

AGENDA

Meeting Housing Investment Group

Date Wednesday 23 October 2013

Time 10.00 am

Place Committee Room 3, City Hall, The Queen's Walk, London, SE1 2AA

Members of the Housing Investment Group

Richard Blakeway, Deputy Mayor for Housing, Land and Property (Chair)

David Lunts, Executive Director, Housing & Land

Nigel Minto, Head of Housing & Planning, London Councils

Simon Powell, Assistant Director, Strategic Projects & Property

Jamie Ratcliff, Assistant Director, Programme Policy & Services

Nick Salisbury, Homes for London Board Member

Mike Youkee, Homes for London Board Member

1 Apologies and Chair's Announcements

To receive any apologies for absence and any announcements from the Chair.

2 Declarations of Interest

The Chair to invite Board members to declare any interests which they may have in any of the items set out on the agenda.

[Note: In accordance with the GLA's Code of Ethics for staff, officers must make a declaration of interest on any issue on which they are advising the Mayor which affects an interest held by them - or any person related to them or with whom they have a close personal relationship whether financial or otherwise - and ensure that the details are recorded in the Authority's Register of Interests.]

3 Minutes of the Last Meeting held on 17 September (Pages 1 - 4)

4 Property Asset Strategy (Pages 5 - 20)

5 LSIP Project Update (Part reserved) (Pages 21 - 52)

- 6 London Riverside OAPF (Presentation)**
- 7 Quarterly Affordable Housing Programmes Update - End September 2013
(Pages 53 - 58)**
- 8 Building the Pipeline - Recommended programme allocations from re-submitted bids
(Part reserved) (Pages 59 - 74)**
- 9 Traveller Pitch Fund - Allocation decisions (Pages 75 - 80)**
- 10 Affordable Rent to Buy (Part reserved) (Pages 81 - 90)**
- 11 Date of Next Meeting**

The next scheduled meeting of the Group is on 20 November at 10am in Committee Room 3.
- 12 Any Other Business the Chair Considers Urgent**

Agendas and summary minutes of the meetings of the Housing Investment Group will be published on the GLA's website (except in those cases where information in the papers may be exempt from disclosure under the Freedom of Information Act). Meetings of this internal officer-level Group will not be held in public and are only open to those invited to attend by the Chair of the Group.

MINUTES

Meeting: Housing Investment Group
Date: Tuesday 17 September 2013
Time: 8.30am
Place: Committee Room 2, City Hall, The Queen's Walk, London, SE1 2AA

Summary minutes of the meetings of the Housing Investment Group will be published on the GLA's website (except in those cases where information in the papers *may* be exempt from disclosure under the Freedom of Information Act). Meetings of this internal officer-level Group will not be held in public and are only open to those invited to attend by the Chair of the Group.

Present:

Members:

Richard Blakeway, Deputy Mayor for Housing, Land and Property (Chair)
David Lunts, Executive Director, Housing & Land
Nigel Minto, Head of Housing & Planning, London Councils
Simon Powell, Assistant Director, Strategic Projects & Property
Jamie Ratcliff, Assistant Director, Programme Policy & Services
Nick Salisbury, Homes for London Board Member
Mike Youkee, Homes for London Board Member

GLA Officers:

Fiona Duncan, Head of Area North East
Heather Juman, Senior Area Manager
Tom Middleton, Head of Governance & Resilience
Jamie Izzard, Board Secretary
Doug Wilson, Senior Finance Manager

1 Apologies and Chair's Announcements (Item 1)

1.1 There were no apologies.

2 Declarations of Interest (Item 2)

2.1 There were no declarations of interests.

3 Minutes of the Last Meeting held on 29 August 2013 (Item 3)

3.1 It was noted that, in order to further enhance the transparency of the Group's meetings, a private minute would now only be produced when necessary, with a summary of reserved items included in the public minutes.

3.2 DECISION:

That the minutes of the meeting of the Housing Investment Group held on 29 August 2013 be noted.

4 PRS Sites Disposal (Reserved) (Item 4)

4.1 The Group received a paper seeking endorsement for proposals to identify development partners for three sites (Stephenson Street, Silvertown Way and Pontoon Dock) with a requirement to deliver a significant proportion of long term Private Rented Sector (PRS) homes. It was noted that developers would be sought through the London Development Panel.

4.2 A query was raised as to whether a full or redacted version of the report could be published retrospectively and it was agreed that officers would seek the advice of the Information Governance team.

Post meeting note: following further discussions it was agreed that a redacted version of the report be published at

<http://www.london.gov.uk/moderngov/ieListDocuments.aspx?CId=239&MId=5197&Ver=4>

4.3 A discussion took place regarding the need to ensure the developments provided homes for London's workforce and existing residents and it was agreed that the scoring matrix for bids would favour proposals that included a strong marketing strategy for the domestic market. It was also suggested that the scoring matrix include a requirement for PRS proposals to meet the London Rental Standard (LRS) with extra points available for good practice over and above the LRS.

4.4 It was noted that discussions were on-going with the London Pension Fund Authority (LPFA) on the issue of investing in housing schemes. It was suggested that HIG Members Mike Youkee and Nick Salisbury be asked to take part in future discussions with the LPFA as appropriate.

4.5 The Group discussed the Stephenson Street site and requested that officers discuss the adjacent Transport for London (TfL) car park and other land ownership with TfL to explore possible integration with the development.

4.2 DECISION:

- a) That the recommendations set out in the report be endorsed;
- b) That the scoring matrix for prospective developers:
 - favour proposals that included a strong marketing strategy for the domestic market;
 - includes a requirement for long term PRS proposals to meet the London Rental Standard (LRS) with extra points available for good practice over and above the LRS; and
- c) That officers discuss the Transport for London (TfL) car park and other land ownership adjacent to the Stephenson Street site with TfL to explore possible integration with the development.

5 Disposal of Land at Branch Road (Item 5)

5.1 The Group received a report seeking endorsement for the freehold disposal of the Branch Road site through the London Development Panel (LDP).

5.2 DECISIONS

- a) That the development constraints of the site be noted;
- b) That the third party interest in developing a number of community 'custom build' homes on the site be noted and supported if possible;
- c) That the preferred disposal strategy for the site via the LDP be endorsed;
- d) That the final content of the Invitation to Tender be delegated to the Executive Director of Housing and Land; and
- e) That a further report be brought back to the Group following the tender process.

6 Lion Green Road Disposal (Reserved) (Item 6)

6.1 The Group received a report outlining the disposal of sites at Lion Green Road to Croydon Council Urban Regeneration Vehicle and the site currently occupied by 1 & 2 Well Cottages to London Borough of Croydon.

6.2 It was suggested that a redacted version of the report be published retrospectively.

Post meeting note: A redacted version of the report has been published at <http://www.london.gov.uk/moderngov/ieListDocuments.aspx?CId=239&MId=5197&Ver=4>

- 6.3 Members noted that a site visit to the Cane Hill development was being arranged and it was agreed that an invitation be sent to all Members of the Group.

DECISION:

That the recommendations set out in the report be endorsed.

7 Date of Next Meeting (Item 7)

- 7.1 It was noted that the next meeting of the Group would take place on 23 October 2013 at 10.00am.

8 Any Other Business the Chair Considers Urgent (Item 8)

- 8.1 There was no other business.

9 Close of Meeting

- 9.1 The meeting closed at 9:50am.

Contact Officer: Jamie Izzard, Board Secretary; Telephone: 020 7983 4420; E-mail: jamie.izzard@london.gov.uk; Minicom: 020 7983 4458

Housing Investment Group

Date of meeting: **23 October 2013**

Title of paper: **Property Asset Strategy**

To be presented by: **Simon Powell – Assistant Director - Strategic Projects & Property**

Cleared by: (name Adviser & Director) **David Lunts, Executive Director - Housing & Land**

Classification: **Public**

1 Executive Summary

- 1.1 As a major land owner in London, the GLA has a requirement to put in place a Property Asset Strategy which establishes the principles behind the way the property assets are used to support the Mayor's key policy priorities, including generating revenues to support the GLA's budget strategy. This paper addresses this requirement.

