

REQUEST FOR MAYORAL DECISION – MD1393

Title: London Housing Bank

Executive Summary:

The Mayor is invited to agree that the GLA will receive and manage £200m of funding from the Department for Communities and Local Government ("DCLG") to finance, through the London Housing Bank programme, the delivery of approximately 3,000 "Affordable Rent to Buy" homes; and asks the Mayor to commit to repaying DCLG on terms and conditions to be agreed. The Mayor is also invited to approve the re-profiling of budgets related to receipt of £180m of Affordable Homes Guarantee funding into the Mayor's Housing Covenant programme.

Decision:

That the Mayor approves:

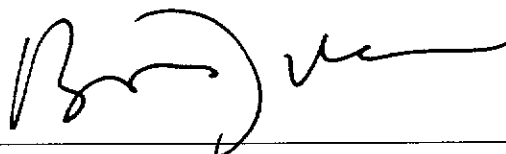
1. That the initial phase of the London Housing Bank will be used to fund the delivery of "Affordable Rent to Buy" housing whereby homes will be made available as affordable housing for a temporary period," and that a funding prospectus be produced and published in summer 2014 for these purposes.
2. The receipt by the GLA of £200m from the Department for Communities and Local Government (DCLG) as a repayable loan, and approves the GLA entering into a contractual funding agreement with DCLG, on terms and conditions to be agreed, for the purposes of the initial phase of the London Housing Bank.
3. Expenditure of £0.2m from the Housing and Land Directorate's existing budgets to cover initial expenditure, over 2014-16, for external support required to operate the initial phase of the London Housing Bank.
4. The re-profiling of £100m of budget from the Mayor's Housing Covenant programme from 2014/15 to 2015/16, following receipt of £180m from the Department for Communities and Local Government.

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:

15/8/2014

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

Decision required – supporting report

1. Introduction and background

Housing and the London Housing Bank

- 1.1 London faces a significant challenge to increase housing supply. The draft London Housing Strategy set out a requirement to build at least 42,000 homes a year to meet London's historical and arising housing demand. This number is also reflected in the Further Alterations to the London Plan, which is due to be subject to Examination in Public in September 2014. This will require a near doubling of current output, to a level of supply not seen since the 1930s. The shortage of housing puts up rents and house prices, increasing the cost of the housing benefit bill and lengthening waiting lists for social housing.
- 1.2 For the first time, the Confederation of British Industry has rated the cost of housing as a more significant issue facing London's economy than transport. According to Professor Michael Ball, a failure to address London's housing costs could cost the city between £15bn and £35bn over the next ten years. Housing affordability now regularly tops polls of Londoners' concerns. In response to this, the Mayor has set out an ambition to see one million homes built in London by the 2030s and called for an accelerated programme of home building in his Vision 2020.
- 1.3 House-building creates jobs directly in construction and the related supply chains that include London, but also extend far beyond London's boundaries. Housing construction supports more jobs per pound invested than most other sectors because it sponsors a range of related activity such as concrete production, and glass and brick manufacturing. Construction-related activity is also very largely sourced from across the UK. Every new home built creates two jobs for at least a year, and house builders are significant providers of apprenticeships. Every £1 of investment in construction is estimated to generate a total of £2.84 in total GDP. Housing construction, repairs and maintenance have accounted for an average three per cent GDP in the last decade.
- 1.4 The delivery rate of large sites is partly set by the challenge of absorption, where developers find it uneconomic to release more than a given volume of new homes onto the market in any period. The London Housing Bank is designed to address this issue. It will predominantly offer fixed-rate, interest-bearing loans and, on a case-by-case basis, may offer equity-linked loans where appropriate.
- 1.5 In the Spending Review (*Investing in Britain's Future*) the Government announced £400m of funding for a new affordable housing product, "Affordable Rent to Buy". The model is predicated on new homes being let at sub-market rents (at no more than 80 per cent of market rents) during the period that repayment of public funds loaned to the developer or provider remains outstanding; anticipated to be for a minimum of 7 years, no more than 15 years, and an average of 10 years. After this time the homes may be sold or refinanced as a market-value product, or retained as affordable housing. The lower-than-market rents on properties will be attractive to eligible consumers and therefore reduce initial development risk.
- 1.6 In London it is proposed that the "Affordable Rent to Buy" funding should be branded the London Housing Bank and will form the initial phase of its activity to deliver up to 3,000 additional affordable homes. Within the draft London Housing Strategy, there is an intention to develop a London Housing Bank to accelerate the pace of development and generate additional housing supply, particularly on large sites where speed of delivery would potentially be most strongly constrained. The London Housing Bank is a programme title only and will not be a separate corporate entity.

