



London Borough of Hammersmith and Fulham
~~London Borough of Hammersmith and Fulham~~

Formatted: ClientTitle

Proposed Estates
Regeneration - Economic Appraisal
~~Proposed Estates Regeneration - Economic Appraisal~~

Formatted: ClientTitle

Report
~~Report~~

Formatted: ClientTitle

November 2011
~~November 2011~~

London Borough of Hammersmith and Fulham
~~London Borough of Hammersmith and Fulham~~

Formatted: Default Paragraph Font

Proposed Estates Regeneration - Economic Appraisal
~~Proposed Estates Regeneration - Economic Appraisal~~

Formatted: Default Paragraph Font

Report
~~Report~~

November 2011
~~November 2011~~

Reviewed and approved by:	
Signature(s):	_____
Name(s):	Graham Russell
Job Title(s):	Partner Director
Date:	November 2011

AMION Consulting is the trading name of AMION Consulting Limited
Registered Office: Langtons, The Plaza, 100 Old Hall Street, Liverpool L3 9QJ
Company No: 3909897
Tel: 0151 227 5563
This document including appendices contains 15 pages
Ref: K:\CLIENTS\JLL\Earls Court\Deliverables\LBHF Estate Regeneration - Economic Appraisal 071111 Final.docx

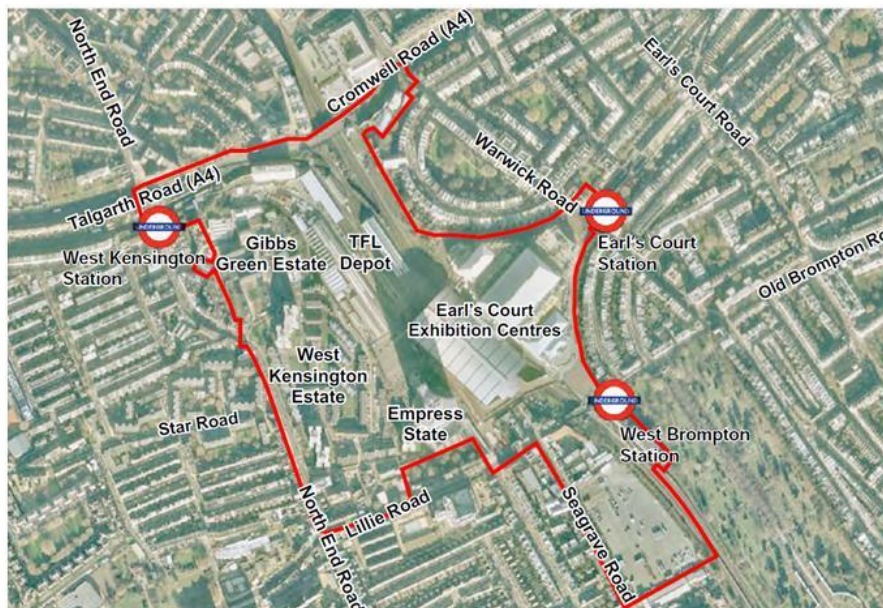
Contents

1	Overview	1
2	Background to regeneration	2
3	Alternative options	3
4	Economic benefits	4
5	Conclusions	<u>1615</u>

1 Overview

AMION Consulting, in conjunction with Jones Lang LaSalle (JLL), has been appointed to prepare an Economic Appraisal Report to assist the London Borough of Hammersmith and Fulham (LBHF or the Council) in considering the possible inclusion of the West Kensington and Gibbs Green estates within a comprehensive phased scheme of regeneration for the Earl's Court and West Kensington Opportunity Area (see Figure 1.1). The Opportunity Area comprises circa 36 hectares (89 acres) of land split between LBHF and the Royal Borough of Kensington and Chelsea (RBKC).

Figure 1.1: Earl's Court and West Kensington Opportunity Area



The two estates cover 8.9 ha (22 acres) of land primarily owned by LBHF. There are currently a total of 760 properties on the estates, of which 531 are council owned social rented properties, 132 leasehold properties, 39 freehold properties and 58 Housing Association properties. The two estates suffer from discontinuous internal roads and poor quality open space.

