

## **Preface:**

### **1. Introduction**

- 1.1. Be First on behalf of the London Borough of Barking and Dagenham (“LBBD”) have prepared a Draft Local Plan (“DLP”). The National Planning Policy Framework (“NPPF”) states that *“Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the delivery of the plan”*. Be First has commissioned BNP Paribas Real Estate (“BNPPRE”) to prepare a Viability Study to assess the viability of the Council’s draft planning policies and standards, alongside other relevant national policies, in line with the requirements of the NPPF; the National Planning Practice Guidance (‘NPPG’) and the Local Housing Delivery Group guidance ‘Viability Testing Local Plans: Advice for planning practitioners’.
- 1.2. The Viability Study tests the ability of developments in the LBBD’s area to accommodate the emerging DLP policies alongside prevailing rates of Community Infrastructure Levy (“CIL”) in the adopted Charging Schedule, subject to indexation.
- 1.3. In addition to the Viability Study, through the course of their various work streams, Be First and the LBBD have data on the delivery and viability of live developments in the borough, which forms a second important strand of evidence guiding the emerging DLP.

### **2. Background on Be First**

- 2.1. Be First is a company (Be First (Regeneration) Limited) established by LBBD in 2017, with a mission to accelerate regeneration in the borough. The Company aims to ensure that 50,000 new homes are built, and 20,000 new jobs created in the next 20 years.
- 2.2. Be First does this by acting as a commercial developer; acquiring land for the LBBD and carrying out development activity directly, and by working with partners to progress their development. The Company benefits from the low interest borrowing available to the local authority, and from the freedoms and flexibilities that being an independent company allows.
- 2.3. Be First aims to procure 9,700 homes in Barking and Dagenham by 2025. It is understood that to achieve this, Be First is relying upon third party developers to deliver 7,500 homes, over which Be First has no significant influence.
- 2.4. It is envisaged that this ambitious target will be achieved by:
  - a) delivering over 2,748 homes as part of Barking and Dagenham’s core Investment Programme, including 2,107 affordable homes.
  - b) increasing the density of housing on existing Investment Programme sites.
  - c) identifying and creating opportunities as a developer in its own right, through the purchase of development sites and through the use of LBBD’s CPO powers to unlock stalled developments.
  - d) attracting and supporting external developers to create an additional 7,500 homes by 2025 by utilising the following:

- i. Providing planning consultancy services to external developers to help them navigate the planning process;
- ii. Forward funding large elements of external development schemes, in return for turnkey units at practical completion;
- iii. Providing development finance to external developers at commercial rates; and
- iv. Updating LBB&D's planning policy, through a new local plan and a number of masterplans.

### **3. Viability Study**

- 3.1. The Viability Study adopts a standard residual valuation methodology to test, using locally-based assumptions, to test the viability of development typologies and actual development sites, with particular reference to the impact on viability of the LBB&D's emerging planning policies alongside adopted rates of CIL. Due to the extent and range of financial variables involved in residual valuations, they can only ever serve as a guide, particularly when applied to a borough-wide study of this kind.
- 3.2. As an area wide study, this assessment makes overall judgements as to viability of development within the LBB&D and does not account of individual site circumstances which can only be established when work on detailed planning applications is undertaken. The assessment should not be relied upon for individual site applications. Individual site characteristics (which are unique), mean that the conclusions must always be tempered by a level of flexibility in application of policy requirements on a site by site basis. However, an element of judgement has been applied within this study with regard to the individual characteristics of the sites tested. The schemes tested on these sites are based on assessments of likely development capacity on the sites and clearly this may differ from the quantum of development in actual planning applications that will come forward<sup>1</sup>.
- 3.3. The Viability Study indicates that viability in the Borough is currently challenging, however that some developments could viably provide all or a majority of the LBB&D's planning policy requirements. It advises that in order to ensure the delivery of the required growth in the borough, particularly in the lower value areas and on higher density schemes, the Council should maintain its flexible approach to the application of a number of policies that have a cost implication. This will allow the LBB&D to strike a balance between achieving its sustainability objectives, including meeting needs for affordable housing, whilst also demonstrating that these policy standards do not put implementation of the plan, including its growth targets, at serious risk.
- 3.4. Some development typologies tested within the Viability Study were identified as unviable in certain circumstances due to market factors rather than the impact of the Council's proposed policy requirements and standards. It is important to recognise that some developments will be unviable regardless of the LBB&D's policy requirements. In

