

	<b>London Borough of Hammersmith &amp; Fulham</b>  <b>CABINET MEMBER DECISION</b>  <b>SEPTEMBER 2014</b>
<b>PROPOSAL TO SUBMIT A BID TO THE GREATER LONDON AUTHORITY (GLA) FOR HOUSING ZONE RESOURCES FOR THE WHITE CITY OPPORTUNITY AREA</b>	
<b>Report of the Cabinet Member for Economic Development &amp; Regeneration</b>	
<b>Open Report</b>	
<b>Classification - For Decision</b> <b>Key Decision: Yes</b>	
<b>Wards Affected:</b> Wormholt & White City; Shepherd's Bush Green; College Park and Old Oak	
<b>Accountable Executive Director:</b> Melbourne Barrett, Executive Director for Housing and Regeneration	
<b>Report Author:</b> Aaron Cahill – Interim Housing Strategy Manager	<b>Contact Details:</b> Tel: 020 8753 1649 E-mail: <a href="mailto:aaron.cahill@lbhf.gov.uk">aaron.cahill@lbhf.gov.uk</a>

AUTHORISED BY: .....

The Cabinet Member has signed this report.

DATE: 29 September 2014

## **1. EXECUTIVE SUMMARY**

- 1.1 This CMD relates to submitting a bid to the GLA for Housing Zone resources to assist with the uplift of affordable housing delivery in the White City Opportunity Area.
- 1.2 The Bid prepared has an over-arching objective of achieving a significant step change in affordable housing delivery projected for the area from currently minimum secured levels of c 12% to over 20%, towards the Borough's strategic target of 40% affordable housing.
- 1.3 A step change from 12% to 20% would equate to an additional 455 affordable homes. Officers consider this can be achieved through negotiation and returns generated from scheme review mechanisms designed to ensure rises in market values reflect rises in affordable housing provision. Officers are working on the basis that the 20% affordable housing will be secured without recourse to public grant. However, the scale of affordable housing demand is such that more homes are being sought, matching expectations set out in the administration's manifesto commitments.
- 1.4 The funding sought from the GLA - £10m – with match funding of £2.5m from the Borough secured from commuted sums, is intended to be a small contribution – to fund the delivery 160 affordable homes - towards a wider change in approach. This will include securing future GLA Affordable Housing Programme resources that can be dedicated to the area as part of a wider proactive approach to securing more affordable housing in the area. Officers see the approach as the creation of a funding facility that can be 'topped up' by the GLA and Borough to generate additional affordable housing towards the 40% policy target. If an additional 5% affordable housing were delivered in the Opportunity Area, this would equate to an additional 284 affordable homes.

## **2. RECOMMENDATIONS**

- 2.1 That approval be given to the submission of a bid to the GLA for £10m of Housing Zone resources, matched by £2.5m commuted sums from the Borough.
- 2.2 That, in the event that the GLA wishes to support the Borough's submission, and any agreement between the GLA and the Borough is reached, such an agreement will need to be the subject of a Cabinet Report in Winter 2014/15.

## **3. REASONS FOR DECISION**

- 3.1 To meet the GLA deadline of 30 September 2014 to submit a bid for Housing Zone resources.

## 4. INTRODUCTION AND BACKGROUND

4.1 The Mayor of London launched a Housing Zone Prospectus on 13 June 2014 with the objective of increasing and accelerating housing delivery in the capital. Prospectus conditions stipulated:

- Only Boroughs could bid
- £400m investment (discounted loan/equity loan/grant) available for a total of 20 Zones
- Mayoral Opportunity Areas to have preference
- Housing Zones should deliver a minimum of 1,000 homes

4.2 The Prospectus makes clear that it will consider areas where there is 'identifiable and named development underway or ready to commence immediately that could be reasonably be accelerated / complemented.'

4.3 After consultation with officers from Housing and Regeneration; Planning Division, Transport & Technical Services; the Greater London Authority; and Council Members, a submission has been prepared for the White City Opportunity Area which is expected to host over c 5,700 homes.

