

# GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3471

City Hall Developer Investment Fund

Programme: Building More Homes

## Executive summary:

The Mayor has secured an initial allocation from the government of £324,390,000 to establish a City Hall Developer Investment Fund (CHDIF). In line with the commitments in the Building More Homes programme's delivery plan (approved in Mayoral Decision 3378), the fund will help to unlock and accelerate the delivery of private and affordable housing. It will initially focus on stalled sites that can deliver housing completions by Summer 2029 or earlier. This decision seeks approval for: the GLA to receive this funding; the overall scope and design of the CHDIF; and the necessary delegations.

## Decision:

That the Mayor approves:

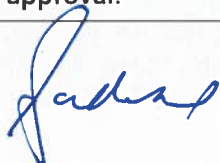
1. the GLA receiving up to £324,390,000 of funding from the government, via its Integrated Settlement, to establish a City Hall Developer Investment Fund (CHDIF) in accordance with decision 3, below
2. the overall scope and design of the CHDIF (identified in section 1, below)
3. delegating authority to the Executive Director, Housing and Land, in consultation with the Deputy Mayor for Housing and Residential Development as set out in paragraph 1.1, below
4. subject to any terms agreed with government, and in accordance with governance arrangements the GLA will introduce (to manage the Integrated Settlement), the conversion of up to 10 per cent of the funding at decision 1 (above), from capital to revenue, to meet due diligence, staffing and other professional support costs required to bring forward identified investment opportunities
5. that each decision in MD3378 – Building More Homes, related to schemes set out in Appendix 4 of that MD, shall apply to the CHDIF; and that said Appendix 4 shall be deemed to include the CHDIF in the list of approved GLA funding schemes, through which funding is sometimes, or may be, returned to the GLA
6. adding the CHDIF, as a new project, in strand three of the delivery plan for the Building More Homes programme, approved under MD3378
7. that for any loan investments funded by the CHDIF, or existing funding schemes pursuant to MD3378, that are contracted via GLA Land and Property Limited (GLAP), the GLA waives any requirement upon GLAP to repay the GLA in respect of such loan funding (whether principal, interest or other amounts accrued or outstanding), to the extent that GLAP incurs losses in respect of those loans
8. updating the Appendix to the London Housing Strategy, to reflect that the above housing funding has been allocated to the GLA.

## 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:

18/3/21

## **PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

##### *Delegations to Executive Director, Housing and Land*

- 1.1. Decision 3, above, approves delegating authority to the Executive Director, Housing and Land, in consultation with the Deputy Mayor for Housing and Residential Development, to:
  - a. agree any conditions that the GLA's receipt of the funding detailed in decision 1 is subject to; and approve amendments to these conditions from time to time, provided they are not novel, contentious or repercussive
  - b. approve an investment strategy and management framework for the City Hall Developer Investment Fund (CHDIF) to replace the Land Fund Investment Strategy (approved via Mayoral Decision (MD) 2615); this framework will apply to CHDIF-funded investments, and to investments pursuant to project 3.2 in the delivery plan for the Building More Homes programme approved under MD3378 – Building More Homes, following consultation with legal advisers and the GLA's Chief Finance Officer, and having subsequently secured agreement from the Mayoral Delivery Board
  - c. approve CHDIF funding guidance and assessment criteria for publication
  - d. approve making any subsidy scheme(s) pursuant to the CHDIF, where appropriate
  - e. agree, receive and spend any additional revenue funding from the government, to cover operational costs relating to the delivery of the CHDIF
  - f. agree and receive any additional capital funding from the government for the CHDIF, following consultation with legal advisers and the GLA's Chief Finance Officer, and having subsequently secured agreement from the Mayoral Delivery Board
  - g. approve spend on CHDIF investments in accordance with the terms associated with the fund, and in pursuit of the Mayor's housing ambitions, via a Director Decision (DD) form, unless they are novel, contentious or repercussive.

##### *Building More Homes programme*

- 1.2. Increasing the delivery of housing of all tenures is one of the Mayor's key priorities. The Building More Homes Mayoral strategic programme was established to contribute to this priority, through MD3378: Building More Homes.
- 1.3. One of three strands of the Building More Homes programme's delivery plan is to 'work to secure and deploy flexible funding to enable housing delivery'. Project 1.2 in the delivery plan is to:

'create an interventionist City Hall Developer to deploy resources where sites are stalled in the short term and act innovatively to bring forward strategic sites, including on public land, that the market alone will not unlock'.

