

Volterra

# Harrow Civic Centre

Economic Report

**Wates**

A report by Volterra Partners, February 2021

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# 1 EXECUTIVE SUMMARY

- 1.1 This report considers the economic impact of proposals to reduce the size of the proposed civic centre at Peel Road in the London Borough of Harrow (LBH). The initial and current proposals are briefly described below. This report considers the net impact of the changes.

Initial proposals	Current proposals
c. 90,000sqft civic centre at Peel Road	c. 20,000sqft civic centre at Peel Road
136 PRS units	137 PRS units and 46 affordable homes
Civic office space at council depot underutilised	Civic space at the council depot used as the principal location for staff attendance and collaboration
40 car parking spaces	No car parking provision

## Changes in working patterns

- 1.2 There have been significant changes in the demand for employment floorspace in recent years due to advances in technology, working patterns and the sectoral makeup of the economy. Whilst it has not always been a straight line, many of these changes have intensified the use of workspace, particularly for office jobs. Evidence from the GLA suggests that average office densities were around 18sqm per worker in 1997, and that this has fallen markedly, with the latest (from 2015) densities guide recommending average densities of 12sqm per worker. More recent information from the VOA suggests that densities in London fell by 23% in the decade to 2019. LBH's office density has mirrored this regional trend, with a higher drop of 35%.
- 1.3 Lockdown measures to curb COVID-19 have accelerated these changes by forcing many people to work from home where possible. Working from home is popular and many businesses are committing to more flexible working moving forwards, so these trends are expected to persist after the pandemic.
- 1.4 The civic centre at Peel Road was initially planned on the assumption that only 20% of staff time would be spent remotely. Following consideration of these trends and feedback from staff, this has been revised to an assumption of 50% of staff time spent working remotely. The evidence summarised in this report finds that a 50% ratio is optimal. This clearly has a direct implication for the physical office space required. The initial plans for the civic centre were based on a higher estimate of the space required to accommodate workers. If this quantum of new space were provided, it is likely that the space at the depot would also remain underutilised. It is therefore judged that the council assets can be put to better economic use.
- 1.5 The new proposals would be an efficient use of LBH space as they utilise existing space at the depot which would otherwise be hard to rent – certainly in the short term – because of a planning condition that the depot can only be let for civic use. The amended proposals for a civic centre, combined with the depot, would provide sufficient space for the workers who require civic workspace at any one time. There aren't, therefore, expected to be any material changes in economic impacts in terms of the number of onsite workers and their expenditure overall.
- 1.6 It is acknowledged that there would be likely to be some geographical shift in worker spending as a result of staff located at the depot as it is further away from Wealdstone town centre. It is estimated that, compared to the previous proposals for the HNC, there would be a net loss of worker expenditure in Wealdstone town centre (-£453,000). It is

anticipated that some of this reduction would be offset by an increase in residential expenditure (+£270,000) as a result of the spending from residents of the new affordable units at the Peel Road site. Given data limitations, this increased spend is estimated across both Harrow and Wealdstone town centres, so it is not a like for like comparison. This cannot be considered in isolation however, and in the context of the considerable residential growth in Wealdstone town centre, annual residential expenditure across both town centres is expected to rise by an estimated £40m. Set in this context, the reduction in worker expenditure in Wealdstone is likely to be insignificant. The redevelopment of the Peel Road site would also have a positive effect on Wealdstone town centre compared its existing use as a car park.

	Expenditure in Wealdstone
Existing proposal – expenditure of Peel Road workers	£1.1m
New proposal – decreased worker expenditure in Wealdstone (fewer workers at Peel Road, half of depot workers' expenditure) plus increased residential expenditure (new residents of Peel Road)	£883,000
<b>Net effect in Wealdstone</b>	<b>- £183,000</b>
<b>Net effect across Wealdstone and Harrow town centres</b>	<b>+ £270,000</b>

- 1.7 Furthermore, there would be expected to be further economic benefits in the form of spending in Harrow town centre. It is estimated that there would also be an additional £453,000 of worker expenditure in Harrow town centre due to the workers located at the depot, which coupled with a proportion of the residential spending and spending growth from wider residential growth will also lead to positive impacts in Harrow town centre as well as Wealdstone.
- 1.8 The number of visitors to the original proposals for the civic centre is also not expected to be materially different to the amended civic centre, nor is their associated expenditure. There would be further benefit to the council due to reduced expenditure on business rates, but the value of this has not yet been determined.

### Need for affordable housing

- 1.9 Like the rest of the capital, there is a housing crisis in LBH. Despite meeting historic targets for annual housing delivery, if current average annual delivery were to continue to 2029, there would be a shortfall in residential dwellings of 508 (based on the updated annual target of 802 dwellings per year in the London Plan), indicating a need for additional dwellings.
- 1.10 The minimum target for affordable housing is that 40% of new housing is affordable. LBH has fallen below this with average provision of 29% over the past decade. Affordable housing delivery was mostly strong over the period 2009/10 – 2014/15, but has dropped off in recent years, where an average of 205 affordable units have been built each year (32% below target).
- 1.11 The imbalance between housing demand and supply has resulted in rising rents and capital costs. Median house prices were 11.9 times higher than incomes in 2019; this ratio has grown 52% over the last decade. Furthermore, conventional guidelines suggest that households should not spend more than 25% of their net income on housing, and in 2016 this was 31% for social renters in London.

- 1.12 The revised proposals would provide an additional 46 affordable housing units at the Peel Road site. These additional units increase the total residential unit contribution of the site from 18% to almost a quarter of LBH's annual housing requirement, a significant contribution for a single plot. These additional residents would be expected to spend a further £270,000 (26% increase from initial proposals) in the local economies (Harrow and Wealdstone) and support additional annual council tax receipts of £77,000, 35% higher than the initial proposals.
- 1.13 As well as the positive contribution to historic under-delivery of affordable housing across the borough, there are also other benefits from affordable housing including: higher self-rated health, crime prevention, higher life satisfaction, improved education and higher levels of community cohesion. The Joseph Rowntree Foundation found that access to low-cost housing can increase disposable incomes, prevent material deprivation, improve work outcomes, and reduce poverty, and so these benefits would be likely to have proportionally greater effects in areas that are more deprived. Moreover, studies aiming to quantify these benefits have found that for that every £1 of public investment in new housing, between £2.10 to £3.50 is generated in economic output, indicating a strong return on public investment in housing.

