

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2144

Title: Housing Zones revenue bids

Executive Summary:

The Mayor initiated a review of the 30 Housing Zones across London in July 2016 to look at ways in which the levels of affordable housing could be increased and the contracting process streamlined for London Boroughs. The review confirmed that several Boroughs could exceed their planned pace of delivery and levels of affordable housing if revenue support was made available to fund additional staff, planning and design costs. £300k per annum over two years was made available for this purpose as part of the Mayor's 2017/18 budget setting process and the funding was formally approved in MD2117.

21 bids were received from London Boroughs. These have been assessed and moderated. This decision approves the final bid allocations and seeks the authority to commit the budgeted funding to the successful Boroughs, in line with the delegation agreed in MD2117.

Decision:

The Executive Director of Housing and Land approves allocations totalling £598,000 of revenue funding, as detailed in this report, to the identified London Boroughs for the 2017/18 and 2018/19 financial years to support enhanced delivery of affordable homes in Housing Zones.

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: David Lunts

Position: Executive Director Housing and Land

Signature:



Date:

1.8.17

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

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. Outcomes included a commitment to work with partners to deliver a minimum of 35% direct affordable homes across each Housing Zone, alongside measures designed to streamline the contracting process.
- 1.2 Feedback provided by the Boroughs highlighted that delivery and/or levels of affordable housing could be expedited if additional revenue support was made available to fund staffing, planning and design costs. A revenue budget of £300,000 per annum for 2017-18 and 2018-19 was included within Housing and Land's growth request and subsequently approved through MD2117.
- 1.3 Boroughs were invited to bid for the funding in April 2017. This involved a competitive bidding process with bids invited based on an ability to demonstrate additionality and value for money, including a requirement for match-funding. The bidding system went live on GLA-OPS for a period of one month from the 18th April 2017. There were 21 bids received across 30 Housing Zones, requesting total funding of £2m. The funding response was considerably over the housing revenue budget allocation. The Housing Zone Steering Group reviewed the initial funding asks, and made a request for boroughs to scale back their bids, especially with bids with high funding asks and low match-funding.
- 1.4 Bids were assessed by officers in the Housing & Land Directorate and scored based on whether they demonstrated additionality and value for money – how the funding would contribute towards the acceleration of contracts, progression with existing funding contracts and meet affordable housing starts. The final list of successful bids was agreed at a moderation meeting involving Senior Managers from Housing & Land on 12th June 2017.
- 1.5 The final bid allocations are broken down in the table below: -

Borough	Housing Zone	Funding 2017/18	Funding 2018/19	Total
LB Hillingdon	Hayes Town Centre	£0	£50,000	£50,000
LBBD	Riverside Gateways	£50,000	£50,000	£100,000
LB Morden	Merton Town Centre	£20,000	£20,000	£40,000
LB Waltham Forest	Blackhorse Lane	£11,000	£22,000	£33,000
LB Haringey	Tottenham Hale	£37,500	£37,500	£75,000
LN Haringey	North Tottenham	£37,500	£37,500	£75,000
LB Harrow	Heart of Harrow	£0	£55,000	£55,000
LB Ealing	Southall	£0	£20,000	£20,000
LB Kingston	Cambridge Road	£40,000	£0	£40,000
LB Havering	Rainham & Beam Park	£30,000	£0	£30,000
LB Hounslow	Feltham	£35,000	£0	£35,000
LB Brent	Wembley	£45,000	£0	£45,000
		£306,000	£292,000	£598,000

2. Objectives and expected outcomes

- 2.1 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 over the life of the programme.
- 2.2 The successful Boroughs will be notified of their funding allocations in July 2017 and grant agreements will be produced by TfL legal, which set out the terms of the funding.
- 2.3 The funding was made available because of borough feedback from the housing zone borough review, where a number of boroughs highlighted that resource constraints were hindering the pace of delivery and/or their ability to maximise levels of affordable housing and meet base-line outputs. It is expected that the funding contribution from the GLA will help boroughs to fund additional staff, planning and design costs that will help them to accelerate contracts and thereby contribute towards the delivery of the 11,000 affordable housing starts in Housing Zones by March 2021, which is a Mayoral policy objective.

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 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 has 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 to local circumstance to increase housing delivery by accelerating and unlocking development to deliver over 75,000 homes by 2026, including affordable housing which is part of the Mayoral priority.
- 4.2 The risk is that the funding is not used for the intended purposes of the boroughs bid ask and borough deliverables outlined in the funding contract. The GLA expected outcomes of the funding, is listed under 1.4. The GLA will ensure that the terms of the grant agreements with Boroughs require that the additional resource will be fully utilised for its intended purpose and that proposed match-funding is deployed, through declarations in the funding agreement. The contribution of the funding towards the stated outcomes will be further scrutinised by and future delivery will be measured against the current baseline position within each of the Housing Zones in receipt of the additional funding. The GLA will highlight areas of concern to boroughs that could breach the funding contract and to provide a remediation plan if necessary.
- 4.3 Boroughs delivery will be monitored and they will be required to provide quarterly reports on how the funding has been utilised to meet the milestones, set-out in the funding contract. Housing and Land Area Teams will maintain close discussion with borough leads in monitoring contracting progress and to ensure that the additional revenue support is contributing towards delivery of intervention contracts and new affordable homes.

5. Financial comments

- 5.1 This decision requests approval for revenue expenditure totalling £598k (£306k in year one and £292k in year two) to support London Boroughs with additional staffing and planning & design costs to expedite the delivery of affordable housing. Following a competitive bidding process 21 bids (across 30 Housing Zones) were received and evaluated, with 12 boroughs awarded the funding following the Housing Zones Steering Group meeting in June 2017 (as detailed in Section 1.5 above).
- 5.2 2017/18 budget setting process approved £306k of the above request from the Housing Zones Revenue Budget within Housing & Land department. Whereas, the remaining £292k indicative amount will be subject to approval through 2018/19 budget setting process.

6. Legal comments

- 6.1 Detailed legal implications in respect of the Housing Zones initiative are set out in MD1366
- 6.2 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.

- 6.3 The proposed grant of revenue funding to boroughs may be viewed as a conditional gift rather than 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

Activity	Timeline
Announcement of bids	July 2017
Grant agreement letters produced	July 2017
2017-18 funding transferred to Boroughs	August 2017
2018-19 funding transferred to Boroughs	March 2018

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

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:

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

✓

Assistant Director/Head of Service

Simon Powell 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.

✓

Corporate Investment Board:

The Corporate Investment Board reviewed this proposal on 31 July 2017

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Allen

Date

1. 8. 17