MD3378 also envisages that a new project for delivering this scheme will be added to the Building More Homes delivery plan, following agreement of new funding. This decision adds the CHDIF as a new project in strand three of the delivery plan (work to enable more homes of all tenures). Paragraph 1.17 of MD3378 highlighted that creating an interventionist City Hall Developer would require a separate MD. This is because it was expected to be a large-scale funding scheme; and neither the scheme parameters, nor the quantum of funding in each, had yet been agreed with the government. This meant more detailed work was required before seeking Mayoral approval. This MD requests that approval.

## *City Hall Developer Investment Fund*

- 1.4. In 2022, the Mayor of London commissioned the Kerslake Review of GLA Group Housing Delivery, to consider how GLA Group housing delivery could be maximised – including through a new City Hall Developer. Key recommendations from the review included that the City Hall Developer should focus on expanding and strengthening the GLA’s existing housing delivery model – including through land acquisition and assembly; and greater risk-sharing and partnering with the private sector.
- 1.5. In addition to the above, and in response to the recent decline in London’s housing delivery, the ambition for the City Hall Developer has extended. It now aims to be a tool to provide investment that addresses London’s housing supply challenges, by unlocking sites for development. In October 2025, the government and the GLA announced a joint package of emergency measures to support homebuilding. As part of this, the government made an initial allocation of funding available to the GLA; this was used to establish a CHDIF, which could take a more direct and interventionist role to unlock new homes. This includes through targeted investment to accelerate delivery on sites.
- 1.6. The CHDIF’s initial objective – especially for the first tranche of funding pursuant to decision 1, above – will be to prioritise interventions on stalled sites that can deliver housing completions as soon as possible (by Summer 2029 or earlier). CHDIF investments will prioritise unlocking projects (or project phases) that deliver 100 or more housing completions. The CHDIF is therefore closely aligned with the London Housing Mission, which is focusing on unlocking stalled sites of this size and delivering new housing as early possible. The CHDIF will form part of the New Homes Accelerator London toolkit, to help support such sites. External partners may submit expressions of interest (EOIs) for investment proposals via a continuous market engagement (CME) process (see paragraph 1.20, below).
- 1.7. Where resources allow, the GLA may develop strategic proposals via the CHDIF. In keeping with the Building More Homes delivery plan, and the Mayor’s response to the Kerslake Review recommendations, this is likely to include supporting delivery on sites controlled by the GLA and the GLA Group. This includes GLAP projects and sites where direct acquisition by the GLA Group, or joint ventures with external partners, are the most effective route to delivering homes. This could include interventions to address viability challenges in such projects. Strategic proposals may also extend to interventions supporting housing delivery on wider-public-sector land holdings.
- 1.8. Both CME and GLA-led strategic proposals will be assessed against common assessment criteria (see paragraphs 1.22 to 1.24 below).
- 1.9. The CHDIF is intended for flexible use, to unlock and/or accelerate housing delivery. Interventions and eligible expenditure might include, but are not limited to:
  - land acquisition and enabling works
  - site remediation
  - on and off-site infrastructure that unlocks housing
  - capitalised fees and construction costs required to deliver the project
  - viability gap funding (potentially in addition to affordable housing grant under the London Social and Affordable Homes Programme 2026-36, or another Affordable Homes Programme, subject to the requirements of those programmes).

Any subsidy must comply with subsidy control rules.

### *Funding for the CHDIF*

- 1.10. The GLA has secured an initial allocation of up to £324,390,000 of capital grant to establish the CHDIF. The funding is expected to support thousands of new homes of all tenures in London. It will be provided to the GLA, via the Integrated Settlement, from 2026-27 to 2029-30. The annual funding profile will be agreed with the government.

- 1.11. The GLA is in discussions with the government regarding a devolved settlement of financial transactions (FT) funding, from the National Housing Bank, that could be deployed through the CHDIF. FT funding must be repaid to government with an agreed level of return, likely to be linked to the government's cost of borrowing. This MD seeks delegated authority for the Executive Director, Housing and Land (in consultation with the Deputy Mayor for Housing and Residential Development), to agree and receive any additional capital funding from the government for the CHDIF (including but not limited to FT funding), following consultation with legal advisers and the GLA's Chief Finance Officer, and having subsequently secured agreement from the Mayoral Delivery Board.
- 1.12. Lastly, the Building More Homes delivery plan (approved via MD3378) specifies that – alongside any new funding for a City Hall Developer – the GLA will continue to use recovered investments from its existing portfolio to make new investments to finance infrastructure, land and housing costs, and unlock the delivery of homes of all tenures. These resources may also be used to support additional proposals via the CHDIF in future.