The Council has set out in the submission Core Strategy of the Local Development Framework (LDF) a vision for a borough of decent and aspirational neighbourhoods and has identified the principles which should underpin regeneration. The Housing Strategy also identifies specific objectives. Based on these documents the following objectives have been identified for the proposed regeneration of the area:

- to increase the supply of housing, providing quality homes on sustainable new developments;

- to create clean and safe neighbourhoods in an area rich in opportunity;
- to provide a mix of housing type, size and tenure to attract people on a range of incomes, creating mixed and balanced communities;
- to allow people to acquire a stake in their home;
- to ensure development is of a high quality design and provides a mix of local facilities;
- to improve access to employment and training opportunities;
- to help to improve educational attainment and health outcomes and secure low levels of crime;
- to improve transport, accessibility and encourage walking through areas; and
- to increase satisfaction with the townscape, public realm, environment and management.

The Economic Appraisal Report assesses the potential options that could be pursued by the Council in relation to the West Kensington and Gibbs Green estates within this context. This analysis takes into account market, socio-economic and policy context. The report has been produced in line with HM Treasury's Green Book, which indicates that all spending proposals should be accompanied by a proportionate and well structured appraisal.

2 Background to regeneration

The Earl's Court and West Kensington Opportunity Area has been identified as one of London's most important development opportunities. It has been allocated in the Mayor's London Plan (2011) due to its potential ability to contribute significantly to achieving housing and job growth targets over the next 20-30 years. The Opportunity Area has also been promoted through the Core Strategies of LBHF and RBKC as a key development area. The phased comprehensive regeneration of the area is seen as offering a strong opportunity to bring about the regeneration of the estates.

The West Kensington and Gibbs Green estates are now between 30 and 40 years old and, whilst it is understood that they remain relatively popular with a number of residents and are well managed and maintained by the LBHF, they will be subject to increasing levels of obsolescence. The management and maintenance costs incurred by the Council are expected to increase above that for modern Council owned properties in order to sustain both the buildings' fabric and address design obsolescence resulting from increasing housing standards. Already the average cost per dwelling of the estates is above the average figure for LBHF housing estates.

Overcrowding is also an issue with 16% of the properties on the two estates being currently overcrowded, compared to a Hammersmith and Fulham average of 13.9%. However, an assessment by the Council has also shown that there is significant under occupancy on the two estates, with 29.8% of the properties on the estates being under occupied, compared to a borough average of 7.9%.

The estates lie within the North Fulham area, which remains one of the most polarised in the borough in social, economic and physical terms. In 2010, the area fell within the 20 percent

most deprived areas in England on the Index of Multiple Deprivation. The estates are both in the 10 per cent most deprived neighbourhoods in LBHF, experiencing the highest levels of income and employment deprivation and very significant housing and services deprivation. The estates also suffer from high levels of unemployment, as well as below average educational attainment and health outcomes.

There is considered to be a strong rationale for regeneration and for including the estates within the comprehensive regeneration of the Opportunity Area. In this context, the Council has been discussing a proposal to enter a Land Sale Agreement to grant an option to a developer, Capital and Countries (CapCo), to include the West Kensington and Gibbs Green estates, alongside the CapCo owned Earl's Court Buildings and Seagrave Road car park and the Transport for London (TfL) owned Lillie Bridge Depot, in a comprehensive regeneration scheme. CapCo has submitted a suite of planning applications to the Council and to RBKC for a comprehensive regeneration scheme for the area, including the estates.

3 Alternative options

A range of estate regeneration options have been considered in order to understand whether the regeneration of the estates as part of the comprehensive regeneration of the Opportunity Area should be pursued from an economic perspective. Five options have been assessed, which differ in terms of the nature and scale of intervention and whether the estates are retained or redeveloped. The five options are as follows:

- *Option 1: Do minimum intervention (reference case)* – under this option, LBHF would continue to own, manage and maintain the estates, as well as retain the West Kensington and Gibbs Green halls.