### Impacts of the change in car parking provision

- 1.14 The existing car park at Peel Road is underutilised, with only a third of the car park occupied during the week on average and 38% on weekends. There is no definitive source which quantifiably and robustly links car parking spaces to increased retail revenues. In fact, research by TfL found that cycle parking delivers five times higher retail spend than the same area of car parking.
- 1.15 The literature summarised in this report shows that reductions in car traffic in urban centres can lead to economic benefits in the forms of increased investment, footfall and retail rents. For car parks specifically, it has been shown that retailers tend to significantly overestimate how many of their customers will use a car, whilst other studies conclude that there is a lack of evidence supporting the link between increased footfall and reduced car parking, and there is no common approach.
- 1.16 There is a general desire across the country, but even more pronounced in London given its excellent public transport network, to reduce the use of and reliance upon car travel. The Publication London Plan sets a target of encouraging redevelopment of town and out-of-centre retail spaces which reduces car use and dependency whilst improving access by walking, cycling, and public transport. The provision of car parking in well-connected urban settings is discouraged, and the London Plan states that this should be restricted in line with levels of existing and future public transport connectivity. The dominance of vehicles on streets is a significant barrier to walking and cycling, reduces the appeal of streets as public places and has an impact on the reliability and journey times of public transport. LBH, and the site in particular, is very well connected by public transport, with a PTAL rating of 6a.
- 1.17 Car ownership across London has decreased in recent times, despite increases in the population of the capital. Evidence on how residents in London travelled to major retail centres found that the most popular modes are walking, bus and tube, and statistical analysis has found that the average number of cars per household rises as public transport accessibility decreases. In the case of Wealdstone, public transport accessibility is very good, with further plans to improve this in the years to come.
- 1.18 Additional improvements to Wealdstone town centre – with £2.7m having been allocated to major transport infrastructure projects in the most recent Infrastructure Funding Statement and £7.4m awarded to Wealdstone in the High Street fund – are planned to

reduce the dominance of traffic and increase levels of walking, cycling, and public transport use. There are also expected to be other changes to car parks in and around the town centre, notably Poet's corner, which will result in a loss of car parking. Some parking is likely to be retained as it will be provided on new developments in line with London Plan guidance.

- 1.19 Overall, there are limited economic arguments in favour of retaining 40 car parking spaces at the site. Existing parking is underutilised and there are plans to improve the bus network, reduce the dominance of cars and increase the levels of walking, cycling, and public transport use within the town centre. The removal of the car park is consistent with all these plans. The evidence is not clear on the economic implications of the loss of car parking spaces. However, it does suggest that any costs are unlikely to be material and there may be positive impacts associated with reduced car use.
- 1.20 It is acknowledged that for some specific groups of users the loss of car parking, both directly within the site and indirectly within the wider town centre context, will be an inconvenience and that some pockets of reduced spend may occur for these user groups. However, in the context of the significant planned regeneration of Wealdstone, and in particular the number of new homes within walking distance of the town centre and the increased residential expenditure this will support, this report concludes that any minimal reduction due to loss of car parking will be more than offset by wider increases in expenditure.

## 2 INTRODUCTION

- 2.1 LBH and Wates are operating in a partnership to redevelop three sites in Harrow town centre. There have been longstanding plans for a new civic centre – Harrow New Civic (HNC) – and Private Rented Sector (PRS) housing at one of the sites, Peel Road, which is currently an underutilised car park. Due to changes in working patterns, the current plans for the site reduce the civic centre from the initial size of approximately 90,000 sq ft to approximately 20,000 sq ft, enabling 46 affordable housing units to be located onsite, as well as the PRS housing that was originally planned.
- 2.2 The nearby council depot, at Forward Drive, has a reasonable amount of office space (38,000 sq ft), as well as a planning condition that it can only let for civic use. It is planned that this will be used to accommodate some of the civic centre activities and be the principal location for staff attendance and collaboration. The revised proposals would also remove the 40 car parking spaces previously envisaged to be included as part of the redevelopment of the Peel Road site, meaning that there is no car parking provision on site.
- 2.3 Volterra Partners has been commissioned to undertake a high level economic impact assessment of the new proposals compared to the previous proposals for the civic centre. This report considers the net economic impact of the following:
- **The retained civic space:** considers the economic impacts associated with the amended civic centre proposed at Peel Road. It considers trends in the demand for workspace and whether the alternative option would provide sufficient space for the workers and therefore support the resulting economic benefits. It also considers the efficiency of utilising the space at the council depot;
  - **Provision of affordable housing:** considers the net economic impacts associated with the provision of an additional 46 affordable housing units on-site at Peel Road. This reviews the need for housing and affordable housing in LBH and the effect of the new proposals, evidence on the benefits associated with affordable housing, and any other resulting economic benefits, including residential expenditure and council tax receipts; and
  - **Changes to car park provision:** the final section summarises literature on the economic benefits or disbenefits of car parking in relation to the removal of the car park in the new proposals for Peel Road.

### 3 THE RETAINED CIVIC SPACE

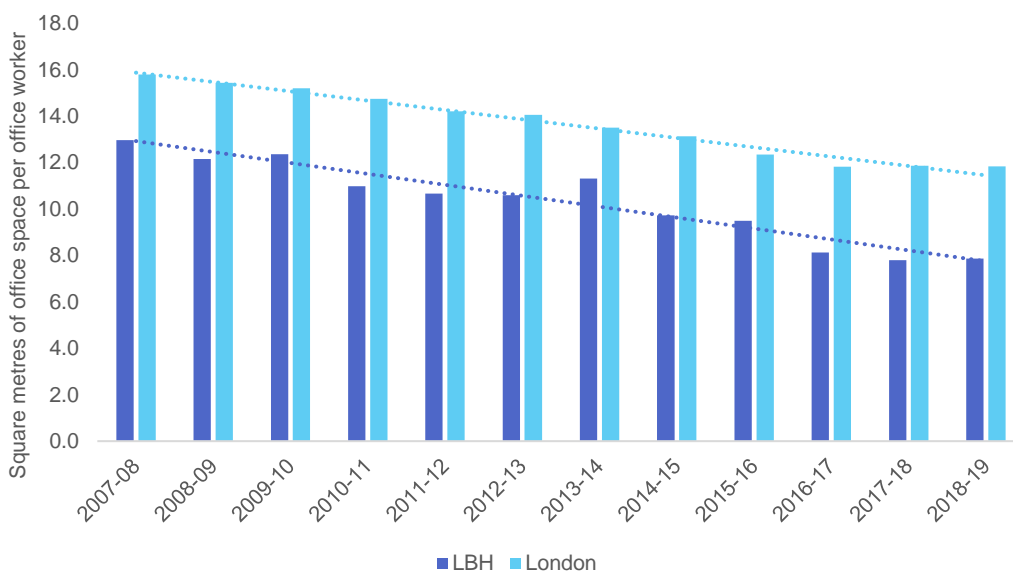
3.1 The revised proposals for Peel Road include a reduction in civic centre floorspace at the Peel Road site and a plan to utilise the office space at the nearby council depot. This section considers the rationale behind the reduction in floorspace at the site as well as the net economic impacts.

#### Changes in working patterns

3.2 There have been significant changes in the demand for employment floorspace over many years due to related changes in technology, working patterns and the sectoral makeup of the economy.

