

LONDON BOROUGH OF CAMDEN	WARDS: St Pancras and Somers Town
REPORT TITLE Redevelopment of 120-136 Camley Street and Units 3-30 Cedar Way, Camley Street, N1C (SC/2019/50)	
REPORT OF Cabinet Member for Investing in Communities and an Inclusive Economy	
FOR SUBMISSION TO Housing Scrutiny Committee Cabinet	DATE 16 July 2019 17 July 2019
SUMMARY OF REPORT <p>This report sets out our vision for mixed-use regeneration of two Council-owned sites on Camley Street to deliver new homes, including genuinely affordable housing, an increase in employment space, new open space and generate income to help fund council services and contribute to the delivery of affordable housing elsewhere in the borough.</p> <p>Our Regeneration Vision for redevelopment of 120-136 Camley Street and units 3-30 Cedar Way, is for a new inclusive neighbourhood in Camley Street to support a strong and safe community, building well-designed new homes for everyone where currently there are none. Homes that are accessible and flexible to meet people’s needs, whether that is someone growing older or a growing family. The employment vision to support the growth of Camden’s Knowledge Quarter will contribute to making the new neighbourhood sustainable and Camden the best place to do business and to work.</p> <p>The report is coming to Cabinet for approval to appoint a design team and procure the services we need to develop a Council-led masterplan and development brief for delivery of our Regeneration Vision. The Council will take the lead to bring together relevant local stakeholders and partners with innovative ideas to support delivery of the council’s priorities. Previous discussions around joint ventures were shown to risk some loss of control over what would be delivered on Camley Street.</p> <p>Our vision supports the Camden 2025 ambitions that ‘everyone in Camden should have a place they call home’, and that ‘growth in Camden should be strong and inclusive – everyone should be able to access the work that is right for them’. We want to build as many, genuinely affordable homes as quickly as we can. However, this isn’t just about building homes but also linking it to the wider picture, building communities, which can only be achieved through well-designed schemes that include high-quality homes, infrastructure and local facilities. This will support mixed communities and promote active, healthier lifestyles in spaces that are accessible and safe for all. As such, this work also supports the delivery of the wider Camden 2025 vision.</p>	

The Community Investment Programme allows us to tackle the challenge of social isolation and unemployment within communities head-on. We want to make Camden a place where everyone has a chance to succeed, nobody gets left behind and everyone has a voice. We will work closely with the business community to develop proposals for new, high-quality, flexible and affordable workspace. These will be designed with small businesses in our growth sectors (including life sciences, digital, data and creative sectors) in mind. We will bring together partners from the business community and education providers to ensure that there are clear pathways into these jobs for local people.

Local Government Act 1972 – Access to Information

No documents that require listing were used in the preparation of this report

Contact Officer:

Director of Development

Neil Vokes

5 Pancras Square, LONDON N1C 4AG

020 7974 3419

Neil.vokes@camden.gov.uk

RECOMMENDATIONS

The Housing Scrutiny Committee is asked to consider the report and make any recommendations to Cabinet.

It is recommended that Cabinet having due regard to the needs set out in section 149 of the Equality Act 2010:

1. Agrees the Regeneration Vision set out in section 2 of the report for delivery of a mixed use redevelopment of Council-owned sites on Camley Street
2. Agrees to prepare a Council-led Master plan and Development brief for Council-owned sites in Camley Street
3. Delegates authority (subject to compliance with all statutory requirements) to the Executive Director Supporting Communities, in consultation with the Cabinet Member for Investing in Communities and an Inclusive Economy, the Executive Director Corporate Services and the Borough Solicitor, to take all appropriate steps to develop and progress the Regeneration Vision to enable a detailed business case and regeneration strategy to be reported to Cabinet for further consideration this to include:
 - allocation of funding to develop the Regeneration Vision (if appropriate on a staged basis);
 - agreeing award strategies and any other steps required for procurement of professional advisers to progress design of the Regeneration Vision

4. Note that in due course a further report will be brought to Cabinet with a detailed final business case and Regeneration Strategy for this project

David T. Joyce

Signed:
Acting Executive Director Supporting Communities
Date: 3rd July 2019

1. CONTEXT AND BACKGROUND

- 1.1. This report considers an ambitious vision for regeneration of two Council-owned sites in the Camley Street area: 120-136 Camley Street and Units 3-30 Cedar Way, Camley Street N1C.
- 1.2. The purpose of the report is to agree next steps towards delivery of this vision. The Council's objectives are to maintain a high level of control over the quality and social and financial benefits delivered through redevelopment, while mitigating design and construction risks and at the same time to prudently manage borrowing requirements within the capital programme.

