



London Borough of Tower Hamlets

Borough Investment Plan **Quality Homes in Quality Places**



TOWER HAMLETS

Foreword

Quality Homes in Quality Places is the ambitious title of Tower Hamlets' Local Investment Plan. We have a track record of success and the ambition for the future despite the continuing uncertainty surrounding public funding and the housing market.

In these circumstances, the need for a coherent and cogent local investment approach has never been greater. One of the more welcome developments has been the outline proposals to devolve delivery arrangements to the local level. This places a challenge on us in Tower Hamlets to prioritise projects which both maintains housing delivery in 2011/12 and beyond but also ensures investment is steered to locations where it is most needed. The priorities that we have identified are as follows:

- Housing Renewal – delivering decent homes and regenerating estates managed by Tower Hamlets Homes and Housing Choice social Landlords.
- Reshaping Poplar – an initiative designed to regenerate some of the most disadvantaged places in Tower Hamlets.
- Shoreditch and Spitalfields – focused on bringing forward Bishopsgate Goods Yard.
- Blackwall and Leamouth – focused on bringing forward Blackwall Reach.
- Fish Island – in and adjacent to the Olympic Park and subject to the Legacy regeneration process after the Games.

In addition, we have earmarked a number of schemes that are well developed and important to Tower Hamlets which will deliver new housing and wider regeneration objectives. Underpinning these priorities are cross cutting objectives that we wish to see delivered as a result of this investment,

principally larger affordable homes, low carbon housing, jobs; and, delivery of placemaking objectives. It is important to make this simple point: identification of schemes and areas in this plan as priorities for investment does not guarantee any future funding. In partnership with the Homes and Communities Agency (HCA), we will examine schemes on a case by case basis and assess their value for money and the additional socio-economic and 'placemaking' value that they could generate. There will be some schemes that we anticipate will warrant significant public sector support and there will be some that will not require any. We will certainly be seeking 'more for less' across the programme. We also see this is a 'live' document which will mean some identified schemes will not reach fruition and some new ones will be introduced. It has also become clear to me that the majority of our strategic investment priorities are located in areas that are on the borough's boundary. We need to improve the way we work with our neighbours to generate the outcomes that we all wish to see.

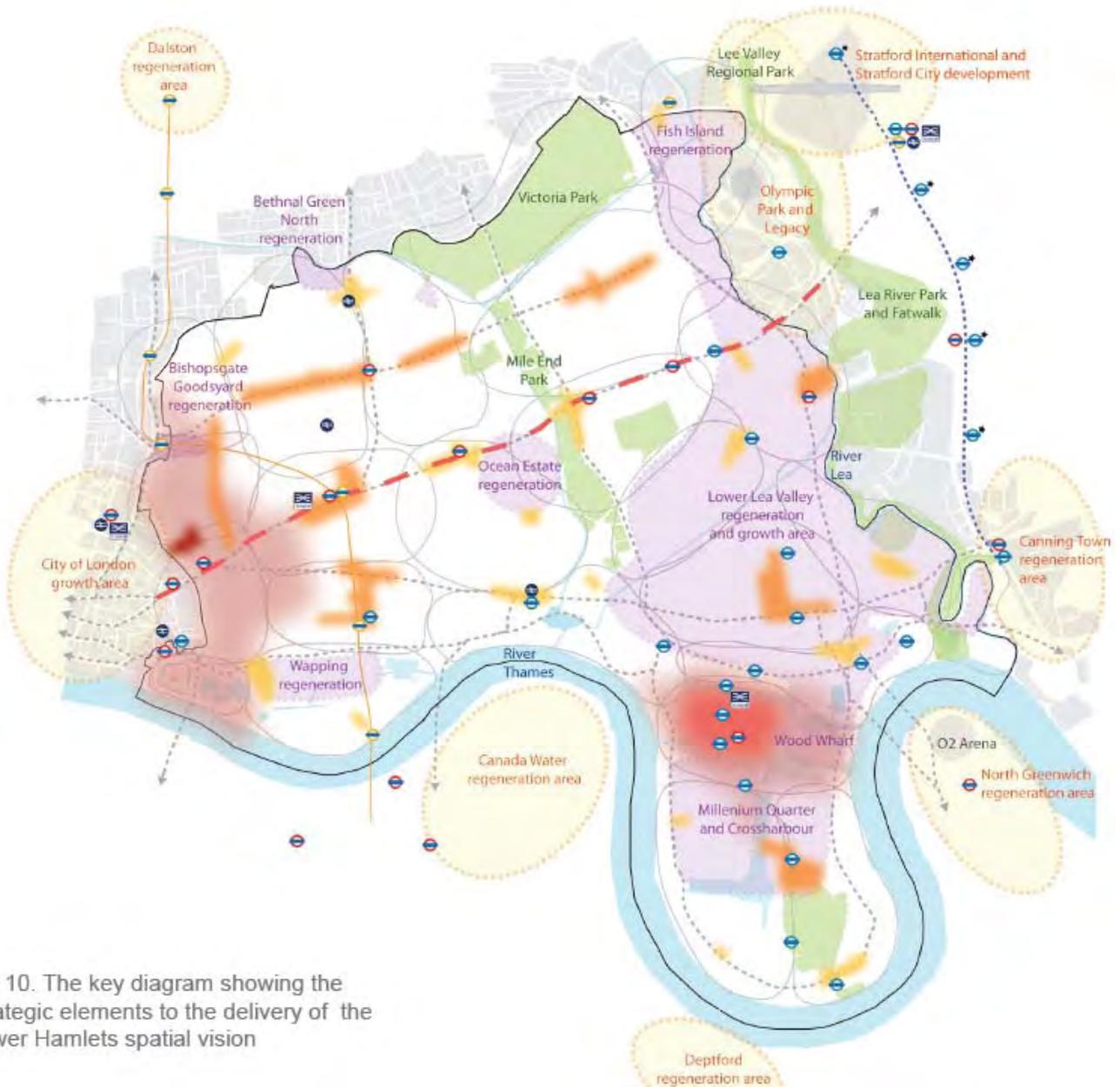
As the new investment environment becomes clearer, we will have a better idea of what local power we will have and what financial support can be given. In advance of these announcements, I commend this Borough Investment Plan to the HCA, the Greater London Authority, our East London housing delivery partners and the Tower Hamlets community.

Aman Dalvi

Corporate Director – Directorate of Development and Renewal



Strategic Elements to Tower Hamlets Spatial Vision - LDF Core Strategy



▲ Fig 10. The key diagram showing the strategic elements to the delivery of the Tower Hamlets spatial vision



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Executive Summary

PART ONE - LOCAL AMBITION: CAPACITY, GROWTH AND OPPORTUNITY

Vision

'One Tower Hamlets' is our vision for our residents and our borough.. By that we mean that all our residents from their diverse backgrounds should be entitled to live in a great place; a prosperous community; a safe and supportive community; and, a healthy community. The Council's Housing Strategy and Core Strategy underpin this approach by helping to maximise housing investment into the borough as well as focusing our spatial development approach on 'placemaking'.

Growth, Capacity, Regeneration and Objectives

Tower Hamlets is associated with severe poverty and worklessness, but it is also one of the fastest growing local economies in London. Notwithstanding the impact of the economic downturn, Tower Hamlets is in an excellent position to both grow further economically and in tandem provide sufficient impetus for new market and affordable housing to be built. As ever, the challenge is to ensure new economic and housing growth provides the catalyst for transformational change for both the places that make up Tower Hamlets and the people who live in them, with a particular focus on those who are disadvantaged and those who are in danger of becoming so. We need to work harder to ensure that our most disadvantaged communities benefit from future investment, particularly in respect of jobs and training opportunities for residents of the borough.

Our over-arching objective is to maximise public and private sector resources into the borough to deliver housing and regeneration outcomes for our residents. A key objective is to work even more effectively with our local, sub-regional and regional partners. The majority of our spatial priorities are located on sites adjacent to the borough boundaries. The new opportunities near the Olympic Park; Poplar; Blackwall/Leamouth; Shoreditch will all require a closer working relationship with the London Boroughs of Newham and Hackney; the London Thames Gateway Development Corporation and Olympic Park Legacy Company (and their successor body); the Homes and Communities Agency and the London Mayor/Greater London Authority itself.

Opportunities – Placemaking in Tower Hamlets

Tower Hamlets has a well developed suite of strategy documents that can help regenerate its disadvantaged places and the communities that live in them. Our Placemaking approach set out in our Core Strategy is the guiding principle to our housing and regeneration approach. We are committed to delivering social and economic inclusion through our *One Tower Hamlets* Community Plan. And we are determined to maximise affordable housing delivery in our 2009/12 Housing Strategy. We have identified the following priorities (which include projects) in our Investment Plan:

- Housing Renewal – regenerating estates managed by Tower Hamlets Homes and *Housing Choice* social landlords
- Reshaping Poplar – an initiative designed to regenerate some of the most disadvantaged places in Tower Hamlets
- Shoreditch and Spitalfields – focused on bringing forward Bishopsgate Goods Yard
- Blackwall and Leamouth – focused on bringing forward Blackwall Reach

- Fish Island – in and adjacent to the Olympic Park and subject to the Legacy regeneration process after the Games.

We have also identified a list of projects that are at various stages of development that can help deliver housing and wider regeneration delivery. One key priority – securing decent homes resources for the stock managed by our ALMO Tower Hamlets Homes – is dependent on a successful outcome from the Audit Commission housing management services inspection. On award of ‘Two Stars’ for their service, this will unlock £222m of capital resources for the decent homes works. With the current levels of uncertainty on public funding, this is clearly a major risk to future housing investment in stock which is in a state of serious disrepair.

PART TWO - CURRENT INVESTMENT AND DELIVERY

Challenges to Securing Investment

The challenge to securing investment in the future is twofold: firstly, diminishing public sector resources to deliver housing and regeneration outcomes; secondly, diminishing private sector confidence in the housing market from both development and mortgage finance industries. Much of our future work will be focused on getting ‘more for less’ from Homes and Communities resources and that we use available public sector resources as flexibly and imaginatively as possible.

Investment and Delivery – The HCA and Other Partners

Tower Hamlets has been very successful in receiving housing capital resources and wider regeneration investment. Including project expenditure this year, nearly £0.5bn of capital resource have been invested in affordable housing (2008/11 NAHP programme). Significant transport investment continues to be made in the borough with the recent completion of the East London Line extension with a new station in Shoreditch High Street and proposed Cross rail stations in Whitechapel and Canary Wharf. Investment in the Royal London Hospital is completed, regenerating one of London’s major hospitals. The Olympics and the Legacy will yield significant benefits in their own right.

Investment and Delivery – The Local Authority

The Council continues to be a major housing investment player with a capital programme of £64m in 2009/10. In addition, it is working closely with Tower Hamlets Homes to secure decent homes investment. It also has a well developed S106 strategy which has consistently delivered significant cash and ‘in kind’ planning obligations that benefit the borough’s residents. We will also be examining what alternative funding models can be used to maximise the value from available public sector resources. We believe we have the skills and knowledge within the directorate responsible for this agenda to deliver ‘more for less’

Investment and Delivery – Private and the Third Sector

Investment from the private and third sector (principally registered providers) continues to be strong, but with the current uncertainty in the economy and public funding, there is clearly going to be some impact on the housing market. Tower Hamlets has a wide range of delivery partners in both the private and third sectors. The interest from the private sector is naturally welcome, but we have taken the view that we should have a schedule of ‘Preferred Development Partners’ as our housing association partners. This will enable the Council to have a clearer relationship with them, to help deliver improved outcomes and also empower these same partners in their negotiations with private sector developers.

Gap Analysis

The potential gaps in our existing approach that we believe we have to fill are fourfold: Firstly, how do we adopt a more strategic investment approach to delivering housing and regeneration in the East side of the borough, i.e., Fish Island; the Reshaping Poplar area; Blackwall and Leamouth, ensuring there is a strategic fit with the legacy regeneration of the 2012 Olympic Park and the wider Lower Lea Valley itself. Secondly, in recognition that public sector resources are likely to reduce in that we get 'more for less'. In the short medium term, the challenge is to ensure that available resources are fully optimized. Regarding the latter point, we make a case for differing grant approaches to schemes where enabling and planning obligation costs are high to schemes where such costs are relatively low. Thirdly, we need to give renewed thought and action to the social and economic divide symbolised by the financial and business sectors Canary Wharf and City Fringe against the adjacent disadvantaged places where economic opportunities have not fully developed. Finally, in the medium we need to reposition Tower Hamlets in the context of the Coalition Government's localism agenda and the proposed devolved delivery arrangements.

Investment Plan Business Case

We make a strong business case for our Investment Plan. We have responded to the Chancellor's 'Nine Questions' regarding the need for public investment. We have also responded to the HCA's five business cases for investment. Taking each in turn:

- **Strategic Case** – Tower Hamlets is strategically important to London. We host one of the international financial capitals and are adjacent to another; we continue to receive significant major transport investment; we are a wider Lower Lea Valley regeneration partner; we are a 2012 Olympic Borough and, more than anything, a place that welcomes housing and regeneration investment.
- **Economic Case** – Tower Hamlets sees housing and regeneration investment as a key element of its ability to deliver economic prosperity. The delivery of more social and intermediate affordable housing is a prerequisite to ensuring that there is a local workforce able to access and sustain local employment.
- **Commercial Case** – Tower Hamlets continues to attract attention from private and third sector affordable housing developers. Whilst we welcome the proposals to devolve delivery arrangements to the borough, clearly what developers are able to deliver for significantly reduced grant has yet to be fully tested. However, we are confident that there will be continued strong interest to invest in Tower Hamlets despite the adverse circumstances.
- **Financial Case** – Tower Hamlets' average grant per unit for social housing is the lowest in East London. In addition, Tower Hamlets over the last decade has delivered high numbers of affordable housing, contributing to approximately 10% of London's entire affordable housing output.
- **Management Case** – Tower Hamlets has a robust management framework in place to maximise housing and regeneration delivery under the Development and Renewal Directorate. We have worked closely with our colleagues and our partners to develop this Investment Plan, and look forward to the opportunity of delivering it.

Finally...

This Investment Plan will be a vital element of the Borough's future approach to delivering its 'One Tower Hamlets' Community Plan vision; its Core Strategy placemaking objectives; and the business of delivering more and better housing and wider regeneration outcomes. As we enter a period of uncertainty and change, Tower Hamlets is an excellent business proposition that can continue delivering the lasting, positive change to its places and the people who live in them.

About Tower Hamlets

Tower Hamlets is an inner East London borough, with its name derived from the hamlets in the vicinity of the Tower of London. The London Borough of Tower Hamlets was formed in 1965, amalgamating the former boroughs of Bethnal Green, Stepney and Poplar. It is geographically the smallest borough in London (excluding the City of London) with just 20 square kilometres of land and hosts approximately 220,000 residents in just under 100,000 homes. It is an ethnically diverse population with the Bangladeshi community the second largest community in the borough. It is an area of historical importance where places such as Cable St, Sidney St, and Brick Lane have national historical significance. It was also the heart of London's docklands which handled much of the country's commerce and also became a first home for many overseas immigrants, a trend that continues to present.

In line with most inner London areas, Tower Hamlets suffered from a post-war decline in its population, accentuated by the popularity of the suburbs and the decline of the traditional docklands industries. During the 1990s, the depopulation trend reversed and Tower Hamlets continues to experience a strong and steady increase in its population.

In housing and broader regeneration terms, Tower Hamlets has been very successful at attracting new investment. Much of this success has been underpinned by the legacy of investment by the London Docklands Development Corporation (LDDC). The Corporation facilitated the economic and physical regeneration of large sections of Wapping, Limehouse and the Isle of Dogs, in an attempt to bring new life to the docks that were finally closed to business in 1980. This is where much of Tower Hamlets new housing and office development has been hosted.

In tandem with this, Tower Hamlets has been very successful in attracting funding from Estate Action; Single Regeneration Budget; Approved Development Programme; New Deal for Communities sources to help deliver new affordable housing and regenerate its council estates. It also undertook a radical *Housing Choice* programme which transferred rundown council estates to stock transfer social landlords for regeneration purposes. The new housing investment has partly helped capitalise on the legacy of the LDDC investment but also other new infrastructural investment such as the expansion of the Dockland Light Railway; the re-opening of the East London Line; and its relationship with two of the financial centres of the world. The borough will benefit from two new Crossrail stations and is also one of the neighbouring boroughs to the 2012 Olympic Games.

We have a story of success in terms of economic growth and physical regeneration. However, in terms of approaches to economic inclusion through access to jobs, training and skills opportunities, then the story is not so successful. And whilst some areas of the borough have been transformed beyond recognition, some are in the same condition they were a generation ago.

As outlined above, the economic purpose of Tower Hamlets is very strong: we are important to London with institutions of national and international standing. The Council itself has been a regular recipient of 'Beacon' awards and a market leader in public service delivery. Our challenge is to ensure that the economic advantages that it continues to experience benefits those who are and are likely to continue to be disadvantaged unless interventions are undertaken. This is essentially about delivering our *One Tower Hamlets* vision. The Borough Investment Plan is a key component to helping organise our future investment approach, changing the direction of our investment to where it is most needed and maximising its impact for the communities we work for.

Section 1 Vision

Summary

This section sets out our local ambition to deliver more and better affordable housing, meeting objectives of both the Homes and Communities Agency and the Mayor of London. We have developed a set of strategic documents, led by our Community Plan, articulating the shared vision for the borough up to 2020 and beyond. It is not an understatement to say that parts of Tower Hamlets – principally in the south - have undergone transformational change over the past twenty years, much of which has fundamentally changed the physical landscape. In considerably different circumstances, we are looking to achieve similar levels of transformational change, but change that helps alter the socio-economic existence of our disadvantaged communities. In summary, we are looking for this Borough Investment Plan to be the catalyst for delivering the vision and objectives set out in our Community Plan; our Core Strategy placemaking vision; and our Housing Strategy. By synthesising these objectives, we believe we can generate additional socio-economic and financial value from future public and private sector investment for all of our communities and for wider economic prosperity. More than anything, we want to create a place where people want to live.

1.1 The Tower Hamlets Partnership 2020 Community Plan aims to improve the quality of life for everyone who lives and works in the borough. The housing conditions and the physical environment in which people live can be described as the ‘platform’ for that improvement in quality of life. Turning this vision into reality is predicated on an inclusive, robust and transparent approach to directing public sector investment where its impact is both needed and maximised. Our Borough Investment Plan is about achieving that objective.

Tower Hamlets is one of the most ethnically diverse boroughs in the country and we consider this a source of strength. However, it is clear that many people, particularly from our black, Asian and minority ethnic communities are disproportionately poor compared to the Tower Hamlets average. Furthermore, this is compounded by members of the community not being able to fully access new employment opportunities due to educational underachievement and the barriers that broader worklessness presents.

Tower Hamlets’ population also includes people who are disabled, elderly, and/or have supported housing needs. There are a range of services and initiatives that are provided to meet their needs and aspirations which is covered in more detail in the 2009/12 Housing Strategy and Private Sector Strategy.

Whilst this Borough Investment Plan is focused on investing in places where investment is most needed, it should be considered that meeting the housing needs of our most disadvantaged community members will be the core outcome required from such investment as well as meeting aspiration.

1.2 Tower Hamlets, in economic and housing terms, is strategically important to London. The borough now hosts one of the finance centres of Europe at Canary Wharf and is adjacent to the City of London. This has been one of the factors that has caused land and house prices to be driven up. The borough benefits from a highly developed and expanding transport infrastructure. It is one of the 2012 Olympic Host Boroughs and is an important component of the Lower Lea Valley and wider Thames Gateway project. Much of the

economic success and associated high value housing that Tower Hamlets currently experiences is a legacy of Docklands investment begun in the early 1980s. Whilst the economic gains continue to be significant, there is a recurring concern that these gains have not been experienced by those most in need of them. Just as Tower Hamlets can now claim that very high income earners and wealth owners work and live in its boundaries, it continues to host some of the poorest people in the most deprived wards in the country. The 'cheek by jowl' character of wealth and poverty is particularly prevalent in Tower Hamlets and we are determined to ensure this deep-seated trend is tackled and reversed.

1.3 Despite being a geographically small area, it continues to deliver amongst the highest amounts of market and affordable housing in the capital. A consequence of historic investment in Docklands and the City Fringe area has been the growing contrast to those areas that have not benefited stretching from the Ocean Estate eastwards through Poplar, and the Eastern Fringe stretching from the Bow Flyover (including Fish Island) in the north down to Leamouth on the Thames in the south.

1.4 Whilst Tower Hamlets continues to deliver a range of innovative housing initiatives in partnership with housing developers and other socio-economic partners, there is a pressing need for the borough to be more pro-active in co-ordinating the investment received in future to build quality homes and build quality places. Similarly we need to ensure future resources are directed where investment is *needed*, not where market forces and development opportunities have previously influenced its direction.

1.5 The development of a Borough Investment Plan (BIP) is a timely opportunity to achieve that objective. The over-arching theme of *Quality Homes in Quality Places* is chosen for a number of reasons. It encompasses our:

- Community Plan themes: a Great Place to Live; a Prosperous Community; a Safe and Supportive Community; a Healthy Community and the overarching theme of One Tower Hamlets.
- Local Development Framework Core Strategy focus on Place Making
- 2009/12 Housing Strategy four objectives: delivering and managing decent homes; placemaking and sustainable communities; managing demand, reducing overcrowding; and new supply of housing.

1.6 Prior to agreeing the Borough Investment Plan, it will be further enriched by evidence and findings from Local Economic Assessment, required by the 2009 Local Democracy, Economic Development and Construction Act.

1.7 The Council commissioned a Local Economic Assessment in 2010 from Nathaniel Lichfield and Partners, whose draft findings include the following:

- Tower Hamlets economy is worth over £6bn and provides some 200,000 jobs or 5% of London's total employment in a borough that contains just 1% of its land area and 3% of its population.
- The Canary Wharf area has seen strong economic growth over the past twenty years and provides 40% of the borough's employment – some 80,000 jobs – with a heavy concentration in financial services. The City Fringe to the west of the borough

accounts for a further 15% of jobs, with business services providing slightly more jobs than the financial services.

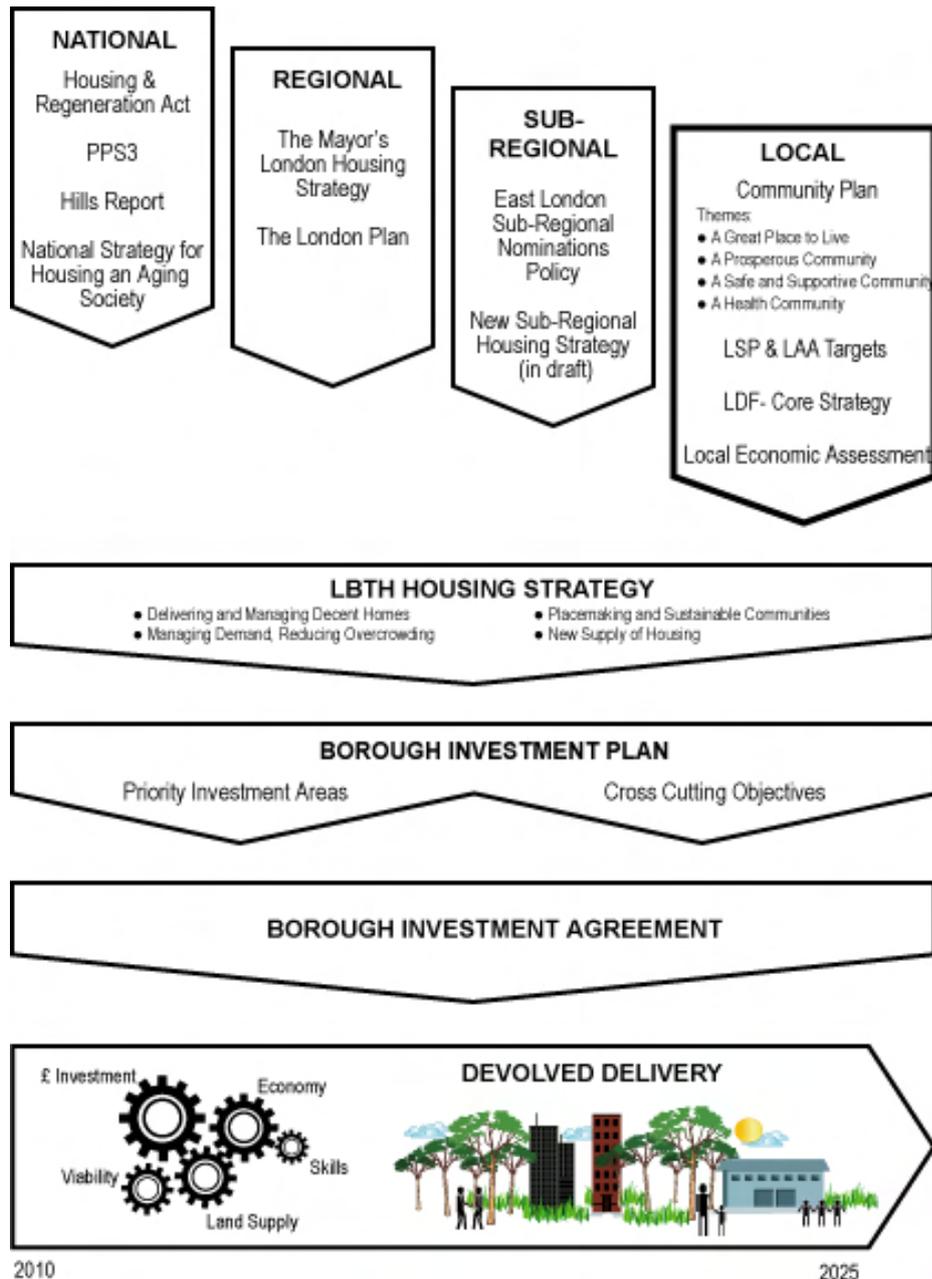
- Canary Wharf is now the UK centre for large internationally active banks and financial services and is central to London's status, with New York, as one of two global financial centres. These businesses act as a magnet for related "support" industries such as law, accountancy and management consultancy, which in turn support the retail and leisure markets.
- There are many more jobs in Tower Hamlets than residents of working age. Of the available jobs, 85% are filled by in-commuters and only 15% by residents.
- Employment has grown by nearly 60% over the last decade, five times that of London, but levels of resident employment remain low.

1.8 One of the key reasons for the continuing low level of employment amongst residents is due to a mismatch between residents' skills and employment opportunities in the growth sectors of the new economy, with a quarter having no qualifications against a London average of 12%. Despite the difficulties, Tower Hamlets is a place where there are far more opportunities to overcome these challenges and enhance social and economic mobility than most other places.

1.9 Sources of employment are not exclusively dependent on the financial and business sectors. Manufacturing; public sector; hospitality; wholesale and retail; construction; creative industries all make a significant contribution to employment levels in the borough. Inevitably, the number of new jobs is dependent on the health of the national, regional and local economy and the public expenditure plans of the Coalition Government is likely to lead to a significant reduction in public resources used for local economic interventions.

1.10 Despite the relatively prosperous state of the jobs market in Tower Hamlets in recent years, the demand for jobs is considerably exceeded by supply. Those who have low educational attainment and limited work experience will have little chance of being considered for the type of work opportunities that offer a prosperous career path. The challenge therefore is to improve educational attainment for local residents, with a specific focus on skills and qualifications for jobs that are currently needed will be critical to meeting these challenges over time, whilst being flexible enough to adapt to changing labour market demands.

1.11 In advance of the Spending Review announcement, the short to medium future for the local economy in Tower Hamlets is uncertain. However, the long term prospects for economic growth are considered to be good with significant development projects in Canary Wharf in the pipeline, such as the new Crossrail station and the Wood Wharf development. As highlighted, a key challenge is to address the low levels of skills and qualifications amongst residents so that they can compete more effectively for jobs within the borough. The key question in respect of this document is how can the Borough Investment Plan help achieve that objective? An approach to address this challenge is set out in the Gap Analysis chapter.



1.12 The London Mayor's *Framework for Devolved Delivery* sets out an approach that will lead to decision making on investment matters being devolved to local authorities by April 2011. There will be a degree of flexibility regarding the scope of what individual local authorities wish to take on. Tower Hamlets intends to take full advantage of the powers available to be devolved. As well as being a consistently high deliverer of market and affordable housing, a large proportion of our council housing stock does not meet the decent homes standard. Therefore, the more power that is devolved to us, the greater our flexibility to adopt a local approach to resolving local challenges.

