

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2063

Title: Hounslow Town Centre Housing Zone - Additional Funding Allocation (Lampton Road)

Executive Summary:

This MD approves a £3.2m increase in the approved funding allocation for the Lampton Road site, within the Hounslow Town Centre Housing Zone, from £15 million to £18.2 million. This additional funding will enable an increase in the number of affordable homes to be provided by Notting Hill Housing Trust at the Lampton Road site from 300 to 460 homes, achieving the Mayor's strategic target of 50% affordable housing in total on this site. This funding will only be contractually committed subject to the outcome of due diligence.

Decision:

That the Mayor

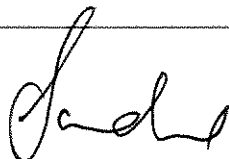
- APPROVES the indicative allocation of a further £3.2 million being made available for the purposes of unlocking and accelerating the delivery of housing at the Lampton Road site within the Hounslow Town Centre Housing Zone in addition to the contracted allocation of £15 million made available in respect of the Lampton Road site under MD1457 and DD2004, noting that such further funding shall only be contractually committed subject to the satisfactory outcome of legal and financial due diligence;
- DELEGATES authority to the Executive Director of Housing and Land and the Executive Director of Resources, in consultation with the Deputy Mayor for Housing & Residential Development, to determine that legal and financial due diligence has been satisfactorily undertaken and that it is appropriate for the Greater London Authority to contractually commit additional Housing Zone grant funding of £3.2 million to the intervention known as the Lampton Road site within the Hounslow Town Centre Housing Zone.

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:

20/2/17

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

Decision required – supporting report

1. Introduction and background

- 1.1. Hounslow Town Centre was designated a Housing Zone by Mayoral Decision 1457, which approved an indicative allocation of £18.5m (subject to the outcome of legal and financial due diligence) to unlock housing and deliver regenerative benefit to the area. Director Decision 2004 committed £15m of this toward new and affordable housing at the Lampton Road site, with the remaining £3.5m earmarked for investment at the Hounslow Town School site. A further £2.7125m was agreed by MD2042 in order to raise the level of affordable housing on the Hounslow Town School site to 50 per cent.
- 1.2. London Borough of Hounslow (the Borough) retains oversight of delivery across the Housing Zone through governance arrangements set out in the Overarching Borough Agreement (OBA) with the GLA, dated 6 November 2015.
- 1.3. Following designation of the Housing Zone, the Borough used the GLA London Development Panel to invite tenders for the provision of a new Civic Centre and homes on the Bath Road and Lampton Road sites. Notting Hill Housing Trust and Bouygues Development were selected as the preferred tenderer.
- 1.4. The Local Planning Authority granted planning permission for 919 homes at the Lampton Road site, up from the initial 750 units proposed. As referred to in 1.1, Director Decision 2004 approved funding of £15m for the provision of 300 affordable homes on this site, noting that the GLA would negotiate with Notting Hill Housing Trust with the aim of matching the Mayor's long term strategic target of 50% affordable housing. Following further negotiation with Notting Hill Housing Trust, it is now proposed that the proportion of affordable homes to be provided on the Lampton Road site will be increased to 50% (460 homes), requiring additional grant funding of £4.48m. Notting Hill Housing Trust proposes to include a contribution of £1.28m from the Recycled Capital Grant Fund (RCGF). It is proposed that the balance of £3.2m will come from the Housing Zones Programme, taking the total Housing Zone allocation for Lampton Road to £18.2m. All of the additional homes proposed are shared ownership and the grant per unit is £28K which is in line with the set grant rate available under the Homes for Londoners: Affordable Homes Programme 2016-21.
- 1.5. Following the satisfactory outcome of legal and financial due diligence, a Director's Decision will be prepared to approve contractual commitment of the funding (via a Deed of Variation to the existing Affordable Housing Grant Agreement) to support the delivery of 160 additional affordable homes at the Lampton Road site.
- 1.6. The total grant funding budget made available to support Housing Zones in London is £400m (see MD1366 and MD1597). This Mayoral Decision will increase the amount of grant funding indicatively allocated to Housing Zones to £708,880,594 (including £236,220,000 recoverable grant), thereby slightly increasing the level of over-programming. Over-programming of the indicative funding allocation introduces a competitive pressure amongst partners and helps to accelerate the pace of delivery. The additional funding allocation for the Lampton Road site makes clear the Mayor's intentions to increase the level of affordable housing provided within Housing Zones. It is expected that the level of over-programming will be reduced through the financial and legal due diligence process, therefore the marginal increase in over-programming relating to this decision is unlikely to have a significant impact on the overall level of grant funding indicatively allocated to Housing Zones and the over-programming risk.