#### *Investment strategy and management framework*

- 1.13. To ensure that the CHDIF meets its objectives, and has robust processes and controls in place, the GLA is developing an investment strategy and management framework. This will ultimately supersede the Land Fund Investment Strategy approved via MD2615 (see paragraphs 1.25 to 1.30, below).
- 1.14. The scope of the investment strategy and framework will cover the process for investment evaluation (financial instrument), assessment and selection. This includes risk and return; risk management; and governance. Its purpose is to ensure that:
- the GLA/GLAP is ready to invest responsibly, including by using any FTs and other financial instruments in a fiscally sustainable way
  - agreed risk tolerances at project and portfolio levels (including maximum partner exposure limits) stay within the devised and agreed risk tolerances at programme level
  - robust controls are in place – in line with the Financial Transaction Control Framework, where appropriate – to manage financial investments
  - existing policy and procedures are fit for purpose, and can identify and address any areas that may need strengthening.
- 1.15. The investment strategy and management framework will be finalised once any additional funding sources (including those detailed at paragraphs 1.10 and 1.11, below) are agreed with the government. This MD approves delegating authority to the Executive Director, Housing and Land, in consultation with the Deputy Mayor for Housing and Residential Development, to approve an investment strategy and management framework for the CHDIF, and investments pursuant to project 3.2 in the Building More Homes delivery plan (approved under MD3378), following consultation with legal advisers and the GLA's Chief Finance Officer, and having subsequently secured agreement from the Mayoral Delivery Board. In addition to new funding, the investment strategy and management framework will apply to decisions to reinvest funding from legacy programmes, including but not limited to the Land Fund, and in accordance with project 3.2 in the Building More Homes delivery plan.

#### *Type of investment*

- 1.16. The GLA will seek to deploy funding flexibly to maximise its impact. CHDIF funding could be provided in the form of recoverable or non-recoverable grant, senior or mezzanine debt, equity, or other forms of investment (or a combination thereof). The GLA will seek to recover funding where possible, so it can be recycled into future projects.
- 1.17. Investment decisions will also be guided by:

- available sources of funding
- the need to maintain a balanced portfolio of investments and risk
- in particular, whether the GLA has a requirement to generate returns and repay government.

#### *Bidding process*

- 1.18. Funding will be available to a wide range of public and private sector partners across the housing sector, including:
- London boroughs
  - other public bodies and publicly owned entities
  - registered providers of social housing
  - any private-sector developer that is a UK-registered corporate entity.
- 1.19. To bid for funding, every project must:
- be located within Greater London
  - have an evidenced rationale for public-sector intervention
  - be unlocked due to GLA intervention; projects that can deliver housing completions by Summer 2029, or earlier, will be prioritised.
- 1.20. As part of its approach to CME, the GLA will open a call for EOIs in Spring 2026, to develop a prioritised pipeline of projects in London. Prioritised projects will then be taken through detailed legal, financial and property due diligence. Once this has been completed to the GLA's satisfaction, proposals will be reviewed and considered for approval in accordance with the delegations in this MD. Before it makes payments, the GLA will enter into legally binding funding agreements, with counterparties, that facilitate the delivery of specified housing outputs.
- 1.21. As detailed in paragraph 1.35, it may be appropriate to establish subsidy schemes to benefit particular groups of similar proposals, once these are identified. If a subsidy scheme is set up after the CHDIF programme has launched and EOIs are submitted, such projects may be required to submit a further funding bid, following the initial EOI, to comply with subsidy control rules.

#### *Assessment criteria*

- 1.22. The GLA will assess, prioritise and approve projects based on the following criteria:
- strategic fit
  - deliverability
  - value for money.
- 1.23. Appendix 1 contains further details on project selection and the criteria and weighting used to assess proposals. The GLA may publish amended assessment criteria for the CHDIF from time to time.
- 1.24. In addition to the open call for EOIs, the GLA may also directly develop proposals acting more strategically where place-based priorities, transformational impacts, and the scale and complexity of the project necessitate public-sector investment. Such proposals will be assessed against the same criteria set out in Appendix 1.

