

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2396

### Title: Land Assembly, Small Sites and Accelerated Construction Funds

#### Executive Summary:

The Mayor has secured £486m of funding from Government to help unlock and accelerate housing delivery in London through land assembly, infrastructure investment and provision of gap funding. Terms for the use of this funding have been agreed in a Memorandum of Understanding between Government and the GLA and this MD seeks approval for the receipt of the funds and their allocation for the purposes described in the MoU.

This funding will help to achieve aims set out in the London Housing Strategy, including the Mayor's commitments to take a more interventionist approach in London's land market; increase the proportion of social rented and other genuinely affordable homes; accelerate the speed of building; and capture more value uplift for the public benefit.

#### Decision:

That the Mayor approves:

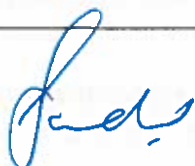
1. The GLA receiving £486m of additional funding from Government's Small Sites, Accelerated Construction, and Land Funds to assist in the acquisition of land, remediation and infrastructure to support the delivery of 8,000 housing completions in London by 2030.
2. A delegation to the Executive Director of Housing and Land in consultation with the Deputy Mayor for Housing and Residential Development, to approve via director decisions the allocation of this new funding in accordance with the terms associated with the programmes and in pursuit of the Mayor's housing ambitions.
3. That any investment proposals that are novel, contentious or repercussive shall be subject to separate Mayoral Decisions.
4. In accordance with the terms of the funding, the conversion of up to £9.72m (2%) of the total value of the funding from capital to revenue to meet the cost of due diligence, relevant staffing costs, and other professional support required to bring forward the investment opportunities that are identified.

#### 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:

27/11/18

## **PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. In June 2018, the Ministry for Housing Communities and Local Government (MHCLG) agreed an indicative funding settlement for London of £100m from the £500m national Accelerated Construction Fund.
- 1.2. Subsequently, on 17 September 2018, MHCLG announced new funding of £1.93bn comprising the Small Sites Fund (£630m) and Land Assembly Fund (£1.3bn). A Memorandum of Understanding (MoU) has been negotiated with MHCLG, which in addition to the £100m from the Accelerated Construction Fund, allocates £386m from these two funds for investment to projects in London. The total funding settlement of £486m carries a delivery target of 8,000 housing completions in London by 2030.
- 1.3. The Land Assembly Fund can be used for direct site acquisition by GLA or to assist third party entities requiring financial support to unlock sites constrained by complex land ownership issues. The Accelerated Construction Fund and Small Sites Fund can be used for land acquisition, development finance, infrastructure investment and land remediation.
- 1.4. The funding will pass to the GLA in accordance with a schedule described in the MoU developed between GLA officers and MHCLG officials.
- 1.5. Under the terms of the programme, any recoverable investment or receipts generated by the programme shall be available for recycling by the GLA for further investment to support the objectives of the funds. The allocation of the funds will therefore seek to prioritise investments that are recoverable, to support the principle of a revolving fund.
- 1.6. In exchange for agreeing a London settlement with MHCLG, GLA will support Government departments working to release surplus land in London by utilising the full range of powers at its disposal to expedite the delivery of housing sites. The extent of support provided will be determined through direct engagement with the relevant Government department.
- 1.7. It is likely that funding from the programmes will involve bespoke contractual arrangements. Such arrangements would require approval through a Decision form by the Executive Director of Housing & Land as per paragraphs 18.1-18.2 of the Mayoral decision-making framework.
- 1.8. It is currently considered unlikely that any of the contractual arrangements proposals likely to be supported would be Novel, Contentious or Repercussive for the purposes of the Mayoral decision-making framework as all are likely to be supporting the delivery of affordable homes in London. However, in line with the Mayoral decision-making framework any proposals that are considered Novel, Contentious or Repercussive will require an MD and this will be assessed on a case-by-case basis, in consultation with the GLA's corporate governance team.

#### **2. Objectives and expected outcomes**

- 2.1. The funding will enable the Mayor to have considerable influence over the pace, quality and tenure profile of 8,000 completions in London up to 2030. Where necessary the Mayor may elect to use these funds alongside the land assembly powers that he holds.
- 2.2. The GLA will be able to work with partners to inject financial support towards the cost of land and infrastructure for schemes where additional affordable housing may be possible or where acceleration of delivery of that affordable housing may be achieved.

