

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2209

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

Executive Summary:

Blackhorse Road and Northern Olympic Park was designated a Housing Zone by MD1545. MD1545 delegated authority to the Executive Director of Housing and Land and the Executive Director of Resources, to approve the interventions that were to be funded following due diligence and contractually commit that funding.

The purpose of the Housing Zones programme is to increase housing supply by accelerating and/or unlocking development.

This decision seeks approval to commit a total of £1,150,000 of funding towards improving the public realm and streetscape in the Blackhorse Road and Northern Olympic Park Housing Zone, thereby unlocking housing in the area.

This is in addition to the approval for the Blackhorse Lane Station Hub intervention of £800,000 related to the Blackhorse Lane Station improvements approved under DD2070.

Decision:

That the Executive Director of Housing and Land and the Executive Director of Resources in consultation with the Deputy Mayor for Housing & Residential development, approve:

- in light of the due diligence in Part 2 of this form, entering into a contractual commitment to provide £1,150,000 of grant funding to the London Borough of Waltham Forest to fund the public realm intervention specified below within the Blackhorse Road and Northern Olympic Park Housing Zone; and
- the re-profiled start on site and completion dates for the delivery of the housing outputs and the funding interventions and repayment timescales as detailed in this report.

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: 14/5/18

Name: Martin Clarke

Position: Executive Director Resources

Signature: 

Date: 09.05.18

TOM MIDDLETON ON BEHALF
OF MARTIN CLARKE

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. London Borough of Waltham Forest (LBWF) was designated a Housing Zone (HZ) by MD1545. Funding was indicatively allocated to the zone - subject to the outcome of legal and financial due diligence to unlock and accelerate housing in the area.
- 1.2. In March 2016, the GLA and LBWF entered into an Overarching Borough Agreement to record the indicative allocation of funding for the Blackhorse Road and Northern Olympic Park HZ.
- 1.3. DD2070 approved the commitment of funds for the Blackhorse Lane Station Hub intervention of £800,000 related to the Blackhorse Lane Station improvements.
- 1.4. Due diligence has been undertaken in respect of the Sutherland Road Public Realm intervention, the conclusion of which is set out in Part 2 of this Director Decision.
- 1.5. The grant commitment for the Sutherland Road Public Realm intervention is £1,150,000. In addition to the GLA funding, LBWF is contributing £335,000 towards the public realm improvements.

Summary of proposed intervention

- 1.6. The Sutherland Road Public Realm intervention is situated in an area where the existing public realm and streetscape conditions are relatively poor. The overall character of the area is industrial with low pedestrian priority, and with many pavement cross-overs for access and servicing being incompatible with new housing. LBWF is seeking £1,150,000 of Housing Zone non-recoverable grant to contribute to improving the public realm. Traffic calming, signage, re-surfacing and tree planting will contribute to an environment that enhances the feeling of personal safety for pedestrians, enables a shift in priority from vehicles to pedestrians and improves developer confidence to bring forward housing development.
- 1.7. The Sutherland Road Public Realm intervention is expected to unlock the completion of at least 20 direct affordable homes and 29 private homes by March 2022. This includes enabling all homes to achieve a start on site by March 2021.

Proposition

- 1.8. It is proposed that the GLA provides £1,150,000 of capital grant to fund public realm improvements in the Sutherland Road area. This intervention will help to unlock affordable units on a site detailed in Part 2 of this approval thereby contributing to the delivery of additional affordable housing in the area.
- 1.9. Under the public realm improvements, LBWF must use reasonable endeavours to procure that 49 homes are delivered comprising 20 direct affordable homes and 29 private homes. LBWF will not deliver the homes itself, but rather work with local landowners and developers who will bring the sites forward.

Funding

- 1.10. LBWF has requested £1,150,000 of Housing Zones funding for the public realm improvement works. The total indicative grant allocation for the intervention is £1,150,000 - which is expected to unlock

at least 20 direct affordable homes. This equates to a grant rate of £57,500 per home. If there is a failure to deliver some or all the 20 affordable homes by 31 March 2021, the GLA shall be entitled to recover a proportion of the £1,150,000 grant across the intervention to the proportion of affordable homes which have not been delivered.

Stakeholders

- 1.11. LBWF is working closely with local landowners and developers to bring forward housing sites.

Appraisal

- 1.12. The proposed intervention is expected to unlock at least 20 direct affordable homes in the Blackhorse Road and Northern Olympic Park Housing Zone. The GLA instructed Cushman & Wakefield property consultants to undertake due diligence on the appropriateness of the LBWF financial assumptions in relation to public realm improvement works. LBWF's costs and value assumptions, detailed in Part 2 of this Director Decision were found to be reasonable and in line with Cushman & Wakefield expectations.
- 1.13. The request for funding, which equates to £23,469 per home (£57,500 per affordable home), is considered reasonable when viewed across the whole scheme.