1.13 A core objective of the Borough Investment Plan will be to crystallise the delivery of these objectives into a single investment document that sets out clearly the Council's and its partners' short, medium and long term objectives. In simple terms our investment priorities are as follows:

Investment Opportunity One: Housing Renewal – delivering decent homes and regenerated environments to homes managed by Tower Hamlets Homes and *Housing Choice* social landlords

Investment Opportunity Two: Reshaping Poplar – regenerating social housing estates including the *St Paul's Way* initiative; and brownfield regeneration opportunities that straddle the A12

Investment Opportunity Three: Shoreditch and Spitalfields – centering on delivering the Bishopsgate Good Yard scheme, capitalising on the area's new transport infrastructure and regenerating a key strategic City Fringe location

Investment Opportunity Four: Blackwall and Leamouth – delivering the Blackwall Reach Regeneration Framework and the regeneration of the wider Blackwall and Leamouth area

Investment Opportunity Five: Fish Island – Ensuring that Tower Hamlets capitalises on the regeneration of the Olympic Park Legacy Masterplan area and ensures that Fish Island and the adjacent Hackney Wick area are regenerated in a complementary and strategic fashion

These investment priorities each have a rationale which is set out in Chapter 3 of this document. Furthermore, there are a number of schemes which do not fit the criteria set out above which we believe are sufficiently well developed to both warrant support but will also assist with housing delivery in 2012.

The rationale for identifying the above places is based on the framework provided by the Council's Core Strategy. This strategy is the centrepiece of the Councils' Local Development Framework which is designed to set out an ambitious and long-term spatial strategy to deliver the objectives of the Council's Community Plan. It identifies broad areas and principles, identifying where, when and how development should take place over a fifteen year period. The Core Strategy has been the subject of extensive community consultation and an examination in public.

1.14 In tandem with the above, the BIP will also help deliver against cross-cutting objectives of the Tower Hamlets Partnership:

Cross Cutting Objective One - Reduce and Prevent Overcrowding

Overcrowding blights the quality of life for a large proportion of our community. Our approach to this agenda will be twofold. Firstly, offering management orientated solutions such as practical advice to households on how to use their available space most effectively; reform the lettings system so that overcrowded households have a fairer opportunity to bid for homes available for lettings. Secondly, we will facilitate the delivery of more affordable large family accommodation which will directly alleviate overcrowding. By delivering against this objective, the Council is also directly delivering positive equality outcomes for Tower Hamlets' Bangladeshi community who are disproportionately affected by overcrowding and who also have low household incomes.

Cross Cutting Objective Two - Reduce carbon emissions from existing and new housing

Reducing carbon emissions from new and existing housing stock will be a significant breakthrough for Tower Hamlets. We will be seeking new housing developed in Tower Hamlets to meet the Code for Sustainable Homes Level 4, thereby reducing the negative

environmental impact of new housing in the borough. In addition, we will be seeking to ensure that repairs and refurbishment undertaken by Tower Hamlets Homes and its social landlord partners take into account the carbon emissions agenda and introduce retro-fitting initiatives where these are considered affordable.

Cross Cutting Objective Three - Deliver more jobs, skills and training opportunities from housing and regeneration investment

Delivering more jobs, skills and training opportunities for local residents is a priority of its Borough Investment Plan. Recognising that the forthcoming Spending Review is likely to lead to a reduction in available resources for this agenda, efforts need to be redoubled to ensure that housing and regeneration investment delivers employment outcomes for local people.

Cross Cutting Objective Four - Deliver Core Strategy Placemaking objectives in tandem with investment in new and existing housing

The Council's *Core Strategy Development Plan Document 2025* sets out a comprehensive understanding of Tower Hamlets and where housing and wider investment is required. The approach set out in this Borough Investment Plan seeks to ensure that the necessary accompanying socio-economic infrastructure is delivered in tandem with the housing investment that is both needed and can be delivered.

We have also taken account of the history of projects and their importance to wider priorities in the borough, preceding the investment planning and single conversation process.

How do we propose to achieve this objective?

1.15 In the Borough Investment Plan we will consolidate these objectives into a structured investment approach that will deliver quality homes in quality places. We will work in partnership with the Homes and Communities Agency; local and regional stakeholders; our housing landlord and delivery partners; the Tower Hamlets Partnership and residents to develop and implement the Borough Investment Plan. *Quality Homes in Quality Places* is about achieving lasting transformational change that all stakeholders have a shared interest in seeing delivered.

Section 2 Growth Capacity, Regeneration Targets and Objectives

Summary

This section consists of two broad elements. Firstly, we describe the key socio-economic characteristics of Tower Hamlets. Secondly, we describe the regional and local housing trends and objectives that we are seeking to meet.

Despite being associated with severe poverty and low economic opportunity, Tower Hamlets is one of the fastest growing local economies in London. Notwithstanding the impact of the economic downturn, Tower Hamlets is in an excellent position to both economically grow further and in tandem provide sufficient impetus for new market and affordable housing to be built. As ever, the challenge is to ensure new economic and housing growth provides the catalyst for transformational change for both the places that make up Tower Hamlets and the people who live in them with a particular focus on those who are disadvantaged and those who are in danger of becoming so.

2.1 The Socio Economic Picture

Population

- The borough continues to have one of the fastest growing populations in London.
- Tower Hamlets' population lives in a high housing density environment.
- Tower Hamlets has a significant age imbalance. It has the third largest percentage of 20 to 34 year olds of all local authorities in the country

Deprivation

- Four of the eight most deprived authorities in England are in London: Hackney, Tower Hamlets, Newham and Islington.
- Tower Hamlets the third most deprived borough in the country.
- The most deprived wards in Tower Hamlets are Bromley by Bow and East India and Lansbury.

Household Incomes

- The median household income in Tower Hamlets in 2009 was £28,146 which is close to the London average of £30,168, for non-residents it's higher at £42,476.

Crime

- Crime rates are falling but remain higher in Tower Hamlets than the London average.

Health

- Health is poorer in Tower Hamlets than in London on a number of key measures.

Refer to Appendix A for full evidence base

Employment and Enterprise

- Tower Hamlets is one of the top growth areas in the country.
- Canary Wharf is the UK's second largest business district, and with this the largest

- employment industry in Tower Hamlets is Banking, Finance and Insurance.
- Tower Hamlets has the second lowest employment rate in London.
- Despite the employment rate being low, there are more jobs than there are economically active residents in Tower Hamlets.

Diversity

- The non-white Ethnic groups in Tower Hamlets have particularly young populations.
- Tower Hamlets is ranked the eight most ethnically diverse borough in England.
- Reflecting its ethnic makeup, Tower Hamlets is of predominantly Christian (40%) and Muslim (36%) faith.

Housing Land Use and Tenure

- Housing is the dominant land use in Tower Hamlets.
- The 2009 Household Survey data suggests that the owner-occupied and private rented sector have grown significantly since 2001, around 59% is in the market sector.
- The average house price in Tower Hamlets in August 2010 was £347,797 slightly higher than the London average of £345,734 (Land Registry House Price Index).

Housing Capacity and Delivery

2.2 In 2007, the London Plan (consolidated with Alterations since 2004) introduced a new housing delivery target of 31,500 new homes in Tower Hamlets for the plan period 2007-2017. This figure equates to an annual delivery target of 3,150 new homes each year. This figure was reviewed in the London Plan and from the year 2011 the figure proposed is 2,885. Overall housing delivery (over the five year period) has exceeded the target delivery by 1,199 homes. Tower Hamlets remains on track to meet the London Plan target over the whole plan period.

2.3 The table below presents a summary of net additional dwellings completed over the past five years. Housing completions have been at a fairly consistent level over the past five years with a significant increase in the 2008/09 reporting year.

Net Additional Dwellings in Previous Years (AMR)

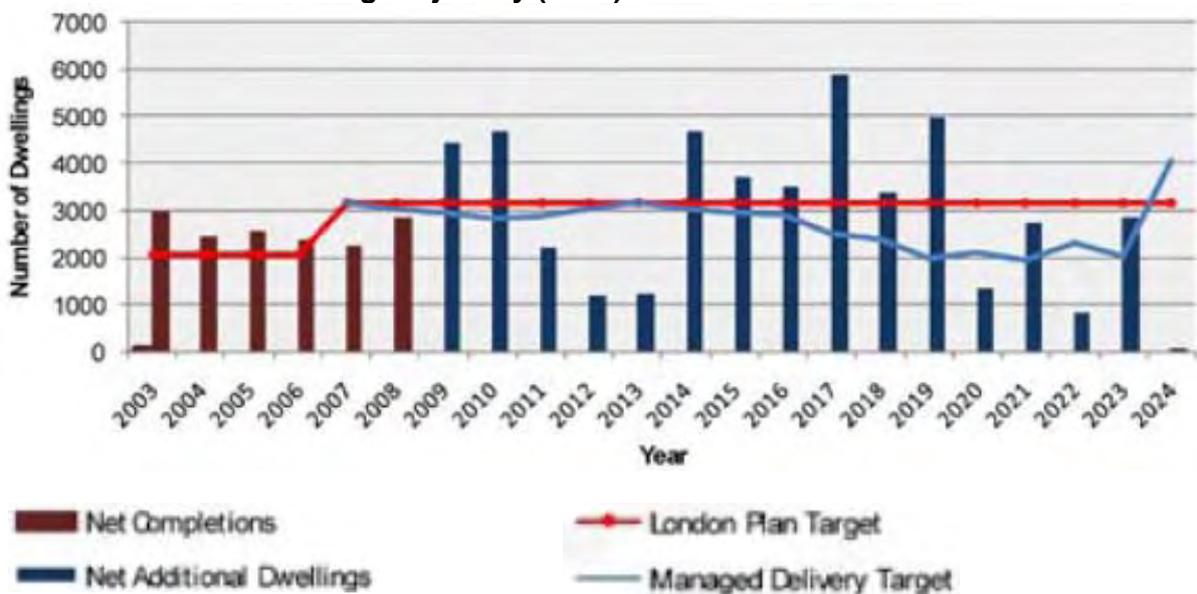
Year	Net additional dwellings	London Plan Target
2003-2004	2,992	2,070
2004-2005	2,465	2,070
2005-2006	2,575	2,070
2006-2007	2,370	2,070
2007-2008	2,227	3,150

2.4 The chart below shows this information graphically compared with Tower Hamlets' London Plan annual delivery target. In the AMR 2008/09 there were 2,839 net additional dwellings completed in Tower Hamlets. The map below shows the spatial distribution of new residential developments completed in 2008/09 the wide distribution of sites within the borough.

2.5 A five Year Housing Supply sets out the net additional homes expected to come forward over the next five year period, 2010-2015, this shows a total of 13,927 net additional dwellings by 2015 (see table at 2.14). This will contribute to Tower Hamlets fifteen year supply of housing.

2.6 The chart below shows the fifteen year housing trajectory, showing previous housing delivery and projected housing delivery. The figure also shows the managed delivery line representing the net additional homes expected to come forward each year over the remaining plan period. The managed delivery line is presented as an estimation of how housing is expected to come forward over the remaining plan period taking into account the sites which can be delivered. It shows the annual number of completions needed to meet the London plan target, taking into account any shortfalls or surpluses from previous and future years. In the current monitoring period (2009/10) around 4,400 additional homes are expected to be completed.

LB Tower Hamlets Housing Trajectory (AMR)



2.7 The Council is working to ensure that new homes are developed together with the right kinds of infrastructure to make sure our communities are sustainable. The deliverability of sites has been taken into account and it is considered that sites under construction and those with planning permission not yet started would accord with Government criteria for the assessment of deliverability.

2.8 The Council requires all new housing developments to contribute to the creation of mixed communities by offering a range of housing choices including a mix of dwelling size, family housing and accessible homes.

2.9 The Council aims to maximise all opportunities for affordable housing on each site, proposing new residential dwellings in order to achieve a 50% affordable housing target, across the Borough, from all sources. The Council seeks a minimum of 35% affordable housing provision on developments proposing 10 or more new dwellings subject to financial viability.

Housing Delivery (2008/09)

2.10 Of the 1,555 gross affordable homes completed during 2008/09 period 594 were social rented homes and 961 intermediate homes (AMR). This represents 57% when

calculated by habitable rooms or 52% when calculated by total homes. Planning obligations, or Section 106 agreements, secured a potential 1,311 affordable homes during 2008/09.

2.11 The Council seeks to maximise residential densities on individual sites, taking into consideration: the local context; site accessibility; housing mix and type; achieving high quality, well designed homes; maximising resource efficiency; minimising adverse environmental impacts; the capacity of social and physical infrastructure and open spaces; and to ensure the most efficient use of land within the Borough. The average density of new development in the Borough is 579 habitable rooms per hectare, amongst the highest in London.

Housing Trajectory 2010-2025

2.12 These figures are based on expected net additional housing delivery over the next 15 years. Tower Hamlets Planning for Population Change and Growth model considers sites with planning permission along with potential development sites. The model looks at proposed and preferred land uses, as well as density assumptions, to provide a range of housing outputs over the period 2010-2025. The tables below reflect the higher density assumptions and are broadly in line with the housing delivery target set out in the proposed London Plan. The Planning for Population Change and Growth model is a 'live' model which is updated regularly with development and population information. Regular monitoring will indicate progress against the London Plan target. It should be noted the Planning for Population Change and Growth model is constrained by sites delivering 10 or more new homes.

2.13 A table showing the expected new delivery of housing of over the next 15 years grouped by Local Area Partnership areas:

Local Area Partnership	Total new homes			
	2010-2015	2015-2020	2020-2025	Total
LAPs 1&2	3,340	3,500	1,990	8,830
LAPs 3&4	1,060	2,990	440	4,490
LAPs 5&6	3,120	4,520	570	8,220
LAPs 7&8	6,410	10,440	4,790	21,630
Total	13,930	21,450	7,790	43,170

2.14 Expected new delivery of housing over the next 15 years, grouped by Places identified in our Core Strategy, is set out in the table below:

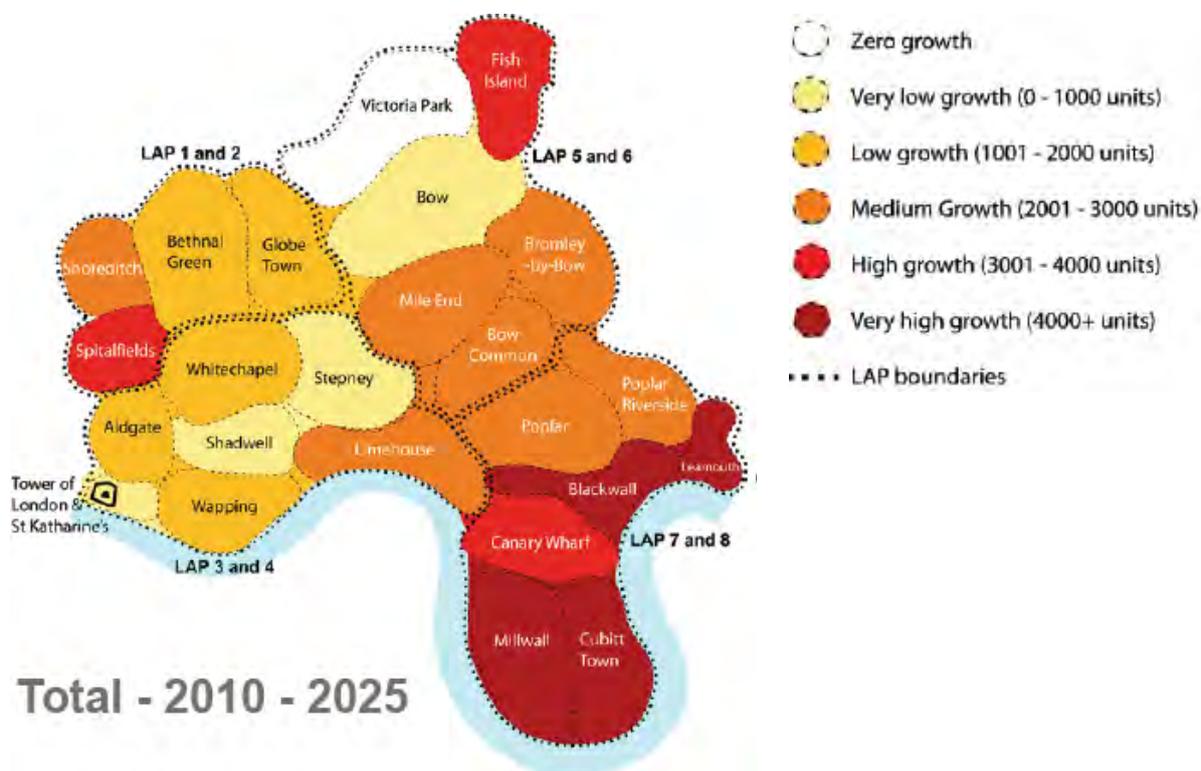
Place	Homes			
	2010-2015	2015-2020	2020-2025	Total
Aldgate	510	720	-	1,230
Bethnal Green	540	620	40	1,200
Blackwall and Leamouth	520	1,650	1,880	4,050
Bow	470	140	40	650
Bow Common	750	1,150	-	1,900
Bromley by Bow	1,020	730	70	1,820
Canary Wharf	260	2,380	-	2,640
Cubitt Town	-	2,580	1,610	4,190

Fish Island	150	2,020	230	2,400
Globe Town	460	660	-	1,120
Limehouse	410	1,020	370	1,800
Mile End	940	480	340	1,760
Millwall	3,720	1,480	950	6,150
Poplar	590	1,040	-	1,630
Poplar Riverside	910	680	270	1,860
Shadwell	440	270	-	710
Shoreditch	420	390	1,030	1,840
Spitalfields	1,270	1,060	520	2,850
Stepney	50	270	150	470
Tower of London	90	-	-	90
Victoria Park	-	-	-	-
Wapping	190	1,280	-	1,470
Whitechapel	220	830	290	1,340
Totals	13,930	21,450	7,790	43,170

2.15 The illustrative maps below set out where the growth in Tower Hamlets is expected over the next fifteen years based on work to date undertaken on the Strategic Housing Land Availability Assessment (SHLAA). In terms of a broad housing growth 'direction of travel' over the SHLAA fifteen year timeline:

- High/Very High Growth can be hosted on Millwall and Cubitt Town and neighbouring Blackwall and Leamouth; Fish Island; and Spitalfields.
- Medium Growth can be hosted on the Eastern half of the borough and Shoreditch
- Relatively low growth is expected elsewhere, reflecting the significant growth activity that has already occurred

The housing capacity for development identified in the SHLAA has strongly influenced the content of this Borough Investment Plan.



2.16 The broad conclusion that can be derived from the work undertaken to date on housing capacity is that there is sufficient capacity in Tower Hamlets to build additional housing. Underpinning that capacity are a set of local planning, housing and community strategy documents that can help deliver the housing that needs to be built.

Investing in Infrastructure to Deliver Placemaking

2.17 The Council is working with key social infrastructure providers to ensure that new homes are developed together with the right kinds of infrastructure to make sure our communities are sustainable. High levels of population growth, evident from the continuing high levels of housing development, place additional pressure on community infrastructure.

2.18 To ensure additional pressure is planned for, Tower Hamlets created a Planning for Population Change and Growth (PPC&G) Model which identifies, by location and over time, how the Borough's population is set to change as a result of natural growth and planned development. It uses data including birth rates and housing development information to calculate when and where the population will change. It monitors housing development, projects population growth and related demographic changes, and converts this population data into what impacts it will have on various kinds of infrastructure.

2.19 Infrastructure is prioritised within an Infrastructure Delivery Plan report, part of Tower Hamlets Core Strategy Evidence Base. The infrastructure plan shows committed schemes, future priority schemes and other less critical schemes going forward in these categories:

- Health
- Transport and connectivity
- Publicly accessible open space
- The emergency services
- Education
- Utilities, waste and flooding
- Leisure and cultural infrastructure

The Infrastructure Delivery Plan report can be found on the Tower Hamlets Council web site at: http://www.towerhamlets.gov.uk/lgs/851-900/856_local_development_framework/evidence_base.aspx

2.20 In section one; the five investment opportunity areas were introduced. Infrastructure relating to these schemes is explained in section three. Future public funded investment allocated for infrastructure is referred to in section five.

2.21 The key issue for future years of the BIP will be the Council's response to any reduction in public funded resources providing key socio-economic infrastructure, such as the Building Schools for the Future programme.

Opportunity Areas

2.22 Within the East London sub-region the London Plan identifies a number of 'Opportunity Areas' which includes Millwall and Cubitt Town (the Isle of Dogs), the Lower Lea Valley and the City Fringe. The Opportunity Areas have been determined on the basis that they are capable of accommodating substantial new jobs or homes and their potential should be maximised. These strategic sites are shown on the map below, taken from the Core Strategy Spatial Vision for Tower Hamlets.

2.23 The London Plan provides a clear vision for the Millwall and Cubitt Town area as a location for major new high-density commercial and residential development to consolidate the global focus for finance and business that the area has already secured. It identifies Millwall and Cubitt Town (Isle of Dogs), Opportunity Area as being able to accommodate at

least 100,000 new jobs and 3,500 homes by 2016, requiring both adequate land and a significant enhancement to transport capacity.

2.24 The Lower Lea Valley (LLV) Area surrounds the River Lea which runs along the boundary of the London Boroughs of Tower Hamlets and Newham. A key issue for the borough is ensuring that the 'critical mass' of development in the Olympic Park which will be led by the Olympic Park Legacy Company both benefits (and by default does not hinder) the regeneration of Tower Hamlets LLV area. In terms of a geographic identity, this area is characterised by the A12 Blackwall Tunnel Northern Approach Rd. On each side are areas that have significant poverty but also housing capacity and regeneration potential. We see regeneration as key to tackling poverty and unemployment that is common in the area.

2.25 The Lower Lea Valley has been described as the largest remaining regeneration opportunity in inner London. Much of its land is taken up with derelict industrial land and poor housing, often divided by underused waterways, unattractive pylons, roads, the London Underground and heavy rail lines. Fish Island is the area where the most significant impact of the Olympic Legacy will be felt. The aim is to create a better place to live, to train people living in the area and to provide them with jobs. The plan is to transform the large number of underused canals and waterways into a new 'water city' as part of the wider vision for the Olympic Fringe of Hackney Wick, Fish Island and Stratford. Proposals for Fish Island are at an early stage and are considered to be a medium to long term priority that will evolve in tandem with the wider redevelopment of the Olympic Park after the Games have been hosted. The Greater London Authority is currently drafting an Olympic Legacy Supplementary Planning Guidance document which will in effect update the 2007 LLV Opportunity Area Planning Framework, as the scope of the document spreads well beyond the core Olympic Legacy boundary. This is to be welcomed as it brings into sharp focus the reality of the Park that is being developed and the Legacy that needs to grow from it.

2.26 Within the City Fringe area, the London Plan identifies Bishopsgate Goods Yard/South Shoreditch and Whitechapel/Aldgate as Opportunity Areas where there is scope to support London's financial and business services. City Fringe is an area closely linked to the City itself and the financial services and insurance businesses. There is the opportunity to support and improve the existing business accommodation, to provide residential development in key areas, and to improve the public realm and pedestrian access in the area. The Aldgate gyratory area in particular is a key redevelopment opportunity that could unlock potential in surrounding areas.

2.27 The achievement of these broad 'Opportunity Areas' will largely be determined by the intensity of site development, and the London Plan is specific in proposing urban design parameters for new proposals, both commercial and residential. The Plan's wider remit for the Docklands and Thames Gateway is to establish these areas as locations where London can realistically provide the additional capacity for the large volume of development needed to attract global institutions to London and retain them.

2.28 A key partner for Tower Hamlets is the London Thames Gateway Development Corporation (LTGDC) which has the planning decisions role and its own S106 policy that it applies to the Tower Hamlets area. Their geographical scope includes Leamouth; parts of Poplar including Bromley by Bow; and, Fish Island. It has provided significant funding for regeneration and land acquisition in Tower Hamlets, playing a lead role in bringing forward sites in three main areas: Hancock Rd/Imperial St; Sugar House Lane Triangle; Ailsa Street/Lochnagar St. The announcement of the Mayor's intention to create a Mayoral Development Corporation for the Olympic Legacy area is likely to lead to the LTGDC's responsibilities being transferred to the new Corporation. Tower Hamlets will be keen to ensure that existing priorities for the Corporation continue to be pursued with additional resources.

Mayoral Target

2.29 The Mayor of London has set out the spatial location for growth and regeneration within London through the London Plan. Reflecting the Government's plans, the East London sub region has been identified as accommodating the majority of London's housing and employment growth, with four opportunity areas for growth identified. The London Plan has set housing targets including new affordable homes to 2016. The Mayor has also published recent proposals for more specific affordable housing targets for the next three years. Tower Hamlets has one of the highest build targets in London which will contribute considerably to the Mayor's target of 50,000 affordable homes to be delivered between 2008 and 2011. However current market conditions will make the delivery of the Mayor's proposed targets challenging, the Borough is currently negotiating with the GLA, to ensure that targets proposed are deliverable. A three year proposed target of 3,038 gross affordable units will need to be delivered between 2009/10 and 2011/12. This figure assumes that all known schemes are delivered if the appropriate mitigating action is taken. This would set an annual target of c. 1,013 gross affordable units being sustained for the three years; our actual 2008/09 delivery exceeded the annual target at 1,555 affordable homes.

Cross Borough Projects

Five Boroughs Multi Area Agreement

2.30 The Government, the HCA and the GLA are working with the 5 Host Olympic boroughs (Tower Hamlets, Hackney, Newham, Waltham Forest and Greenwich) on planning the major investment and on developing new approaches to the effective use of that investment to support the objectives of the Strategic Regeneration Framework, in particular to deliver new homes and improve existing housing. This will ensure a significant reduction in the major problem of overcrowding and an increase in affordable housing which better meets the needs of local people as their economic fortunes improve.

The 5 Boroughs MAA signed in March 2010 was intended to capture the best possible legacy and benefits of the 2012 Games, and ensure that opportunities arising from the Games contribute to the long-term regeneration of the area.

The MAA itself focuses on three policy areas:

- Worklessness and Skills
- Public Realm
- Housing and Developing Communities

Whilst there was agreement on the three objectives above, the Worklessness and Skills theme has emerged as the key priority. This strand of work aims to reduce and prevent worklessness and child poverty in the five host boroughs by transforming the traditional procurement routes, tailoring publicly-funded solutions to meet the needs of the individual, and matching the needs of employers.

Tower Hamlets is committed to the delivery of the MAA objectives and specifically the overriding objective of alleviating worklessness through skills and educational attainment. The proliferation of new employment in the finance and business industries in Canary Wharf and the City Fringe has in the main not alleviated local unemployment in the immediate surrounding areas. Given that experience, Tower Hamlets is reluctant to relive that same experience in respect of the Olympic Park both in the run-up to the hosting of the Games and perhaps more importantly in respect of the Legacy itself. As is commonly stated, the Games – Olympic and Paralympic – are a 'once in a lifetime' opportunity – and Tower

Hamlets has the experience of how such opportunities can be mishandled. We are determined that such a mistake does not occur in respect of the Olympics and the MAA is a helpful mechanism to ensure that this does not happen.

Working sub-regionally

2.31 Tower Hamlets is a member of the East London Housing Partnership (ELHP). Tower Hamlets is represented at all levels of the Partnership including the ELHP Board (Elected Members) and the Chief Officers Group (Directors). ELHP is currently preparing the second sub-regional Housing Strategy covering 2010 onwards; Tower Hamlets have helped develop the draft strategy themes and objectives. The Strategy will complete in October 2010. Tower Hamlets Strategic Housing Market Assessment 2009 (SHMA) contributed to the wider sub-regional SHMA which is due to be published in the autumn. The sub-regional SHMA compares all east-region SHMAs and provides a strong sub-regional profile, as well as highlighting policy issues for action. Of the two main policy issues emerging, the first, concerns affordability of intermediate affordable housing (beyond smaller non-family sized homes); the second, is the cross cutting issue of unsuitable housing and overcrowding in the sub-region. The ELHP forums are already working together to address these issues.

2.32 For London Plan purposes, Tower Hamlets is a member of a different sub-region - North East London. A key strategic priority for them is to broadly deliver development, regeneration, transport and other infrastructure to major opportunity sites such as Thames Gateway; and promote the contribution of the sub-region to London's world city role.

Cross Borough Infrastructure

2.33 Tower Hamlets will continue to benefit from being an Olympic borough beyond the games. The key benefits will include:

- The investment made in physical improvements and engagement activities led by Tower Hamlets 'High St 2012' project.
- Residents will benefit from improved connectivity into the Olympic site and key economic sites in Newham. These include Crossrail and planned new DLR stations.
- Residents can seek employment/skills opportunities through improved connectivity to key economic impact sites such as Westfield in Stratford City
- Housing that is built or becomes available on the legacy site will create a modest number of social rented nominations for people on Tower Hamlets waiting list
- There will be other legacy benefits for people, improved soft infrastructure, such as green space and leisure facilities.

Homelessness Targets

2.34 Demand for Council homelessness services remains extremely high. At the Homeless Service alone, over 4,000 households per annum are presenting themselves as being in some form of housing need. Statutory homelessness still disproportionately affects BME communities, younger families and young people, largely reflecting the challenges of household formation in overcrowded conditions. Key trends affecting homelessness in Tower Hamlets include:

- Rapid economic development alongside persistently high levels of worklessness and deprivation mean that home ownership or the private rented sector is out of reach for many local residents.

- Demand related to individual vulnerability remains high from a range of different sources including those undergoing transitions from the criminal justice system, young people leaving home, refugees, and women involved in prostitution.
- Levels of personal vulnerability are generally reported to be rising, including higher levels of mental health problems and complex needs.