2. PROPOSAL AND REASONS

- 2.1. The Council owns the freehold of sites at Cedar Way and 120-136 Camley Street, comprising around 8,000m² gross internal area (GIA) of workshop units. They were originally built for light industrial use with some units for storage/distribution. The space is currently occupied by a range of businesses, including vehicle repairs, food processing and distribution, plumbers' merchants, designer/makers, laundry and Council-related contract/maintenance facilities. Appendix A shows a plan of the sites and wider Camley Street area.
- 2.2. In December 2017, Cabinet noted the potential for ambitious mixed-use redevelopment of the Council-owned sites in Camley Street. It was agreed that officers should review the opportunity and report to Cabinet on the minimum requirements and options for Cedar Way and 120-136 Camley Street. The report also noted that a planning vision for the wider area would be prepared.

A new neighbourhood

- 2.3. Camden's adopted Local Plan identifies the Camley Street area as an area of expected growth and identifies four key priorities:
 - Creating a more vibrant, attractive area that builds on its location adjacent to King's Cross Central and close to Camden Town
 - Enhanced accessibility with better pedestrian and cycling links east-west and south-north with more active overlooking of the street at different times of the day
 - Creating new public spaces and greening of the street environment
 - Making more efficient and intensive use of land, taking opportunities to provide a mix of uses, including new housing and employment floor space
- 2.4. Redevelopment proposals for the Council-owned sites will be shaped by existing planning policies and in part by other emerging policies and guidance in the new London Plan, an evolving Neighbourhood Plan and a future Site Allocations Plan.
- 2.5. To also support Local Plan policies and the priorities for the area, a draft supplementary planning document (SPD) was approved on 21 June 2019, to go out to public consultation in the coming months. This will establish design guidance and principles for development proposals in the wider Camley Street area, including the Council-owned sites considered in this report.

Camden's neighbouring freehold sites

- 2.6. The Council also owns the freeholds of adjacent sites on Camley Street that have been sold on long leases and which have commercial sub-tenants. The head leaseholders, who own valuable long term interests in the sites could bring forward planning applications for their own sites, however, they would need the council's approval as the freeholder to implement any planning consent for residential development. Given that the Council wishes to bring forward regeneration of the wider area, the council will seek to work with the adjoining owners so that if any development proposals emerge they can be co-ordinated with the council-led masterplan for our own sites and support delivery of a more comprehensive and integrated masterplan for the area.

120- 136 Camley Street and units 3-30 Cedar Way, N1C

- 2.7. The Council's objectives for redevelopment of these two sites are to make far more effective and higher density use of land. The commitment is to create new homes, where currently there are none, that are genuinely affordable; to increase the overall area of employment space; to create more accessible pathways through the area for pedestrians and cyclists, making better east-west and north-south linkages, providing improved access to local public transport and local facilities. Other important components of an inclusive neighbourhood, and high-quality local environment such as local shops and public open space are at the heart of our Regeneration Vision.
- 2.8. These sites also provide a unique opportunity for the Council to promote an employment-led redevelopment, based around a new Knowledge Quarter.

Supporting Camden's Knowledge Quarter

- 2.9. Camden has a thriving knowledge economy with world-class institutions in science and creative industries. A Science and Innovation Audit of the Knowledge Quarter sheds light on globally leading expertise in life sciences, digital collections and machine learning. Camden currently hosts the highest concentration of science and technology firms in the UK. The success of the Knowledge Quarter in Euston and King's Cross faces challenges if it is to develop further. The cost and availability of suitable commercial space – as well as the lack of business accelerators, move-on space and sector-specific facilities such as wet labs – threatens to restrict the growth of these sectors. Without intervention, we risk losing businesses with exceptional potential for job creation.
- 2.10. Camley Street growth area is uniquely positioned to meet the acute demand for commercial space, through the scale of opportunity so close to King's Cross. The council will take the lead to develop our sites to deliver a diverse and ambitious commercial offer, including move-on space for growing small- and medium-sized enterprises (SMEs) in the Knowledge Quarter as well as more affordable space to support these early-stage companies and innovators. An employment hub of businesses committed to our shared vision of strong and inclusive growth.

