the programme. At present a funding strategy to support this commitment is still being developed by officers.
- **Create Church Street**; as with Neighbourhood Keepers, the CSFG proposed a fund of £200,000 to promote creative activities in the area for local people to access. Around half of the funding has now been distributed and another round of activities will start in early 2018.

Church Street Employment Support, the programme funds two full time Employment Coaches as part of the Westminster Employment Service to work with local residents to improve their employment opportunities and skills.

- 4.3 In 2014 the Council made an application to the Mayor of London's Housing Zone programme for the Edgware Road area. This was successful and £25.5m was allocated to the programme. £2m of this was designated for the Lisson Arches project and the remaining £23.5m is earmarked for leaseholder acquisitions in phase 2. Details are provided in the financial implications section of this report on the funding arrangements associated with this grant.
- 4.4 There are other, private sector led developments underway in the Church Street area that are linked to the delivery of the regeneration programme. These are the Lyons Place scheme, being developed by Almacantar and the West End Gate scheme, being developed by Berkeley Homes.

- 4.5 Since early 2016, WCC has had a renewed focus on the delivery of the Church Street programme, including the opening of a Regeneration Hub office on Church Street itself. The delivery team, including development, community engagement, business, employment and regeneration officers has been expanded to meet programme demands during that time.
- 4.6 In summer 2016, the Council commissioned Peter Brett Associates and LDA Design to prepare the draft Church Street masterplan. It was commissioned to be a framework for delivery of regeneration projects in Church Street. This masterplan provides the strategic framework that will guide the economic growth and physical development of Church Street for at least the next 15-20 years. It has been prepared in parallel with the City Plan review to ensure that there is an up to date planning policy context for the delivery of our aspirations embodied in the masterplan. It is the intention that the masterplan will be agreed by the council to help inform the drawing up and determination of planning applications in the Church Street area. The masterplan is intended to:
- build on the regeneration initiatives to date in Church Street and work with the social and economic communities of Church Street.
 - build upon the unique qualities of the area to create a great place where people want to live, communities thrive and businesses prosper.
- 4.7 The draft masterplan took full account of and builds on The Futures Plan, which was prepared with considerable community involvement. It also takes account of Westminster City Council's City for All Programme.

5. Masterplan consultation summary

- 5.1 The consultation on the draft masterplan ran from 7 September to 29 October 2017 and a wide range of residents, local community groups, businesses and other stakeholders responded. The Regeneration Base at 99 Church Street has been the main exhibition venue and has received a steady flow of visitors asking questions and making comments about the proposals. In addition the exhibition has 'popped up' at venues including Church Street library, Church Street market, City of Westminster College, Greenside Community Centre and Westminster Adult Education. Members of the masterplan team have attended school coffee mornings and parent events, workshops, Health Centre patient committees and resident meetings. A full schedule of consultation events is attached to this report.
- 5.2 A number of different forms of publicity were used to advertise the consultation process including:
- **Newsletter;** delivered to all addresses in Church Street in August 2017 to advertise forthcoming consultation.

- **Targeted letters;** to tenants and residents in sites proposed for redevelopment to inform them of the proposals and to encourage them to access consultation materials and provide their opinions.
- **Fliers;** placed in key community venues and handed out at events to promote consultation exhibition dates.
- **Electronic mailing lists;** a list of local stakeholders compiled by the Church Street Regeneration team was utilised to circulate information about the masterplan.
- **Door knocking;** carried out towards the end of the consultation in particular blocks with proposals directly affecting them, where specific issues had been raised or formal response rates were lower.

5.3 A consultation summary report is attached to this document, which will be appended to the final masterplan and made public.

6. Proposed amendments to masterplan

6.1 Throughout the consultation process, the programme team has considered responses and tested various delivery and viability scenarios. This allowed the team to consider which amendments to the masterplan should be proposed. Below is a summary of those amendments split into the 4 themes of the masterplan. There is also a section on deliverability, which is fundamental to the way the masterplan has been produced.

Theme	Amendment
1. Homes	<ul style="list-style-type: none"> a. Ashbridge and Cosway proposals have progressed significantly since publication of the draft masterplan, with site specific consultation having been undertaken and planning applications submitted. As such, these sites now form part of the 'schemes in delivery' and therefore will be moved to this section of the report b. Information to be provided on the number of tenants and leaseholders directly affected by each masterplan site proposal to show scope of scheme and Council re-provision requirements for tenants. c. State a clear intention to work with partners including City of Westminster College to consider delivery and funding options for the Gateforth & Cockpit Theatre site. d. Provide clarity on the delivery of affordable housing by floorspace and against Council and London planning policy guidance. e. Retain proposal to include total Edgware Road frontage, with a commitment to consider all options for delivery f. Highlight the Council's ambitious infill programme as an alternative for sites in the Church Street area not identified for comprehensive development