## *Governance*

- 1.25. For new investments, the CHDIF and other land and infrastructure housing investment programmes will follow a three-stage governance process:
- endorsement by a Housing and Land Investment Sifting Committee
  - endorsement by the Housing and Land Investment Programme Board
  - formal approval via a DD, or an MD where appropriate (see paragraphs 1.31 and 1.32, below).
- 1.26. The Housing and Land Investment Sifting Committee will include officers from the GLA's Housing and Land Directorate. This step aims to check, at an early stage, that potential projects are consistent with the programme objectives, parameters, risk tolerance and remaining budget. It will also provide approval for the GLA project lead to commission detailed due diligence. External partners will usually be expected to absorb the GLA's costs of due diligence.
- 1.27. The Housing and Land Investment Programme Board will act as the Investment Committee for new transactions. It will include (as a minimum) senior officers from Housing and Land, and from the GLA's finance team. The GLA may choose to include independent third-party representation on the Board. It will endorse or reject projects once due diligence has been completed, and once there is a full understanding of the objectives, benefits, risks, pricing and dependencies of a project.
- 1.28. Where the GLA onward-invests funding with third parties on a commercial basis, it contracts via GLAP. Any such investments will require consultation with a GLAP director, which would take place as part of the Housing and Land Investment Programme Board's scrutiny and endorsement or rejection of the proposed investment. The GLAP director will be recused from considering whether or not other investments should be endorsed by the Programme Board.
- 1.29. There will also be a Housing and Land Investment Portfolio Oversight Committee, which will provide oversight for the CHDIF and other investment programmes at a programme level. This will include monitoring progress and investment risk from the CHDIF and other investment programmes; and endorsing changes to the programme(s) for approval in accordance with the Mayoral Decision Making in the GLA framework.
- 1.30. At the end of April 2026, the Portfolio Oversight Committee, Programme Board and Sifting Committee will replace the Land Fund Investment Committee and other governance arrangements established under MD2207.

## *Delegations*

- 1.31. Funding from the CHDIF will be committed via bespoke contractual arrangements with counterparties, based on established template agreements, where it is possible and practicable to do so. Due to the scale of the funding, and the need to respond swiftly to opportunities for intervention in a fast-paced property market, this MD seeks approval for a delegation for the Executive Director, Housing and Land, in consultation with the Deputy Mayor for Housing and Residential Development, to approve allocating funding to CHDIF interventions in accordance with the terms associated with the fund and in pursuit of the Mayor's housing ambitions. Such approvals must be authorised via a DD, and will only be approved where the Housing and Land Investment Programme Board has provided endorsement.
- 1.32. In line with the Mayoral decision-making framework, any proposals that are considered novel, contentious or repercussive will require an MD. This will be assessed on a case-by-case basis, in consultation with the GLA's Governance team (as defined in MD3274: Updates to GLA Governance Documents, signed in June 2024).

### *Revenue funding*

- 1.33. Under the Integrated Settlement, it is expected that the GLA will be able to convert up to 10 per cent of capital funding received to revenue funding, to support programme delivery. This MD seeks approval to convert and commit up to 10 per cent of the funding detailed in decision 1 from capital to revenue funding. This is to meet due diligence, staffing and other professional support costs required to bring forward identified investment opportunities.
- 1.34. The GLA continues to discuss the revenue funding requirements for the CHDIF with government officials. Where any additional revenue funding is secured, this MD seeks approval for a delegation to the Executive Director, Housing and Land, in consultation with the Deputy Mayor for Housing and Residential Development, to agree, receive and spend any additional revenue funding from the government to cover due diligence, staffing and other professional support costs required to deliver the CHDIF. The Executive Director, Housing and Land, will ensure compliance with the obligations set out in The Openness of Local Government Bodies Regulations 2014. These describe when written records of decisions, and their content, need to be published. DDs and Assistant Director Decisions will be required, where appropriate, to meet these transparency requirements. This includes where GLA funds are paid to external organisations. Any decisions to accept or spend funding that do not require a formal decision form must be documented via a Record in Writing, as defined in MD3274. This will be reported publicly every quarter.

### *Subsidy control considerations*

- 1.35. Any funding awarded via the CHDIF that is subsidy – for example, grant funding or subsidised loans – must comply with the Subsidy Control Act 2022. Once the GLA has received EOIs for the CHDIF, it will review whether there are multiple EOIs relating to similar types of intervention. If so, it will consider whether it would be appropriate to make one or more subsidy schemes for particular types of intervention. The GLA may need to first obtain and consider a subsidy report from the Subsidy Advice Unit (SAU) at the Competition and Markets Authority before making any such subsidy scheme. This will depend on the amount of the subsidy that may be awarded under the scheme.
- 1.36. This MD delegates authority to the Executive Director, Housing and Land, in consultation with the Deputy Mayor for Housing and Residential Development, to approve making any subsidy scheme(s) pursuant to the CHDIF, where this is considered appropriate. If a subsidy scheme is made after receiving EOIs, the CHDIF would be reopened for bids, allowing these to be made under that scheme.
- 1.37. In addition to subsidy schemes set up by public authorities (such as the GLA) for their own use, the government may also set up streamlined subsidy schemes for the use of any UK public authority. If the government introduces any relevant streamlined subsidy schemes, GLA subsidy schemes may not be required; and CHDIF investments involving subsidy may be considered under the streamlined subsidy scheme, if proposals meet the scheme's parameters.
- 1.38. Otherwise, the GLA may also wish to progress individual projects without a subsidy scheme – i.e., by considering the subsidy control principles for specific projects, and referring individual projects to the SAU where required.