Dependencies

- 1.14. The delivery of the scheme relies on: securing Housing Zone grant for the public realm works and programming the works with the council contractor. LBWF has confirmed that the proposed public realm works will not require building control or planning permission.

Project Milestones

- 1.15. Key project milestones include the following:
- May 2019 – Public realm works starts on site
 - March 2020 – Public realm works complete
 - March 2020 – Homes start on site
 - March 2022 – Homes complete

Governance

- 1.16. The Borough has a Housing Zone Board in place which will steer the direction and delivery of the project to completion alongside key partners. The GLA sits on this board and has full oversight of expenditure and commitments.

Conclusion

- 1.17. It is considered that the outcome of due diligence, as detailed above, demonstrates it is appropriate for the GLA to contractually commit the funding in respect of the public realm improvement works. GLA investment totalling £1,150,000 will unlock the development of adjacent sites. At least 49 homes are expected to come forward by March 2021. This includes enabling 20 direct affordable homes to achieve a start on site prior to March 2021, thereby contributing to the Mayor's target to deliver 90,000 affordable housing stats by that date.

2. Objectives and expected outcomes

- 2.1 HZ funding will contribute to the delivery of public realm improvements in Waltham Forest by March 2019. The funding will help to unlock the start on site of 20 direct affordable homes and 29 private homes by 31 March 2021.
- 2.2 The public realm works will also indirectly benefit the GLA owned Webbs Site, which is located in the Housing Zone.

3. Changes to the Blackhorse Road and Northern Olympic Park Housing Zone

- 3.1 LBWF has revised the number of homes to be delivered, its estimated start on site and completion dates for the delivery of these homes, and the funding interventions and payment timescales compared to the position set out in MD1457 and the Overarching Borough Agreement. Overall, however, the homes will still be delivered by March 2025. The proposed number of homes to be delivered through this intervention is now 49, rather than 29, and the proposed total affordable homes to be delivered has increased to 20. The amount of funding required for the intervention remains at the same level.
- 3.2 The proposed revised start on site and completion dates are set out in the tables below. 20 Affordable starts will now start by March 2021, and complete in 2021-22.

Sutherland Road Public Realm, proposed revised start on site dates:

	2019-20	2020-21	2021-22
Affordable rent	20	-	-
Market rent	29	-	-
Total	49	-	-

Sutherland Road Public Realm, proposed revised completion dates

	2020-21	2021-22	2022-23
Affordable rent	-	20	-
Market rent	-	29	-
Total	-	49	-

- 3.3 These changes amount to a Tier 2 change under DD1485 and as per the change management procedure set out in that DD they have been reviewed and recommended by the Housing Zone Steering Group on 13 March 2018.

4. Equality comments

- 4.1 The Mayor published a draft London Housing Strategy in September 2017. The strategy proposes the HZs programme should continue to increase the pace and delivery of housing delivery including the proportion of affordable homes.
- 4.2 Under section 149 of the Equality Act 2010, as public authorities, the Mayor and the GLA are subject to a public sector equality duty and must have 'due regard' to the need to (i) eliminate unlawful discrimination, harassment and victimisation; (ii) advance equality of opportunity between people who

share a relevant protected characteristic and those who do not; and (iii) foster good relations between people who share a relevant protected characteristic and those who do not. Protected characteristics under section 149 of the Equality Act are age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status.

- 4.3 Throughout the decision making process relating to the funding of this intervention due regard has been had to the 'three needs' outlined above. The housing shortage in London disproportionately negatively affects people with certain protected characteristics. Increasing the supply of housing, and in particular affordable housing will help to achieve positive impacts in line with the 'three needs'
- 4.4 The intervention will contribute towards the ambitions set out in the consultation set out in the draft Mayor's vision for a diverse and inclusive city, (June 2017), in particular building more genuinely affordable accessible decent homes for Londoners (Priority Outcome 1.1).
- 4.5 The designation of a HZ 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.
- 4.6 In order to access this funding, LBWF will be required to enter into a contract with the GLA to deliver the interventions specified in this Director Decision. This places the following obligations (or similar obligations) on LBWF:
- LBWF will 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 procure that all Grant Recipient Parties do likewise.
 - LBWF confirms that it 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 (in so far as it is able) and will provide a copy of that policy and evidence of the actual implementation of that policy upon request by the GLA.

5. Other considerations

a) Key risks and issues

Cost estimates

- 5.1 LBWF will produce more detailed costings for the public realm improvement works if it secures funding. There is a risk therefore that once a more detailed assessment of the costs is undertaken, less work can be undertaken than previously envisaged for the level of funding. While LBWF confirmed it will undertake as much work as the funding allows, the GLA has included a condition in the Borough Intervention Agreement (BIA) to review and agree the extent of works (once known) prior to allowing LBWF to draw down grant, to mitigate this risk.