DCLG Funding to the GLA

- 1.7 Through the London Growth Deal, Government has confirmed £200m for the London Housing Bank, to maximise opportunities accelerating housing supply to meet London's acute housing needs. This Government funding is in the form of a Financial Transaction, a fully recoverable loan, which Government has used to fund a number of housing and regeneration programmes since 2011, including programmes operated by the Homes and Communities Agency ("HCA") nationally, and including Greater London under delegated authority of the Mayor.
- 1.8 As the proposed £200m funding from DCLG ("the Funding") is in the form of a Financial Transaction in order for the GLA to receive the Funding it will be required to enter into a contractual funding agreement with DCLG committing to fully repay the money according to a repayment schedule, to use the Funding for onward lending only for the set purposes for which it is provided, and to only lend to organisations classified, for accounting purposes, as private sector.
- 1.9 The precise terms and conditions on which the Funding will be provided are yet to be agreed. However, it is understood that:
- the Funding will be ring-fenced and the GLA will therefore only be able to use it to fund the delivery of "Affordable Rent to Buy" housing. It is likely to be allocated 60:40 for 2015-16 and 2016-17 respectively;
 - DCLG will not charge the GLA any interest on the Funding;
 - the GLA will be responsible for managing the Funding and repaying it in full to an agreed repayment schedule. The repayment schedule, to be agreed with DCLG, currently assumes repayment seventeen years after the final loan is made, with final repayment expected to be in 2034;
 - the GLA will be required to charge an appropriate rate of interest on the funding it, the GLA, lends under the London Housing Bank, and this will need to be state aid compliant where applicable;
 - prior to the provision of the Funding, the GLA will be required to agree an assurance statement with DCLG, setting out how the funding and London Housing Bank programme will be managed and resourced (a working draft of the assurance statement is contained in Part 2 to this Mayoral Decision);
 - in the case of the GLA defaulting against its repayments schedule, DCLG will have the right to net this off against other funding due to the GLA.
- 1.10 The Mayor is asked to approve the GLA receiving the Funding, and approve the GLA entering into a contractual funding agreement with DCLG, on terms to be agreed.

Mayor's Housing Covenant Budget

- 1.11 In line with MD1281 the Department for Communities and Local Government paid the GLA £180m of Affordable Homes Guarantee funding as their contribution towards the Mayor's Housing Covenant *Building the Pipeline* programme in June 2014. Only £80m of this funding is required to support start on site payments in the financial year 2014/15. The Mayor is asked to agree the re-profiling of £100m of this budget from the 2014/15 financial year into 2015/16.

2. Objectives and expected outcomes

- 2.1 The London Housing Bank will deliver up to 3,000 affordable homes. The funding will be used to accelerate additional housing completions and assist in delivering the target of 45,000 affordable homes in 2015-18, as set out in the draft London Housing Strategy.

Operation of the London Housing Bank

The Prospectus

- 2.2 The Mayor is asked to agree that a funding prospectus for the London Housing Bank be produced and published in summer 2014 ("the Prospectus").
- 2.3 The Prospectus will set out the nature of the funding available from the GLA, who can bid for this, the broad terms on which it will be provided, and the process for the submission, receipt and assessment of bids.
- 2.4 The Prospectus will be produced and published by officers under delegated authority, but the Prospectus and the operation of the London Housing Bank will reflect what is set out below.
- 2.5 A draft of the Prospectus is attached at Annex A to this Mayoral Decision.

Who will be able to bid for GLA funding?

- 2.6 London Housing Bank funding will only be open to private-sector organisations, and the GLA expects to encourage a wide range of new and existing providers (including Private Registered Providers of Social Housing and private sector developers) to bid.
- 2.7 The GLA proposes to make the London Housing Bank funding only available to financially-secure organisations, capable of delivering homes in London.
- 2.8 All homes will be required to have a Registered Provider of Social Housing as the landlord for the period they are let as affordable housing, and the majority of bidders are expected to be Registered Providers.