---

<sup>1</sup> Section 2 of the Local Housing Delivery Group guidance identifies that: *"The role of the test is not to give a precise answer as to the viability of every development likely to take place during the plan period. No assessment could realistically provide this level of detail. Some site-specific tests are still likely to be required at the development management stage. Rather, it is to provide high level assurance that the policies within the plan are set in a way that is compatible with the likely economic viability of development needed to deliver the plan."* This position is reflected in the NPPF, which indicates at para 57 that *"where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage"*. This is reiterated in the NPPG (para 007 Reference ID: 10-007-20190509) which provides further detail on this including an illustrative list of circumstances where viability should be assessed in decision making.

these cases, the value of the existing use will be higher than a redevelopment opportunity over the short/medium term. However, this situation should not be taken as an indication of the viability (or otherwise) of the LB&BD's policies and requirements. Indeed, the LBB&D has seen development, similar to typologies identified within the Study as being 'unviable', come forward in the Borough over the last five years. In this regard, it is important to highlight that on a site specific level there will be a range of factors determining whether a developer brings a site forward or not. To this end we set out details of this additional viability evidence of live projects that have been delivered/are coming forward in the Borough.

- 3.5. In addition, the Study highlights that the significant quantum of regeneration and new infrastructure that is planned to be delivered in the borough over the plan period will considerably change the market. Regeneration schemes of this magnitude are identified as resulting in regeneration premiums being achieved in excess of standard market growth over the same period. It is identified that there is therefore scope for the viability of schemes to improve significantly over the plan period, for which the proposed policy approach would facilitate both the delivery of development and the maximum viable quantum of affordable housing.

#### **4. Live Be First Projects**

- 4.1. Be First are currently progressing a significant number of live projects in the borough in order to deliver their mission targets, which are split into two broad categories. Short term projects anticipated to deliver development before 2025 and medium to long term development sites, which will deliver additional development beyond 2025. The latter tend to have key issues to be worked through before their delivery can be achieved. These issues include complex planning matters to be resolved and or site assembly requirements. We set out details of these projects in Table 4.1.1 overleaf, which demonstrate the breadth of Be First's role in accelerating and delivering the growth in the Borough. This also includes details of schemes delivered in the last two financial periods.
- 4.2. As identified in Table 4.1.1, Be First are already delivering developments in the borough with 132 units delivered from four sites in last financial year (2018/2019). The short term projects are forecast to deliver a total of 2,880 units by April 2025. 77% of the units are forecast to be of affordable tenures and 23% are forecast to be private tenures.
- 4.3. Be First are also working on schemes which are planned to deliver additional units which will be delivered beyond 2025. These projects are identified as medium to long terms schemes in Table 4.1.1 below and are estimated to deliver a further 4,371 units.

**Table 4.1.1 Be First Live Project List as updated in July 2020**

	Status of site	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	Scheme Total
<b>Leys 2</b>		69												69
<b>Kingsbridge</b>		27												27
<b>Burford</b>		6												6
<b>North Street/Ilchester</b>		30												30
<b>Weighbridge</b>	Under construction		92											92
<b>Becontree Heath</b>	Under construction		87											87
<b>Wivenhoe Container</b>				20										20
<b>Melish &amp; Sugden</b>				19										19
<b>Margaret B</b>	Under construction			15										15
<b>Grays C</b>	Under construction			62										62
<b>Sebastian Court</b>	Under construction				95									95
<b>Artists</b>					12									12
<b>BA200</b>					19									19
<b>GE P2 - C Block</b>					52									52
<b>Sacred Heart</b>					29									29
<b>GW Phase 1</b>	Under construction					201								201
<b>GE P2 - E Block</b>						268								268
<b>Padnall Lake</b>						100	100							200
<b>Woodward</b>						56								56
<b>Crown House</b>	Under construction				169									169
<b>12 Thames</b>						153								153
<b>RBL</b>							63							63
<b>RRS</b>							64							64
<b>Oxlow</b>	Approved June 2020						62							62
<b>GE P2 - F Block</b>	Under construction						206							206
<b>Roxwell</b>	Approved July 2020						87							87
<b>Stour Road 90</b>								110						110
<b>GE Phase 3A</b>							110	107						217