As Tower Hamlets looks forward over the next 5 years, a number of factors are likely to increase the demand on housing and homelessness services in general:

- Significant projected increases in local population.
- The continued influx of new communities, including those who have no direct recourse to public funds.
- The borough's 'young' age profile and rapidly increasing youth population.
- Continued economic development in Canary Wharf and the City, as well as the Lea Valley Olympic site, keeping prices high in the private rented sector.
- The potential for problems associated with transient labour forces working on the Legacy Park.

Present trends in the number of housing need presentations, and the wider number of clients in contact with services, support the view that overall demand on services is increasing.

Tower Hamlets has a number of priorities relating to Homelessness, with a number of strategic targets listed below which Tower Hamlets and the HCA will need to consider. These include:

- Reducing the number of households in temporary accommodation by half (of 2005 levels) by 2010
- Place all homeless 16-17 year olds (where returns home are not possible) in supported accommodation by 2010.

Reducing Overcrowding

2.35 The reduction of overcrowding in Tower Hamlets is a priority for both the 2009/12 Housing Strategy and the Community Plan. In 2008/09, some 1,400 households registered their need for a four bedroom social rented home. In the same period just 56 homes were let for that need. In addition, over 11,000 households are in need of an additional 2 bedrooms in respect of their current accommodation. Clearly increasing the amount of large family accommodation for rent is a means to alleviating the high levels overcrowding that residents' experience, but building our way out of this crisis is not a solution on its own. Tower Hamlets is a CLG Overcrowding Pathfinder and has a range of additional management measures in place to address this challenge. They include the knocking through of two properties into one and providing financial incentives for under occupiers to move into the private sector or small social rented homes.

In addition, recent initiatives that the Council has undertaken include:

- Reforming the choice based lettings scheme to increase the priority for applicants living in overcrowded households
- Delivering a 'Local Homes Initiative' building family homes on local authority owned infill sites
- Purchasing properties previously sold under the right to buy and encouraging stock transfer housing associations to do the same
- Reviewing the amount of large family accommodation made available to other local authorities under the sub-regional nominations arrangement.

Given the scale of the crisis in Tower Hamlets, overcrowding reduction has been identified as one of the cross-cutting objectives that need to be met as a result of investment generated from this Borough Investment Plan.

Supporting People

2.36 Supporting People (SP) is a national programme aimed at promoting independence and quality of life for vulnerable people. This can include sheltered housing; homes for the single homeless and rough sleepers; specialist housing schemes for people with learning difficulties or support needs linked to mental health.

The SP programme costs approximately £15m per annum to run and provides support to over 3,000 people. Given the financial scale and human impact of the SP programme, there continues to be a need for council staff from the different departments to work increasingly closer to generate better and more efficient outcomes for vulnerable people. The key objectives for Supporting People in Tower Hamlets are to achieve positive impacts at three levels:

- Individuals – improving quality of life and sustaining independent living
- Communities – supporting individuals can help achieve wider community cohesion benefits, e.g., through reduced offending/re-offending
- Service Levels – high quality effective partnership working at strategic and operational levels

Investment in Private Sector Renewal

2.37 The Council has a Private Sector Housing Renewal and Empty Properties Policy Framework which is designed to ensure that private sector residents have a safe, decent and affordable home suitable to their needs. The objectives of the Framework are to: improve the living conditions for owner-occupiers and private sector tenants; reduce the number of properties containing category 1 hazards, (including houses in multiple occupation), in the private sector, and where possible bring them up to the Decent Homes Standard; increase the proportion of vulnerable people, living in the private sector, whose homes are in a decent condition, moving towards a target of achieving 70% of private sector vulnerable tenants living in decent homes; reduce the number of private sector empty properties, and where possible bring them up to the Decent Homes Standard and make them available for letting where possible via the Council's rent deposit guarantee scheme; enable disabled and other vulnerable residents to remain safe and independent in their own homes; help prevent homelessness; improve the overall energy rating of private sector dwellings; improve the availability of hospital beds by reducing the delay in hospital discharges.

Local Authority New Build Programme

2.38 The Council has successfully bid for funding under Rounds 1 and 2 of the HCA's *Building Britain's Future* programme and has combined this funding with prudential borrowing which will enable the construction of new family-sized council housing. The Council is using six small pieces of land located on council-owned estates and is shortly to start on site on several of the sites. 26 homes are to be completed in 2011.

Sustainability Targets

2.39 The London Mayor's Climate Change Action Plan sets out his carbon emission reduction targets for the capital. This is restated in the Draft Replacement London Plan and the London Housing Strategy. The Pan-London carbon reduction target is to reduce carbon emissions by 60% by 2050 against a 1990 base. In seeking to meet this target, the Mayor has adopted minimum reduction targets (which will be kept under review) as follows:

15% by 2010 20% by 2015 25% by 2020 30% by 2025

The Climate Change Action Plan focuses strongly on the important role that action on carbon reduction emissions from existing housing plays. The domestic sector contributes nearly 40% of London's total emissions. Reference is made in the Climate Change Action Plan to the role that the Decent Homes programme plays in the delivering of thermal comfort, with the caveat that more should be done to improve the overall energy efficiency of homes that are being invested in.

Carbon emissions are caused by inefficient use and an increase in our energy consumption. Significant reductions in carbon emissions can be achieved by:

- Simple, cost free actions to cut wasteful energy use (for example turning off lights when we leave rooms, switching electrical equipment off from standby mode, washing clothes at 30°C not 40°C)
- Using energy efficient products and appliances and switching to energy efficient light bulbs.
- Insulating the property (for example loft and cavity wall insulation) improving the thermal comfort and efficiency of the home and reducing energy consumption and costs.
- Installing renewable energy technology (for example solar hot water heating system and photovoltaic panels) to supply the property with green zero carbon energy

Approaches as described above can be very successful not least because the resident concerned stands to save money by using less electricity and gas in their home. However, more radical action is likely to be needed over the coming years to fully address the challenge that is being set.

Tower Hamlets will be seeking new housing that meets the Code for Sustainable Homes Level 4 and will also through its social housing partners seek to reduce carbon emissions from existing housing.

Our Affordable Housing Targets

2.40 The baseline affordable housing target that Tower Hamlets has been working to is the Local Area Agreement (LAA) National Indicator 155. This originally estimated 1,688 affordable homes delivered in each of the 2008/11 financial years (total of 5,064 homes). This was subsequently revised in agreement with the Government Office for London to 1,063 homes in 2008/09; 1,855 homes in 2009/10; and 643 homes in 2010/11 (total of 3,561 homes). One of the main reasons for the revision was the downturn experienced in the housing market from 2008 onwards.

In the table below we indicate the number of affordable homes that have been delivered and are forecast to be delivered over the four financial years beginning in 2008/09. Despite the

economic downturn, Tower Hamlets expects to deliver over 5,500 over these four years, over 10% of the London Mayor's 50,000 new affordable homes target.

	Social Rent Units	Intermediate Units	Total Affordable
2008/09	-	-	1063
2009/10	1025	682	1855
2010/11	520	275	943
2011/12	1061	499	1708
Total			5,569

Tower Hamlets is always keen to maximise affordable housing delivery. We have broken down our delivery timeframes as follows:

- Short Term 1 – Schemes that will deliver completed affordable housing by March 2012
- Short Term 2 – Completed homes from April 2012 to March 2014
- Medium Term – Completed homes from April 2014 to March 2019
- Long Term – Completed homes from April 2019 to March 2024

We have estimated that Registered Providers could deliver an additional 335 affordable homes from the Short Term 1 category (by March 2012) at an estimated cost of £30m. These are all from schemes that have planning permission from the Council and are considered 'ready to go'.

In addition, we have estimated that Registered Providers could deliver an additional 1,534 affordable homes from the Short Term 2 category at an estimated cost of £101m.

By funding these projects, the Council with the HCA will helping to ensure there is a continuation of new affordable housing supply in the short term, i.e., over the next four years.

Section 3 Investment Opportunities – Place Making in Tower Hamlets

Summary

The Homes and Communities Agency's investment planning process is putting an onus on local authorities to organise their investment approach and prioritise schemes requiring investment in their areas. In this chapter we have set out where are investment priorities and why. This has been a difficult process, not least because Tower Hamlets' housing and regeneration needs do not fall easily into spatial or thematic categories. Whilst we are seeking to re-orientate investment towards objectives that we have identified, we need to be cognisant of the need to ensure housing and regeneration delivery is maintained in what are increasingly difficult economic conditions.

Our Approach

3.1 The over-arching investment impact we are seeking to make with HCA and other public sector bodies' investment is in Tower Hamlets' places, rather than a focus on delivering outputs. Accompanying socio-economic infrastructure is critical to the sustainability of this regeneration. We see housing as being the 'revenue generator' for the transformational change that can change the places where people live for the better. The guiding principles for prioritizing these schemes are because they:

- Maximize the impact of public and private sector investment
- Deliver new and regenerated housing and wider place-making objectives and socio-economic outcomes
- Deliver new homes in areas of medium to very high housing growth
- Deliver local development planning, housing, and community plan objectives
- Deliver the London Mayor's housing and planning objectives
- Maximize the impact of existing transport infrastructure
- Maximize value from joint working with other public sector agencies

Tower Hamlets is fortunate in having a range of development opportunities in all parts of the borough enabling opportunities for a wide spread of investment throughout.

What is happening now?

3.2 Tower Hamlets faces some of the toughest housing challenges in the country. Despite this, transformational change is being achieved in many different ways. We have benefited from significant transport and wider infrastructural investment which is allowing development capacity to be optimised. As a result, development continues in high value areas such as Canary Wharf and the City Fringe despite the economic downturn. Small and medium schemes continue to make significant contributions to annual housing delivery.

3.3 Most significantly, housing renewal approaches are continuing to deliver lasting change on the ground. In Poplar for example, an innovative approach is being adopted by Poplar HARCA to regenerate disadvantaged estates which historically have not benefited from investment that the City Fringe and Docklands areas have experienced. Regeneration

schemes such as that proposed for the Aberfeldy Estate will be critical to redressing this historic imbalance. The Ocean Estate in Stepney was recently granted planning approval for the comprehensive regeneration of the area including the development of nearly 800 homes and the repair and improvement of 1,200 homes. The Council is currently seeking a development partner for the Blackwall Reach project which features the Robin Hood Gardens Estate. This scheme is expected to yield over 1,600 new homes replacing the current 250 homes which are considered uneconomic to repair.

3.4 We see the development and implementation of the Borough Investment Plan as a means to ensure that there is sufficient continuation funding for the schemes that are currently underway or are about to begin as well as identifying schemes that we wish to see funded in the near future. Some relatively modest 'enabling' resources may be required to fund masterplan and/or framework documents to strategically plan areas. Resources for land assembly and remediation works may also be sought to help ensure there are a sufficient number of 'ready to go' sites for development when the appetite for new housing development in Tower Hamlets fully returns.

What do we want to happen in the future?

3.5 In the opening section to this report, we identified our thematic priorities. In June 2009, we identified our housing investment priorities in our 2009/12 Housing Strategy and have since identified priorities in our Core Strategy, underpinned by our Strategic Housing Land Availability Assessment. Preparation of the Borough Investment Plan has given us the opportunity to update our housing investment priorities as set out below. Inevitably, some projects will cover more than one investment opportunity.

Investment Opportunity One – Housing Renewal

Why is Housing Renewal a priority?

3.6 In 2008, the Council created Tower Hamlets Homes (THH) an Arms Length Management Organisation (ALMO), to manage its homes and most importantly to deliver Decent Homes. This is a key strategic objective for the Council as highlighted in both the 2009/12 Housing Strategy and the Community Plan. THH manages 21,865 homes on behalf of Tower Hamlets Council, of which c 13,000 are tenanted and c 8,800 owned by leaseholders. As of April 2010, 40% of Tower Hamlets Homes' tenanted homes were non-decent. The Council is seeking £222m of Government funding to support a £444m programme of capital works to raise the stock to a decent standard.

In order to unlock the decent homes resources, a positive outcome is needed from the scheduled inspection by the Audit Commission in November 2010. Tower Hamlets Homes needs the award of a 'Two Star' rating from the Audit Commission to be awarded the money needed. In the event that THH is unsuccessful in achieving the 'Two Star' rating, then the Council in conjunction with THH will need to consider a 'Plan B' which delivers the objective sought but probably to a different approach and to a different timescale.

3.7 There is a broader issue about what level of resources will be available for the Decent Homes works given the current financial climate; over what timeframe they will be available; and, on what terms. How the new devolved delivery arrangements might affect the available funding position is still to be ascertained. Until the inspection is undertaken and the outcome known, the debate about how and when capital resources are applied is temporarily in abeyance. In the meantime, Tower Hamlets Homes is focused on delivering a good – ideally excellent – housing management service that its residents deserve.

3.8 In addition, the *Housing Choice* estates owned and managed by housing associations that have received housing through the stock transfer process. Whilst the majority of social housing in Tower Hamlets meets the Decent Homes Standard, a significant minority does not. Many estates are in a particularly poor condition requiring comprehensive internal, external and environmental improvements. Our tenants are often chronically overcrowded and benefit dependent.

Where is the Housing Renewal challenge?

3.9 Tower Hamlets Homes properties are predominantly concentrated in the north and west of the borough, with 5,266 in Bethnal Green, 4,110 in Stepney and Wapping, 1,873 in South Poplar and 1,344 in Bow/North Poplar. THH also clients five Tenant Management Organisations (TMOs) who manage a total of 873 properties.

A map of the Housing Renewal Challenge Places in Tower Hamlets can be found in Appendix B.

What schemes will deliver this priority?

3.10 For Tower Hamlets Homes, proposed works include new bathrooms and kitchens; renewal of electrical and plumbing services; new heating systems; new windows and doors. Tower Hamlets Homes will also consider how best to invest in the neighbourhood environment to improve the quality of life of local residents. In addition, we will be working with THH to develop a regeneration strategy that helps ensure that use of Council-owned land on THH estates is optimised, ensuring that Decent Homes investment is not applied to blocks that are either at the end of their economic life or do not meet current housing needs.

3.11 In addition, there is a major regeneration scheme in progress on the Ocean Estate and proposed schemes on Malmesbury and Birchfield Estates which show what can be achieved on such estates with additional resources. These latter two schemes are intended to produce around 220 new affordable homes without the input of HCA grant.

Place	Scheme Title	Total	AH SR	AH Int	Delivery Target	Priority
Mile End	Malmesbury Estate	100	65	35	M	M
Blackwall	Birchfield Estate	300	78	42	M	M

Delivery Target timeframes for the identified projects are as follows:

- Short Term 1 – Schemes that will deliver completed affordable housing by March 2012.
- Short Term 2 – Completed homes from April 2012 to March 2014.
- Medium Term – Completed homes from April 2014 to March 2019.
- Long Term – Completed homes from April 2019 to March 2024.

Priorities are identified are High, Medium and Low.

- High Priority denotes where affordable housing delivery is likely to be maximised; delivers all or some of the cross-cutting objectives; is located in the priority areas identified in the Borough Investment Plan.

- Medium Priority denotes where affordable housing delivery is likely to be maximised; delivers some of the cross cutting objectives; may be located in the priority areas identified in the Borough Investment Plan.
- Low Priority denotes where affordable housing delivery is not likely to be maximised; delivers some of the cross cutting objectives; may be included in the priority areas identified in the Borough Investment Plan.

3.12 For the *Housing Choice* estates, schemes have been identified below:

Place	RSL	Scheme Title	Total	AH SR	Delivery Target	Priority
Spitalfields/ Shadwell/ Millwall	EastEndHomes	Holland Estate	65	65	ST1	H
		Glamis Estate	40	40	M	M
		Island Gardens Estate	41	41	M	M
Bethnal Green	THCH (Mansford and Avebury East Estates)	Infill Units	5	5	ST2	M
		Southwood Smith	30	10 + 20	M	L
		Old Bethnal Green Rd	53	23	M	L
		Local Homes Initiative	23	23	ST1	H
Bromley-by-Bow	Gateway (transferred Sheltered)	William Guy Gardens	30	30	M	L
Bow	Gateway (transferred Sheltered)	Regency Court	30	30	ST2	H
Wapping	Gateway (transferred Sheltered)	St John's Court	30	30	ST2	H
TOTALS				297 Rent 20 Int		

Note: These are Housing Choice estates outside of investment opportunity areas 2 to 5

What is the timeframe for delivery?

3.13 For Tower Hamlets Homes, the Decent Homes investment programme is dependent on the award by the Audit Commission of 'Two Stars' for its housing management service. This inspection is planned for November 2010. Subject to the 'Two Stars' being awarded, the Council and Tower Hamlets Homes will work with (the Government Department) Communities and Local Government to arrange the release of the funding that will help regenerate the Council's stock. It is anticipated that the Decent Homes work to THH estates will complete in 2017

How much will it cost?

3.14 For Tower Hamlets Homes' estates, the total amount of funding being sought from CLG for the Tower Hamlets Homes Decent Homes programme is £222m which with other sources of funding (e.g., Major Repairs Allowance, Capital Programme sources) will contribute to a total budget of £444m.

3.15 There are Masterplanning exercises currently being undertaken at Birchfield and Malmesbury Estates and costings are in the process of being developed and will be subject to consultation.

3.16 For those Tower Hamlets Homes estates where the Decent Homes programme has not yet been delivered, it is estimated that a further £222m will be required to deliver the decent homes and wider regeneration works.

Summary of funding required from the HCA:

Scheme Category	High Priority	Units	Medium Priority	Units	Low Priority	Units
Short Term 1	£8.7m	88	-	-	-	-
Short Term 2	£5.9m	60	£0.5m	5	-	-
Medium Term	-		£28m	111	£3m	53
Long Term	-		-		-	
TOTALS	£14.6m	148	£28.5m	116	£3m	53

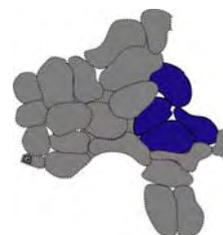
Strategic Compliance Checks

3.17 Strategic compliance tables for investment opportunity areas 1 to 5 can be found in Appendix D.

Investment Opportunity Two – Reshaping Poplar

Where is Poplar in Tower Hamlets?

3.18 Poplar is located in the middle section of the Eastern side of the borough. Covering four of the places identified in the Council's *Core Strategy Development Plan Document 2025*, this area covers some of the most disadvantaged neighbourhoods in Tower Hamlets and also some of its greatest opportunities. The core strategy places that it covers are Bromley by Bow; Poplar Riverside; Bow Common; and Poplar. One of the key features of this area is the A102 that runs north-south connecting the Blackwall Tunnel with the A12 and the North Circular Road.



A map of the Reshaping Poplar area can be found in Appendix B.

Why is it a priority?

3.19 The 'Reshaping Poplar' title takes its name from an initiative launched by Poplar HARCA, the borough's largest stock transfer organization. The area has not benefited from the major infrastructural investment that continues to support the continuing regeneration of the Docklands to the South. The area is a mix of regenerated and rundown former social housing and 'brownfield' sites to East, adjacent to the River Lea, such as Bow Lock and Ailsa Street which are longstanding regeneration priorities for the Council. The most significant major site being delivered in the area is the former St Andrew's Hospital site which is being delivered by Barratt Homes and Circle Anglia. This scheme will deliver nearly 1,000 mixed tenure homes adjacent to the Bromley by Bow Underground Station.

3.20 To the north, the London Thames Gateway Development Corporation (LTGDC) is working in partnership with Tesco's to deliver over 400 mixed tenure homes; a new shopping

facility and other socio-economic facilities. Also in partnership with the LTGDC, the Council and Poplar HARCA are delivering the *Transforming St Paul's Way* initiative. This will regenerate the areas adjacent to St Paul's Way, to include a new school, new health centre and new and regenerated homes. The regeneration of Crisp Street Market and the wider area will include the proposed scheme to refurbish Poplar Baths.

3.21 Historically, Poplar is an area which has been bypassed by major regeneration projects. By adopting a more coordinated and interventionist approach with our partners, the Council believes it is well positioned to deliver sustainable regeneration in an area that presents the greatest regeneration challenge in the borough, as well as the middle geographical section of its opportunity.

3.22 What schemes in Poplar will deliver this priority?

Place	Scheme Title	Total	AH SR	AH Int	Delivery Target	Priority
Bromley Bow	by Bow Lock **	300	98	52	M	L
Bromley Bow	by Tesco Site	454	76	30	ST2	H
Bromley Bow	by BowBridge/Devons 1	271	144	77	M	M
Bromley Bow	by St Paul's Way Ph 1 2	38	14	3	ST1	H
Bromley Bow	by St Paul's Way Ph 2 2a	390	104	48	ST2	H
Bromley Bow	by Bromley by Bow, Hancock Road (East Thames/Southern)	700	230	120	M	M
Poplar Riverside	Brownfield/Teviot 4	270	115	22	ST2	H
Poplar Riverside	Aberfeldy Village	1168	335	85	M	H
Poplar Riverside	Ailsa Street	800	260	140	M	H
Poplar Riverside	Devons Wharf	66	14	9	M	M
Poplar	Bartlett Park+ 5	233	50	45	M	H
Poplar	Crisp Street Ph1 6	117	27	12	ST1	H
Poplar	Crisp Street Ph 2 7	675	210	114	M	H
Poplar	New Festival Quarter	490	94	54	ST1	H
Poplar	Crisp Street 134-156	120	27	15	M	L
Bow Common	Lincoln 3	61	31	1	M	M
Bow Common	Bow Enterprise Park	559	126	45	M	M
Bow Common	Violet Road	73	18	5	ST2	M
TOTALS		6,785	1,973	877		

1 Arrow Road, Stroudley Walk Ph1 & Ph2, Bruce Road, Jolles House, Patrick Connelly Gardens

2 – St Paul's Way Ph 1 – Whatman House ST1 / H

2a - St Paul's Way Ph 2 – William Cotton Place, Leopold Ph 2

3 – Oakfield House, Knapp Rd bedsits, Knapp Rd house, Swaton Road

- 4 – Brownfield Ph 1, David House, Tweed House, Teviot Infills
- 5 – Bartlett Park, Broomfield
- 6 – Chrisp Street Ph 1 – Carron Close
- 7 – Chrisp Street Ph 2 – Carmen Street and Chrisp Street Town Centre

3.23 What is the timeframe for delivery?

Based on the Tower Hamlets Planning for Population Change and Growth model which considers sites with planning permission along with potential development sites, the following delivery trajectory is expected:

Place	Homes (All Tenures)			
	2010-15	2015-20	2020-25	Total
Bromley by Bow	1,020	730	70	1,820
Poplar Riverside	910	680	270	1,860
Bow Common	750	1,150	-	1,900
Poplar	590	1,040	-	1,630
Total	3,270	3,600	340	7,210

3.24 How much will it cost?

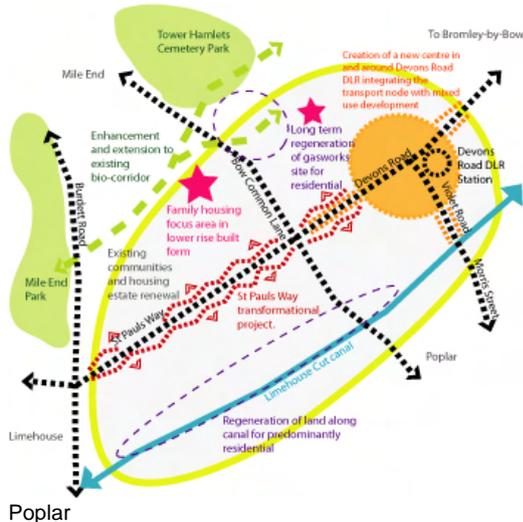
Summary of funding required from the HCA:

Some of the schemes listed at 3.23 above are now considered unlikely to proceed. The list at 3.22 still contains several unconfirmed schemes, but represents a more likely total outcome over the next 15 years. If these schemes were all to achieve the numbers at 3.22 above, the funding required from the HCA would be as in the table below.

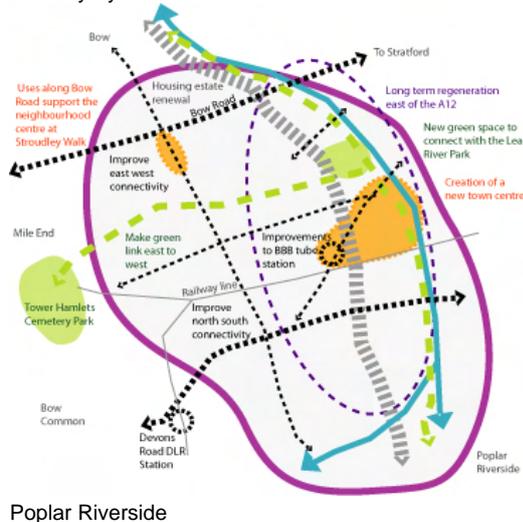
Scheme Category	High Priority	Units	Medium Priority	Units	Low Priority	Units
Short Term 1	£16.8m	204	-	-	-	-
Short Term 2	£34.1m	395	£2m	23	-	-
Medium Term	£103.5m	1239	£66.3m	797	£15.7m	192
Long Term	-	-	-	-	-	-
Grand Total	£154.4m	1838	£68.3m	820	£15.7m	192

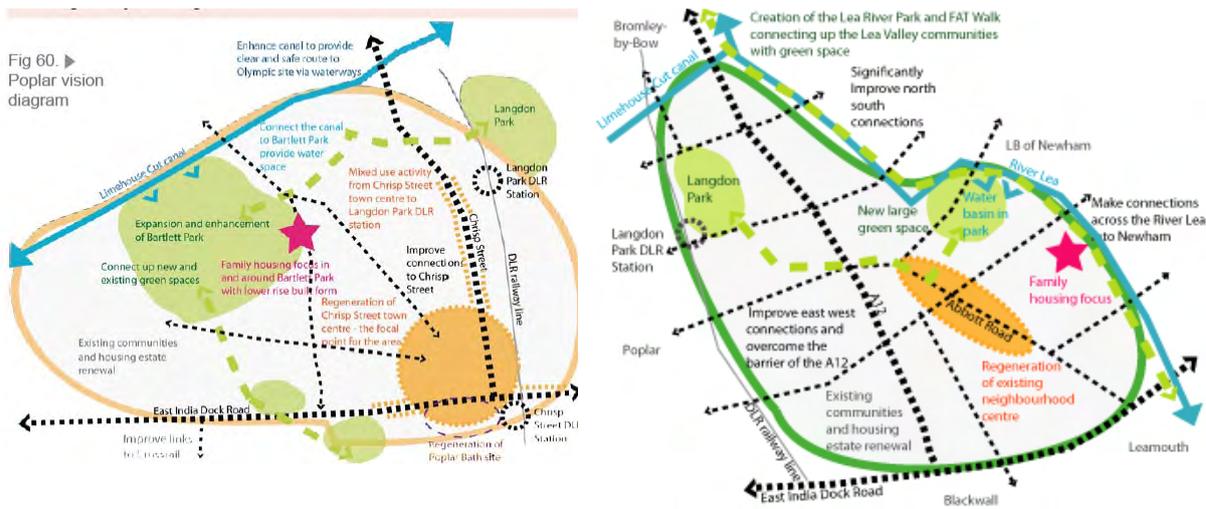
3.25 Core Strategy Vision for Places in the Reshaping Poplar Area

Bow Common



Bromley-by-Bow

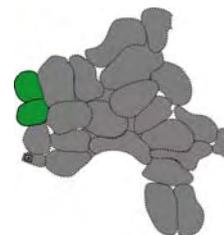




Investment Opportunity Three – Shoreditch & Spitalfields

Where are Shoreditch and Spitalfields in Tower Hamlets?

3.26 Shoreditch and Spitalfields are places located immediately to the east of the City of London, and also form the Tower Hamlets element of the 'City Fringe'. Both areas are a vibrant mix of housing, markets, restaurants, and office space. The most recent high profile development in the area has been the opening of the Shoreditch High Street Overground Station in May 2010 which links South East London up to Dalston Junction (and Highbury & Islington in 2011). A map of Shoreditch & Spitalfields can be found in Appendix B.



Why is it a priority?

3.27 Coinciding in 2010 with the opening of the Shoreditch High Street station was the publication of the Tower Hamlets and Hackney's *Bishopsgate Good Yard Interim Planning Guidance 2010*. This document highlights the massive regeneration potential of the Bishopsgate Good Yard site, owned by Network Rail. The Council believes that the regeneration of this site will have a catalytic impact on the wider area. Development on smaller sites in neighbouring areas is significantly constrained by the number of conservation areas in close proximity.

What schemes will deliver this priority?

3.28 Regenerating this area is heavily dependent on bringing forward Bishopsgate Goods Yard. The vision is for a mixed use development that can:

- Contribute to supporting London's financial and business services
- Strengthen the local economy in Shoreditch and Spitalfields
- Significantly contribute to local housing need

- Provide an exciting place to live, work and visit
- Be a place to be enjoyed by existing and new communities

Place	Scheme Title	Total	AH SR	AH Int	Delivery Target	Priority
Shoreditch	Bishopsgate Goodsyard	1500	340	184	M	H
Shoreditch	Shipton House (extra care)	13	13	0	ST1	H
Shoreditch	Daniel Gilbert (Supported Hsg)	95 rooms	95	0	M	H

What is the timeframe for delivery?

