

## Public Document Pack

# Sustainable Development Select Committee Supplementary Agenda

Tuesday, 25 October 2016

**7.00 pm,**

Civic Suite

Lewisham Town Hall

London SE6 4RU

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This meeting is an open meeting and all items on the agenda may be audio recorded and/or filmed.

### Part 1

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# Agenda Item 3

Sustainable Development Select Committee		
Title	Responses to referrals	
Contributor	Scrutiny Manager	Item 3
Class	Part 1 (open)	25 October 2016

## 1. Purpose

To advise the Committee of responses to its referrals.

## 2. Recommendations

2.1 The Committee is recommended to received the responses to its referrals, as set out below.

## 3. Responses to referrals

3.1 At its meetings on 29 June, 7 September and 19 October Mayor and Cabinet considered responses to the Committee's referrals on:

- Biodiversity
- Street lighting
- Section 106 and CIL
- Catford (referrals 2 and 3 in a series)
- Cycling

3.2 These responses are appended to the report.

## 4. Financial implications

There are no financial implications arising from this report.

## 5. Legal implications

The Constitution provides for Select Committees to refer reports to the Mayor and Cabinet, who are obliged to consider the report and the proposed response from the relevant Executive Director; and report back to the Committee within two months (not including recess).

### Background documents

Minutes of the meetings of Mayor and Cabinet on:

- 29 June 2016 - [link](#)
- 7 September 2016 - [link](#)
- 19 October 2016 - [link](#)

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<b>MAYOR AND CABINET</b>		
<b>Report Title</b>	Response to Recommendations of Sustainable Development Select Committee on Catford Regeneration Programme	
<b>Key Decision</b>	No	Item No.
<b>Ward</b>	Catford South and Rushey Green	
<b>Contributors</b>	Executive Director for Resources and Regeneration	
<b>Class</b>	Open	Date: 19 October 2016

**1. Purpose:**

- 1.1 This report sets out the response to the referral made by the Sustainable Development Select Committee arising from their review of an officer report to the Select Committee on the Catford Regeneration Programme.

**2. Recommendations:**

The Mayor is asked to:

- 2.1 Approve the officer response to the referral by the Sustainable Development Select Committee on the Catford Regeneration Programme, and
- 2.2 Agree that this report should be forwarded to the Select Committee.

**3. Background:**

- 3.1 On 14<sup>th</sup> September 2016, the Sustainable Development Select Committee considered the latest update on the Catford Regeneration Programme. The update was part of an agreed quarterly reporting on the progress of the programme to the Select Committee. The meeting was attended by the Mayor on the invitation of the Select Committee.
- 3.2 Having considered the report, the Committee resolved to advise Mayor and Cabinet of the following and asked the Executive Director for Resources and Regeneration to respond. The Select Committee's comments and the Executive Director's responses are set out below.
- 3.2.1 *The Committee recognises the energy and enthusiasm that is shown for the development of Catford and it hopes that this will result in decisive action to move the Catford programme forward. The Committee remains concerned that the programme is piecemeal and lacks a genuine central vision of how the town centre will look, a cohesive approach or a single person driving the project on a daily basis. Added to the concern is the sense of rush to drive the project through.*

Officer Response: There is a strong vision for what the Council wants to achieve in Catford as its civic hub; excellent quality new homes and affordable housing in line with our Housing Zone status, a revitalised town centre with an improved retail and leisure offer, centred on a new civic heart and an invigorated Broadway Theatre. Careful consideration is therefore being taken to ensure a sustainable and deliverable vision is properly planned and consulted on. Work is now beginning on what this vision will actually look like on a drawn plan. Officers from both the capital programme delivery team and the planning policy team are beginning a process to properly masterplan Catford Town Centre, and will be involving Members and the public in creating this vision, through a number of consultation events.

The regeneration of Catford is akin to many other large area regeneration programmes in that it is complex and involves various departments, agencies and partners. A Catford Programme Board made up of Executive Directors and other senior officers has been formed to provide officer leadership for the programme, and a Working Group of cross-departmental officers is currently being formed. Current day-to-day responsibility for the delivery of the programme rests with Kplom Lotsu the Service Group Manager for Capital Programmes pending the appointment of the new Head of Regeneration and Place. Additional officer resource has also been deployed to the programme from both the Capital Programme Delivery and Planning teams.

- 3.2.2 *The Committee requests a timetable for the programme with all dates of key decisions and deadlines for delivery.*

Officers Response: A timetable for the next 12 months, showing key planned events, outcomes and decisions, will be provided at the Mayor & Cabinet update on 9<sup>th</sup> November 2016. A longer term indicative programme for the whole regeneration scheme will also be provided both will be made available to the committee.

- 3.2.3 *The Committee requests a copy of the decision-making structure of the programme including all the elements of planning, regeneration and the allotted Housing Action Zone/GLA membership of the Catford programme board.*

Officer Response: A structure chart showing all the different elements of the Catford team, and membership of the Board and Working Group, will be provided as part of the Mayor & Cabinet update on 9<sup>th</sup> November 2016 and copies made available to the Select Committee.

- 3.2.4 *The Committee asks that it be provided with an update on the delivery of the new 'vision' document for Catford.*

Officer Response: A 'vision document', or Masterplan, for Catford, will only begin to be produced in parallel to the series of consultation events mentioned above. The Council's Planning Department has allocated some urban design resource to undertake an initial urban framework exercise, which will then inform a specification to request architects to tender for a formal master-planning exercise.

- 3.2.5 *The Committee wants to understand how members of the public will have meaningful involvement in the decision-making about the design and look of Catford. The Committee asks for specific examples of how local residents' views will genuinely affect the development of plans for the town centre.*

Officer Response: Members of the public will be invited to attend at least one of the 'visioning' workshops currently being planned. Here they will be able to feedback to officers as to what they like/don't like about Catford, what changes they want to see, what things they would like to keep, and what things they would like to go. They will be able to tell officers what their priorities for Catford are, and share their concerns. All their feedback will help to inform the creation of the Masterplan. Following the Masterplanning exercise, any planning applications coming forward for development will be consulted on, following statutory consultation procedures, and residents will be invited to comment accordingly. Their comments will have a direct impact on the planning permissions granted.

- 3.2.6 *The Committee notes a hiatus on the lottery bid and renovation work on the Broadway Theatre and requests an update on the programme of work being carried out at the Broadway Theatre, which includes full details of the resources being allocated to carry out proposed works.*

Officer Response: A programme of minor works is currently being drawn up. Once costs are ascertained the coming weeks, resource will be allocated to undertake them. Major works are intended to be dealt with as part of the planned Heritage Enterprise lottery bid and longer term plans for the Theatre.