2 Recommendations

- 2.1 That the proposal to publish a formal Property Asset Strategy be endorsed;
- 2.2 That the proposal to produce a more detailed version for internal use and as a means of monitoring progress be endorsed;
- 2.3 That the principles proposed in the Property Asset Strategy be noted; and
- 2.4 That it be noted that the proposed amendments need not be reported to HIG and that individual projects will be approved as per the GLA's Financial Regulations.

3 Introduction and Background

- 3.1 The GLA is a major land owner, having inherited 635 hectares of land (including dock bed but excluding infrastructure), from the LDA, HCA and LTGDC. This land is held within GLA Land and Property Limited and the assets are to be used to support the Mayor's key policy priorities around housing, jobs and economic regeneration. The property portfolio will also be used to generate revenue in support of the GLA's budget strategy.
- 3.2 The portfolio consists of a diverse range of property assets, ranging from substantial brownfield development sites to residual interests in major developments including the ExCel Centre. In addition, the GLA is responsible

for the operation of facilities such as the National Sports Centre at Crystal Palace and Thames Barrier Park.

- 3.3 In order to ensure that this diverse portfolio is managed effectively, it is essential that a formal Property Asset Strategy is developed. This will:
- Deliver a clear focus on the outputs required from each asset.
 - Provide transparent principles for the management, development and disposal of assets.
 - Establish the principle of the GLA investing in land in certain cases
 - Deliver a mechanism for control of the assets including change control procedures to ensure that the strategy is reflective of changing requirements.
 - Establish a benchmark to allow for a monitoring process to be implemented.
- 3.4 The Property Asset Strategy will be developed and maintained in-house so costs will be minimal.
- 3.5 The externally focussed version has been produced and is attached as Appendix 1.

4 Objectives & Expected Outcomes

- 4.1 The objective is to establish a live, working document that not only establishes the principles by which the GLA will manage and dispose of property assets but will also produce a line by line strategy for each individual asset to ensure clarity of actions and to enable a full audit of activity to be available.
- 4.2 The proposal is to establish two versions of the Property Asset Strategy. Initially, an externally focussed version which will address the strategic principles and this will be published on the GLA website. This will be supported by the existing GLA property database which identifies each asset, allocates them to one of five categories and enables people to find out further information on specific assets if required. In the very near future, an expanded version will be produced for internal use that will cover in detail, the specific strategy for each individual asset. A change control process will also be introduced.
- 4.3 The externally focussed version has been produced and is attached as Appendix 1.
- 4.4 The strategy will be used to develop the future years capital receipts forecast as well as linking with existing planning tools in relation to the forecasting of the delivery of outputs including homes and jobs.
- 4.5 By linking with the GLA Property Database and appropriate case studies, the GLA will substantially increase the transparency around the nature and use of its property assets.
- 4.6 The Property Asset Strategy is based on the Mayor's commitment to have an exit strategy in place for all of the GLA's current landholdings by 2016.

- 4.7 The Housing and Land directorate is currently working on a strategy for its future role on land post 2016, which is likely to include focusing on a number of priority schemes within Opportunity Areas. A separate paper on this will come to a future HIG.

5 Key Risks and Issues

- 5.1 It is essential that data is correct and consistent and updated regularly. This will be addressed by regular reviews and a quarterly updating regime.
- 5.2 The lack of a Property Asset Strategy has been identified as a failing within the recent MOPAC audit.

6 Financial comments of the Executive Director - Resources

- 6.1 While the Property Asset Strategy has no direct financial implications, the strategy must align with the authority's long-term financial planning.

7 Legal Comments

- 7.1 Not applicable.

8 Next steps

- 8.1 The next steps following consideration/in-principle approval by HIG are summarised below:

Activity	Timeline
Update GVA Property Database	October
Develop web page and case studies	October
Go live with external version of Property Asset Strategy	November
Develop and approve internal version of Property Asset Strategy including detailed schedule of individual assets	November
Develop monitoring and change control processes	November
Launch internal version of Property Asset Strategy	November
Review project outcomes and implement quarterly updating process	December

Appendices:

- Appendix 1 – Property Asset Strategy (External Version)
 Appendix 2 – Royal Albert Docks web content example
 Appendix 3 – Catford Stadium web content example

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GLA – Property Asset Strategy

Introduction

The GLA is a major land owner, with a portfolio of over 600 ha of land and other assets, mainly in the east of London. It is therefore in an ideal position to influence and deliver the stimulation of new homes, regeneration and economic growth by the use of these assets. This document sets out the GLA's strategy for the use of land owned by GLA Land and Property Ltd (GLAP, the GLA's property-holding company) and highlights areas of activity where the GLA can assist other public sector landholders to bring forward surplus assets for the benefit of Londoners. Further information can be found on the GLA website and this paper contains a number of links both to the GLA website and to relevant, external websites.

The Mayor's Aims and Objectives

The prime aim of the GLA's property asset strategy is to use its land assets to support the Mayor's key policy priorities including generating revenues to support the GLA's budget strategy.

The specific objectives of this strategy are to utilise the GLA's land and property assets to:

1. Support the construction of new homes of all tenures to help meet London's pressing housing needs;
2. Support economic development activities that can help create new employment and regeneration opportunities;
3. Deliver developments of the highest quality which, wherever possible, are of mixed use and demonstrate long term viability and local benefits;
4. Encourage and support creative approaches to development that can help stimulate new opportunities for investment; and
5. Deliver income from rents, leases and receipts which will help meet the GLA's short and longer term financial requirements.

How do we support delivery of these Aims and Objectives?

1. By using the GLA's own property portfolio

Background

The GLA inherited a substantial portfolio of property following the closures of both the London Development Agency and London Thames Gateway Development Corporation. In addition, the GLA acquired the London property assets of the HCA. The vast majority of these assets are now held within GLA Land and Property Ltd and form the stock by which the GLA is vigorously pursuing opportunities to use surplus public sector land to meet the key objectives of:

- The building of a substantial number of new homes within London to meet the increasing demand of Londoners. Including the GLA's interest in Barking Riverside, the property portfolio inherited in 2012 has the capacity to deliver cXXX new homes;
- To provide opportunities for job creation both in the construction industry and in the delivery of new commercial property, providing first-class accommodation for businesses seeking to either expand or open new premises in London; and
- To aid the regeneration of those parts of London that have suffered decline due to a variety of reasons and are now in need of a catalyst to drive forward future growth

In April 2012 the GLA inherited a property portfolio of 635 hectares of land (which included c100 hectares of dock bed but excluded infrastructure) with a value at the time of £365m. Between April 2012 and March 2013 approximately 100 hectares was contractually committed for development, delivering £1 billion of gross development value.

