

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2316

Title: Funding condition to require resident ballots in strategic estate regeneration projects

Executive Summary:

In February 2018, the Mayor gave approval to launch a formal consultation seeking views on his proposals to introduce a new funding condition requiring resident ballots in estate regeneration projects that involve the demolition of existing homes and where GLA funding is sought. The consultation closed on 10 April 2018.

This decision form seeks approval to introduce the funding condition by updating the GLA's Affordable Housing Capital Funding Guide. It also seeks approval to publish a Consultation Summary Report following the end of the consultation period.

Note some aspects of the funding condition will require the GLA to exercise discretion. For example, where investment partners apply for an exemption to the resident ballot requirement, they must write to the GLA detailing the exemption/s for which they are applying and, in certain circumstances, submit additional evidence. The GLA will determine whether to apply exemptions on a case-by-case basis with reference to the guidance set out in the funding condition. The Executive Director, Housing and Land is able make decisions on the discretionary areas pursuant to the funding condition under the general delegation to senior members of staff contained within the Mayoral decision-making framework ("Mayoral Decision-Making in the Greater London Authority"). He will make these decisions in consultation with the Deputy Mayor for Housing and Residential Development.

Decision:

That the Mayor approves:

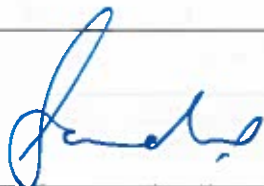
1. Introducing a funding condition within the GLA's Affordable Housing Capital Funding Guide requiring resident ballots to be undertaken on strategic estate regeneration projects where GLA funding is sought and reflecting changes to the draft proposals for the funding condition following the consultation process; and
2. Publishing the Consultation Summary Report following the consultation on introducing the new funding condition.

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:

11/7/18

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

Introduction

- 1.1 MD2200 approved the final version of *Better Homes for Local People – the Mayor’s Good Practice Guide to Estate Regeneration*. The final guide set out a proposal that any GLA funding utilised in significant estate regeneration projects involving any demolition should be conditional upon recipients of funding providing evidence that a positive vote through a ballot of eligible residents has been secured. A consultation on the proposed funding condition for resident ballots followed; this exercise ended on 10 April 2018.
- 1.2 This decision approves, in light of the consultation exercise, introducing a funding condition into the Affordable Housing Capital Funding Guide requiring resident ballots to be undertaken on strategic estate regeneration projects involving any demolition where GLA funding is sought. It also approves publication of the Consultation Summary Report.

Consultation Summary Report

- 1.3 The Consultation Summary Report (see Appendix 1) provides a summary of responses to the consultation on the Mayor’s proposals to make resident ballots a condition of GLA funding for estate regeneration projects that involve the demolition of homes.
- 1.4 The consultation, which ran from 2 February to 10 April 2018, attracted 133 responses. Seventy of these came from organisations and 63 from individual members of the public. In response to the consultation, Demolition Watch London created a petition on Change.org that requested numerous amendments to the Mayor’s proposals. By 10 May 2018, 2,545 people had signed the petition, with at least 2,000 signatures added during the consultation period.
- 1.5 The Consultation Document set out the Mayor’s proposals to make resident ballots a condition of GLA funding for estate regeneration projects.¹ It invited responses to 14 questions regarding different aspects of the Mayor’s proposals including: the objectives of the policy; when and how ballots should be conducted; whether there should be exemptions to the ballot requirement; and whether there should be transitional arrangements for current projects.
- 1.6 The Consultation Summary Report sets out the degree of support, partial/qualified support and opposition to different aspects of the Mayor’s proposals. The table below summarises this data for each of the questions in the Consultation Document.

