

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2214

Title: Tottenham Hale District Centre – Tottenham Hale Housing Zone

Executive Summary:

The purpose of the Housing Zones (HZ) programme is to increase housing supply by accelerating and/or unlocking development. This decision seeks approval to commit a total of £11.3m towards realigning a bus station, site-enabling works and public realm infrastructure next to Ashley Road. The HZ investment is expected to unlock 1,147 homes, of which 288 will be affordable.

Tottenham Hale was designated a HZ by MD1457. MD1457 delegated authority to the Executive Director of Housing and Land and the Executive Director of Resources, in consultation with the Deputy Mayor for Housing, Land and Property (now the Deputy Mayor for Housing and Residential Development), to approve the interventions that were to be funded following due diligence and contractually commit that funding.

Decision:

That the Executive Director of Housing and Land and the Executive Director of Resources, after consulting with the Deputy Mayor for Housing and Residential Development, approve:

- contractual expenditure of up to £11.3m grant funding to the London Borough of Haringey for the three interventions specified below within the Tottenham Hale Housing Zone; and
- the re-profiled start on site and completion dates for the delivery of homes, 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

Signature:



Position: Executive Director Housing and Land

Date:

28.2.18

Name: Martin Clarke

Signature:



Position: Executive Director Resources

Date:

28.2.18

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. MD1457 designated an area within London Borough of Haringey (LBH) as a Housing Zone (HZ) and indicatively allocated the zone funding – subject to the outcome of legal and financial due diligence – to unlock and accelerate housing in the area. Following this designation, the GLA and LBH entered into an Overarching Borough Agreement in September 2015, which formalised the indicative allocation.
- 1.2. This Director Decision seeks approval to enter into two Borough Intervention Agreements (BIAs) committing total HZ investment of £11.3m towards the Tottenham Hale District Centre. As set out below, the first BIA will commit HZ funding to the bus station realignment and site-enabling works; the second BIA will commit funding to public realm infrastructure along Ashley Road.
 - “BIA1”:
 - Bus station realignment works – £6.21m
 - Site-enabling works – £1.44m
 - “BIA2”:
 - Ashley Road public realm infrastructure – £3.65m
- 1.3. Due diligence has been undertaken in respect of the Tottenham Hale District Centre interventions. The conclusions drawn from this due diligence are set out below.
- 1.4. HZ investment in BIA1 and BIA2 is expected to unlock at least 1,147 homes by March 2023. This includes enabling 288 affordable homes to achieve a start on site by March 2021, thereby contributing to the GLA’s target to deliver 90,000 affordable starts by that date.

Summary of proposed interventions

- 1.5. A key ambition in LBH’s Tottenham regeneration programme is to create a new district centre at Tottenham Hale. Tottenham Hale is currently dominated by road infrastructure and is poorly designed for pedestrians and cyclists. LBH has developed two key documents to establish a future vision for the Tottenham Hale District Centre and to improve the streets network to create a distinctive and coherent structure and character for Tottenham Hale: the District Centre Framework (adopted in February 2016) and the draft Streets and Spaces Strategy (SSS).
- 1.6. Delivering the new district centre will require a significant amount of enabling work and investment in infrastructure. The bus station next to Tottenham Hale currently uses space inefficiently and blocks the comprehensive redevelopment of nearby sites. The proposed realignment of the bus station requires a significant scope of works, which includes utilities diversion works, new crossings, road widening and other highways works beyond the footprint of the station itself, in addition to the public realm works required within the boundary of the bus station. Additionally, enabling works are also required at the Station Square North and Welbourne sites on which housing will be built.
- 1.7. “BIA1” will commit HZ funding totalling £7.65m towards these interventions. LBH has entered into a Strategic Development Partnership with Argent Related to complete this work and bring forward housing on various sites in the district centre area. HZ investment in BIA1 is expected to unlock 782 homes, of which 223 will be affordable, across three sites (Welbourne, Station Square West and Station Square North) by 2023.
- 1.8. Separately, “BIA2” will commit HZ funding totalling £3.65m to new public realm infrastructure next to Ashley Road. The Ashley Road South area is a key site for LBH to deliver the vision for a new District

Centre in Tottenham Hale. In line with the Tottenham Area Action Plan (AAP), which establishes the planning policy framework for managing significant development and growth within the Tottenham area, LBH has been working closely with key landowners to secure investment into the area and bring forward existing underutilised space. The district centre will, however, require a significant amount of investment in public infrastructure and public spaces for these sites to become well integrated into the existing streets network and to encourage development to come forward. HZ investment in infrastructure next to Ashley Road is expected to unlock 365 homes, of which 65 will be affordable, on the Berkeley Square site by 2022.