GW Phase 2	Approved reserved matters February 2020						120	270						390
MG Phase 2									288					288
MG Phase 3											288			288
GW Phase 3										248				248
Short Term schemes		132	179	116	376	778	812	487	288	248	288	0	0	3,704
Brockelbank							56							56
Transport House							53							53
Roding House							91	91						182
GE Phase 3B								150	150					300
GE Phase 4										233	233	233		700
Heath							105	105	105					314
Ibscot									256	256	256	256		1,025
Millard terrace										147	147	147		441
Padnall & Reynolds									100	100	100			300
Rest of West									250	250	250	250		1,000
Medium to Long Term schemes		0	0	0	0	0	305	346	861	987	987	887	0	4,371
Chequers	Commenced with PC in Jan-22				90									90
Abbey Road	Commenced with PC in Aug-25							112						223
Beam Park	Commenced with PC in Mar-24					234	234	234						937
Barking Riverside	Commenced with PC in Jul-23				118	118								236
Turn Key Total		0	0	0	208	352	234	346	1,140	346	0	0	0	1,486
Total Annual Delivery		132	179	116	584	1,130	1,351	1,179	4,538	1,495	1,235	1,275	887	9,561 * 9,429 (19/20 - 29/30)
Running Total		132	311	427	1,011	2,141	3,492	4,671	6,166	7,400	8,675	9,561	9,561	

## **5. Wider borough viability and delivery**

- 5.1. Notwithstanding the recognised challenging viability position in the borough, significant amount of development has and is being delivered and pursued. To evidence this position Be First have undertaken an analysis of the trajectory in the borough for the last three years (since 2017), considered scheme that are currently on site and delivering units or that will be due to deliver units imminently as well as considering schemes that they anticipate coming forward in the next four years, future but are yet to be submitted for planning. The findings of this analysis is set out in table 5.1.1 overleaf
- 5.2. From this data Be First have identified that over the last three years 10 schemes have been completed in the borough, with a further three on site currently having already delivered units. In total this amounts to the delivery of 1,982 units.
- 5.3. This analysis has also identified that at present there are 13 schemes currently on site which are to deliver a further 3,035 units over the course of five years (19/20 – 23/24).
- 5.4. At present there are two scheme pending decision which would consent a further 664 units.
- 5.5. LBBD and be First are aware of 10 development sites where developers are keen to pursue development on the sites and are at different stages of bringing forward developments. It is anticipated that these schemes would deliver circa 2,223 new homes.

Table 4.1.1 LB Barking & Dagenham trajectory 2017/18 – 2023/24

Scheme and Status	Unit Breakdown	Year						
	Total Units	17/18	18/19	19/20	20/21	21/22	22/23	23/24
<b>ES01a: Barking Riverside Stage 1 (Completed)</b>	<b>1,157</b>	<b>0<sup>2</sup></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	744	0	0	0	0	0	0	0
Total Affordable Units Completed	413	0	0	0	0	0	0	0
<b>ES01b: Barking Riverside Stage 2 North (Started) (07/11/2018)</b>	<b>1,200</b>	<b>0</b>	<b>0</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>0</b>
Total Private Units Completed	600	0	0	150	150	150	150	0
Total Affordable Units Completed	600	0	0	150	150	150	150	0
<b>ES01c: Barking Riverside District Centre (Not started)</b>	<b>900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>0</b>
Total Private Units Completed	450	0	0	0	150	150	150	0
Total Affordable Units Completed	450	0	0	0	150	150	150	0
<b>ES02: Merriellands Crescent One (Started) (22/08/2018)</b>	<b>325</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>25</b>
Total Private Units Completed	213	0	0	0	0	0	0	0
Total Affordable Units Completed	112	0	0	0	0	0	0	0
<b>ES05a: Beam Park Phase 2B (Looking to start July 2020)</b>	<b>330</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	198	0	0	0	0	0	0	0
Total Affordable Units Completed	132	0	0	0	0	0	0	0
<b>ES09a: Freshwharf Estate Phase 1 (Started) (13/02/2018)</b>	<b>531</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	531	0	0	0	0	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0
<b>ES14: Abbey Retail Park (Eco world) (Started) (14/12/2016)</b>	<b>597</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	597	0	0	0	0	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0

