

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2455

Title: Colindale Station Redevelopment

Executive Summary:

TfL requires financial assistance to complete the land assembly for the comprehensive redevelopment of Colindale Station. Funding of up to a maximum of £6.342 million from the Small Sites Fund (MD2396 Land Assembly, Small Sites and Accelerated Construction Funds) would enable TfL to acquire up to 10 properties (via private treaty or CPO) adjacent to the TfL owned land at Colindale Station. These acquisitions would ensure a larger higher-density scheme is unlocked, delivering approximately 313 homes.

Funding will be made available as grant and the main conditions of funding will be: to deliver 50% genuinely affordable housing; that a Registered Provider will own the affordable properties with a covenant to protect the grant funding; and that the development must start on site by a long stop of March 2022.

Decision:

The Mayor approves:

1. Provision of grant funding to Transport for London up to a maximum of £6.342m from the Small Sites Fund (MD2396 Land Assembly, Small Sites and Accelerated Construction Funds) for facilitating the delivery of at least 313 homes at the Colindale Station site, including at least 50% affordable housing.
2. A delegation to the Executive Director of Housing and Land in consultation with the Deputy Mayor for Housing and Residential Development, to approve by record in writing the final contractual documentation.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

27/3/22

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1. MD2396 Land Assembly, Small Sites and Accelerated Construction Funds (approved on 27 November 2018) agreed to accept £486m of funding from the Government to help unlock and accelerate housing delivery in London through land assembly, infrastructure investment, and provision of gap funding.
- 1.2. MD2396 delegated authority to the Executive Director of Housing and Land in consultation with the Deputy Mayor for Housing and Residential Development, to approve, via a Director Decision, the allocation of new funding in accordance with the terms associated with the programme and in pursuit of the Mayor's housing ambitions.
- 1.3. This report seeks the Director's approval to allocate grant of up to £6,342,000 to Transport for London (TfL). The grant is intended to acquire land interests to unlock increased residential development on site.
- 1.4. The grant will enable TfL to complete land assembly of a site that will deliver a minimum of 313 homes, of which a minimum of 50% will be affordable. These homes will start on site no later than 31 March 2022, which is acceptable within the parameters of the Small Sites Fund.

Proposition

- 1.5. The Colindale Station redevelopment is a joint scheme between London Underground Limited Renewals and Enhancements and TfL. TfL have been working alongside LB Barnet to bring forward a comprehensive town centre redevelopment proposal for the station and surrounding land in line with the borough's Supplementary Planning Document (SPD) for the Colindale Station Redevelopment. The proposals have the support of the council.
- 1.6. The GLA's Housing and Land Directorate has been in dialogue with TfL regarding funding of circa £6 million to purchase up to 10 properties (via private treaty or CPO) to complete the land assembly of the Colindale Station redevelopment site, ensuring there is a more comprehensive development.
- 1.7. TfL has received S106 funding from LB Barnet, generated from the development of the Peel Centre site opposite the station, to redevelop the existing station. This redevelopment will bring benefits including the provision of step-free access and more ticket gates. TfL currently own enough land to relocate the existing station and deliver (subject to viability) a new Northern Line station and approximately 150 homes. Given the requirement to deliver 50% affordable housing across their portfolio of sites, this project may be unviable without a more comprehensive scheme.
- 1.8. By providing funding through the Small Sites Fund, the GLA will enable delivery of a larger scheme. The increased residential proposals consist of three discrete blocks. The western block, rising to 28 storeys of residential plus ground/mezzanine of commercial floorspace sits on land wholly owned by TfL. The northern block, rising to 20 storeys of residential above a ground/mezzanine of commercial and ancillary floorspace, sits on the existing TfL car park and part of the land on which the first four houses, currently in private ownership, are situated. The link block and eastern block, which is four storeys above a commercial ground floor, sits on land occupied by six flats and maisonettes. The houses, flats and maisonettes need to be acquired for the scheme to be delivered.
- 1.9. TfL does not have the funding available to acquire these properties, and the London Borough of Barnet has not agreed to commit the required resources.
- 1.10. Barnet Homes, the council's arm's length management organisation, will act as TfL's acquiring agent and complete all the associated work, including negotiating with the property owners. They have a track record of acquiring leaseholder properties in Barnet's estate regeneration projects on behalf of

the council's development partners. GLA officers understand there to be seven owners across the 10 properties with two properties currently under option (with another agent from a previous redevelopment approach).