An alternative scenario under Option 1 would be for the Council to make a stock transfer of the estates to a Registered Provider by a competitive process and subject to the tenants' approval. However, it is considered that the estate would be unlikely to change physically if this were to happen. Moreover, it is unlikely that a package of investment and improvement would be forthcoming at a level which would be sufficiently attractive to tenants whilst delivering a satisfactory level of capital receipt to the Council;

- *Option 2: Minimal intervention and infill development* – under this option, LBHF would again continue to own, manage and maintain the estates, as well as retain the West Kensington and Gibbs Green halls. However, opportunities for additional infill development and additional disposal of Council land within and adjacent to the estates would also be brought forward for development. Consideration was given to larger scale partial redevelopment of the estates. However, it was concluded that this was likely to be a less attractive proposition, since it would be less efficient, disruptive, only address a limited range of issues and fail to realise the full scope of benefits;

- *Option 3(a): Comprehensive ~~regeneration~~ redevelopment:—as a standalone estate redevelopment¹* – the estates would be comprehensively redeveloped and, in accordance with planning requirements, the differentials in levels between the three land ownerships would be addressed. This would involve substantial engineering costs;
- *Option 3(b): Comprehensive ~~regeneration~~ redevelopment as a standalone estate redevelopment¹* – in order to test the costs and benefits of the alternative options, a variation of Option 3(a) has also been developed, which assumes the existing levels are maintained. This option is based on a modest infrastructure budget; and
- *Option 4: Comprehensive ~~regeneration~~ redevelopment as part of a wider Earl's Court redevelopment masterplan¹* – under this option, redevelopment would be undertaken of the combined LBHF, CapCo and TfL land, as part of the comprehensive redevelopment of the Opportunity Area.

Formatted: Superscript

Formatted: Superscript

Under Options 1, 2, 3(a) and 3(b), the CapCo planning proposals for the separate development of the Earl's Court and Seagrave Road sites are assumed to be implemented, although it is uncertain whether these schemes would go ahead as planned if the estates were either not to be redeveloped or not brought forward as part of a comprehensive redevelopment of the Opportunity Area.

4 Economic benefits

4.1 Overview

Each of the options will result, to a varying extent, in a range of benefits for the local community and within the wider economy. This sub-section highlights the economic benefits of each option, focusing on the scale of impact at the local level (within the two boroughs of Hammersmith and Fulham and Kensington and Chelsea). The benefits have been assessed in relation to the quantum of development that would come forward under each option as part of the overall redevelopment of the Opportunity Area.

The key economic benefits are expected to include:

- new residential units;
- temporary construction employment created during the construction phase;
- permanent employment created through the provision of new employment floorspace; and
- additional local expenditure.

In addition to the above economic benefits, the intervention options will lead to a number of wider, qualitative impacts, such as the regeneration of deprived communities, improvements to the image of the local area and environmental improvements. These wider benefits have been assessed for each option. Furthermore, the contribution of each option to the scheme objectives identified at the start of this report has also been assessed.

¹ Note: this amended version of the report includes minor changes to the titles of Options 3 and 4.

4.2 Residential units

4.2.1 Gross direct residential units

Table 4.1 sets out a summary of the total quantum of residential units that will be provided in the Opportunity Area under each of the options. In terms of the comprehensive regeneration / wider Earl's Court redevelopment option (Option 4), it is estimated that a total of 7,583 residential units would be provided, some 4,282 more than under Option 3(a)/(b) and around 4,715 more than under Option 1 (the reference case).

	Option 1	Option 2	Option 3(a)	Option 3(b)	Option 4
Local Authority	531	531	531	531	531
New Affordable	542	599	258	258	798
Private sector	1,795	1,795	2,512	2,512	6,254
Total homes	2,868	2,925	3,301	3,301	7,583

Overall, Option 4 would provide 6,254 market units and 1,329 affordable units. This compares to 2,512 market units and 789 affordable units under Option 3. Option 1 and Option 2 would both provide 1,795 market units and 1,073 and 1,130 affordable units respectively.