2. Health & Wellbeing	a. Affirm commitment to ensuring new and redesigned public spaces are designed and managed to reduce crime and anti-social behavior
3. Market & Enterprise	a. Confirm approach to current traders and businesses both during and after the proposed new development b. Emphasise the need to support the creative and antiques industries in the area c. Affirm commitment to the retention, improvement and evolution of the street market offer in Church Street
4. Making Connections	a. Specify intentions around re-providing both Church Street library and Westminster Adult Education provision in consultation with service providers and users b. Highlight further the link to the Regents Canal
5. Deliverability	a. Include a clear statement on the Council's commitments to its existing tenants and leaseholders and reference the specific policies that govern these commitments. b. Ensure information on land use and massing is explained in as many metrics as possible and clarify that that building heights at this stage are indicative and need to respond to emerging policy and local context at the time of detailed planning. c. Include indicative delivery timescales diagrams within document d. Rename 'The Way Forward' section as 'Delivering the masterplan proposals' and lay out the process the Council will undertake on all proposals ahead of their delivery, including due diligence, engagement and consultation with the community, viability testing, procuring partners e. Affirm commitments to consultation and engagement approach both through existing forums and with the wider community.

7. Moving to delivery

- 7.1 The phase 1 projects outlined in section 1 of this report are the initial delivery opportunities for the Church Street programme, which will provide local rehousing options for directly affected residents. They are due for delivery between 2018 and 2021.
- 7.2 The masterplan identifies site A as the first site in phase 2 of the proposals. In order to develop a detailed set of proposals for the site, preparation is required. During the first half of 2018, the regeneration team will be carrying out the workstreams outlined below. On completion of these workstreams, a further report will be put before the Cabinet Member and Cabinet as required to move into delivery of the masterplan proposals.

- Detailed commercial analysis of the scheme proposals and design/planning proposals to ensure the council's 'ask' from a development partner is deliverable and realistic.
- Due diligence including detailed title reports
- Meeting with all residents, tenant or leaseholder, to establish their outline housing requirements and develop proposals to ensure their needs and requirements can be met within the framework of the Council's policies.
- Negotiations with other property owners to establish whether there will be a need for any compulsory purchase processes and to confirm a strategy for those processes
- Engagement with all commercial and retail interests to agree a range of options for their future needs within the programme.
- Development of a traffic and transport implementation plan
- Production of a procurement strategy for a delivery partner or partners.
- Development of a Local Lettings Plan for the programme.
- Completion of a first stage programme wide Equalities Impact Assessment

7.3 The programme focuses not only on housing development schemes but also socio-economic, public realm and health and wellbeing projects, such as the Employment Support, Neighbourhood Keepers and Create Church Street projects mentioned in section 1 above. Those projects will continue their delivery and will be supplemented by the following initiatives;

- Community Benefit Fund – delivery of improvement work schemes to a number of blocks in the vicinity of the Luton Street development site.
- Business support – developing relationships within and beyond the business community in Church Street to ensure they have the skills and resilience to meet any challenges and opportunities from the regeneration programme.
- Delivery of funded activity – Including a potential GLA Good Growth Fund project relating to enterprise and cultural workspace that is currently under consideration.
- Edgware Road underpass – working with Council colleagues and partners to consider options for the Edgware Road underpass and how this might be funded and delivered.

8. Financial implications

- 8.1 The 2018/19 work programme proposed in this report gains funding approval as part of the HRA Business Plan. Where additional approvals for specific spend are required, the programme team will follow existing Council processes including approval of a scheme business case.
- 8.2 Both phase 1 housing schemes and the phase 2 core site proposals (A, B and C from the masterplan) form part of the current HRA business plan and Affordable

Housing Fund allocations. As such they have been considered against the other HRA and AHF priorities and funding levels agreed accordingly. Each scheme will be subject to the required Council financial approval processes as the schemes come forward for delivery. This business planning includes the funding required to facilitate the purchase of leasehold interests as per the recommendation at the outset of this report.