- 1.11. The borough is supportive of this site assembly. This is reflected in an MoU signed between TfL and LB Barnet in October 2017, in which the borough agreed to openly investigate land assembly options with TfL, as part of the Colindale Project Board to oversee the proposals brought forward under the Colindale Station Redevelopment Project.
- 1.12. The existing owners of properties on this site are aware of the plans to redevelop the site. They were consulted on the Colindale Station Supplementary Planning Document, and they were invited to a consultation event at RAF Hendon on the specific Colindale Station redevelopment proposals ahead of a planning application being submitted.
- 1.13. The borough has been in contact with most of the existing owners. Several of the properties are held as buy-to-let investment properties, with some being owner-occupied.
- 1.14. TfL submitted a hybrid planning application at the beginning of February 2019. The station redevelopment has been submitted in detail for new ticket hall gates, step-free access, and platform alterations, and in outline for the residential component including the redline of the 10 residential properties. The planning application is structured in a phased manner so that the delivery of the station component and each residential plot can be brought forward separately.

2. Objectives and expected outcomes

- 2.1. The outline permission secured by TfL will be required to be draft London Plan compliant based on 50% affordable housing, i.e. 156 affordable homes. The grant is based on the standard tariff rate of £70,000 and £28,000 per unit for London Affordable Rent and London Shared Ownership or London Living Rent respectively.
- 2.2. As this funding is to be provided on condition that a 50% affordable housing development is delivered, an RP is required to be part of the team that is procured to build the development to hold the rented housing. This will be written into the funding agreement.
- 2.3. Fifty per cent affordable housing, based on a draft London Plan compliant tenure mix of 30% London Affordable Rent and 70% London Shared Ownership/London Living Rent, would provide a maximum grant of:

47 LAR x £70k = £3,290,000

109 LSO/LLR x £28k = £3,052,000

Total = £6,342,000

- 2.4. The grant would be paid direct to TfL who will have sole responsibility to complete all the acquisitions. Once the development partner is procured, any Registered Provider (RP) partner who will own the new affordable housing (who may or may not be the same entity as the development partner) will be required to sign a deed of covenant with the GLA. This is a condition of the land/units transferring to ensure that the affordable units continue to be used for the agreed purposes.
- 2.5. If the grant required for the acquisitions is less than £6.342m the GLA would only advance the amount necessary for the acquisitions. At the point of detailed planning confirmation, a reconciliation will be carried out to calculate how the amount of grant drawn down would be "allocated" to each affordable unit identified in the planning consent assuming the grant rates at paragraph 2.3 above. If the number of affordable units cannot absorb the drawn down grant at these grant rates, then TfL would be expected to repay the difference.
- 2.6. If, following successful completion and vacant possession of the site, the eventual developer and registered provider requires further subsidy to deliver the 50% affordable housing on the scheme,

then the GLA would assess whether to supplement via the traditional Affordable Housing Provider route if appropriate. The partner would need to be both an RP and a GLA Investment Partner with a standard contract.

- 2.7. In the scenario that the acquisitions following private treaty or CPO cost more than the maximum grant available, TfL will need to explore other routes to fund the acquisitions.
- 2.8. It is a condition of the funds that the scheme starts on site before 31 March 2021 with the long stop of March 2022. This aligns with the terms of the Small Sites Fund.

Partner procurement and contracting

- 2.9. The objective for TfL is to source a development partner as quickly as possible. The development partner will take ownership of the properties as soon as they are acquired by TfL. This manages the risk of TfL owning residential property liabilities for longer than necessary with no exit strategy. The development partner will then secure detailed planning consent via a Reserved Matters Application for the residential development.
- 2.10. TfL have started soft market testing via the London Development Panel 2 (LDP 2) with a view to procuring a development partner by, at the latest, August 2019. This is in parallel with concluding the grant agreement with the GLA and beginning land assembly negotiations through Barnet Homes.
- 2.11. Following procurement there may be a scenario where the selected development partner wishes to conclude the land assembly independently. To accommodate this scenario the funding arrangements with TfL will provide that, in such circumstances, TfL would not draw down further GLA funding.
- 2.12. The eventual development partner may wish to increase the amount of residential on the scheme when they take through their Reserved Matters Application. This would be welcomed from the GLA perspective, if it was planning compliant and maintained the 50% affordable housing.
- 2.13. The contractual start on site date will be before the end March 2021 with the long stop start on site date of March 2022. This aligns with the terms of the Small Sites Fund.

3. Equality comments

- 3.1. Section 149(1) of the Equality Act 2010 provides that, in the exercise of their functions, public authorities must have due regard to the need to: eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 3.2. Protected characteristics under section 149 of the Equality Act are age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status.
- 3.3. The housing shortage in London disproportionately affects people with certain protected characteristics. Increasing the supply of housing, and affordable housing, will help to achieve positive impacts in line with the 'three needs' outlined above.
- 3.4. The allocation of the funding is from the Small Sites Fund and is aimed at implementing the Mayor's policies set out in the London Housing Strategy and the London Plan. In September 2017, the GLA published an impact assessment, including an equalities impact assessment, of the Housing Strategy. Policies related to increasing housing supply and delivering affordable housing, to which this programme will contribute, were also covered by the Integrated Impact Assessment (IIA) for the Draft London Plan, published in November 2017.