Portfolio Details

In order to manage the portfolio effectively, the property assets have been allocated to one of five categories. These are:

Saleable asset	<p>Property subject to review but potential future disposal. Examples of saleable assets include:</p> <p>Stephenson St – brief description and hyper link to template</p> <p>Armada 2 – brief description</p> <p>Quicksilver Place – a detached industrial building, currently held as an investment but not seen as a long term hold</p>
Investment	<p>Income producing asset that provides revenue for reinvestment in other projects. A major source of income for the GLA is its retained interest in the ExCel Centre complex</p>
Subject to disposal process	<p>Property either in the course of development or currently being disposed of. Examples of properties currently subject to disposal process include:</p> <p>White Hart Triangle – a joint venture with Tilfen Land, delivering new industrial units. http://whiteharttriangle.com/</p> <p>Silvertown Quays – The Mayor, has confirmed a £1.5bn deal with The Silvertown Partnership to transform Silvertown Quays in London's Royal Docks into a new innovation quarter and destination for global brands, creating over 9,000 new jobs and boosting the UK economy by £6.5bn when complete - hyper link</p> <p>Cane Hill – brief description and hyper link to template</p>

Operational asset Property currently allocated for operational use. GLA Land & Property Ltd has few operational properties (City Hall is not a GLAP asset and is therefore excluded from this strategy). The two main ones being the National Sports Centre (NSC), Crystal Palace and Thames Barrier Park. The NSC is managed by GLL on behalf of the GLA and further details can be found on their website (<http://www.better.org.uk/leisure/crystal-palace-national-sports-centre>)

Limited marketability Property interests with nominal value or retained to protect previous public sector investment. Examples of properties within this category include:

Royal Docks Waterways – c100 hectares of water, let on a long lease to Royal Docks Management Authority (<http://www.londonsroyaldocks.co.uk/>). Part of the waterway will be used for the Floating Village (Royal Victoria Dock) project.

Trident Business Centre – the GLA has retained the freehold interest in this charitable facility to protect public sector investment in developing the building.
<http://www.tridentcentre.co.uk/>

The portfolio is constantly being reviewed and where appropriate, those properties in the “Saleable Asset” category will be brought to the market at the earliest opportunity.

The table below sets out the position as at 1st August 2013. This includes certain areas of infrastructure.

Category	Number of Assets	Size (Hectares)
Saleable asset	46	84.18
Investment	12	45.61
Subject to disposal process	71	343.46
Operational asset	6	25.92
Limited marketability	41	154.80
Total	176	653.97

Further details of the GLA’s property portfolio can be found on the GLA group property database via this link <http://www.london.gov.uk/priorities/housing-land/land-assets/land-and-property-database>

In addition to the major property assets identified within the GLA group property database, the GLA also inherited a substantial number of small slivers of land. These include roadside verges, small sections of roads etc. These have no development potential and as a result, the intention is to seek to transfer ownership to a more appropriate landholder where possible. This will only be done where it makes operational and financial sense to do so.

Development and Disposal Principles

In seeking to bring forward property assets for development or disposal, the GLA will adopt a number of principles. These include:

- Recognition of the fact that land is key in promoting economic, housing and community activities;
- The GLA will not hold property assets (especially land suitable for development) longer than necessary;
- Land will be disposed of to support local plans and strategic needs;
- The GLA will work closely with its Functional Bodies (TfL, London Legacy Development Corporation, London Fire Brigade and Metropolitan Police), London Boroughs, other public sector landholders and external parties to deliver the best outcome for London on key strategic sites;
- In the main, disposals will be progressed by way of a competitive method. In relation to major residential-led developments, the default position for disposal will be via the GLA's London Development Panel (LDP). Further details of the LDP can be found here <http://www.london.gov.uk/priorities/housing-land/land-assets/london-development-panel>;
- The GLA will seek to use payment terms and contract arrangements that encourage early development and prevent land-banking. This could involve the deferring of receipts or the GLA taking an equity stake in a development;
- In making the property portfolio transparent to the public, the Mayor is encouraging interest from developers in order to bring forward sites for development and;
- The GLA will take an active role in the planning and design of developments on its land to ensure the delivery of buildings and environments that match the design and quality that the Mayor is committed to see built for the benefit of Londoners.

Terms of Disposal

- In disposing of assets, the GLA will use its land and property to aid the delivery of key objectives around housing, jobs and economic regeneration. The GLA will seek to achieve best value reflecting the Mayor's policies and objectives;
- While surplus assets will generally be disposed of by way of a freehold sale, there will be occasions where there are good financial, operational or strategic reasons for the GLA to retain a long term interest in a property
- Sites will be disposed of in a manner that creates the minimum amount of post development involvement for the GLA. Every effort will be made to ensure the minimum exposure to "trailing wires" and;
- Where appropriate, the use of overage agreements, restrictive covenants, etc. will occur but the GLA will be transparent in its reason for their use

2. Investing in Property

The GLA may invest in property. Instances where this may occur include:

Investment prior to disposal. In order to de-risk a site prior to disposal it may be necessary for the GLA to undertake a level of pre-disposal work around planning, legal title, environmental/site conditions, etc.;

Provision of infrastructure. In order to promote development and reflect market conditions, some large sites may need to be divided into manageable-sized development plots and some primary infrastructure may need to be provided; and

Purchase of land and buildings. There may be situations where the GLA will seek to acquire land in order to stimulate large-scale development projects. These are likely to be residential-led regeneration schemes within OAPF's. In addition, property interests may be acquired where it makes sense from a financial and/or operational perspective. The GLA may use its CPO powers to acquire land to facilitate development of key, strategic sites

3. Collaborative Working

The GLA will continue to work closely with external parties to create and/or deliver, major development opportunities throughout London. These include London Boroughs, other public sector land owners, commercial developers and the GLA's own Functional Bodies.

The Mayor has established the Single Property Unit, which ensures a closer working relationship between the Functional Bodies and this has already delivered results in terms of procurement, development strategies, streamlining disposal processes (the London Development Panel), setting of cost saving targets and transparency of information.

In relation to major development activity, examples of collaborative working include:

Greenwich Peninsular – [hyper link to template](#)

Haringey Heartlands – [hyper link to template](#)

White Heart Triangle – [hyper link to template](#)

Heart of East Greenwich – [hyper link to template](#)

4. Positive Asset Management

The GLA has a varied portfolio and while the majority of the land is held for development, there are a number of residual interests in previously developed land holdings, assets held for investment as well as various legal interests in properties owned by previous regeneration bodies. In addition, the GLA is responsible for the National Sports Centre at Crystal Palace and Thames Barrier Park.

This portfolio is managed in such a way as to meet the key objectives set out below:

- To ensure that all statutory obligations are met, the GLA and its managing agents, proactively manages health and safety on all its land and property assets by providing

suitable control of health and safety risks, ensuring safe and secure working conditions to reduce the risk of accidents

- To maximise the financial performance of the portfolio
- To provide an appropriate working environment for tenants
- To assist in realising development opportunities for the land assets
- To contribute to the vitality of an area by facilitating meanwhile use opportunities on surplus land
- To maintain property assets in an appropriate condition reflecting the nature of the asset
- To maintain robust information in relation to the GLA's property assets

Key elements of portfolio management are:

- The GLA has an operating model based on a small internal team supported by retained service suppliers
- Assets are valued annually
- Comprehensive insurance cover is maintained. Risks covered are site specific and constantly reviewed

What's been achieved to date?

In the first year of operation, the GLA released over 100 hectares of land for development. These developments will deliver xxx houses and xxx jobs in addition to creating additional economic benefits to the localities.