GLA funding available

- 2.9 The GLA expect to allocate the majority of the Funding as interest-bearing loans, with interest fixed at 1.25% for a period of 7 years, then rising 0.25% each year the loan is outstanding.
- 2.10 An alternative option available through the London Housing Bank will be 'equity-loans,' which will be assessed and offered on a case-by-case basis. Bidders will be required to specify the proportion of the development costs to be met by borrowing from the GLA, and the GLA will take an equity stake in the development proportionate to its financial input. The amount to be repaid to the GLA will be linked to changes in property values.
- 2.11 It is anticipated that the maximum period of GLA funding will be 15 years although it is expected that the average will be 10 years. It is anticipated that bidders will be able to request up to 30 per cent of the Total Scheme Costs of the homes to be provided.

Protecting the GLA: Due-diligence and security

- 2.12 GLA funding will only be awarded to organisations whom the GLA is confident will be able to repay the funding independently of the project in question. GLA officers will initially assess the financial position of bidders, in line with normal processes for existing programmes.

- 2.13 Where appropriate, this would be supplemented by commissioning bespoke credit rating analysis of proposed counter-parties, from the GLA's Treasury advisor, Capita. This may include an assessment of the ability of the counter-party to repay the loan in say 7 years' time and an annual review of the financial standing of that counter-party. In addition, Housing and Land staff would utilise their in-depth working knowledge of Registered Providers as a qualitative overlay to quantitative data supplied by the GLA's finance function. This mix of quantitative and qualitative data would lead to an overall assessment by a cross-functional team of GLA staff.
- 2.14 New entities with no track record or assets will not be considered for investment, unless they are fully guaranteed by a financially sound, private sector organisation. In such cases the guarantor would be subject to the full set of financial checks of a bidding organisation.
- 2.15 Most Registered Providers have been able to access bank/building society funding and, over the last 20 years, there has been no money lost by lenders to the sector. Where there have been problems, these have been managed by the Regulator. Savills' were commissioned to provide an analysis of the sector and identified organisations with AA+ rating as most financially solvent and that the GLA will need to ensure robust financial and deliverability assessments are undertaken for bidders, including developers with lower credit ratings to whom the risk of lending increases.
- 2.16 For all loans the GLA will ensure that it obtains full security cover to the value of the loan provided. GLA has taken initial security legal advice and the GLA will continue to draw on legal expertise throughout the assessment and contracting process. In all funding agreements the GLA will ensure that it has a right to step in and complete the development/infrastructure enabling works. These will either be obtained through collateral warranties from the building contractor, or built into the funding agreement.

3. Equality comments

- 3.1 The London Housing Bank initiative implements the policies set out in the Mayor's draft London Housing Strategy. In January 2014 the GLA published an integrated impact assessment ("IIA"), including an equalities impact assessment, of that strategy. The policies related to increasing housing supply, to which this paper relates, were covered by the Integrated Impact Assessment (IIA) for the Further Alterations to the London Plan.
- 3.2 The IIA concluded that updating housing projections and targets would support the delivery of sufficient housing and may help stabilise housing prices, supporting equal opportunities throughout communities.
- 3.3 The Prospectus and the process for assessing bids will be formulated taking into account equalities issues, which will also be taken into account when assessing specific bids for funding proposals and entering into loan and funding agreements.
- 3.4 For further equality comments, see section 4(c) below.

4. Other considerations

a) Key risks and issues

- 4.1 The primary risk to the GLA is in relation to non-repayment of loans allocated through the London Housing Bank. This is mitigated by investing only in financially sound organisations, obtaining robust security cover to the value of the GLA's loan, monitoring delivery and by isolating the financial risks to Housing and Land.

