

PART 2 – CONFIDENTIAL FACTS AND ADVICE

DD2247

Title: Blackhorse Road and Northern Olympic Park Housing Zone, London Borough of Waltham Forest – 35 Sutherland Road (Conversion and refurbishment of workspace)

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The information below is not for publication until the stated date, because: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 for housing outputs)

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 16 / 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, £250,000 of GLA Housing Zone funding will be used as a non-recoverable grant. The £250,000 grant funding is required for the conversion and refurbishment of the property at 35 Sutherland Road into more intensive employment use in the Blackhorse Road and Olympic Park Housing Zone. This will assist in the delivery of increased housing number on other earmarked Housing Zone sites.

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 in the project.
- 2.2 The intervention is expected to deliver 11 homes, all of which are affordable.
- 2.3 The rationale behind the funding is the intensification of employment use required to compensate for the increased housing density and loss of employment space on other Housing Zone sites. The project will involve refurbishment and adapting 35 Sutherland Road to provide more intensive employment space.
- 2.4 The total grant per home, calculated by dividing the total grant (£250,000) by the total number of homes (11) is £22,727. Since all of the units are affordable, the grant per affordable home, calculated by dividing the total grant by the total number of affordable homes is £22,727.

3. Key risks, issues and mitigation of these

- 3.1 C&W considers that providing grant funding towards 35 Sutherland Road will assist in accelerating and unlocking housing delivery in the Blackhorse Lane growth 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 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 too unstable for the developments to proceed and the developers could walk away from the development all together. 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.

3.3 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 £250,000 proportionate for non-delivery of any direct affordable housing outputs. The housing output is to be delivered by a longstop date of 31st March 2021 before any clawback commences.

4. Finance Comments

- 4.1 See Part 1

5. Planned delivery and next steps

5.1 35 Sutherland Road works and housing outputs are set out in the table below.

Activity	Timeline
GLA / LBWF complete Borough Intervention Agreement (BIA)	March 2018
Housing at Sutherland Road	
37 Sutherland Road start on site (expected)	March 2020
37 Sutherland Road completion (expected)	March 2022
35 Sutherland Road Works	
Conversion and refurbishment works start on site	September 2019
Conversion and refurbishment works complete	March 2020

Appendices and supporting papers:

Appendix 1 – C&W Appraisal Toolkit Report