<sup>2</sup> Numbers in orange text = predicted units

Scheme and Status	Unit Breakdown	Year						
	Total Units	17/18	18/19	19/20	20/21	21/22	22/23	23/24
<b>ES17: Abbey Park Industrial Estate (Completed) (29/03/2019)</b>	<b>118</b>	<b>0</b>	<b>118</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	118	0	118	0	0	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0
<b>ES18: Cambridge Road (Completed) (FY2019/2020)</b>	<b>291</b>	<b>0</b>	<b>0</b>	<b>291</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	195	0	0	195	0	0	0	0
Total Affordable Units Completed	96	0	0	96	0	0	0	0
<b>ES24: Col Row Eco Grove (Started) (03/05/2013) (8 units completed)</b>	<b>89</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>89</b>	<b>0</b>
Total Private Units Completed	89	0	0	0	0	0	89	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0
<b>ES27: Tesco Car Park, Barking Town Centre (Pending Decision)</b>	<b>514</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150</b>	<b>200</b>	<b>0</b>
Total Private Units Completed	514	0	0	0	0	98	130	0
Total Affordable Units Completed	0	0	0	0	0	53	70	0
<b>ES40: 50 Blake Avenue (Completed) (29/03/2019)</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	0	0	0	0	0	0	0	0
Total Affordable Units Completed	14	0	14	14	0	0	0	0
<b>ES42: 25-27 Eldred Road (Completed) (06/04/2018)</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	6	0	0	6	0	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0
<b>ES43: Short Blue (Started) (22/12/2017)</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	0	0	0	0	0	0	0	0
Total Affordable Units Completed	23	0	0	27	0	0	0	0
<b>ES50: Police Station (Started) (07/04/2016)</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	24	0	0	0	0	0	0	0
Total Affordable Units Completed	0	0	0	27	0	0	0	0



Scheme and Status	Unit Breakdown	Year						
	Total Units	17/18	18/19	19/20	20/21	21/22	22/23	23/24
<b>ES58: Land to the Rear of 243-245 Chadwell Heath (Completed) (29/03/2019)</b>	<b>45</b>	<b>0</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	45	0	45	0	0	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0
<b>ES59: 3 Station Road (Lapsed)</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	7	0	0	0	0	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0
<b>ES61: New Enterprise House (Completed) (30/03/2018)</b>	<b>44</b>	<b>44</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	44	44	0	0	0	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0
<b>ES64: Bagley Spring (Whalebone lane) (Completed) (01/09/2018)</b>	<b>55</b>	<b>0</b>	<b>55</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	55	0	55	0	0	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0
<b>AS04: Health Centre Thames Road (Not a scheme)</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	16	0	0	0	16	0	0	0
Total Affordable Units Completed	8	0	0	0	8	0	0	0
<b>AS09: Ford Stamping Plant (Not a scheme)</b>	<b>400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>200</b>	<b>200</b>	<b>0</b>
Total Private Units Completed	260	0	0	0	0	130	130	0
Total Affordable Units Completed	140	0	0	0	0	70	70	0
<b>AS14: BMS House, Wantz Road (Oxlow L) (Not started)</b>	<b>63</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>63</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	63	0	0	0	63	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0
<b>AS15: Bamford Road (Not a scheme)</b>	<b>60</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>60</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	39	0	0	0	0	39	0	0
Total Affordable Units Completed	21	0	0	0	0	21	0	0

Scheme and Status	Unit Breakdown	Year						
	Total Units	17/18	18/19	19/20	20/21	21/22	22/23	23/24
<b>AS24: Northern Relief Road (Whiting Avenue) (Started) (20/12/2017)</b>	<b>78</b>	<b>0</b>	<b>0</b>	<b>78</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	78	0	0	78	0	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0
<b>AS39: South of Gascoigne (Not a scheme)</b>	<b>750</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150</b>	<b>150</b>
Total Private Units Completed	0	0	0	0	0	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0
<b>AS41: Abbey Retail Park (Former Sainsbury Dev) (Not started)</b>	<b>1,122</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	1,004	0	0	0	0	0	0	0
Total Affordable Units Completed	118	0	0	0	0	0	0	0
<b>Becontree Heath (Started) (23/03/2018) (Private: 124 units completed)</b>	<b>170</b>	<b>0</b>	<b>0</b>	<b>134</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	124	0	0	0	0	0	0	0
Total Affordable Units Completed	46	0	0	0	0	0	0	0
<b>Victoria Road (Started) (20/12/2018)</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	9	0	0	0	0	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0
<b>Gascoigne Road (Started) (03/05/2018)</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	9	0	0	0	9	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0
<b>Green Lane Dagenham (Not started)</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Private Units Completed	9	0	0	0	0	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0
<b>Vicarage Fields (Not started)</b>	<b>855</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>100</b>
Total Private Units Completed	855	0	0	0	0	0	100	100
Total Affordable Units Completed	0	0	0	0	0	0	0	0