4.2.2 Net additional residential units

In determining the number of net additional residential units created under each option, the key issue to be addressed is the additionality of the redevelopment proposals – the extent to which activity takes place at all, on a larger scale, earlier or within a specific designated area or target group as a result of the intervention. In order to assess the additionality of the alternative intervention options, the following factors will need to be considered:

- *leakage* – the proportion of outputs that benefit those outside of the project's target area or group (the two boroughs of Hammersmith and Fulham and Kensington and Chelsea). There is not a specific target group in terms of who occupies the new housing provided and all of the housing would be situated within the Opportunity Area. Therefore the level of leakage will be zero across all options;
- *displacement* – the proportion of project outputs accounted for by reduced outputs elsewhere in the target area. Displacement may occur in both the factor and product markets. Based on JLL's market review and the continued imbalance between supply and

demand within Hammersmith and Fulham and Kensington and Chelsea, it is expected that displacement will be zero;

- *multiplier effects* – further economic activity associated with additional local income and local supplier purchases. This is not relevant to the assessment of net additional housing units and, as such, no multiplier effects have been applied; and
- *deadweight* – outputs which would have occurred without the project. This is assessed through the reference case (i.e. Option 1, the do minimum option).

After taking account of the above additionality factors, it is estimated that Option 4 will create 4,715 net additional residential units. This compares to 433 net additional residential units under Option 3(a)/(b) and 57 net additional residential units under Option 2.

4.3 Temporary construction jobs

4.3.1 Gross direct temporary construction jobs

In order to estimate the number of temporary construction jobs generated by each of the alternative options, the total construction spend associated with each option has been calculated. Option 4 is expected to involve around £4.5 billion of construction expenditure, whereas Option 3(a) and 3(b) would generate an estimated £3.2 billion and £2.9 billion of construction expenditure respectively. A lower level of construction spend would be generated under Option 1 (£2.6 billion) and Option 2 (£2.6 billion).

On the basis that £125,000 of expenditure equates to one person year of employment², Option 4 is expected to generate 36,033 person years of construction employment (see Table 4.6). Over a development period of 18 years, this would equate to supporting an average of 2,002 construction workers per year. Option 3(a) would support 25,251 person years of construction employment and Option 3(b) 23,089 person years, while Option 1 and Option 2 would generate 20,642 and 20,693 persons of construction employment respectively.

4.3.2 Net additional temporary construction jobs

The analysis of the net additional construction employment impact of each option is at the two borough level (Hammersmith and Fulham and Kensington and Chelsea). As noted above, the calculation of net additionality involves adjusting for leakage, displacement, multiplier effects and deadweight. In order to assess the net additional impact of each intervention option, the following adjustments have therefore been made:

- *leakage* – in terms of leakage, reference has been made to Census UK travel to work flows. According to the Census, around 36% of people working in the construction sector in Hammersmith and Fulham and Kensington and Chelsea also reside in these two boroughs. Based on this, a leakage rate of 64% has been assumed;
- *displacement* – in order to derive an estimate of the potential level of displacement, consideration has been given to the required level of construction employment under each

² Source: Annual Business Survey 2009

of the options and potential available workforce within the two boroughs. On this basis, the following displacement rates have been applied:

- Option 1 – 5% displacement;
- Option 2 – 5% displacement;
- Option 3(a)/(b) – 5% displacement; and
- Option 4 – 10% displacement.
- *multiplier effects* – the expected multiplier effects have been estimated by reference to benchmarks set out within the Department for Business Innovation and Skills' (BIS) guidance on assessing additionality³. A composite multiplier of 1.38 has been applied, in line with BIS guidance for physical regeneration projects; and
- *deadweight* – this is the level of additional temporary construction jobs created under Option 1, the do minimum intervention option / reference case.

Overall, it is estimated that Option 4 would create 6,369 net additional person years of construction employment for local residents. The impact under Option 3(a) and Option 3(b) is more limited, with an expected 2,175 and 1,155 net additional person years of construction employment generated respectively. In comparison, Option 2 would only create 24 net additional person years of construction employment.

4.4 Permanent employment impact

4.4.1 Gross direct permanent employment

The number of gross direct permanent jobs generated under each option has been based on the expected quantum of employment floorspace created within the Opportunity Area. The amount of employment floorspace provided under each option is summarised in Table 4.2. Option 4 would deliver 201,397 sq m of employment floorspace, while Option 3(a)/(b) would provide 59,543 sq m. Option 1 and Option 2 would both only bring forward 30,063 sq m of new employment floorspace, none of which would be on the two estates.

