

# GREATER LONDON AUTHORITY

## REQUEST FOR DIRECTOR DECISION – DD2772

### Building More Affordable Homes – Peabody Trust

#### Programme: Building More Homes

#### Executive summary:

This paper requests approval for a £50 million loan from the Greater London Authority to Peabody Trust. This is to unlock the delivery of more than 500 affordable homes by 31 March 2032, and to further the objectives of the Homes for Londoners Land Fund – established under Mayoral Decision (MD) 2396.

The loan is to be financed from funding returned from projects under existing schemes set out in Appendix 4 of MD3378 (Delivery Plan – Building More Homes).

MD3378 approved the allocation of such returned funding to existing schemes, as deemed necessary by the Executive Director, Housing and Land, in collaboration with the Deputy Mayor for Housing and Residential Development.

MD3378 also delegated authority to the Executive Director, Housing and Land, to approve expenditure towards the existing schemes. The existing schemes set out in this MD (Appendix 4) include the Homes for Londoners Land Fund.

#### Decision:

That the Executive Director, Housing and Land:

- deems it necessary to allocate £50 million of returned funding from existing schemes (as set out in Appendix 4 of Mayoral Decision (MD) 3378) to the Homes for Londoners Land Fund, as approved under MD2396
- approves a loan facility of £50 million from the Greater London Authority to Peabody Trust, to advance the Homes for Londoners Land Fund (approved under MD2396); this is to unlock the delivery of more than 500 affordable homes by 31 March 2032 (detailed in Parts 1 and 2 of this Director Decision).

#### 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 of Housing and Land

**Signature:**



**Date:** 23 March 2026

## PART I – NON-CONFIDENTIAL FACTS AND ADVICE

### Decision required – supporting report

#### 1. Introduction and background

##### Homes for Londoners Land Fund<sup>1</sup> (Land Fund)

1.1. Under Mayoral Decision (MD) 2396,<sup>2</sup> signed on 27 November 2018, the Mayor approved the receipt of £486 million of additional funding from three government programmes:

- Accelerated Construction (£100 million)
- Land Assembly (£260 million)
- Small Sites (£126 million).

This was to provide gap funding; and to help acquire land that could unlock housing delivery in London.

1.2. A memorandum of understanding (MoU) for the funding was agreed with the Ministry of Housing, Communities and Local Government (MHCLG). Under its terms, any recoverable investments or receipts generated by the above funds are available for recycling by the GLA – provided it is consistent with the MoU terms, and the overall MHCLG objectives of increasing housing supply. The investment must represent good value for money; and be capable of achieving a minimum benefit-cost ratio threshold, as set out in Part 2 of this decision form.

1.3. In the Land Fund Investment Strategy,<sup>3</sup> funding under MD2396 enables the GLA to take a more interventionist approach to boosting the delivery of new, affordable housing. The Land Fund prioritises recoverable investments, where they unlock or accelerate projects – including working with partners to buy and prepare land for onward sale and development; development finance; and recoverable grant. This allows the GLA to reinvest receipts to unlock more housing opportunities in London.

##### Building More Homes Delivery Plan

1.4. The delivery plan for the strategic programme, Building More Homes, was approved by MD3378.<sup>4</sup> This is in line with the refreshed delivery and governance processes laid out in MD3274.<sup>5</sup>

1.5. The core London-level outcome to which this strategic programme will contribute is that Londoners live in homes that they can afford. The delivery plan describes how the GLA will work across the housing sector, and in close collaboration with London's local authorities and central government, to understand and overcome the barriers to housing delivery across all tenures.

1.6. MD3378 approved the allocation of returned funding from projects under certain existing schemes (set out in Appendix 4 of that MD), towards those existing schemes – as deemed necessary by the Executive Director, Housing and Land in collaboration with the Deputy Mayor for Housing and Residential Development. It also delegated authority to the Executive Director, Housing and Land, to approve expenditure towards the existing schemes, which include the Land Fund.

Market failure – lack of affordable homes to meet the needs of Londoners

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<sup>1</sup> GLA, [Homes for Londoners Land Fund](#)

<sup>2</sup> GLA, [MD2396 Land Assembly, Small Sites and Accelerated Construction Funds](#), 27 November 2018

<sup>3</sup> Approved under [MD2615 Treasury Management Strategy Statement 2020-21 and Land Fund](#), 18 March 2020

<sup>4</sup> GLA, [MD3378 Delivery Plan – Building More Homes](#), 29 July 2025

<sup>5</sup> GLA, [MD3274 Updates to GLA Governance Documents](#), 13 June 2024

- 1.7. The market is failing to deliver enough affordable homes. In 2023-24, only 7,674 net affordable homes completed; this compares to the annual housing need of 42,841 affordable homes.
- 1.8. As stated in the Mayoral mandate for the Building More Homes delivery plan, London has a mountain to climb before it reaches its housing need, as set by the government (87,992 new homes a year from 2026), and to ensure that Londoners live in homes they can afford. The human and financial cost of homelessness and temporary accommodation – one in 21 London children is in temporary accommodation – is unacceptable. Lack of affordable housing is also holding back London’s economy and potential for further growth.