### *GLA waiver in respect of GLAP loan agreements*

- 1.39. Under the CHDIF, as with other capital programmes, the government provides funding to the GLA to distribute in accordance with the programme's parameters, fulfilling the GLA's strategic housing and regeneration functions. Where the GLA onward-invests that funding on commercial terms, it contracts via GLAP. This MD recommends approving that the GLA waives any requirement upon GLAP to repay the GLA in respect of such loan funding (whether principal, interest or other amounts accrued or outstanding), to the extent of any losses incurred by GLAP on loan investments funded by the CHDIF, or existing funding schemes pursuant to MD3378, where funding passes through GLAP.

## *Updating the Appendix to the London Housing Strategy*

1.40. Section 333A(2)(d) of the Greater London Authority Act 1999 (the GLA Act) requires the London Housing Strategy to include a statement of the Mayor's spending proposals for the 'relevant period'. In the Appendix to that strategy, the relevant period is:

'taken to mean April 2015 to March 2022, which is the period during which government has made allocations to fund the [existing] affordable housing programme'.

That Appendix notes that the Strategy 'will be updated and published on the GLA's website to reflect future allocations of funding'. The allocation to the GLA of the housing funding, that is the subject of this MD, is a funding allocation that needs to be reflected in the Appendix to the London Housing Strategy. The Mayor is asked to approve this.

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

2.1. The CHDIF's initial objective is to support proposals that unlock and accelerate housing. It will do so by:

- targeting funding at stalled projects capable of delivering 100 or more housing completions by Summer 2029 or earlier
- where possible, returning funding to the GLA to recycle into future projects.

2.2. In addition to the areas detailed at paragraph 1.7, above, other strategic objectives prioritised in the CHDIF assessment criteria include:

- increasing new social and affordable housing
- maximising private sector investment
- supporting small and medium-sized enterprises and innovation.

2.3. The CHDIF will also support the following wider Mayoral objectives:

- improving London's housing stock – partners directly delivering homes in receipt of CHDIF funding must ensure that:
  - they are safe
  - no combustible materials are used on the external walls of buildings of any height
  - active fire suppression systems are used in newly developed buildings of all heights, except in single units
- reducing inequalities – partners in receipt of CHDIF funding must meet the following five minimum equality, diversity and inclusion (EDI) standards:
  - offer EDI training for all employees
  - implement a zero-tolerance approach to all forms of discrimination, harassment and bullying
  - broaden recruitment channels, and encourage applications from diverse and under-represented groups
  - collect and monitor workforce data to benchmark the diversity of their workforce against the local area of their organisation
  - publish their gender and ethnicity pay gaps.

2.4. Outcomes linked to the funding approved via decision 1 will be agreed with the government as part of the Integrated Settlement.

### 3. Equality comments

3.1. Under section 149 of the Equality Act 2010, the Mayor and GLA are subject to the public sector equality duty, and must have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation
- advance equality of opportunity between people who share a relevant protected characteristic and those who do not
- foster good relations between people who share a relevant protected characteristic and those who do not.

3.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation and marriage/civil partnership status. The duty involves having appropriate regard to these matters as they apply in the circumstances, including having regard to the need to:

- remove or minimise any disadvantage suffered by those who share or are connected to a protected characteristic
- take steps to meet the different needs of such people
- encourage them to participate in public life or in any other activity where their participation is disproportionately low.

This can involve treating people with a protected characteristic more favourably than those without one.

3.3. The GLA has conducted an Equality Impact Assessment (EqIA) to assess the equality implications of the CHDIF. The GLA will use this to monitor and review impacts throughout the programme. Some of the key findings from the EqIA are set out in this section.