Planning

- 5.2 The Council has confirmed that the public realm improvements will not require planning consent but there is a risk associated with the planning authority granting consent for housing schemes.

- 5.3 Dialogue is in its initial stages with the owner of the site identified in Part 2 of this approval to bring forward the site. Additionally, the BIA also allows for the GLA to recover its grant in the event that affordable homes do not come forward.

Other

b) Links to Mayoral strategies and priorities

- 5.4 The purpose of the HZ programme is to increase housing supply by accelerating and unlocking development. The Sutherland Road Public Realm improvements will also contribute to the ambition in the Mayor's draft London Housing Strategy to invest in London's growth areas, which include HZs.

c) Environmental considerations

- 5.5 The scale of the HZ programme presents significant opportunities for innovative building design to reduce resource costs, and unlock investment connecting new developments to necessary utility and social infrastructure assets. Such assets include: low-carbon decentralised energy and water networks; green infrastructure; waste and recycling collection infrastructure; low-emission transport hubs; and parks and open spaces. Boroughs and counterparties to HZ designation should look to include opportunities to address environmental and wider regeneration, quality of life and place-making benefits that are viable and will help unlock investment in line with policy ambitions set out in the London Plan. GLA support can be made available to help identify environmental opportunities in specific locations.

6. Financial comments

- 6.1 This decision requests approval to contractually commit a total of £1.150m of non-recoverable grant funding to the London Borough of Waltham Forest (LBWF) towards improving the public realm and streetscape in the Blackhorse Road and Northern Olympic Park Housing Zone. GLA obtained a satisfactory due diligence result prior to reaching this decision (per findings set out in Part 2).
- 6.2 Total funding indicatively allocated for this Housing Zone is £44.895m (MD1545), £1.195m of which has been earmarked for the Blackhorse Lane Station Hub intervention (£800k being already committed under DD2070). Current commitment request of £1.150m for the public realm intervention is expected to unlock numerous key sites in the Sutherland Road area with an expected delivery of at least 49 homes by March 2022.
- 6.3 In addition to the GLA funding (£1.150m), LBWF is contributing £335k towards the public realm improvement works.
- 6.4 As it is a non-recoverable grant allocation, it represents a financial risk to the GLA, which is mitigated through contractual obligation from LBWF to repay the funding in the event of non-delivery
- 6.5 Grant/Recoverable Grant funding profile at £400m is currently over forecast by £24m. It should be noted, however, that only £190m (exclusive of the current commitment) has been committed on thirteen interventions.

7. Legal comments

- 7.1 Under section 30(1) of the Greater London Authority Act 1999 (as amended) ("GLA Act"), the GLA has the power to provide the funding for the proposed intervention providing it considers that doing so will further one or more of its principal purposes of: promoting economic development and wealth creation, social development, and the improvement of the environment in Greater London.

- 7.2 The intervention will unlock the delivery of housing and 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.
- 7.3 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 as set out above.
- 7.4 The GLA has engaged with the London Borough of Waltham Forest in relation to the intervention which is the subject of this Director Decision. It is not considered necessary or appropriate for the GLA to consult with any other persons or bodies including those specified in section 32(2) of the GLA Act for the purposes of this Director Decision.
- 7.5 External lawyers have been instructed to prepare and negotiate the funding contracts for the GLA, including the incorporation of any provisions required to ensure compliance with State Aid rules. No funding is to be paid out unless, amongst other requirements, London Borough of Waltham Forest's solicitor has either provided an opinion (satisfactory to the GLA) as to the State Aid treatment of the intervention or undertaken to meet the GLA's reasonable legal costs in procuring an opinion from the GLA's solicitors as to the same matter. Further, if there is found to have been any unlawful State Aid, and the intervention cannot be restructured to be compliant, the London borough of Waltham Forest must repay the unlawful State Aid following a written demand for repayment by the GLA.

8. Planned delivery approach and next steps

Activity	Timeline
GLA / LBWF complete Borough Intervention Agreement (BIA)	March 2018
Housing at Sutherland Road	
Housing outputs – Site 1 Start on Site	March 2020
Housing outputs – Site 1 Completion	March 2022
Housing outputs – Site 2 Start on Site	March 2020
Housing outputs – Site 2 Completion	March 2022
Housing outputs – Site 3 Start on Site	March 2020
Housing outputs – Site 3 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:

N/A

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

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Michael Atkins has drafted this report in accordance with GLA procedures and confirms that:

✓

Assistant Director/Head of Service:

Fiona Duncan 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 8 May 2018.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature



Date

09.05.18

TOM MIDDLETON ON BEHALF OF MARTIN CLARKE