3.3 Evidence from the GLA suggests that average office densities were around 18sqm per worker in 1997,<sup>1</sup> and that this has fallen markedly, with the latest (from 2015) densities guide recommending average densities of 12sqm per worker.<sup>2</sup> **Figure 1** presents more recent information from the VOA, showing that densities (office floorspace per worker) in London fell by 23% in the decade to 2019.<sup>3</sup> LBH's office density has mirrored this regional trend, with a higher drop of 35%.

Figure 1 Sqm of office space per office worker, 2007/08 – 2018/19



Source: VOA, 2019. Non-domestic rating: stock of properties including business floorspace; ONS, 2019. Business Register and Employment Survey

3.4 This higher density of use of office space has been enabled by changes in the way we work. Advances in technology, such as reliable wireless connectivity, have facilitated flexible working by reducing the need for a fixed desk. The dynamics of the workspace have also changed over the last few decades: the freelance economy grew by 25% between 2001 and 2015,<sup>4</sup> today one in seven of the UK workforce is self-employed,<sup>5</sup> and 77% of UK employees work in organisations that provide some kind of flexible working.

1 CAG Consultants (on behalf of the GLA), 2017. London Employment Sites Database 2017  
 2 Homes and Communities Agency (HCA), 2015. Employment Density Guide – 3rd edition  
 3 VOA, 2019. Non-domestic rating: stock of properties including business floorspace; ONS, 2019. Business Register and Employment Survey  
 4 ONS, 2016. Trends in self-employment in the UK: 2001 to 2015  
 5 Rhino Interiors Group, 2017. Flexible working: Goodbye to 9-5, Hello to the Flexible Future of Work



These trends are global: evidence from the US shows a general decrease in the space needed per worker over the last 20 years, specifically in office-based sectors.<sup>6</sup> Whilst the impact of these changes has not always moved in one direction, they have had the general effect of intensifying the use of workspace, particularly for office jobs.

- 3.5 COVID-19 has accelerated these changes, with lockdown measures forcing many people to work from home where they can. It is unclear how many people will continue to work from home in the longer term when we exit the pandemic, but working from home is popular: 88% of people asked in a survey would like to continue working from home in some capacity.<sup>7</sup> In a study by PwC in the US, 69% expect almost two-thirds of their workforce to be working from home at least once a week in the future.<sup>8</sup> In the UK, and London specifically, large employers in the financial sector expect less time to be spent in the office in the future, with a largescale shift towards flexible working.<sup>9</sup> These trends are therefore expected to persist post-COVID-19.
- 3.6 It's clear from the evidence that employees want to work from home for more than one day a week: a study found that 39% of employees would like to work from home 3-4 days per week, with a different study finding that 85% of people would prefer to continue working from home at least a few days a week in the future.<sup>10</sup> This is also reflected in a recent poll, finding that more than half of employees want to work from home for most of the week.<sup>11</sup>
- 3.7 There have been general trends towards more remote working and reduced demand for employment floorspace, which have been accelerated by COVID-19. Studies expect space per worker to continue to decline and employers will need to plan to support flexible working.<sup>12</sup>

### Civic workspace requirement

- 3.8 The space designated for office uses in the existing scheme was based on the assumption that 20% of staff time would be spent working remotely. Following consideration of the trends identified above as well as feedback from staff, this has been revised to an assumption of 50% of staff time spent working remotely. This is consistent with studies:
- a study found that working remotely up to two and a half days per week has positive impacts on wellbeing, but that three days or more can cause a deterioration in the quality of co-working relationships; and<sup>13</sup>
  - a meta-analysis of 36 studies involving more than 12,000 employees found that working from home more than 2.5 days a week could negatively affect relationships with co-workers, as well as knowledge transfer.<sup>14</sup>
- 3.9 This evidence suggests that a 50% working from home ratio is optimal.
- 3.10 The initial proposals for the civic centre were planned based on the need to support an office headcount of 1,132 on the average day, 220 of which would be based in other council accommodation. This estimate was based on several assumptions concerning the proportion of workers on annual leave (8.5%), sickness (4%) and those who aren't working

6 Miller, N. 2014. Workplace trends in office space: Implications for future office demand

7 Felstead, A and Reuschke, D, 2020. 'Homeworking in the UK: before and during the 2020 lockdown'. WISERD Report, Cardiff: Wales Institute of Social and Economic Research. Available from: <https://wiserd.ac.uk/publications/homeworking-ukand-during-2020-lockdown>

8 PwC, 2020. PwC's US Remote Work Survey

9 Financial Times, 2020. City employers plan for lasting switch to remote working

10 Forbes, 2020. The surprising truth about how many employees want to keep working from home

11 People Management, 2020. Majority of employees want to work from home for most of the week, research finds

12 Financial Times, 2020. Covid-19 has made it vital for employers support flexible working

13 Nuffield Health, 2019. The effects of remote working on stress, wellbeing, and productivity

14 Gajendran, R., and Harrison, D. 2007. The good, the bad, and the unknown about telecommuting: Meta-analysis of psychological mediators and individuals consequences

at any one time as they are part time (6%). The key assumption driving this was that 20% of staff time would be spent working remotely at any one time, which, as discussed above, is an underestimate of the number that are likely to work remotely in the future. The original plans for the civic centre therefore result in an overestimate of the likely space required given these recent and persistent changes in working patterns. This would result in the delivery of unnecessary / underutilised civic floorspace, leaving the office space at the depot underutilised.

- 3.11 Based on the assumption that remote working increases to 50%, in line with the optimal figure identified above and staff feedback, and assuming that the previous assumptions apply in the same way, the office headcount needed to be supported at Peel Road and other civic accommodation falls to 663. Even assuming a 10% comfort factor to ensure flexibility, there is more than sufficient space at the combination of the amended civic centre and council depot to support these workers.