#### **4. Financial Implications:**

- 4.1 There are no direct financial implications arising from this response.

#### **5. Legal Implications:**

- 5.1 There are no specific legal implications arising from this response, save for noting that the Council's Constitution provides that the Executive may respond to reports and recommendations by the Select Committee.

#### **6. Crime and Disorder Implications:**

- 6.1 There are no direct crime and disorder implications arising from this response.

#### **7. Equalities Implications:**

- 7.1 There are no direct equalities implications arising from this response.

#### **8. Environmental Implications:**

- 8.1 There are no environmental implications arising from this response.

### List of Background documents

Short Title Of Document	Date	Contact
Comments of the Sustainable Development Select Committee on the Catford programme	Sept 2016	Tim Andrew
Catford Regeneration Programme - Update	Sept 2016	Kplom Lotsu

If you would like further information on this report please contact Kplom Lotsu, SGM Programme Delivery on ext: **49283**



## MAYOR & CABINET

<b>Report Title</b>	Mayoral response to the Sustainable Development Select Committee on the Lewisham Cycling Strategy.		
<b>Key Decision</b>	No		Item No.
<b>Ward</b>	All		
<b>Contributors</b>	Executive Director for Resources and Regeneration		
<b>Class</b>	Part 1	Date: 19 October 2016	

### 1 Purpose

- 1.1 This report sets out the response to the Sustainable Development Select Committee's report and the Lewisham Cyclists' Cycling Strategy for Lewisham, which was presented to the Mayor and Cabinet meeting on 13th July 2016

### 2 Recommendations

- 2.1 It is recommended that the Mayor:
- 2.2 Notes the response from the Executive Director for Resources and Regeneration to the report of the Sustainable Development Select Committee as set out in section 6 of this report, and;
- 2.3 Agrees that this report be forwarded to the Sustainable Development Select Committee.

### 3 Policy Context

- 3.1 The Local Implementation Plan (LIP) sets out Lewisham's policy objectives for transport including cycling and has been developed within the framework provided by the Mayor's Transport Strategy.
- 3.2 Lewisham's second LIP was approved by the Lewisham Mayor and the London Mayor in 2011. The LIP was developed within the framework provided by the MTS and consists of an evidence base, objectives, targets and initial three year programme. The goals, objectives, and outcomes for the LIP reflect local policies and priorities and are aligned with the Council's Corporate Priorities and the Sustainable Community Strategy.
- 3.3 As a major policy document, the LIP supports all six priorities of the Sustainable Community Strategy and has particular relevance to the many economic, environmental and social improvements that rely on a modern transport system. In particular it impacts on the following Corporate Priorities:
- clean, green and liveable
  - safety, security and a visible presence
  - strengthening the local economy
  - active, healthy citizens

## **4 Background**

- 4.1 At the Sustainable Development Select Committee on 29<sup>th</sup> June 2016, the Committee was presented with a Draft Cycling Strategy for Lewisham, by Lewisham Cyclists (a local cycling group affiliated with London Cycling Campaign LCC).
- 4.2 Contained within the document is some base line data relating to current cycling rates in Lewisham (Census 2011), and the report goes on to highlight the desire to increase numbers of borough residents partaking in cycling. Aims and objectives are included within the document that Lewisham Cyclists believe would help to increase participation - these include both infrastructure and publicity measures, along with strategic network maps showing current and potential routes through the borough.

## **5 Sustainable Development Select Committee Recommendations**

- 5.1 On 29<sup>th</sup> June 2016, the Committee made the following recommendations to the Mayor and Cabinet:
1. The Committee commended Lewisham Cyclists' Lewisham Borough Cycling Strategy to Mayor and Cabinet.
  2. The Committee recommended that the strategy be formally adopted as Council policy and is referred to in the local development plan.

## **6 Mayoral Response to the Sustainable Development Select Committee**

- 6.1 The Council commends Lewisham Cyclists for their commitment to cycling and for the valuable work they do promoting and supporting cycling initiatives in the borough.
- 6.2 The Council welcomes Lewisham Cyclists' draft Cycling Strategy. Cycling across London has seen rapid growth over the past decade or so, with funding for cycle related initiatives increasing yearly.
- 6.3 Lewisham Council is committed to encouraging and supporting sustainable forms of transport, and cycling is a major priority of the Local Implementation Plan (LIP), which is the Council's holistic transport strategy document.
- 6.4 The Borough's commitment to cycling has led to several high profile schemes being delivered in the Borough such as the new Quietway 1 cycle route, the Council's highly successful cycle training and hire-bike schemes, and the forthcoming Cycle Superhighway 4.
- 6.5 That said, it is recognised that a stand-alone Cycling Strategy for the Borough would enable the Council to expand on the outcomes in the LIP and focus new funding streams to specific projects contained within it. The timing for a new cycling strategy is also well-aligned with the future development of a new LIP strategy in 2018.

- 6.6 Therefore, the Council proposes to take the draft Lewisham Cyclists Cycling Strategy and use it to work up a fully developed Borough Cycling Strategy, detailing the current status of the Borough's cycling facilities, infrastructure opportunities based on local and regional priorities, and any potential funding attributed to them. The strategy will also contain a delivery plan for identified projects.
- 6.7 Such a strategy will take time to develop, as baseline data is needed and local opinion canvassed in order to build a document that can guide investment to the correct areas. Below is an indicative timetable for the production of a stand-alone cycling strategy.
- 6.8 Until the strategy has been published and adopted the LIP will continue to form the basis of the borough cycling strategy, However the Council recognises the need for continued investment and has made LIP funding available for high priority, deliverable projects.
- 6.9 Timetable for Strategy:
- 2016/17 – Baseline surveys, Consultation with local cycling groups and development of quick win projects/improvements.
- 2017/18 – Development and adoption of Lewisham Borough Cycling Strategy

## **7 Financial Implications**

- 7.1 Funding to develop the cycling strategy has been identified in the LIP, which was approved by Mayor & Cabinet on 28 September 2016. The LIP spending submission includes an allocation of £100,000 per annum from 2017/18 to 2019/20 to develop the cycling strategy and to deliver small scale local improvements to the cycle network. The LIP also includes an allocation of £153,000 per annum over the same three year period towards Cycle Training.
- 7.2 Financial resources will be required in the future to develop projects identified by the strategy. Where new projects and funding gaps are identified, the need for such resources will be considered as part of the strategy.