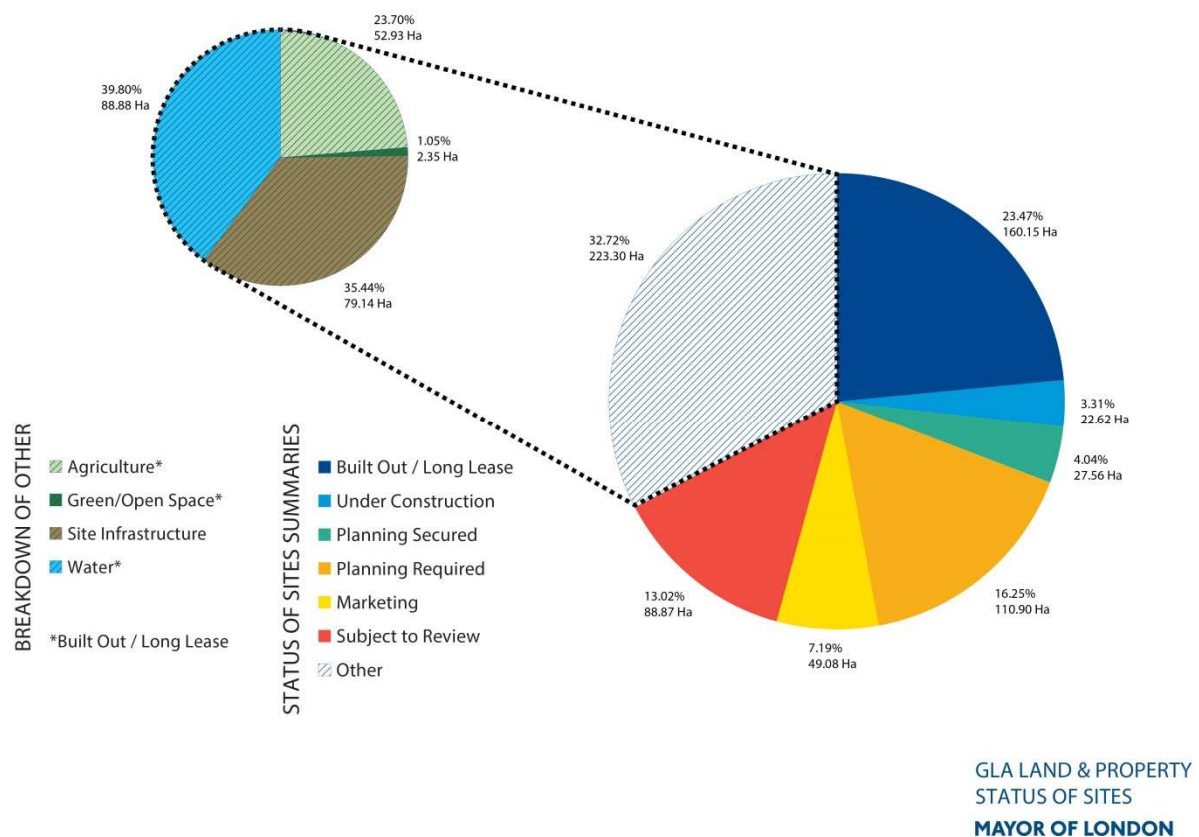
Since April 2013, further contractual commitments have been entered into, including two significant schemes in the Royal Docks covering 34 hectares with a combined development value of £2.5 billion. In total, commitments entered into since April will deliver **XXX** new homes and xxx sq. ft. of commercial floorspace. There are a number of other projects which it is anticipated will be contractually committed before the end of the financial year and these will deliver a further xxx new homes, xxx jobs and xxx sq. ft. of commercial floorspace. Marketing continues in relation to a number of other key development opportunities.

Examples of contracts entered into in 2013/14 include:

Royal Albert Dock – [hyper link to template](#)

Catford – [hyper link to template](#)

The status of the GLA's property portfolio as at the 1st October is shown in the following chart:



Next steps

The Mayor is committed to having an exit strategy in place for all of the GLA's current landholdings by 2016. This does not mean that all property will have been disposed of by 2016 as a number of the key strategic developments have a lifespan extending beyond 2016.

A number of sites will be brought to the market before the end of the current financial year. These include:

Royal Victoria Dock (Floating Village) – brief details

Stephenson St – brief details

Silvertown Way – brief details

Pontoon Dock – brief details

Wick Lane – a semi-detached house, currently held as an investment

London Sustainable Industries Park – brief details and hyper link

While planning for 2014/15 is currently underway, at this stage the intention is to bring forward a number of the remaining sites and these include:

Armada 2 – brief details

Gallions 4 – brief details

Contact for further information

landandproperty@london.gov.uk

Royal Albert Dock

In May 2013, the Mayor announced details of a £1bn deal to transform the 35-acre Royal Albert Dock site into the capital's next business district, forging new trade links with China and other economies in the Asia-Pacific region and securing billions of pounds of inward investment in the UK economy. The site will be transformed by ABP, a successful commercial developer, into a gateway for Asian and Chinese business seeking to establish headquarters in Europe as well as other businesses wanting to set up in the capital.



Borough: London Borough of Newham

Developer: ABP

What's being delivered: a new business district with over 3.2 million square feet of high quality work, retail and leisure space, including 2.5 million square feet of prime office space, providing 20,000 full-time jobs boosting local employment in Newham by 30 per cent.

Estimated gross development value: £1bn

Key dates: start on site due early 2015, first occupiers due to move in during 2017

Procurement process: OJEU competitive dialogue

Further information

The deal will re-instate the Royal Docks as a commercial and trading centre for the 21st century. When complete the site will become London's third business district and, according to initial projections, be worth £6bn to the UK economy, generating £23m in business rates annually and acting as a catalyst for further development in the area.

The largest development of its kind in the UK, the state-of-the-art business district will act as a platform for financial, high-tech and knowledge driven industries looking establish and drive forward their business in UK and European markets. The deal represents one of the first direct investment by a Chinese developer in London's property market.

Working with UK developer Stanhope and architects and masterplanners Farrells, ABP have a commitment to developing a minimum of 600,000 square feet in the first phase, with strong interest for office space already being shown by Chinese companies, including some of the country's top banks.

For further information, please contact [Michael Payton, Senior Development Manager](#)

Catford Stadium

The redevelopment of the former Catford Greyhound Stadium will bring 589 new homes to this 4.7 hectare site in the heart of Lewisham . The publicly owned stadium has been released by the Mayor as part of his drive to unlock development on public sector owned land in order to increase housing supply for hard working Londoners and boost jobs and growth.



Borough: London Borough of Lewisham

Developer: Barratt Homes

What's being delivered: Over 1,000 jobs and 589 homes, comprising 213 one bedroom and 314 two bedroom flats, 39 three bedroom and 23 four bedroom homes. This will include 113 affordable rent properties managed by Gallions Housing Association, 60 shared ownership properties and 416 properties for private ownership. There will be 508 sq m of retail space and 298 sq m of community space.

Estimated gross development value: £117m

Key dates: Start on site due spring 2014. The project is expected to be completed during 2017.

Procurement process: HCA's Delivery Partner Panel (the GLA completed the procurement following devolution in April 2012)

Further information

The transformation of Catford Stadium, which has been unused for the last ten years and sits within one of London's key opportunity areas, will provide a major catalyst for future regeneration potential in Catford Town Centre. Lewisham Council has outlined a number of redevelopment opportunities including the redevelopment of Catford Shopping Centre and plans to work with TfL to improve the transport network in the town centre.

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Housing Investment Group

Date of meeting: **23 October 2013**

Title of paper: **LSIP Project Update**

To be presented by: **Simon Powell, Assistant Director - Strategic Projects and Property**

Cleared by: (name Adviser & Director) **David Lunts, Executive Director - Housing and Land**

Classification: **Public**

1 Executive Summary

- 1.1 This paper provides a summary update on a Strategic Project being undertaken on land owned by GLA Land and Property Limited ('GLAP'): the London Sustainable Industries Park ('LSIP'), Dagenham Dock. This report follows a presentation to IPB on 11th July 2013 and a Mayoral Decision (MD) on additional funding for the project of the same date.

2 Recommendations

HIG is asked to:

- 2.1 Note that the approved budget will be supplemented by third party contributions to gas supply and foul water network in the course of negotiation.
- 2.2 Note that forecast plot sales are higher than budgeted, of which £8.82m is currently contracted.
- 2.3 Note that the intention is for GLAP to procure the IP gas connection to the LSIP via a Project Management Instruction ('PMI') to GLAP's Principal Contractor, Volker Fitzpatrick Limited.