- 4.2 There is a risk that the loan funding will not be attractive to the market and therefore there will be a low take up of the London Housing Bank. Although this will have an impact in terms of delivery of early outputs by March 2018, the financial risks are limited. In addition, appetite for this phase of the London Housing Bank was tested through a discussion paper published in April 2014, the response to which provides confidence that there will be demand for the initial £200m of funding.
- 4.3 The risk in relation to 'equity-loans' will be in relation to the performance of the London property market. External advice from Savills LLP is that their central forecast for house price inflation is 24.4% price growth between December 2013 and 2018 and that many sites in London have value growth potential in excess of prevailing house price inflation, due to investment in local infrastructure and quality of place. The entry and exit points in the market will need careful scrutiny during the assessment and allocation of onward lending, to ensure the value of any assets is realised to repay the debt.
- 4.4 For 'equity-loans' there is also a risk that the GLA's investment could be made close to the peak of the market and be vulnerable to price falls. This is expected to be mitigated by the period of GLA's investment, likely to be a minimum of nine years (seven years letting period plus construction period). Savills currently anticipate a slowdown in the London market but do not predict whether this will simply translate into lower price growth or include periods of falling house prices. Savills have a more positive view of the London housing market beyond five years where they see that London is expected to account for an increased share of national growth in terms of value added, employment and population. All of which they expect to be reflected in price growth in the residential rental and sales markets. GLA analysis of the London property market over the last 45 years indicates that even in the worst performing ten-year period (1988-1998) there was a 30% gain in property values in cash terms.
- 4.5 In the unlikely scenario that no repayment, of principal or interest, at all, is received by the GLA, then a potential shortfall of up to £200m could be faced by the GLA. The real risk is likely to be much smaller and will be spread across at least eight years. As per the stage one approval the GLA proposes to insulate the rest of the GLA from this risk by covering any shortfall in repayment from its Housing and Land Directorate's budgets to repay DCLG.
- 4.6 The annual interest payments will further service the debt and provide cover to mitigate the GLA's risk exposure. In reality therefore cover is expected to be sufficient and met by returns from the London Housing Bank in the event it operated fully as loan funding.
- 4.7 The GLA will monitor the anticipated levels of repayment on an ongoing basis and take action to ensure that any shortfall can be met by resources available within Housing and Land budgets, which could involve holding capital resources back.
- 4.8 The loans will be managed within the GLA's Treasury Management team, also responsible for the GLA's other borrowing and lending activity. GLA officers will also carry out ongoing stress testing of the outstanding loans in line with the updated financial standing of the counterparty and the London property market (for equity based loans). This will be reported to the GLA's Investment and Performance Board if appropriate and, at least, on an annual basis.
- 4.9 Affordable Rent to Buy is a national investment programme, which could operate in London without the GLA assuming the associated financial risk. This risk must be balanced against the benefits of the GLA having direct control of the funding in London. These benefits include:
- *Shaping the product to meet specific London needs/demands* – the GLA propose to offer a wider range of financial options but more tightly focussed funding on accelerating supply than is likely to be the case in the rest of the country.

- *Alignment with other programmes and target priority areas* – The GLA will use its greater knowledge of housing sites in London to target priority areas, including within Opportunity Areas and Housing Zones.
- *Managing interaction with other GLA programmes* – The GLA will be able to manage any interplay between this funding and other programmes delivering affordable housing to maximise communication and delivery.

4.10 On balance it is considered that the benefits justify the risk of assuming the funding role. In addition the risks of operating the London Housing Bank will be carefully managed as set out above.

b) links to Mayoral strategies and priorities

4.11 The Mayor published his intention to develop a London Housing Bank in his draft housing strategy, November 2013. The purpose of the London Housing Bank is to accelerate the pace of development and generate additional housing supply and contribute towards the target of 45,000 completions by March 2018. This proposal will support the aim in the Further Alterations to the London Plan, which will be subject to Examination in Public in Autumn 2014, to deliver at least 42,000 homes a year. By accelerating the pace of development on larger sites this aim will be more achievable.

c) impact assessments and consultations.

4.12 An initial discussion paper on the London Housing Bank was published in April 2014. Appetite for this phase of the London Housing Bank was tested and the proposed programme has been clarified and refined in response to feedback received from the stakeholders. In total eighty responses were received to the London Housing Bank discussion paper, although only sixteen provided substantive comments. Of these sixteen responses, six were from Registered Providers active in London, four from representative trade bodies, three from London boroughs, a consultancy company, a private housing company and a legal firm. Most responses were positive that such an initiative would help to accelerate housing delivery in London. Some responses highlighted that a proposed interest rate of 3.5%, as contained in the discussion document, might not be sufficiently below Registered Provider general cost of borrowing to be attractive enough. This has been addressed with an initial proposed interest rate of 1.25%.

4.13 The proposals for a London Housing Bank and increasing the delivery of social housing are policies contained in the Mayor's draft London Housing Strategy which, as detailed in MD1331, was subject to consultation with the public and a whole range of relevant organisations from November 2013 – February 2014.

4.14 In January 2014 the GLA published an integrated impact assessment ("IIA"), including an equalities impact assessment and health impact assessment, of the London housing strategy, which included policies for the London Housing Bank, and increasing the delivery of affordable housing. The IIA concluded that delivering new housing, including affordable housing, is likely to have broadly positive benefits in relation to social and economic sustainability objectives such as improving health, reducing inequalities, increasing accessibility, and economic development. That IIA also cross-referred to the IIA conducted in respect of Further Alterations to the London Plan, which included a sustainability assessment, strategic environmental assessment, and equality impact assessment of the Mayor's proposals to increase levels of affordable housing in the Greater London.