## 5. PROPOSAL AND ISSUES

5.1. The section below is drawn from the Bid document executive summary.

5.2 *The Mayor of London and Hammersmith & Fulham's vision for White City as set out in the Opportunity Area Planning Framework is for the area to be a vibrant and creative place with a stimulating and high quality environment where people will want to live, work, shop and spend their leisure time. Since the publication of the Framework in October 2013, the Mayor of London published his Housing Zones Prospectus with the intention of accelerating housing delivery and build homes more affordable for working Londoners. This bid is about making that vision a reality in White City. The London Borough of Hammersmith & Fulham's response to the prospectus is to propose a Housing Zone for the White City Opportunity Area. This area is expected to host the development of over 5,000 homes and 10,000 jobs with a wide range of necessary accompanying social and physical infrastructure investment to realise the Framework vision. The core objectives of the White City Housing Zone bid proposal are to:*

- *Realise the housing-led regeneration vision set out in the White City Opportunity Area Planning Framework*
- *Increase and accelerate market and affordable housing delivery across all sites in the area*
- *Maximise affordable housing towards the 40% Core Strategy affordable housing target*
- *Deliver a policy compliant mix of affordable family housing*
- *Facilitate the delivery of a mixed economy of intermediate housing providers and products to maximise innovation in delivery*

- *Provide a programme management resource to help coordinate the delivery of additional affordable housing and wider socio-economic infrastructure, building on partnerships and networks currently in place*
- *Create a Registered Providers Panel for the White City Opportunity Area, ensuring their early involvement in design and affordability discussions*
- *Ensure that private sector agencies continue to see White City as a viable and attractive housing investment and regeneration proposition*
- *Significantly add to the availability of local employment and vocational skills opportunities to address high unemployment in this area*

*To achieve these core objectives, Hammersmith & Fulham proposes to:*

- *Create a Housing Zone Fund in conjunction with the GLA, drawing on the funding identified in the Mayor's Housing prospectus and funding available from the Council*
- *Agree a medium to long term approach that ring-fences future GLA Affordable Housing Programme resources to the White City Opportunity Area*
- *Agree a Delivery Framework with the GLA to crystallise additional affordable housing targets*
- *Deliver additional affordable housing for working households, meeting local and London-wide affordability criteria*

*Through the interventions we identify in this document, we are seeking to:*

- *Uplift the current baseline affordable housing provision from 12% to 20% with further additional housing sought through use of a scheme review mechanism*
- *Apply Housing Zone and future Affordable Housing Programme resources to increase affordable housing delivery over the 20% baseline provision*
- *Further uplift affordable housing delivery. Using a 5,687 baseline total number of homes for the area, we estimate that the uplift of affordable housing delivery from 12% to 20% would yield an additional 455 affordable homes (from 682 to 1,137 homes). The uplift from 20% in 5% tranches would yield a further 284 homes for each additional 5% achieved*
- *Housing Zone funding (with match funds) is intended to support the delivery of 160 affordable homes in the first instance with more homes delivered if more funding becomes available*

*Housing Zone and future Affordable Housing Programme resources can provide the catalyst to help deliver a minimum of 20% affordable housing provision and additional housing towards the 40% Core Strategy target.*

## **6. OPTIONS AND ANALYSIS OF OPTIONS**

- 6.1 The Housing Zone prospectus placed a strong emphasis on increased and accelerated housing delivery in the capital's 33 Opportunity Areas (OAs). The prospectus does not exclude non-OA locations. These are areas designated by the Mayor of London in conjunction with the respective local authority (authorities in some instances) which should make 'particularly significant contributions towards meeting London's housing needs.' The Borough has three Opportunity Areas: Earls Court & West Kensington; Old Oak Common; and White City.
- 6.2 After some discussion, it was agreed that the most beneficial approach was likely to be realised in the White City Opportunity Area. There is significant developer interest in the area and officers are aware of at least three major sites totalling over 3,000 homes (one consented, two likely to be consented in the next twelve months) that are likely to come forward for development in the next five years, with some housing completions within that timeframe.
- 6.3 The overall timeframe for delivery is over 10 years for Housing Zone purposes, but the delivery timeframe for White City is more realistically 15 years, arguably longer.

