PART 2 – CONFIDENTIAL FACTS AND ADVICE

DD2209
Title: Blackhorse Road and Northern Olympic Park Housing Zone, London Borough of Waltham Forest – Sutherland Road (public realm intervention works)

Information may have to be disclosed in the event of a request under the Freedom of Information Act 2000. In the event of a request for confidential facts and advice, please consult the Information Governance team for advice.

The information below is not for publication until the stated date, because: It contains commercially sensitive information, the disclosure of which might prejudice the commercial and business interests of the GLA and the London Borough of Waltham Forest.
Date at which Part 2 will cease to be confidential or when confidentiality should be reviewed: 1 April 2020 (after start on site of 234 Billet Road)

Legal recommendation on the grounds of keeping the information confidential:

Under section 43 of the Freedom of Information Act information is exempt if its disclosure would, or would be likely to, prejudice the commercial interests of any person (including the GLA). Under section 42 of that Act information is exempt if its disclosure would, or would be likely to, involve the disclosure of information that is legally privileged.

These are both qualified exemptions, meaning that information captured under sections 42 and 43, can only be withheld if the public interest in withholding it outweighs the public interest in releasing it.
The information below contains information relating to confidential assessments of the schemes and unit costs of housing relating to the interventions and proposed Housing Zone funding; the proposed structure and terms of Housing Zone funding. This is all commercially sensitive information, the disclosure of which would, or would be likely to, prejudice the commercial interests of GLA/GLAP, and other organisations specified below. Whilst there is a public interest in understanding the circumstances in which public money is provided to other bodies, it is considered that in these circumstances the public interest lies in maintaining the exemption and withholding the information.

If this information is considered for release pursuant to the provisions of the Environmental Information Regulations 2004, this information should be considered exempt information under regulation 12(5)(e) – where disclosure would adversely affect the confidentiality of commercial or industrial information where such confidentiality is provided by law to protect a legitimate economic interest.

The information below also contains legally privileged advice relating to the above, particularly in connection with the contractual arrangements and State Aid. It is also considered that, in the circumstances, the public interest lies in maintaining the exemption and withholding the information.

Legal Adviser - I make the above recommendations that this information should be considered confidential at this time.

Title Senior Associate - Property & Planning Law **Date** 19 / 03 / 2018

Once this form is fully authorised, this should be circulated with the Part 1 form.

Confidential decision and/or advice:

1. Funding and Repayment

1.1 As stated in Part 1 of this DD, £1,150,000 of GLA Housing Zone funding will be used as a non-recoverable grant. The £1,150,000 grant funding is intended to enable works associated with improving public realm. The public realm works include; traffic calming, signage, re-surfacing and tree planting, all of which will contribute to an environment to encourage housing development.

2. Appraisal

2.1 Project due diligence was undertaken by Cushman and Wakefield (C&W) through a review of a Housing Zone Development Appraisal Toolkit and supplementary information provided by LBWF. C&W's due diligence incorporates project appraisal, a comparable analysis of the proposed development costs and a review of deliverable milestones. Having reviewed the assessment report, GLA Housing and Land officers approved its findings and deem them to be sufficiently robust to justify GLA Housing Zone investment into the project.

2.2 The intervention is expected to deliver 49 homes, of which 20 are affordable. C&W have highlighted that the intervention will likely accelerate the delivery of housing by encouraging developers who've expressed concern about public realm putting off delivery, by addressing negative perceptions of the area and by increasing marketability and demand for new housing in the area.

2.3 The total grant per home, calculated by dividing the total grant (£1,150,000) by the total number of homes (49) is £23,469. The grant per affordable home calculated by dividing the total grant by the total number of affordable homes (20) is £57,500.

3. Key risks, issues and mitigation of these

3.1 C&W considers that providing grant funding towards the public realm works will assist with accelerating and unlocking housing delivery in the Sutherland Road area. Overall, the report highlighted the following key risks associated with the project as well as recommendations on how to mitigate these risks.

3.2 No Housing Outputs

There is a risk that LBWF may not be able to deliver as many homes as they originally intended. While there is no security in place for the GLA's funding, the BIA contains a contractual obligation for LBWF to repay the GLA's grant totalling £1,150,000 proportionate for non-delivery of any direct housing outputs. The housing output is to be delivered with a longstop date of 31st March 2021

3.3 3rd Party Risk

C&W has identified 3rd party risk as a key risk for the project, one or a number of developers may decide they are unable to deliver the units. Generally, there appears to be good dialogue between LBWF and the various developers and planning is progressing on several of the sites. An additional 3rd party risk is if LBWF has not entered into a works agreement for the public realm works in time, which could have a knock-on effect impacting on the housing delivery. Continued stakeholder engagement between LBWF, the works contractor, 3rd party developers and the GLA should provide a speedy resolution to any issues and maintain reaching milestones.

3.4 Market Risk

There is a risk on a micro and macro economical level that there is a shift in the market which could have a negative effect on the housing sales absorption. In a more extreme case, the economy could be deemed unstable for the developments and that the developers could walk away from the development. C&W has stated that the general market forecasts and sentiment would suggest housing demand will continue to grow over the next 5 – 10 years.

4. Finance Comments

4.1 See Part 1

5. Planned delivery and next steps

5.1 Public Realm works are set out in the table below.

Activity	Timeline
GLA / LBWF complete Borough Intervention Agreement (BIA)	March 2018
Housing at Sutherland Road	
30-32 Sutherland Road Start on Site	March 2020
30-32 Sutherland Road Completion	March 2022
57 Blackhorse Road (former petrol station) Start on Site	March 2020
57 Blackhorse Road (former petrol station) Completion	March 2022
234 Billet Road Start on Site	March 2020
234 Billet Road Completion	March 2022
Public Realm Works	
Works Agreement with the Highways Contractor	March 2019
Works commence	May 2019
Works complete	March 2020

Appendices and supporting papers:

Appendix 1 – C&W Appraisal Toolkit Report