

Homes for Londoners Board

Date of meeting: **27 February 2018**

Title of paper: **TfL Update on its Residential Development Programme**

To be presented by: **Mike Brown MVO, Commissioner, TfL**

Cleared by: **James Murray, Deputy Mayor for Housing and Residential Development and
David Lunts, Executive Director, Housing and Land**

Classification: **Public**

1. Executive Summary

- 1.1 This paper will update the Board on the progress that Transport for London (TfL) is making in delivering housing on its land.
- 1.2 Since May 2016, TfL has worked with the Mayor to accelerate the release of sites for development to fulfil his manifesto pledge to unlock public land to build genuinely affordable homes for Londoners. Last year TfL brought to market sites that will generate over 1,000 homes. This year, we will bring to market sites that will generate at least 3,500 homes. Next year we expect to bring forward over 4,000 homes.
- 1.3 Across the TfL sites brought forward since the Mayoral election, 50% of the homes will be affordable. Our programme will also generate hundreds of millions of pounds to reinvest in transport.
- 1.4 TfL is currently progressing over 50 development opportunities. These vary from small sites specifically targeted at SME builders and Community Land Trusts, through to new neighbourhoods that can deliver 1,000 or more homes. In addition to substantial amounts of housing, our programme will provide significant new employment through retail and commercial space, as well as operational improvements such as step-free access at stations.

2. Recommendation

- 2.1 That the Board notes the report and presentation.

3. Issues for Consideration

Housing Programme

- 4.1 Since May 2016, TfL's approach to development has been transformed. We have a clear strategy with twin objectives of securing 50% affordable housing on our land and also ensuring long-term revenue to reinvest in the transport system.
- 4.2 Last year we brought sites for over 1,000 homes to market. These include sites at Kidbrooke (Royal Borough of Greenwich) delivering at least 400 homes of which

half will be affordable, Landmark Court (London Borough of Southwark) which has the potential to deliver a mixed-use scheme with 35% affordable housing, and Fenwick South (London Borough of Lambeth) which will provide 55 homes, 100% of which will be social housing.

- 4.3 This year, we have already brought to market sites that can generate 2,500 homes. These include Northwood Town (London Borough of Hillingdon) and Limmo Peninsula (London Borough of Newham) through our Property Partnerships Framework, and Harrow-on-the-Hill (London Borough of Harrow) with an adjoining developer. We are also marketing 10 small sites through the GLA's Small Sites Small Builders portal which is targeted at the SME sector.
- 4.4 Limmo, a 12-acre site next to Canning Town Tube station, is particularly significant as there is the opportunity to transform the Elizabeth Line works site into a new East London neighbourhood in a prime location next to the River Lea. It is expected that of the 1,500 homes built on the Limmo site, 600 of the homes (40%) will be genuinely affordable.
- 4.5 By the end of March 2018, we expect to bring forward an additional 1,000 homes to market, including through the GLA's new London Development Panel 2, the majority of which will be at 100% affordable.
- 4.6 Next year we are expecting to bring forward sites offering an additional 4,000 homes. This includes a significant opportunity at Morden, where the London Borough of Merton is working with us to promote a major, mixed-use town centre development with the potential to deliver over 2,000 homes, as well as improved transport facilities, retail and community uses.
- 4.7 We are also reviewing all our sites for which planning permission was obtained prior to May 2016, including at Earls Court, to drive additional affordable housing and long-term value.
- 4.8 A map showing the active sites we are working on is included in the Appendix 1.

Approach

- 4.9 Our development sites have the huge benefit of always being immediately adjacent to the transport network. Our development team is working effectively with our engineers and operational teams to unlock these opportunities and de-risk development. The programme embraces all our operational business, including as it does car parks, worksites, bus garages and depot sites.
- 4.10 TfL is committed to delivering the Mayor's affordable housing target. Working closely with the GLA, over the past two years we have been able to deliver 50% affordable housing whilst still hitting the financial returns previously assumed in our Business Plan. We have been able to do so by expanding and accelerating our programme and taking a portfolio-wide approach to achieving the 50% target, with individual sites contributing between 35% and 100%.
- 4.11 We also want to leave an enduring legacy of placemaking of the highest quality. We have worked closely with the GLA in producing architectural and environmental design guides to assist and challenge our development partners. We test all our design feasibilities against the objectives of Good Growth and the Mayor's Transport Strategy. We also work very closely with the Mayor's Design Advocates, and can already see the benefits that their input is adding.

- 4.12 Huge progress has been made in assembling a multi-disciplinary in-house team. We also have an Advisory Group of non-executive directors, led by Francis Salway, former Chief Executive of Land Securities. The most recent appointee to the Advisory Group is Stephen Howlett CBE, former Chief Executive of Peabody, who brings huge experience in the delivery of affordable housing as well as a keen focus on design and sustainability.
- 4.13 TfL is also working increasingly closely with a number of boroughs and will continue to expand and deepen these relationships over the coming year. As we have seen at Morden, there are clearly opportunities that can be unlocked by pooling public sector land and taking advantage of the investment that TfL has undertaken.

5. Objectives & Expected Outcomes

- 5.1 There is the potential to deliver at least 10,000 homes on TfL land, and the progress to date is fulfilling the Mayoral pledge of using public sector land to deliver high levels of affordable housing as well as generating long term revenue to invest within the transport network.
- 5.2 We are currently analysing the long-term revenue potential of the programme as we move away from capital receipts, with an expectation that we will increasingly focus on the private rented sector in our outer London residential portfolio.
- 5.3 The scale - and in particular the longevity - of TfL's development programme offers opportunities to invest in modular construction and skills development that can provide long-term benefit to TfL and potentially the wider industry. We are working with the GLA and others to take these forward.

6. Key Risks and Issues

- 6.1 Having identified the sites and put in place the programme to deliver them, the principal risk to delivering high levels of affordable housing on these sites by March 2021 is the time taken to secure planning consents. We will mitigate this risk by working closely with boroughs, the relevant communities, the GLA, the Mayor's Design Advocates and other key stakeholders.

7. Next Steps

TfL would be pleased to provide regular updates to the Board as we take forward our programme.

Appendices:

Appendix 1 – Map of development sites