2.11. Employment-led regeneration of council-owned sites also provides the opportunity to shape the delivery of genuinely affordable workspace, support the generation of social value and be able to work with occupiers to create flexible and accessible employment opportunities, paying the London Living Wage and creating more opportunities for local residents to access good work. The vision will consider the type of existing business uses that would expect to play a role in growth of the Camden economy and promote re-provision of a mix of compatible workspace, including flexible light industrial spaces.

A viable Regeneration Vision

2.12. The redevelopment itself will need to be self-funding, and this will inform the preferred delivery strategy. Greater London Authority (GLA) grant could be available to support delivery of new council homes. There is also potential to recycle Community Infrastructure Levy (CIL) payments to invest in infrastructure, such as provision of new and improved access links to the sites and public realm, subject to agreement.

2.13. The existing uses of the site generates income that helps fund Council services and it is important to maintain or enhance this income where possible. At the same time, the scale of the redevelopment provides an opportunity to generate capital receipts that could contribute to delivery of affordable housing elsewhere in the borough.

2.14. Based on feasibility work to date it is now recommended that a Regeneration Vision for a mixed-use scheme on both sites is progressed with the objective of seeking to deliver the following minimum benefits:

- 350 new homes – with 50% genuinely affordable homes
- 12,000 m2 employment space – an increase of 50% on current area
- New public open space
- Improved accessibility and east-west, north-south routes through the area
- Maintaining the current level of revenue income to help fund council services
- Generating the minimum needed capital receipt to help support regeneration proposals in Gospel Oak and Haverstock wards deliver 50% genuinely affordable housing in the context of wider risks elsewhere in the capital programme.

3. OPTIONS APPRAISAL

3.1. In September 2017 Cabinet confirmed the Council's preference is to seek additional funding and/or flexibility to allow direct Council delivery of new projects. Previous discussions around joint-ventures were shown to risk unacceptable loss of control over what would be delivered on Camley Street. It was also noted that the Council would take a flexible approach; and would consider the option of sharing risk or accessing specialist expertise as necessary on a scheme-by-scheme basis.

3.2. In considering the Regeneration Strategy a key objective for the Council is to maintain a high level of control over the development process. However, direct

delivery of a development of this scale brings significant design and construction risk.

- 3.3. Disposal of the Council-owned land on Camley Street to a private developer has been considered, as this could be expected to deliver a mixed-use redevelopment while minimising the council's development risk while generating a capital receipt. However, this approach has been rejected, as it a private developer would shape the regeneration vision and delivery strategy around their priorities, which may not be the same as the council's.
- 3.4. An alternative approach would be for the Council to develop a Masterplan and Development Brief, and to seek innovative partners to deliver the Regeneration Vision on our behalf. This approach would enable the council to retain more control over the quality and design of the completed scheme while reducing borrowing requirements and share the risks and benefits of direct delivery. This approach could be flexible. For example, it could be possible for the council to identify some plots for direct delivery within a masterplan and identify other plots for disposal and development by others in line with the Council's requirements.
- 3.5. As part of the Community Investment Programme, the Council has successfully adopted this approach to deliver new Camden buildings, including a new school building and 4,000m² of new employment space buildings at Liddell Road, and the new Charlie Ratchford Centre on Crogsland Road which is under construction and will deliver 38 extra-care homes and improved facilities to care for the community. Each of these new facilities are funded by sales of land for delivery of new homes by private developers. Over last five years, we have developed in-house capacity to create flexible innovative procurement strategies, effectively manage risk, and respond to market conditions and harness specialist expertise and contractors.
- 3.6. It is challenging to make firm recommendations about the preferred Regeneration Strategy until a masterplan has been progressed, and the phasing opportunities, viability and funding requirements are fully explored. Therefore, the proposed next steps are to procure a professional team to develop and progress the Regeneration Vision set out in section 2 to enable a detailed business case and Regeneration strategy to be reported to Cabinet for further consideration.
- 3.7. It is recommended that £2.8million funding is allocated to procure the services we need and that chief officers and the lead member are delegated authority to agree the award strategies and any other steps required for procurement of professional advisers to progress design of the Regeneration Approach;
- 3.8. It is also intended that the Council would engage further with the head leaseholders on neighbouring sites to support collaboration to bring forward a wider masterplan as set out in paragraph 2.6 above.
- 3.9. To support business planning and design development, the council intends to engage with relevant businesses including those with a track record in

employment space and mixed-use development to inform future consideration of concept, design, phasing and delivery options and to obtain commercial property advice on viability and market demand for specialist accommodation. It would be made clear in all engagement that it was only provisional and did not bind the council in any way and that all proposals relating to the site were subject to further decision-making in accordance with all relevant statutory requirements.