Scheme and Status	Unit Breakdown	Year						
	Total Units	17/18	18/19	19/20	20/21	21/22	22/23	23/24
Kingsley Hall (Started) (18/01/2017) (Phase 1A: 4 units completed)	38	0	0	0	0	0	0	0
Total Private Units Completed	32	0	0	0	0	0	0	0
Total Affordable Units Completed	6	0	0	0	0	0	0	0
Royal British Legion (Not a scheme)	54	0	0	0	0	0	54	0
Total Private Units Completed	0	0	0	0	0	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0
Woodward Road (Not a scheme)	63	0	0	0	0	0	0	63
Total Private Units Completed	0	0	0	0	0	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0
Former Dagenham Job Centre (Not started)	70	0	0	0	70	0	0	0
Total Private Units Completed	70	0	0	0	70	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0
Selinas Lane (Pending consideration)	150	0	0	0	0	0	100	50
Total Private Units Completed	150	0	0	0	0	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0
Grays Court (Not a scheme)	12	0	0	0	0	0	0	12
Total Private Units Completed	0	0	0	0	0	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0
Clockhouse Avenue (Not a scheme)	200	0	0	0	0	0	150	50
Total Private Units Completed	0	0	0	0	0	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0
Gale Street (Not a scheme)	160	0	0	0	0	0	0	0
Total Private Units Completed	0	0	0	0	0	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0

Scheme and Status	Unit Breakdown	Year						
	Total Units	17/18	18/19	19/20	20/21	21/22	22/23	23/24
Marks Gate (Not a scheme)	500	0	0	0	0	0	0	100
Total Private Units Completed	0	0	0	0	0	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0
Wakering Road (Completed)	71	0	0	0	71	0	0	0
Total Private Units Completed	71	0	0	0	71	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0
Harts Lane Estate (Started) (20/12/2017)	78	0	0	78	0	0	0	0
Total Private Units Completed	0	0	0	0	0	0	0	0
Total Affordable Units Completed	78	0	0	78	0	0	0	0
Chadwell Heath High Road (Completed) (29/03/2019)	45	0	0	0	0	0	0	0
Total Private Units Completed	45	0	45	0	0	0	0	0
Total Affordable Units Completed	0	0	0	0	0	0	0	0

## **6. Mechanisms being utilised to deliver development in Barking & Dagenham**

- 6.1. Given the acknowledged challenging viability position on some schemes in the borough Be First is aware of a number of mechanisms that have been utilised to deliver development in the Borough.

### ***Funding opportunities***

- 6.2. LBB&D is keen to take a proactive approach in delivering development, which as previously identified it is doing through the creation of Be First. Given this both the Council and Be First are keen to pursue all available options that would facilitate the delivery of development in the borough. A key set of tools at its disposal to secure funding both for the delivery of infrastructure to unlock development as well as securing direct funding to enable developments.
- 6.3. LBB&D is able to borrow funds from the Public Loans Work Board at low rates. The Council and Be First have set up a £100 million loan book facility that seeks to lend money to developers at commercial rates in order to facilitate the delivery of stalled developments. Currently £30m has been committed from the loan book.
- 6.4. A Government capital grant programme of £2.3 Billion has been created to deliver up to 100,000 new homes in England available through the Housing Infrastructure Fund ('HIF'). The grant funding is awarded to local authorities on a highly competitive basis, providing the grant funding to ensure the right infrastructure is in place at the right time to unlock new high quality homes. Be First have submitted a HIF bid to the Government for forward funding to acquire land for housing and install infrastructure (road junction improvements and a new London Overground Station) in Castle Green to provide a catalyst for comprehensive re-development and delivery of circa 12,000 homes. The outcome of this bid is being determined by Government.
- 6.5. In addition, Be First and the LBB&D currently have a £30m grant funding agreement with the GLA for land purchases in the Thames Road housing zone. This model has been successful, as it enables the Council to build up a significant land interest in the area before engaging with 'master planning' developers and forming joint ventures for the delivery of new homes. The agreement obligates the LBB&D to help facilitate the delivery of 1,500 new homes within the housing zone by 2026.