## **8 Legal Implications**

- 8.1 The Constitution provides that the Executive respond to reports and or recommendations by the overview and Scrutiny Committee.
- 8.2 The Equality Act 2010 (the Act) introduced a public sector equality duty (the equality duty or the duty). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 8.3 In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
  - advance equality of opportunity between people who share a protected characteristic and those who do not.

- foster good relations between people who share a protected characteristic and those who do not.
- 8.4 It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed at 12.2 above.
- 8.5 The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. The Mayor must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.
- 8.6 The Equality and Human Rights Commission has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at: <https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-codes-practice>
- <https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-technical-guidance>
- 8.7 The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:
- [The essential guide to the public sector equality duty](#)
  - [Meeting the equality duty in policy and decision-making](#)
  - [Engagement and the equality duty: A guide for public authorities](#)
  - [Objectives and the equality duty. A guide for public authorities](#)
  - [Equality Information and the Equality Duty: A Guide for Public Authorities](#)
- 8.8 The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more

detailed guidance on key areas and advice on good practice. Further information and resources are available at:

<https://www.equalityhumanrights.com/en/advice-and-guidance/public-sector-equality-duty-guidance#h1>

## **9 Crime and Disorder Implications**

9.1 There are no direct crime and disorder implications arising from this response.

## **10 Equalities Implications**

10.1 The Council's Comprehensive Equality Scheme for 2016-20 will provide an overarching framework and focus for the Council's work on equalities and help ensure compliance with the Equality Act 2010.

10.2 An Equalities Analysis Assessment has been developed alongside the LIP to ensure that any potential adverse impacts were fully considered and, where necessary, appropriate changes made. The overall findings of the assessment were that the proposals within the LIP do not discriminate or have significant adverse impacts on any of the protected characteristics.

10.3 There are no direct equalities implications arising from this response, however, an assessment of differential impact on equalities would be required at such time as detailed proposals are considered.

## **11 Environmental Implications**

11.1 There are no direct environmental implications arising from this response.

## **12 Background Papers and originator**

12.1 Lewisham Local Implementation Plan 2011 to 2031  
<https://www.lewisham.gov.uk/mayorandcouncil/aboutthecouncil/strategies/Documents/Local%20Implementation%20Plan%202011-31.pdf>

12.2 Mayors Transport Strategy  
<https://www.london.gov.uk/what-we-do/transport/our-vision-transport/mayors-transport-strategy>

12.3 For further details about the content of this report contact:

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<b>Sustainable Development Select Committee &amp; Housing Select Committee</b>			
<b>Title</b>	Housing Zones	<b>Item No</b>	4
<b>Contributors</b>	Executive Director for Resources and Regeneration		
<b>Class</b>	Part 1	<b>Date</b>	25 <sup>th</sup> October 2016

## **Reason for Lateness:**

Although this update report on Housing Zones was agreed to be considered by the Sustainable Development and Housing Select Committees at their 25<sup>th</sup> October 2016 meeting, an officer error in noting the deadline for submitting the report for normal dispatch meant the deadline was missed hence the report only being available for late circulation.

## **1. Purpose of Paper**

- 1.1 To provide the Sustainable Development and Housing Select Committees a general background to the Mayor of London's Housing Zone Programme and a specific update on the two designated Housing Zones in the borough.

## **2. Recommendations**

- 2.1 The Select Committee is asked to:
  - note the content of the report

## **3. Background - Housing Zones**

- 3.1 In August 2014 the Department for Communities & Local Government (DCLG) and the GLA announced their plans to create twenty 'Housing Zones' across the capital. The aim of Housing Zone designation for an area is to boost the housing supply in London by unlocking and accelerating housing delivery through a range of planning and financial measures/interventions.
- 3.2 The Government and the GLA jointly committed a total of £400m of funding for the initial twenty zones. Half of the funding (£200m), was made available in the form of loan funding which is accessible to private sector organisations only. The remainder of the funding was available in flexible funding forms, including grant funding. The Housing Zone process seeks to encourage co-operation between local authorities, central government and developers.
- 3.3 New homes developed in Housing Zones are expected to be geared towards meeting a range of housing need and address the affordability challenge currently facing many Londoners. This requires a mix of open market homes that are affordable for Londoners with an obligation, where possible, to prioritise

the sale of individual homes to Londoners purchasing for owner-occupation. It also includes new long term market rent homes, as well as affordable homes for rent and low cost home ownership.

- 3.4 The GLA identified Opportunity Areas as 'ideal candidates' for Housing Zone designation. Opportunity areas are often (but not always) places with relatively low land values, sometimes with an historic industrial use, and are usually characterised by some form of market failure that requires substantial intervention. Whilst identified as challenging they can provide opportunities for the public and private sector working collaboratively to regenerate areas and create new neighbourhoods and places. It is envisaged that through Housing Zone designation some of the challenges identified could be addressed unlocking schemes and accelerating the delivery of the planned housing.
- 3.5 In addition to investment, Housing Zones are designed to offer focused, planning, place-making and intensive engagement with a wide range of delivery partners important to delivery of housing such as utility companies, Network Rail and Transport for London.
- 3.6 The initial aim was to create twenty Zones in London and build 50,000 new homes by 2025. Due to the success of the first phase in securing commitments for approximately 53,000 new homes in London (with approximately a third being affordable housing), a second phase of the programme was launched in 2015 taking the total number of Housing Zones to 31 and a target housing provision of 75,000 new homes. The programme is also designed to provide 150,000 associated jobs in the course of the 10 year delivery programme.
- 3.7 The eligibility criteria for an area to be designated a Housing Zone include but is not limited to the following:
  - A Housing Zone must (except in exceptional circumstances which must be clearly justified) include a minimum of 750 housing units.
  - A Housing Zone can consist of one or more sites.
  - The majority of the Housing Zone must be on brownfield land.
  - Must either include a bid for investment funding from one or a number of private sector partners.
  - Details of how the planning requirements for the Housing Zone will be implemented.
  - Include reference to how good design will be achieved.
  - Demonstrate an expeditious delivery of housing.
- 3.8 The full DCLG prospectus on Housing Zones; what the programme supports; types of support or funding available; the eligibility criteria; scheme prioritisation and assessment criteria are contained in the DCLG Prospectus on Housing Zones attached as appendix 1.



3.9 There are currently two Housing Zones in Lewisham: New Bermondsey (former Surrey Canal Road Triangle) and Catford Town Centre. A brief summary on both schemes is provided in sections 4 and 5 below.

#### **4. New Bermondsey Housing Zone**

4.1 The GLA raised the opportunity to bid for Housing Zone designation with the Council's Strategic Housing team following the announcement in August 2014 and identified the potential of the New Bermondsey regeneration scheme as a possible candidate for designation.