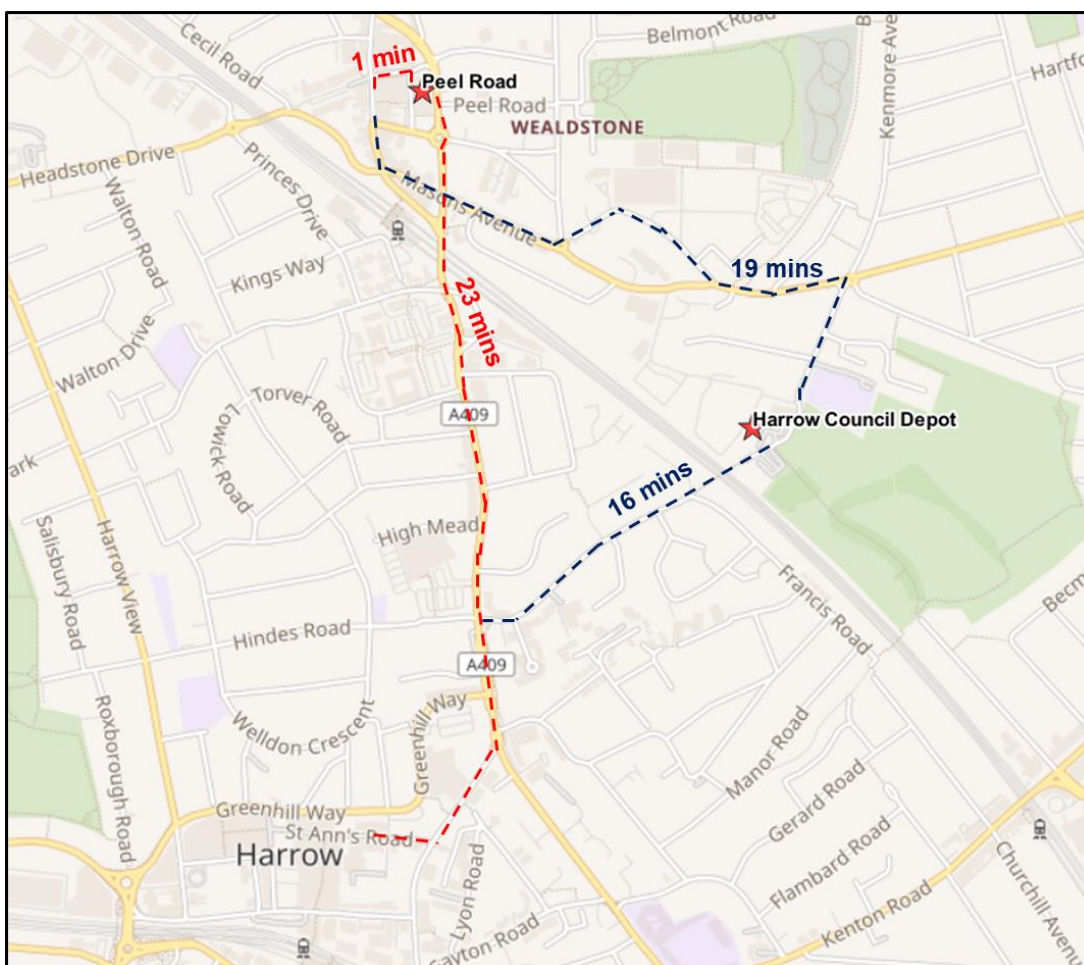
### More efficient use of space

- 3.12 Under the previous proposals for the civic centre, the 38,000 sq ft of office space at the council depot would remain underutilised. The new proposals would make use of the depot to accommodate some of the civic centre activities. It would also be the principal location for staff attendance and collaboration. This would result in a more efficient use of council assets by enabling other development at the Peel Road site and utilising the council depot, which cannot be used for alternative occupiers due to the planning condition.

### Economic implications

- 3.13 As shown above, the new proposal for an amended civic centre and better utilisation of the council depot will provide sufficient space for the amount of workers who will be onsite at any one time. The number of workers and their expenditure overall is therefore expected to be the same under the existing and current proposals for the civic space.
- 3.14 There will however be some redistribution of the workers compared to the previous proposals. In the proposals for the original civic centre, all workers would be based at HNC. However, in the new proposals these workers would be split between HNC and the depot. Of the average office headcount of approximately 663 FTEs, approximately 100 will be supported at the HNC, with the remainder at the council depot. Walking distances from the two sites to the town centres is illustrated in **Figure 2**. The map shows that the site of the new HNC is located in Wealdstone town centre and the council depot is further away and nearly equidistant between the two town centres of Harrow and Wealdstone. This suggests that workers at the depot are less likely than workers based at Peel Road to spend money in Wealdstone town centre.

Figure 2 Distances to town centres



3.15 Under the new proposals, the workers at the HNC are expected to spend approximately £160,000 in the local area each year (Wealdstone).<sup>15</sup> The workers at the depot would be expected to spend £906,000 in total each year, with approximately half of this expected to be spent in each of Wealdstone and Harrow town centres (£453,000).<sup>16</sup> Overall, there would be a net reduction in worker expenditure in Wealdstone town centre between the two proposals, but the majority of this will be offset by an increase in residential expenditure (explained in the next section).

Table 1 Worker expenditure

	Expenditure in Wealdstone
2005 YouGov survey for UK daily worker spend in local area	£6
Uplifted for earnings growth 2005 - 2020 (43%), earnings differential in London (29%), and earnings differential in the 'public administration' industry (11%)	£12.20

15 A 2005 YouGov survey found that workers in the UK spent on average £6 a day in the local area around their place of work. This figure has been uplifted for earnings growth between 2005 and 2020, as well as for the higher average earnings of workers in different industries in London. We also conservatively assume that 60% of workers spend this amount for 220 days of the year. Given these assumptions, a worker on-site at either the HNC or depot would be expected to spend £12.20 per working day.

16 Workers at the council depot would be expected to visit either of the town centres to spend due to their location between both. Wealdstone town centre has better transport links to the rest of London and also will contain the site of the HNC so there may be higher spending there, but to be conservative, it is assumed that half of depot worker spending will be in Wealdstone town centre and the rest will be in Harrow town centre.

	Expenditure in Wealdstone
<b>Total spend per worker per day</b>	<b>£12.20</b>
<b>Total spend per worker per year</b> ( <i>conservatively assumes that 60% of workers will spend this amount for 220 days of the year</i> )	<b>£1,610</b>
Existing proposal – expenditure of Peel Road workers	£1.1m
New proposal – decreased worker expenditure in Wealdstone (fewer workers at Peel Road, half of depot workers' expenditure) plus increased residential expenditure (new residents of Peel Road)	£883,000
<b>Net effect in Wealdstone</b>	<b>- £183,000</b>
<b>Net effect across Wealdstone and Harrow town centres</b>	<b>+ £270,000</b>

NB: Figures have been rounded and may not sum.

- 3.16 There are also visitors to the existing civic centre who support spending in Wealdstone town centre. It is understood that there are four main categories of visitor: contractors/consultants/sales people, members of the public for council services, visitors for case conferences, and registrars. The number of visitors has and is expected to continue to gradually reduce over time. Council services will be provided at other council buildings, such as libraries during the transition. There is expected to be some reduction in visitors over time though it is expected that this is largely a result of general trends in the provision of council services. The number of visitors to the original civic centre is not expected to be materially different to the amended civic centre, nor is their associated expenditure.
- 3.17 Despite the change in the proposals, this assessment has concluded that overall there aren't expected to be material changes in the economic impacts compared to the previous proposals. Whilst the overall worker expenditure in LBH is not expected to change, the above analysis finds that compared to the previous proposals for the civic centre, there would be a reduction in worker expenditure in Wealdstone town centre as the depot is slightly further away. Due to the redistribution of workers, there would be an estimated £453,000 less worker spending in Wealdstone. However, the majority of this would be expected to occur in Harrow town centre instead and, as described in the next section, will likely be offset by additional resident expenditure.
- 3.18 It is worth noting that the redevelopment of the Peel Road site would have a positive effect on Wealdstone town centre compared its existing use as a car park.
- 3.19 The amended civic centre (in combination with the use of the council depot space) would change the council's business rate liabilities. There would be a further benefit to the council in terms of reduced expenditure on business rates but the value of this has not been determined.
- 3.20 The new proposals for the civic centre would also enable affordable housing to be built at the Peel Road site. The economic implications resulting from this are discussed in the following section.