### ***Initiative development models***

- 6.6. The Viability study has considered standard models of delivering development, however there are a number of innovative development models that Be First is aware of that have been employed to deliver development in the Borough. We set out details of some of these below.
- 6.7. A number of 'contractor developers' such as Inland Homes and Hollybrook are active in the Borough. However, these developers will seek to purchase land at rates which means they are able to turn a development and a contractor profit. Typically, they would seek 20% profit on GDV on residential schemes, with 'turnkey' developments delivering additional profit into their models when they act as contractor. Contractor developers are able to utilise their own construction capabilities to bring construction packages in house and cut out the 'main contractor' which enables them to deliver schemes at build rates sub £200psf, which makes schemes viable for them. Other developers are unable to compete if they use tier 1 or tier 2 contractors, as the build costs are increased to a rate that erodes any development profit.
- 6.8. The purpose of Be First as an organisation is to make a profit or cash surplus that is returned to the LBB&D to help fill funding gaps the Council are experiencing due to cuts

in local authority funding from Central Government. However, in certain circumstances Be First could delay any profit in a scheme to help to facilitate the regeneration of the wider area. Be First are in the process of acquiring a large development plot in the Chadwell Heath area. In the long term, Be First will seek to deliver a profit to the LBBD from the site, but in the short term, the site could be used to temporarily relocate businesses that are being displaced from other more prime development plots in the area.

- 6.9. The regeneration of the Barking Riverside area is being delivered by a joint venture (JV) Special Purpose Vehicle (SPV) company called Barking Riverside Limited (BRL). This was set up by GLA Land and Property Limited (GLAP) who owns 49% of shares and London & Quadrant Housing Association who owns 51% shares.
- 6.10. BRL owns the Barking Riverside regeneration area land holding, and its purpose was to obtain a viable planning permission to allow the remediation of the land and take forward all essential physical infrastructure delivery as master developer, including all utilities and service media, highways, landscaping, public realm and community facilities.
- 6.11. BRL has adopted an innovative “master developer” business plan model to enable the delivery of this development as well as securing significant funding from a range of sources. The business plan model is based on land sales to fund infrastructure works and other payment under the section 106 agreement, including other financial contributions such as the rail funding. Barking Riverside’s partners (plot developers constructing the homes) will provide homes for all sectors of the community, including affordable housing, with access to jobs and social and community facilities.
- 6.12. GLAP has invested in the creation of BRL by the purchase of shares and subsequently provided a loan facility to deliver the Overground extension, which is being led by Transport for London (TfL). A total of £172m was made available to TfL by a combination of partners to fund the extension of the rail line and new station at Barking Riverside. TfL committed to funding the remaining estimated £91m required to a total funding package of approximately £263.2m (as of 2016).
- 6.13. This funding package is broken down as:
- £55m Senior loan facility L&Q Housing Trust
  - £48m Junior loan facility GLA Land and Property Limited (GLAP)
  - £15m Junior loan facility L&Q New Homes Limited
  - £9m Barking Riverside Limited (BRL) lending (from land receipts)
  - £45m Recycled Capital Grant Funding (GLA controlled)
- 6.14. The Overground extension is critical to the delivery of Barking Riverside, particularly as the existing planning consent includes a Grampian condition requiring delivery of the rail line before further development can move forward beyond the existing levels of development consented or underway.
- 6.15. In addition BRL has also secured a further £10m for potential funding gaps for infrastructure works on the Barking Riverside scheme which was initially from the Homes for Londoners: Affordable Homes Programme, which has subsequently been changed to be sourced from the Accelerated Construction Fund. Funding is drawn down based on items on the risk register materialising, and payments will be made in arrears based on evidence of the costs being incurred.

## **7. Conclusion**

- 7.1. This note provides a holistic picture of development viability and delivery evidence in the Borough. The LBB&D and Be First are confident that they will be able to facilitate the delivery of the quantum of development envisaged by the emerging DLP. This will be achieved by a combination of; the Council's flexible approach to applying its policy requirements that add cost to developments as well as innovative approaches to delivering development including sourcing funding to deliver enabling infrastructure, competitive financing and non-standard development models.
- 7.2. This approach will ensure an appropriate balance between delivering affordable housing, sustainability objectives, necessary infrastructure and the need for landowners and developers to achieve a reasonable return, whilst also ensuring that the delivery of the DLP is not put at risk.