3 Introduction and Background

- 3.1 GLAP is creating London Sustainable Industries Park, a landmark cleantech business park in Dagenham Dock, in east London in the LB of Barking & Dagenham ('LBBD') by concentrating on attracting leading environmental industries (*not* just innovative energy from waste businesses that have been its earliest tenants).
- 3.2 GLAP's infrastructure investment is creating serviced development plots for disposal within the 16 hectare Park on vacant industrial land previously

transferred from London Thames Gateway Development Corporation ('LTGDC') on 16th April 2012.

- 3.3 In order to realise the potential of the LSIP this land requires investment in new roads and electrical sub-stations, and enhancements in the off-site Foul Sewer (FW) system and gas main to service the Park.
- 3.4 Third party funding is being sought from Chinook (Plot 2) for their contribution to the installation of an IP gas main and off-site waste water enhancements, and from PDM Group (Plot 5) for their contribution to the Foul Water (FW) system to cope with their increased waste water requirements.

Budget Comparison

- 3.5 The detailed position is set out in the reserved paper. Receipts of £2.585m have been received so far from sales. In addition there is serious interest in a slither of land on the east side of Hindmans Way (1.01 acres / 0.4 hectares gross) outside of the LSIP boundary from a Special Purchaser that is undergoing due diligence.
- 3.6 Some of the approved budget contingency will be spent in completing the project.
- 3.7 Construction update

There are two main infrastructure construction works taking place at the LSIP:

- (i) *LSIP North Infrastructure Works* – the works north of Choats Road are substantially complete save for a new gas main connection and a new pumping station. The new LSIP Hub/Security building is on order.
- (ii) *LSIP Southern Access Road* – the new road in LSIP South, lying south of Choats Road, is built and open. TEG is preparing to open their In-Vessel Composting and Anaerobic Digestion facility on Plot 7A, which relies on the new infrastructure and vehicular access provided.

4 Objectives & Expected Outcomes

Three large construction / engineering worksteams at LSIP North and LSIP South remain: (i) bringing a gas main connection to the LSIP, (ii) dealing with the surplus spoil arisings, (iii) upgrading the local FW network so that it is fit for purpose.

A more strategic objective is to develop a local heat network. At the local level this involves helping TEG to evaluate the feasibility of supplying waste heat to a neighbouring business, Closed Loop Recycling. LB of Havering has just completed an energy masterplan of the Riverside Opportunity Area (to the east) which considers a strategic network that would connect both LSIP and Riverside.

5 Key Risks and Issues

- 5.1 The risks and mitigation measures with respect to LSIP North and LSIP South were covered by an audit review of the project management in July 2013 and reviewed by IPB on 11th July 2013. The project management and cost management roles of Turner & Townsend were not highlighted as an issue.

6 Financial comments of the Executive Director Resources

- 6.1 See Part 2 (reserved paper).

7. Legal Comments

- 7.1 Legal has not been asked to comment as there are no new legal issues to be flagged to HIG.

8. Next steps

The next steps following consideration/in-principle approval by HIG are summarised below:

Table 1

Activity	Timeline (target date)
1. Agreement for stage land payments by tenant of Plot 2, LSIP	31 st Dec. 2013
2. Procurement of contract for IP gas main for LSIP	31 st Dec. 2013
3. Agreement for Lease of Plot 5, LSIP	31 st Mar. 2014
4. Next update to HIG on LSIP Project – within 6 months of 23 rd Oct. 2013 HIG meeting	May 2014
5. Delivery of gas connection to LSIP	by 31 st Dec. 2014

9. Appendices

The appendices to this report are reserved from publication as they contain commercially sensitive information.

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Housing Investment Group

Date of HIG meeting:	23 October 2013
Title of paper:	Quarterly Affordable Housing Programmes Update – End September 2013.
To be presented by:	Jamie Ratcliff, Assistant Director Policy, Programme and Services
Cleared by:	David Lunts, Executive Director - Housing & Land
Classification	Public

1 Executive Summary

- 1.1 This report provides an update on affordable housing programmes managed by the GLA's Housing and Land directorate to the end of September 2013 and details of Help to Buy equity loans and Get Britain Building, for both of which the operation of the London elements has been delegated to the Homes and Communities Agency.

2 Recommendation

- 2.1 Housing Investment Group to note the programme update as set out in this report.

3 Housing Programme Outturn

Mayor's Housing Target

- 3.1 Across the housing programmes, a total of 26,362 completions have been achieved to the end of September 2013 against the Mayor's housing target to deliver 55,000 affordable housing completions in the four years ending March 2015. Appendix 1 provides details of completions to date by programme.

Table 1: Delivery of 55,000 affordable homes by 2015

	2011/12	2012/13	2013/14 (Sep '13)	2014/15	Total
Completions	17,240	8,114	1,008	n/a	26,362
Annual Profile	17,240	8,814	7,786	21,160	55,000

Note: the 2012-13 outturn is estimated awaiting confirmation of national statistics reported by DCLG – due in Nov 2013.

- 3.2 A total of 3,018 starts on site were recorded on IMS by the end of September, with a number of further schemes still to be captured on the system. Formal quarterly reviews are underway with all investment partners and discussions will focus on maintaining progress to achieve completions to March 2015. Teams will continue to work with partners and boroughs to resolve any remaining issues to affecting start on site on schemes scheduled to compete by March 2015. The current risk assessed

position on completions suggests that delivery against the Mayor's target continues to be challenging with little room for slippage.

- 3.3 The Mayor has also pledged to deliver £100k affordable homes over his two mayoral terms and, to date, has achieved 67,707 completions against that target.

Help to Buy Programme

- 3.4 The Help to Buy programme was announced as part of the Budget in March 2013. The programme is designed to help people buy a new build home through the provision of an equity loan and will operate over three years ending in March 2016. London has been allocated £500m for this programme, of which £6.8m has been spent up to the end of August 2013 to achieve 125 sales. If the average property price is maintained then the London allocation would be expected to deliver around 9,200 completions. The table below provides outturn by London borough.

Table 2: Help to Buy outturn – end August 2013.

Borough	Homes	Expenditure
Barking and Dagenham	6	£179,398
Barnet	15	£781,150
Bexley	20	£893,098
Bromley	6	£383,569
Croydon	6	£322,800
Ealing	9	£522,090
Havering	11	£399,642
Hillingdon	2	£71,998
Hounslow	3	£332,200
Islington	1	£92,750
Kingston upon Thames	8	£469,436
Lewisham	2	£118,700
Merton	12	£776,800
Newham	13	£659,600
Sutton	8	£601,333
Tower Hamlets	2	£99,900
Wandsworth	1	£100,600
Total	125	£6,805,064
Average funding per home		£54,441

- 3.5 Further work is ongoing with the HCA to obtain more detailed information on pipeline applications and the income levels of purchasers accessing the scheme.

Get Britain Building

- 3.6 This programme is designed to unlock stalled sites by providing recoverable investment to address difficulties in accessing development finance faced by some housebuilders, and to help bring forward marginal sites by sharing risk. The table

below show spend and outputs to the end of September for projects under contract and on site for this year.

Table 5: Summary information for Get Britain Building

2013-14	Budget/ F'cast	Outturn	Remaining
Starts on site	478	232	246
Completions	446	42	404
Expenditure	£70,032,035	£39,129,380	£30,902,655

3.7 Forecasts for delivery in future years are still being discussed with the HCA.

4 Risks Arising / Mitigation

4.1 The directorate has undertaken various actions to minimise the risk to achieving the Mayor's housing targets including the reallocation of resources from high risk or non-deliverable schemes to those that offer more certainty on delivery. The launch of the Mayor's Housing Covenant programmes introduced a range of new housing products offering solutions to housing issues affecting Londoners and allocations have been made to a number of new investment partners to widen the pool of delivery agents.

