

MUNICIPAL YEAR 2014/2015 REPORT NO. 7

MEETING TITLE AND DATE:

Cabinet – 25th June 2014

JOINT REPORT OF:

Directors of Regeneration &
Environment and Finance,
Resources and Customer Services

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Agenda – Part 1

Item: 9

**Subject: Meridian Water – Proposed
Delivery Arrangements**

Wards: Upper Edmonton & Edmonton
Green

Key Decision No.: 3921

Cabinet Member consulted:

Cllr Ahmet Oykenner, Cabinet Member for
Housing and Estate Regeneration

Cllr Andrew Stafford, Cabinet Member for
Finance

1. EXECUTIVE SUMMARY

This report considers the next steps that the Council will need to undertake to further build confidence in the market and advance accelerated delivery of housing within Meridian Water. This includes making appropriate procurement arrangements and the possible acquisition of more land.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Notes the background to the emerging Meridian Water proposed delivery arrangements;
- 2.2 Delegates authority to the Lead Members for Housing and Estate Regeneration and Finance acting in consultation with the Directors of Regeneration and Environment and Finance, Resources & Customer Services to finalise and agree appropriate delivery arrangements and associated legal agreements for Meridian Water.
- 2.3 Notes the progress made in developing a housing zone and agrees that Meridian Water can be a 'front runner'.

2.4 Notes that the brief of Jones Lang LaSalle Limited, the Council's external property advisor in this matter, is to be widened to further support the Council's delivery of Meridian Water in accordance with the existing provisions of Government Procurement Services Framework Agreement RM928 Estates Professional Services.

3. BACKGROUND

- 3.1 Following reports of 16th October 2013, 12th March 2014 and 9th April 2014, Cabinet would note that Meridian Water comprises approximately 85 hectares in the south east of the borough and is one of the largest developable areas of land in North London. Located within the Central Leaside growth area and within the Mayor of London's wider Upper Lee Valley Opportunity Area, it has significant development potential.
- 3.2 Meridian Water could provide up to 5,000 new homes and up to 3,000 new jobs, along with all the necessary community and other infrastructure that would be needed to support a new sustainable neighbourhood of this scale.
- 3.3 Delivery of the Masterplan is already underway and Cabinet in April 2014 were updated on a number of live projects. These projects include rail improvements, education investment, public realm design and delivery and the Lee Valley Heat Network. Combined, these projects are gaining a momentum which is resonating with investors and other public sector partners.
- 3.4 In April 2014 Cabinet agreed Heads of Terms for strategic land purchases to advance and co-ordinate housing delivery in line with the published railway and education infrastructure investment. Work to acquire these sites is ongoing and contracts are being drafted with the intention to exchange as appropriate.
- 3.5 Stimulated by this activity, a significant landowner has been in contact with the Council regarding their own land and property interests within Meridian Water, with the intention to co-ordinate the development of their site in concert with the emerging interventions. This is a very positive step and is further evidence of the value of the efforts undertaken by the Council to date.
- 3.6 However, the Council must now consider and determine how development should advance and in particular how the land interests that the Council will acquire can be developed.

3.7 Procurement Approach

As there is an opportunity to align the procurement of a delivery partner with another significant land-owner, this must be explored further as it is one way in which a comprehensive approach to the regeneration of Meridian Water can be achieved. But there are other approaches that could be taken as well should this not prove to be possible. Given the progress made to date it is now considered appropriate to engage major players in the market by inviting

expressions of interest in constructing new homes and supporting development within the development boundary. Equally, and at the same time we should also seek the interest of architects and urban designers as we seek to turn the exciting concept that is the Masterplan, into reality. This can be achieved using approved GLA Frameworks.

3.8 Mayoral Housing Zone Designation

3.8.1 The Mayor of London set out his intention to develop Housing Zones in his draft Housing Strategy published in November 2013. The purpose of these zones would be to accelerate the pace of housing development and generate additional housing supply.

3.8.2 Housing Zones could include measures such as targeted tax incentives, lighter touch planning and effective land assembly. The draft strategy suggested that there would be up to ten of these zones in London's Opportunity Areas, in which Meridian Water lies within the Upper Lee Valley Opportunity Area.

3.8.3 The GLA has identified Meridian Water as a possible 'front runner' to become a Housing Zone and as such Council officers have been working closely with Senior GLA executives and the Deputy Mayor for Housing, Land and Property to help shape what a Housing Zone offer could look like at Meridian Water. In particular the Council's ambitions to acquire land and accelerate housing delivery, has resonated strongly with the GLA.

