

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2117

Title: Housing Zone Revenue Budget

Executive Summary:

In 2016, the Mayor initiated a review of the 30 Housing Zones across London to look at ways in which the levels of affordable housing could be increased, the process be made more streamlined for London Boroughs, and the pace of progress be increased. The outcomes of the review included a commitment to work with partners to deliver a minimum 35% affordable housing in every zone, and an action plan to streamline and accelerate the process of delivery.

The programme is currently supported with a capital budget of £600m which is in the process of being contractually committed to projects which pass due diligence, offer value-for-money and accelerate and/or unlock the delivery of affordable homes

This decision approves additional revenue expenditure, for instance to fund additional staff resources in Housing Zones, for financial years 2017-18 and 2018-19, from within the Homes for Londoners revenue budget.

Decision:

That following the review of the Housing Zones programme the Mayor approves expenditure of up to £2,620,000 to:

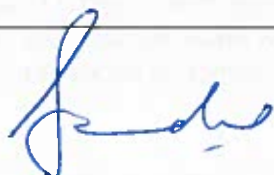
- Provide additional revenue support to boroughs, for instance to fund additional staff resources, in order to expedite the delivery of genuinely affordable homes within Housing Zones; and
- Delegates authority to the Executive Director of Housing and Land, in consultation with the Deputy Mayor for Housing and Residential Development, to approve revenue funding to boroughs following assessment and to commit funding of up to the level of the £600,000 revenue budget for borough support; and
- Cover property and legal consultant costs in relation to the legal contracting process, review of state aid compliance, cost and value assumptions, and governance arrangements.

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:

26/1/12

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

Decision required – supporting report

1. Introduction and background

- 1.1. The Mayor initiated a review of the Housing Zones programme after his election in 2016. The outcomes of the review include a commitment to work with partners to deliver a minimum of 35% direct affordable homes across each Housing Zone, alongside measures to streamline certain processes for London Boroughs in order to accelerate the programme.
- 1.2. As a result of the review and some restructuring of the funding agreements the level of affordable homes within a number of Housing Zones has already been significantly increased. Most notably the level of affordable housing expected in the Hounslow Town Centre Housing Zone has risen from 40% to 49%; Poplar Housing Zone has seen an increase in proposed affordable levels from 16% to 41%; and the Blackhorse Lane and Northern Olympic Park Housing Zone has risen from 26% affordable housing to 60%. The levels of affordable housing in other zones will be increased through an ongoing process.
- 1.3. The outcomes of the review also included a simplification of legal agreements, internal GLA processes and reporting requirements. The review has involved regular consultation and feedback with London boroughs, including a workshop session in October 2016. Feedback identified a number of areas of the programme that could be streamlined in order to expedite delivery, and these have now been implemented.
- 1.4. A number of Boroughs highlighted that they could exceed their planned pace of delivery and/or levels of affordable housing if additional revenue support was made available to fund additional staff, planning/design costs etc. In order to do this an additional £300k per annum was approved as part of the Mayor's 2017/18 budget setting process. This funding is to be allocated through a competitive process to Boroughs who can demonstrate additional delivery, more affordable housing, or greater pace.
- 1.5. The £300k per annum is included within a £2.620m revenue budget requirement, which is incorporated within Housing & Land's budget growth request. The GLA's 2017/18 budget setting process formally approved the revenue budget of £1.120m, leaving an additional £1.500m required for 2018/19 to cover the costs outlined in the table below:
- 1.6. The total additional revenue budget requirement of £2.620m is broken down in the table below:

	2017/18	2018/19	Total
Consultancy support (property & legal)	£820,000	£1,200,000	£2,020,000
Revenue support for Boroughs	£300,000	£300,000	£600,000
Total	£1,120,000	£1,500,000	£2,620,000

2. Objectives and expected outcomes

- 2.1. The programme has been designed to be flexible and the programme's capital budget of £600m can cover, for example: the purchase of land; the creation of new infrastructure; and the building of new homes. This is justified on the basis that the investment will unlock or accelerate housing within the designated Housing Zone areas.

2.2. The approval of the final allocations of funding will be sought from the Executive Director of Housing and Land, in consultation with the Deputy Mayor for Housing, Land and Residential Development and a record of approval in writing will be retained.

2.3 Each of the Housing Zones must deliver a minimum threshold of 1,000 homes, with a target that a minimum 35% of the directly funded units be affordable. The overall target for the programme is to deliver 75,000 new homes by 2026, with the potential for more homes to be delivered through new loan funded projects.