Use	Option 1	Option 2	Option 3(a)	Option 3(b)	Option 4
Office (GEA, sq m)	15,850	15,850	39,840	39,840	120,615
Retail (GEA, sq m)	3,700	3,700	9,190	9,190	29,429
Hospitality / hotel / leisure / cultural / community (GEA, sq m)	10,513	10,513	10,513	10,513	51,353
Total employment floorspace	30,063	30,063	59,543	59,543	201,397

³ BIS (2009), *Research to improve the assessment of additionality*.

Employment density ratios consistent with those used within guidance produced for the Homes and Communities Agency (HCA)⁴ and assumptions in relation to the expected occupancy rate have been used to calculate the gross direct employment impact for each option. The assumptions adopted are as follows:

Formatted: Amion Body Text, Space
After: 6.5 pt

⁴ HCA (2010), *Employment Densities Guide, 2nd Edition*.

- office – employment density of 14 sq m (GEA) per full-time equivalent (fte) employee and a 90% occupancy rate;
- retail – employment density of 22 sq m (GEA) per fte employee and a 90% occupancy rate; and
- hospitality/hotel/leisure – employment density of 90 sq m (GEA) per fte employee and a 100% occupancy rate.

Based on the above assumptions, Option 4 would create around 9,528 new gross direct jobs, whereas Option 3(a)/(b) would create some 3,054 gross direct jobs. The number of new employment opportunities generated under Option 1 and Option 2 within the Opportunity Area would be an estimated 1,287.

4.4.2 Net additional permanent employment

In order to calculate the number of net additional permanent jobs created under each option adjustments have been made in relation to leakage, displacement, multiplier effects and deadweight. The analysis of the net additional employment impact is again at the two borough level (Hammersmith and Fulham and Kensington and Chelsea). The following assumptions have been applied in relation to each additionality factor:

- *leakage* – according to Census UK travel to work flows, around 30% of people working across all sectors in Hammersmith and Fulham and Kensington and Chelsea also reside in these two boroughs. Based on this, a leakage rate of 70% has been assumed;
- *displacement* – to determine the appropriate displacement rate, reference has been made to, amongst other things, JLL's property market review and the property market analyses undertaken as part of the Earl's Court Planning Application⁵. On this basis, the following displacement rates have been applied:
 - Option 1 – 5% displacement;
 - Option 2 – 5% displacement;
 - Option 3(a)/(b) – 10% displacement; and
 - Option 4 – 20% displacement.
- *multiplier effects* – a composite multiplier of 1.38 has been applied, in line with the benchmarks set out in the BIS guidance for physical regeneration projects; and
- *deadweight* – this is the level of additional permanent jobs created under Option 1, the do minimum intervention option / reference case.

⁵ The analysis of displacement has been based on, in particular, the following documents: Roger Tym & Partners (2010), *Earl's Court West Kensington OA: Office Market*; CB Richard Ellis (2011), *Earl's Court Project: London Borough of Hammersmith & Fulham Application 2 – Office Market Assessment*; DP9 (2011), *Earl's Court Project: London Borough of Hammersmith & Fulham Application 2 – Retail & Leisure Assessment*; and Roger Tym & Partners (2010), *London Boroughs of Ealing, Hounslow and Hammersmith and Fulham: Joint Retail Needs Study Update*.

It is estimated that Option 4 would create 2,650 net additional jobs for local residents, whereas Option 3(a)/(b) would only generate 632 net additional jobs. Option 2 would not result in any net additional jobs, as the same level of employment floorspace would be provided under this option as under Option 1 (the do minimum option).

4.5 Additional local expenditure

In order to estimate the additional household expenditure that might be generated under each option, reference has been made to the ONS Living Costs and Food Survey (LCF) 2009. A weekly average spend figure has been used to generate an assumed total spend per annum that can be attributed to the net additional residential units provided by each intervention option.⁶ In addition, there will be indirect and induced (income) multiplier effects associated with this new residential expenditure, due to increase local spending by businesses and employees.

Table 4.3 sets out the estimated total additional expenditure per annum under each option.