4.2 Following further consultation with the GLA, the developer (Renewal) and officers in Strategic Housing, Planning and Regeneration it was agreed that the New Bermondsey site met the criteria for Housing Zone and could benefit from designation to bring forward the delivery of housing and infrastructure on the site.

4.3 A bid was submitted to the GLA on the 30<sup>th</sup> September 2014 and in February 2015, the Mayor of London announced that the New Bermondsey Regeneration programme has been designated Housing Zone status. As one of the first Housing Zones, the site was recognised as a key development in London and as one of the few regeneration projects that has the capacity to deliver homes for Londoners faster by accelerating the development programme.

4.4 Following the Housing Zone designation, the GLA allocated in principle funding of £20 million towards delivery of key infrastructure associated with the scheme, including the new Overground Station at Surrey Canal Road.

4.5 The GLA initially proposed that the allocated sum would be advanced to Renewal as loan funding. In a revised approach, however, the GLA now proposes that a grant agreement (known as a Borough Intervention Agreement) is entered into between the Council and the GLA whereby the GLA will provide grant funding of approximately £12 million which will be passed by the Council to TfL with a requirement that TfL deliver the new Overground Station at Surrey Canal Road and open it within a set period. The balance of the £20 million allocation will remain available for Renewal to take up through a second intervention.

4.6 A clear benefit of this approach is that as the new station will now be grant funded, this enables the sum which would otherwise be paid by Renewal towards the new station to be applied to the provision of additional affordable housing within the scheme. Thus, not only will the GLA's current funding approach allow early delivery of the station and development of the first two phases of the scheme (Phases 1A and 2) to proceed ahead of schedule delivering 532 new homes, it will also secure delivery of more additional affordable homes than were originally to be provided within the scheme.

4.7 The exact quantum of additional affordable housing to be delivered as a result of this approach will form part of revised S106 for the scheme the details of which are currently being worked through.

## **5. Catford Town Centre Housing Zone**

- 5.1 On 17th February 2016 the Mayor approved a report which recommended that the council should submit a bid to the GLA for Housing Zone support for the Catford town centre regeneration programme.
- 5.2 The bid was submitted for the GLA's consideration and set out a case for how GLA grant support could help stimulate the delivery of housing in the town centre and enhance overall deliverability.
- 5.3 In line with the funding guidelines the bid sought funding of £40 million to support three important areas; provision of affordable housing, enhancing town centre flood resilience, improvements to the train station environment and the Catford arrival experience.
- 5.4 In March 2016 the GLA announced that Catford had been awarded an indicative allocation of £30 million made up of £27.2m affordable housing grant, £1.3m for rail station arrival space and £1.5m for flood alleviation. Whilst the grant was lower than requested it is a sizeable contribution towards delivery of the regeneration programme and will have a marked effect on what can be delivered.
- 5.5 Officers have been reviewing the funding agreements provided by the GLA and have met to discuss protocols and timescales for agreeing these. The agreement is split into different sections which are entered into sequentially once sufficient information is available on the scheme. The first agreement that the Council must enter into is an Overarching Borough Agreement. This sets out the general principles upon which it has been agreed that Housing Zone funding is to be made available by the GLA and is superseded in due course by the individual Borough Intervention Agreements that are then subsequently entered into between the parties.
- 5.6 Prior to any funding drawdown the Council must enter into a Borough Intervention Agreements (BIA). Each BIA will set out the detailed terms and conditions upon which specific amounts of funding will be advanced to the Council by the GLA and the outputs which we must commit to delivering in return. The Council is not formally bound to deliver these outputs until the BIA is entered into and funding advanced.
- 5.7 Officer discussions with the GLA suggest that it is possible to identify the outputs from the quick win projects at an early stage, enabling funding to be released for their implementation in the 2017/18 and 2018/19 financial years. This means that Catford can begin to benefit from the Housing Zone investment early on, whilst the longer term plans for housing development are progressed.
- 5.8 In this regard, the GLA have agreed that quick wins, including work to enhance the Catford stations arrival experience and flood alleviation can be carried out as soon as possible and do not have to wait until there is greater clarity on housing delivery timescales. To this end, an officer within the Capital Programme Delivery team has

been assigned to begin developing the stations project and to develop a timetable for delivery with key stakeholders including Network Rail, Southeastern and TfL. The work is likely to involve improvements to station forecourts, underpasses, information boards and taxi ranks and will tie in to ambitions for improved routes between the town centre and the stations.

- 5.9 In parallel, work on the Ravensbourne flood alleviation project is already ongoing and the project will substantially reduce the risk of river flooding in Catford town centre by creating flood storage in Beckenham Place Park and improving defenses at points along the watercourse. The project is currently at the detailed design stage and is being led by the Environment Agency with the involvement of the Capital Programme Delivery Team. Implementation is planned in 2018, and Catford town centre will benefit from reduced flood risk from 2019.
- 5.10 A significant part of the Housing Zone grant for Catford is aimed as supporting the scheme deliver a greater percentage of affordable housing. However, certainty on specific housing outputs from the redevelopment of key sites in the town centre will not be known until the design is sufficiently advanced. It is likely that subsequent Borough Intervention Agreements will not be entered into until planning approval for each development phase has been achieved.
- 5.11 Discussions on the form of affordable housing to be delivered through the grant support will be continued with the GLA as plans for redevelopment are advanced and as the housing priorities of the new Mayor of London become clear. The Council will continue to seek that new affordable housing clearly meets the housing needs identified by the borough.

## **6.0 Other Implications:**

- 6.1 There are no legal, financial and environmental implications arising directly from this report.

Appendix 1: DCLG Housing Zone Prospectus (2014)

For further information please contact: Kplom Lotsu, SGM Capital Programme Delivery Ext: 49283

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Department for  
Communities and  
Local Government

# Housing Zones

Prospectus

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# Ministerial foreword

We've got lots of the essentials in place to get more houses built. We've got plenty of talented planners, developers, builders and crucially, plenty of demand.

Local authorities need to get on with the job, which is why this prospectus for Housing Zone funding will help them.

We want Housing Zones to be areas where we can speed up and simplify the process of house building on brownfield land through locally led partnerships.

London has already made a start with their prospectus, and the Mayor of London has described it as 'turbo-charging house building.' I want to see the same response to this challenge around England, whilst protecting our valued countryside.

There is enough brownfield land to deliver up to 200,000 new homes across the country. We need to seize this opportunity.

But this will only work with cooperation - partnerships between local authorities, government and developers with everyone making a contribution. Creating a "something for something" deal will deliver much needed new housing and breathe new life into our towns and cities.