3.29 Based on the Tower Hamlets Planning for Population Change and Growth model which considers sites with planning permission along with potential development sites, the following delivery trajectory is expected:

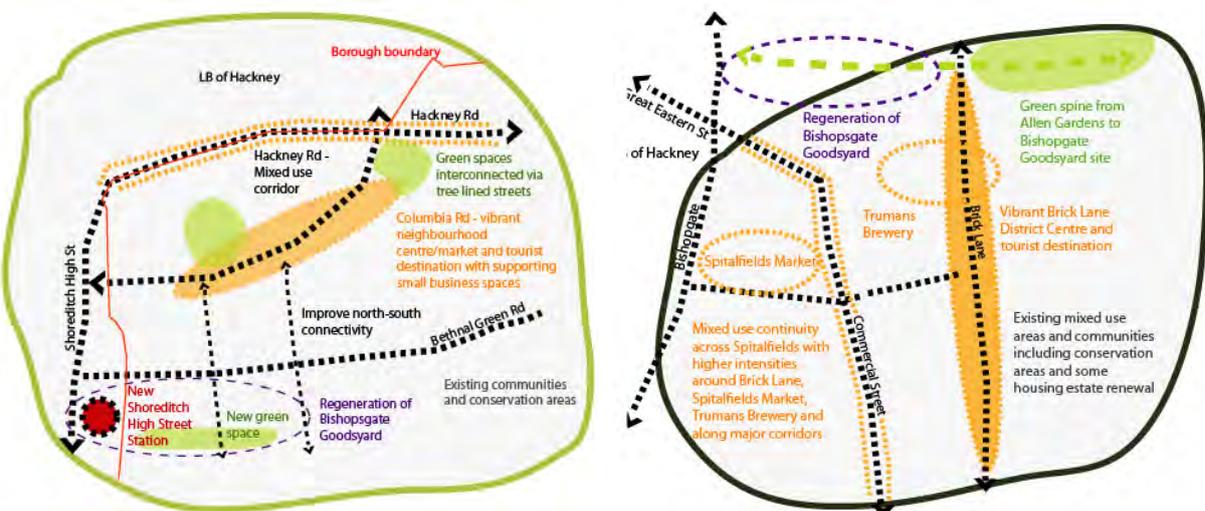
Place	Homes (All Tenures)			
	2010-15	2015-20	2020-25	Total
Shoreditch	420	390	1,030	1,840
Spitalfields	1,270	1,060	520	2,850
Total	1,690	1,450	1,550	4,690

How much will it cost?

3.30 The three schemes listed at 3.28 above would require funding as in the table below.

Scheme Category	High Priority	Units	Medium & Low Priority
Short Term 1	£1.3m	13	-
Short Term 2	-	-	-
Medium Term	£52m	1595	-
Long Term	-	-	-
Grand Total	£53.3m	1608	-

3.31 Core Strategy Vision for Shoreditch and then Spitalfields



Investment Opportunity Four – Blackwall & Leamouth

Where are Blackwall & Leamouth in Tower Hamlets?

3.32 Blackwall and Leamouth sits in the south east corner of Tower Hamlets. It is considered a strategic location, as it is well-served by the Docklands Light Railway; is in close proximity to Canning Town London Underground Station; and, when constructed, will be a short distance from the new Canary Wharf Crossrail Station due to open in 2017. The area is also dominated, and to a degree blighted, by the A13, Aspen Way and the A12 serving the Blackwall Tunnel Approach Road. It is also a key sub -regional location, connecting the Lower Lea Valley area with the Royal Docks to the east.



A map of Blackwall & Leamouth can be found in Appendix B.

Why is it a priority?

3.33 An over-arching theme of this Borough Investment Plan is to facilitate the regeneration of the eastern fringe of Tower Hamlets. In project terms, the area hosts the Blackwall Reach regeneration scheme, comprising mainly the Robin Hood Gardens Estate. This regeneration scheme is a corporate strategic priority for the Council and it has been working closely with the Homes and Communities Agency to secure the necessary land ownerships that will facilitate the development of a flagship mixed-use, mixed tenure scheme that will also see the demolition of an estate that is beyond its economic life.

3.34 The Leamouth peninsula is likely to be the subject of a new planning application delivering new associated infrastructure. A key element of this project for the Council is the connection of the peninsula (in Tower Hamlets) by the construction of a bridge to the Canning Town Station (in Newham) taking advantage of the Jubilee Line/DLR station and the new facilities planned for Canning Town itself.

3.35 What schemes will deliver this priority?

Place	Scheme Title	Total	AH SR	AH Int	Delivery Target	Priority
Blackwall	Blackwall Reach	1,600	330	177	M	H
Leamouth	Leamouth /Pura Foods	1,800	249	251	M	M
Leamouth	New Providence Wharf	498	71	45	ST2	M
Blackwall	East India Dock Rd	878	102	349	M	L
Blackwall/Canary Wharf	Aspen Way	Up to 5000	1150	600	L	L

What is the timeframe for delivery?

3.36 Based on the Tower Hamlets Planning for Population Change and Growth model which considers sites with planning permission along with potential development sites, the following delivery trajectory is expected:

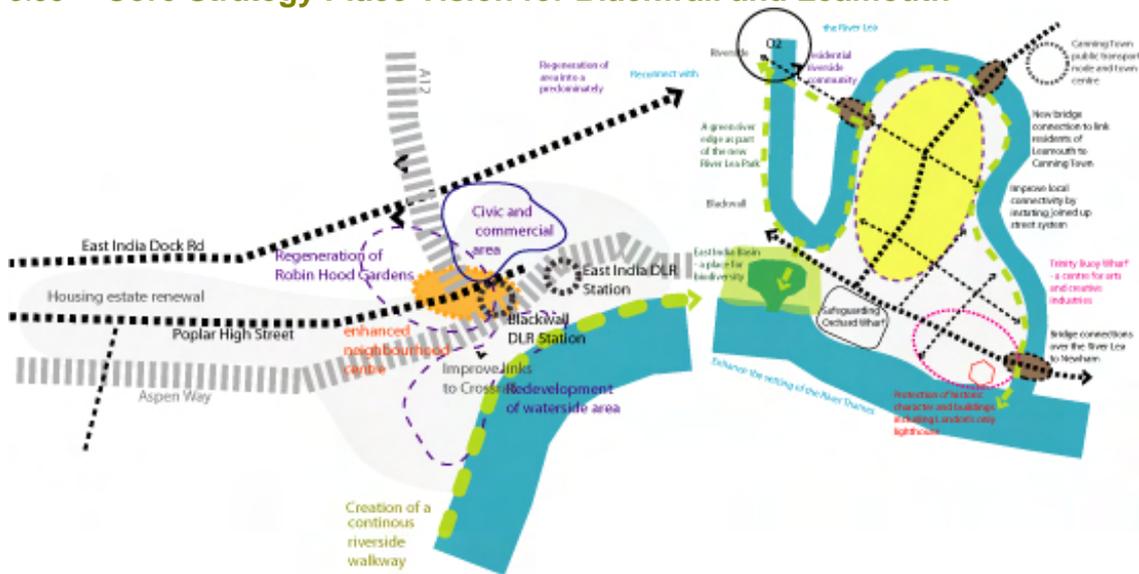
Place	Homes (All Tenures)			Total
	2010-15	2015-20	2020-25	
Blackwall & Leamouth	520	1,650	1,880	4,050

How much will it cost?

3.37 The schemes listed at 3.35 would require the following funding from the HCA:

Scheme Category	High Priority	Units	Medium Priority	Units	Low Priority	Units
Short Term 1	-		-		-	
Short Term 2	-		£9.2m	116	-	
Medium Term	£41.3m	507	£37m	500	£27.2m	451
Long Term	-		-		£143m	1750
Grand Total	£41.3m	507	£46.2m	616	£170.2m	2201

3.38 Core Strategy Place Vision for Blackwall and Leamouth

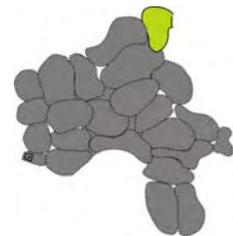


Investment Opportunity Five – Fish Island

Where is Fish Island in Tower Hamlets?

3.39 Fish Island is one of the 2012 Olympic Masterplan areas located in the North East of the borough, located immediately east and in close proximity to the Olympic Stadium, part of Fish Island is in the Olympic Park Legacy Masterplan Framework area itself. The hosting of the Games and the Olympic Legacy that will follow represents the largest regeneration project in Europe. Fish Island itself has also been identified as one of the twenty four ‘Places’ in Tower Hamlets’ *Core Strategy 2025 Development Document*.

A map for Fish Island can be found in Appendix B.



Why is it a priority?

3.40 Fish Island is currently a ‘fringe’ location with a mix of employment and residential uses. Given its location adjacent to the Olympic Park and the London Borough of Hackney’s own ambitions for neighbouring Hackney Wick, Fish Island can become a place for business, enterprise, new homes, schools health facilities, parks and waterways.

What schemes will deliver this priority?

3.41 The vision for Fish Island has been set out in the Council’s Core Strategy Development Plan Document 2025 and the information below has been sourced from that document.

Fish Island for planning purposes has been broken down into four broad areas: Fish Island North; Mid; South; and East. In **Fish Island North**, the area will undergo mixed-use, heritage-led regeneration to form part of the wider Hackney Wick area. A mix of uses including commercial, retail, leisure, work-spaces and residential, will be set around an improved public transport hub and a new neighbourhood centre at Hackney Wick. **Fish Island Mid**, south of the Hertford Union Canal, will prosper through conservation and heritage-led renewal that will promote a mix of uses including new residential, workshops, creative and cultural industries, studios, light industry and enterprise space. The qualities that characterize the conservation area – medium rise, mixed use buildings with an industrial aesthetic – will set the foundation for new developments. **Fish Island South** will be home to consolidated light and heavier industries that are not appropriate to mix with residential uses and will include a possible waste management facility. **Fish Island East** as part of the Olympic Legacy area will become a new residential community set around the waterways, a new marina, a large park and a new primary school.

The Council intends to commission an Area Action Plan which will set out how the vision for a regenerated Fish Island can be delivered.

What is the timeframe for delivery?

3.42 Based on the Tower Hamlets Planning for Population Change and Growth model which considers sites with planning permission along with potential development sites, the following delivery trajectory is expected:

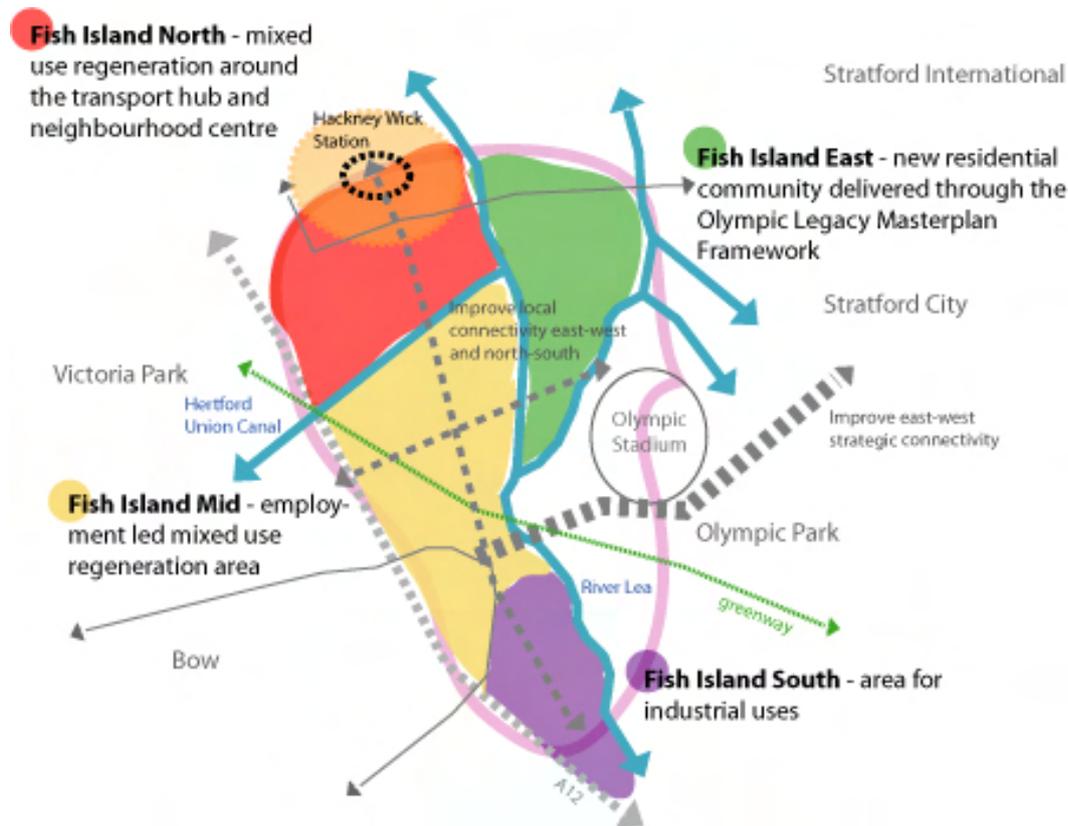
Place	Homes (All Tenures)			
	2010-15	2015-20	2020-25	Total
Fish Island	150	2,020	230	2400

How much will it cost?

3.43 Summary of funding required for the Fish Island area from the HCA:

Scheme Category	High Priority	Units	Medium & Low Priority
Short Term 1	-	-	-
Short Term 2	-	-	-
Medium Term	£100.8m	1200	-
Long Term	-	-	-
Grand Total	£100.8m	1200	-

3.44 Core Strategy Place Vision for Fish Island



Key Delivery Schemes (outside areas 1 to 5) - supporting future housing delivery

3.45 The schemes identified below are projects that will deliver new homes and/or regenerated places in the areas identified. The identified schemes are mainly but not exclusively major projects that will deliver new homes over the medium to long term timescale. They are by default a ‘miscellaneous’ set of projects that are important to the borough but do not fit with the five strategic priorities that we have identified. In that vein, we have listed them below and where we believe that they will deliver new housing and wider place-making outcomes, then we will be minded to consider them for some kind of support, whether funding or some other kind of borough support. However, we will need to adopt a strong case to adopt this course of action in the event that it limits the amount of funding available for other projects that do fit the five investment priorities that we have identified in this Investment Plan.

3.46 Achieving our high housing delivery targets over the medium to long term will be dependent on the realisation of the major sites in the areas identified above. The delivery of other key sites will continue to underpin the delivery of new housing and also make a significant contribution to neighbourhood sustainability.

Place	Scheme Title	Total	AH SR	AH Int	Delivery Target	Priority
Aldgate	Commercial St, 1	212	58	16	ST2	H
Aldgate	Alie St, 14-20	24	6	0	ST1	H
Aldgate	Goodman's Fields	754	159	93	M	M
Aldgate	Back Church Lane	59	14	5	M	M
Aldgate	Alie Street, 61-75	235	41	23	M	L
Aldgate	Dock Street	86	9	0	ST2	L
Limehouse	Commercial Rd / Whitehorse Rd	26	9	4	M	H
Limehouse	St Anne's Wharf	233	49	24	M	M
Millwall	Audi / Gee	1643	180	112	M	M
Millwall	Hammond House	56	28	16	ST2	H
Millwall	City Pride	412	0	18	M	L
Millwall	Pepper Street & Millharbour 49-59	89	25	6	ST2	L
Millwall	Muirfield Crescent & Millharbour, 47	149	29	9	ST2	L
Millwall	Island Point, Westferry Rd	189	118	48	M	M
Millwall	Cutty Sark House	26	16	10	ST2	M
Wapping	Aldgate Hostel (Supported Hsg)	50	50	0	ST2	M
Bethnal Green	Queen Elizabeth Hospital	160	36	20	ST2	H
Bow	Gun Wharf	121	26	8	ST2	H
Bow	Gladstone Place	208	40	22	M	H
Bow	Old Ford Rd (Supported Hsg)	10	10	0	ST2	M
Canary Wharf	Indecon Phase 2	546	123	42	ST2	L
Canary Wharf	Wood Wharf	1668	315	168	L	M
Canary Wharf	Trafalgar Way	414	9	60	ST2	H
Cubitt Town	Crossharbour Phase 2	421	77	0	M	L
Cubitt Town	Yabsley Street	141	28	10	M	L
Cubitt Town	New Union Wharf	400	200	110	M	M
Cubitt Town	Skylines	806	120	51	M	L
Cubitt Town	Central Park (Asda)	400	98	52	M	H
Mile End	St Clements Hospital	275	90	47	ST2	H
Mile End	Suttons Wharf North	419	148	63	ST2	H
Mile End	Fulneck House	78	55	0	ST2	H
Totals		10,310	2,166	1,037		

How much will it cost?

3.47 Summary of funding required from the HCA for the schemes listed at 3.45:

Scheme Category	High Priority	Units	Medium Priority	Units	Low Priority	Units
Short Term 1	£0.6m	6	-		-	
Short Term 2	£20m	680	£8m	86	£21.2m	243
Medium Term	£18.4m	225	£90.5m	1112	£31.3m	368
Long Term	-		£39.4m	483	-	
Grand Total	£39m	911	£137.9m	1681	£52.5m	611

Financial Summary of all Investment Areas

3.48 The table on the next page shows the funding required in each of the likely delivery periods. (Grant funding has been assumed at an average level of £99,000 per unit for social rent and £49,000 for intermediate tenure units.)

Summarising the table, the total cost of investment identified as needed to resource the housing and regeneration needs of Tower Hamlets (the priorities and schemes identified above) totals £1.15bn required over the next 14 years.

This comprises the £926m built up from the identified schemes, which will deliver c 12,500 affordable homes. Plus the £222m which is required for the Tower Hamlets Homes Decent Homes Programme, giving the total of £1.15bn

SHORT TERM 1 DELIVERY						
	High Priority		Medium Priority		Low Priority	
	Funding	Units	Funding	Units	Funding	Units
RSL Regen	£8.7m	88				
Poplar	£16.8m	204				
Spitalfields	£1.3m	13				
Other Areas	£0.6m	6				
TOTALS	£27.4m	311				

SHORT TERM 2 DELIVERY						
	Funding	Units	Funding	Units	Funding	Units
	RSL Regen	£5.9m	60	£0.5m	5	
Poplar	£34.1m	395	£2m	23		
Spitalfields						
Blackwall			£9.2m	116		
Other Areas	£20m	680	£8m	86	£21.2m	243
TOTALS	£60m	1135	£19.7m	230	£21.2m	243

MEDIUM TERM DELIVERY						
	Funding	Units	Funding	Units	Funding	Units
RSL Regen			£28m	111	£3m	53
Poplar	£103.5m	1239	£66.3m	797	£15.7m	192
Spitalfields	£52m	1595				
Blackwall	£41.3m	507	£37m	500	£27.2m	451
Fish Island	£100.8m	1200				
Other areas	£18.4m	225	£90.5m	1112	£31.3m	368
TOTALS	£316m	4766	£221.8m	2520	£77.2m	1064

LONG TERM DELIVERY						
	Funding	Units	Funding	Units	Funding	Units
Blackwall					£143m	1750
Other areas			£39.4m	483		
TOTALS			£39.4m	483	£143m	1750

SUMMARY TABLE – ALL AREAS AND ALL PRIORITIES		
	Funding (£ million)	Affordable Units
Short Term 1	27.4	311
Short Term 2	100.9	1,608
Medium Term	615	8,350
Long Term	182.4	2,233
TOTAL	£925.7m	12,502

Our Cross Cutting Objectives

3.49 In this document we have identified a number of cross cutting objectives that will help ensure that the quantity of what we are seeking to deliver is accompanied by a qualitative approach that will help maximise the impact of that investment. These objectives feature in our 2009/12 Housing Strategy and Overcrowding Reduction Strategy, the latter of which is recognised as good practice by CLG.

Cross Cutting Objective One - Reduce and Prevent Overcrowding

3.50 By building more social rented housing, particularly larger family accommodation, for Tower Hamlets residents, a simple but effective means to reducing overcrowding is being achieved. Tower Hamlets is committed to increasing the amount of large family accommodation in all tenures, i.e., social, intermediate and market ownership. Local partners aim to create new homes for all categories of income earners and wealth owners in order to facilitate the sustainable community that is envisaged in the 'One Tower Hamlets' vision.

3.51 However, the approach to overcrowding reduction needs to be more proactive and sustainable than building new homes. We continue to receive support from CLG on overcrowding reduction. This has allowed us to make available grants for households under-occupying their homes; offer practical advice to households on how to use their available space most effectively; reform the lettings system so that overcrowded households have a fairer opportunity to bid for homes available for lettings.

Cross Cutting Objective Two - Reduce carbon emissions from existing and new housing

3.52 We will be seeking new housing developed in Tower Hamlets to meet the Code for Sustainable Homes Level 4, thereby reducing the negative environmental impact of new housing in the borough. In addition, we will be seeking to ensure that repairs and refurbishment undertaken by Tower Hamlets Homes and its social landlord partners take into account the carbon emissions agenda and introduce retro-fitting initiatives where considered affordable.

Cross Cutting Objective Three - Deliver more jobs, skills and training opportunities from housing and regeneration investment

3.53 Recognising that investment in housing and regeneration in Tower Hamlets has generated billions of pounds of investment over the last thirty years, we need to continue to work with partners to ensure that jobs, skills and training opportunities are offered to local residents. In statistical terms, the socio-economic profile of the borough has changed markedly over this timeframe, particularly in the last decade, but low income and low wealth remains an acute problem for a large proportion for the local community. If Tower Hamlets continues to experience major investment in housing and regeneration, then we need to continue to work with partners to develop increasingly imaginative and robust approaches that access the most disadvantaged members of the community, particularly young people, into sustainable employment.

Cross Cutting Objective Four - Deliver Core Strategy Placemaking objectives in tandem with investment in new and existing housing

3.54 The Council's *Core Strategy Development Plan Document 2025* sets out a comprehensive understanding of Tower Hamlets and where housing and wider investment is required. The approach set out in this Borough Investment Plan seeks to ensure that the necessary accompanying socio-economic infrastructure is delivered in tandem with the housing investment that is both needed and can be delivered.

Section 4 Challenges to Securing Investment

Summary

This section outlines local housing, regeneration and development challenges, providing a description of the housing and regeneration context, including local needs, values, viability and infrastructure and the impact of the current economic climate.

Context

Strategic Housing Market and Needs Assessment

4.1 The recently published Tower Hamlets *Strategic Housing Market and Needs Assessment* (SHMA) examines the local housing market, future demand and local need, and assesses the difficulties in the local economy which impact both on housing need and housing provision. The SHMA provides an excellent background to the borough’s housing market¹ informing policy development and investment decisions within the borough.

4.2 Tower Hamlets has a growing population which is projected to increase by 91,632 people between 2006 and 2026, an increase of 41.4% over the forecast period. The largest increase is predicated to be seen in the 45-64 age group (109.7%), a rise of 34,762 people and in the 30-44 age group which is forecast to see a rise of 29,146 people (44.6%).

4.3 The requirement for the expected future growth in households can only be estimated in terms of the size of new dwellings. Providing a better balanced housing stock is one of the key criteria for the authority in order to be able to provide sustainable developments and communities. ‘Planning Policy Statement 3: Housing’ identifies the Government’s core objective of providing a variety of high quality market housing and addressing any shortfalls that apply in the market sector. Authorities are required to plan for a full range of types and sizes of market housing to meet the needs of the whole community, so that provision is made for family, single person, and multi-person households.

4.4 The scale of demand and need identified through the Strategic Housing Market Assessment is significant. Compared to the proposed annual provision of 3,150 units p.a. as outlined in the London Plan, there is an identified shortfall of 2,994 units in the market sector alone, strongly linked to current in-migration levels. The shortfall is calculated from the household survey data and is a guide to individual household plans and intentions which may not be able to be realised. The individual authority allocations are to be regarded as minima and should therefore be exceeded, delivering more units into the market.

Annual Proposed Dwelling Provision against Demand

	Dwelling provision p.a.	Affordable Shortfall p.a.**	Need	Market Demand Shortfall p.a.**
Tower Hamlets	3,150	2,700		2,994

* The London Plan (2004), consolidated with alterations February 2008

** 2009 Housing Need Survey Data

¹ SHMA link: http://www.towerhamlets.gov.uk/lqsl/851-900/866_housing_strategy_and_polic/strategic_housing_market_assess.aspx

4.5 There is potential for variance and these factors will therefore need to be monitored annually. Additionally there is a shortfall of 2,700 units of affordable housing, which after taking into account an estimated 1,000 units of new delivery, is in total greater than the whole proposed dwelling provision of 3,150 per annum to 2017. Although the dwelling provision figures should be treated as minima, the total scale of future delivery would require a very significant increase in dwelling numbers to meet all needs.

House Prices & Affordability

4.6 According to *Oxford Economics: The Economic Outlook for London (Oct 2009)*, overall average house prices in Tower Hamlets were above both the regional and national average. In August 2009, the average house price was £384,176 compared to the London average £301,806. However, prices in Tower Hamlets appeared to have peaked in April 2008 when the average price was £384,176 compared to the London average of £352,133. There has also been a corresponding drop in the volume of sales in the borough. The SHMA suggests that between 2004 and 2007 there was an overall decrease in sales of 73.6%, compared to the decrease in London of 76.3%. There has been recent evidence of a recovery in the market but forecasters suspect that this is due to the shortage of properties and the combination of more stringent lending by mortgage providers and the reluctance of potential sellers.

4.7 Overall average house prices in Tower Hamlets are higher than in the East London sub-region, the South East and nationally. Flat/maisonette property prices are higher in Tower Hamlets compared to the benchmark areas. Despite falling prices since the autumn of 2008, between March 2004 and March 2009, house prices in Tower Hamlets have increased by 30.0%, compared with an increase of 28.6% in East London and 40.0% in Greater London. Although house prices in Greater London have seen a sustained growth over the four years to early 2008, the previous rapid rate of inflation has ceased nationally. The historic price increases since the mid-1990's have affected the affordability of owner occupation and impacted upon the number of households who are able to access market housing. The impact of this has been increased demand for affordable housing initiatives and more private rented accommodation.

Employment

4.8 Tower Hamlets is another part of the capital that relies heavily on the financial services sector. In recent years it has benefited from the construction of Canary Wharf as a modern and high-profile global financial centre, attracting firms from the City of London and generating a 48% increase in employment between 2000 and 2008. The shakeout from the credit crunch is expected to result in significant falls in financial and business services jobs, with employment set to keep falling until 2011.

4.9 The recovery phase will receive a short-term boost from activities associated with the 2012 Olympics, which should provide particular support for the construction and distribution sectors. Subsequently financial and business services dominate, with borough employment growth expected to average 2.1% between 2011 and 2016.

4.10 Tower Hamlets continues to lag behind Inner London and London averages. The Borough's employment rate is almost 10 percentage points below the London average and unemployment is almost double the average for Great Britain. This is despite there being almost 2 jobs for every economically active resident. This is not a new phenomenon and the situation has not been changed substantially by the recession.

Summary Comparison of economic activity April 2008 – March 2009

Area	Employment rate %	Unemployment rate %	Economic inactivity rate %	Economic activity rate %
Tower Hamlets	61.8	11.9	29.9	70.1
Inner London	67.6	8.5	26.1	73.9
London	70.1	7.5	24.2	75.8
Great Britain	73.9	6.4	21.1	78.9

Investment challenges affecting Tower Hamlets Housing and Regeneration

4.11 Challenges in the housing market resulting from the recession has seen the housing market slow down. In 2009 there was a decrease in property prices, mortgage availability became an issue, (especially for first-time buyers), and our developers selling homes were left exposed. The HCA took a lead in kick-starting development in various ways such as initiating kick-start bidding rounds and funding some early round bids, they developed a mortgage rescue scheme and HCA funded tenure switching to help developers. Whilst the market has shown signs of picking up in London, our developers still remain exposed.

4.12 A partner is being sought for Blackwall Reach, the last major Council regeneration scheme in the Borough, ensuring HCA funding matched with private investment is made available so we can deliver holistic and sustainable regeneration. Ocean estate, the other major regeneration scheme has secured funding, but we need to be flexible to maximise resources to meet regeneration promises to residents.

4.13 Tower Hamlets Homes must achieve a two-star Audit Commission rating to release our HCA Decent Homes allocation and so the Council's Decent Homes programme can start as soon as this BIP is agreed and funding is secured.

4.14 Key to the Reshaping Poplar agenda will be securing investment for access routes and speed limit controls for the A12 corridor.

4.15 Infrastructure that is part-public funded may become a challenge to deliver in the current year and future years if national announcement of cuts to initiatives and programmes are carried through. Tower Hamlets 'Building Schools for the Future' development programme not affected by funding cuts.

4.16 Recently announced funding cuts in the NAHP programme may prove a challenge for us as it could have a knock on effect to the amount of future S106 contributions received; and future S106 project bank to be spent. This challenge will be revisited as information flows through to us.

4.17 Funding cuts in this year's NAHP programme and the next programme will bring about new harder challenges as we try to maintain house building targets and achieve sustainable home and placemaking objectives as well.