Question	Response, by percentage of respondents		
	Support	Partly support or support with caveats	Oppose
Do you agree that the GLA should make resident ballots a funding condition for estate regeneration schemes?	52	36	13
Do you agree with the proposed criteria that would trigger the	60	11	29

¹ The Consultation Document is available here: <https://www.london.gov.uk/sites/default/files/consultation-on-a-new-funding-condition-requiring-resident-ballots-in-estate-regeneration-schemes.pdf>

requirement for a resident ballot? Why/why not?			
Do you agree with the proposed scope of resident ballots? Why/why not?	15	70	15
Do you agree with the proposed stage in an estate regeneration process at which ballots should happen? Why/why not?	29	48	23
Do you agree with the proposed eligibility criteria for resident ballots? Why/why not?	14	71	14
Do you agree that eligibility criteria should be the same for all schemes? Why/why not?	83	10	7
Do you agree with the Mayor's proposed requirements for implementing ballots? Why/why not?	68	22	10
Do you agree with the proposed exemption where the demolitions are required to deliver an infrastructure scheme? Why/why not?	26	38	36
Do you agree with the proposed exemption where the demolitions are required to address safety issues? Why/why not?	35	44	21
Do you agree with the proposed exemption where a specialist or supported housing scheme is being decommissioned by a local authority? Why/why not?	45	16	39
Do you agree with the proposed transitional arrangements? Why/why not? General comments.	29	35	37
Proposal 1: The proposed funding condition would not apply where the proposed demolitions already have full or outline planning permission, unless that permission is changed to include demolitions that were not part of it.	13	64	22
Proposal 2: Where the GLA is already in contract to fund a particular estate regeneration scheme named in a funding contract with a Registered Provider, ballots would not be mandated, unless the Registered Provider proposes to make a significant change to the scope of the scheme.	35	12	54
Proposal 3: The GLA will consider, on a case-by-case basis, not applying the proposed funding condition where a ballot of residents has already taken place and secured resident support prior to the publication of the Mayor's proposals for consultation - even if a ballot has not met the precise requirements set out there.	29	24	47

- 1.7 The Consultation Summary Report also highlights the recurring themes that emerged from responses to each question, where these reflect a view that the Mayor's proposals should be changed or clarified. In relation to each of these themes, the report recommends whether the aspect of the proposals to which the comments relate should be changed, clarified, or not changed, and explains

the rationale for each recommendation. Recommendations are reflected in the funding condition described below.

- 1.8 The paragraphs of the Consultation Summary Report in which changes or clarifications are recommended are clearly set out at the end of chapter 2 of the report.

Funding condition requiring resident ballots

- 1.9 The funding condition will be introduced within the Affordable Housing Capital Funding Guide (AHCFCG) which is available on the GLA's website.² The AHCFCG contains the rules and procedures for GLA investment partners that utilise funding from the GLA to provide affordable housing. It is amended from time to time by GLA officers. GLA officers may, in the future, make minor amendments to the funding condition if these amendments are necessary to improve how it operates in practice.
- 1.10 For the purposes of the funding condition, "GLA funding" means financial assistance the GLA provides to an investment partner on condition that the recipient provides affordable housing (whether by itself or as part of a wider project).
- 1.11 The following sections summarise some of the requirements included within the funding condition. Given the following is a summary only, if there is any conflict between what follows and the full text of the AHCFCG then the AHCFCG takes precedence.

Application of the resident ballot requirement

- 1.12 The resident ballot requirement will apply to strategic estate regeneration projects in receipt of GLA funding, unless exemptions (see paragraph 1.16 below) or transitional arrangements (see paragraph 1.17 below) apply. These projects are defined as those involving:
- Demolition of any affordable or leasehold homes whose freehold or long leasehold a Registered Provider owns on an existing social housing estate, and/or the demolition of any freehold properties previously acquired under the Right to Buy, Right to Acquire, or Social HomeBuy homes on an existing social housing estate; and
 - Construction of at least 150 new homes, regardless of tenure, within the boundaries of an existing social housing estate.

Voter eligibility requirements

- 1.13 Where there is a requirement to hold a ballot, the funding condition contains details about which residents are entitled to vote. Ballots must be open to all eligible residents on an existing social housing estate, not just those currently occupying homes that are due to be demolished. Eligible voters on an estate are those who are at least 16 years old and are:
- a social tenant;
 - a resident leaseholder or freeholder that has lived in their properties for at least one year; or
 - a resident of the estate that has been on the local authority's housing register for at least one year.

Arranging resident ballots

- 1.14 Investment partners must offer a "yes or no" vote to eligible residents on the Landlord Offer. The Landlord Offer must set out: the broad vision, priorities and objectives for the estate regeneration; details of the full right to return or remain for social tenants living in homes that are to be

² <https://www.london.gov.uk/what-we-do/housing-and-land/increasing-housing-supply/affordable-housing-capital-funding-guide>

demolished; details of the offer for leaseholders and freeholders of homes that are to be demolished; and commitments relating to ongoing open and transparent consultation and engagement.