### **3. Equality comments**

- 3.1. The funds aim to maintain or increase momentum in the delivery of new and affordable housing. Increasing the supply of housing in London will help to address problems such as overcrowding and homelessness, which evidence indicates disproportionately affect specific groups, including Black and Minority Ethnic groups and women.
- 3.2. The delivery of high-quality housing will also promote improved health and wellbeing, given evidence of an association between poor housing conditions and poor health.

### **4. Other considerations**

- 4.1. The GLA is required to commit 25% of the funds to London projects within the current financial year. Over the past 12 months the Housing and Land Directorate has established a significant pipeline of projects capable of satisfying this requirement. In addition, responses to the call for Expressions of Interest in January, will be sifted for projects that meet this requirement.
- 4.2. There is a risk that the Housing and Land directorate will not be able to meet the demand for support from Government departments seeking to dispose of surplus land in London. A Senior Housing and Land Officer will ascertain the level of demand for support on an ongoing basis by attending the monthly MHCLG Land for Homes Board with senior representatives from Government Departments.

### **5. Financial comments**

- 5.1. This decision requests approval for the GLA to accept £486m from the MHCLG to help unlock and accelerate the delivery of 8,000 homes by 2030. 2% of the total funding (£9.72m) will be converted from capital grant to revenue to fund the cost of due diligence and other professional support required to bring forward investment opportunities.
- 5.2. The £486m represents London's share of the Accelerated Construction Fund (£100m), the Small Sites Fund (£126m) and of the Land Assembly Fund (£260m).
- 5.3. The GLA is required to commit £133.8m (25%) of the funds within the current financial year (2018-19).

### **6. Legal comments**

- 6.1. The GLA is empowered to receive funding from MHCLG and provide grant funding to eligible councils and housing associations in London, provided the Mayor considers that doing this will further one or more the GLA's principal purposes of: promoting economic and social development in Greater London, and improving the environment in Greater London. It is open to the Mayor to take the view that the provision of funding for land assembly, infrastructure investment and the provision of gap funding, promotes economic and social development and/or improves the environment.
- 6.2. In determining whether or how to exercise the power conferred by section 30(1) of the GLA Act, the Mayor must:
  - (i) have regard to the effect that these decisions will have on the health of persons in Greater London, health inequalities between persons living in Greater London, the achievement of sustainable development in the United Kingdom and climate change and its consequences (sections 30(3-5) of the GLA Act); and
  - (ii) pay due regard to the principle that there should be equality of opportunity for all people (section 33 of the GLA Act).

- 6.3. In this respect the Mayor should have regard to section 3 above.
- 6.4. In addition to the above, where the Mayor is proposing to use the power conferred in section 30(1) of the GLA Act, the Mayor must consider consulting in accordance with section 32 of the GLA Act.
- 6.5. Officers have indicated that this project amounts to the provision of grant funding and not payment for services. Officers must ensure that:
- (a) no reliance is placed upon the MHCLG funding until a legally binding commitment is secured from MHCLG in this regard and the GLA is able to comply fully with any conditions applicable to the provision of such funding;
  - (b) the funding is distributed fairly, transparently in accordance with the GLA's equalities duties and in a manner, which affords value for money in accordance with the GLA's Contracts and Funding Code; and
  - (c) appropriate funding agreements are put in place between and executed by the GLA and eligible councils and housing associations before any commitment to fund.
- 6.6. In taking the decisions requested, the Mayor must have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section 3 (above) of this report.

## **7. Planned delivery approach and next steps**

- 7.1. The GLA will publish a call for investment proposals from public and private sector housing providers requiring financial assistance to unlock or expedite delivery of housing sites.

<b>Activity</b>	<b>Timeline</b>
Publish call for Expressions of Interest	January 2019
Complete first funding agreements	March 2019
First housing starts on site	March 2021

## **Appendices and supporting papers:**

None

### Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) 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 it has been approved or on the defer date.

### Part 1 - Deferral

**Is the publication of Part 1 of this approval to be deferred? YES**

To allow time for an announcement. Review on 31 December 2018.

### Part 2 - Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included 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:**

Rickardo Hyatt 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 26 November 2018.

### EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

*M. D. N.*

Date

*26-11-18*

*TOM MIDDLETON ON BEHALF OF MARTIN CLARKE*

### CHIEF OF STAFF:

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

Signature

*D. Bellamy*

Date

*26/11/2018.*