4.18 We need to look closely at schemes we prioritise where the residential element is market-led. Maximising what little NAHP funding is likely to be allocated to us in future years, will lead to discussion on the maximum levels of HCA grant funding the Borough can approve for market-led schemes, Core Strategy principles should still apply.

Section 5 Investment and Delivery – The HCA and Other Partners

Summary

In this chapter we set out our knowledge of the investment strategies of other public sector partners. Tower Hamlets is fortunate in continuing to be the beneficiary of major infrastructural investment which will create a robust 'development platform' for future housing and regeneration delivery.

Investment and delivery in Tower Hamlets

5.1 Homes and Communities Agency

NAHP Year	Allocation (£)	Units
2008/9	£120.8m	1,414
2009/10	£290.1m	3,158
2010/11 (projected)	£62.5m	771
Total	£473.5m	5,343

5.2 Transport for London

Regeneration of the East London Line which will lead to the redevelopment of stations at Wapping; Shadwell and Whitechapel and the opening of a new station at Shoreditch High St.	East London/Overground Line opened in May 2010. £1bn invested (across boroughs)
Increase of 50% in passenger capacity on the Dockland Light Railway which has involved additional three car capacity and lengthening of platforms. Significant additional investment has been applied to Tower Gateway and Limehouse DLR Stations.	Platforms have now been extended and a limited additional three car service is now being run.
The development of Fish Island north will bring in investment for an improved public transport hub (Hackney Wick)	Investment to be confirmed.
The outcome of the LTGDC transport report - In places: Bromley-by-Bow and Poplar Riverside to give better pedestrian crossing and new roads to open up future potential sites along the A12 corridor	Investment to be confirmed.
Tube upgrades to the existing H&C and District tube lines.	Investment to be confirmed.
Bus Upgrades – extended routes, to open up area and housing sites (Revenue funding)	Investment to be confirmed
TfL Cycle Hire scheme – currently an 18 docking stations in LBTH with future scope to increase the scheme in LBTH	£585k

5.3 Crossrail

New Crossrail stations are to be constructed at Canary Wharf and Whitechapel. As well as significantly increasing transport accessibility in the borough, significant housing development is likely to be triggered from sites on and adjacent to the Crossrail stations.	Crossrail is expected to be completed in 2017. £16bn (across boroughs)
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5.4 Decent Homes / Stock Transfer Dowry

RSL	Stock transfer estate	Value (£m) Transfer Programme
Gateway	Various sheltered blocks	£7m
EastendHomes	Bede, British Street, Eric/Treby	£40m
EastendHomes	Westferry, Cubitt Town, Island Gardens	£15m
EastendHomes	St. Georges	£20m
EastendHomes	Holland	£15m
EastendHomes	Glamis	£10m
Old Ford HA	Ranwell East, Ranwell West, Lakeview, Lanfranc, Locton	£42.8m
Poplar HARCA	East Leopold West Leopold/Burdett	£30m
Poplar HARCA	Lansbury	£16m
Poplar HARCA	Bow Bridge	£20m
Poplar HARCA	Devons	£20m
Poplar HARCA	Aberfeldy, Brownfield, Teviot	£45m
Poplar HARCA	Coventry Cross West	£9m
Spitalfields	Dinmont	£2.6m
Swan	Crossways	£50m
Swan	Exmouth	£19m
THCH	Tarling East	£7.4m
THCH	Norton House	£2.3m
THCH	Mansford	£18.5m
Toynbee.I.H (One Housing)	Barkantine, St Johns, Millwall (Kingsbridge), Samuda	£33m

5.5 Growth Area Funding

No Growth Fund allocation for LBTH in 09/10 or 10/11	£0
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5.6 London Development Agency

St Andrew's Hospital Site	c 1,000 new homes are being developed on the former St Andrew's Hospital site acquired from the health authority by the LDA
Bromley by Bow roundabout site	Small site owned by the LDA which will need to be included in any future major redevelopment of the Bow Lock site.

5.7 Targeted Funding Streams

St Clement's Hospital site	£5.5m 'gap' funding to maximise affordable housing delivery
Malmesbury Estate	£1m for masterplanning costs
Birchfield Estate	£700k for masterplanning costs

5.8 Building Schools for the Future

Batch 1 Schools - St Paul's Way Community School – redevelopment on existing school site. Buildings complete in Autumn 2010	£36m
Morpeth School - new development / extension / community facilities – Commencing march 2010 and completing in September 2012	£368,535
Oaklands School - remodelling of existing buildings – commencing May-2010 and completing in September 2011	£394,925
Ian Mikardo School	£148,868
Sir John Cass School -	£422,947
Batch 2 Schools – Beatrice Tate, Bowden House, Harpley PRU, Swanlea, Raines (Wave 3 school)	About £55m
Batch 3 Schools - Central Foundation Girls School, Langdon Park, Phoenix, Stepney Green	Investment currently unavailable
Batch 4 Schools - Bow Boys, George Green, New School	Investment currently unavailable
<i>Total BSF Allocation at May 2010</i>	<i>£92.3m</i>

5.9 Tower Hamlets Primary Care Trust

East London NHS - (3 x PCT) Capital Investment (non-maintenance)	3-Year Plan (£m)		
	2009/10	2010/11	2011/12
Community Facilities	0.1	0	0
In-patient Facilities	9.5	3.0	0
Increased capacity	2.2	0.3	0.2

Note: Investment priorities set prior to new the government

Section 6 Investment and Delivery – Local Authority

Chapter Summary

In this section, we set out the Tower Hamlets ‘offer’ to housing and regeneration investment and delivery. Despite major disposals of land and housing through open market sale and stock transfer, the Council is still a major land and asset owner, making a significant investment partner in its own right. Dovetailed with its strategic enabling approach, the Council is key to delivering future housing and regeneration.

Public Sector Land

6.1 Tower Hamlets Council continues to be a key landowner in the Borough. The map below indicates its significant land ownerships. The scope for development on parks and designated metropolitan open land is severely restricted. Where such development is proposed there would have to be a clear rationale for such a proposal and re-provision of such land on a like-for-like basis in close proximity to that which is being proposed for development. There are two broad categories for investment:

- on housing estates managed by Tower Hamlets Homes, owned by the Council
- on sites in the council’s ownership

The Council continues to be pro-active in using its land to maximum effect to unlock regeneration opportunities. This is best exemplified by its approach to the regeneration of the Ocean Estate and the Blackwall Reach sites, where significant additional, mixed tenure housing is being sought with wider placemaking outcomes in terms of better open space; new community and retail facilities; and employment opportunities.

An important element of this Investment Plan is to skew investment towards land which is in public and social sector ownership which can maximise both financial and social value from available land.



6.2 Other public and social sector landowners in the borough include:

Homes and Communities Agency – with land ownerships in three former hospital sites, Blackwall Reach, and other miscellaneous sites in the borough

Network Rail – who own the Bishopsgate Goodsyard site which is expected to lead to the development of over 2,000 homes, adjacent to the new Shoreditch High St Overground station.

Housing Associations – who now provide more affordable housing in the borough than the Council. Such housing associations include the *Housing Choice* social landlords – Poplar HARCA, Tower Hamlets Community Housing and EastendHomes – who have both significant landholdings and also developed proposals to regenerate their estates, including selective demolition of blocks. Their investment proposals feature as an investment opportunity in this Investment Plan.

Crossrail – which is making a significant investment in the new rail terminals being developed at Whitechapel and Canary Wharf

British Waterways board – who is the key landowner of Wood Wharf, adjacent to Canary Wharf.

6.3 Funding

The Council's Development and Renewal Directorate's capital programme totalled £64.2m in 2009/10 and is set out below. A significant proportion of our programme is geared towards housing and wider regeneration objectives.

Development and Renewal Capital Programme 2009/10

General Fund Activities

Compulsory Purchase Order Acquisitions	1,790,000
Registered Social Landlords	4,852,000

Subtotal	6,642,000

Housing Revenue Account

Capital Improvements to Council Housing Stock	22,640,000
Capitalised Void Works	1,750,000
Regeneration of Ocean Estate / New Deal for Communities	13,277,000
Disabled Adaptations	150,000
Local Environmental Initiatives	850,000

Subtotal	38,667,000

Section 106 Scheme

Bishop's Square Programme	3,500,000

Subtotal	3,500,000

Local Priorities Programme

Installation of Automatic Energy Meters	200,000
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High St 2012	400,000
Overcrowding Reduction Strategy	11,200,000
Emergency Works Contingency	1,000,000
Whitechapel Centre	750,000
Discretionary Private Sector Housing Grants	850,000
Mandatory Disabled Facilities Grants	1,000,000

Subtotal	15,400,000
Total Development and Renewal Capital Programme	£64,209,000

6.4 S106 Strategy

The Council is likely to be one of the leading proponents of the use of Section 106 planning obligations in the U.K and significant housing and regeneration resources are secured through the planning process.

To manage and monitor these resources and other non-financial obligations, the Council has established processes to cover the identification, negotiation, management, expenditure, monitoring and enforcement of S106 obligations.

In successfully completing a recent Internal Audit it was recognised that substantial improvements continue to be made with how S106 processes are structured, managed and monitored. While there is always scope to evolve and improve, especially around the transparency of the system, the current arrangements with a few adjustments are fit for purpose.

In summary, the Council has negotiated over six hundred S106 Agreements in the last nine years. While a wide range of projects to improve such things as public transport, open spaces, highways, affordable housing and community facilities have been delivered, we currently have £36,107,766 secured in the S106 account. A further £257,279,205 remains negotiated but, as yet, un-triggered. These contributions are mainly capital in nature and are towards a number of key 'Heads of Terms'. These include:

- Traffic and Highways (local improvements),
- Public Transport (major station contributions),
- Education contributions,
- Health contributions,
- Open space contributions,
- Affordable housing in-lieu contributions,
- Millennium Quarter (MQ) Masterplan contributions,
- Bishops Square S106 Programme,
- Community facilities, and
- Public art contributions.

Clearly, this is a significant sum. Whilst officers are working to provide greater detail on which developments these resources are awaiting triggers from, it is safe to say that the majority is held against development in and around Canary Wharf. The largest 10 applications account for about 70% of this total. For example these include:

- £140 million alone, including £100 million to Crossrail, is to be triggered over time by the full Wood Wharf redevelopment.

- £13 million is awaiting trigger for developments in the Millennium Quarter for health, education and MQ contributions on open spaces, highways, public realm, transport and new/improved community facilities.
- £38.5 million towards a range of improvements to public transport, open spaces, employment initiatives and community facilities is awaiting trigger from three major development sites surrounding Canary Wharf at Heron Quay, North Quay and the balance of further phases at Riverside South.

The S106 resources held by the Council have been programmed to be spent within the timeframes, if relevant, of the S106 agreements. Over the next few years, significant expenditure of S106 resources will take place. This year alone (to March 2010) it is projected that a total of £16,323,010 will be spent on a range of schemes, including various projects from the Bishop's Square programme and significant open space and highways expenditure, education capital programme projects, continued expenditure in the Millennium Quarter and a new free 'Hoppa Bus Scheme' for Millwall and Cubitt Town (Isle of Dogs). Refer to the end of appendix C for the S106 project register 2009/10 map. Other bodies such as the NHS London and Transport for London (TfL) are also set to bring forward projects to deliver in the Borough.

Given the success that the Council has had in generating S106 planning obligations and the new economic and governance environment that is emerging, how it uses existing and future resources will need to be carefully reviewed. The advent of Devolved Delivery Agreements presents a timely opportunity to consider how historic, current and future S106 resources how can be used with, i.e., integrated with, other sources of funding to maximise housing and regeneration impacts.

6.5 Alternative Funding Approaches

With the change in national administration, it is already clear that major reductions in subsidy for housing and regeneration are being applied. Schemes that are 'ready to go' are now in abeyance and the picture for the short to medium term is not encouraging. The Spending Review which is scheduled for publication in autumn 2010 will in global terms at least set out what is available over the set timeframe. How much that is available for Tower Hamlets will emerge as the Homes and Communities Agency works through its existing commitments and establishes its available programmable resources for new schemes.

As set out in the document, Tower Hamlets is a place to invest and continue to host a range of innovative approaches to housing and regeneration delivery. With the likelihood of diminishing capital resources being available to the borough and its partners, we will need to review how we can deliver 'more for less' and avoid the tail off of housing and regeneration delivery that will follow if action is not taken. There are several areas that Tower Hamlets will be examining over the coming year in conjunction with our recently selected Preferred Development Partners. The development costs of housing and regeneration can be simply defined: costs of land, development construction, fees and salary costs and the financing itself. In addition, there is an expectation that such development will yield planning obligations that will fund wider 'placemaking' objectives'. Therefore, there are limits as to which costs can be reduced in a sustainable way. The London Mayor's *Housing Investment Summit (April 2010)* usefully sets out the challenges that we are all facing in London and where the opportunities might be. Set out below are the approaches we believe could be adopted:

- **Working with less social housing grant per unit / per person** – We will work with partners to ascertain what lower levels of grant they can still deliver social and intermediate housing. Whilst we are not confident that significant reductions can be made, we nonetheless feel there is some merit to working with them to understand better the issues that they have to address when appraising projects. A perennial concern for us in the viability of delivering large family social rented accommodation which our development partners have maintained are difficult to deliver in a relatively advantageous investment environment.
- **Working creatively with public sector land** – A major risk for development partners is the acquisition of land in advance of planning approval and development revenues. By delaying receipt of capital monies for public sector land, this will have the significant advantage of ‘de-risking’ development opportunities for potential partners. We are already applying this approach in partnership with the Homes and Communities Agency on Blackwall Reach. We are prepared to adopt this approach elsewhere in the borough, particularly where development is most challenging in the East of the borough.
- **Investigating new sources of cheaper private finance** – The Council will work with its development partners to identify new sources of private finance that are cheaper and available over timeframes that can sustain housing and regeneration delivery. One such source of funding is from Pension Funds, particularly those servicing public sector pensions which are seeking long term, reliable and reasonable returns. We believe the Council has a key role to play in enabling this source of investment to come forward, but it will at its centre be an ‘enabling’ rather than ‘banking’ role.
- **Estate Renewal** – The Council is confident that Tower Hamlets Homes, its arms length management organization, will be awarded the ‘two stars’ necessary to unlock the funds to improve the council’s housing stock. Notwithstanding the new economic and funding climate, the Council will be reviewing what opportunities exist to develop new housing on infill sites on its estates. We will also consider whether a selective ‘demolition and new build’ programme can help unlock development opportunities which can both maximize revenues for investment in our estates and also help diversity of tenure and improve neighbourhood sustainability.
- **Alternatives Vehicles for Investment** – The Council’s 2009/12 Housing Strategy made commitments to investigate whether Community Land Trusts and Local Housing Companies had the potential to increase the amount and range of housing available to people. With the new straitened arrangements emerging, the Council will need to look at a wider range of vehicles that – taking into account any findings that emerge from the initiatives above – can help deliver the outcomes that we are seeking.

Through undertaking the initiatives above, we believe that savings in cost and time can be achieved. However, we also consider it unavoidable the case that there will be a downturn in housing and regeneration delivery after the schemes that are already funded have been delivered

6.6 Available Skills

Tower Hamlets is well positioned to build on its position as one of the key deliverers of affordable housing in the capital. Each of the teams below either has a team leader or Head of Service, all of whom report to the Director of Development and Renewal.

Our Development Team comprise four teams. Development Schemes “front-load” the planning process and engage with the development industry, all stakeholders and especially the local community on a range of project initiatives before they are submitted formally for planning permission. The Team also prepares a range of site based planning documents many of which support corporate development initiatives or asset disposal.

The Development Implementation Team prepares master plans and other improvement projects initiatives to ensure the coordinated delivery of key LDF Objectives in areas of development pressure and town centres. The Team also manages and co-ordinates the expenditure of the Council’s S106 resources. The Development Design and Conservation Team have responsibility for protecting and enhancing our historic built environment and ensuring the highest standards of urban design for new developments. The Strategic Transport Team works to ensure the development of sustainable transport infrastructure and green travel options in partnership with TfL and other key stakeholders to support future levels of growth in the Borough.

Development Decisions are dealt with by the Applications Team, Strategic Applications team and Planning Enforcement team. The Development Decisions Teams are responsible for overseeing all planning applications in the borough, from major schemes to smaller projects, such as extensions to homes, to ensure that they meet Council policy. The Teams ensure that local people are involved in decisions which affect them. They shape and direct services to ensure statutory requirements are met and continuous improvements against government targets are achieved. The Strategic Applications Team deals with the large scale applications which are also considered by the Mayor of London. The Applications Team deals with the smaller applications and the Planning Enforcement Team enforce against breaches of planning controls.

Housing Regeneration: The Housing Regeneration Team facilitates the use of funding from central government, housing associations (RSLs) and private developer partners to redevelop and improve some of our worst areas, and help to rebuild communities. They work with in-house sections and external agencies to do this. Two projects they are currently leading on are Ocean Estate and Blackwall Reach.

Private Sector & Affordable Housing: The Private Sector team uses a variety of financial assistance and grants to enable private sector residents to live in warm, safe and decent homes. Affordable Housing works to enable partners (including housing associations and developers) to develop suitable forms of new affordable housing, including returning long-term empty properties back into use.

Strategic Planning: The team oversees the spatial strategy (LDF) that guides development in Tower Hamlets for the next 10-15 years and beyond. This is regularly reviewed, updated and monitored and must be informed by a robust and comprehensive technical base.

Strategy, Regeneration and Sustainability: brings together strategic functions, including housing, and also leads on all investment, employability, influencing carbon reduction, business development and tourism initiatives. It ensures that the Council’s objectives for neighbourhood renewal, regeneration and the development of sustainable communities reflect the aspirations of local people and are central to the Directorate’s work. Strategy, Regeneration and Sustainability is divided into three broad functions.

Employment and Enterprise: The service co-ordinates a strategic approach to facilitate and deliver activity to promote economic prosperity for the residents and businesses of the borough. As well as including specific teams such as Skillsmatch, Investment and Business and Local Labour in Construction of the service works in partnership with key stakeholders through three task groups; Employment, Enterprise and Skills.

Strategic Housing: The Strategic Housing team has two broad functions; firstly to develop housing policy within national and regional parameters, ensuring that this meets the needs of Tower Hamlets diverse communities and that sufficient multi-tenure housing is provided to meet the needs of a changing population. Secondly, to build excellent working relationships with central government agencies, other local authorities, RSLs, local housing managers other agencies and local community, in order to ensure the Council's housing targets are met. This includes management of the Housing Revenue Account (HRA) and clienting, and monitoring of Tower Hamlets Homes to ensure delivery of services to the agreed standard.

Development and Renewal Finance: The Finance Team is responsible for financial management within the Development and Renewal Directorate, and provides support to complex public and privately funded programmes. It provides sound financial planning, budgetary control, and accurate record-keeping, optimising resources provided within a framework of best practice so that the team's internal and external clients receive financial services of the highest standard. It also supports the Directorate's procurement to ensure we achieve value for money.

Programmes, Performance and Accountability comprises: The Funding and Development Team maximise the benefits to the community of externally funded programmes and ensures transparency and accountability across the external funding process. The Performance Review Team supports, develops and improves the performance management framework throughout the Directorate, including all business plans and performance indicators. The Information and Equalities Team ensures the Directorate has access to up to date and relevant information and research to inform its key strategies and programmes.

The Directorate Support Services team provided administrative support to the Directorate management team.

Procurement & Legal: The council has a dedicated procurement team who provide a central co-ordination and leadership from the Procurement Service. The Service operates a category management approach to procurement. The Corporate Procurement Board has been streamlined and renamed the Competition Board, and a clear governance structure for driving procurement forward corporately over the coming years is in place. Supporting the Competition Board is a Competition Planning Forum, with representation drawn from around the Council.

There has been significant progress in the Council's procurement over the three years covered, and some of the significant accomplishments include:

- Achievement of significant financial savings through improved contracting, such as the temporary staff contract.

- Progress in developing corporate social responsibility in procurement, evidenced by the attainment of Level 1 in the Sustainable Procurement Flexible Framework, and work to encourage trade with local suppliers.
- Restructure of the Corporate Procurement Service, to better face the challenge of the coming years.

With the recent restructure of Procurement, and improved governance, the Council is now well positioned to build on the work of the last three years, and move forward as it seeks to become recognised as a best-in-class performer in the Procurement arena.

6.7 New Programme Delivery Arrangements

The new proposed devolved delivery arrangements are discussed in Chapter 8 on Gap Analysis. In summary, there is some impetus at national and regional levels to devolve funding decisions on housing and regeneration matters to the locality that affects them. This will mean that the Council will need to put in place robust and transparent procedures to manage the funding decision-making process. This Borough Investment Plan will form the framework for that process. We will have to work through who within the Council will need to be involved in that process, and how the views of other interested parties in the borough and residents are accommodated. Given the nature of the work and the financial sum involved, we will need to work closely with the Homes and Communities Agency in all aspects of this work.

Section 7 Investment and Delivery – Private and 3rd Sector

Chapter Summary

In this section we set out where recent investment has been applied and how we intend to engage with the public and private sector partners to ensure that housing and regeneration investment continues to benefit the Tower Hamlets area. A significant point we make is that public and social sector landowners are still the key actors in Tower Hamlets and therefore have a key role to play in realising housing and regeneration outcomes.

7.1 Introduction

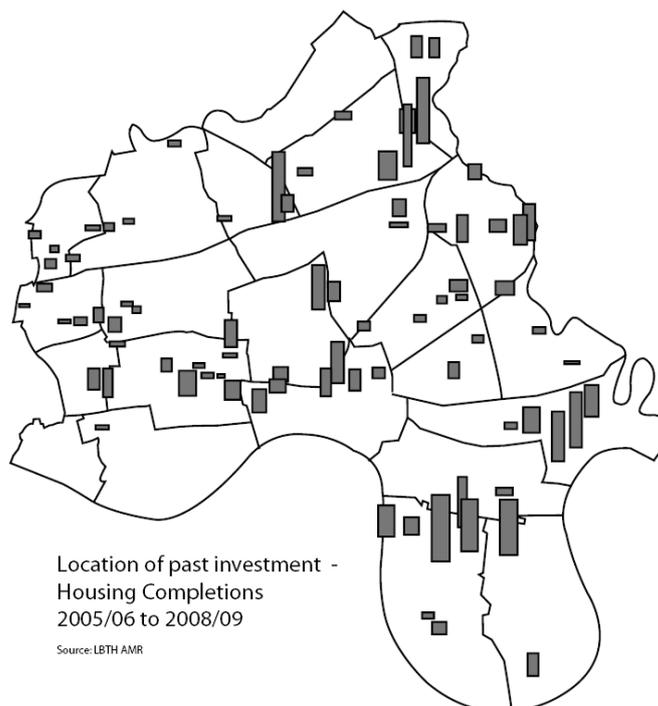
Tower Hamlets continues to be an attractive Borough for commercial and residential private investors; we give a high priority to attracting the private and third sector investment. Tower Hamlets policies emerging this year will sharpen our focus for future investors - the approach to placemaking will direct investors to accessible and appropriate locations in the Borough where they can be supported and thrive.

7.2 Recent Investment

In the last five years the Borough has attracted significant private and public investment.

High concentrations of housing investment (as shown on the map) has been built in Millennium Quarter, Cross harbour, and Blackwall where investment has been mainly market led.

The eastern fringe of the borough hasn't enjoyed the same level of investment but they do form our proposed investment Opportunity Areas for the BIP going forward. The city fringe area has been an attractive and appropriate location for commercial investors, but fewer residential developments have been built there.



Major Land Owners

7.3 Understanding who the major residential land owners are has proved challenging, as the SHLAA isn't required to collect this information. Generally potential SHLAA residential sites across the borough are public sector and brownfield sites, in existing use or vacant.

Land Values and Viability

Land Values

7.4 In July 2009 the VOA data estimated typical residential development land values for flats or maisonettes in the E2, E3 area of £5,850,000. Residential land values will vary throughout the borough.

7.5 For commercial use, the table below identifies the generic land values for different parts of the Borough and for different uses. These values are sourced from office and industrial agents who are active in this area of London. They base their professional judgement of land values on transactional evidence and, where transactional evidence is limited, upon their knowledge of rents and yields from which values can be derived. The land values shown are August 2009 values.

Indicative Generic land Values

Use Class Indicative Land Values (£s per hectare) - August 2009			
City Fringe Docklands East Rest of Borough			
B1 Offices	£0 - £5m	£0 - £4m	Low
B2 Industrial	£2.5m	N/A £2m	£2.2m
B8 industrial	£2.5m	N/A £2m	£2.2m

Source: various industrial agents active in LBTH.

Viability

7.6 The Borough tests its strategic target to deliver affordable housing in a range between 25% and 50%. To deliver its target, the Borough proposes adopting a requirement that private residential developments comprising 10 or more units provide 35% affordable housing and to use HCA grant and other forms of subsidy to secure additional affordable housing contributions.

Affordable housing planning obligations reduce the value of residential land. In practice, therefore, affordable housing is not a cost to the developer, as it should reflect the Borough's planning policies in the price paid for the site, providing there is no clash with existing use value.

Existing and emerging investors

7.7 The table below is an analysis of affordable housing pipeline schemes completing from 2010 and demonstrating the top five developers (by number units committed to). Prior to 2010 developers delivering affordable housing in the borough also included Telfords, Weston Homes, and Galliford Try.

Developers (or agents) and RSL partners (where known) of medium-large size pipeline schemes:-

Developer		RSL partners
1st	Ballymore	Circle. Dominion
2nd	Berkeley Homes	Circle
3 rd	Telfords	Genesis. Galion. EastEnd Homes.
4 th	Baron Trade	Guinness
5th	Bellways	East Thames
Barratts		Circle. Dominion
Glenkerrin		-
Ogden estates		-
Rowen Asset Mgt		-
Landeck Investments		-
Countryside Properties		Swan
Team Ltd		Family Mosaic
Durkan Estates		Genesis
Balendine		Circle
Luminus Group		-
Fedamore		-
Higgins		Swan
Mangrove Securities		Stadium

Compulsory Purchase Orders

7.8 The chief focus for this investment plan has been on funding. However, there is much else that the Council and partner organisations such as the London Thames Gateway Development Corporation can do to help facilitate regeneration. The Council has used Compulsory Purchase Orders to gain land ownerships necessary for developments. Whilst this power is generally used as a last resort, it is nonetheless useful as a power to be used even if it is rarely exercised. We will continue to use the powers available where the case is strong and the benefits significant.

Section 8 Gap Analysis

Summary

In this section we set out where we see the gaps in our current approach to housing and regeneration in Tower Hamlets and how we intend to fill them. Three key areas of work need to be considered:

- First, how do we adopt a more strategic investment approach to delivering housing and regeneration in the East side of the borough, i.e., Fish Island; the Reshaping Poplar area; Blackwall and Leamouth, ensuring there is a strategic fit with the legacy regeneration of the 2012 Olympic Park and the wider Lower Lea Valley itself.
- Second, in recognition that public sector resources are likely to reduce in that we get 'more for less'. In the short medium term, the challenge is to ensure that available resources are fully optimized. Regarding the latter point, we make a case for differing grant approaches to schemes where enabling and planning obligation costs are high to schemes where such costs are relatively low
- Third, how do we open up economic opportunities available in the Canary Wharf, City Fringe and the Olympic Park to residents who are currently unemployed and/or in danger of experiencing worklessness.
- Finally, a medium to long term issue is how we reposition Tower Hamlets in the context of the new national administration's localism agenda and the proposed devolved delivery arrangements

Whilst welcoming new powers and responsibilities anticipated by the roll out of the delegated delivery initiative together with a more localized approach, we anticipate that this will create new challenges. These will need to focus on a new skill set within Development and Renewal which enhances knowledge of development appraisal economics, reaching across all the necessary disciplines with the Directorate.

A Strategic Investment Approach

8.1 This Borough Investment Plan highlights the need for additional resources to be channelled into the East of the borough. The obvious reasons for the historic lack of investment in this area have been the blight caused by the A12 which has the impact of geographically splitting-off a significantly large Eastern strip of the borough. Associated issues with this area have been the major enabling and infrastructure costs that come with bringing forward brownfield sites and similarly bringing in the necessary socio-economic infrastructure required to make the places an attractive place to live and work. The strategic opportunities can be identified around the Bromley by Bow Underground Station; Fish Island Masterplan area; Leamouth and Blackwall Reach area in the south; and the wider Poplar area.

8.2 One area of work that the Council and its statutory funding partners – the Homes and Communities Agency; the Thames Gateway Development Corporation; the London

Development Agency; the Olympic Delivery Authority; and, the Olympic Park Legacy Company – is the need to work more strategically and effectively. The proposal for a new Mayoral Development Corporation (MDC) to encompass the 2012 Legacy area and a wider area of the Lower Lea Valley also needs to be considered carefully. In the light of a significantly large downturn in the available resources, this area needs a more strategic and coordinated approach to investment and associated interventions. The lack of development progress on sites such as Bow Lock and Ailsa St are symptomatic of the absence of the strategic approach necessary and will be the litmus test of future success. However, we need to ensure that any future approach does not become a ‘dash for development’ but an organized approach that maximizes the potential that these areas offer, particularly in light of the Olympics and wider Lower Lea Valley regeneration process.