4.15 The IIA was subject to public consultation alongside the London Housing Strategy from January 2014.

4.16 The maximum income caps that apply to First Steps housing, which will apply to homes delivered under the London Housing Bank, were addressed by the Integrated Impact Assessment of the 2010 London Housing Strategy. This found that the provision of a separate cap for families "strengthens

the beneficial impact of this suite of policies in relation to many social issues and recognised the challenges faced by many families in London”.

5. Financial comments

- 5.1 It is intended that the GLA will allocate £120m in 2015-16 and £80m in 2016-17 of repayable loans, primarily to Registered Providers, to accelerate the delivery of 3,000 homes. The GLA will be liable to repay this funding to the Government on a forecast basis of £25m pa over eight years in accordance with a schedule yet to be agreed with DCLG.
- 5.2 The Loan management will be conducted in accordance with the GLA’s Group Treasury Management Practices and comply with an agreed Assurance Statement, the latest draft of which is attached as Part 2.
- 5.3 Full financial protection will be afforded in accordance with the hierarchy outlined below:

Project	<ul style="list-style-type: none"> • Lend to financially strong Registered Providers, and other financially sound private sector organisations where appropriate <ul style="list-style-type: none"> ○ Financial assessment – public data, commissioned credit rating and other relevant analysis • Charge interest • Ability to recover funds due <ul style="list-style-type: none"> ○ Step in rights, guarantees, offset against other payments, seize assets, collateralisation, etc
Programme	<ul style="list-style-type: none"> • Other Housing and Land programmes
GLA	<ul style="list-style-type: none"> • Year-end flexibility • Treasury management/cash flow flexibility • Strong GLA balance sheet

- 5.4 The GLA will charge interest to the recipient of the loan but these sums are not required to be passed to the Government. Over ten years this might amount to some £25m and provides further capacity for the GLA to manage any defaults.
- 5.5 It is estimated that £0.2m of external advice will be necessary for the London Housing Bank. This will have an estimated profile of £25k in 2014-15, £100k in 2015-16 and £75k in 2016-17. This can be contained within existing Housing and Land budgets. Additional costs will be incurred to resource the financial due diligence process and Capita’s commission, which will also need to be contained within H&L’s budgets.

5.6 If these are deemed to be commercial activities as defined in The Greater London Authority (Specified Activities Order) 2013, the transactions will need to be carried out in GLA Land & Property Limited.

6. Legal comments

- 6.1 Under section 30(1) of the Greater London Authority Act 1999 (as amended) ("the GLA Act"), the GLA has the power do "anything" it considers will further any one or more of its principal purposes; which are promoting (i) economic development and wealth creation (ii) social development and (iii) the improvement of the environment - in Greater London.
- 6.2 Section 34 of the GLA Act empowers the Mayor to do anything (including the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the exercise of any functions of the Authority exercisable by the Mayor.
- 6.3 Sections 30(1) and 34, in combination with the GLA's housing and regeneration functions contained in Part 7A of the GLA Act, empower the GLA to provide financial assistance, including by way of loan, for the purpose of the recipient providing social housing. "Social housing" includes "low cost rental accommodation," which is accommodation that is made available for rent, below the market rate, and in accordance with rules designed to ensure that it is made available to people whose needs are not adequately served by the commercial housing market.
- 6.4 The initial phase of the London Housing Bank (LHB) will fund the delivery of the Government's Affordable Rent to Buy product; a national affordable housing product.
- 6.5 The model is predicated on new homes being let at sub-market rents (at no more than 80 per cent of market rents) during the period that repayment of LHB funding is outstanding. Provided these requirements are met, and provided that the provision of LHB funding is given on condition that homes delivered under the programme will be made available for rent in accordance with the GLA's income eligibility criteria (which is designed to ensure that it is made available to people whose needs are not adequately served by the commercial housing market), the funding provided will constitute social housing financial assistance, as defined under section 333ZE(2)(b) of the GLA Act.
- 6.6 Where the GLA provides social housing assistance, it must impose a condition ensuring that a Registered Provider of Social Housing is the landlord of the accommodation when it is made available for rent (for the period that it remains social housing).
- 6.7 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) have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity 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);