2. Objectives and expected outcomes

- 2.1 The provision of additional Housing Zone funding for the Lampton Road site will accelerate housing delivery by increasing the proportion of shared ownership homes, supporting market absorption and de-risking the development. By adopting a flexible approach to investment and providing 100% of funding at start on site, GLA funding will assist overall financial viability and maximise delivery of affordable homes. The additional £4.48m (including the £1.28m RCGF) will enable the percentage of affordable housing provided on the Lampton Road site to be increased from 40% to 50%, making an important contribution to meeting the Mayor's strategic target for 50% affordable homes.

3. Equality comments

- 3.1. Hounslow Town Centre Housing Zone is aimed at implementing the Mayor's policies set out in the Mayor's London Housing Strategy. In January 2014 the GLA published an integrated impact assessment ("IIA"), including an equalities impact assessment, of that strategy. The policies related to increasing housing supply, to which the Lampton Road scheme will contribute, were covered by the Integrated Impact Assessment (IIA) for the Further Alterations to the London Plan.
- 3.2. The IIA concluded that updating housing projections and targets would support the delivery of sufficient housing and may help stabilise housing prices, supporting equal opportunities throughout communities. Furthermore, the provision of housing, including maximising the delivery of affordable housing would be in line with other policies of the Plan (e.g. Policy 3.5), ensuring that the needs of different groups are taken into account in the housing design.
- 3.3. The delivery of new and additional homes will help to implement Objectives 1, 2, 3 and 4 of the Mayor's Equalities Framework "Equal Life Chances for All" (June 2014) through the creation of new homes, housing products and well-designed housing schemes.
- 3.4. The designation of a Housing Zone within an area is designed to identify a site or sites as an area for housing growth and delivery within London, often partnered with a series of funding streams and non-financial assistance to deliver these new homes, and therefore this decision will facilitate these goals and ultimately ensure that the needs of different groups are taken into account in the design and development of housing.
- 3.5. In order to access the funding Notting Hill Housing Trust will be required to enter into a Deed of Variation to the existing Affordable Housing Grant Agreement with the GLA to deliver the intervention. With regard to project delivery the agreement places the following obligations on Notting Hill Housing Trust in respect of the Equality Act 2010:
- The counterparty shall comply in all material respects with all relevant Legislation relating to health and safety, equality and relevant employment matters.
 - The counterparty has, and is in full compliance with, a policy covering equal opportunities designed to ensure that discrimination prohibited by the Equality Act 2010 is avoided at all times and will provide a copy of that policy and evidence of the actual implementation of that policy upon request by GLA.

4. Other considerations

- 4.1. Subject to the satisfactory completion of due diligence, payment of grant in respect of the Lampton Road site will be subject to conditions set out in an Affordable Housing Grant Agreement between the GLA and Notting Hill Housing Trust together with requirements set out in the GLA's Capital Funding Guide. The scheme will be subject to quarterly monitoring to ensure agreed delivery milestones are achieved. In the event of serious default the GLA shall be entitled to terminate the Agreement and recover grant paid.

- 4.2. The purpose of the Housing Zones Programme is to increase housing supply by accelerating and unlocking development to deliver 75,000 homes by 2026. The Lampton Road project will contribute towards this and support the aim to deliver 42,000 homes per annum prescribed by the Further Alterations to the London Plan March 2015.
- 4.3. Officers have worked very closely with the London Boroughs in the development of the Housing Zone proposals to look at how the GLA, the Boroughs and their partners can work together to deliver homes which would not otherwise be built in the next 10 years. They have also consulted and worked with the other parties to the relevant interventions (in this case Notting Hill Housing Trust) and DCLG. It is not considered necessary or appropriate to consult any other persons or bodies specified in section 32(2) of the Greater London Authority Act 1999 for the purposes of this Mayoral Decision.