8.3 The Council as a major landowner in this area will have a key role to play in facilitating regeneration of this area, regardless of what new governance and funding arrangements are put in place. Whilst the creation of an MDC is likely to lead to some transfer of powers from the local authority, the priority first and foremost must be the regeneration of the area. Therefore the Council will play its part in ensuring that any new governance and funding arrangements works for the maximum benefit of the area.

Getting More for Less

8.4 Tower Hamlets is a place that welcomes new housing, regeneration and innovative partnerships. As one of the highest performing boroughs on housing delivery in the past decade, we are looking to maintain that position of strength. Despite this success, housing demand has remained high and the new affordable housing built has up until recently contained, but not been able to significantly reduce, the number of households recorded on the Council’s Common Housing Register. The challenge that we face is the likely prospect of a significant reduction in available resources available for new housing and the wider regeneration agenda, whilst still seeking to deliver the range of outputs and outcomes that we need.

8.5 In identifying our investment priorities, we implicitly highlight a two-gear approach to investment required in the places where interventions are being undertaken. In simple terms, we wish to see less HCA subsidy being channelled into schemes that are considered to have significant ‘development value’ and relatively minimal enabling costs in those areas where socio-economic infrastructure is relatively well developed. This is particularly relevant to schemes in Millwall and Cubitt Town (Canary Wharf and the wider Isle of Dogs area), and sites on the City Fringe and Riverside of the borough. Conversely, we wish to see more HCA subsidy channelled into schemes that have considerable enabling costs, i.e., those on the Eastern Fringe.

8.6 The Council will need to work in concert with key stakeholders to develop delivery strategies that will deliver the priorities identified in this Borough Investment Plan. There will be instances where the Council will need to take the lead, such as has been demonstrated on the Ocean Estate and Blackwall Reach Regeneration projects with close support from the Homes and Communities Agency. In areas such as Fish Island and Bromley by Bow, the Council will need to work in close partnership with the London Thames Gateway Development Corporation and the proposed Mayoral Development Corporation. Whichever organisation takes the lead, the requirement will be for an agreed delivery strategy for the respective area with a clear vision for the future and understanding of who is in charge. A key issue relates to the personnel resources available to support the strategy and what revenue and capital resources are available to deliver the outcomes sought.

8.7 Tower Hamlets, because of the high development volume it has experienced over the past decade, has a large number of affordable housing developers operating in its boundaries. Whilst the 'mixed economy' approach has benefited the borough in maximizing output and spreading risk, the Council has come to the view that it wishes to rationalize the number of affordable housing developers in the area. We wish to ensure that all affordable developers provide a locally accessible service for tenants. We wish also to ensure that such developers are committed to delivering 'One Tower Hamlets' objectives. And finally, we believe the borough's residents would benefit from a smaller number of social landlords providing management services in the area. This will also help with 'S106' discussions with developers, as we will expect them to be working with affordable developers who have preferred development partner status.

Accessing Employment Opportunities for Local Residents

8.8 As summarised in the section on the Local Economic Assessment, Tower Hamlets has experienced exponential jobs growth in the Canary Wharf and City Fringe areas, where significant private sector residential development has occurred also. Tower Hamlets' economy also benefits from strong manufacturing; public; retail; leisure and construction sectors. Taken in the round, there is an abiding impression that those who are most disadvantaged are not accessing available job opportunities. Underlying this problem is the continuing need to maintain and ideally increase educational attainment to ensure that younger residents are work-ready when the opportunities arise.

8.9 At a simple level, The Borough Investment Plan will be the key document responsible for directing the application of all future public sector investment resources, not just those for housing. Inevitably, this will direct the application of private and third sector resources also. The issue of delivering sustainable employment is core to the Host Boroughs' Multi Area Agreement (MAA) and is a central theme of Tower Hamlets' Community Plan. Therefore, there needs to be a renewed focus on the mechanisms for generating employment outcomes from housing and wider regeneration investment. There will be financial and practical limits as to what can be achieved. However, the Council will be looking to its housing partners – particularly housing associations and its private sector partners – to review current practice and promote new and better approaches which meet the challenge of delivering more sustainable employment for Tower Hamlets' residents.

8.10 There is a range of good practice being undertaken in the borough, and some organisations such as Poplar Harca and Peabody Trust, have a respected track record of delivery. The Council in due course will examine the merit of a borough-wide 'Gateway' model that constructs a framework which existing providers can operate within and new providers can join. Clearly a key partner is Job Centre Plus and the various employment providers who the Council will have to engage with also. With the public sector resources likely to diminish rather than increase for the foreseeable future, the need for an organised approach is that much greater.

Towards the new Devolved Delivery Agreements

8.11 With the advent of the new coalition Government, coupled with a broader consensus on devolution of powers to the local authorities that preceded the General Election, the 'direction of travel' is clearly towards greater decision-making powers being vested with local authorities. The key document for this agenda is the Mayor of London and London Councils' *Framework for Devolved Delivery* published in August 2010.

8.12 Devolved delivery agreements have already been piloted in three London Boroughs and the plan is for a wider roll-out to other London Boroughs where the appetite exists. Given that Tower Hamlets is a place which annually delivers around 10% of London's affordable housing output, it is in both our, the Mayor of London's and the Homes and Communities Agency's interests that an agreement in Tower Hamlets is both adopted and implemented. The current arrangements with the Homes and Communities Agency (and the Housing Corporation that preceded it) have worked effectively. The Council believes that it has had an appropriate level of input to funding decisions on a case-by-case basis and the high affordable housing output generated is testament to an effective relationship. One of the key benefits of the new arrangements will be to offer the opportunity of a more strategic focus as to where the money should go, rather than simply ensuring that Tower Hamlets makes its contribution to the annual delivery target. Schemes that are developed in relatively straightforward locations and scenarios will deliver the numbers, but not necessarily the wider Investment Plan and Community Plan outcomes that we are seeking to deliver.

8.13 Putting in place staffing arrangements that can resource the new Delegated Delivery Agreements comes at a time when local authorities are being required to rationalize their staffing structures, not increase them. However, there will be some impetus on the Council's part to develop a 'programme management' function that will help maximize the opportunity that the new Agreements present. Regarding what the Devolved Delivery Agreements will entail, the council understands that they will need to:

- Define local investment priorities
- Set out how other housing and housing related resources will be maximized to deliver the borough's housing ambitions
- Demonstrate how the Borough Investment Plans and associated investment agreements will contribute to the Mayor's strategic objectives for London
- Define how the Mayor, the wider GLA Group and the borough will use their respective positions and powers to improve delivery
- Set out a clear process for how delivery will be managed and secured, clearly delineating who is responsible for what at national, regional and local levels

8.14 Putting in place arrangements that will deliver these arrangements will create significant pressures on the Council to build off the work that has been undertaken to develop this Investment Plan and develop it further to deliver the Agreement outcomes set out above. A key issue is naturally what level of resources the council can expect over the coming three years and we recognize that the outcome of the Spending Review process will be the key deciding factor on this issue. However, we are confident that what Tower Hamlets receives, it will be able to turn into significant housing and wider regeneration outcomes.

Preferred Development Partners Panel

8.15 Due to the high levels of housing delivery that Tower Hamlets continues to experience, one outcome has been a widening number of social landlords operating in the borough. There have been some welcome aspects to this mixed economy of social landlords operating. The downside has been a perception that Tower Hamlets was attracting housing associations that would develop, but not necessarily provide a local management service and deliver wider Community Plan outcomes.

8.16 In the illustration overleaf (p.66), a number of sites are identified which currently have no housing association partner identified. By way of example, the Council would expect its preferred development partners to be considered by private sector partners to provide the affordable

housing. With the planned implementation of Devolved Delivery Agreements, the Council will be in a strong position to ensure that the Panel achieves the objectives it was established for which are as follows:

- to maximise the extent and quality of affordable housing in the Borough through the development and implementation of the Borough's Community Plan, Housing Strategy, Borough Investment Plan and the Mayor's London Plan.
- to maximise and make the most effective use of the resources available from public and private funding.
- to work together with other agencies and local residents to develop and support wider regeneration initiatives that will create sustainable communities.

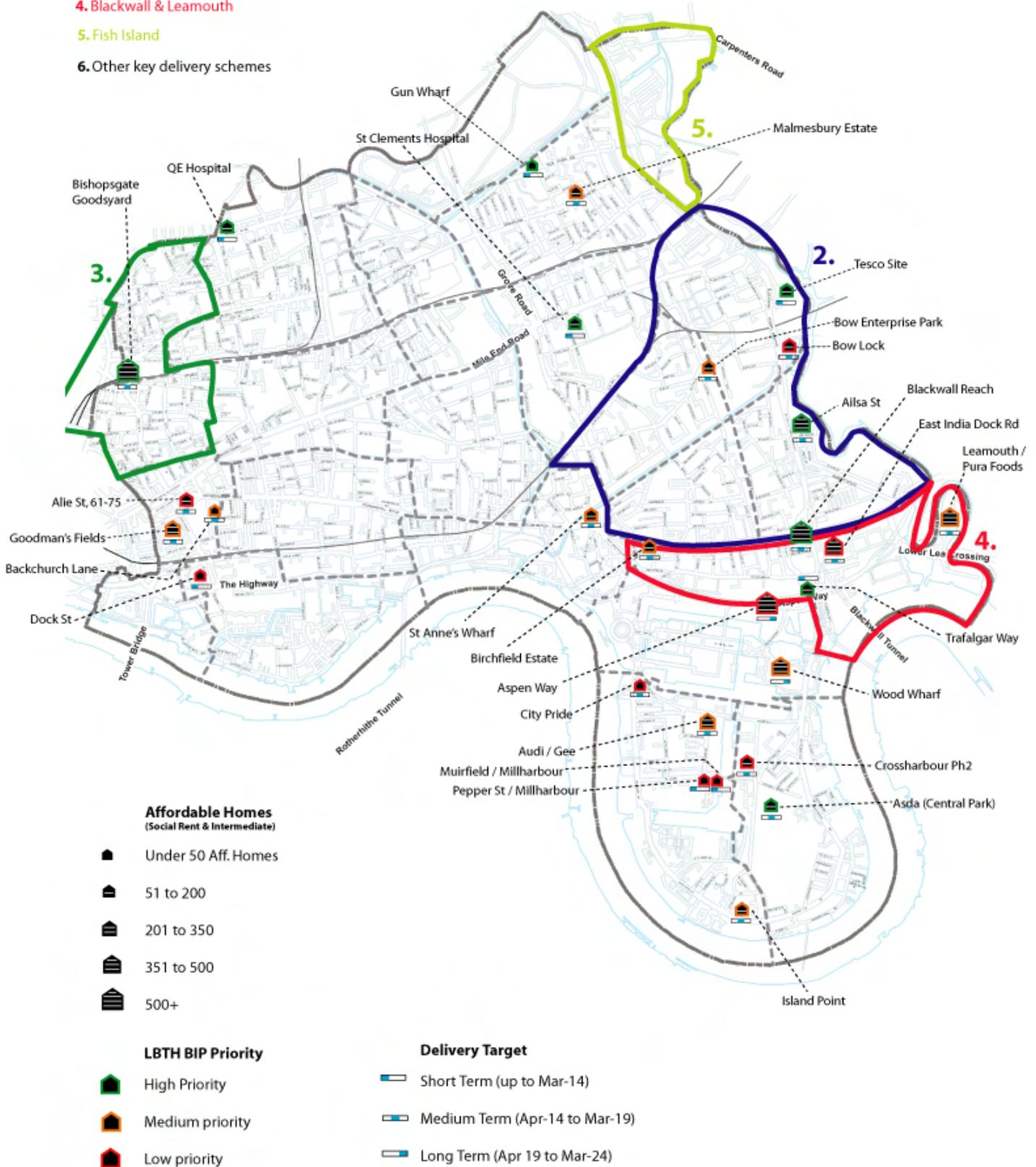
8.17 Consequently, the Council embarked on a process which led to the following organisations being selected as preferred development partners:

A2 Dominion Housing Group; East Thames Group; Family Mosaic; Gallions; Genesis Housing Group; London & Quadrant Housing Group; Metropolitan; Network Housing Group; Old Ford; One Housing Group; Peabody Group; Poplar Harca; Southern Housing Group; Swan Housing Group; Tower Hamlets Community Housing.

8.18 The current arrangement is for development partner status to last three years with the possibility of a two year extension and will also be subject to annual review. Whilst the approach is new to Tower Hamlets, the Council is confident that the new way of working with development partners will generate more housing and wider regeneration outcomes sought in this Borough Investment Plan.

MAP: Borough Investment Plan schemes with no RSL currently selected (at Sept-10)

- 1. BIP priority area: Renewal (Malms & B-Field)
- 2. Reshaping Poplar
- 3. Shoreditch & Spitalfields
- 4. Blackwall & Leamouth
- 5. Fish Island
- 6. Other key delivery schemes



8.19 Concluding Points

In this chapter, we have set out where we believe the gaps in our investment approach currently exist. Specifically, these relate to:

- Adopting a more strategic approach to delivering housing and regeneration in the east side of the borough.
- Getting 'more for less' from current and future available housing resources, using the Council's new Preferred Development Partners Panel.
- Developing an approach that will maximize the opportunities available from the proposed Devolved Delivery Agreements that are intended to localize the affordable housing delivery approach.

The target date for achieving delivering the Devolved Delivery Agreement is spring 2011 and Tower Hamlets has both the appetite and ambition to ensure the new arrangements work to the maximum effect.

Section 9 The Investment Plan Business Case

Summary

In this section we set out the robustness of the investment plan business case for housing and regeneration in Tower Hamlets. We have a very strong track record of housing delivery in London and we wish to use this track record as a platform for more and better housing in regenerated places that people want to live and work.

A New Environment

9.1 We recognise that with the election of the new Government, an alternative approach to housing and regeneration based on reduced cash funding is likely to emerge. The message of 'more for less' is not new and we believe that the Council as the strategic enabler for Tower Hamlets is well positioned to deliver new and innovative solutions. We intend to ensure that affordable housing delivery is sustained and wider housing-led regeneration in the medium to long term. Tower Hamlets historically has been the beneficiary of significant sources of major capital funding, such as Estate Action; Capital Challenge; the Single Regeneration Budget; and the New Deal for Communities. As a consequence, we have considerable experience of dealing with major project delivery. A key challenge for Tower Hamlets is examining how we can generate similar outcomes with reduced resources or a different approach.

9.2 An element of this will involve deciding what priority we intend to give individual projects, and a good part of that work has already been done through this Borough Investment Plan. Another important element will be to organise more effectively our project delivery approach to ensure that all available resources are applied to maximum effect. Finally, we need to ensure there is a strong and continuing economic rationale for the projects that we have identified, and that there is a clear link between investment decisions and the socio-economic outcomes that we are seeking. We recognise that there are limits to the impacts to the interventions that we are seeking, and the timescales for these impacts may well be long term, this does not limit our ambition to construct a strengthened link between the investment going into Tower Hamlets and the opportunities that we are seeking to create. The Chancellor's 'Nine Questions' posed on public sector investment offer that opportunity:

① **Is the activity essential to meet Government priorities?** Delivering more affordable housing for both rent and ownership is a major contributor to people's ability to take up employment opportunities. Housing costs are normally the largest part of a household's expenditure and by reducing this cost, household members of working age are more likely to be able to afford to access the employment market. At a base level, the provision of such housing, whether social rented or intermediate, can help deliver one of the Government's key objectives to maximise employment opportunities for the working-age population. This is particularly the case in high value areas in places like Tower Hamlets where house prices for rent and purchase are high compared to the rest of London.

② **Does the Government need to fund this activity?** The cost of housing development has historically been linked to the price of land; associated enabling costs; construction; oncosts/fees; and finance costs. Whilst construction and oncosts are relatively

similar in the capital, the price of land in Tower Hamlets is high as are the construction costs of high density housing. Fortunately, this has not inhibited development in Tower Hamlets, however, it is highly unlikely that new affordable housing can be delivered without some level of Government support. Any requirement for funding support under any devolved arrangement will be the subject of a viability test. Schemes will be considered on a case by case basis. Where resources are not considered to be warranted, then funding will not be granted.

③ **Does it provide substantial economic value?** The creation of affordable housing and the wider benefits of regenerated places provide substantial value to both Tower Hamlets and the capital itself. The delivery of affordable housing in regenerated places is an important contributor to that economic value. Now hosting one of London's financial centres at Canary Wharf; business and financial activity on the City Fringe; and one of the 2012 Host Boroughs, we need to ensure that there is a fair 'settlement' in the context of the amount, mix and type of housing to ensure that community cohesion is maintained and economic value enhanced.

④ **Can it be targeted at those most in need?** Affordable social housing is targeted at those in need. Tower Hamlets has chronically high housing demand further complicated by high levels of overcrowding for those who are already resident in social housing. Affordable intermediate housing is targeted at residents who have both expressed an interest in an intermediate tenure or who are able to afford the cost of taking on a shared ownership commitment.

⑤ **How can the activity be provided at lower cost?** The cost of delivering new affordable housing is largely dependent on the costs of land; enabling costs; construction; fees/on costs; and finance. By seeking a lower cost, then one or more of the items identified would need to reduce accordingly. In the current difficult economic environment it is considered unlikely that further cost reductions will be forthcoming. However, the Council is prepared to consider nominal value disposals of public land on the basis that there is a financial return at a later point in the development process.

⑥ **How can it be provided more effectively?** Tower Hamlets is keen to rationalise the number of housing associations operating in the borough and has created a Preferred Development Partners Panel for that purpose. We also wish our housing association partners to become more efficient in their delivery of management services for residents and are seeking all partner organisations to deliver a minimum 'Two Star' management service.

⑦ **Can it be provided by a non-provider at a lower cost?** The obvious alternative provider is the private sector that already accommodates a range of needs in its housing. In Tower Hamlets, the cost of accommodating people in private rented accommodation is significantly higher than that available in the social sector and will defeat the objective of making sustainable employment a positive economic choice as outlined in Question 1 above.

⑧ **Can non-state providers be paid to carry out the activity according to the results they achieve?** Tower Hamlets already has a mixed economy of affordable housing providers. For existing housing, a large proportion of former council housing stock has been transferred to new housing associations. Taken with the impact of the right to buy and a large scale development programme by housing associations, council housing is now the minority proportion of social housing. This remaining stock is managed by Tower Hamlets Homes, an arm's length management organisation, owned and managed by the Council. For new housing, we have a wide range of private developers, often working with housing associations, who develop and sell market housing and affordable housing.

© **Can local bodies provide it?** The large majority of affordable housing is provided by local or locally based organisations. Tower Hamlets is committed to ensuring that the focus on local delivery is maintained. Our commitment to this approach is demonstrated by the selection of our Preferred Development Partners to deliver local priorities. As well as ensuring that they have priority access to new affordable housing development opportunities, the council in turn will be seeking additional socio-economic objectives that can help deliver neighbourhood sustainability outcomes. The first priority here is sustainable employment.

9.3 Taken in the round, we believe Tower Hamlets can both reposition itself to adapt to the new challenging environment which is emerging and help sustain new affordable housing delivery. It is still unclear what level of cuts in subsidy for affordable housing will be applied, therefore, it is difficult to be precise about how far we are able to resist a downturn in supply given continuing low economic confidence and a reduction in public subsidy. We expect the picture to become clearer with the Government's Spending Review later this year.

Set out below is our investment plan business case. Tower Hamlets' track record is strong and we believe we have a case that the Homes and Communities Agency and its partners will find attractive.

The Strategic Case

9.4 Tower Hamlets has a track record of success and we wish to build on this. Strategically located adjacent to the City of London; hosting the Canary Wharf financial centre; a key Thames Gateway and Lower Lea Valley partner; and one of the 2012 Host London Boroughs, in housing and regeneration terms, Tower Hamlets must be regarded as one of the key boroughs in London for investment.

9.5 As demonstrated in Section 2 of this document, Tower Hamlets has consistently delivered above the London Plan Housing Capacity Target of 2070 up to March 2007. The target has since been revised to 3,150 homes which, whilst deliverable in capacity terms, with the housing market still recovering, it is unlikely that Tower Hamlets will deliver housing numbers to that degree in the near future. However, with sufficient investment support from the Homes and Communities Agency and partner organisations, we believe we will be able to deliver a significant proportion of the housing that Tower Hamlets needs, supported by the accompanying infrastructure identified in Appendix C of this document.

9.6 Tower Hamlets has a freshly developed set of strategic documents – Community Plan, Draft Core Strategy, 2009/12 Housing Strategy – which work in concert to deliver the council's over-arching 'One Tower Hamlets' community plan objectives of a great place to live; a prosperous community; a safe and supportive community; and, a healthy community.

9.7 One of the key areas of change that we wish to see following the agreement of this Borough Investment Plan is a re-orientation of investment, aligned with the six investment priorities and cross cutting objectives that we have identified. The areas of the borough that have benefited from housing and regeneration investment are co-located with the City Fringe and the former London Docklands Development Corporation boundary. Other areas that have benefited from investment include the Bow Housing Action Trust area; Estate Action/Single Regeneration Budget schemes; and estate stock transfer schemes funded by the Government and the Council. Taken collectively, significant advances have been made in improving the housing and physical environment. However, where investment has been successfully applied, highlights where future investment is needed.

9.8 In the last twelve months, significant advances have been made in bringing forward the regeneration schemes on the Ocean Estate and Blackwall Reach (comprising mainly Robin Hood Gardens). These overdue housing and regeneration schemes are part of a much larger suite of projects that are either in need of development or require further inception work to bring them forward for development purposes. These projects are located primarily but not exclusively in the East of the Borough which have not had the benefit of the proximity of the City of London, Canary Wharf and historic Docklands investment. From this Borough Investment Plan, we wish to see investment skewed towards these areas which will help deliver new homes, new places and strategic regeneration of the Eastern Fringe of the Borough.

The Economic Case

9.9 Tower Hamlets continues to experience high housing and regeneration development, despite the recent economic downturn. In investment terms, Tower Hamlets represents excellent value for money. We see Homes and Communities Agency investment and other investment available from public sector funders as crucial to delivering the Council's wider 'One Tower Hamlets' and Place Shaping agendas. Underpinning this, is a case need to increase the amount of affordable housing available for people on our Common Housing Register who are either waiting for a new home or are currently housed in unsatisfactory conditions, particularly overcrowded households.

9.10 Using information on social rent investment drawn from Annex 2: Summary of 2008/11 CME allocations by Location and Sub Region by Heading - October to December 2009, the investment value Tower Hamlets offers is demonstrated:

Borough	Total Investment	Number of Homes	Average per Unit
Tower Hamlets	£23.859m	209	£114k
Newham	£17.188m	114	£151k
Hackney	£3.690m	29	£127k
East London	£70.741m	536	£132k
London	£233.8m	2,066	£113k

The Commercial Case

9.11 Historically, there has been a strong interest from the private sector to invest in Tower Hamlets. As described in Section 2 of this document, Tower Hamlets has consistently delivered above the housing target set by the Mayor until March 2007, when the target was increased by 52% from 2,070 homes to 3,150 homes (the second highest target in London). This significant increase was based on a revised housing capacity following a GLA Study which demonstrated that there was sufficient additional capacity in Tower Hamlets. What the Study did not examine was the availability of private finance and broader private sector appetite for this level of development identified by the GLA Study, subsequently adopted in the most recent iteration of the London Plan.

9.12 In terms of the robustness of the assessment of available private finance to resources housing and wider regeneration delivery, this is inevitably dependent on the state of and confidence in, the wider economy. The ability of private and affordable housing developers to deliver funded planning obligations to accompany proposed development will

also be a factor that must be actively monitored. Given the likely reduction in available public finance to fund housing and regeneration development, the key concern for the medium term is whether there will be sufficient public sector funding to support the development that Tower Hamlets has the appetite for.

9.13 The total number of new homes identified in our Strategic Housing Land Availability Assessment is set out below and identifies an average annual delivery of 2,786; 4,290; and 1,558 homes in the 2010/15; 2015/20; and 2020/25 respectively with an overall average of 2,878 homes.

Local Area Partnership	Total new homes			
	2010-2015	2015-2020	2020-2025	Total
LAPs 1&2	3,340	3,500	1,990	8,830
LAPs 3&4	1,060	2,990	440	4,490
LAPs 5&6	3,120	4,520	570	8,220
LAPs 7&8	6,410	10,440	4,790	21,630
Total	13,930	21,450	7,790	43,170

9.14 It is questionable whether the ‘spike’ in housing delivery in 2015/20 will be achieved as there is a limit as to what private and affordable housing developers are able and willing to deliver over certain timeframes. However, we believe that the overall average is deliverable in the right economic circumstances, with sufficient support from funding and statutory agencies.

The Financial Case

9.15 Tower Hamlets has consistently delivered above the targets up until 2007. In 2009/10, we expect to deliver over 2,800 homes, our highest performance since 2003/04. This is a significant achievement given the recent economic downturn and financial support from the Homes and Communities Agency has been critical to achieving this objective. Given that 2,800 homes is broadly what the Council’s SHLAA has identified what is available in capacity terms, the 2009/10 financial year offers a useful benchmark for the levels of public finance that are required to achieve the levels of new housing and regeneration that the Council is seeking.

The Management Case

9.16 Tower Hamlets has a strong management framework in place to continue delivering the housing and regeneration investment it is seeking from this Borough Investment Plan. Our Directorate of Development and Renewal hosts all the key departments responsible for delivering housing and regeneration in the borough. The planning, housing, regeneration, transport and economic development teams all operate in the one directorate, all answerable to the same Director. The Private Sector and Affordable Housing Team take on the lead responsibility for managing and monitoring affordable housing delivery and maintain the working relationship between the council and the Homes and Communities Agency. Given the continued high levels of housing delivery, we believe that the management case for investment is very strong.

9.17 However, on the basis that we are seeking a re-orientation of investment towards the East of the borough, this requires the Council to review how and who it can work with better in the future. Key statutory agencies that have a shared interest in the regeneration of this area include Thames Gateway Development Corporation; Greater London Authority; Olympic Delivery Authority; Transport for London; Olympic Park Legacy Company; the London Development Agency. We must also have regard to the interest of the London Borough of Newham who have responsibility for land east of the River Lea. Local stakeholders include Leaside Regeneration; Poplar HARCA; as well as key local commercial interests who are likely to be relocated as part of the regeneration process. We need to review how current working relationships are delivering outcomes and whether new mechanisms need to be adopted to deliver the outcomes we wish to see. Development in this area – i.e., land immediately east and west of the A12 - up to the hosting of the 2012 Olympic Games and Paralympics Games is likely to be relatively modest. However, we must position ourselves and our key partners now in order to ensure new housing and regeneration begins in a coherent and sustainable fashion.

Delivering More for Less

9.18 It is widely expected that the forthcoming Spending Review will herald a significant reduction in public sector funding for the socio-economic agenda, in this context, affordable housing and regeneration. The ability to deliver additional outcomes is commensurately reduced. However, such a reduction is unlikely to lead to a similar reduction in expectations from interested parties, not least Tower Hamlets residents. With the Devolved Delivery Agreement process at inception stage, there is a small window of opportunity to review how the Council with its partners can deliver more for less. As described earlier in this document, the costs for housing and regeneration are relative 'knowns' and therefore the ability of the Council and its partners to reduce such costs can be narrowed down to a faster decision making process and saved time; cheaper private finance costs; discounted or nil cost disposal of public sector land; reduced oncosts; and, reduced construction costs. In addition, we have the advantage of Approved Development Partners who can invest the time necessary to explore how such savings can be achieved. We are under no illusions that delivering the objective of 'more for less' will be difficult territory and has not been researched before. However, with the critical mass of activity in Tower Hamlets and the partnerships we have in place, we believe we are better positioned than any other local authority to deliver the objective that has been set.

Concluding Points

9.19 The purpose of Tower Hamlets' Borough Investment Plan is to make the case for future and sustained investment in housing and the wider regeneration of places that make up the area. Tower Hamlets continues to be an area that benefits from innovative approaches to housing and regeneration. Assembling the Borough Investment Plan has been both a challenging but beneficial exercise. We have had the opportunity to review our achievements and to identify our new objectives. Our identification of areas in the East of the Borough requiring investment will both bring forward brownfield land sites and regenerate housing estates. In addition we wish to see through the decent homes programme for all our social housing tenants. And specifically, we wish to see the Bishopsgate Goodsyards scheme progressed, a flagship site in the Spitalfields and Shoreditch areas which unlock more of the huge potential of this city fringe site. In conclusion, we are seeking to build on historic success in housing and regeneration delivery, but against a backdrop of increasing need and aspiration.