3.4. The CHDIF aims to increase the supply of private and affordable housing. New homes deliver improved choice and affordability for households, beyond the households moving into the new homes. There is evidence to show that building new market-rate homes can make housing more affordable. The key mechanism is "moving chains", whereby new market housing creates chains of vacancies across an area, reducing rents and improving availability, including for low-income households. However, there is also evidence that, in some circumstances, new market-rate homes don't improve affordability. This can happen if the new homes lead to substantial improvements in local amenities (which increases demand in the area), and outweigh the price-reduction impact of new supply outlined above. The evidence set out in the EqIA shows that some Londoners with shared protected characteristics are more likely to struggle to afford a home that meets their needs.

3.5. New homes delivered with funding via the CHDIF will likely help many people with protected characteristics. This is because many of these groups are disproportionately represented among those in need of housing they can afford. This is, in part, because they are more likely to experience homelessness or overcrowding; or to have low incomes that make it difficult for them to afford market housing.

3.6. CHDIF interventions will also result in the delivery of affordable housing that would not otherwise come forward. People from a Minority Ethnic background are disproportionately likely to experience poverty and associated housing constraints. These groups will therefore benefit from an increased

supply of social housing, particularly homes at social rents, that will be unlocked and/or accelerated by CHDIF funding.

- 3.7. Partners must also meet EDI standards, including workforce diversity monitoring and inclusive recruitment. These measures aim to improve representation in the built environment sector, where certain groups are underrepresented – specifically women; young people; and Black, Asian and Minority Ethnic groups. Providers must promote EDI across their operations and communities.
- 3.8. The GLA’s EqIA for the CHDIF is attached (see Appendix 2).

#### 4. Other considerations

##### *Key risks and issues*

<b>Risk</b>	<b>Mitigation</b>	<b>Likelihood</b>	<b>Impact</b>
Investments underperform, resulting in a failure to deliver intended housing objectives; secure value for money; and/or recover funding	The GLA is developing an investment strategy and management framework for the CHDIF. It has set detailed assessment criteria to ensure that interventions meet programme objectives (see Appendix 1). The GLA will put in place robust processes for legal and project due diligence before committing funding. Investment proposals will also be carefully scrutinised before they are approved, in accordance with the governance approach detailed above. Market and sectoral risks, however, cannot be fully mitigated.	Low	High
Funding is not deployed quickly enough to deliver housing outputs promptly	This MD seeks delegations for decision making to enable the GLA to act swiftly. The GLA will prioritise proposed interventions that demonstrate they can deliver outcomes early.	Medium	Medium
Failure to comply with subsidy control requirements	Legal advice has been sought at a programme level; and subsidy control issues will be considered and mitigated for each intervention before funding is approved.	Low	Medium
Insufficient resources, a lack of expertise and inadequate systems lead to poor programme management	The GLA will create additional posts within the Investment team to help deliver the CHDIF. The team will use professional consultants to advise on undertaking property and legal due diligence on individual interventions. The GLA is looking at options to improve its systems for project management.	Low	High

##### *Links to Mayoral delivery plans and other strategies and priorities*

- 4.1. Tackling London’s housing crisis is a key priority for the Mayor. His 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 10 years. The London Housing Strategy also outlines the Mayor’s key priority to increase housing supply in London.

4.2. The Building More Homes delivery plan, approved via MD3378, includes project 1.2:

“Create an interventionist City Hall Developer to deploy resources where sites are stalled in the short term and act innovatively to bring forward strategic sites, including on public land, that the market alone will not unlock.”

4.3. By increasing the supply of housing, including affordable housing, the CHDIF will support addressing the core London-level outcome that the Building More Homes programme seeks to contribute to: that Londoners live in homes they can afford. The CHDIF will also contribute to a wider set of London-level outcomes: Londoners are not homeless; Londoners’ homes are safe and decent; and, stable long-term economic growth benefits all of London’s communities.

#### *Consultations and impact assessments*

4.4. The design of the CHDIF has involved consultation with MHCLG and housing delivery partners, including local authorities. It is not considered necessary to consult with any other persons or bodies, including those specified in section 32 (1) of the GLA Act, for the purposes of this report.

#### *Conflicts of interest*

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

## **5. Financial comments**

5.1. This MD is seeking approval to receive £324,390,000 capital grant from MHCLG to establish the CHDIF. The funds will be provided via the Integrated Settlement; and will cover 2026-27 to 2029-30. The fund will be used to:

“create an interventionist City Hall Developer to deploy resources where sites are stalled in the short term and act innovatively to bring forward strategic sites, including on public land, that the market alone will not unlock”.

This is as set out in the Building More Homes delivery plan.