## 4 PROVISION OF AFFORDABLE HOUSING

4.1 In reducing the amount of floorspace designated for civic uses, the new proposals for Peel Road allow for the addition of 46 London Affordable Rent housing units. This section considers the economic benefits of those additional units. The economic impacts of the PRS accommodation are not considered as it is retained in the current proposals.

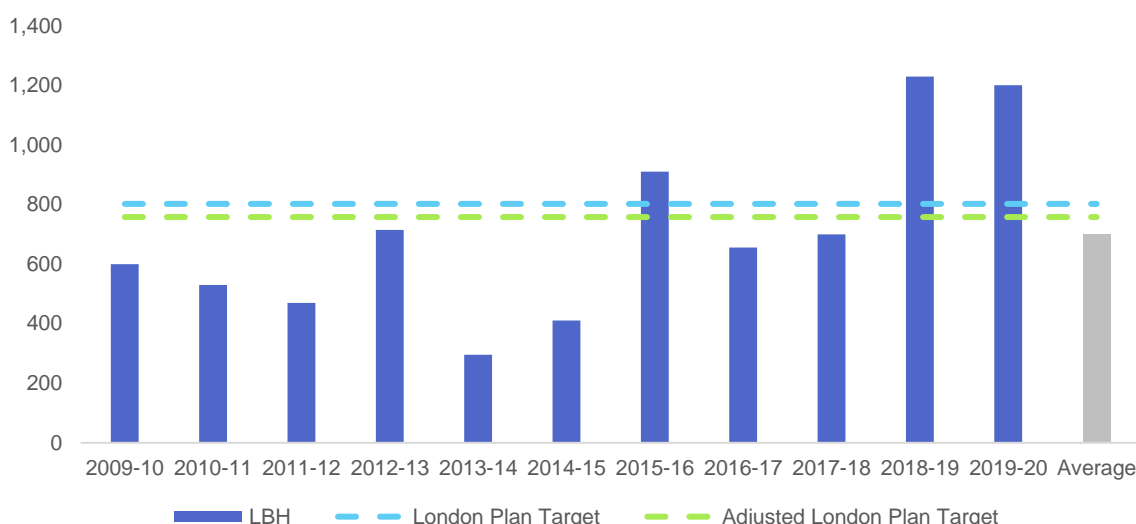
### Baseline

4.2 The housing target for the borough established in the Harrow Core Strategy is the delivery of approximately 350 additional residential dwellings per year over the period 2009/10 – 2025/26.<sup>17</sup> Over the last decade, housing delivery has met this target in all but one year, and in most cases exceeded it significantly.

4.3 Looking ahead over the next decade, the Publication London Plan establishes a more up-to-date target for LBH of 8,020 net additional dwellings over the period 2019/20 – 2028/29, based on current demand, supply and the inward and outward flow of residents to the borough.<sup>18</sup> This is equivalent to 802 dwellings per year, more than double the target in the LBH Core Strategy. Taking into account delivery in the most recent year (2019/20), the adjusted London Plan target for the period 2020/21 – 2028/29 stands at a need for 6,820 net additional dwellings, equivalent to 758 each year, as presented in **Figure 3**.

4.4 Over the past decade, an average of 701 dwellings have been delivered in LBH each year, which has been roughly double that of the target outlined in the Core Strategy. However, if current average annual delivery were to continue to 2029, there would be a shortfall in residential dwellings of 508 (based on the updated annual London Plan target of 802 dwellings per year), **meaning that average annual housing delivery would have to increase by 7.5% to meet the target**, indicating a need for additional dwellings. Recent housing delivery has, however, been very good in the borough, with the two most recent years delivering net additional dwellings which exceed the target.

Figure 3 Housing delivery in the LBH, 2009/10 – 2019/20

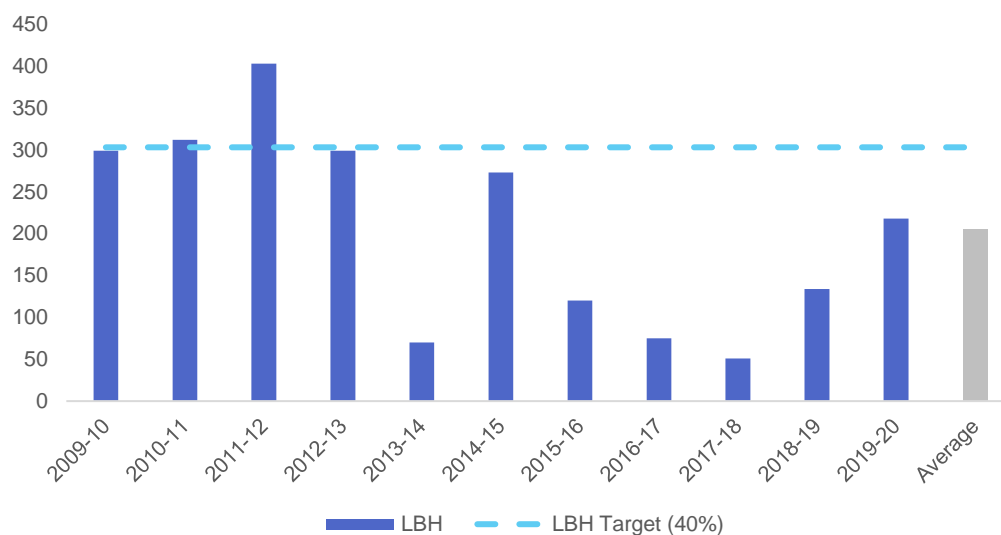


Source: MHCLG, 2020. Live tables on housing supply: net additional dwellings; GLA, 2020. Draft London Plan – Publication Edition

17 Harrow Council, 2012. Harrow Core Strategy  
 18 GLA, 2020. Draft London Plan – Publication Edition

- 4.5 The LBH Core Strategy sets a target that 40% of all net additional dwellings should be genuinely affordable for residents of the borough.<sup>19</sup> For public land, the target increases to 50%. **Figure 4** presents affordable housing delivery in the borough over the last decade, alongside the borough target based on the minimum 40% of the targeted number of additional dwellings per annum.