And I want to build on what has already been achieved. In the last financial year planning permission was granted for 216,000 new homes in England. Housing starts are at their highest level since 2007 and we have already delivered more than 445,000 new homes since April 2010.

But we want to go further still. That's why we are now making £200 million of Housing Zones funding available across England, on top of the £200 million we've made available in London. This prospectus sets out how local authorities outside London can apply for brownfield land to be designated as a Housing Zone, working with a private sector developer.

You may already have a site in mind, or perhaps you think this is a great opportunity to ease housing pressures in your community. Whatever the reason, I hope you will put in an application for a Housing Zone and start to think about all it can help you achieve.



**The Rt Hon Eric Pickles MP,  
Secretary of State for Communities and Local Government**



# Introduction

1. The government has announced plans to create 30 Housing Zones on brownfield<sup>1</sup> sites across the country as part of our efforts to increase housing supply. This prospectus sets out more detail of the funding and bidding process to create Housing Zones outside of London. A London [Housing Zones prospectus](#) has been published by the Mayor of London and formally invites bids from London Boroughs.
2. Brownfield land can have a vital role to play in meeting the country's housing needs where the land is in an area of sufficient demand and is attractive to developers. We know that there is suitable brownfield land to accommodate planning permissions for up to 200,000 new homes<sup>2</sup>. Schemes on this land could be ready to go but are being held back by the high upfront capital that is needed. This is where the availability of investment funding can unlock development. It is only by working in partnership – local authorities, private developers and central government - that we can take up the opportunity this provides to deliver the homes that are needed.
3. The introduction of Housing Zones is a chance to break down some of the barriers that are holding back development. Housing Zones are an opportunity for local authorities to set out a vision for the transformation of large brownfield sites locally, and through the support government is offering, take the lead in realising that vision in partnership with private sector developers. We want to see “something for something” deals with the local authority making a financial and/or resource contribution.
4. The best outcomes are delivered where partnerships between the public and private sectors are strong and both sides are committed to delivering change and finding new ways of working. This prospectus asks for local authorities and developers to come forward in partnership - local authorities are invited to submit expressions of interest which will request a Housing Zone is designated and contain a bid for funding from a private developer.
5. The Housing Zones programme offers the chance to unlock brownfield land that has the potential to deliver viable housing schemes through a combination of long term investment funding, planning simplification (e.g. local development orders), local authority leadership, dedicated brokerage support from central government and ATLAS planning support. Central government is making available £200m of recoverable investment funding for Housing Zones in England outside of London. Local authorities who submit successful proposals for Housing Zones will also have access to cheaper borrowing at the Public Works Loan Board's project rate for capital infrastructure expenditure relating to the Zone in 2014-15 and 2015-16. No decisions have yet been taken on the access to cheaper borrowing in subsequent years.

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<sup>1</sup> Reference should be made to the definition of previously developed land in the National Planning Policy Framework

<sup>2</sup> Data based on local authority returns to the Department for Communities and Local Government in 2010 (National Land Use Database).

6. Investment funding will usually be in the form of a **loan** with an appropriate interest rate applied in accordance with the State Aid matrix (see Annex A for details), and applicants for funding should familiarise themselves with the HCA's 'Know Your Customer' requirements, which are detailed at Annex D. Other forms of investment, including equity, will be considered if necessary in order to maintain flexibility and enable bespoke packages of support to be developed where needed, provided the investment is state aid compliant.
7. Local authorities putting forward proposals for Housing Zones also have the opportunity to put forward a bid for the £5m [local development order incentive fund](#) and will benefit from the preference given to bidders who are participating in wider strategic initiatives.
8. Expressions of interest in establishing a Housing Zone are encouraged which include schemes that make use of offsite construction and different forms of custom-build homes. The government wants to help more people to build their own home and has launched a [Custom Build Serviced Plots Loan Fund](#) to help custom builders secure a suitable building plot for their projects. Housing Zones provide a real opportunity to facilitate different types of custom build housing at scale where there is local demand. A scheme can receive funding from both the Housing Zones fund and from the Custom Build Serviced Plots Loan Fund but the funding applications must be for different cost elements.
9. We particularly encourage expressions of interest to create Housing Zones on brownfield land in urban areas. DCLG brokerage support can be used to help resolve any specific issues that may exist on such sites.
10. Housing Zones can include more than one site and we would encourage local authorities and developers to think creatively about what sites may be suitable.
11. Local authorities are encouraged to consider whether site(s) they intend to bring forward as potential Housing Zones and which contain Housing Revenue Account land, may be strengthened by a separate bid to the [Housing Revenue Account Borrowing Programme](#) for additional borrowing flexibility to increase the supply of new affordable rent and affordable home ownership homes. A second round of bidding to this programme has recently been announced for schemes where additional borrowing is needed in 2016/17. The deadline for bids is 30 September. Enquiries about the Housing Revenue Account Borrowing Programme should be sent to [HRABorrowing@communities.gsi.gov.uk](mailto:HRABorrowing@communities.gsi.gov.uk)
12. Funding for the Housing Zone programme will be available over three years (2015/16, 2016/17 and 2017/18). Subject to the expressions of interest received we *may* retain some of the investment funding for allocation at a future date.
13. This prospectus sets out the arrangements for local authorities to submit expressions of interest that (a) request that an area of majority brownfield land is designated as a Housing Zone and (b) include a bid for investment finance from private sector development partners to enable housing schemes to be unlocked or accelerated. We also welcome expressions of interest for sites to be designated as a Housing Zone

where the local authority considers that the site(s) can be developed without funding to a private sector development partner from central government.

14. This prospectus sets out the support package that is on offer to successful Housing Zones. In short the designation of a Housing Zone provides the following benefits:

- ***Access to Housing Zone recoverable investment loan funding of £200m to enable delivery of the infrastructure, including, where needed, demolition and land remediation work, which is needed to get house building underway and/or other site preparation works that will support economic growth. The use of funding, for example for schools, community facilities and energy infrastructure when they are needed to directly unlock house building will be considered (for which applications are sought through this prospectus).***
- ***Priority access to ATLAS expert planning and technical support and advice to help schemes progress from conception through to planning consent. More information on the range of support which ATLAS can provide is available on the [HCA's website](#).***
- ***Increased priority for bids to the local development order incentive fund***
- ***Successful schemes will also benefit from dedicated brokerage support from central government to help remove barriers that are preventing schemes from moving forward.***
- ***Local authority access to cheaper borrowing at the Public Works Loan Board's project rate for capital infrastructure expenditure relating to the Housing Zone in 2014-15 and 2015-16.***

15. Bidders are requested to confirm the specific package of tailored support that is required in their expression of interest.