4. WHAT ARE THE KEY IMPACTS / RISKS? HOW WILL THEY BE ADDRESSED?

Impact on existing businesses

- 4.1. It is anticipated that the most viable approach to redevelopment will require the existing business to move off-site prior to construction. Although it would be a number of years before they would need to vacate, this would have an impact on the existing businesses' continuity. In the meantime, the Council will offer existing business tenants new leases, where their existing leases have expired, with a guaranteed minimum term to help provide more certainty for business planning. To mitigate the impact of relocation, the Council would develop a business support plan, working with existing businesses to communicate the redevelopment programme and help find alternative accommodation, but acknowledge that this may be outside of the borough. Where appropriate, existing business could be offered the opportunity to return and enter into new leases in the new employment space. Going forward, where possible, the council will consider a local lettings policy for allocation of affordable workspace.

Planning risk

- 4.2. Whilst there is strong policy support for the principles of growth, intensification and higher density use of land for a greater mix of uses, there are competing and potentially conflicting demands that will affect the make-up of an acceptable scheme. These include the emerging policy requirements of the London Plan in respect of re-provision of certain types of employment floorspace and requirements in terms of affordable workspaces. Expansion of employment space will need to be balanced against the priorities for housing delivery, particularly through public sector land, and delivering 50% affordable housing. All of these are desirable principles, but the compatibilities of different uses will be a major element to resolve in successful designs for future proposals.

Development risk

- 4.3. The scale of redevelopment proposed in this report is ambitious and will need innovative and careful management by the Council. The staged approach set out in this report will ensure the council is able to define and shape its own regeneration vision, and manage carefully exposure to all development risks.

5. LINKS TO OUR CAMDEN PLAN

- 5.1. Our regeneration vision for a new inclusive neighbourhood in Camley Street is for strong and safe community, with well-designed homes and infrastructure,

including genuinely affordable new housing, greening of the local environment, new public open space and more access for pedestrians and cyclists and better access to local public transport. As such, it is in line with all of the ambitions contained in Camden 2025.

- 5.2. The housing vision is to create new homes, where currently there are none, which should be accessible and flexible to meet people's needs, whether that is someone growing older or a growing family. As such, it specifically supports the Camden 2025 ambition that everyone in Camden should have a place they call home.
- 5.3. The employment vision for a new Knowledge Quarter in Camley Street will contribute to making the new neighbourhood sustainable and to Camden's ambition to be the best place to do business and to work in London, as set out in Our Camden Plan. It will help create the conditions for economic growth, by delivering high-quality, flexible and affordable workspaces suitable for new growth sectors and changing patterns of employment. It will help to address inequalities by creating the conditions for further jobs in Camden's economic growth sectors, and generate social value through the provision of affordable access to workspace opportunities to start and grow a business, and by facilitating pathways into these jobs for local people. As such, it specifically supports the Camden 2025 ambition and that growth in Camden should be strong and inclusive – everyone should be able to access the work that is right for them.

6. CONSULTATION/ENGAGEMENT

- 6.1. The planning authority intends to progress full public consultation on the draft SPD, in accordance with statutory and Council community involvement requirements, and is planned to commence later in 2019 and a consultation and engagement strategy will be developed in more detail following this decision. It is anticipated that the Neighbourhood Forum will also be consulting on their draft plan. Consultation and engagement with local residents, businesses and other stakeholders about the council-owned sites is planned for 2020 and will need to be co-ordinated with these work streams.
- 6.2. To support this regeneration vision, the council intends to establish a Steering Group to guide the plans and proposals for 120-136 Camley Street and Cedar Way. The Steering Group will help shape the key components of a viable and sustainable new neighbourhood, provision of housing, employment space, how to create co-location of uses, public open space and connections between the new and existing areas in and around Camley Street. It is recognised that there will be a diverse range of interests and views and the membership of the group would aim to capture the different perspectives and allow detailed conversations to respond to them accordingly.
- 6.3. The group will be chaired by a Camden councillor. Membership of the group will include representatives of those who live and work in Camley Street and the surrounding area, as well as owners, partners, developers and businesses with

innovative ideas to support the delivery of Camden's priorities and vision, and representatives from interest groups.