Figure 4 Affordable housing delivery in the LBH, 2009/10 – 2019/20



Source: MHCLG, 2020. Live tables on affordable housing supply; Harrow Council, 2012. Harrow Core Strategy

- 4.6 Over the last decade, only 29% of all dwellings were classed as affordable, falling short of both the 40% target and significantly below the 50% target. Affordable housing delivery was mostly strong over the period 2009/10 – 2014/15 (barring 2013-14), but has dropped off in recent years, where an average of 205 affordable units have been built each year (32% below target). **There has therefore been a shortfall of affordable housing in LBH in recent times.**
- 4.7 This is consistent with house price data. In LBH, median house prices were 11.9 times higher than median incomes in 2019. This has grown by 52% over the last decade from a ratio of 7.8, in line with the growing unaffordability in London. It has been shown that poor housing increases health and education costs, as London has a disproportionate number of households living in overcrowded conditions, homeless or living in temporary accommodation relative to the rest of the country.<sup>20</sup> The unaffordability of housing across the capital is reflected in the London Housing Strategy, which states that: *“the housing crisis is the biggest threat to London’s future. It is the main reason why all Londoners cannot share in our city’s success”*.<sup>21</sup>
- 4.8 Conventional guidelines suggest that households should not spend more than 25% of their net income including benefits on housing. **Figure 5** shows that for social housing tenants, this was 31% in London in 2016, having risen in the past six years.<sup>22</sup> Housing costs are also higher for London residents relative to those across the country. The high housing costs therefore have a “negative impact on the public purse”, on the

19 Harrow Council, 2012. Harrow Core Strategy

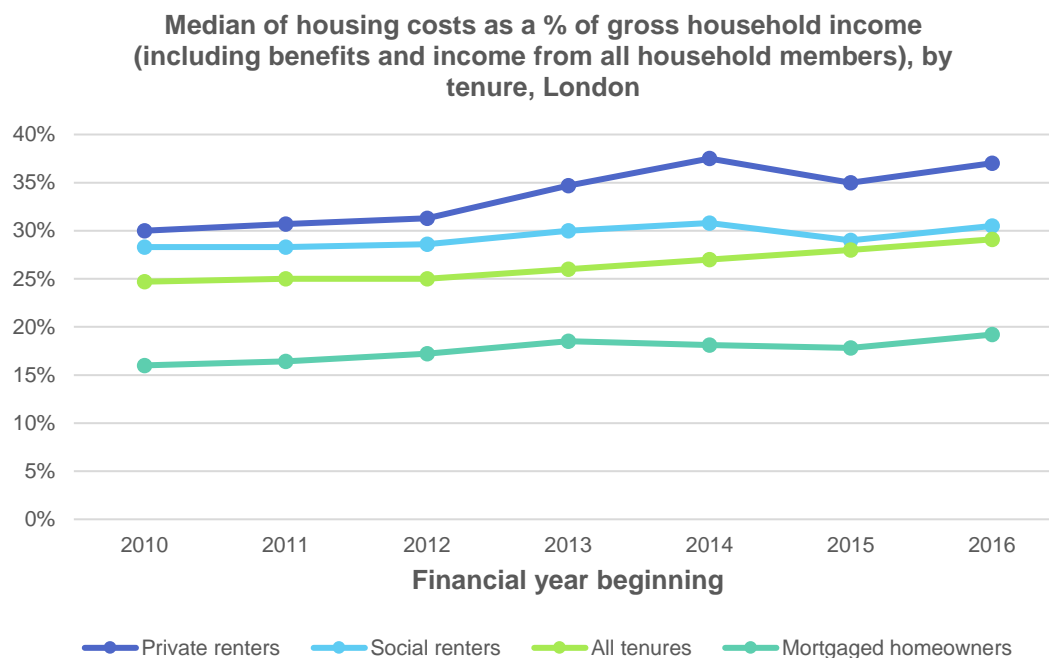
20 LSE, 2011. The case for public investment in affordable housing in London

21 Mayor of London, 2018. London Housing Strategy

22 Mayor of London, 2019. Housing in London 2019

competitiveness of the economy through the impact on work incentives and labour supply, and on the general welfare of households because of their limited resources to pay for their basic living requirements.<sup>23</sup>

Figure 5 Housing costs as a % of gross household income



Source: Mayor of London, 2019. *Housing in London 2019*

4.9 Affordable housing helps to begin addressing these issues and support economic growth, particularly in areas where the economic and social payoff is greatest (i.e. where affordable housing is needed the most). It has been found that access to low-cost housing can increase disposable incomes, prevent material deprivation, improve work outcomes, and reduce poverty,<sup>24</sup> and so these benefits would be likely to have proportionally greater effects in areas that are more deprived. Moreover, The LSE found that every £1 of public investment in new housing generated £3.50 in economic output,<sup>25</sup> and a report in Scotland found that every £100m invested in affordable housing supply via both public and private finance generates £210m of economic output in the wider economy.<sup>26</sup>

4.10 In recent times, LBH has fallen short of the borough target of 40% of all dwellings to be classed as genuinely affordable (and indeed the 50% threshold for public land), and therefore is in great need of additional affordable residential dwellings.

### The proposal

4.11 As a result of the amended civic centre space, the revised proposals for Peel Road include an additional 46 affordable housing units, contributing to both dwellings and affordable dwellings targets in the LBH. **The addition of the 46 affordable dwellings as part of the scheme uplifts the total residential dwellings contribution from 18% of LBH’s annual need to almost a quarter, a significant contribution for a single plot.** The 46 units represent a 35% uplift in residential units compared to the previous plans for the site.

23 Ibid

24 Joseph Rowntree Foundation, 2015. *Housing and poverty*

25 LSE, 2011. *The case for public investment in affordable housing in London*

26 Shelter Scotland, 2015. *The economic impact of investment in affordable housing*

- 4.12 There would also be expected to be several other economic benefits as a result of the scheme changes, namely uplifts in residential expenditure and council tax receipts. The number of residents estimated to be supported at Peel Road would increase by 42% to 355 as a result of the scheme changes. **Residents of the additional households in the revised proposals would spend an estimated £270,000 in the local economies each year** (Wealdstone and Harrow town centre). Council tax receipts would be 35% higher in the new scheme, representing an estimated **£77,000 in additional annual tax receipts**.<sup>27</sup> The breakdown of the residential expenditure across both proposals is presented in **Table 2**.

