

Title: Blackhorse Road and Northern Olympic Park Housing Zone, London Borough of Waltham Forest – Blackhorse Lane Station Hub (public open space access works)

Executive Summary:
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 £395,000 towards improving access to public open space in Waltham Forest, thereby unlocking housing in the area.
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, 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:

- agree that the outcome of due diligence, detailed in this report demonstrates it is appropriate for the GLA to contractually commit up to £395,000 grant funding to the London Borough of Waltham Forest to fund the public open space access works intervention specified below within the Blackhorse Road and Northern Olympic Park Housing Zone; and
- agree 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:



Date:

16.01.18

Position: Executive Director Housing and Land

Name: Martin Clarke

Signature:



Date:

16.01.18

Position: Executive Director Resources

Tom Middleton on behalf of Martin Clarke

1. Introduction and background

- 1.1. MD1545 designated an area within London Borough of Waltham Forest (LBWF) as a Housing Zone (HZ) and indicatively allocated it funding – subject to the outcome of legal and financial due diligence – to unlock and accelerate housing in the area. Following this designation, the CLA and LBWF entered into an Overarching Borough Agreement in March 2016, which formalised the indicative allocation.
- 1.2. Due diligence has been undertaken in respect of the Blackhorse Lane Station Hub intervention within LBWF's Housing Zone, which has two parts:

- Blackhorse Road station improvements
- Open-space improvements

- 1.3. The conclusions drawn from this due diligence are set out below.

- 1.4. The indicative grant allocation for the Blackhorse Lane Station Hub intervention is £1,195,000, of which £395,000 relates to the open-space improvements and £800,000 relates to the Blackhorse Road station improvements. In addition, LBWF will provide funding towards the open-space improvements.
- 1.5. Following DD2070, the CLA entered into a Borough Intervention Agreement (BIA) with LBWF for the Blackhorse Road station improvements in December 2016. This Director Decision seeks approval to enter into a second BIA for the open-space improvements. The two BIAs will be linked agreements, meaning they will both use Housing Zone funding to unlock the same homes.

Summary of proposed intervention

- 1.6. The Blackhorse Lane Station Hub sites are situated in an Open Space Deficiency Area and access to existing public open space in the area to support the proposed housing is poor. LBWF is seeking £395,000 of Housing Zone non-recoverable grant funding to contribute to improving links from the Blackhorse Lane Station hub development sites to the public open space situated at Walthamstow Wetlands. The Works will improve the visual and environmental connection and introduce key aspects of Walthamstow Wetlands environment onto Forest Road. The Works will also enable a shift in priority from vehicles to pedestrians and cyclists by creating new, wider cycle lanes and footpaths, making the route clearer, safer and more attractive.
- 1.7. The Blackhorse Road station and open-space improvement interventions are together expected to unlock at least 310 homes by March 2022. This includes enabling 154 affordable homes to achieve a start on site by March 2021, which will assist in the delivery of the CLA's new 90,000 affordable housing target.

Proposition

- 1.8. It is proposed that the CLA provides £395,000 of grant to fund public open space access improvements in the Blackhorse Lane area. This intervention, together with improvements to Blackhorse Road station, will help to unlock numerous key sites in the Blackhorse Lane Station Hub area and unlock the delivery of housing in the Blackhorse Lane area.
- 1.9. Under both the station improvements and the open-space BIAs, LBWF must use reasonable endeavours to procure that 310 homes are delivered comprising 154 affordable homes and 156 private homes. LBWF will not deliver the homes itself, but rather work with local landowners and developers who will bring the sites forward. If there is a failure to deliver some or all of the 154 affordable rent

and shared ownership homes by 31 March 2022, the GLA shall be entitled to recover a proportion of the £1,195,000 grant across both interventions corresponding to the proportion of affordable homes which have not been delivered.

- 1.10. **Funding**
LBWF has requested £395,000 of Housing Zones funding for the open-space works. The total indicative grant allocation for the intervention is £1,195,000 – comprising £800,000 for the Blackhorse Road station improvements works and £395,000 for the Open-space improvements works – which is expected to unlock at least 310 homes. This equates to a grant rate of £3,855 per home or £7,760 per affordable home.

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

- 1.12. **Appraisal**
The proposed intervention – comprising both the station improvements and the public open space access improvements – is expected to unlock at least 310 homes in the Blackhorse Road and Northern Olympic Park Housing Zone. The GLA instructed property consultants to appraise both parts of the Blackhorse Lane Station Hub intervention before DD2070 was approved. They found the level and purpose of the Housing Zone grant requested appeared reasonable and recommended that there is sufficient justification for what the grant will achieve and how it will indirectly contribute to unlocking additional homes. In particular, they found improvements to the public realm in the area would make the area more attractive to investors, which would support increased housing numbers and densities in planning terms by de-risking current live applications as well as anticipated future applications looking to increase quantum. There was also suitable reasoning as to why this money cannot be raised by LBWF from other sources (including through S106 / CIL charges).

- 1.13. The request for funding, which equates to £3,855 per home (or £7,760 per affordable home), is considered reasonable when viewed across the whole scheme.

- 1.14. **Dependencies**
The delivery of the scheme relies on: securing Housing Zone grant for the open space works; completing relevant planning and building control permissions; and programming works with the council contractor.

- 1.15. **Project Milestones**
Key project milestones include the following:
- August 2018 – Open-space works starts on site
 - March 2019 – Open-space works complete
 - March 2021 – Homes start on site
 - March 2022 – Homes complete

- 1.16. **Governance**
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.

- 1.17. **Conclusion**
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 open-space improvement works.