## Eligibility criteria

16. Expressions of interest will in most cases consist of two elements – a request from a local authority for an area to be designated as a Housing Zone and a bid for investment funding to be paid to one or a number of private sector development partners.

17. We will accept expressions of interest from local authorities who wish only to request a site or sites are designated as a Housing Zone, but do not require investment funding. In such cases the local authority will be expected to demonstrate how the Housing Zone will lead to accelerated housing development without investment funding, and provide details of the site(s) it intends to take forward.

18. Expressions of interest will not be accepted if specific sites have not been identified.

## Element one – designation as a Housing Zone

19. To be eligible for designation as a Housing Zone a bid must comply with the following terms:

- Proposals for a Housing Zone must (except in exceptional circumstances which must be clearly justified) include a minimum of 750 housing units. Generally we would expect the size of Housing Zones to be between 750 to 2,000 units but there is no firm upper limit and so schemes of over 2,000 units are eligible to bid.
- A Housing Zone can consist of one or more sites. A clear rationale for combining the sites within one Housing Zone must be provided with the need to demonstrate strategic connections.
- The majority of the Housing Zone must be on brownfield land.
- The bid for designation must either (a) include a bid for investment funding from one or a number of private sector partners or (b) confirm that the local authority only wishes to apply for Housing Zone designation and provide a development proposition that will be delivered without government investment.
- Provide details of how the planning requirements for the Housing Zone will be implemented. This should set out how the planning process will be delivered at speed to support the development. This could be through a number of routes e.g. under planning performance agreements, outline planning permissions being in place or proposals to pursue local development orders. Local authorities are asked to confirm if they are submitting a bid to the £5m [local development order incentive fund](#) which relates to a Housing Zone proposal.
- The bid should also include reference to how good design will be achieved and proposals which include preparation of a design code are encouraged.
- Housing Zones must lead to the expeditious delivery of housing. There should be an accelerated build out rate proposed on site, taking account of the assessed need for new housing locally.
- Local authorities must be able to provide evidence that a robust plan for the delivery of housing is in place or (if funding is being sought) will be in place before funding is allocated.
- Demonstrate that the local authority has the capacity (resources and skills) to deliver the Housing Zone.
- Demonstrate that there is local support for a Housing Zone (e.g. the area is allocated for housing development in a neighbourhood plan or local plan).
- Local authorities can submit expressions of interest for more than one Housing Zone.

- Joint bids from two local authorities for a cross-boundary Housing Zone will be considered. Such expressions of interest should identify the lead local authority who should submit the bid.

## **Element two – application for investment funding**

20. To be eligible for funding as a Housing Zone a bid must comply with the following terms:

- Be submitted as part of an eligible bid from a local authority for an area to be designated as a Housing Zone and contain confirmation from each private sector development partner that the organisation is submitting a request for investment funding.
- Funding will be provided on a recoverable basis (with funds returned to the Homes and Communities Agency). An appropriate rate of interest will be applied (see Annex A for details).
- Appropriate security for the investment should be in place.
- All investments will have to be State Aid compliant.
- Funding requests must be for capital expenditure in infrastructure (which can include demolition and land remediation work which is needed to get house building underway) and/or other site preparation works that will support economic growth. The use of funding in other areas such as for schools, community facilities and energy infrastructure when they are needed to directly unlock house building will be considered.
- Private sector development partners must confirm that the project is fundamentally viable; they can support the repayment and have the consent of any existing lenders to access additional finance from this fund.
- Total public funding (including funding from other public sources) for each scheme that the infrastructure is serving must be below 50% of total project costs across the life of each scheme.
- The private sector development partner must be able to demonstrate a robust delivery plan as part of their investment proposal. This should include showing how additional funding will accelerate development beyond the normal anticipated rate of development.
- Schemes must ultimately lead to the development of housing, with the link between the works to be funded and the ultimate delivery of housing made clear through the investment proposal.
- The private sector development partner must demonstrate that they have the capacity (resources and skills) to deliver each scheme.

21. Expressions of interest must be submitted to the Homes and Communities Agency by noon 3 October 2014. Expressions of interest will be considered and prioritised by the Homes and Communities Agency in line with the criteria detailed in this prospectus.

## How will eligible schemes be prioritised?

22. Schemes which satisfy the stated eligibility criteria will be prioritised as follows.

### Requests for designation as a Housing Zone

23. Expressions of interest for designation as a Housing Zone will be prioritised based on the following:-

- a) The extent to which designation as a Housing Zone will accelerate housing delivery and maximise regeneration opportunities.
- b) The percentage of the Housing Zone on brownfield land.
- c) Commitment to delivering high quality housing quickly, including through offsite construction, and innovative approaches to delivery, such as through custom build and use of design codes.
- d) Alignment with local priorities for housing and economic growth.
- e) Evidence of a “something for something” deal where the local authority is also making a financial and/or in kind contribution, for example land, to the Housing Zone.

24. Where a bid for designation as a Housing Zone is submitted alongside a capital bid, decisions on both bids will be aligned. An area will not be designated as a Housing Zone if a bid for funding is submitted and is not successful, or the sites put forward are not considered viable.

### Housing Zones Fund

25. Expressions of interest for funding will be assessed on a site basis and prioritised based on the following:-

- a) The clarity of the link between the requested investment in infrastructure and homes delivered.
- b) The greatest prospects of quantified early delivery.
- c) The greatest acceleration of housing delivery.
- d) The impact in terms of amount requested and number of homes delivered.
- e) The greatest prospects of investment recovery with an identified repayment mechanism in place.
- f) The capacity (resources, skills) of the provider(s) to deliver the project, and the knowledge of the provider(s) of site issues.

26. The Homes and Communities Agency will consider its overall exposure on a portfolio level during the prioritisation of requests for funding and reserves the right to manage this exposure accordingly.

# Housing Zone funding – further information and the assessment process

## Expression of interest stage

27. Bids for Housing Zones designation and capital loan finance must be submitted by noon 3 October 2014 using the online expression of interest form available through the Homes and Communities Agency [Partner Portal](#). Applicants must be able to demonstrate clearly that they can meet the requirements set out in this prospectus, and indicate the amount of funding they are bidding for. **Capital funding will only be made available to private sector partners.**
28. Any expression of interest for capital funding on each scheme must be submitted by a local authority on behalf of a private sector development partner as part of their request to be designated as a Housing Zone. We would expect evidence of demonstrable support for the scheme from local communities.
29. A local authority can put forward multiple bids and a private sector developer can be a partner to more than one bid (with the same or different local authorities). Each bid must individually comply with the criteria and requirements set out in this prospectus. Applicants should note that the Homes and Communities Agency will be seeking to manage exposure at a portfolio level and the Agency's decision is final.

