

Planning Committee Report

London Thames Gateway Development Corporation

Update Report – Section 106 Heads of Term relating to the planning application for the William Street Quarter, Barking.

Report of the Director of Planning

1. Background

- 1.1 The Planning Committee on 12 November 2009 agreed planning permission for the first phase of the William Street Quarter housing development (formerly the Lintons Estate) at Linton Road, Barking – copy of the Committee report and an addendum report is at Appendix 1. A total of 31 three and four bedroom houses are proposed and permission was subject to a S106 agreement which included a tariff payment in accordance with the Corporation's Community Benefit Strategy. At the time, the applicants, LB Barking and Dagenham, were, through their financial appraisal, seeking to demonstrate that the viability of the scheme did not enable the tariff to be paid and this was discussed further in the addendum report. The conclusion was that discussions as to viability were ongoing and that the matter would be referred back to the Committee if there was a significant issue over compliance with the Strategy.
- 1.2 Since the November Committee the funding arrangements for the development have radically changed with implications for the application of the Strategy. As a consequence of the new funding arrangements, it is proposed that the monies which would have been payable under the tariff are secured by other means within the S106.

2. Analysis

- 2.1 At the time of the November report it was proposed that Phase 1 of the William Street Quarter would be the first project delivered by the proposed Local Housing Company (LHC). The site is cleared and the borough was ready to commence development to provide much needed family housing in the area. Since then, the Department of Communities and Local Government has confirmed to LB Barking and Dagenham that they will not be able to consider the necessary approvals required for the LHC model in the near future and therefore the borough has had to seek an alternative means of funding the project. The Homes and Communities Agency (HCA) has agreed to provide grant funding to enable the borough to build

out the project itself with the balance of the development costs (some £2.36m) being raised by the borough borrowing money. Also the tenure of the housing changes to 100% rented as a consequence of the grant funding. The requirement to pay the tariff of £186,000 in the usual manner would add to the debt arising from that borrowing. Therefore an alternative means by which the tariff requirement might be satisfied has been discussed with the borough.

2.2 The tariff payments arising from the S106 Strategy are usually placed in a fund for the relevant wider Corporation area, in this case London Riverside, to help deliver local infrastructure needs arising from developments coming forward. Housing typically, for example, attracts needs relating to health and education provision. In respect of the William Street Quarter site, a new health centre with 7 GPs has just opened in Barking Town Centre, within 5 minutes walking distance. The borough is also to receive substantial funding over the next five years for primary school provision covering the whole borough.

2.3 It is expected that other residential, and indeed commercial, developments will come forward in the next five years within the Town Centre area, which for planning purposes is considered to comprise the area covered by the adopted Area Action Plan (AAP). These will require further local investment in infrastructure provision. To resolve the particular issue relating to the first phase of the William Street Quarter, it is proposed that one of the Heads of Term in the S106 requires the borough to invest the £186,000 required under the tariff in infrastructure projects, details to be defined, in the area covered by the Town Centre AAP within the next five years. This is considered to be a special case justifying departure from the normal Planning Obligations Community Benefits Strategy given that the site is ready for development and indeed a condition of the grant requires completion within a fairly tight timescale. It is suggested that these reasons for departure from the normal Strategy in this case be recorded as recitals in the proposed S106 agreement so other developers will be clear as to why a departure was agreed.

2.4 If more examples of housing developments funded at least in part by boroughs come forward it may be necessary to review the provisions of the S106 Strategy.

3. Recommendation

3.1 That the Committee agree that rather than the standard tariff arrangement apply, that the S106 agreement include a Head of Term requiring the borough to spend £186,000 on defined infrastructure projects within the Barking Town Centre AAP area and that agreement of the details of the projects be delegated to the Director of Planning to conclude.