4.2 The Housing and Land team maintains close day to day contact with investment partners to ensure that issues affecting scheme delivery are address expediently and progress tracked and monitored closely. The directorate encourages partners with new development opportunities to discuss these with the GLA to ensure that a forward pool of schemes is supported. The Mayor's Housing Covenant programme continues to be open to organisations able to offer schemes in line with the funding prospectus.

4.3 A detailed review of all sites, due to complete by March 2015, which have yet to start on site is currently underway. Many are on small sites and/or utilising innovative construction methods, both of which shorten the construction timetable.

5 Financial Comments from the Executive Director - Resources

5.1 The Help to Buy and Get Britain Building programmes are administered in London by the HCA, on behalf of the Mayor, so these programmes do not constitute part of the GLA's funding.

6 Next steps / Conclusion

6.1 Further housing programme updates will be available on a quarterly basis.

Appendices

Appendix 1 - 2013-14 Completions and Starts

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Appendix 1

Appendix 1: 2013-14 completions and starts by programme by portfolio team.
(End September 2013)

Programme	Team (portfolio lead team – not location)	2013-14 Completions	2013-14 Starts
Affordable Homes Programme	North East	70	707
	North West	87	1,333
	South	213	904
Affordable Homes Programme Total		370	2,944
National Affordable Housing Programme	North East	117	0
	North West	0	0
	South	478	0
National Affordable Housing Programme Total		595	0
MHC: Homes for Working Londoners	North East	0	0
	North West	0	9
	South	0	0
Mayor's Housing Covenant Total		0	9
First Buy	North East	0	0
	North West	15	0
	South	1	0
First Buy Total		16	0
Mortgage Rescue	North East	4	0
	North West	0	0
	South	3	0
Mortgage Rescue Total		7	0
Land & Property	North East	0	0
	North West	0	65
	South	20	0
Land and Property Total		20	65
London Total		1,008	3,018

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Housing Investment Group

Date of HIG meeting:	23 October 2013
Title of paper:	Building the Pipeline recommended programme allocations from re-submitted bids
To be presented by:	Jamie Ratcliff Assistant Director Policy, Programme and Services
Cleared by:	David Lunts, Executive Director - Housing & Land
Classification	Public (with reserved appendix containing commercially sensitive information, disclosure of which could prevent the GLA from securing best value.)

1 Executive Summary

- 1.1 The GLA launched the Mayor's Housing Covenant (MHC) programme in September 2013 inviting bids for schemes offering affordable housing completions to March 2017. Three stages of funding allocations have been approved by the Mayor (under cover of MD1065, 1145 and 1242). In the last stage it was agreed that rejected bids would be put forward for re-submission from bidders to improve offers or address specific issues raised during the initial assessment. This paper sets out:
- (a) a summary of recommendations on bids re-submitted for MHC Building the Pipeline; and
 - (b) an assessment of initial bids received for Extensions and Deconversions and the Consumer-led Shared Ownership products.
- 1.2 The HIG is requested to consider recommendations to approve £52.977m of funding on schemes supporting 1,700 affordable housing completions and 132 additional bedrooms on extensions to existing properties. Recommendations are also put forward to reject schemes requesting funding of £53.159m for 1,017 affordable homes, 123 additional bedrooms on extensions and 53 homes for deconversion.
- 1.3 Following the announcement by Don Foster, Communities Minister, on 17 September 2013 of additional support for community-led housing and custom build DCLG have confirmed that they will release the final £20m from the September 2012 announcement to the GLA, on the condition that it remains open for continuous market engagement until the funding is exhausted. It is proposed therefore, to streamline the delivery of the programme, that approval of the allocation of the full budget be delegated to the Executive Director, Housing and Land in consultation with the Deputy Mayor for Housing, Land and Property.

2 Recommendations

- (a) That the proposals to approve and reject bids across the MHC: (i) Rent and Sale; (ii) Empty Homes; (iii) TIS; (iv) Extensions and De-conversions and (v) Consumer-

- led Shared Ownership products (as set out at sections 11 to 15) be reviewed;
- (b) That any general or specific adjustments to the proposed programme be agreed;
- (c) That the proposed programme of allocations for recommendation to the Mayor be endorsed;
- (d) That a programme approach, which envisages the delegation of authority to the Executive Director - Housing and Land, in consultation with the Deputy Mayor for Housing, Land and Property, to approve engagement and allocation with new additional bidders for unallocated funding and agree adjustment to existing contracts, be endorsed;
- (e) That closure of the Mortgage Rescue Scheme in London be endorsed with unallocated budget (less £0.382m required for outstanding FirstBuy completions – see sections 16 and 17) transferred to MHC;
- (f) That the following transfers to the MHC budget be endorsed;
- AHP – £20.009m;
 - NAHP - 0.045m;
 - Right to Buy receipts - £0.892m;
 - Additional Empty Homes funding DCLG - £11.865m;
 - New DCLG funding initiative - £180.000m; and
- (g) That the proposal to combine all products funded through the Mayor’s Housing Covenant programme into a single budget approval (section 5) be endorsed.

3 Background

- 3.1 The Mayor’s Housing Covenant was launched in Septemeber 2012 to maximise delivery of affordable housing in London. MHC included the launch of two tailored bids rounds seeking offers to achieve the Mayor’s housing priorities. The final bids round, MHC Building the Pipeline opened in March 2013 and invited offers for
- affordable homes to rent and buy, including bids for supported housing;
 - schemes to bring empty homes back into use;
 - A Tenant’s Incentive Scheme (TIS) or similar type product;
 - Consumer-led Shared Ownership (CLSO); and
 - Extensions and Deconversions.
- 3.2 An initial round of allocations for MHC BtPL was approved in July 2013 (under cover of MD 1242) to support 6,190 affordable homes for £136.5m on schemes for rent or sale, empty homes and TIS and bids rejected at that time were open to re-submission from bidders to improve their offers. An assessment of CLSO and Extensions and Deconversions has now also been concluded and recommendations are included in this report.

Budgets

- 3.3 Grant allocations will be funded from headroom generated on existing housing and land programmes and additional funding from DCLG.

- 3.4 A proposal to deliver 9,000 homes in London for £180m funding, representing a payment rate of £20,000 per unit was agreed by the Housing Minister following discussions with DCLG on London's share of the Affordable Homes Guarantee funding. It is worth noting that DCLG's programme average requirement of £20k per unit will only be achieved in London by combining DCLG funding with resources from GLA headroom to enable a higher rate per unit to be paid.
- 3.5 For the Empty Homes programme DCLG has agreed to provide an additional £13.2m of funding to bring 660 empty homes back into use, with a further £1m of contingency held back if necessary to be agreed with DCLG. The GLA will receive £11.685m and the community grants programme administered by Tribal Ltd will receive the balance as set out in MD1242.
- 3.6 Headroom from existing GLA programmes will be used to complement DCLG resources to offer higher grant levels (while meeting DCLG requirements for their element of the funding) to maximise take up of the new funding available. Officer's will determine the blend and application of this funding in a way that meets GLA and DCLG requirements.

4 Risks Arising / Mitigation

- 4.1 Risk: Following HIG approval these allocations will go on to Mayoral Decision. Any delays in approving final allocations may impact on delivery of the proposed programme.
- 4.2 Mitigation: A clear timetable for assessment and approval has been set out to ensure that allocation announcements are made as early as possible and contracting can commence thereafter.