3.9 Possible Housing Zone interventions could include:

- **Accelerated Planning** – where planning applications are commissioned early, to secure planning consent and therefore address a perceived barrier to development;
- **Land Purchase** – funding land is purchased by the Council, as the control of land is vital in controlling the accelerated delivery of housing;
- **Land Purchase Holding Costs** – in acquiring land there are holding costs associated that range from interest on loans to security measures, such costs are sometimes seen as a barrier to securing land in advance of the certainty of planning permissions;
- **Abnormal Development Costs** – Land Remediation costs is a standard part of developing brownfield sites, but these extra build costs can put a strain on the viability of schemes and this can have a severe impact on the amount of affordable housing that a scheme can deliver under viability considerations;
- **Affordable Housing** – this is always viewed as a cost to the development and the more resource that can be attributed to the provision of affordable housing can only help insure an approximate mix of housing tenure is delivered to create a truly sustainable neighbourhood;
- **Infrastructure** – in creating new neighbourhoods on brownfield sites appropriate roads, bridges, public space is required;

- **Affordable Energy** – the Lee Valley Heat Network will make a significant contribution to making running costs of housing within Meridian Water affordable and therefore assistance in the delivery of the necessary physical infrastructure can only be of benefit to the future occupiers and residents of Meridian Water.

3.10 The GLA has advised that a Housing Zone Prospectus will be launched on 30th June 2014, to a select audience of developers and investors, where ‘front runners’ will be invited to give a presentation outlining the potential interventions that will lead to accelerated housing delivery should their area be designated as a Mayoral Housing Zone. Following the launch, Councils will be invited to bid to secure a Housing Zone designation.

3.11 Irrespective of whether or not Meridian Water is designated as a Housing Zone, although it is clearly a strong candidate, the ability to control land will be important in attracting the interest of a delivery partner.

3.12 Potential Land Acquisition

3.12.1 A possible opportunity to acquire more land within the boundary of the Meridian Water Masterplan area has arisen.

3.12.2 This land has the capacity to be redeveloped to provide a significant number of new homes and is therefore strategically important to realising the development ambitions of the Meridian Water Masterplan.

3.12.3 The Council’s property advisor, Jones Lang LaSalle Limited, has undertaken development appraisal work that shows, at the appropriate land price, that a viable housing-led scheme is possible. It is therefore proposed that the Council look to acquire this land through voluntary negotiation in the first instance.

3.12.4 Jones Lang LaSalle Limited has been providing the Council with general property advice, development appraisals and valuation work, under the Government Procurement Services Framework – Agreement RM928 – Estates Professional Services. It is now proposed that their brief be extended so that they can undertake the acquisition and disposal of land within the Meridian Water Masterplan area, on behalf of the Council, under appropriate instruction and in accordance with the Council’s Property Procedure Rules. The expansion of the brief can be achieved under the existing framework contract, but the widening of Jones Lang LaSalle’s brief is included in this report in the interests of transparency.

4. ALTERNATIVE OPTIONS CONSIDERED

The report outlines that there are a number of procurement options available to the Council, to secure a delivery partner. If the Council did not secure a delivery partner then in order to deliver the Council’s stated objectives it would be necessary for the Council to fully finance the planning and delivery of

Meridian Water which is not supported by the Council's Medium Term Financial Plan.

5. REASONS FOR RECOMMENDATIONS

- 5.1 For the Council to bring forward development in Meridian Water it is imperative that a delivery partner solution is procured that provides sufficient flexibility to respond to opportunities as they are presented.
- 5.2 Control of land, combined with appropriate delivery arrangements will ensure that the planning and development objectives for Meridian Water are achieved in a timely manner thus attracting further investment to the area.

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

6.1 Financial Implications

- 6.1.1 It must be noted that consultancy fees and legal fees will be in addition to land acquisition costs and needs to be given careful consideration.
- 6.1.2 See further comments in Part 2 of this report.

6.2 Legal Implications

- 6.2.1 The Council has power under section 1(1) of the Localism Act 2011 to do anything that individuals generally may do provided it is not prohibited by legislation and subject to Public Law principles. There is no express prohibition, restriction or limitation contained in a statute against use of the power in this way. In addition, section 111 of the Local Government Act 1972 gives a local authority power to do anything which is calculated to facilitate, or is conducive or incidental to the discharge of any of its functions. The recommendations detailed in this report are in accordance with these powers.
- 6.2.2 The setting up of any Joint Venture ("JV") would need to be in accordance with the governance requirements as set out under the Council's Constitution.
- 6.2.3. Any procurement of partners to participate within the JV would need to be in accordance with the Council's Contract Procedure Rules, EU rules, Property Procedure Rules, where applicable.
- 6.2.4 All legal agreements required in accordance with this report must be in a form approved by the Assistant Director of Legal Services.