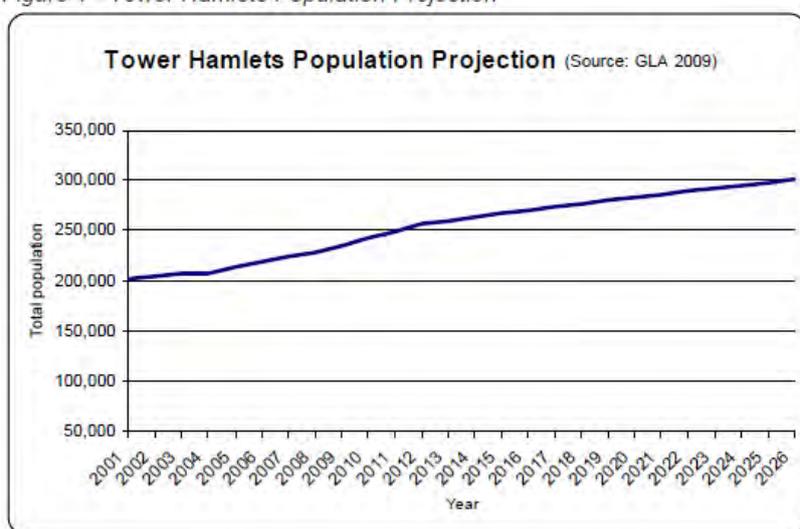
Appendix A Evidence Base for Section 2

Key Drivers of Growth and Regeneration and Tower Hamlets Response

The Socio Economic Picture

The borough continues to have one of the fastest growing population in London. Population estimates published by the Office for National Statistics (ONS) in August 2008 confirm this trend. The 2007 population was estimated to be 215,300. Whilst the population projections for 2009 published by the Greater London Authority (GLA) estimate the Borough population to be 234,974, increasing to 301,456 by 2026 (please see Figure 1). Based on GLA population projections between 2001 and 2009, Tower Hamlets' population increased by around 16%. In comparison, during the same period, London's population increased by only 4%.

Figure 1 - Tower Hamlets Population Projection



Tower Hamlets has a population living in a dense living environment. Its population density (population/kilometer²) is in excess of twice the London average; 10,764 people per km² compared to 4,770 per km².

Tower Hamlets has a significant age imbalance. It has the third largest percentage of 20 to 34 year olds (37%) of all local authorities in the country and even has a young population in comparison to London standards. Fifty nine percent of the population are 15-44 year olds compared with 42% for this age group in the county as a whole. Conversely, the situation is reversed for 45-79 year olds where the proportion is 20%, the smallest of any local authority in the country. Just 8% of the population are over 65 compared to 16% in the rest of the country (All figures based on ONS mid 2007 population estimates).

Diversity

The non-white Ethnic groups in Tower Hamlets have particularly young populations. 60% of the Bangladeshi population is under the age of 24, as are more than 40% of the Pakistani, Other Asian, Black African and Other Black populations. The white (British, Irish and Other) population is, in comparison, comprised of less the 25% under 24 year olds.

Tower Hamlets is ranked the eight most ethnically diverse borough in England. In 2007, only 50% of the borough's population was White (British, Irish and Other White) compared to 67% of London's population. The borough is home to the largest Bangladeshi community in the country, which comprises 34% of the population, compared to only 2.4% of the population in London. However Black (African, Caribbean and Other Black) residents comprise only 7% of the population, compared to 13.6% in London as a whole (GLA 2008 round ward population projections – PLP low). Around 106 different languages are spoken in our schools.

Reflecting its ethnic makeup, Tower Hamlets is of predominantly Christian (40%) and Muslim (36%) faith. It also has a significant proportion of the population stating they have no religion (14%). London and England in comparison have significantly higher proportions of Christians (58% and 71.7% respectively) and lower proportions of Muslims (8.5% and 3% respectively).

Health

Health is poorer in Tower Hamlets than in London on a number of key measures. The average life expectancy in Tower Hamlets is 74.5 for males and 80.2 for females, compared to 76.7 for males and 81.4 females in London as a whole. Overall mortality rates are higher in Tower Hamlets than London: 723.2 compared to 598 per 100,000 standard European populations.

Deprivation

Four of the eight most deprived authorities in England are in London (Hackney, Tower Hamlets, Newham and Islington) according to the Indices of Deprivation 2007 (ID 2007). Over two-thirds of London boroughs have got worse relative to all English local authorities since 2004.

Tower Hamlets the third most deprived borough in the country, according to the latest (2007) Indices of Deprivation rank and the second most deprived borough in London (after Hackney, the second most deprived borough in the country).

The most deprived wards in Tower Hamlets are Bromley by Bow and East India and Lansbury (which are the first and second most deprived wards in London based on rank of average rank of IMD scores) followed by St Dunstan's and Stepney Green (the 7th most deprived ward), Mile End East (8th) and Weavers (14th).

Crime

Crime rates are higher in Tower Hamlets than the London average. According to incidents reported by the Metropolitan Police Service, Tower Hamlets had the highest rate of violent incidents out of all the London boroughs (GLA/DMAG, 2009).

Employment and Enterprise

Tower Hamlets is one of the top growth areas in the country and the further expansion of Canary Wharf, the Thames Gateway development and the 2012 Olympic and Paralympic Games will see a huge expansion in population, jobs, homes and infrastructure by 2015. Despite this, Tower Hamlets is the third most deprived borough in the country with inequality both persistent and stark: the average salary for those working in Tower Hamlets is nearly £69,000, with 20% of local families are living on less than £15,000.

Canary Wharf is the UK's second largest business district with more than 103,500 employees. Continuing regeneration projects are transforming the Borough and delivering new homes and opportunities for local people. During this time Tower Hamlets continued to have one of the strongest economies in the country with more jobs available than economically active residents.

The largest employment industry in Tower Hamlets is Banking, Finance and Insurance (55%). This is followed by Public Administration, Education & Health (17%) and then Distribution, Hotels and Restaurants (11%) Manufacturing (5.5%) Other Services (4%) Transport and Construction (4.5%) and Construction (3%).

Tower Hamlets has the second lowest employment rate in London. Between September 2007 and September 2008, 61.7% were in employment, compared to 70.5% in London and Great Britain 74.5%.

At a London wide and National level Tower Hamlets unemployment count rate is significantly higher than the inner London and Greater London level. Figures show that in January 2009 Tower Hamlets JSA claimant count stood at 8.3% in comparison to Inner London at 5.4% and Greater London at 4.6%.

Despite the employment rate being low, there are more jobs than there are economically active residents in Tower Hamlets. In 2007 there were estimated to be 198,800 jobs located in Tower Hamlets.

The discrepancy between the high number of jobs in the borough and the low employment rate of residents may be due to a 'skills gap' between the high skilled jobs in the borough and the skills of the local residents. For example, 24% of jobs located in Tower Hamlets are in the managerial senior officials category, yet only 14-16% of Tower Hamlets residents are employed in jobs in this category, and 11% of Tower Hamlets residents are employed in elementary occupations while these jobs make up 8% of those in the borough (NOMIS Annual Population Survey, Employee and Workplace Analysis, 2006; Census 2001).

Canary Wharf is already known globally as a prime focus for banking headquarters, as well as for media, financial and business services. The number of jobs in the area has risen from 19,000 in the early 1990s to almost 90,000 in 2005, mostly in financial and business services. Although not physically part of Central Activity Zone, many of the future activities in Millwall and Cubitt Town (the Isle of Dogs), are interdependent with central London. Development densities and mixed use policy should reflect this and the planning framework should consolidate and expand this role. Proposed transport investment will allow it to accommodate at least 150,000 jobs by 2016, and 200,000 by 2026, focusing on the areas in and around Canary Wharf improving public transport accessibility and capacity. This has and will continue to require partnership working to bring forward adequate land and a significant enhancement to transport capacity. Development in this area should complement the international offer of the Central Activities Zone and support a globally competitive business cluster.

Despite the present economic downturn The GLA estimates a strong increase of jobs in the Borough over the next 20 years, based on the presumption that long term economic growth will continue.

Year	Actual		Projected			
	2005	2006	2011	2016	2021	2026
Number of jobs	182,000	192,600	203,000	240,000	271,000	306,000

(Source: GLA Employment projections)

Household Incomes

The median household income in Tower Hamlets in 2009 was £28,146 which is close to the London average of £30,168. However, the average salary earned by staff employed (but not necessarily residing) in the borough is significantly higher, at £42,476.

There is also considerable variation in median household income between ward in Tower Hamlets, with the wealthier wards standing significantly above the Tower Hamlets and London averages of £28,146 and £30,168 respectively. In Tower Hamlets 20.3% of all households earn below £15,000 per annum in comparison to Greater London at 16% (CACI 2008).

Housing Land Use and Tenure

Housing is the dominant land use in Tower Hamlets. In the last 24 years, the number of homes in Tower Hamlets has increased from 62,000 in 1985 to 100,288 homes in 2009 of which 26% are owner occupied and paying a mortgage, 8.5% own their properties outright, 23.2% are privately rented, 13.6% are part of Tower Hamlets Homes and Council Rented, 27.9% are RSL rented, 0.7% are in shared ownership, 0.1% are tied to employment.

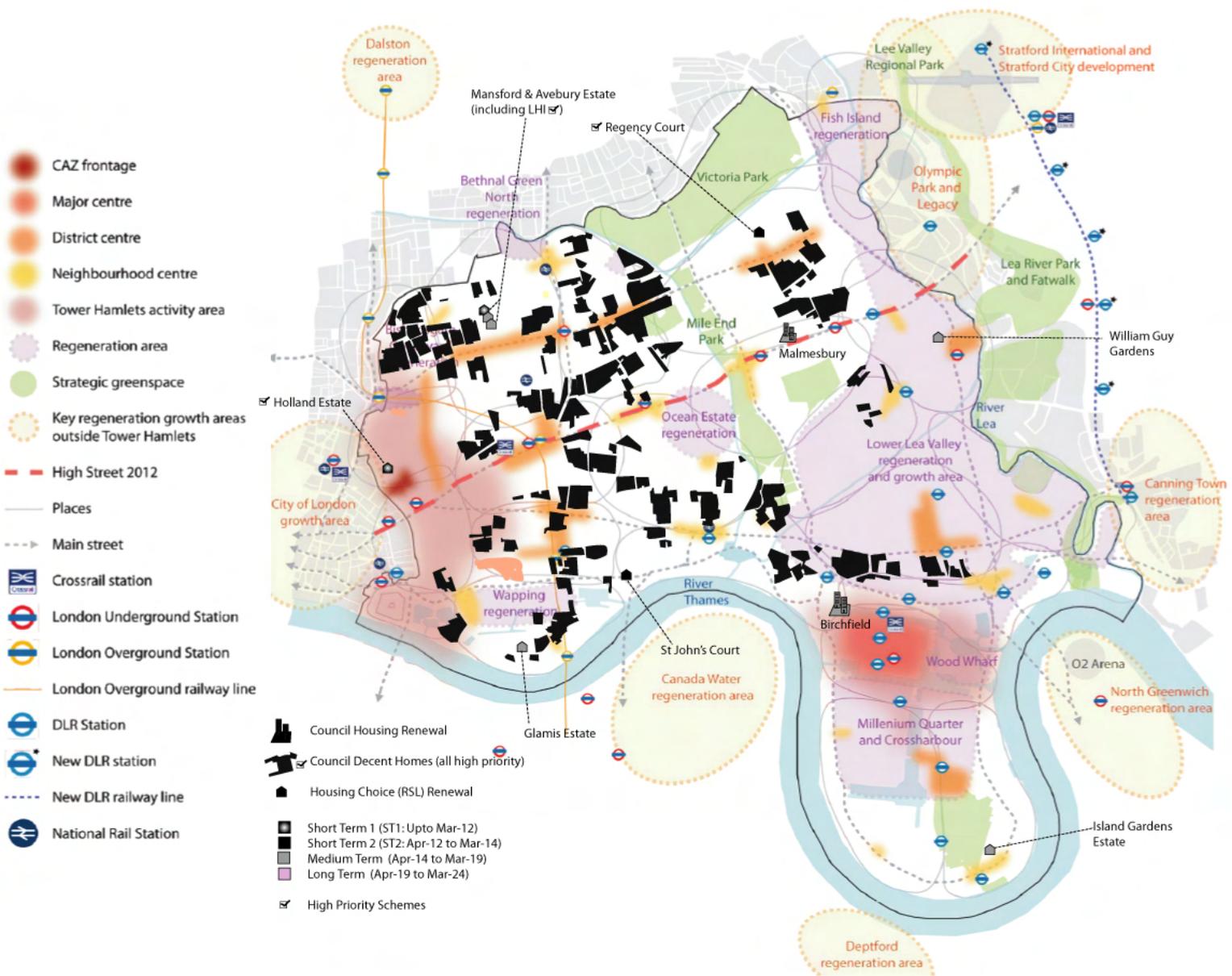
The 2009 Household Survey data suggests that the owner occupied and private rented sector have grown significantly since 2001. The affordable sector has reduced from 52.5% to 41.5% of the total stock. Around 59% of the Borough's housing stock is now in the market sector.

The average house price in Tower Hamlets in August 2010 was £347,797 slightly higher than the London average of £345,734 (Land Registry House Price Index).

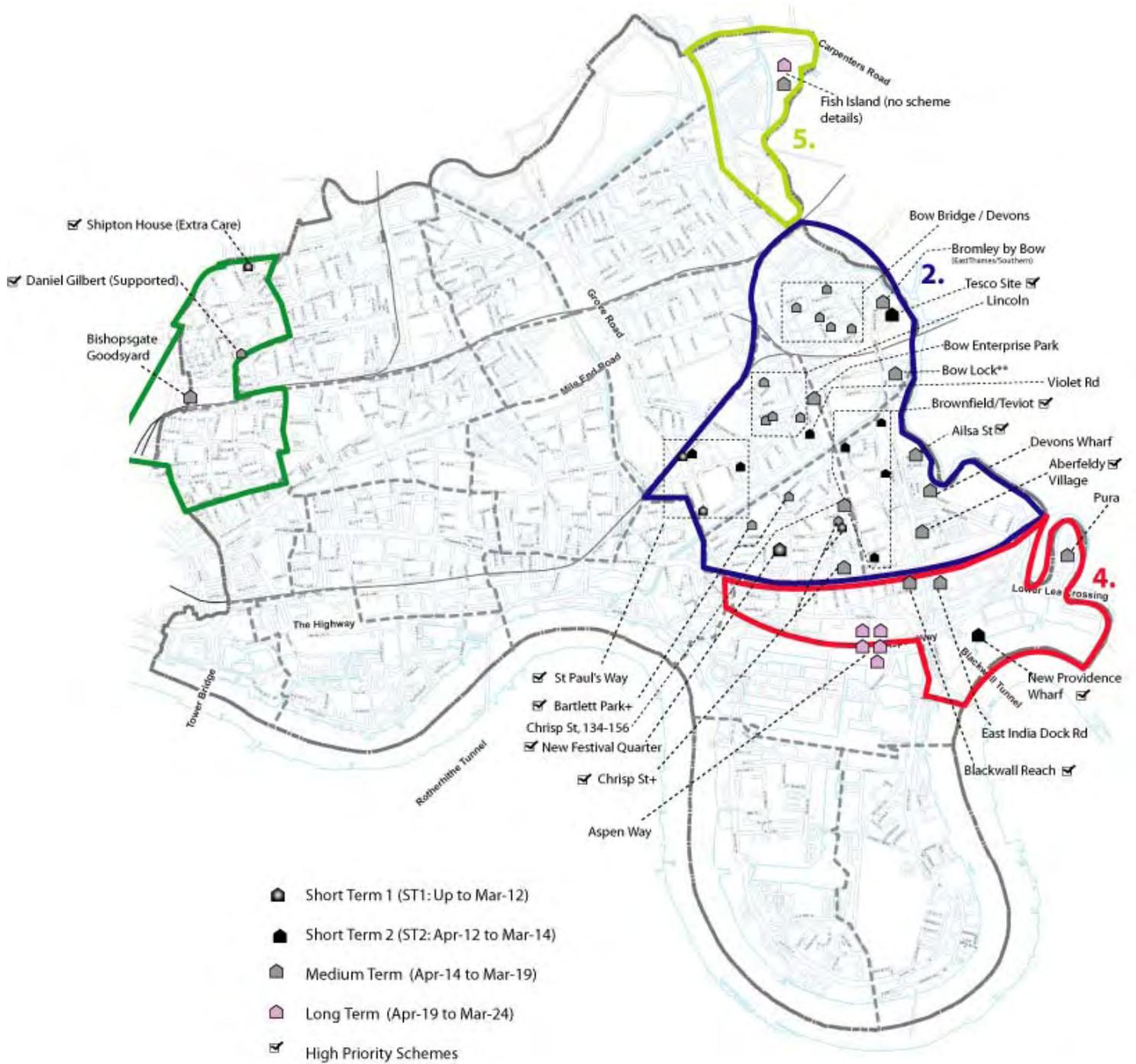
The need for affordable housing continues to be driven by the high cost of market housing, despite a fall in property prices around 2008/09, over the last year average property prices in Tower Hamlets have increased by 10.8%.

Appendix B Investment Opportunity Area Maps

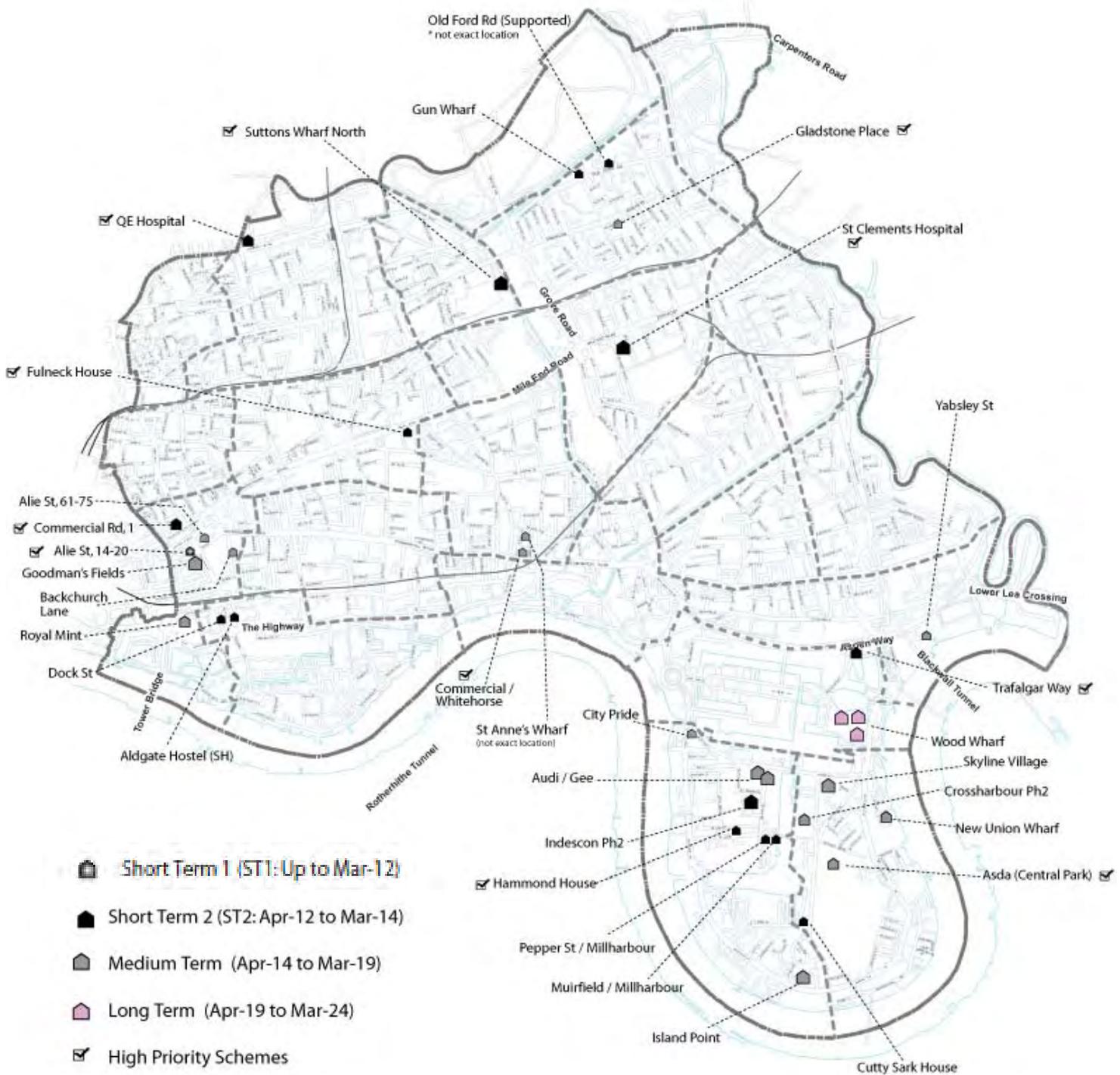
i. Housing Renewal



ii. Reshaping Poplar / Shoreditch and Spitalfields / Blackwall and Leamouth / Fish Island