	Option 2	Option 3(a)/(b)	Option 4
Average household annual spend	£17,436	£17,436	£17,436
Net additional residential units	57	433	4,715
Additional direct expenditure p.a.	£993,829	£7,549,615	£82,208,854
Additional indirect and induced expenditure p.a.	£208,704	£1,585,419	£17,263,859
Total additional expenditure p.a.	£1,202,533	£9,135,034	£99,472,713

Not all of this additional expenditure would be retained within Hammersmith and Fulham and Kensington and Chelsea. In relation to convenience goods it is assumed that 90% would be retained, whereas in terms of comparison goods there would be expected to be a greater level of leakage, with only perhaps 30% of spend retained. This would mean that under Option 4 around £41 million of additional local expenditure per annum would be retained within the two boroughs. This compares to £4 million under Option 3(a)/(b) and just £0.5 million under Option 2.

4.6 Summary of quantifiable benefits and net present value

The quantifiable benefits attributable to each option are summarised in Table 4.4. The Table represents a broad assessment at this stage and is subject to consideration of detailed proposals. The net present value for each option is also set out within the table. This reflects the extent to which the benefits under each option outweigh the costs to the public sector. The present value of the costs and benefits of each option have been calculated based on the following assumptions:

⁶ This excludes non-consumption expenditure (for example, savings and investments) and expenditure that would not be incurred within the local area (for example, holiday expenditure).

- an average GVA per employee figure of £60,000 has been applied to the estimates of net additional employment under each option⁷;
- the economic benefits housing can generate by addressing labour shortages through the attraction of new residents has been reflected for each option, based on the results of Department for Communities and Local Government research⁸;
- the GVA impact associated with each job created is assumed to persist for 10 years⁹; and
- a 3.5% discount rate has been applied, in line with HM Treasury appraisal guidance, to the public sector economic costs/receipts and economic benefits.

	Option 1	Option 2	Option 3(a)	Option 3(b)	Option 4
Gross direct residential units	2,868	2,925	3,301	3,301	7,583
Net additional residential units	-	57	433	433	4,715
Gross direct construction jobs*	20,642	20,693	25,251	23,089	36,033
Net additional construction jobs*	-	24	2,175	1,155	6,369
Employment floorspace (sq m)	30,063	30,063	59,543	59,543	201,397
Gross direct permanent employment	1,287	1,287	3,054	3,054	9,528
Net additional permanent employment	-	-	632	632	2,650
Additional local expenditure p.a.	-	£1.2m	£9.1m	£9.1m	£99.5m
Additional expenditure retained in local area p.a	-	£0.5m	£3.8m	£3.8m	£40.9m
Net present value	£21.8m	£28.9m	£826.4m	£988.6m	£3,783.1m

*Persons years of employment

From the figures in Table 4.4, it is clear that Option 4 achieves the greatest positive net present value and delivers the largest amount of additional housing and new jobs – it would create over four times as many new jobs as Option 3(a)/(b) and provide more than ten times as many additional homes. The net present value of Option 4 would have to be around 78% or 74% lower respectively to be worse than Option 3(a) or Option 3(b). Consequently, for example, a

⁷ Annual Business Survey 2009 / ONS sub-regional GVA 2009

⁸ DCLG (2010), *Valuing the Benefits of Regeneration*, Economics Paper 7.

⁹ BIS (2009), *RDA Evaluation: Practical Guidance on Implementing the Impact Evaluation Framework*.

very substantially lower quantum of floorspace would need to be approved and developed under Option 4 before either Options 3(a) or Option 3(b) was to offer a better economic return.

4.7 Wider benefits

4.7.1 Overview

Many of the benefits of the project are difficult to precisely quantify, let alone value. The approach to assessing these is based upon a multi-criteria scoring and weighting system. The likely effects of each option are appraised and the scores are assessed in relation to the project itself and its intended outcomes and objectives.

Additional benefits/impacts are expected to include:

- regeneration catalyst;
- social and community;
- image enhancement; and
- environmental and place improvements.

Each of these wider impacts is to some extent interdependent and they will also emerge at different stages.

4.7.2 Scoring and weighting framework

Each option is given a score according to the contribution it is likely to make to each wider impact. They are scored on a scale of 0 to 100, under the five headings, with the scores to be interpreted as follows:

76-100	=	an extremely significant positive impact;
51-75	=	a significant positive impact;
26-50	=	a positive impact;
1-25	=	a marginal positive impact; and
0	=	a neutral/no change position.