5 Financial Comments from the Executive Director of Resources

- 5.1 The Mayor's Housing Covenant programme allocations will be funded from (i) DCLG budgets agreed for London under the Affordable Homes Guarantee and Empty Homes programmes, (ii) headroom from existing GLA programmes (Affordable Homes Programme, National Affordable Housing Programme and Mortgage Rescue Scheme) and (iii) receipts from RtB sales allocated to the GLA by DCLG for affordable homes delivery.
- 5.2 Profiling has yet to be agreed for MHC and will be subject to the budget process. However this report proposes creating an overall MHC budget of approximately £307m (subject to finalising the amount available from closure of the Mortgage Rescue Scheme). £206.598m of the proposed budget has been approved to date (of which £11.074m was committed in 2012-13). Approval is sought for further allocations of £52.977m requested in this HIG paper. The remaining balance within the proposed budget will be used on new allocations to achieve DCLG's target for 9,000 homes with additional GLA funded where required to achieve a £20k grant per unit on the remaining homes to be allocated.
- 5.3 Since the launch of the MHC in September 2012, allocations have been made in stages to ensure that HIG oversees recommendations for each sub-programme and to enable investment partners to agree contracts and proceed to begin works on approved schemes as early as possible. Individual MDs and budget approvals have

been sought in line with each stage of programme allocations. To enable the GLA to meet DCLG's funding requirement of an average of £20k per unit across this programme and to ensure timely delivery, it is proposed that the individual budget approvals are now combined and managed as one MHC programme against a single budget line, with approval of future allocations delegated to the Executive Director, Housing & Land. However, this is not a repayment condition of the £180m and £11.865m DCLG funding

- 5.4 DCLG have yet to issue formal capital grant determination letters setting out any ring-fencing and /or conditions of repayment.

6 Legal Comments

- 6.1 The recommendations set out at section 2 of this report ("Recommendations") appear to fall within the discharge of the GLA's housing and regeneration functions contained in Part 7A of the Greater London Authority Act 1999 ("GLA Act") and section 30 and 34 GLA Act powers to do such things to promote or which may be considered are facilitative of or conducive or incidental to the promotion of economic development and wealth creation; social development; and the improvement of the environment, in Greater London.
- 6.2 The proposed payments to recommended recipients amount to the provision of grant funding and not a payment for services rendered. The bidding and assessment process undertaken and use of GLA funding terms assist in ensuring that funding will be distributed fairly, transparently in accordance with the GLA's equalities obligations and requirements of the Contracts and Funding Code and in a manner which represents value for money.
- 6.3 Should HIG agree with the recommendations, before proceeding further officers must ensure that mayoral approval of the recommended award of funding and closure of the Mortgage Rescue Scheme is obtained also seeking the delegation of authority to officers as is considered necessary or expedient for the delivery of the programme.
- 6.4 Under 38(1) of the GLA Act the Mayor may delegate the exercise of any function exercisable on behalf of the GLA to any GLA staff member. Officers should nonetheless liaise with the GLA's Governance team to ascertain the extent to which any express delegation of power is required or whether the GLA's Scheme of Delegation suffices in this regard.

7 Next Steps

- 7.1 Full details of the bidding and assessment timetable is shown below.

Table 1: Timetable

23-Oct	HIG Meeting
Close 1 Nov	Complete adjustments following HIG comments
Close 2 Nov	Submit MD
03-Nov	Papers for IPB
12-Nov	IPB meeting
Mid Nov	MD Approved
Mid Nov	Announce MHC 3 re-bid allocations

Appendices

Appendix 1 – Commercially sensitive information relating to affordable homes re-bid assessment

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Housing Investment Group

Date of meeting: **23 October 2013**

Title of paper: **Traveller Pitch Fund – Allocation decision**

To be presented by: **Jamie Ratcliff, Assistant Director - Programme, Policy and Services**

Cleared by: (name Adviser & Director) **David Lunts, Executive Director - Housing & Land**

Classification: **Public**

1 Executive Summary

- 1.1 As part of Continuous Market Engagement exercise the London Borough of Hounslow have submitted a project for grant funding support through the Traveller Pitch Fund (TPF) programme.

2 Recommendation

The HIG is invited to approve in principle the allocation of £766,000 of grant funding to the London Borough of Hounslow to deliver six new pitches and improve twenty existing pitches preventing the pitches from falling into disrepair and becoming uninhabitable.

3 Introduction and Background

- 3.1 As a group, travellers remain one of the most disadvantaged in the country experiencing deep inequalities with very poor outcomes in health and education in particular. Authorised travellers' sites can provide the basis for local authorities to tackle these inequalities. As such, through the revised London Housing Strategy, the Mayor has committed to supporting local authorities to ensure the accommodation requirements of Gypsies and Travellers are identified and addressed.
- 3.2 In April 2011, up to £60m was made available nationally by Government as part of the 2011-15 Affordable Homes Programme (AHP) to support the provision of accommodation through the TPF programme. Grant funding is available to support delivery partners to provide good quality public sites. Funding is available to contribute to the capital expenditure works to bring forward new and protect existing supply. Revenue costs are not supported through the programme.
- 3.3 The Homes and Communities Agency allocated grant funding of £700,000 to the London Borough of Camden through the initial AHP bidding round,

however, the borough has since advised that the project will no longer proceed.

- 3.4 As part of the devolution of housing and regeneration powers in London to the Mayor, the GLA inherited the responsibility of the administration of the TPF programme, including the £1.55m grant funding budget.
- 3.5 On 3 October 2012, the Housing Investment Group (HIG) agreed to support three projects with a total grant funding request of £451,233 aimed at delivering two new pitches, improving twenty-four existing pitches, alongside wider social regeneration and community facilities. However, the Royal Borough of Kensington & Chelsea has since advised that their project is no longer deliverable, and as such, the allocation of £190,000 has been withdrawn.
- 3.6 As it currently stands, £1,288,767 of the TPF programme budget remains unallocated.
- 3.7 The GLA enters into a standard funding contract with each partner to deliver the agreed outputs. Each project is assigned a GLA contract manager to monitor delivery against a set of project milestones, which includes: planning, start of works, completion of works, and occupation of pitches. The GLA contract manager will manage grant funding take-up and scheme costs with the delivery partner. Payment of grant funding is triggered upon the achievement of works on site.
- 3.8 Projects are reviewed as part of the AHP quarterly contract review meetings with partners. Projects are programme managed and processed through the GLA's Investment Management System, which is already used to manage and monitor the majority of the GLA's capital expenditure housing programmes.
- 3.9 All project outputs, outcomes, and expenditure will be achieved by the programme longstop date of 31 March 2015

4 Objectives & Expected Outcomes

- 4.1 The TPF programme will deliver the following programme objectives:
 - Increase supply and capacity of available accommodation across the capital by delivering new permanent affordable pitches to be in continuous use;
 - Protect existing supply by improving existing pitches, preventing the pitches from falling into disrepair and becoming uninhabitable;
 - Improve support facilities available to the community, where appropriate and/or necessary, including community centres and amenity blocks;
 - Enhance site health and safety by introducing traffic calming measures, clear signage indicating residential area, secure fencing defining site boundaries, and better lighting;
 - Reduce on-going maintenance costs including costly clean-up costs attributed to fly-tipping;

- Promote and support improved education and training opportunities for the community;
- Create jobs in the initial supply chain to undertake the capital works and then in the on-going cyclical management and maintenance of sites.

4.2 The LB Hounslow project seeks to contribute to the programme objectives and expected outcomes. The project has been assessed against the programmes four key criteria: eligibility for funding, value-for-money, deliverability, and strategic benefit. The assessment is summarised below.

LB Hounslow - Hartlands Traveller Site

GLA Grant: £766,000
Pitches delivered: 6 new & 20 improved

Summary of project:

GLA grant is sought to provide six additional permanent pitches and improve 20 existing pitches at the Hartlands Travellers site. Subject to planning, the new pitches will be built on council land adjacent to the site. These pitches will be built first which will free up existing pitches to be upgraded in phases.

Residents have been consulted and are supportive of the community building and site office where LBH's Development and Liaison Officer will be based. The creation of the new pitches and reconfiguration of the existing will help alleviate overcrowding on the current site.