GLA investment totalling £395,000 will unlock the development of adjacent sites. When combined with further investment totalling £800,000 for the Blackhorse Road station improvements works – as approved by DD2070 – at least 310 homes are expected to come forward by March 2022. This includes enabling 154 affordable homes to achieve a start on site prior to 31 March 2021, thereby contributing to the Mayor's target to deliver 90,000 affordable housing starts by that date.

2. Objectives and expected outcomes

4.2.1 HZ funding will contribute to the delivery of open-space improvements in Waltham Forest by March 2019. The funding will help to unlock delivery of 156 private homes, and 154 affordable homes by 31 March 2022.

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

3.1 LBWF has revised its estimated funding profile compared to the position set out in MD1545 and the Overarching Borough Agreement.

3.2 In accordance with the Housing Zones Change Management Process (DD1485), Housing Zones Steering Group approved the changes in December 2017. 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 Blackhorse Road and Northern Olympic Park 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 has a three-month consultation period and an equality impact assessment will also be undertaken in parallel.

4.2 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.

4.3 The Blackhorse Road and Northern Olympic Park Housing Zone will contribute towards the implementation of the Mayor's policies set out in the current London Housing Strategy. In January 2014, the GLA published an Integrated Impact Assessment (IIA), including an equalities impact assessment of the strategy. The policies related to increasing housing supply to which this project will contribute were covered by the IIA for the *Further Alterations to the London Plan* (March 2015).

4.4 The IIA concluded that updating housing projections and targets would support the delivery of sufficient housing and may help to stabilise house prices, supporting equal opportunities throughout communities. Furthermore, the provision of housing, including maximising the delivery of affordable housing, would be in line with the other policies of the Plan (e.g. Policy 3.5), ensuring that the needs of different groups are taken into account in housing design.

4.5 The delivery of new and additional homes will help to implement Objectives 1, 2, 3 and 4 of the Mayor's Equalities Framework: Equal Life Chances for All (June 2014), through creating new homes and housing products as well as well-designed housing schemes.

4.6 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.

4.7 In order to access this funding, LBWFF will be required to enter into a contract with the CLA to deliver the interventions specified in this Director Decision. With regard to project delivery, the contract places the following obligations on LBWFF in respect of the Equality Act 2010:

- LBWFF 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.
- LBWFF 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 CLA.

5. Other considerations

a) Key risks and issues

5.1 **Cost estimates**
LBWFF will produce more detailed costings for the open space works if it secures funding. There is a risk therefore that once a more detailed assessment of the costs of works is undertaken, less work can be undertaken than previously envisaged for the level of funding. While LBWFF confirmed it will undertake as much work as the funding allows, the CLA has included a condition in the BIA to review and agree the extent of works (once known) prior to allowing LBWFF to draw down grant, to mitigate this risk.

5.2 **Planning**
There are planning risks associated with an intervention of this kind as it relies on the planning authority to grant consent for housing schemes.

5.3 Initial indications from the planning authority have been encouraging. In particular, positive dialogue has been had with a developer bringing forward one of the sites near to the station. Additionally, the BIA also allows for the CLA to recover its grant in the event that affordable homes do not come forward.

5.4 **Other**
Other risks and issues relevant to the open-space improvement works were highlighted in Part 1 and Part 2 of DD2070, which gave approval for the CLA to enter a BIA for the station improvement works.

b) *Links to Mayoral strategies and priorities*

5.5 The purpose of the HZ programme is to increase housing supply by accelerating and unlocking development. The 154 affordable homes unlocked by this HZ investment will contribute to the Mayor's target to deliver 90,000 affordable housing starts by 2021.

5.6 The Blackhorse Lane Station Hub investments will also contribute to the ambition in the Mayor's draft London Housing Strategy to invest in London's growth areas, which include HZs.

5.7 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 £395k of non-recoverable grant funding to the London Borough of Waltham Forest to fund the public open space access works intervention within the Blackhorse Road and Northern Olympic Park Housing Zone.

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. DD2070 committed £800k of grant funding for the Blackhorse Road station improvements and the current decision requests approval to commit the remaining amount (£395k) of the Station Hub works to the open-space improvements. Satisfactory due diligence has been obtained, prior to reaching this decision, which is outlined in detail in DD2070.

6.3 Grant/Recoverable Grant funding profile at £400m is currently over forecast by £32m. It should be noted however, that only £233m (exclusive of the current commitment) has been committed on twelve 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, which are explained in paragraph 7.3 of the legal comments of MD 1545. As is noted in paragraph 7.4 of MD1545, the London housing strategy, which included a policy for Housing Zones, has been subject to an integrated Impact Assessment, and GLA officers consider that the delivery of new and additional homes within the Housing Zones programme will help to implement Objectives in the Mayor's Equalities Framework "Equal Life Changes for All." (See also sections 4 and 5 of MD1545).

7.4 The GLA has engaged with LBWF 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.

N/A

Appendices and supporting papers:

Activity	Timeline
Borough Intervention Agreement for station works signed	December 2016
Borough Intervention Agreement for open-space works signed	January 2018
Station works start on site	May 2017
Station works complete	March 2018
Open-space works start on site	August 2018
Open-space works complete	March 2019
Housing outputs start on site (expected)	By March 2021
Housing outputs complete (expected)	By March 2022

8. Planned delivery approach and next steps

7.5 External lawyers have been instructed to prepare and negotiate the funding contract for the CLA, 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, LBWF's solicitor has either provided an opinion (satisfactory to the CLA) as to the State Aid treatment of the intervention or undertaken to meet the CLA's reasonable legal costs in procuring an opinion from the CLA'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 so as to be compliant, LBWF must repay the unlawful State Aid following a written demand for repayment by the CLA.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature  Date 16.01.18

Tom Middleton on behalf of MATON CLARKE

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer: Dan Maton has drafted this report in accordance with CLA 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 15 January 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 CLA 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 – NO