A weighting system is used to assign a weight to each impact according to their perceived importance in enabling objectives to be met. AMION Consulting has developed the weights and assessed the scores, based upon their experience of similar appraisals, along with research and consultations on this project. The use of such multi-criteria approaches is helpful in relation to projects that have multiple outputs and outcomes, many of which are less easily quantified. The analysis inevitably involves a degree of subjectivity but attempts to highlight the relative contribution of each option to these wider benefits. It provides further information upon which to judge the impact of the options.

The following weights out of ten have been applied:

- Regeneration catalyst 9
- Social and community 8
- Image enhancement 8
- Environmental impact 7

4.7.3 Summary of wider benefit weighted scores

It is considered that Option 4 would achieve the greatest level of wider benefits. In particular, Option 4 is capable of contributing significantly to the regeneration of local deprived communities, providing new high quality housing, a range of additional community services and facilities and a much improved physical environment. The scale of impact under the other options, particularly Option 1 and Option 2, would be much more limited.

Wider benefit	Option 1	Option 2	Option 3(a)	Option 3(b)	Option 4
Regeneration catalyst	90	135	630	540	810
Social and community	80	80	480	480	720
Image enhancement	120	120	400	480	720
Environmental impact	70	105	420	420	630
Total Weighted Score	360	440	1,930	1,920	2,880

4.8 Contribution to scheme objectives

In addition to the analysis of economic and wider benefits, the extent to which each option would meet the stated policy and scheme objectives has been considered as part of the overall assessment of public sector value for money. Option 4 would contribute very substantially to achieving these objectives, as outlined in Table 4.6. The standalone redevelopment options (Option 3(a)/(b)) would make a significant contribution to a number of objectives, but not all. However, Option 1 and Option 2 would only make a minimal contribution.

Table 4.6: Effectiveness – contribution to scheme objectives

	Option 1	Option 2	Option 3(a)	Option 3(b)	Option 4
To increase supply of housing, providing quality homes on sustainable new developments	Limited increase in new housing supply from disposal of ancillary land. Further housing elsewhere in Opportunity Area.	Modest increase in new housing supply from disposal of ancillary land.	Significant increase in new housing supply from estates redevelopment.	Significant increase in new housing supply from estates redevelopment.	Very substantial increase in new housing supply from estates redevelopment and incorporation of CapCo and TfL sites.
To create clean and safe neighbourhoods in an area rich in opportunity, where most people of working age work	Only modest infill development would take place. The estates would be managed and maintained. Some new opportunities would be created elsewhere in the wider area, which would increase local opportunities to work.	Only modest infill development would take place. The estates would be managed and maintained. Opportunities would be created in adjacent areas, which would increase local opportunities to work.	Significant positive impact on neighbourhood and adjacent areas. The number of local opportunities to work would increase.	Significant positive impact on neighbourhood and adjacent areas. The number of local opportunities to work would increase.	Very substantial positive impact. Four new neighbourhoods and a new High Street would be created. A substantial number of local employment opportunities would be created.
To provide a mix of housing type, size and tenure to attract people on a range of incomes, creating mixed and balanced communities	Little change in the mix of housing and attractiveness of the estates.	Limited change in housing mix and the attractiveness of the estate.	Significant positive changes in mix and attractiveness. More varied mix of housing.	Significant positive changes in mix and attractiveness. More varied mix of housing.	Very substantial impact on attractiveness.
To allow people to acquire a stake in their home	A limited number of possible opportunities to acquire a stake unless stock transfer was undertaken. Existing Right to Buy would continue.	A limited number of possible opportunities to acquire a stake unless stock transfer was undertaken. Existing Right to Buy would continue.	The redevelopment would provide opportunities to allow people to acquire a stake in their home and would provide more affordable housing. However, this would need to be negotiated with developers.	The redevelopment would provide opportunities to allow people to acquire a stake in their home and would provide more affordable housing. However, this would need to be negotiated with developers.	The negotiations with CapCo mean that there are significant opportunities for residents to acquire a stake in their home. New affordable housing opportunities would be provided.
To ensure development is of a high quality design and provides a mix of local facilities	Only relatively limited development would take place and thus the design quality and mix of facilities would not change greatly.	Some further opportunities would be created to change the design quality of the area but again these would be relatively limited. In addition, the mix of facilities would not change greatly.	There would be much greater opportunity to ensure high quality design and a greater mix of local facilities.	There would be much greater opportunity to ensure high quality design and a greater mix of local facilities. However, the levels differences would mean that there was more limited local integration.	A high quality design and broad mix of facilities is proposed.

