

## REQUEST FOR DIRECTOR DECISION – DD2774

### Variation to Mount Anvil Facility Agreement

### Programme: Building More Homes

#### Executive summary:

Mount Anvil Group Limited has a £50 million revolving credit facility from GLA Land and Property Limited, under the Homes for Londoners Land Fund. It will reach maturity on 28 February 2030.

This paper requests approval to extend the availability period to 31 March 2030; and the final repayment date to 28 February 2032 (two-year extension).

The GLA proposes to adjust the variable interest rate under the facility. This proposal is supported by independent commercial advice, which confirms that the margin applied on debt finance facilities available through traditional banks is lower than the existing GLA Land and Property Limited facility.

This decision also proposes:

- varying the contractual position to extend delivery timescales, and increase housing outputs for pre-approved schemes
- reducing the overall proportion of affordable homes that Mount Anvil is required to develop across future schemes, as Mount Anvil is expected to deliver more social rent homes.

#### Decision:

That the Executive Director of Housing and Land approves:

- extending the Land Fund facility agreement between GLA Land and Property Limited and Mount Anvil Group Limited by two years, to 28 February 2032; and extending the availability period to 31 March 2030
- adjusting the interest rate under the facility agreement, as set out in part 2 of this paper
- extending the delivery milestones, and increasing housing outputs for pre-approved schemes
- a variation in the contractual obligation to deliver affordable housing – reducing the requirement from 50 per cent of homes to 40 per cent across future schemes.

#### AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

**Name:** Tim Steer

**Position:** Executive Director, Housing and Land

**Signature:**



**Date:**

11 December 2025

## PART I – NON-CONFIDENTIAL FACTS AND ADVICE

### Decision required – supporting report

#### 1. Introduction and background

- 1.1. On 27 November 2018, Mayoral Decision (MD) 2396 approved £486m of funding from the Ministry of Housing, Communities and Local Government (MHCLG) to help unlock and accelerate housing delivery in London, through land assembly, infrastructure investment and provision of gap funding. The Memorandum of Understanding between the MHCLG and the GLA for this funding aims to unlock sites capable of delivering 8,000 housing completions in London by 2030.
- 1.2. MD2396 provides a standing delegation to the Executive Director of Housing and Land to approve, via Director Decision (DD) forms, the allocation of this funding, in accordance with the terms associated with the Homes for Londoners Land Fund programme and in pursuit of the Mayor's housing ambitions. The Building More Homes delivery plan (approved under MD3378) acknowledges this standing delegation.
- 1.3. GLA Land and Property Limited (GLAP) provided a £50m revolving credit facility to Mount Anvil Group Limited (Mount Anvil), as authorised under DD2424 (17 March 2020). This decision agreed a repayment of the loan by March 2025, with a possible extension to March 2028. However, a variation to extend the availability period until March 2028, and repayment by February 2030, was agreed in August 2022 by the Executive Director of Housing and Land. This was to facilitate the delivery of future schemes by Mount Anvil.
- 1.4. Initially, the loan was approved to address the development constraints caused by insufficient capital being available. However, delays in planning associated with the changes in building safety regulations (predominantly the requirement for second staircases) have, in turn, delayed Mount Anvil's investment in future schemes. This has resulted in a strong cash position, but further delayed Mount Anvil's business growth and future housing outputs.
- 1.5. Mount Anvil is targeting six planning approvals in 2025, enabling starts on site before the end of March 2026; it is also currently on site on a further six schemes. These schemes represent an increase in Mount Anvil's housing delivery from when it first entered into the facility agreement with GLAP. This is a clear sign of the success of the agreement, whose central goal was to accelerate and increase housing delivery.

#### Pre-approved schemes

- 1.6. The GLA's facility agreement with Mount Anvil (amended in 2022) committed Mount Anvil to achieving targets for total housing and affordable housing starts and completions by March 2025 and March 2028, across certain pre-approved schemes (Friary Park, Gillender Street and Whitechapel Central). The table below shows the targets committed to, the outputs achieved to date and the outputs forecast:

	Starts		Completions	
	Total housing	Affordable housing	Total housing	Affordable housing
<b>Target by March 2025</b>	1,617	531	1,617	531
<b>Achieved to date</b>	1,677	628	1,677	628
<b>Target by March 2028</b>	2,021	679	2,021	679
<b>Forecast</b>	2,370	789	1,677	628

- 1.7. As shown in the table, Mount Anvil surpassed the targets for starts by March 2025; and is forecast to over-achieve these by March 2028. However, it did not meet the completions targets by March 2025;

and is not forecast to meet the March 2028 targets. This is due to delays to phases one and two of the Friary Park scheme. Mount Anvil has also had to redesign the scheme, to comply with new fire safety regulation (buildings over 18m in height must now have a second staircase); and re-apply for planning consent based on the revised designs. These changes also resulted in a longer build programme.