Eligibility for funding

- Works to be undertaken include: the upgrade of existing pitches and utility provision, provision of the new pitches on council land adjacent to the existing site, a community building and site office, play area and improved lighting and site fencing.
- All the Total Scheme Costs are assessed to be genuine capital expenditure works.

Value-for-money

- LBH have approval to invest £1.15m of its own capital funds into the project (60% of TSCs) with GLA grant requested on the remaining £0.766m (40% of TSCs).
- The GLA will seek to maintain grant as a % of TSCs as this represents excellent VFM.

Deliverability

- The scheme is forecast to Start-on-Site in Jan 2014 and Practical Complete in Dec 2014.
- Planning is forecast in Jan 2014 for the 6 new pitches and LBH state that their planners and Members are supportive.

Strategic benefit

- The scheme proposed will help alleviate existing overcrowding and respond to 'The London Wide Traveller Accommodation Needs

Assessment' (2008) which found that LBH require a further 3 to 11 pitches by 2017 (6 new pitches bid).

- The provision of the Community Building will help LBH provide skills and training opportunities to residents as part of their Community Learning Strategy.

5 Key Risks and Issues

- 5.1 As with all capital expenditure projects there is a contingent delivery risk that will manifest in either the project not being delivered within agreed timescales or at all. To mitigate this risk, this project will be assigned a GLA contract manager to monitor progress against key milestones and assist the borough with delivery issues.
- 5.2 The London Borough of Hounslow will be required to enter into contract with the GLA before grant funding can be paid. To mitigate this risk, a standard funding contract will be used. Furthermore, the borough is already a GLA qualified investment partner through involvement with other programmes.

6 Financial comments of the Executive Director Resources

- 6.1 Under the London Settlement, the GLA's un-ringfenced grant included an amount of £0.7m to cover an HCA commitment to provide Camden with Traveller Pitch funding. A further £0.85m of Traveller Pitch funding was agreed subsequently.
- 6.2 MD974 confirmed the commitment to Camden. However, this project has now been abandoned.
- 6.3 If this proposal is endorsed, subject to MD, the Traveller Pitch funding budget of £1.55m will be allocated as follows:

Borough	6.4	£m
Barking & Dagenham	6.5	0.069
Lambeth	6.6	0.192
Hounslow	6.7	0.766
Total	6.8	1.027

- 6.9 This leaves a balance of £0.523m that, due to the un-ringfenced nature of the London Settlement, could be utilised for any purpose.

7 Legal Comments

Parts 1-5 of this report indicate the following.

- 7.1 The proposals set out with this paper appear to fall broadly within the Authority's powers under sections 30 and 34 of the Greater London Authority Act 1999 (the 'Act') which allows the Mayor, acting on behalf of the

Authority, and after appropriate consultation, to do anything which is considered to further or which may be considered facilitative or conducive to the promotion of social improvement in Greater London.

- 7.2 Should the board be minded to approve the recommendations of this report officers must ensure that:
- they obtain formal authority (via MD/DD as appropriate) before proceeding further.
- 7.3 GLA will distribute grant funding. This should be done in accordance with the GLA's Contracts and Funding Code, which requires that the funding be distributed fairly, transparently, in accordance with equalities obligations and with a view to demonstrating value for money.
- 7.4 Officers must ensure that an appropriate funding agreement is put in place and executed by Hounslow and the Authority before any commitment is made to the grant of funding.

8 Next steps

- 8.1 The next steps following consideration/in-principle approval by HIG are summarised below:

Activity	Timeline
Funding Award letter to LB Hounslow	End Oct-13
MD approval permitting GLA to enter into contract with LB Hounslow	End Oct-13
Execution of funding contract	End Dec-13
Project works begin	End Jan-14
Project works complete (triggering payment of grant)	End Dec-14

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Housing Investment Group

Date of meeting: **23 October 2013**

Title of paper: **Affordable Rent to Buy**

To be presented by: **Jamie Ratcliff, Assistant Director Programme, Policy and Services**

Cleared by: **David Lunts, Executive Director - Housing & Land**

Classification: **Public (with reserved appendix – appendix reserved due to exemptions under formulation of Government policy, prejudice to effective conduct of public affairs and protection of commercial interests)**

1 Executive Summary

- 1.1 This paper updates the HIG on the in principle urgency decision taken by IPB, that the GLA should operate, in London, the programme currently known as Affordable Rent to Buy and assume the inherent financial risks associated with it.

2 Recommendation

- 2.1 That the Group notes the contents of this paper.

3 Introduction and Background

- 3.1 In the Spending Review (*Investing in Britain's Future*) the Government announced a new affordable housing product, "Affordable Rent to Buy". The name is potentially misleading as the model is not predicated on the purchase of homes by individual tenants, but rather they will be affordable for only a temporary period of time (c. 10 years), after which they will be sold or refinanced as a market-value product. It is proposed that Government would invest grant linked to value, allowing for a positive return. This enables the product to be treated as a Financial Transaction and therefore not score against Government borrowing.
- 3.2 To qualify as a Financial Transaction DCLG has to commit to repay HM Treasury to a set timetable. If the GLA assumes responsibility for the programme a similar commitment would be expected, regardless of actual returns. Further work is needed on the level and timing of repayments but indicative assumptions, provided for the purposes of making an in principle decision, are set out in reserved Appendix 1.

4 Objectives & Expected Outcomes

- 4.1 This is a national investment programme and could happen in London without GLA taking on this risk. There are, however, considerable benefits for the GLA to take over the London element from DCLG. These include:
- Maximising a ringfenced share of the programme for London.
 - Shaping the product to meet specific London needs/demands.
 - Alignment with other programmes and target priority areas, for example within Opportunity Areas and regeneration schemes.
- 4.2 IPB agreed, using the urgency procedure on 30 September 2013, an in principle decision for the GLA to assume full responsibility for this programme. This was immediately communicated to DCLG and more detailed discussions are now ongoing. These may also necessitate the use of expert advice on expected returns. A final (stage 2) decision will be brought to HIG, IPB and MD, in November or December.

5 Key Risks and Issues

- 5.1 There is a potential long term financial risk to the GLA if house prices fail to keep pace with the agreed rate of return to Government. Equally, if prices rise by more than this rate then the GLA will benefit from the net uplift. As set out in reserved Appendix 1, further detailed work is required to model and agree this but if historical house price inflation continues into the future then there would be uplift to the GLA.
- 5.2 In a worst case scenario there could be an impact on future affordable housing delivery, since it is proposed that the risk would be set against future Recycled Capital Grant Fund receipts but there should not be a risk to the wider GLA budget.
- 5.3 Additionally, were the GLA to not assume responsibility for the programme then there is a serious prospect of sub-optimal outcomes for London's housing market with a failure to properly target resources towards the Mayor's priorities as well as potential damage to the GLA's reputation.
- 5.4 For more detailed analysis of the risks and issues please see reserved Appendix 1.

6 Financial comments of the Executive Director Resources

- 6.1 Finance officers have been involved in the preparation of this report and the more detailed analysis in reserved Appendix 1. Further detailed analysis will be prepared as part of the stage two decision.
- 6.2 If the GLA assumes full responsibility for this programme it will expose the GLA to some financial risk but through the mitigation proposals outlined in reserved Appendix 1 this can be isolated to GLA housing budgets.

7 Legal Comments

7.1 Legal comments will be included as part of the stage two approval.

8 Next steps

8.1 The next steps following are summarised below:

Activity	Timeline
Detailed terms agreed with DCLG/HM Treasury	November 2013
IPB stage two decision	November 2013
Mayoral Decision	November 2013
Publication of bidding prospectus	Early 2014
Announcement of allocations	Summer 2014
Contracting with successful bidding organisations	Summer 2014
First starts on site	Autumn 2014
Latest completions	March 2016
Latest repayments to GLA	March 2027

Appendices:

Appendix 1 – Affordable Rent to Buy stage one decision form (Reserved)

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