## **7. CONSULTATION**

- 7.1 The bid has been the subject of discussion with officers and Members as described in Section 4.3. In addition a 'soft consultation' session was held with (Affordable Housing) Registered Providers to discuss funding issues and how changes in approach could realise increased affordable housing in the White City Area.

## **8. EQUALITY IMPLICATIONS**

- 8.1 The overall objective of this proposed bid is to increase the quantum of affordable housing in the White City Opportunity Area. Research has demonstrated that people from defined equality groups such as older people; people who have disabilities (physical and learning); women; people from black and Asian minority ethnic backgrounds are disproportionately highly represented on the Housing Register (i.e., people waiting for a social rented home or wish to move to a different rented home). A particular issue is the issue of overcrowding, which disproportionately impacts on households from black and Asian minority ethnic backgrounds. The Home Buy Register (i.e., for people who wish to enter low cost home ownership or other forms of intermediate tenures) also has a high proportion of people from 'equality groups'. A fuller assessment will be undertaken for any Cabinet Report required to approve the submission. Overall, officers expect the increased provision of affordable housing in the White City Opportunity Area to have a positive impact.
- 8.2 Implications completed by: Aaron Cahill, Interim Housing Strategy Manager, 0208 753 1649.

## **9. LEGAL IMPLICATIONS**

- 9.1 As set out in the report this is a proposal to secure £10m capital funding to help increase affordable housing delivery in the White City Opportunity Area, with match funding of £2.5m from the Council. Legal services will give appropriate legal advice when required particularly on any subsequent agreement or contract with the Greater London Authority and a third party (likely to be a Registered Provider).
- 9.2 Implications verified/completed by: Janette Mullins. Principal Solicitor (Housing and Litigation) 020 8753 2744.

## **10. FINANCIAL AND RESOURCES IMPLICATIONS**

- 10.1 As set out in the report this is a proposal to secure £10m capital funding to help increase affordable housing delivery in the White City Opportunity Area, with match funding of £2.5m coming from the Council from S106 commuted sums.
- 10.2 It should be noted that while the Council does currently have sufficient secured commuted sums available for this purpose, the receipt of the commuted monies by the Council has a variety of payment triggers within the respective Section 106s that follow the commencement of the developments on site. These projects have not yet currently started on site but are currently anticipated to do so.
- 10.3 It should also be noted that there are also a number of potential other calls on S106 commuted sums for affordable housing purposes, including the Council's Housing Development Programme and if allowed in the terms of the S106 agreement the HRA Capital Programme.
- 10.4 Further advice appropriate financial advice will be provided by the Finance Department on any subsequent agreement or contract with the Greater London Authority and a third party (likely to be a Registered Provider).
- 10.5 Implications verified/completed by: Kathleen Corbett, Director of Finance and Resources, 020 8753 3031.

## **11. RISK MANAGEMENT**

- 11.1 Officers have identified a schedule of potential issues that will need to be addressed in the event a Housing Zone proposal is agreed with the GLA. In this event, the identified issues will need to be further examined and set out in a Risk Register, based on the Tri Borough model risk register.
- 11.2 Implications verified by Michael Sloniowski, BiBorough Risk Manager,

Tel 0208 753 2587

## **12. PROCUREMENT AND IT STRATEGY IMPLICATIONS**

12.1 The key procurement consideration relating to this bid is the means of creating an (Affordable Housing) Registered Provider panel for the White City area. It is quite common for local authorities to procure such panels and Hammersmith & Fulham did have one which fell into abeyance. In the event that the bid is approved, then officers will need to seek advice on how such partners should be procured including whether the OJEU procurement regulations are required to be followed.

12.2 Implications verified: Robert Hillman, Procurement Consultant x1538

### **LOCAL GOVERNMENT ACT 2000** **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
	None		

#### **LIST OF APPENDICES:**

**Appendix 1 – Bid & GLA Proforma**