- 1.8. This delayed the start and completion of these units by nine months, such that it was no longer possible for 357 units (187 of these affordable) at phases one and two to complete by March 2025. The schemes have been delayed by another three months, due to insolvencies of subcontractors within Mount Anvil's supply chain. However, works are continuing on site; and phases one and two are now expected to complete by March 2026.
- 1.9. The delays to phases one and two have had a knock-on effect on phase three at Friary Park, which could not start until phases one and two completed. Phase three is now due to start by March 2026, with 693 completions pushed back beyond the March 2028 target date; first completions are due by March 2029, and final completions by March 2031. The delay is a follow-on from phases one and two. Mount Anvil also resubmitted planning consent for more units at phase three, to ensure that the scheme remained financially viable. This has had the benefit of increasing the number of proposed units by 355 additional homes (of which 111 are affordable homes); but it has further delayed the expected completion date of the schemes.

#### Future schemes

- 1.10. In addition to the commitments on 'pre-approved' schemes mentioned above, the existing facility agreement commits Mount Anvil to achieving starts of at least 500 affordable homes by February 2027, and completions of at least 500 affordable homes by February 2030, to be delivered under the future schemes. This target is additional to the 679 affordable homes to delivered under the pre-approved schemes. The total is 1,179 affordable homes, as per the existing facility agreement. The table at paragraph 2.1, below, provides the existing contractual housing outputs position. Mount Anvil has applied to use funding under the facility agreement for four future schemes. Added together, these are forecast to achieve 465 affordable homes, starting by February 2027 and completing by February 2030. Mount Anvil has indicated that it may apply to use the facility for a further four schemes; collectively, these would achieve a further 496 starts of affordable homes by 2027, and 359 completions of affordable homes by 2030.

#### Affordable housing

- 1.11. The facility agreement requires that Mount Anvil delivers the following affordable housing, as a proportion of the total housing on a habitable-room basis:
  - For pre-approved schemes, at least:
    - 40 per cent affordable housing as an overall average across all pre-approved schemes
    - specific requirements for the affordable housing level at each scheme
  - For future schemes, at least:
    - 40 per cent affordable housing at each individual scheme
    - 50 per cent affordable housing as an overall average across all future schemes

#### Use of facility agreement

- 1.12. Mount Anvil's forecasted cashflow shows that building the current and pipeline schemes, as quickly as it can, will require further funding in future years. While Mount Anvil could theoretically slow down delivery of these schemes to the pace and availability of its cashflow forecasts, this would not create the desired acceleration of housing delivery – for GLAP, for Mount Anvil or for the partners involved in these schemes (including local authorities and housing associations). The forecasted cashflow is

restricted to part 2 (due to confidentiality). Mount Anvil has identified credible opportunities to bid on suitable future estate-regeneration opportunities that could result in additional homes, at 40 per cent affordable homes by habitable room. That would represent an increase in Mount Anvil's committed housing delivery under its existing loan facility with the GLAP. As with the existing schemes, Mount Anvil may need additional funding to deliver these opportunities as quickly as it can.

#### Proposed variation to the existing facility

- 1.13. To address the issues highlighted in paragraphs 1.6 to 1.12, above, this paper outlines Mount Anvil's proposal to extend the availability period to 31 March 2030 (two-year extension), and the final repayment date to 28 February 2032 (two-year extension), to address cash constraints as well as delivery of its forecasted homes in London.
- 1.14. The GLA has taken independent commercial advice on the interest rate under the facility agreement. It has agreed to amend it, to reflect market conditions. More information is included in Part 2.
- 1.15. The GLA is also prepared to amend the contractual position on future schemes. It is proposed to change the requirement for 50 per cent affordable housing across future schemes, which had been based on an expectation of conventional triple-tenure schemes (private, intermediate and social rent), to 40 per cent affordable housing across future schemes as it is expected that future schemes will be dual-tenure (private and social rent). Therefore, 40 per cent affordable housing tenure mix with more social rent is equivalent to 50 per cent affordable housing tenure mix with more intermediate. This is also based on policy-compliant tenure mix, following publication of the GLA's Accelerated Housing Delivery Planning and Housing Practice Note (December 2024). Mount Anvil will continue to meet the requirement that each future scheme delivers at least 40 per cent affordable housing as a percentage of total housing delivery. Mount Anvil will also continue to meet the requirements on affordable housing for pre-approved schemes.
- 1.16. Given the delays at Friary Park, described in paragraphs 1.7 to 1.9, it is also proposed that the outputs in respect of the pre-approved schemes required under the facility agreement are amended to:
  - completion of at least 1,617 homes (531 to be affordable homes) by the end of March 2026
  - completion of at least 2,370 homes (789 to be affordable homes) by the end of March 2031.
- 1.17. Part 2 of the DD includes details of the above proposal due to commercially sensitive information.
- 1.18. It is important to note that the GLA officers presented Mount Anvil's variation request to the GLA's Interest Rate Setting Board, which endorsed the proposal.