- 6.8 As noted in sections 3 and 4 above, in January 2014 the GLA published an integrated impact assessment ("IIA"), including an equalities impact assessment and health impact assessment, of the London housing strategy, which included policies for the London Housing Bank, and increasing the delivery of affordable housing. That IIA also cross-referenced an IIA of Further Alterations to the London Plan, which included a sustainability assessment, strategic environment assessment, and equality impact assessment of proposals to increase levels of affordable housing; identifying broadly positive impacts.
- 6.9 The Prospectus will need to be formulated having regard to the Public Sector Equality Duty, and the matters set out in section 30(3-5) of the GLA Act detailed above. These matters will also need to be taken into account when assessing specific bids for funding proposals and entering into loan and funding agreements.
- 6.10 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. Sections 3 and 4 above refer to the consultation and engagement that has taken place in relation to this matter. The Mayor will need to consult in accordance with section 32 of the GLA Act, as appropriate, prior to entering into any loan agreements.
- 6.11 Section 34A of the GLA Act and the Greater London Authority (Specified Activities Order) 2013/973 require that the GLA can only carry certain activities, if done so through a company that is a subsidiary of the GLA. Those activities are the "management and exploitation (which includes acquisition, disposal, development and holding) of land on a commercial basis with a view to the realisation of a profit in connection with the GLA's housing, regeneration and economic development functions under the GLA Act." It is envisaged that the proposed lending under the LHB will not be a specified activity. Accordingly, it should be an activity that the GLA can undertake, and should not need to be undertaken by GLA Land and Property (GLAP). Further consideration will, however, need to be given to this issue prior to entering into specific loan agreements, including taking into account what security the GLA may require in respect of the loan.
- 6.12 The London Housing Bank product is, in State Aid terms, social housing or a sub-market rental product; and that, provided those eligible to be tenants of new homes meet the GLA criteria for income eligibility, then the programme should be capable of being implemented in compliance with State Aid rules, falling within the block exemption for programmes providing services of General Economic Interest. This will require GLA loan agreements to include clauses requiring recipient organisations to collate and file returns which demonstrate compliance with State Aid rules; and providing for claw-back of any overpayment. The funding arrangements will also need to be established in a way which complies with the GLA's fiduciary duty to use its public funds prudently and in a manner which affords value for money.
- 6.13 The Prospectus will be subject to further legal consideration before it is finalised and published, and agreements for GLA lending, incorporating relevant security for GLA loans, must be State Aid compliant..
- 6.14 Under section 333ZE(3) of the GLA Act, sums received by the GLA in respect of repayments of grants made by it for the purposes of social housing must be used by the Authority for social housing purposes. GLA funding under the LHB will, however, be by way of loans and will not be subject to this requirement.

Procurement

- 6.15 The award of GLA funding under the London Housing Bank is not a procurement, and is not therefore subject to the requirements of the Public Contracts Regulations 2006. This notwithstanding, the GLA is still subject to the overarching duties of fairness and transparency.

Delegation to GLA Officers

- 6.16 Section 38 (1) of the Act provides that any function exercisable on behalf of the GLA by the Mayor shall also be exercisable on behalf of the GLA by any member of staff of the GLA if or to the extent that the Mayor so authorises, whether generally or specially, and subject to any conditions imposed by the Mayor. The exercise of such delegated powers must be in compliance with the Mayoral Scheme of Delegation.

7. Investment & Performance Board

- 7.1 The GLA's Housing and Investment Group considered the consultation responses and draft funding prospectus for the London Housing Bank on 3 July 2014. The concept was endorsed by Housing Investment Group.
- 7.2 On 24 July 2014, the GLA's Investment and Performance Board endorsed the recommendation for the GLA to take on this funding and the associated repayment obligations.

8. Planned delivery approach and next steps

Activity	Timeline
Prospectus launched	Summer 2014
Due diligence process	October 2014
Announcement of investment decisions	January 2015
Contracts signed	April 2015 to Summer 2016
Completions (earliest)	March 2018
Project Closure: [indicative repayments to GLA, then DCLG]	March 2027 – March 2034

Appendices and supporting papers: None

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? YES

If YES, for what reason: To allow publication of the prospectus and to co-ordinate public announcements with Government.

Until what date: 1 September 2014

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:

Amena Matin has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

Assistant Director/Head of Service:

Jamie Ratcliff, Assistant Director, has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

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:

Richard Blakeway has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. J. Belle

Date

12.8.14

CHIEF OF STAFF:

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

Signature

Edward [unclear]

Date

13:08:2014