Table 2 Residential expenditure

	Category	Existing proposals	New proposals
PRS	Households	136	137
	Spend per household per week <sup>28</sup>	£318	
	Spend per household per year	£16,500	
	Residential expenditure in London <sup>29</sup>	£2.2m	£2.3m
	Residential expenditure across Harrow & Wealdstone town centres <sup>30</sup>	£1.0m	£1.0m
Affordable	Households	0	46
	Spend per household per week <sup>31</sup>	£240	
	Spend per household per year	£12,500	
	Residential expenditure in London	£0	£575,000
	Residential expenditure across Harrow & Wealdstone town centres	£0	£0.3m
	<b>Total residential expenditure</b>	<b>£1.0m</b>	<b>£1.3m</b>

Source: ONS, 2019. Detailed household expenditure by countries and regions: Table A35

- 4.13 Across Wealdstone and Harrow town centres, there would be expected to be an increase of £270,000 through an increase in residential spending, as worker expenditure across both town centres remains the same. However, in the context of the sizable development planned in Wealdstone, the decrease in worker expenditure for Wealdstone town centre is insignificant. There are plans for approximately 6,000 additional residential units in Wealdstone (majority are from this scheme and the Kodak scheme), with residents at these units estimated to spend £40m across both towns each year. In the context of the significant uplift in residential expenditure planned, the small loss in worker expenditure is negligible.

27 This is based off the assumption that the new residential units at the Peel Road site would be classified under council tax band C (based on the vast majority of the neighbouring residential developments being classed under band C), meaning that they would contribute £1,648.70 per annum in council tax.

28 Data on spend per household is based on a London spend per household per week, and has been discounted to account for the marginally lower earnings of Harrow residents relative to the London level.

29 This is based on London spends per household from (ONS, 2019. Detailed household expenditure by countries and regions: Table A35), and excludes spending not considered to be contained within London, e.g. mortgage payments and holidays. This has also been adjusted to account for the marginally lower earnings in Harrow relative to the London level.

30 A leakage figure has been applied to the London level of spending to estimate the amount of residential expenditure contained within Harrow & Wealdstone town centres (from NLP, 2009. London Borough of Harrow – Retail Study Review). This was the smallest area for which a leakage figure could be applied, and so a spending estimate for Wealdstone has not been possible to estimate.

31 Expenditure for residents at the affordable housing units is assumed to be slightly lower than expenditure at PRS. This has been discounted by taking the difference in the median earnings for LBH and the earnings of the 25th percentile, representing a 32% difference in weekly/yearly spending.



- 4.14 There are many ways in which affordable housing supports social outcomes. Frontier outline the following benefits that can arise from the provision of affordable housing:<sup>32</sup>
- Improved self-rated health (32% of tenants reported their overall health as excellent or very good after moving into affordable housing, compared with 26% previously);
  - Crime prevention (particularly for young homeless people);
  - Higher life satisfaction (83% of housing association tenants reported to be satisfied with current home, with 70% also reporting to be satisfied with their lives overall);
  - Improved education (a number of surveys have established the link between stressed overcrowded parents and a lack of educational support for children, as well as increased risk of dropping out of school); and
  - Community cohesion (evidence finds changes to aspects such as adult socialising and child development following home improvements, as well as feelings of safety).
- 4.15 According to Oxford Economics and Regeneris, *“perhaps the firmest evidence on the economic role of housing is in relation to the more enduring impact it has on human capital formation and life chances. Put simply, families living in poor quality, less desirable housing stock face lower life chances and health costs associated with poorer quality stock itself”*.<sup>33</sup>

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<sup>32</sup> Frontier Economics, 2014. Assessing the social and economic impact of affordable housing investment

<sup>33</sup> Ibid

## 5 CHANGES TO CAR PARK PROVISION

- 5.1 The original scheme for Peel Road proposed to retain 40 car parking spaces in the basement. However, the new plans would remove these, meaning that there would be no car parking provision onsite. This section considers the current usage of the car park and the literature on the need for car parking spaces in a town centre with good public transport links.

### Current usage and accessibility

- 5.2 A transport assessment was undertaken for Wealdstone town centre in 2017, which considered the provision and demand for parking in the town centre.<sup>34</sup>
- 5.3 The existing site consists of Peel House multi-story car park, which is the main car park in the town centre and contains 257 car parking bays. Occupancy data per hour was collected in October 2015, showing that the minimum occupancy recorded over the period was 12 vehicles (5% capacity) and the maximum recorded over the period was 173 vehicles (69% capacity). The average weekday occupancy recorded over the period was 33%, and the average weekend occupancy was 38% of the car park capacity. The Peel House car park also had a lower level of occupancy compared to the other main car park in the town centre, the Palmerston Road car park. **These figures show that parking at the Peel House multi-storey car park is heavily underutilised, with only one third of the car park occupied during the week.**
- 5.4 The plans to redevelop Poet's Corner and plans for Wealdstone town centre will also result in a loss of car parking.
- 5.5 The site of the car park is highly accessible by public transport. The Public Transport Access Level (PTAL) rating – a measure of public transport accessibility in London – is 6a, the second highest rating, which is very high for a site in an outer London borough, one of the most accessible parts of the borough.<sup>35</sup> The public transport accessibility is due to the proximity of the site and town centre to Harrow & Wealdstone Underground station, which is located within 350m. This underground station provides access to the Bakerloo line, the London Overground, and National Rail services, with links through to Wembley, Baker Street, and Waterloo. There are also quick main line services through to Euston and Watford Junction.
- 5.6 There are also planned to be additional improvements to transport infrastructure and accessibility within the town centre in the years ahead, with approximately £2.7m allocated to major transport infrastructure projects for Wealdstone in the most recent Infrastructure Funding Statement.<sup>36</sup> Specifically, this involves a town centre improvement scheme improving the High Street corridor and the bus network through the town, as well as improvements to reduce the dominance of traffic and increase the levels of walking, cycling and public transport use in the town.<sup>37</sup> Furthermore, Harrow council have been provisionally awarded £7.4m from the High Street fund to improve Wealdstone, which is envisaged to be primarily spent on walking and cycling improvements.<sup>38</sup>
- 5.7 There is also a general trend towards reduced car ownership in London. Whilst there is evidence for growth in car ownership in the rest of the UK, this is not the case in London, where, despite the population increasing, car ownership has decreased.<sup>39</sup> TfL looked at

34 Atkins (on behalf of the London Borough of Harrow), 2017. Wealdstone Town Centre – Transport Study

35 TfL, 2021. WebCAT planning tool

36 Harrow Council, 2020. Harrow Infrastructure Funding Statement 2019/20

37 Harrow Council, 2019. Information Report – Wealdstone Transport Infrastructure Projects

38 Healthy Streets for Harrow, 2020. Wealdstone town centre consultation – Feb 2020

39 Ibid

how people travelled to major retail destinations in London, and found that the most popular mode was found to be walking, followed by bus, and then tube.<sup>40</sup> This research also found that those opting to use car as a means of travel to retail destinations has steadily decreased over time, whilst walking has increased.