- 1.9. Specifically, HZ investment committed in BIA2 will be used to narrow the carriageway on Ashley Road, plant semi-mature trees, prioritise pedestrian movement on the west side and provide a counter flow cycle lane. Additionally, it will be used to fund a new crossing to Station Island and improve access to nearby public spaces.

Proposition

- 1.10. It is proposed that the GLA provides £11.3m of HZ grant across two BIAs. BIA1 will commit £6.21m towards bus station realignment works and £1.44m towards site-enabling works on the Station Square North and Welbourne sites. BIA2 will commit £3.65m towards public realm infrastructure around Ashley Road.
- 1.11. The HZ investment committed through BIA1 and BIA2 is expected to unlock 1,147 homes, of which 288 will be affordable, by 2023. The level of affordable housing reflects the 'portfolio approach' to site delivery across the Tottenham Hale district centre by the Council. The basic tenet of this approach is that each site has a job to do in the context of use, tenure and unit mix. To maximise affordable housing, LBH manages the supply of different tenures across the site, including redistributing resources between sites as appropriate to achieve a more balanced outcome. Through this approach, the council is managing to deliver an overall level of affordable housing of approximately 40 per cent or more, although in the very centre of the district centre this is reduced to 25 per cent affordable housing as the value generated from these sites is invested in affordable housing in neighbouring sites.

Funding

- 1.12. LBH has requested £11.3m of HZ funding. In return, the GLA will place a contractual obligation on LBH to procure the delivery of 1,147 homes, of which 288 must be affordable. This equates to a grant rate of £9,852 per home or £39,236 per affordable home.

Stakeholders

- 1.13. The contracting entity for both BIA1 and BIA2 will be LBH. Other stakeholders important for the success of these HZ interventions include Argent Related, TfL and local landowners.

Appraisal

- 1.14. Cushman and Wakefield (C&W) undertook project due diligence to establish LBH's financial assumptions in relation to the Tottenham Hale District Centre interventions. Overall, C&W found high-level cost assumptions to be reasonable. It also found that it was reasonable to assert the HZ investment proposed in BIA1 and BIA2 was correlated to development activity in the area. It is therefore considered that HZ investment will unlock housing.

- 1.15. Further information is included in Part 2 to this decision.

Dependencies

- 1.16. For BIA1, a key dependency includes LBH's Strategic Development Partnership with Argent Related. Other dependencies for both BIA1 and BIA2 include securing planning permission for the intervention and sites.

Project Milestones

- 1.17. Key project milestones for BIA1 include the following:
- Bus station realignment works to start – 2019
 - Site-enabling works for Welbourne and Station Square North sites to start – 2019
 - Bus station realignment works to complete – 2022
 - Site-enabling works for Welbourne and Station Square North sites to complete – 2022
 - Housing on Welbourne, Station Square West and Station Square North sites to start – 2021
 - Housing on Welbourne, Station Square West and Station Square North sites to complete – 2023
- 1.18. Key project milestones for BIA2 include the following:
- Ashley Road public realm works to start – 2021
 - Ashley Road public realm works to complete – 2023
 - Housing on Berkeley Square site to start – 2020
 - Housing on Berkeley Square site to complete – 2022

Governance

- 1.19. 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

- 1.20. It is considered that the outcome of due diligence, as detailed above, demonstrates it is appropriate for the GLA to contractually commit the funding set out above in respect of BIA1 and BIA2. HZ investment totalling £11.3m is expected to unlock 1,147 homes by 2023. This includes enabling 288 affordable homes to achieve a start on site by March 2021, which will contribute to the GLA's target to deliver 90,000 affordable starts by that date.

2. Objectives and expected outcomes

- 2.1 HZ funding will contribute to the delivery of a realigned bus station by 2022. It will also contribute to enabling works on two sites in the area to be completed in 2022 and public realm improvements to Ashley Road due to be completed in March 2023. The funding is expected to help to unlock delivery of 859 private homes and 288 affordable homes by 31 March 2023.