2.4 The Housing Zones are:-

Borough	Housing Zone / Intervention name	Area
Bexley	Abbey Wood & STM	S
Greenwich	Plumstead	S
Lewisham	New Bermondsey	S
Wandsworth	Clapham Junction	S
Sutton	Sutton One	S
Merton	Morden TC	S
Lambeth	Lambeth	S
Brent	Alperton	NW
Brent	Wembley	NW
Ealing	Southall	NW
Harrow	Heart of Harrow	NW
Hounslow	Hounslow Town Centre	NW
Westminster	Edgware	NW
Waltham Forest	Blackhorse Lane & NOF	NE
Enfield	Meridian Water	NE
Havering	Rainham & Beam Park	NE
Barking & Dagenham	Barking TC	NE
Redbridge	Ilford Town Centre	NE
Tower Hamlets	Poplar Riverside	NE
Haringey	Tottenham	NE
Kingston	Cambridge Estate Regen	S
Southwark	Canada Water	S
Southwark	Old Kent Road	S
Lewisham	Catford	S
Barking & Dagenham	Barking Gateways	NE
Havering	Romford	NE
Enfield	Enfield Extension	NE
Hillingdon	Hayes Town Centre	NW
Hounslow	Feltham	NW
Haringey	High Road and N Park	NE

3. Equality comments

3.1 Housing Zones are predominantly concerned with increasing housing supply. Mayoral policies in relation to housing supply 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 within the Housing Zones 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 in 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 the decision within this report 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 funding any contracting party, be that private sector developer or Local Authority will be required to enter in to contract with the GLA and / or GLALP to deliver these interventions. Whilst there is a statutory obligation for parties to take account of the impact of schemes under the Equality Act 2010, in order to reinforce these obligations, the GLA / GLALP have included specific contractual clauses similar to the following in each funding agreement which will be in force for every intervention undertaken in the respective Housing Zones:

- The Developer shall comply in all material respects with all relevant Legislation, including but not limited to legislation relating to health and safety, welfare at work and equality and diversity, and will use reasonable endeavours to enforce the terms of the Scheme Project Documents to ensure compliance with this clause.
- The Developer has, and is in full compliance with, a policy covering equal opportunities designed to ensure that unfair discrimination on the grounds of colour, race, creed, nationality or any other unjustifiable basis directly or indirectly in relation to the Works 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 / GLALP.

4. Other considerations

4.1 The Housing Zones programme is explicitly designed to be innovative and flexible and as such may involve novel methods of providing funding, or tailoring housing investment or planning policy to local circumstances to increase housing delivery. Any such new approaches will be set out alongside the recommendations for Housing Zone designation in the formal decision making process. The appointment of external advisors in relation to the legal contracting process, review of state aid compliance, cost and value assumptions and governance structures will ensure the GLA can accelerate housing delivery and assess the robustness of Boroughs' investment proposals. This approach will mitigate the risks associated with the Housing Zones Programme.

5. Financial comments

5.2. This decision requests approval to spend £2,620,000 for Housing Zones related activities (property and legal costs as well as providing additional revenue support to boroughs) in 2017-18 & 2018-19 financial years (please refer to Section 1.6 above for breakdowns).

5.3. Initial expenditure approved through MD1592 for Housing Zones consultancy fees was £1,530,000. Spend in 2015/16 & 2016/17 financial years totalled £1,150,000 leaving a balance of £380,000 (allocated to 2017/18 financial year). The current request of £2,620,000 and the balance of £380,000 will form part of the Housing & Land's budget growth request of £3,000,000 for 2017/18 & 2018/19 financial years. 2017/18 budget setting process approved £1,120,000 of the above growth request,

with remaining £1,500,000 indicative budget subject to approval through 2018/19 budget setting process.

6. Legal comments

- 6.2. Detailed legal implications in respect of the Housing Zones initiative are set out in MD1366.
- 6.3. Appointment of property/cost consultants and external legal advisors should be conducted in accordance with the procedures set out in the relevant framework agreements.
- 6.4. Under section 30 of the Greater London Authority Act 1999 ('the Act') the GLA, after appropriate consultation, is entitled to do anything that will further the promotion, within Greater London, of economic development and wealth creation, social development and the improvement of the environment. Furthermore, section 34 of the Act allows the GLA to do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of any functions of the GLA. In this case, the GLA wishes to provide revenue support to boroughs in order to expedite and maximise the delivery of affordable homes. Accordingly, the funding may be viewed as being calculated to facilitate and be conducive and incidental to the promotion of economic and social development within Greater London.
- 6.5. The proposed grant of revenue funding to boroughs may be viewed as a conditional gift rather than a contract for services and supplies. Paragraph 6.4 of the GLA's Contract and Funding Code requires that funding be distributed fairly, transparently and in accordance with the GLA's obligations regarding equality of opportunity. Furthermore, officers must ensure that an appropriate funding agreement is put in place between the GLA and the relevant borough before any commitment to fund is made.

7. Planned delivery approach and next steps

7.1 The core programme milestones are detailed below:

Activity	Timeline
All intervention agreements signed (Phase 1)	Mar 2018
All intervention agreements signed (Phase 2)	Dec 2018
50000 homes (all tenures) completed (Phase 1)	March 2025
25000 homes (all tenures) completed (Phase 2)	March 2026
All financial transaction monies reclaimed and repaid to DCLG	March 2032

Appendices and supporting papers:

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? /NO

If YES, for what reason:

Until what date: (a date is required if deferring)

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 – YES/NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Andrew Welsh has drafted this report in accordance with GLA procedures and confirms the following:

✓

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 the 19 June 2017

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Allcock

Date

19.6.17

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

19/6/2017.