- 1.15 Investment partners are required to appoint an independent body to undertake the ballot.

Exemptions to the resident ballot requirement

- 1.16 The ballot requirement may not apply to certain strategic estate regeneration projects provided they qualify for an exemption. The funding condition allows investment partners to apply for the following exemptions to the ballot requirement where:
- Demolitions are physically required to facilitate a major infrastructure project;
 - Demolitions are required to address concerns about the safety of residents; and/or
 - Demolitions are required to reconfigure the provision of supported and/or specialist housing.

Transitional arrangements for current projects

- 1.17 Estate regeneration projects are often long-term and costly. Many live projects are either currently being delivered or due to start shortly. The funding condition allows investment partners to apply for additional exemptions to the ballot requirement where, prior to the introduction of the funding condition:
- Full or outline planning permission has been secured for a project; and/or
 - The GLA has already contractually committed funding to a project. (In such cases, projects must have been named in a contract and/or approved in the GLA's Open Project System.)

Recovery of grant

- 1.18 Investment partners are expected to honour the outcomes of ballots and fulfil the Landlord Offer to residents. The GLA may seek to cancel and/or recover funding from investment partners if it considers there are material deviations from the Landlord Offer.

Governance arrangements for discretionary aspects of the funding condition

- 1.19 Some aspects of the funding condition will require the GLA to exercise discretion. For example, where investment partners apply for an exemption to the resident ballot requirement, they must write to the GLA detailing the exemption/s for which they are applying and, in certain circumstances, submit additional evidence. The GLA will determine whether to apply exemptions on a case-by-case basis with reference to the guidance set out in the funding condition.
- 1.20 The Executive Director, Housing and Land can make decisions on the discretionary areas pursuant to the funding condition under the general delegation to senior members of staff contained within the Mayoral decision-making framework ("Mayoral Decision Making in the Greater London Authority").³ To ensure there is an appropriate audit trail in place for these decisions, GLA officers will keep a Record in Writing of decisions (as defined in the framework) and any associated documentation relating to areas where the Executive Director, Housing and Land exercises discretion. The Record in Writing will set out the basis for each decision, the details of the project to which it relates and will also record any other relevant information. The Executive Director, Housing and Land will make such decisions in consultation with the Deputy Mayor for Housing and Residential Development.

³ Available here: https://www.london.gov.uk/sites/default/files/mayoral_decision-making_in_the_gla_-_apr_17.pdf

2. Objectives and expected outcomes

- 2.1 The objective of introducing a funding condition to require resident ballots on estate regeneration projects involving demolition is to give social tenants, resident leaseholders/freeholders and other residents on an estate in need of social housing a clear say over whether regeneration plans should proceed.
- 2.2 It is envisaged that resident ballots will provide an opportunity to strengthen support for estate regeneration projects that meet the needs of residents and deliver as much affordable housing and as many other community benefits as possible.

3. Equality comments

- 3.1 The proposals to make resident ballots a requirement of GLA funding for estate regeneration projects were subjected to an Equality Impact Assessment (EIA), which the Mayor considered when he gave approval to launch the consultation on these proposals. The EIA has been revised and updated to reflect comments received from consultation respondents and the final funding condition described above (see Appendix 2).
- 3.2 In designing and implementing this policy, GLA officers and the Mayor have had due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity 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 share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010) as set out in the EIA.

4. Other considerations

a) Key risks and issues

Risk: The funding condition has a detrimental impact on new supply of affordable homes in London.

- 4.1 Mitigation: The intention of introducing a funding condition to require resident ballots on estate regeneration projects involving demolition is to give social tenants, resident leaseholders/freeholders and other residents on an estate in need of social housing a clear say over whether regeneration plans should proceed. It is envisaged that ballots will form part of landlords' programmes to engage intensively with residents to develop plans for estate regeneration projects and provide the opportunity to strengthen support for estate regeneration projects that meet the needs of residents and deliver as much affordable housing and as many other community benefits as possible. When taken together with his policies to seek an overall increase in the level of housing, and particularly affordable housing, through his draft new London Plan, draft London Housing Strategy, and Affordable Homes Programme, the Mayor considers that his policies will lead to an overall increase in affordable homes in London even if the introduction of the funding condition, taken in isolation, were to have a negative impact (which is not anticipated).