3. Changes to the Tottenham Hale Housing Zone

- 3.1 LBH has revised its estimated funding profile and projected housing starts and completions compared to the position set out in MD1457 and the Overarching Borough Agreement. The restructuring within the HZ does not result in Haringey's indicative allocation exceeding that approved by MD1457.
- 3.2 In accordance with the Housing Zones Change Management Process (DD1485), Housing Zones Steering Group approved the changes on 8 January 2018. It was agreed the changes fell within a 'Tier 2' pre-contract variation, and would therefore require Housing Zones Steering Group review followed by agreement in principle by the Assistant Director – Programme Policy and Services, or in their absence a Head of Area other than the Head of Area in whose area the Tottenham Hale HZ is, before being submitted for a Director Decision.

4. Equality comments

- 4.1 The Mayor published a draft London Housing Strategy in September 2017. The strategy had a three-month consultation period and an equality impact assessment was also undertaken in parallel. The Housing Zone programme is included within that impact assessment.
- 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 these interventions 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 Mayor's Vision for a Diverse and Inclusive City was issued as a consultation draft in June 2017. The first chapter of this document is entitled "A Great Place to Live". Priority outcome 1.1 in the vision refers to delivering affordable, accessible and decent homes. This funding will help to deliver new affordable homes in London.
- 4.5 The designation of an area as a Housing Zone is intended to identify an area with high potential for housing growth and delivery within London. The GLA Housing Zone designation and associated funding is often partnered with other funding streams and non-financial assistance, in order 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 new homes.
- 4.6 In order to access this funding, LBH will be required to enter into two contracts with the GLA to deliver the interventions specified in this Director Decision. With regard to project delivery, the contract places the following obligations on LBH in respect of the Equality Act 2010:
- LBH will comply and shall use reasonable endeavours to procure that its partners 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 intervention related documents to ensure compliance with this clause.
 - LBH 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

- 5.1 C&W highlighted a number of key risks associated with the project as well as recommendations for how to mitigate these risks. These are detailed in Part 2 of this Director Decision.

- 5.2 The HZ investment proposed to be committed in BIA1 and BIA2 is non-recoverable grant. As a result, the GLA's anti-money laundering policy – as approved by DD2095 – does not require Know Your Customer checks to be undertaken.

b) Links to Mayoral strategies and priorities

- 5.3 The purpose of the HZ programme is to increase housing supply by accelerating and unlocking development. The 288 affordable homes unlocked by this HZ investment will contribute to the Mayor's target to deliver 90,000 affordable housing starts by 2021.
- 5.4 The investment in Tottenham Hale District Centre 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 up-to £11.3m of non-recoverable grant funding to the London Borough of Haringey (LBH) towards realigning a bus station, site-enabling works and public realm infrastructure works next to Ashley Road, within the Tottenham Hale Housing Zone. GLA obtained a satisfactory due diligence result prior to reaching this decision (per findings set out above and in Part 2).
- 6.2 The requested amount (£11.3m) is split between two Borough Intervention Agreements (BIAs) as follows:

	BIA1 (£m)	BIA2 (£m)	Totals (£m)
Bus station realignment works	6.21		6.21
Site-enabling works	1.44		1.44
Ashley Road public realm infrastructure		3.65	3.65
Totals	7.65	3.65	11.3

- 6.3 The total indicative allocation for the Tottenham Hale Housing Zone is £99.3m (£44.1m — MD1457 and £55.2m — MD2036), £14.67m of which has been committed as a recoverable grant funding (DD2161) towards various costs to support the residential development on the Hale Wharf site within this Housing Zone. An additional £7.325m has been earmarked as a recoverable grant funding to fund the Ashley Road South Cashflow Funding intervention within the Tottenham Hale Housing Zone.
- 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 LBH to repay the funding, on a pro-rata basis, in the event of non-delivery (see Part 2, Section 2.1 for further details).

6.5 The HZ 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.

6.6 See Part 2 for further comments.

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 interventions 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 interventions will unlock the delivery of housing and affordable housing, and it is open to the GLA to take the view that funding them 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 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 Haringey in relation to the interventions which are 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 Haringey'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 Haringey must repay the unlawful State Aid following a written demand for repayment by the GLA.

7. Planned delivery approach and next steps

Activity	Timeline
Bus station realignment works to start	By 2019
Site-enabling works for Welbourne and Station Square North sites to start	By 2019
Bus station realignment works to complete	By 2022
Site-enabling works for Welbourne and Station Square North sites to complete	By 2022
Ashley Road public realm works to start	By 2021
Ashley Road public realm works to complete	By 2023
Housing on Berkeley Square site to complete	By 2022
Housing on Welbourne, Station Square West and Station Square North sites to complete	By 2023

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:

Dan Maton 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 26 February 2018.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. J. Alce

Date

28.2.18