6.3 Property Implications

6.3.1 This report concerns specific property matters related to the Meridian Water proposed delivery arrangements. The property implications are therefore embodied throughout the report.

6.3.2 The specific proposals contained within this report are in line with the Council's objectives as contained within the Meridian Water Masterplan, which has been subject of previous reports.

7. KEY RISKS

Key risks considered are:

- Taking no action could result in development not coming forward in a timely way, or not in concert with supporting infrastructure that is already in the pipeline, leaving an undesirable disconnect between the provision of new rail and education infrastructure and the provision of new homes, which is one of the Mayor's key priorities.
- Taking no action will mean that there is a risk that no new homes, jobs, schools and other community facilities are forthcoming in the required timescales, creating far greater development pressure elsewhere in the Borough.
- Some of the land is located in a 1:100 year flood risk area, but providing that proper attention is paid to design, which will be tested by the Environment Agency through the planning process there is no reason why residential development here should prove to be problematical.
- Any land acquired would need to be appropriately managed and secured to provide a satisfactory level of amenity, safety and security.

8. IMPACT ON COUNCIL PRIORITIES

The acquisition of the land and the procurement of a delivery partner described in this report would enable the early development of new homes in Meridian Water in conjunction with the delivery of new education and rail infrastructure. Their subsequent development would be guided by the Meridian Water Masterplan which, amongst other things, seeks to achieve fairness for all, sustainable growth and the development of strong communities.

9. EQUALITIES IMPACT IMPLICATIONS

- 9.1 These issues were summarised in the final EqlA report that was reported to the Local Plan Cabinet Sub-Committee at its 11th September 2013 meeting.
- 9.2 Any further equalities impact issues will be examined at the planning application stage on individual sites.
- 9.3 Procurement of a Delivery Partner would have to address the Council's Community Benefits Toolkit as part of any procurement process, no matter what strategy is ultimately adopted. This is particularly important in securing opportunities for local supply chains, jobs and training in a disadvantaged part of the Borough.
- 9.4 The development of Meridian Water will provide opportunities to access good quality jobs, homes and schools that will potentially benefit all members of the local community.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

Delivery of a comprehensive regeneration scheme at Meridian Water is a corporate priority within the Council's Business Plan for 2012-15. Completion of the Masterplan, and the delivery of phased infrastructure improvements including increased rail services, station improvements and new homes will help to meet Outcome 2.10 of the Business Plan; to improve the quality of life of residents through the regeneration of priority areas and to promote growth and sustainability.

11. HEALTH AND SAFETY IMPLICATIONS

A component of the Masterplan concerns the need to improve access to healthy living corridors. Meridian Water adjoins the Lee Valley Regional Park, the rivers and open spaces within which offer significant recreational and environmental benefits as do the series of reservoirs immediately to the south of the area. The Masterplan seeks to maximise this potential for existing and new residents by improving east/west and north/south connections through a network of open spaces. Improved connections will help deliver healthy living into the heart of the new development and reconnect the nearby communities with the Park. The Masterplan creates opportunities for formal and informal recreation and leisure, urban agriculture and outdoor learning. It draws the community and landscape together combining healthy living into the daily structure and form of Meridian Water. In accordance with the Core Strategy it required the delivery of new health facilities to support the new communities and suggests these should be located within Meridian Central neighbourhood

or where benefits from the co-location of services can most appropriately be realised.

- 11.2 In relation to the possible purchase of land, it will be necessary, through the process of due diligence, to establish the extent of contaminated land and to ensure that appropriate measures are taken to mitigate risks and to ensure its likely suitability for projected end uses.
- 11.3 The Council would also need to ensure that any acquired land was properly managed in order to provide a satisfactory level of amenity, safety and security.

12. Public Health Implications

- 12.1 Meridian Water is a development that will have an overall beneficial effect on several determinants for health, in particular on employment and education (in terms of job training), which have been identified as priorities in the local area. A Health Impact Assessment will form part of any planning submission associated with Meridian Water.
- 12.2 Furthermore, Meridian Water has the potential to benefit several vulnerable groups which have been identified in the area. These groups include the unemployed, young people and children in poverty, mainly through education and training opportunities, but also the provision of new community infrastructure and links to the Lee Valley Regional Park, one of London's great outdoor assets, where informal recreation including walking and cycling, can have a positive impact on health.

Background Papers

None.