### Social housing sector

- 1.9. The sector faces significant financial pressures. These include:
  - necessary spend on existing stock, to meet safety, quality and energy efficiency expectations
  - the increasing cost of capital, due to higher interest rates impacting on the sector’s ability to build new homes.

The strongest financial pressures are seen in London, where many homes need building safety works. These pressures are severely limiting the sector’s ability to finance new development.

### Peabody Trust

- 1.10. Peabody Trust (Peabody) is registered with the Financial Conduct Authority as a charitable Community Benefit Society (registration number 7741).<sup>6</sup> It is registered with the Regulator for Social Housing as a non-profit provider of social housing (registration number 4878);<sup>7</sup> and is a member of the G15, a group of London’s largest housing associations.<sup>8</sup>

- 1.11. Its credit ratings are:

- A (stable): Fitch<sup>9</sup>
- A3 stable: Moody’s<sup>10</sup>
- BBB+, outlook stable: S&P.<sup>11</sup>

It is rated G1 (meeting the governance standards) and V2 by the Regulator of Social Housing.<sup>12</sup>

- 1.12. The Peabody group owns 108,823 homes in 140 neighbourhoods across London and the Home Counties. In 2024, the group spent £371 million looking after the homes of 220,000 residents. This is in line with its plans to spend around £2 billion, over five years, on improving and maintaining its housing stock. The group completed 1,381 new homes (1,204 affordable) in 2024; and has 5,800 homes under construction.<sup>13</sup>

- 1.13. Part 2 of this decision form contains further information on this.

### Loan facility

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<sup>6</sup> FCA Mutuals Public Register, [Peabody Trust](#)

<sup>7</sup> Regulator of Social Housing, [List of registered providers – 17 December 2025 \(accessible version\)](#), 19 December 2025

<sup>8</sup> [The G15](#)

<sup>9</sup> Fitch Ratings, [Peabody Trust](#)

<sup>10</sup> <https://www.peabodygroup.org.uk/media/mnilrkms/moody-credit-opinion-feb2026.pdf>

<sup>11</sup> S&P, [Research Update: Peabody Trust Rating Lowered To 'BBB+'; Outlook Stable](#), 1 July 2025

<sup>12</sup> V2 signifies that Peabody complies with the financial viability elements of the standard. This indicates that Peabody has adequate financial capacity to deal with a reasonable range of risks; but requires careful management of material risks, to ensure continued compliance.

<sup>13</sup> Peabody Group, [Annual Report and Accounts 2025](#), September 2025

- 1.14. Terms have been provisionally agreed with Peabody (subject to approval under this Director Decision; see also 1.15, below) to fund the delivery of more than 500 affordable homes across its sites (as described in Part 2 of this decision form) by 31 March 2032. This is to be based on a £50 million loan facility, and an equity contribution from Peabody. It will also need grant funding to make development of the sites viable for affordable housing. The loan finance for a site is conditional on Peabody securing sufficient grant for that site, under an affordable homes programme. The allocation of any such grant would be subject to the GLA's usual assessment criteria and decision-making processes for its affordable homes programmes.
- 1.15. The provisional terms for the loan facility are summarised in Part 2 of this decision form. These are subject to the stated satisfactory completion of:
- the technical due diligence and financial appraisal
  - the valuations relating to the security for the loan.
- 1.16. The loan amount is from funding returned from projects under existing schemes, as set out in Appendix 4 of MD3378 (Delivery Plan – Building More Homes). The loan is deemed consistent with the terms of the Land Fund MoU with MHCLG; and with the overall MHCLG objectives of increasing housing supply. Accordingly, the Executive Director has the delegated authority, under MD3378, to approve lending £50 million to Peabody Trust in support of the Land Fund (an existing scheme under MD3378).
- 1.17. GLA officers endorsed this proposal (as outlined in both parts of this decision form), and the diligence conducted on it, at the Homes for Londoners Land Fund Steering Group meeting on 6 October 2025.

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

- 2.1. This proposal helps to achieve the core London-level outcome, under the Building More Homes Delivery Plan, that Londoners live in homes they can afford. This outcome will be achieved by completing over 500 affordable homes by 31 March 2032, as described in Part 2 of this decision form.
- 2.2. The proposal also delivers the Mayor's equality objective to increase the provision of genuinely affordable housing, thereby reducing social and economic disadvantage.