## **2. Objectives and expected outcomes**

- 2.1. As noted above, it is now expected that Mount Anvil will deliver more units on pre-approved and future schemes. Therefore, the approval of the proposed variation will allow Mount Anvil to bring forward additional delivery on its contracted pipeline sites, as set out below:

	<b>Baseline (contractual position)</b>		<b>Expected delivery if contractual changes are agreed</b>	
	Total	Affordable	Total	Affordable
<b>Pre-approved schemes</b>	2,021	679	2,370	789
<b>Future schemes</b>	N/A	500	N/A	961*

*\*500 affordable homes to remain the contractual requirement on future schemes.*

- 2.2. GLA officers recommend the proposed variation to the existing Mount Anvil loan facility. This recommendation is subject to a mandatory condition to Mount Anvil to make a partial or full loan drawdown by this financial year, as well as continued use of the loan. If this is not adhered to, the GLAP will reserve the right to reduce the current facility from £50m to £35m; and revert to the original maturity date of 28 February 2030.
- 2.3. Mount Anvil has advised GLA officers that, once the proposed variations are approved, it will complete its first drawdown of the GLAP facility by the end of 2025-26.

### **3. Equality comments**

- 3.1. Under section 149 of the Equality Act 2010 (the Equality Act), as a public authority, the GLA must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation, and to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not. Protected characteristics under the Equality Act comprise age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation and marriage or civil partnership status.
- 3.2. Research by the GLA in 2022 showed that, compared to White Londoners, Black and most minority Londoners experience worse housing conditions, less tenure security, higher housing need and lower wealth. Mount Anvil forms joint venture partnerships with registered providers and local authorities, who retain the affordable housing homes. This will help to minimise disadvantages to all protected characteristic groups within society. This decision is therefore expected to have positive impacts on those with a protected characteristic under the Equality Act, as increasing the housing supply in London will help to address problems such as overcrowding and homelessness. Evidence indicates these problems disproportionately affect specific groups, including Black and Minority Ethnic groups and women.
- 3.3. The delivery of high-quality housing, reflected in Mount Anvil's planning permissions, will also promote improved health and wellbeing – given evidence of an association between poor housing conditions and poor health.
- 3.4. The delivery of new and additional homes will help to implement the objectives of the Mayor's Equality, Diversity and Inclusion (EDI) Strategy, Inclusive London (May 2018); and his equality objectives in 2022. This includes working with housing associations, councils, developers, investors and the government to increase the supply of homes that are genuinely affordable to buy or rent. The vast majority of the affordable housing delivered by Mount Anvil will include social rented homes. This will help to tackle the inequalities experienced by certain groups of Londoners most affected by the city's shortage of affordable homes, especially social rented homes.
- 3.5. The existing facility agreement already contains a new model clause. This includes a general requirement for loan recipients to comply with EDI legislation, and to promote equality of opportunity in respect of access to dwellings; and a specific requirement to have an EDI policy, to help that GLA monitor and secure compliance with general requirements under the terms of the agreement.

### **4. Other considerations**

#### Key risks and mitigations

- 4.1. Details of the key risks, and mitigations that can be taken, are outlined in the table below:

No.	Risk	Impact	Likelihood	Mitigation
1.	Cost increases	High	High	Mount Anvil's construction and supply-chain expertise mitigates this risk. The residual risk of cost overruns is borne by the common equity owners of each project specific joint venture.
2.	Reduction in sales price	High	Medium	Mount Anvil's pricing strategy is detailed, reviewing each unit for aspect, size and amenity before setting a price. Mount Anvil performs monthly reviews of its sales pricing and sales rates in line with its business plan. This allows it to remedy any issues that arise.
3.	Non-compliance with subsidy control on variation request	High	High	GLA officers sought independent commercial advice to be in line with market finance.