- 3.5. The IIA concluded that the cumulative impact of these policies combined with policies for flexible housing mix, inclusive design and accessible housing would contribute to creating inclusive communities, relieve housing pressures that disproportionately affect lower-income groups and ensure the needs of diverse groups are considered in housing delivery and design. The Mayor's Equality, Diversity & Inclusion Strategy was issued in May 2018. The first chapter of this document is entitled "A Great Place to Live". Priority outcome 1.1 in the vision refers to delivering affordable, accessible and decent homes. This grant funding will help to deliver new affordable homes in London.
- 3.6. To access the grant funding, TfL will be required to enter into a grant agreement with the GLA, which places the following obligations on TfL in respect of the Equality Act 2010: to comply in all material respects with all relevant legislation, including but not limited to legislation relating to health and safety, welfare at work, and equality and diversity; and to have, and fully comply with, a policy covering equal opportunities designed to ensure that unfair discrimination on the grounds of colour, race, creed, nationality or any other unjustifiable basis directly or indirectly in relation to the delivery of the agreement is avoided at all times. TfL will also provide a copy of that policy and evidence of the actual implementation of that policy upon request by GLA.

4. Other considerations

- 4.1. There is a risk that the local authority does not grant planning permission. The risk to the GLA will be managed through the grant arrangements with TfL and, ultimately, if there is a failure to deliver the required outputs, the GLA may seek to recover its funding either from TfL or through any deed of covenant between the GLA and TfL's development partner/RP.
- 4.2. The property owners may not wish to accept an offer for their homes and TfL may need to seek the backing of the borough to pursue compulsory purchase orders (CPO). This would take longer and delay delivery as above. This will be mitigated through the overall performance management of the Small Sites Fund in close dialogue with MHCLG. There is also a risk and possibility that the borough would not support the CPO.
- 4.3. There is a risk that the grant funding awarded to TfL is not sufficient to take it through the CPO process. This may be mitigated by accelerating the procurement of the development partner to ensure they are on board to use their own resources to complete the acquisitions and/or indemnify the CPO. This may also be mitigated by the GLA reviewing the levels of funds made available and providing cover through commercial funding or recoverable grant.
- 4.4. The procurement of a partner from the LDP2 may not be successful. This could be mitigated by carrying out an additional competitive procurement process. If this is also unsuccessful and the housing outputs are not delivered the GLA may seek to recover its grant funding as set out in paragraph 4.1 above.

5. Financial comments

- 5.1. This decision requests approval to grant £6.342m from the GLA to TfL to facilitate an increase from 150 housing units to 313 (an additional 163) at Colindale station. It will also increase the number of affordable homes from 75 to 156 – an additional 81.
- 5.2. The grant will be funded by the £126m Small Sites funding received from the Ministry of Housing, Communities and Local Government in November 2018.
- 5.3. It is anticipated that draw down of the funds will be on a quarterly basis. There will be an agreed checklist of self-certification requirements to be completed by TfL and checked by GLA before each draw down.

6. Legal comments

- 6.1. The foregoing sections of this report indicate that the decision requested of the Director falls within the statutory power of the GLA under section 120 of the Greater London Authority 1999 (the GLA Act) to “pay grants towards meeting capital expenditure incurred or to be incurred by a functional body for the purposes of, or in connection with, the discharge of the functions of that body”.
- 6.2. Section 120(3) of the GLA Act provides that: “A grant under this section must not be made subject to any limitation in respect of the capital expenditure which it may be applied towards meeting”.
- 6.3. If the Director is minded to approve the recommendations in respect of which a decision is sought, officers must ensure that the GLA enters into suitable arrangements with TfL to document the availability of the grant funding as a contribution towards TfL’s capital costs in the related discharge of its functions, with an output of new housing at the Colindale Station site as described in this report.
- 6.4. External lawyers have been instructed to prepare the funding documentation.
- 6.5. In taking the decision requested of him, the Director must have due regard to the Public Sector Equality Duty, namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Director should have particular regard to section 3 (above) of this report.

7. Planned delivery approach and next steps

- 7.1. Please see the outline timetable

Activity	Timeline
Hybrid Planning Application submitted	February 2019
LDP2 soft market testing	March 2019
Grant Agreement and side letter signed	April 2019
Development Partner procured	July /August 2019
Properties acquired	December 2019
Start on site	Pre-March 2022

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 either be published within one working day after it has been approved or on the defer date.

Part 1 - Deferral

Is the publication of Part 1 of this approval to be deferred? YES

If YES, for what reason: As the funds are to acquire private properties it is preferred that this is delayed until the acquisitions have been completed so the acquisition process is not influenced.

Until what date: (a date is required if deferring) 25th February 2021 (or until acquisitions are complete)

Part 2 – Sensitive information

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

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to
confirm the
following (✓)

Drafting officer:

Nick Taylor has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

David Lunts has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

James Murray has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 18 March 2019.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Lunt

Date

25.3.19

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

D. Bellamy

Date

25/3/2019.