## Shortlisting stage

30. The Homes and Communities Agency will assess applications for Housing Zone status as detailed in the prospectus, with the designation of a Housing Zone determined jointly by the Agency and the Department for Communities and Local Government in line with the prioritisation criteria. Bids for funding will be assessed by the Homes and Communities Agency against the requirements set out in this prospectus, with bids prioritised in line with the above stated prioritisation criteria.

## Due diligence stage

31. All shortlisted schemes which include a bid for investment funding will then undergo a technical due diligence review carried out by the Homes and Communities Agency to test value for money of the proposition and the ability of the bidder to pay back the loan. Applicants will need to satisfactorily complete the due diligence process and demonstrate that their scheme offers the best value against the investment criteria before funding is awarded. This includes an initial due diligence process that will confirm that the shortlisted bids are able to meet the programme investment parameters. Each bid will be required to go through this process before detailed due diligence commences.
32. The due diligence review will, in broad terms, consider the following:-
  - What **alternative sources of funding have been explored?**

- The **level of funding** that is appropriate – consideration will be given to the minimum amount of public funding necessary for the scheme to get under way and might be less than the funding sought. It is expected that the private sector will be funding other scheme costs and, other than in exceptional circumstances, total public funding (including funding from other public sources) will comprise a maximum 50% of project costs.
- Appraise the scheme's **financial, commercial and market position** and its ability to generate income to pay back the investment at a later date.
- The **ability of the loan recipient to re-pay the loan and interest** – it is a requirement that all loans will be repaid with interest. An assessment will be made of the ability to deliver against an agreed start on site, house sales programme and re-payment schedule to correspond with this. Clear recovery schedules will be put in place with a longstop payment date by which point the loan is expected to be paid back in full. The terms of the loan will reflect sensible commercial expectations for site build out.
- The **private sector development partner's financial standing** – bids will be expected to provide up to date accounting and other financial information and an assessment will be made of the private sector development partner's track record of paying back investments along with their overall credit rating.
- The **level of loan security** required – loans will not be given without appropriate security being in place to assure its re-payment. Examples include a legal charge, parent company guarantee, performance bond or personal guarantee.
- The **deliverability** of both the infrastructure and the wider project over the required timescales.
- The **legal due diligence** will include, as a minimum, the provision by the private sector development partner of a fully completed Certificate of Title. (This requirement will also apply to the local authority if local authority land is included within the proposed Housing Zone). This will be required for the site(s) (in its entirety) that the funding is to be provided for and any other site(s) over which the Agency is to receive security. Private sector development partners should also be prepared to provide details of any other senior lending at the beginning of the due diligence process.
- Private sector development partners should note that, if shortlisted, they will be required to provide the certificate of title and detailed information regarding any existing finance arrangements in the first instance.

#### **'Know Your Customer' requirements:**

33. The Homes and Communities Agency will require sufficient information to satisfy its 'Know Your Customer' requirements. This includes, but is not limited to, the provision of appropriate financial accounts and evidence of any funding lines available to the private sector development partner. Where the private sector development partner is a consortium the Agency will require full details of the consortium structure and accounts information for each of the consortium members. Further details on the initial information that will be required at due diligence are included at Annex D.



34. A due diligence pack will be issued to all shortlisted private sector development partners which will contain greater detail than summarised here.

### **Contract stage**

35. Schemes that pass the due diligence stage will enter into formal negotiations to contract terms before finance is issued.

36. The interest rate on any loan will be calculated with reference to the European Commission Reference rate plus a margin calculated on the basis of an assessment of creditworthiness and collateralisation. The Homes and Communities Agency will consider the interest rate that can be offered for a loan based on individual project circumstances at the due diligence stage (see Annex A). This will take into account the credit rating of the private sector development partner and the level of security being offered for the loan.

### **Management and Monitoring**

37. A number of reporting obligations will be included within the contract to allow the appropriate monitoring of the investments. This shall include scheme specific financial and delivery related information, typically on a monthly basis. In addition, corporate level information may be required from the contracting parties throughout the term of the investment.

## **Who do I submit my application to?**

38. Applications are to be submitted online via the Homes and Communities Agency [Partner Portal](#).

39. All expressions of interest covering both requests for designation as a Housing Zone and bids for funding should be submitted to the Homes and Communities Agency by noon 3 October 2014 using the guidance in the annexes. The expression of interest form must be accompanied by an Outline Delivery Plan to provide detail on the overall ambitions and delivery structure for the Housing Zone. In addition, an Investment Proposal should be attached outlining the delivery plan for the sites for which funding is requested, with a Development Proposal used for sites where funding is not being requested.

40. Further information is included at annex B, and template documentation will be made available on [GOV.UK](#). These documents must be completed as appropriate and uploaded for submission via the partner portal (see application guidance for further details).

41. Guidance on the application process and completing your online submission will be made available on [GOV.UK](#).

## **Further information**

42. For further information, please contact the Homes and Communities Agency at: [Housing.Zones@hca.gsi.gov.uk](mailto:Housing.Zones@hca.gsi.gov.uk) or visit and search for Housing Zones at [GOV.UK](https://www.gov.uk).

## Interest rates for loans

Based on European Commission guidance on calculating a “market rate” margin and the current European Commission Reference rate (0.88% at 01/04/14) as a variable base rate, loans can be offered at initial rates of interest from 1.48% to 10.88% (please see the matrix below). This is based on our assessment of the creditworthiness of the bidder and the collateral offered

Collateralisation		High	Normal	Low
Credit Worthiness	Strong	1.48	1.63	1.88
	Good	1.63	1.88	3.08
	Satisfactory	1.88	3.08	4.88
	Weak	3.08	4.88	7.38
	Financial Difficulties	4.88	7.38	10.88

***These rates are illustrative and represent the minimum rates available depending on the categorisation of creditworthiness and collateralisation at the time of publication. Final offered rates may be in excess of those illustrated dependent on individual circumstances.***

### Creditworthiness

Where private sector development partners have a rating from a recognised credit rating agency this will be used. Where the private sector development partner does not have an external rating, its creditworthiness will be reviewed at due diligence. This involves an assessment of the private sector development partner’s financial standing and the risks associated with lending to that business - likelihood of default (encompassing both capacity and willingness to pay) is an important factor. Considerations may include:

- Financial analysis - profitability, net asset position/balance sheet strength, gearing, etc.
- Assessment of the trading history/development experience of a borrower - evidence of a “track-record” of delivery.
- The ability of the borrower to service the loan (interest and capital when required under the legal agreements) in the context of its existing commitments.
- Accounts, credit-checks, references - leading to an overall profile of a borrower.
- Benchmarking against peer companies.