## **3. Equality comments**

- 3.1. Under section 149 of the Equality Act 2010, the GLA is 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 due regard to the need to:
- remove or minimise disadvantages suffered by those who share a relevant protected characteristic that are connected to that 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. In November 2017, the GLA published an Integrated Impact Assessment (IIA) for the London Plan,<sup>14</sup> including an equalities impact assessment. It concluded that London Plan policies related to increasing housing supply, that promoted the development of different housing types to meet the needs of potential residents (while targeting 50 per cent affordable housing), would deliver health, economic and environmental benefits. Providing housing – including maximising the delivery of affordable housing – would also be in line with other London Plan policies. This ensures that the needs of different groups are taken into account when designing housing.
- 3.4. The London Housing Strategy (LHS) impact assessment (May 2018)<sup>15</sup> found:
- “LHS policies are likely to have broadly positive benefits in relation to social and economic sustainability objectives such as improving health, reducing inequalities, increasing accessibility, and economic development.”
- 3.5. In November 2022, the Mayor published the following equality objectives:<sup>16</sup>
- Objective 1 is to increase the provision of genuinely affordable homes for the benefit of those groups and communities that are most likely to live in overcrowded, poor-quality or unaffordable housing.
  - Objective 2 is to increase the number of homes that meet Londoners’ diverse housing needs including, year-on-year, the pace of provision of affordable specialist and supported housing.
- 3.6. The Building More Homes delivery plan helps achieve many of the Mayor’s statutory equality objectives. Progress on delivery of these objectives is regularly reported in the Mayor’s Annual Equality Report.<sup>17</sup>
- 3.7. The delivery of new homes, as proposed in the Building More Homes Delivery Plan programme, will help people with protected characteristics – many are disproportionately represented among those most 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.
- 3.8. People from a minority ethnic background are disproportionately likely to experience poverty and associated housing constraints. These groups will therefore benefit from more social housing, particularly homes at social rents, supplied through the delivery plan. Older people are less likely to benefit from the delivery of more intermediate homes. This is because they are less likely to be eligible for a mortgage, or to meet the eligibility requirements of intermediate housing. They will therefore benefit from the provision of homes at social rent.
- 3.9. The loan facility agreement will include a general requirement for Peabody to comply with equality and diversity legislation; and to take reasonable steps to promote equality of opportunity, in respect of access to dwellings. It will also include a specific requirement for Peabody to have a Diversity and Inclusion Policy, supported by a Diversity Action Plan for its business.

<sup>14</sup> GLA, [London Plan Integrated Impact Assessment](#), November 2017

<sup>15</sup> GLA, [London Housing Strategy](#), May 2018

<sup>16</sup> GLA, [The Mayor’s Equality Objectives \(2022\)](#)

<sup>17</sup> GLA, [Mayor’s Annual Equality Reports](#)

## 4. Other considerations

### Key risks and issues

4.1. Part 2 of this decision form contains further information on the key risks and issues.

### Links to Mayoral strategies and priorities

- 4.2. Under legislation establishing the GLA,<sup>18</sup> the Mayor is required to publish a Spatial Development Strategy (SDS) and keep it under review. The consultation on a new London Plan is expected to take place in Summer 2026 and, subject to the examination process, be adopted in 2027.
- 4.3. The London Plan 2021 is the current SDS.<sup>19</sup> As the overall strategic plan for London, it sets out an integrated economic, environment, transport and social framework for the development of London over the next 20-25 years.
- 4.4. The London Plan relies on the 2017 Strategic Housing Market Assessment (SHMA)<sup>20</sup> for its evidence of housing needs. The SHMA uses an established methodology that takes full account of the diversity of London's housing needs; it was deemed sound at examination.<sup>21</sup> The SHMA identified the need for 66,000 additional homes per year.
- 4.5. The London Plan Policy H1 promotes the general increase of supply of housing, via 10-year targets for net housing completions.<sup>22</sup>
- 4.6. The London Plan Policy H4: Delivering Affordable Housing sets the strategic target for 50 per cent of all new homes delivered across London to be genuinely affordable. Specific measures to achieve this aim include:
- using grant to increase affordable housing delivery, beyond the level that would otherwise be provided
  - all affordable housing providers that have agreements with the Mayor delivering at least 50 per cent affordable housing across their development programme; or, in the case of strategic partners, 60 per cent.
- 4.7. The LHS,<sup>23</sup> formally adopted in August 2018, sets out the Mayor's plans to address London's housing shortage through an intensive use of available land. This work will focus on more genuinely affordable housing; and helping those feeling the effects of the housing crisis – from private renters to rough sleepers.
- 4.8. The LHS chapter, "Delivering genuinely affordable homes", contains three policies that set out the need and means for delivering many more genuinely affordable homes for Londoners. These are:
- 4.1: genuinely affordable homes
  - 4.2: increasing delivery of affordable homes
  - 4.3: protecting London's affordable homes.
- 4.9. The Mayoral mandate for the Building More Homes delivery plan states:

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<sup>18</sup> Greater London Authority Act 1999 (as amended)

<sup>19</sup> GLA, [The London Plan 2021](#), March 2021

<sup>20</sup> GLA, [The 2017 London Strategic Housing Market Assessment](#), November 2017

<sup>21</sup> GLA, [Examination in Public for the draft New London Plan](#)

<sup>22</sup> GLA, [The London Plan 2021: Policy H1 Increasing housing supply](#), March 2021

<sup>23</sup> GLA, [London Housing Strategy](#), May 2018

“By approving the plan, and the resources allocated to it, the Mayor is enabling the GLA, working with partners, to contribute to the core London-level outcome that Londoners live in homes that they can afford through the delivery of the projects detailed in the plan.

The Building More Homes delivery plan aims to ensure that London’s housing sector is in the best position possible to deliver the number of homes needed, with a particular focus on social and affordable homes. It has three strands:

- work to secure flexible funding to enable housing delivery, in recognition of sector viability challenges and that the cost of accelerating the building of genuinely affordable housing is substantial and beyond what the market can achieve alone
- continued delivery of current Affordable Homes Programmes, alongside specific interventions to meet targets for council homes and rent control homes
- work to enable more homes of all tenures by leveraging the GLA’s, GLA Group’s and wider public sector land holdings, financial resources, and relationships, to contribute meaningfully to London’s housing supply.”

4.10. This proposal is contributing to the Mayoral strategies and priorities, through the expectation that market homes will also be built on the sites described in Part 2 of this decision form alongside the facility objective of building more than 500 affordable homes by 31 March 2032 funded by the loan.

#### Consultations and impact assessments

4.11. The GLA has engaged with Peabody, MHCLG (in relation to funding aspects), and the relevant legal and commercial advisers on this proposal. It is not considered necessary or appropriate to consult any other persons or bodies, including those specified in section 32 of the Greater London Authority Act 1999 (GLA Act), for the purposes of this decision form.

#### Conflicts of interest

4.12. No conflicts of interest have been identified for any officers involved in the development of this proposal, or the drafting or clearance of this decision form.

## **5. Financial comments**

5.1. This decision form is seeking approval for a loan of £50 million to Peabody. The funds from the loan will contribute towards the building of over 500 affordable homes by March 2032. The loan will be funded from loan repayments from legacy programmes, funded by the MHCLG Land Fund. The loan will be a revolving loan, and is expected to be repaid by March 2033.

5.2. Further details are provided in Part 2 of this decision form.

## **6. Legal comments**

6.1. Under section 30(1) of the GLA Act (as amended), the GLA has the power to provide the loan funding 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 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 2010. 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. As noted at paragraph 4.11, above, GLA officers have engaged with the proposed borrower, MHCLG and professional advisers in relation to this proposal. GLA officers have confirmed it is not considered necessary or appropriate for the GLA to consult with any other persons or bodies, including those specified in section 32 of the GLA Act, for the purposes of this decision form.
- 6.4. External lawyers are advising GLA officers in relation to:
- the form of facility agreement and security documentation between the GLA and Peabody Trust
  - compliance with subsidy control requirements.

Further details are set out in Part 2 of this decision form.

## 7. Planned delivery approach and next steps

- 7.1. The next step, subject to this decision being approved, is to sign the facility agreement and the supporting documents. This would allow Peabody to apply for schemes to be approved under this facility agreement, and to apply for grant funding for those schemes under an affordable homes programme to progress building the affordable homes at its sites (as outlined in Part 2 of this decision form).

Activity	Timeline
Completion of the facility agreement	March 2026
Announcement	April 2026
Loan drawdown start date	September 2026
Completion of build end date	March 2032
Loan repayment date	March 2033

### 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 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: To maintain the commercial confidentiality of the transaction until its completion, upon the signing of the loan facility agreement and the supporting documents.

Until what date: 31 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? YES**

### ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

#### Drafting officer:

Peter Carney has drafted this report in accordance with GLA procedures and confirms the following:

✓

#### Assistant Director/Head of Service:

James Hewlett 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 23 March 2026.

### CHIEF FINANCE OFFICER:

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

**Date** 24 March 2026

**Signature**



pp on behalf of Fay Hammond