7. LEGAL IMPLICATIONS

7.1. In considering the recommendations officers must have due regard to the impact those decisions will have upon the Council's statutory duty with regard to equalities as set out in Section 149 of the Equalities Act 2010. In summary, these legal obligations require the Council and Cabinet, when exercising their functions, to have 'due regard' to the need to 1) Eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act; 2) to advance equality of opportunity between people who share a relevant protected characteristic and those who don't; 3) Foster good relations between people who share a relevant protected characteristic and those who don't (which involves tackling prejudice and promoting understanding). Under the Duty the relevant protected characteristics are: Age, Disability, Gender reassignment, Pregnancy and maternity, Race, Religion, Sex, Sexual orientation. In respect of the first aim only - i.e. reducing discrimination, etc. - the protected characteristic of marriage and civil partnership is also relevant. An Equality Impact Assessment (EqIA) and an EqIA survey is being commissioned and will underpin future work progressing the Regeneration Vision and will be subsequently reported to Cabinet.

7.2 Further comments are incorporated in the body of the report

8. RESOURCE IMPLICATIONS

8.1. This reports sets out the vision for the development of mixed-use residential and workspace provision at Camley Street. The report requests a budget of £2.8m to procure services we need in order for a detailed business case and regeneration strategy to be brought forward regarding the delivery approach and required outcomes for the site. The funding will be met from funds set aside from revenue for capital in previous years. A further £3m is estimated as required in order to take the scheme through to planning, but the proportion of that falling to the council will depend on the regeneration option eventually chosen.

8.2. Section 3 of the report sets out the options that have currently been considered at a high level and which will be worked up in detail in formulating the business case. As well as leading to different outcomes for the council in terms of retained assets and the residential and workspace mix, the options will also have quite different risk and therefore 'reward' profiles both in terms of the attainable capital receipt and ongoing revenue income stream. While direct Council delivery may theoretically lead to the greatest returns for the council, in order to entirely self-deliver the scheme the council would need to ensure that it had the necessary internal resources and capacity to manage a project of significant scale, particularly alongside the Gospel Oak Community Investment Programme projects proposed elsewhere on this agenda, and accept significant financing costs during the build period, which would need to be funded as part of the council's overall approach to long-term financial planning.

As it stands, these costs have yet to be factored into the council's current Medium Term Financial Strategy (MTFS) and would therefore constitute a further financial pressure.

- 8.3. Camley Street currently generates around £800k in commercial revenues each year, which would be lost during the period of construction. The report notes in section 2.17. that it is intended that whichever option is chosen, it will lead to the replacement of at least an equivalent value of revenue funding alongside a significant capital receipt to help support the creation of affordable housing elsewhere in the borough, this will be dependent on the management of wider financial risk elsewhere in the capital programme.
- 8.4. This scheme should also be considered in the context of the Council's wider ambitions within Camden 2025 and its current capital programme. The 10-year capital programme from 2019/20 onwards presented for approval in the MTFS report on this agenda stands at £1.1bn. The indicative total costs of the Wendling and West Kentish Town projects, in today's prices (excluding inflation) and pending the development of detailed business cases, would require an increase in the scale of the total current programme of at least 55%. The delivery model to be proposed for Camley Street must take into account the internal resource requirements, scale of funding, and therefore aggregate risk across the capital programme overall.

9. TIMETABLE FOR IMPLEMENTATION

- 9.1. The table below sets out the planning authority's work programme for bringing forward the Camley Street area SPD. The table also shows the work programme for Camden as a developer, to bring forward a masterplan and detailed business case, if this report is approved. The objectives are to return to Cabinet in autumn 2020.

Work programme	
Camden Planning authority	Timescale
Consultation on Camley Street area Supplementary Planning Document	Autumn 2019
Camden CIP next steps for council sites	
First meeting of Steering Group	Autumn 2019
Procure Design Team and other services required to support in-house team.	Remainder of 2019
Complete Equalities Impact Assessment	Start of 2020
Design Development to RIBA stage 1	Spring 2020
Public Consultation on Outline proposals	Spring 2020
Design Development to RIBA Stage 2	Summer 2020
Soft marketing and business case development	Spring/Summer 2020
Cabinet Decision on Master plan and procurement strategy	Autumn 2020

10. APPENDICES

Appendix A Plan of Camley Street Area including Cedar Way and 120-136 Camley Street

REPORT ENDS