Risk: The GLA does not exercise decisions on discretionary areas of the funding condition in a fair and consistent manner resulting in reputational damage.

- 4.2 Mitigation: The funding condition will set out clearly the areas in which there is GLA discretion in relation to application of the resident ballots policy. The Executive Director, Housing and Land will, in consultation with the Deputy Mayor for Housing and Residential Development, approve or reject applications from investment partners for exemptions to the ballot requirement pursuant to

individual estate regeneration projects on the basis of the evidence they provide and in accordance with the funding condition.

b) Links to Mayoral strategies and priorities

- 4.3 The Mayor's draft London Housing Strategy sets out policies to increase London's housing supply, improve the quality of existing homes and give greater protection to resident voices in the management of social housing generally, and the process of estate regeneration specifically.
- 4.4 In May 2018, MD2282 approved receiving an additional £1.67 billion from central Government thereby increasing the Affordable Home Programme budget to £4.92 billion to deliver at least 116,000 starts of affordable homes by March 2022. Estate regeneration projects may receive funding through this budget where relevant conditions are met. This decision form proposes introducing a new funding condition requiring resident ballots to be undertaken on strategic estate regeneration projects where GLA funding is sought.
- 4.5 The draft new London Plan sets out the Mayor's proposed planning policies with regards to estate regeneration. Proposals include ensuring that: estate regeneration does not lead to the loss of affordable housing; estate regeneration projects deliver an uplift in affordable housing where possible; and affordable homes lost through estate regeneration are replaced on a like-for-like basis. The Mayor has consulted on his draft new London Plan separately.

c) Impact assessments and consultations

- 4.6 This decision approves the result of a consultation process.
- 4.7 In addition to the equality impact considerations outlined in section 3, GLA officers have paid due regard to the potential impact of the proposals on the supply of housing, including affordable housing, while considering consultation responses and preparing the funding condition.

5. Financial comments

- 5.1 This decision requests approval for the introduction of a funding condition requiring resident ballots to be undertaken on strategic estate regeneration projects where GLA funding is sought.
- 5.2 There are no direct financial implications arising from the decision.

6. Legal comments

- 6.1 Section 30 of the Greater London Authority Act 1999 (as amended) ("GLA Act") gives the Mayor a general power to do anything which he considers will further one or more of the principal purposes of the GLA. The principal purposes, as set out in section 30(2), are: (a) promoting economic development and wealth creation in Greater London; (b) promoting social development in Greater London; and (c) promoting the improvement of the environment in Greater London. It is considered that 'Better Homes for Local People' generally, and the funding condition specifically, will further all three principle purposes to some extent but will particularly aid in the promotion of social development.
- 6.2 Given section 30 of the GLA Act as set out above, the GLA's housing and regeneration functions contained in Part 7A of the GLA Act and section 34 of that Act, which allows the Mayor to do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of any of his functions (including his functions under section 30), and section 333A(3)(b), (4) and (10), the GLA is empowered to provide financial assistance for the purpose of the recipient providing social/affordable housing. In what manner and upon what conditions the Mayor/GLA provides

financial assistance is a matter within his discretion subject to ordinary public law principles such as fairness and rationality. It is therefore open to the Mayor to impose a condition on funding requiring funding recipients to provide evidence of ballots as proposed.

6.3 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 his decision 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);

(ii) Pay due regard to the principle that there should be equality of opportunity for all people (section 33 of the GLA Act); and

(iii) Comply with the Public Sector Equality Duty; namely to have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity 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 share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010).

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.

7. Planned delivery approach and next steps

7.1 The funding condition requiring resident ballots to be undertaken on strategic estate regeneration projects where GLA funding is sought will be published shortly after this decision. The Consultation Summary Report is included at Appendix 1.

Appendices and supporting papers:

Appendix 1 – Consultation Summary Report

Appendix 2 – Equality Impact Assessment

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: Publication of MD Part 1 to be deferred until the end of July, or sooner if possible, to coincide with public launch of the resident ballot requirement.

Until what date: the end of July or sooner, if possible.

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 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 the 9 July 2018.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. Alca

Date

9.7.18

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

9/7/2018