- 5.8 There has been shown to be a statistical relationship between cars per household and public transport accessibility: the average number of cars per household rises as public transport accessibility decreases.<sup>41</sup> In the case of Wealdstone town centre, public transport accessibility is very good, and set to improve, indicating that the average number of cars per household is likely to decrease.
- 5.9 There is also significant development planned in Wealdstone and Harrow. Harrow Council's vision for the Harrow and Wealdstone Intensification Area is the delivery of at least 2,800 net new homes, as well as 3,000 additional new jobs, over the period 2013-2028.<sup>42</sup> The increase in density of homes in the area is likely to increase the number of people walking or cycling to Wealdstone town centre. A number of sizable developments are planned, including the addition of approximately 3,000 units as part of the Kodak scheme, 187 units in the Origin scheme, and 222 additional units as part of the Palmerston Road scheme.

## Literature

- 5.10 Pedestrianisation (removing or restricting vehicle access in a public area for the use of pedestrians) mostly has a positive or neutral effect in economic terms.<sup>43</sup> Research has found that some of the main beneficiaries of pedestrianisation are retailers and businesses, **as vacancy rates are five times higher on streets with high levels of traffic,<sup>44</sup> and retail turnover in areas with a lower prevalence of traffic, and are more pedestrianised as a result, generally out-perform non-pedestrian areas.<sup>45</sup>** A review of Exeter, having had motor vehicle traffic removed from several streets in the city centre between 2000 and 2010, showed that there was:
- Increased investment in the public realm of existing shopping centres;
  - An increase in footfall of around 30% across these shopping areas; and
  - An increase in retail rents from £220/sqft in 2006 to £225/sqft in 2008, compared with declining rents in other towns in the region.<sup>46</sup>
- 5.11 It is common that **retailers significantly overestimate how many of their customers travel by car** and the number of parking spaces their customers require,<sup>47</sup> sometimes up to a factor of 400%.<sup>48</sup> This is reflected in the significantly low usage of the Peel Road car park.
- 5.12 Evidence also shows that **cycle parking delivers five times higher retail spend than the same area of car parking.<sup>49</sup>** This is further reiterated in evidence in a US context, where it was found that the conversion of a paid parking spot to a bike share facility had the potential to increase total commercial spending in retail centres from \$220/day to \$334/day (52% increase).<sup>50</sup>

40 TfL, 2011. Transport for London Town Centre Study 2011

41 GLA, 2013. The future of London's town centres

42 Harrow Council, 2013. Harrow and Wealdstone Area Action Plan

43 Sustrans, 2020. What are the economic impacts of making more space for walking and cycling?

44 Wiggins, P. 1993. Streets, Traffic & Trade: A Survey of Vacant Shop Sites in Leicester City Centre

45 Lane, B. 2001. The Impact of Pedestrianisation on Retail Economic Activity: A Review of the Evidence

46 University of the West of England, Bristol, and Cavill Associates, 2011. Making the case for Investment in the Walking Environment – A review of the evidence

47 Sustrans, 2020. What are the economic impacts of making more space for walking and cycling?

48 British Parking (on behalf of London Councils), 2012. The relevance of parking in the success of urban centres

49 Department for Transport, 2016. The value of cycling: rapid evidence review of the economic benefits of cycling

50 The CUNY Social Policy Simulation Center, 2013. The economic impacts of transferring curb space from car parking to bike share docks

- 5.13 Other evidence shows that car drivers spend more on a single trip, whereas those walking and opting for public transport spend more over a week or a month due to regular repeat trips.<sup>51</sup> Spending by public transport users (18% increase from 2004-11) and pedestrians (2% increase from 2004-11) has risen over time, whereas spending by car users has decreased (-13% from 2004-11).
- 5.14 In relation to footfall, some literature concludes that there is a lack of robust evidence that can be used to link car parking strategies to town centre footfall.<sup>52</sup> Town centres economies are also highly localised and are hyper-specific, meaning that towns differ economically, and different factors are at play in different locations, such as business activity and a town centre's retail offering. It is therefore hard to disentangle the impact of the car park on the town centre's performance.
- 5.15 Overall, there is relatively little research that has been carried out on the link between the prevalence of car parks and urban centre success. A good mix of shops and services and a quality environment are the most improvement factors in attracting visitors to town centre. However, it is clear that more parking in a town centre does not necessarily mean greater commercial success. Indeed, there is evidence that the removal of car parks and associated reduction in traffic can result in economic benefits for urban centres.

### The proposal

- 5.16 The transport assessment for the town centre notes that the reduction in the quantity of public car park spaces in the development at the new civic centre site may encourage an increase in travel to Wealdstone by sustainable modes of transport, but also may present a significant risk that on-street parking will increase due to the reduced number of car park spaces being provided in the future.<sup>53</sup> Wealdstone town centre is already very accessible by public transport, having the second highest rating of nine, and there are future plans to improve the accessibility and walkability of the town centre, which will improve this further.
- 5.17 The Publication London Plan sets a target of reducing the use of and reliance upon car travel.<sup>54</sup> It notes that comprehensive redevelopment for retail spaces should aim to reduce car use and dependency whilst simultaneously improving access to walking, cycling and public transport. In urban settings in particular, the provision of car parking is discouraged, and the plan sets out that this should be restricted where existing and future levels of public transport connectivity are good.
- 5.18 Parking at the Peel Road multi-storey car park is significantly underused, with an average capacity of about one third during the week. The literature has also shown that reductions in traffic within urban centres can lead to economic benefits in the form of increased investment, footfall and retail rents. For car parks specifically, it has been shown that retailers tend to overestimate how many of their customers use a car, sometimes even up to a factor of 400%. However, other studies conclude that there is a lack of evidence supporting the link between increased footfall and reduced car parking, and that factors that contribute to the economic success of towns differ from town to town, and there is no 'one size fits all' approach.
- 5.19 Overall, **there are limited economic arguments in favour of retaining 40 car parking spaces at the site.** Existing parking is underutilised and there are plans to improve the bus network, reduce the dominance of cars and increase the levels of walking, cycling and public transport use within the town centre. The removal of the car park is consistent with all these changes. The evidence is not clear on the economic implications of the loss

51 British Parking (on behalf of London Councils), 2012. The relevance of parking in the success of urban centres

52 MRUK, 2015. Assessing the Impact of Car Parking Charges on Town Centre Footfall

53 Atkins (on behalf of the London Borough of Harrow), 2017. Wealdstone Town Centre – Transport Study

54 GLA, 2020. Draft London Plan – Publication Edition

of car parking spaces. However, it does suggest that any costs are unlikely to be material and there may be positive impacts associated with reduced car use.

- 5.20 Overall, there is expected to be a large loss of car parking in Wealdstone town centre and the immediate surroundings as a result of the schemes and anticipated town centre improvements, and this may disadvantage some shoppers, most notably those who frequently travel by car and/or are reliant upon car travel. However, the literature is inconclusive that a decrease in car parking will translate to a decrease in consumer spending. Furthermore, in the context of the large amount of growth planned for Wealdstone town centre and surroundings, this is not likely to have an overall materially adverse effect.

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