5. Financial comments

- 5.1 This MD is to raise the affordable dwellings from its current total of 300 to 460, this being from 40% of the development to 50% of the development.
- 5.2 The new affordable dwellings are for shared ownership dwellings therefore attracting a grant rate of £28,000 per unit, which is in line with the set grant rate available under the Homes for Londoners: Affordable Homes Programme 2016-21.
- 5.3 There being an additional 160 units, ie from 300 to 460, attracts £4,480,000 in grant, but Notting Hill Housing Trust is putting £1,280,000 of Recycled Capital Grant Funding into the development thus attracting grant of £3,200,000.
- 5.4 The amount now spent on the Hounslow Housing Zone would now be £24,412,500, as appose to the original budget figure of £18,500,000, but significant improvements have been made in the number of affordable housing units delivered.
- 5.5 This will take current spending on Housing Zones grant to £105,737,500 from a budget of £400,000,000.
- 5.6 The drawdown of funds for this project would be 100% at start on site, but the grant would be repaid if the dwellings are not built.

6. Legal comments

- 6.1 Hounslow Town Centre was designated a Housing Zone under MD1457. Where the Mayor designates an area as a Housing Zone, the Mayor may provide financial assistance to help unlock or accelerate the delivery of housing within that zone.
- 6.2 The provision of financial assistance (including by grant) is permissible under section 30(1) of the Greater London Authority Act 1999 (as amended) ("GLA Act"), if the Mayor considers 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 Lampton Road site intervention will deliver affordable housing, and 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.
- 6.3 In exercising the power contained in section 30(1) of the GLA Act, the GLA must have regard to the matters set out in sections 30(3-5) and 33 of the GLA Act, and also the Public Sector Equality Duty in section 149 of the Equality Act 2010, which are explained in paragraph 7.3 of the legal comments of MD 1457. As is noted in paragraph 7.4 of MD1457, the London Housing Strategy, which included a policy for Housing Zones, has been subject to an Integrated Impact Assessment, and GLA officers consider that the delivery of new and additional homes within the Housing Zones

programme will help to implement Objectives in the Mayor's Equalities Framework "Equal Life Changes for All." (See also sections 4 and 5 of MD1457).

- 6.4 In addition to the above, where the Mayor is proposing to use the power conferred in section 30(1) of the GLA Act, the Mayor must consider consulting in accordance with section 32 of the GLA Act. Section 4 above refers to the consultation and engagement that has taken place in relation to this matter.
- 6.5 Section 38(1) of the Act provides that any function exercisable on behalf of the GLA by the Mayor shall also be exercisable on behalf of the GLA by any member of staff of the GLA if or to the extent that the Mayor so authorises, whether generally or specially, and subject to any conditions imposed by the Mayor.
- 6.6 The General Delegation contained in section 2 of the Mayoral Scheme of Delegation provides for various functions to be delegated to GLA officers on a standing basis. However, the delegations contained in this Mayoral Decision are beyond the scope of the standing delegations, and therefore need to be made expressly. Officers exercising functions delegated under this Mayoral Decision will need to act in accordance with the terms and conditions of the delegation(s).
- 6.7 The award of GLA funding for Housing Zones is not a procurement, and is not therefore not subject to the requirements of the Public Contracts Regulations 2015. The GLA is still subject to the overarching duties of fairness and transparency. In accordance with paragraph 6.4 of the GLA's Contracts and Funding Code, the GLA must ensure that its funding be distributed fairly, transparently and in accordance with the GLA's obligations requiring equality of opportunity.
- 6.8 Legal advice should be sought with regard to preparing and negotiating the Deed of Variation for the GLA.

7. Planned delivery approach and next steps

Activity	Timeline
Completion of Deed of variation to existing AHGA	January 2017
Phase 2 Start on Site	December 2019
Phase 2 Practical Completion	March 2023

Appendices and supporting papers: None

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) 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 approval 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:

To allow for completion of the Deed of Variation with Notting Hill

Until what date: (a date is required if deferring) 31 March 2017

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be 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:

Judith Carlson has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

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 9 January 2017.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. J. Allen

Date

16.2.17

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

16/2/2017