- 8.3 The proposed Leaseholder Policy currently being consulted upon contains potential commitments that have still to be fully identified and costed but which may impact upon the final costs of delivering the phase 2 scheme. Officers are currently undertaking an analysis of the likely costs and risks and will report this when the Leaseholder Policy is finalised in January. Officers are providing this feedback as part of the formal feedback process.
- 8.4 As part of the development of the masterplan proposals, financial modeling has been undertaken on the core delivery sites, which are A, B and C on Church Street itself. These sites were chosen to be included in the viability studies due to their proposed delivery timescales and the level of Council control on those sites, which is greater than in other proposed schemes. The HRA Business Plan position is established at a deficit of -£47m for the delivery of sites A, B and C. This position includes allowances for the Council to gain vacant possession of sites at a cost of c.£190m, for the Affordable Housing Fund to fund delivery of all new and replacement social housing, for intermediate housing to be delivered by the Council or a partner, for infrastructure including community space and public realm to be delivered and for over 1000 homes to be delivered with over 50% affordable between re-provision and new provision. A confidential viability report is attached, which shows the current position on the scheme and the proposed scenarios to improve the financial position to a cost neutral position for the HRA.
- 8.5 Further detailed analysis is required to explore the financial position on the schemes and this will be carried out as part of the next stage of work as detailed in this report. At present it is considered prudent to retain the current HRA Business Plan position until further due diligence has been undertaken in order to protect the Council's position and to fully understand the projected capital receipts from the scheme and the risks associated with them.
- 8.6 The core HRA delivery programme sites (A, B and C) include significant community and commercial space delivery in addition to housing. A key element of establishing detailed viability for the schemes will be to consider funding from other sources, including the General Fund potentially investing in commercial space, funding bids to other public sector bodies such as GLA, TfL or DCLG and bids to the Council's CIL. All of these funding sources will require firm proposals and therefore will be considered as part of the next stage of due diligence work and beyond but have not been considered to date.

8.7 The second tranche of Edgware Road Housing Zone funding, which totals £23.5m, requires a Borough Investment Agreement to be in place by 31 January 2018. The funding is being awarded as a grant on the basis that the scheme viability at masterplan stage shows that the scheme is not making significant profit for the borough. The funding agreement will include provision for reviewing the viability of the scheme in order that the GLA could share in any profit made to recycle funding into future housing delivery in London. The clause will ensure no financial detriment to the Council.

9. Legal implications

9.1 The Church Street masterplan provides a background for the Council's aspirations for the area. It is a formal non-statutory statement of policy which can be taken into account in the preparation of any planning applications which may come forward in the Church street ward.

9.2 However for future Compulsory Purchase Powers to be used for the Council to deliver this development it will have to make the case for regeneration. There needs to be a compelling case in the public interest for a development to go ahead as human rights are being interfered with. As property owner and Housing authority, the Council will need to consult on all the options including the maintenance only option and refurbishment option options.

9.3 Should the full redevelopment option be preferred further Cabinet Member Reports will be required to consider the results of formal consultation on the options and to make a final decision on whether this option is pursued. In the interests of transparency, this decision should be not be made by officers.

9.4 As one of the options may involve the loss of two HRA properties and the homes of residents, there needs to be a clear programme of formal and robust consultation which will inform decision-making. The law requires that consultation takes place at a "formative" stage, i.e. before a decision is taken to develop, to ensure that it is effective. It must also be carried out on the basis of the provision of sufficient information. There is no legal impediment to carrying out consultation based on a preferred option, but it must be open to consultees to advocate a different option.

9.5 Secure tenants will need to be formally consulted under section 105 Housing Act 1985 and their needs assessed for rehousing. Section 105 of the Housing Act provides that the Council must consult with all secure tenants who are likely to be substantially affected by a matter of Housing Management, which includes a new programme of maintenance, improvement or demolition or a matter which affects services or amenities provided. Secure tenants must therefore be informed of the Council's proposals and provided with an opportunity to make their views known to the Council within a specified period. Before making any decision, the Council must consider any representations from secure tenants arising from the consultation.

- 9.6 The resident leaseholders will also need to be formally consulted. The housing regeneration leasehold and tenant policies do not apply to this proposed project. If an option involves demolition of the block residents' concerns need to be assessed and if they can demonstrate needs or a connection to the area it may be appropriate for the Council to consider rehousing them in the close vicinity of the property.
- 9.7 All Commercial occupiers if any will need to be further consulted and regard must be given to any rights within their leases.
- 9.8 Should the preferred option not be deliverable without vacant possession and in the event, that a position of last resort seems likely, the Council may need to use its compulsory purchase powers to acquire all outstanding interests in the property. It will be necessary to show that there is a compelling case in the public interest before a CPO can be made and that there is no planning, financial or other impediment to the implementation of the chosen scheme. If a CPO is necessary, the Council will need to obtain formal approval from the Cabinet or relevant Cabinet Member(s) to make a CPO.
- 9.9 Acquisitions (without compensation) under section 19 of the Housing Act 1985 can occur at this early stage provided the properties are being purchased for housing purposes and property owners are able to sell out of their own volition.

Appendices

- 1 – Church Street Masterplan
- 2 – Church Street Masterplan Consultation Statement of Community Involvement
- 3 – Church Street Viability Report (CONFIDENTIAL: EXEMPT FROM PUBLICATION)