5.2. The CHDIF will also be used to provide investment to help address London’s housing supply challenges. It will do so by unlocking sites for development, as an emergency measure, to support homebuilding and accelerate housing completions. The fund can be applied to various classifications of expenditure that directly contribute to unlocking and/or accelerating housing delivery, as noted in paragraph 1.9.

5.3. Although this fund is capital funding, there is flexibility built within the fund that allows up to 10 per cent of it to be treated as revenue funding. The decision is also seeking approval to convert and commit up to 10 per cent of the funding from capital to revenue funding, to meet revenue expenditure relating to the CHDIF programme. Any decisions to use this flexibility will need to be made:

- in accordance with the Integrated Settlement framework (to be implemented in 2026-27, the first year of the Integrated Settlement)
- with approval from the Senior Responsible Owner for the Building More Homes programme, after consulting the Building More Homes Programme Board; with the input of the Deputy Mayor for Housing and Residential Development; and recorded in line with the Mayoral Decision Making in the GLA framework
- in consultation with the Chief Finance Officer

- in accordance with governance arrangements the GLA will introduce to manage the Integrated Settlement.
- 5.4. The MD is also seeking approval to delegate authority to the Executive Director, Housing and Land (in consultation with the Deputy Mayor for Housing and Residential Development), to agree and receive any additional capital funding from government for the CHDIF.
- 5.5. A governance framework for managing the risks and ensuring effective management of the CHDIF is set out in paragraphs 1.13 to 1.15, and 1.25 to 1.30, above. Potential risks within the CHDIF programme were assessed; and controls to manage the risks are outlined in section 4, above. For most of the risks, the likelihood of them occurring was assessed as low. However, the impact from the risk of investments underperforming, and the risk of poor programme management, were assessed as high. The risk table in section 4, above, has outlined robust mitigating actions.
- 5.6. The introduction of the waiver approved via decision 7 creates no GLA revenue implications for any existing loan to GLAP. For future loans to GLAP, the revenue implications will depend on whether the loans are immediately funded or financed via GLA borrowing. The GLA will recognise and measure Estimated Credit Losses in all cases, but will only make Minimum Revenue Provision in relation to the latter.
- 5.7. The CHDIF will be added as a new project in strand three of the delivery plan for the Building More Homes programme, approved under MD3378, and the funding detailed in decision 1 will be allocated to that project.

## **6. Legal comments**

- 6.1. Section 30 of the GLA Act (as amended) gives the Mayor a general power to do anything that he considers will further one or more of the principal purposes of the GLA. The principal purposes, as set out in section 30(2), are:
- promoting economic development and wealth creation in Greater London
  - promoting social development in Greater London
  - promoting the improvement of the environment in Greater London.
- 6.2. Given the above, the GLA's housing and regeneration functions contained in Part 7A of the GLA Act, and section 34 of that Act, which allows the Mayor to do anything that is calculated to facilitate, or is conducive or incidental to, the exercise of any of his functions (including his functions under section 30), and section 333A(3)(b), (4) and (10), the GLA is empowered to receive funding from the government and provide financial assistance for the purpose of unlocking and accelerating housing delivery, including affordable housing.
- 6.3. In determining whether or how to exercise the power conferred by section 30(1) of the GLA Act, the Mayor must:
- have regard to the effect that these decisions will have on the health of persons in Greater London, health inequalities between persons living in Greater London, the achievement of sustainable development in the UK, and climate change and its consequences (sections 30(3-5) of the GLA Act
  - pay due regard to the principle that there should be equality of opportunity for all people (section 33 of the GLA Act).
- 6.4. In taking the decisions requested, the Mayor must also 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, and foster good

relations, between persons who share a relevant protected characteristic (race, disability, sex, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not (section 149 of the Equality Act 2010). These matters will also need to be taken into account when preparing the funding guidance, and when assessing specific bids for funding proposals and entering into funding agreements.