iii. Other Key Delivery Schemes

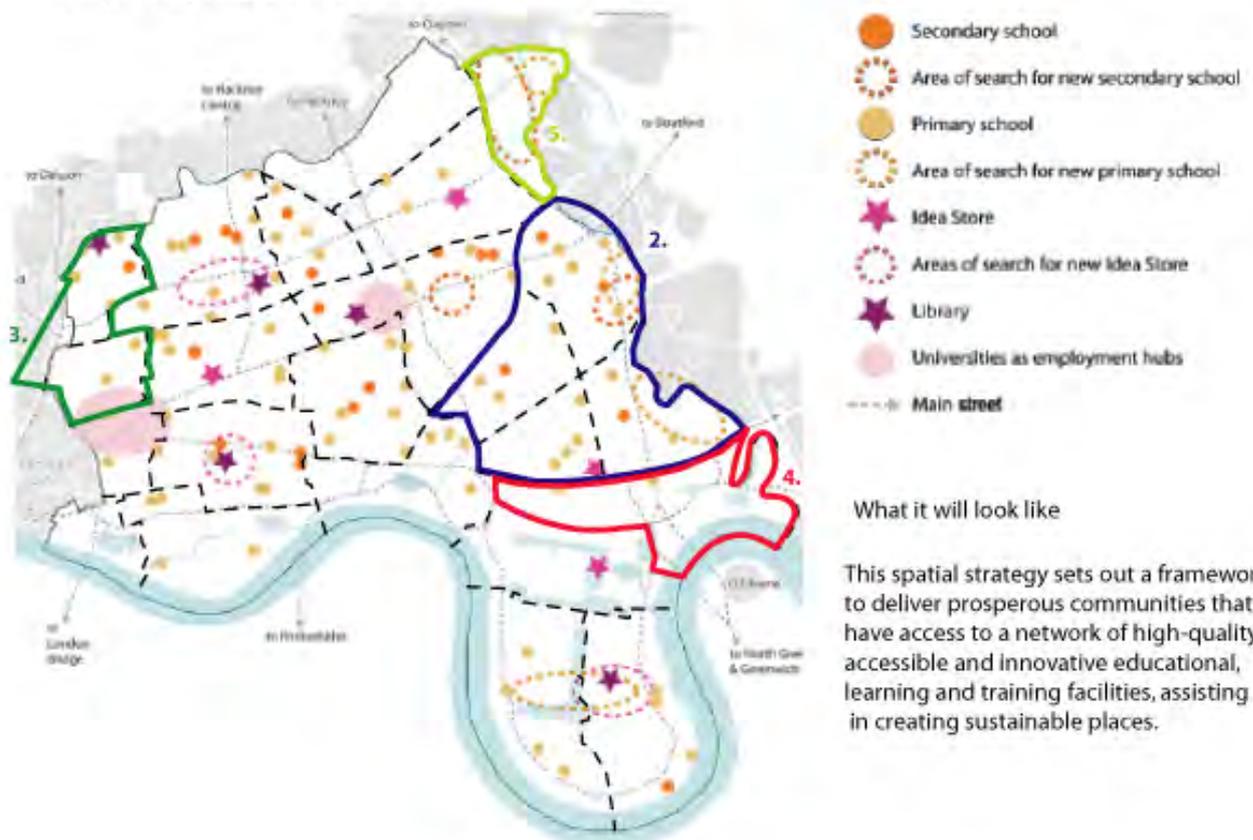


Appendix C Infrastructure Maps and Tables

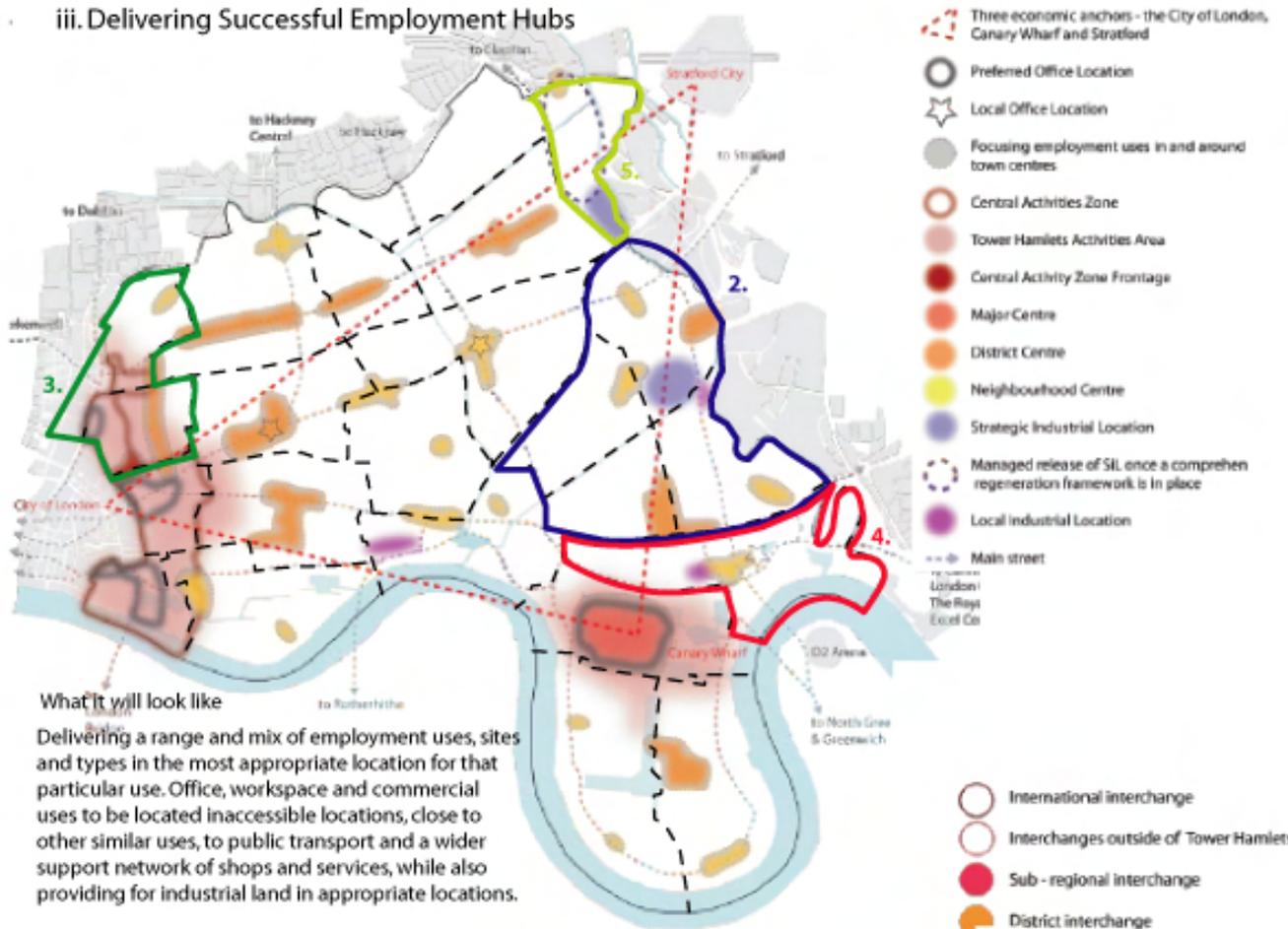
i. Healthy and Livable Neighbourhoods



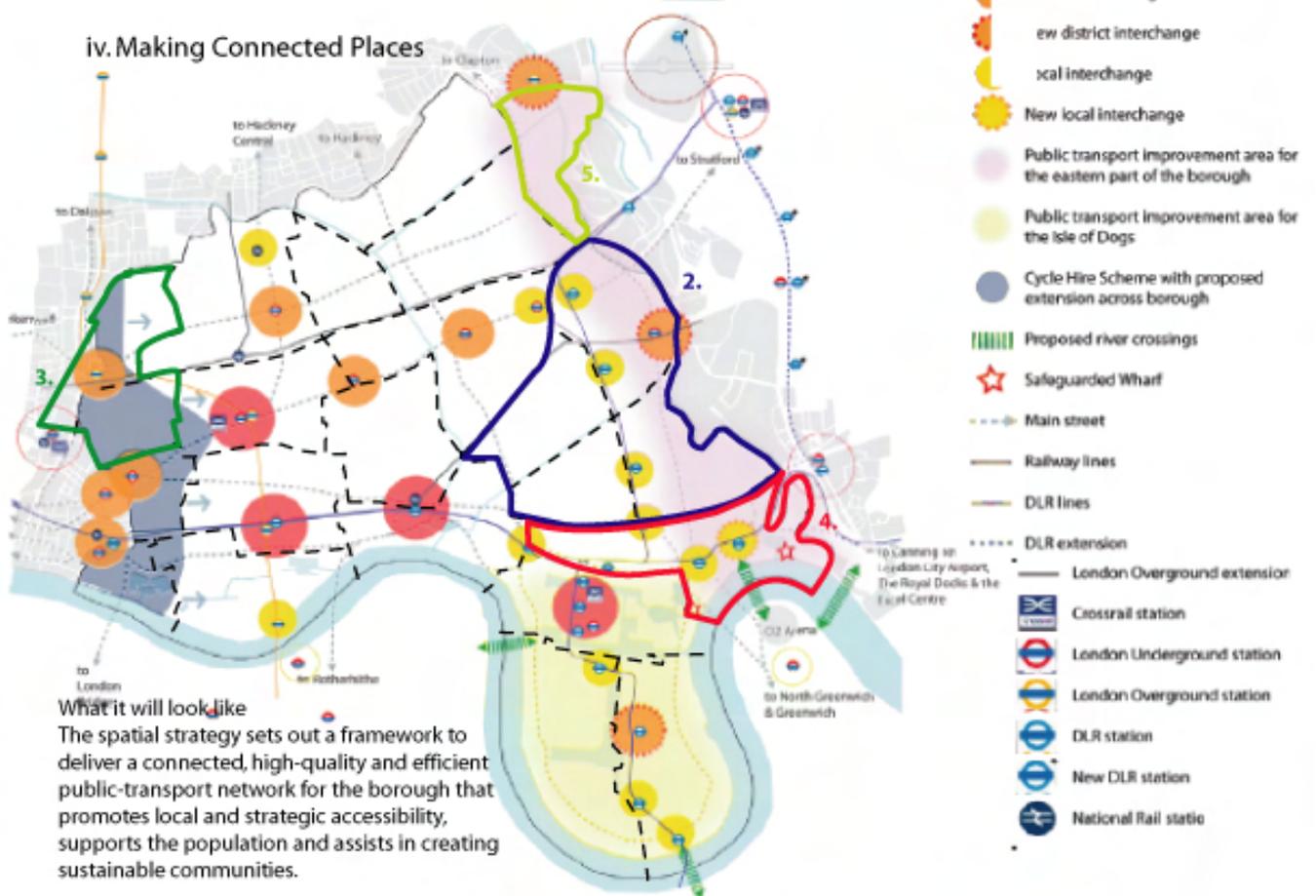
ii. Improving Education and Skills

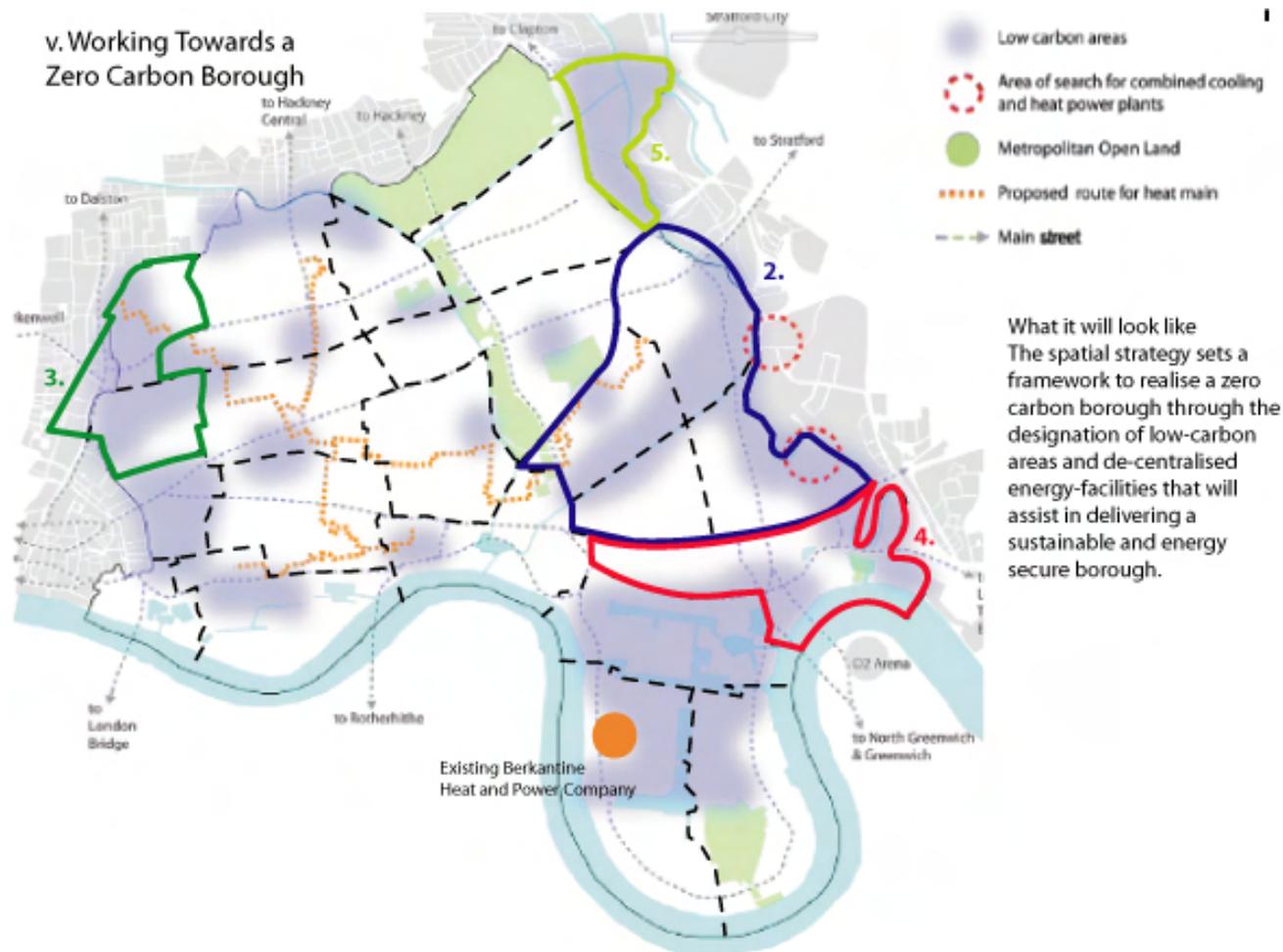


iii. Delivering Successful Employment Hubs



iv. Making Connected Places





Infrastructure Tables for Investment Opportunity Areas 2-5

Investment Opportunity Two – Reshaping Poplar

Bromley-by-Bow Infrastructure Requirements

Type	When	Infrastructure Summary	Investment
Energy	2012-20	Possible Biomass CHP plant (20MWe) located in Bromley-by-Bow supplying Tower Hamlets heat mains route (see zero carbon infrastructure map for route).	£49m Capital Cost (2005 study). Also annual income generated. N.B Capital Cost to be updated in Jan-10 LDA Energy Study.
Connectivity	By 2020	New district interchange (London Underground). Station upgrade and associated works.	£33m Planning Obligations, Crossrail, TfL,
Education ☆	By 2017	Area of search for a new secondary school and primary school. Land for Primary school to be secured as part of new district centre (Tesco	Primary £5-£7m Secondary Ave £12.6

		consent). BSF team carrying out feasibility into secondary school on Bow Lock site.	m BSF
Health	2015-25	Area of search for a new health facility (St Andrews Site)	£5m non-recurrent
Connectivity	2010-26	Removing barriers – require new pedestrian crossings over the A12 (Reshaping Poplar proposal) and speed reduction measures to 30mph. A couple of potential sites on the Lea Valley side of the A12 (LTGDC area). Improved station underpass and all movement junction over A12 (including at grade pedestrian crossing) to be delivered as part of new district centre (Tesco consent). Further opportunities to be considered within re-fresh of B-b-B Masterplan.	£13.2m upwards. TfL, Planning Obligations, LTDGC, LBTH
Connectivity	2010-26	Removing barriers – require new pedestrian and traffic bridges over the river Lea (reshaping poplar proposal). Location for pedestrian and bus bridges identified in 'B-b-B Land Use and Design Framework'.	Cost currently unavailable
Connectivity	Either pre-12 or by 2015	High Street 2012 – Bow / Bromley-by-Bow stretch	LBTH total approx £20.7m
Connectivity	By 2012	Bow Interchange crossings	£1.1m
Open Space ☆	2015-20	Delivery of new open space	About £1.6m

Source: Infrastructure Delivery Plan

Key: ☆ critical priority

Bow Common Infrastructure Requirements

Type	When	Infrastructure Summary	Investment
Energy	2012-20	Location on proposed Biomass CHP heat mains route	(see B-by-B entry)
Health	2015-25	This location (and part of Bromley-by-Bow) is the area of search for a new health facility (William Brinson Place)	PCT £2.2 recurrent until 2011
Open Space	By 2014	If HARCA Teviot Estate p/a consents are given the potentially a new green space 'New Langdon Park'. Any new residential built on the existing warehouse sites would also benefit from this green space (providing A12 crossings are built)	HARCA/Dev £10m
Public Realm	By 2015	St Paul's Way – highway/streetscape improvements	Approx £1m - Planning Obligations
Health	By 2011	Poly Clinic provided as part of William Cotton Place (reshaping Poplar) – this is located in Bow Common.	£12.5m

Source: Infrastructure Delivery Plan

Poplar Infrastructure Requirements

Type	When	Infrastructure Summary	Investment
Health	2015-25	Area of search for new health facility. – see figure 13 of IDP, page 28. Newby Place?	PCT £500k Non-recurrent
Health ☆	By 2020	Area of search for new leisure facility. Including a swimming pool desired for this area.	Up to £11m
Retail	2011-20	Chrisp St Market site - new retail opportunities and re-provision of the Ideas Store, Sure Start and the Police Station	HARCA/Dev funded. £40m
Connectivity	By 2017	Removing barriers – require new pedestrian bridges across the Lime House Cut canal. (Reshaping Poplar proposal)	Cost currently unavailable
Environment	By 2015	Removing barriers – to open up Ailsa St Site the following is required:-, ~new A12 junction constructed at Lochnager St. ~New bus route from Gillender St into Aberfeldy Estate. ~need for flood alleviation and sewer access	£4m - LTGDC TfL: No estimate available but typically bus routes cost from £600k /year to increase frequency by 1 bus/hour/direction
Health	By 2017	Long term aspiration for a new HARCA health centre at Farrance St	Cost currently unavailable

Source: Infrastructure Delivery Plan

Poplar Riverside Infrastructure Requirements

Type	When	Infrastructure Summary	Investment
Energy	2012-20	Possible Biomass CHP plant (20MWe) located in Poplar Riverside supplying Tower Hamlets heat mains route (see zero carbon infrastructure map for route)	(as before) £49m Capital Cost (2005 study). Also annual income generated. N.B Capital Cost to be updated in Jan-10 LDA Energy Study.
Connectivity	By 2017	(As Poplar entry) Removing barriers – require new pedestrian bridges across the Lime House Cut canal. (reshaping poplar proposal)	Cost currently unavailable
Connectivity	2010-26	Removing barriers – require new pedestrian crossings over the A12 (reshaping poplar proposal) and speed reduction measures to 30mph. Many potential sites on the Lea Valley side of the A12 (LTGDC area). *Also accounts for Bromley-by-Bow part of A12	£13.2m* upwards. TfL, Planning Obligations, LTDGC, LBTH
Connectivity	2010-26	Removing barriers – require new pedestrian and traffic bridges over the river Lea (reshaping poplar proposal)	Cost currently unavailable
Open Space	By	Reshaping Poplar proposes a green space link along stretches of the A12	£2m
Open Space ☆	By 2015	Delivery of new open space	£2.7m

Source: Infrastructure Delivery Plan

Key: ☆ Critical priority

Investment Opportunity Three – Shoreditch and Spitalfields

Shoreditch Infrastructure Requirements

Type	When	Infrastructure Summary	Investment
Energy	2012-20	Location on proposed Biomass CHP heat mains route	(see Poplar River. entry)
Connectivity	From Summer 2010	Bishopsgate Goodsyrd site will have direct access to the new Shoreditch High Street London Overground Station. This will improve transport accessibility in the area and make it more conducive to development.	Connection in existence
Open Space ☆	2015-20	Delivery of new open space in-between Shoreditch and Spitalfields. (repeated entry) - located at goods yard	About £2.5m
General	By 2020	Bishopsgate Goodsyrd will also bring commercial, retail, employment.	Cost currently unavailable

Source: Infrastructure Delivery Plan

Investment Opportunity Four – Blackwall & Leamouth

Leamouth Infrastructure Requirements

Type	When	Infrastructure Summary	Investment
Connectivity ☆	By 2015	Leamouth pedestrian / Cycle connection through bridge	£8m

Source: Infrastructure Delivery Plan

Key: ☆ critical priority

Blackwall Infrastructure Requirements

Type	When	Infrastructure Summary	Investment
Connectivity ☆	2017	Opening up Aspen Way site - Crossrail will have an new Station which will be in close proximity to the Aspen Way site (station is in Canary Wharf place)	Total Crossrail for LBTH £15.9bn
Connectivity	By 2020	Other Aspen way connections – masterplan to identify.	Cost currently unavailable
General	By 2018	Opening up Blackwall Reach - Remodelling of Preston's Rd roundabout as part of a wider corridor scheme along Prestons Road to provide enhanced connections to Canary Wharf. Improved pedestrian/cycle connections to Chrisp St Market. Noise/air quality improvements to neighbouring tunnel approach road. New road network within the site. Prestons Road roundabout is included as a scheme within the Council's Local Implementation Plan bid to TfL. At this stage there are no costs attached to individual components.	s106 spend of £300k for options study. Implementation costs currently unknown.

Source: Infrastructure Delivery Plan

Key: ☆ critical priority

Investment Opportunity Five – Fish Island

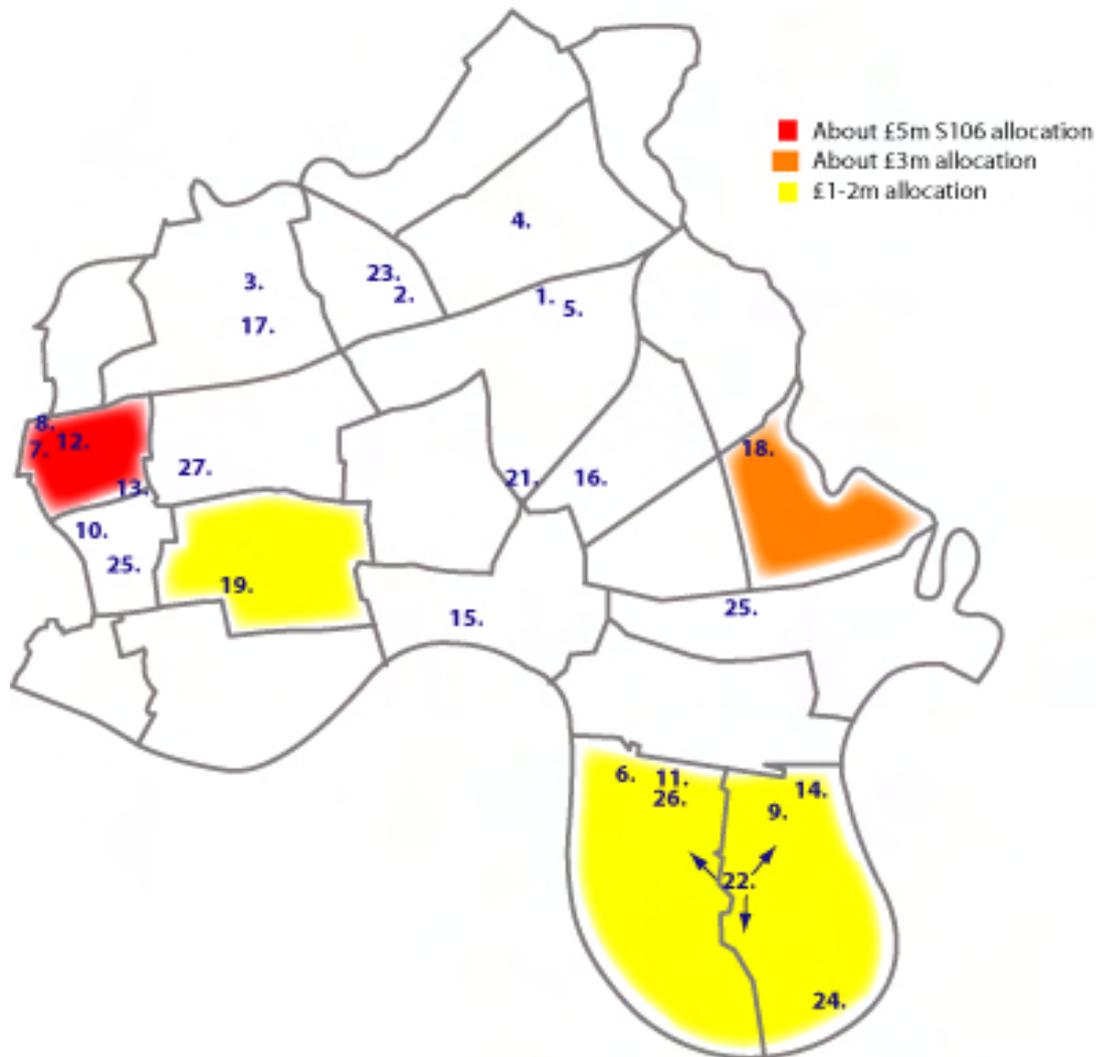
Fish Island Infrastructure Requirements

Type	When	Infrastructure Summary	Investment
Energy	2010-12	Olympic Energy Centre Kings Yard, Tower Hamlets E15 supplying energy from a localised efficient source. There is future scope for the scheme to be expanded to supply heat to new and existing developments in London Borough of Tower Hamlets (for heat route see zero-carbon infrastructure map)	Energy centre committed, expansion of heat network £TBC
Connectivity	2010-26	New district interchange (Overground) Initial development and feasibility work carried out by LTGDC to improve access, visibility, connections between the station and immediate surroundings including interchange with bus services.	Approx £15.5 million. Further feasibility and business case required.
Health	2015-25	Area of search for a new health facility	Unconfirmed. Primary Care Trust may not invest in new facilities over and above those to be provided in Newham as part of Olympic Legacy unless business case can be made.
Education ☆	By 2017	Area of search for a new primary school and a new secondary school	Primary: Approx £5m-£7m Secondary: Ave£12.6m BSF
Connectivity ☆	2015 onwards	As with A12 in Bromley-by-Bow and Poplar riverside, better pedestrian crossing and new roads to open up future potential sites	Long term connectivity projects to be subject to AAP options consultation prior to feasibility and costing.
Environment ☆	By 2015	Potential waste site	Confirm with CLC level of investment required to deliver facility.
Open Space	2015-20	Delivery of new open space	About £1.1m

Source: Infrastructure Delivery Plan

Key: ☆ critical priority

S106 Project Register 2009/10 (funded by S106 contributions)



- | | |
|--|--|
| 1. Malmesbury Environmental Improvements - £150k fund allocation | 14. St Johns Park - £108k |
| 2. Meath Garden Bridge - £677k | 15. Commercial Rd Bridge/L-house Accumulator Tower Public Access Improvements - £20k |
| 3. York Hall(Boxing Club), car park works - £492k | 16. Common Lane Bridge, Public Access Improvements - £10k |
| 4. Roman Rd Advice & Campaign - £158k | 17. Bethnal Green Gardens LSOS - £243k |
| 5. Malmesbury amenity facilities - £150k | 18. Ben Johnson/Manor Field Schools Works - £2.9m |
| 6. Cuba/Manilla St Footway Improvements - £500k | 19. Tarling New Community Hall - £1m |
| 7. Bishops Square Frontages, CCTV, Street scene- £2.9m | 20. Poplar Park Improvements - £500k |
| 8. Bishops Square LMU facility, Enterprise/Business Support - £500k | 21. Mile End Skate Park - £100k |
| 9. Limeharbour Environmental Improvements - £300k | 22. Isle of Dogs Hopper Bus - £400k |
| 10. Aldgate area - pedestrian and environmental improvements - £201k | 23. Meath Gardens LSOS - £68k |
| 11. Millennium Quarter Street Lighting - £1.5m | 24. South Dock Footbridge Feasibility - £ 1m |
| 12. Bishops Square Cultural Trail - £2m | 25. Aldgate Commercial Land & Property Study - £50k |
| 13. Brady/Kobi Centre - £276k | 26. Millennium Quarter Art Scoping Study - £35k |
| | 27. High St 2012 Conservation - £500k |

Appendix D Strategic Compliance Check – Investment Opportunity Areas 2-5

Investment Opportunity One – Housing Renewal

Document	Policy Reference
London Plan	Policy 3.15 – Housing Choice
London Housing Strategy	1.1. c, d, e – More family sized homes. Greater tenure and social mix. 2.1 b – supported and new homes to meet older people and disabled people. 2.2 e – Social rented homes more than 'decent' 2.3 a, b – Targeted regeneration that's aligned with social and economic initiatives.
Tower Hamlets Housing Strategy	Delivering and Managing Decent Homes Policy Objective Tower Hamlets Homes/Estate Renewal Strategy identified as a corporate strategic priority. Ocean Estate identified as a corporate strategic priority
Tower Hamlets Community Plan	A Great Place to Live Community Plan Theme

Investment Opportunity Two – Reshaping Poplar

Document	Policy Reference
London Plan	Policy 2.13 Opportunity and Intensification Areas – Lower Lea Valley (inc Stratford) Policy 3.3 Increasing Housing Supply
Draft London Housing Strategy	1.1. c, d, e – More family sized homes. Greater tenure and social mix. 2.1 a – New homes: better design standards 2.1 b – supported and new homes to meet older people and disabled people. 2.2 d – new public funded homes meeting a minimum Sustainable Code 3
Tower Hamlets Local Development Framework	The four places identified above are drawn from the Council's Core Strategy
Tower Hamlets Housing Strategy	Delivering and Managing Decent Homes Policy Objective New Affordable Housing Policy Objective Reshaping Poplar identified as a corporate strategic priority
Tower Hamlets Community Plan	A Great Place to Live Community Plan Theme

Investment Opportunity Three – Shoreditch and Spitalfields

Document	Policy Reference
London Plan	Policy 2.13 Opportunity Areas and Intensification Areas – City Fringe
Draft London Housing Strategy	1.1. c, d, – More family sized homes. 60/40 tenure mix. 2.1 a – New homes: better design standards 2.1 b –new homes to meet older people and disabled people. 2.2 d – new public funded homes meeting a minimum Sustainable Code 3 2.3 b –Regeneration aligned with social and economic initiatives.
Tower Hamlets Local Development Framework	Spitalfields and Shoreditch identified as places in the Core Strategy Bishopsgate Good Yard Interim Planning Guidance 2010
LB Hackney - LDF and Growth Plans	Supplementary Planning Guidance published is a joint Hackney/Tower Hamlets document
Tower Hamlets Housing Strategy	New Affordable Housing Policy Objective
Tower Hamlets Community Plan	A Great Place to Live Community Plan Themes

Investment Opportunity Four – Blackwall and Leamouth

Document	Policy Reference
London Plan	Policy 2.13 Opportunity Areas and Intensification Areas – Lower Lea Valley (including Stratford)
Draft London Housing Strategy	1.1. c, d, e – More family sized homes. Greater tenure and social mix. 2.1 a – New homes: better design standards 2.1 b – New homes to meet older people and disabled people. 2.2 e – Social rented homes more than ‘decent’ 2.3 a, b – Targeted regeneration that’s aligned with social and economic initiatives. 2.2 d – new public funded homes meeting a minimum Sustainable Code 3
Tower Hamlets Local Development Framework	Blackwall and Leamouth identified as places requiring regeneration in the Core Strategy Leamouth and Blackwall Reach subject of Council-sponsored masterplan documents.
Tower Hamlets Housing Strategy	Delivering and Managing Decent Homes Policy Objective New Affordable Housing Policy Objective Blackwall Reach identified as a Corporate Strategic Priority
Tower Hamlets Community Plan	A Great Place to Live Community Plan Theme

Investment Opportunity Five – Fish Island

Document	Policy Reference
London Plan (Consultation Draft Replacement Plan) – October 2009	Policy 2.13 Opportunity and Intensification Areas – Lower Lea Valley (inc Stratford) Policy 3.3 Increasing Housing Supply Policy 3.15 – Housing Choice
Draft London Housing Strategy	1.1. c, d, e – More family sized homes. Greater tenure and social mix. 2.1 a – New homes: better design standards 2.1 b – New homes to meet older people and disabled people. 2.2 d – new public funded homes meeting a minimum Sustainable Code 3
Tower Hamlets Local Development Framework	Fish Island identified as a place for regeneration in the Core Strategy 2025 Development Plan Document.
Tower Hamlets Housing Strategy	Development of the Tower Hamlets element of the 2012 Olympic Park identified as a corporate strategic priority
Tower Hamlets Community Plan	A Great Place to Live Community Plan Theme

Appendix E

Glossary

Arms Length Management Organisations (ALMO) – The ALMO in Tower Hamlets – *Tower Hamlets Homes* – is responsible for delivering housing management services and decent homes work

Devolved Delivery Agreements (DDA) – A proposal by London Councils and the Mayor of London to devolve delivery and funding arrangements to local authorities in line with Single Conversation guidance and more recent Coalition Government ‘localism’ policy.

East London Housing Partnership (ELHP) – A strategic partnership of local authorities which meets at political and senior officer level to agree sub regional priorities and sub regional nomination arrangements.

Greater London Authority (GLA) – The statutory strategic authority responsible for supporting the Mayor produce the London Plan and the London Housing Strategy.

Homes and Communities Agency (HCA) – The national housing and regeneration agency responsible for administering funding for new housing and regeneration in England and overseeing the Single Conversation and Borough Investment Plan process.

Local Area Partnership (LAP) – Partnerships established to help deliver the Community Plan and Local Area Agreement targets in Tower Hamlets.

Local Area Agreement (LAA) – Set out the priorities for a local area agreed between central government and a local area, principally the Council and its Local Strategic Partnership.

Local Development Framework (LDF) – The LDF is the suite of planning documents that make up the local spatial development strategy for the borough. This will include the Core Strategy and associated Supplementary Planning Documents.

London Development Agency (LDA) – The Mayor’s statutory economic development agency.

London Thames Gateway Development Corporation (LTGDC) – A regeneration agency with planning and CPO powers responsible for regenerating key sites in the Thames Gateway, including the Tower Hamlets element of the Lower Lea Valley.

Multi Area Agreement (MAA) – An agreement (similar to the LAA above) for a cross boundary area to deliver set priorities in return for freedom and flexibilities.

Olympic Delivery Authority (ODA) – A statutory authority responsible for preparing the Olympic Park to host the 2012 Games.

Olympic Park Legacy Company (OPLC) – A company established by the Government to deliver the Olympic Legacy after the 2012 Games have been hosted.

Strategic Housing Land Availability Assessment (SHLAA) – Assesses the availability and timing of housing site delivery in an area, over a fifteen year timeframe.

Strategic Housing Market Assessment (SHMA) – A research tool designed to help inform and provide housing market evidence for planning and housing strategies and policies.

Supporting People (SP) – A commissioning programme designed to support the livelihoods of vulnerable people helping them to live independent lives.

Tenant Services Authority (TSA) – Responsible for regulating the work of housing associations.

Transport for London (TfL) – The Mayor’s transport agency responsible for strategic investment and coordination of service delivery.

Appendix F – Key Reference Documents

Housing Investment Summit Report Back (April 2010) – Mayor of London A document summarising the content of a high level discussion between key housing and regeneration stakeholders in London

Housing Strategy 2009/12 (2009) – London Borough of Tower Hamlets The Borough's housing strategy setting out its strategic objectives and policy commitments.

London Plan Spatial Development Strategy – Consultation Draft Replacement Plan (October 2009) – Mayor of London The Mayor's proposed spatial development strategy for the capital which will shortly be the subject of an examination in public. All Local Development Frameworks should be broad conformity with the Mayor's Plan.

2020 'One Tower Hamlets' Community Plan (2009) – London Borough of Tower Hamlets Tower Hamlets Partnership (the Local Strategic Partnership) community plan for the area.

Core Strategy 2025 Development Plan Document (2009) – London Borough of Tower Hamlets The Core Strategy is one of the key tools to realize the vision of the Community Plan and is the centre-piece of the Local Development Framework. It provides us with a 15 year plan which will shape what our borough looks like in the future. Following the submission of the Inspector's Examination in Public Report, the Core Strategy is scheduled to be adopted by Cabinet in September 2010.

Single Conversation: A better way to achieve positive outcomes for people and places (2009) – Homes and Communities Agency Early guidance from the HCA on the Single Conversation; Borough Investment Plans; and the Local Area Agreements.

Single Conversation: Further Information Local Investment Plan (Jan 2010) – Homes and Communities Agency Further guidance on the level of detail required for Borough Investment Plans.

Draft London Housing Design Guide – The Mayor's draft design standards for new homes which is expected to become Supplementary Planning Guidance in the near future.

London Housing Strategy (2010) – Mayor of London The London Mayor's statutory housing strategy for the capital which sets out housing supply targets; spatial development priorities; and housing standards, etc.

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