To improve access to employment and training opportunities	Opportunities would be created to employment in adjacent areas.	Again, opportunities would be created to employment in adjacent areas.	Significant employment opportunities would be created.	Significant employment opportunities would be created. However, levels differences would inhibit access to these by estate residents, to some extent.	Very substantial employment and training opportunities would be created.
To help to improve educational attainment and health outcomes and secure low levels of crime	There would be little impact on social infrastructure or on education, health and/or crime.	There would be limited impact on social infrastructure or on education, health and/or crime.	The comprehensive redevelopment of the estate would provide the opportunity to address education, health and crime.	The comprehensive redevelopment of the estate would provide the opportunity to address education, health and crime	Substantial improvements could be made to local facilities and the scheme would help to address education, health and crime issues through good design and the provision of new local opportunities.
To improve transport, accessibility and encourage walking through areas	No significant improvements would be made to transport/ accessibility under this option.	No significant improvements would be made to transport/ accessibility under this option.	The access to transport and other facilities and permeability through the area would be improved under this option.	Due to the levels differences, more limited improvements would be made to access and permeability.	Substantial improvements would be made to transport accessibility and permeability
To increase satisfaction with the townscape, public realm, environment and management	No significant changes would be made under his option.	No significant changes would be made under his option.	Comprehensive development of the area would improve the public realm and environment.	Comprehensive development of the area would improve the public realm and environment.	The townscape, public realm and environment would be improved under this option. In addition, CapCo propose to retain and manage the area.

5 Conclusions

The economic analysis of the alternative options has identified that:

- Options 1 (minimum intervention) and Option 2 (minimum intervention with infill): these options would mean that the existing communities are not significantly disrupted. However, they would not significantly address the poor layout of the estates nor increase housing choice and supply. The lifecycle costs of maintaining aging homes would be greater than it would be for new homes. Furthermore, the opportunity to comprehensively regenerate the Opportunity Area would be missed, with substantially fewer new homes and job opportunities being created;
- Options 3(a) and 3(b): these options would result in replacement homes for existing estate residents and an increase in housing supply and choice. The replacement homes would have a lower lifecycle maintenance cost compared with the existing properties. However, option 3(a) would require substantial public sector resources, which are not currently available. Option 3(b) would potentially generate a receipt, but would not be compliant with planning policies because it would not address the issue of permeability and would not realise many of the other planning objectives. There would be disruption to residents during the development process, with smaller phases potentially resulting in multiple moves. However, there would be the opportunity to implement a socio-economic regeneration programme including, for example, skills development, local labour and jobs brokerage. Even under Option 3(a), the lack of integration with the adjacent land would probably lead to sub-optimal design and development outcomes. In the case of Option 3(b), it would not improve permeability or the integration of the area. Significantly fewer homes and jobs would be created under Options 3(a) and 3(b) than under Option 4; and
- Option 4: this option presents the best economic case and enables long term qualitative and quantitative objectives of regeneration to be realised. It is a deliverable and viable option and would result in a substantial receipt to the Council and replacement homes for existing estate residents. These new homes would involve lower lifecycle maintenance costs than the current stock. The existing residents would be able to make 'one move only' because the integration of the sites, allowing larger phases and the use of Seagrave Road as a decant site. There would though be some disruption to resident during the development phase. The overall scheme would offer new public open space and a range of social infrastructure, along with a significant increase in housing supply and choice, and a substantial number of new employment opportunities. There would be significant opportunities to develop and implement a socio-economic regeneration programme to maximise the local benefits.

Based on the preceding analyses, the comprehensive wider Earl's Court redevelopment option (Option 4) is assessed to be the best option. The recommendation of this report is that this is the option the Council focuses on progressing from an economic perspective.