- 6.5. In respect of paragraphs 6.3 and 6.4, the Mayor should have regard to section 3, above, and the EqIA that is attached at Appendix 2.
- 6.6. In addition to the above, where the Mayor is proposing to use the power conferred in section 30(1) of the GLA Act, he must consider consulting in accordance with section 32 of the GLA Act (see section 4.4 above). The Mayor will need to consult in accordance with section 32 of the GLA Act, as appropriate, prior to entering into any funding agreements.
- 6.7. The Mayor's power to provide funding under section 30 of the GLA Act is, in most circumstances, likely to be the most appropriate power to make funding allocations from the CHDIF, given that the dominant purpose of such funding is likely to be for the GLA's principal purposes. However, section 30 of the GLA Act is subject to section 31 of the GLA Act, which restricts the Mayor's power to use the general power to incur expenditure in doing things that may be done by Transport for London, the Mayor's Office for Policing and Crime, and the London Fire Commissioner; or that are being done by a Mayoral Development Corporation. Legal advice should therefore be sought on proposed funding allocations using the general power in circumstances where the restriction in section 31 of the GLA Act may be engaged.
- 6.8. The Mayor's power to provide funding under section 30 of the GLA Act is also subject to section 34A of the GLA Act (and the Greater London Authority (Specified Activities Order) 2013/973), which provides that the GLA (acting by the Mayor) may only do the following activities for a commercial purpose if it does so through a subsidiary company, which is subject to corporation tax:
  - manage and exploit land (which includes acquiring, disposing, developing, and holding land)
  - on a commercial basis with a view to realising a profit, in connection with its housing, regeneration or economic development functions.
- 6.9. The GLA's subsidiary company for these purposes is GLAP.
- 6.10. Where any funding provided in accordance with the investment strategy for the CHDIF does not fall within section 34A of the GLA Act (and is not therefore required to be undertaken through a subsidiary company (GLAP)), the GLA may nonetheless elect to provide such funding through GLAP where, in the circumstances, this is considered the most effective way of furthering one or more of the GLA's principal purposes concerned.
- 6.11. Where funding is to be provided by the GLA for the provision of low-cost rental accommodation, it should be noted that sections 31 to 36 of the Housing and Regeneration Act 2008 (as amended by section 333ZE of the GLA Act) will apply. This includes a requirement upon the GLA to impose a condition ensuring that a registered provider of social housing is the landlord when the accommodation is made available for rent.
- 6.12. The award of GLA funding under this programme is not a payment for services, and is not therefore subject to the requirements of the Procurement Act 2023. This notwithstanding, the GLA is still subject to the overarching duties of fairness and transparency. Officers must ensure that the funding is distributed fairly, transparently, in accordance with the GLA's equalities duties, and in a manner that affords value for money and is in accordance with the GLA's Contracts and Funding Code.
- 6.13. Legal advice should be sought on the forms of funding agreement to be used for the CHDIF, including advice as to any subsidy requirements. No commitment to fund should be made before the relevant funding agreement is entered into.

- 6.14. This decision asks the Mayor to approve the Appendix to the London Housing Strategy being updated to reflect the allocation to the GLA of CHDIF funding. This is to comply with the requirements of section 333A(2)(d) of the GLA Act, as noted in section 1, above. The Appendix can be updated without consulting any other body. The changes will not constitute material revisions to the strategy; furthermore, they will simply reflect the funding allocation to the GLA, negotiated and agreed with the government, and which cannot therefore be changed by any outside consultation.
- 6.15. Section 38 of the GLA Act provides that any function exercisable on behalf of the GLA by the Mayor, shall also be exercisable by, amongst others, any member of staff of the GLA, if or to the extent that the Mayor authorises and subject to any conditions imposed by the Mayor. The Mayor may make the delegations requested in this decision.

## 7. Planned delivery approach and next steps

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

<b>Activity</b>	<b>Timeline</b>
Fund opens for Expressions of Interest	Q4 2025-26
Sifting of initial proposals against assessment criteria	Q1 2026-27
Making of subsidy schemes (if appropriate) followed by an additional bidding process	Q1/Q2 2026-27
Detailed due diligence, approvals and contracting	Q2 2026-27 onwards
Continuous market engagement	Ongoing

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

- Appendix 1 – CHDIF project selection and assessment criteria  
 Appendix 2 – CHDIF Equality Impact Assessment

**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? YES**

If YES, for what reason: This Mayoral Decision includes key information about the City Hall Developer Investment Fund. Publication should be deferred until after the programme has launched publicly.

Until what date: 27 March 2026

**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? NO**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer:**

Dan Maton has drafted this report in accordance with GLA procedures and confirms the following: ✓

**Sponsoring Director:**

Tim Steer has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities. ✓

**Mayoral Adviser:**

Tom Copley has been consulted about the proposal and agrees the recommendations. ✓

**Advice:**

The Finance and Legal teams have commented on this proposal. ✓

**Mayoral Delivery Board**

This decision was agreed by the Mayoral Delivery Board on 9 March 2026.

**CHIEF FINANCE OFFICER:**


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

Signature   
pp on behalf of Fay Hammond

Date 13 March 2026

**CHIEF OF STAFF:**

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

Signature 

Date 13 March 2026