#### *Links to Mayoral strategies and priorities*

- 4.2. Tackling London's housing crisis is a key priority for the Mayor. The Mayor's 2021 London plan sets a target for 52,000 new homes to be built in the capital per year over the following 10 years. The Mayor's consultation document for the new London Plan (Towards a New London Plan) sets an increased objective for 880,000 new homes over the next ten years. The London Housing Strategy also outlines the Mayor's key priority to increase housing supply in London, particularly affordable housing, through his Affordable Homes Programme.
- 4.3. The GLA's Building More Homes delivery plan commits the GLA to using our existing land funds, and our portfolio of recovered investments, to finance infrastructure and land to unlock the delivery of homes of all tenures. This is consistent with the recommended variations to the Mount Anvil facility, which contribute to new housing supply through the additional homes unlocked (as per section 2.1).

#### *Consultation*

- 4.4. The GLA has engaged with Mount Anvil in relation to this proposal. It is not considered necessary or appropriate to consult any other persons or bodies, including those specified in section 32(1) of the Greater London Authority Act 1999 for the purposes of this Decision.

#### *Conflicts of interest*

- 4.5. There are no conflicts of interest to note from any of those involved in the drafting or clearance of this decision form.

## **5. Financial comments**

- 5.1. This DD is seeking approval for amendments to be made to the Mount Anvil's loan facility agreement which was approved under DD2424. To deliver the schemes, Mount Anvil is seeking to extend the availability period by two years, to 31 March 2030; and the final repayment period to 28 February 2032. It also seeks to extend the completion dates for 1,617 homes, to end of March 2026; and 2,370 homes, to the end of March 2031.
- 5.2. Mount Anvil has also requested a lower interest rate under the current facility agreement, as lower rates can be sourced from the market compared to the rate in the agreement. It has also requested the reduction of 50 per cent affordable homes on schemes to 40 per cent affordable homes, following publication of the GLA's Accelerated Housing Delivery Planning and Housing Practice Note

(December 2024). The amendments to the facility can result in a 17 per cent increase in the homes delivered. Further details are provided in part 2 of this DD.

- 5.3. The amendments are required due to delays in starts and completions on the various phases in the development schemes. The delays were due to regulatory changes, which required redesigning schemes to comply with the new fire safety requirements; and due to the loss of sub-contractors in the supply chain, arising from insolvencies.
- 5.4. The amendments are subject to a mandatory condition that Mount Anvil draws down on the facility during this financial year. If there is no drawdown, GLA will reserve the right to reduce the current facility from £50m to £35m; and revert to the original maturity date of 28 February 2030. Section 4.1, above, sets out the risks and mitigation strategies.

## **6. Legal comments**

- 6.1. Under section 30(1) of the Greater London Authority Act 1999 (as amended) (GLA Act), the GLA has the power to provide the loan funding on the proposed varied terms for the project explained above – provided that doing so will further one or more of the GLA’s principal purposes of promoting economic development and wealth creation, social development, and the improvement of the environment in Greater London. The project will deliver housing, including affordable housing. It is open to the GLA to take the view that funding it will promote both social and economic development, and is therefore within its power contained in section 30(1) of the GLA Act.
- 6.2. In exercising the power in section 30(1), the GLA must have regard to the matters set out in section 30(4-6A) of the GLA Act, and the Public Sector Equality Duty in section 149 of the Equality Act. Reference should be made to section 3, above, in this respect.
- 6.3. In addition to the above, where the GLA is proposing to use the power conferred in section 30(1) of the GLA Act, the GLA must consider consulting in accordance with section 32 of the GLA Act (see section 4.4, above).
- 6.4. Legal advice should be sought to document the proposed variations to the facility agreement described in this paper.
- 6.5. The arrangements are being structured to be subsidy control rules, on the basis that they will be provided on market terms with a market interest rate applied.

## **7. Planned delivery approach and next steps**

- 7.1. This work will be delivered according to the following timetable:

<b>Activity</b>	<b>Timeline</b>
DD agreed and signed	December 2025
Deed of Variation	December 2025

### **Appendices and supporting papers:**

None.

### Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will be published either within one working day after it has been approved or on the defer date.

### Strategic Programmes

**Does this decision seek approval for activity falling within the remit of a programme delivery plan? YES**

If YES, which programme/s does this fall within: Building More Homes

### Part 1 – Deferral

**Is the publication of Part 1 of this approval to be deferred? NO**

### Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under the FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form? YES**

### ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

#### Drafting officer:

Ashish Sharma has drafted this report in accordance with GLA procedures and confirms the following:

✓

#### Assistant Director/Head of Service:

Dan Maton has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

#### Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

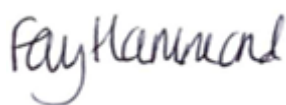
#### Mayoral Delivery Board

A summary of this decision was reviewed by the Mayoral Delivery Board on 1 December 2025.

### CHIEF FINANCE OFFICER:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

**Signature**



**Date**

11 December 2025