### Collateralisation

This considers the security offered for the loan and the amount that the lender could expect to lose in the event of default. This will involve an assessment of the amount that could be recovered from the project, the security offered and also from the private sector development partner’s balance sheet. We will require satisfactory demonstration of ability

to repay the loan from the scheme cash flow and adequate security (supporting the level of proposed borrowing) to minimise its loss in a default scenario (e.g. a legal charge, parent company guarantee, performance bond, personal guarantee).

Shortlisted bids which clearly demonstrate satisfactory ability to repay the loan along with offering appropriate security will be treated as having “Normal” collateralisation. Should the collateral offered justify a different categorisation, this will be taken into consideration in the interest rate offered.

# Expression of interest - evidence required for local authority bids for Housing Zone designation

### **Applicant information:**

- Submitting organisation contact details (if applicable)
- Applicant name and full contact details
- Confirmation that prospectus has been read and understood
- Details of other Housing Zone applications being made (if applicable)

### **Housing Zone information:**

- Local Authority area(s)
- Number of sites
- Confirmation of rationale for combination of sites
- Confirmation that delivery will be accelerated and that evidence is provided
- Number of homes
- Support required
- Confirmation of local authority capacity to deliver
- Indication of local authority contribution
- Confirmation that the Housing Zone is supported locally and that evidence is provided
- Confirmation of position regarding planning simplification and permissions
- Confirmation of position regarding a Local Development Order (LDO)
- Indication of support requests from the LDO Incentive Fund, Custom Build Serviced Plots Loan Fund or Housing Revenue Account Borrowing Programme
- Confirmation of robust delivery plan
- Confirmation of commitment to quality, innovation and design.

### **Site level information:**

- Site name
- Site area (ha)
- Percentage of site on brownfield land
- Number of homes
- Percentage of units that will be Custom Build
- Percentage of units that will be off-site manufacture
- Confirmation of whether Investment Finance is being requested

- For those sites where funding is not requested, confirmation that a Development Proposition is provided giving details of how accelerated housing delivery can be achieved without government investment.
- Lead developer
- Lead developer's control over land (including name of freehold owner if not lead developer)
- Postcode
- XY co-ordinates (easting and northing)
- Local Authority area
- Confirmation of site plan
- Confirmation of any Housing Revenue Account land
- Confirmation of viability
- Details of planning status
- Start on site and build out rates both with and without Housing Zone support
- Confirmation that evidence of delivery acceleration is provided

#### **Attachments:**

All applications for Housing Zone designation should be accompanied by an **Outline Delivery Plan**. This document should set out the overarching rationale and objectives of the Housing Zone, including the headline strategic link between the sites included within it. A template will be made available at [GOV.UK](https://www.gov.uk)

For each site within the Housing Zone, applicants should attach a **site plan** and either a Development Proposal (if no funding is requested) or an Investment Proposal (if funding is required).

A **Development Proposal** should provide further detail on the sites for which investment finance is not required but which are included within the Housing Zone given they can be accelerated through other elements of the support package. The Development Proposal will need to demonstrate the viability of the sites and the plans for delivery. A template will be made available at [GOV.UK](https://www.gov.uk)

Further information regarding Investment Proposals can be found in Annex C.

If you have indicated that **Public Works Loan Board Project Rate** financing will be required, please attach the completed proforma. A template will be made available at [GOV.UK](https://www.gov.uk)

## Expression of interest - evidence required for Housing Zones funding

For sites where funding is requested, in addition to the information listed at Annex B, applicants will also need to provide the following:

### **Financial information:**

- Confirmation that an Investment Proposal is provided
- Confirmation that the development is viable, can support repayment of the fund and has the consent from existing lenders to access additional finance from this fund.
- Proposed funding recipient
- Confirmation that the proposed funding recipient is a private sector body
- Details of other government funding, previous or pending
- Drawdown profile
- Repayment profile

### **Attachments:**

For sites where funding is requested, applicants should provide a **site plan** and an **Investment Proposal**. This should provide further detail on the sites for which investment finance is being requested. It will need to demonstrate the viability of the site, the plans for delivery and further detail relating to the required investment. A template will be made available at [GOV.UK](https://www.gov.uk).

# Due diligence - know your customer requirements

The following is provided for information, and indicates the information which will be required should a scheme be shortlisted and enter into due diligence.

## **In the cases of a single private sector development partner:**

- Latest audited financial accounts for the private sector development partner (full accounts rather than abbreviated)
- Management or draft accounts where the audited accounts are more than six months old
- Latest audited financial accounts for the private sector development partner's ultimate parent company (full accounts rather than abbreviated)
- Details of any events occurring since the last audited accounts that have a material effect on the understanding of the private sector development partner's, or its wider group's, financial standing, including but not limited to change of control or ownership, corporate re-financing, significant acquisitions, disposals or closure of subsidiaries or business units and potential contingent liabilities including litigation. If none of these apply then a statement confirming that fact
- Evidence of funding lines available to the bidder, including up to date details of headroom within facilities and undrawn facilities
- Where it is proposed that funding will be introduced from related parties then similar information in relation to headroom and undrawn facilities
- Identity of proposed guarantor(s) (if applicable)
- Confirmation of the ownership of the site.

## **In the case of consortia bids:**

- Details of the legal status of the private sector development partner (examples include joint venture company, partnership, limited liability partnership, limited partnership)
- Details of the names of consortium members, structure of the consortium and roles of each consortium member



- For existing joint venture vehicles the latest audited financial accounts for the bid vehicle (full accounts rather than abbreviated)
- Management or draft accounts where the audited accounts are more than six months old.
- In the case of newly formed joint venture vehicles details of the structure of the opening balance sheet, including details of partner's proposed equity and stakeholder loan investments
- Latest audited financial accounts for each of the consortium members (full accounts rather than abbreviated)
- In respect of the bid vehicle and each consortium member details of any events occurring since the last audited accounts that have a material effect on the understanding of the bidder's, or its wider group's, financial standing, including but not limited to change of control or ownership, corporate re-financing, significant acquisitions, disposals or closure of subsidiaries or business units and potential contingent liabilities including litigation. If none of these apply then a statement confirming that fact
- Evidence of funding lines available to the private sector development partner, including up to date details of headroom within facilities and undrawn facilities
- Similar information in relation to the funding lines available to each consortium member
- Where it is proposed that funding will be introduced from related parties then similar information in relation to headroom and undrawn facilities
- Identity of proposed guarantor(s) (if applicable)
- Confirmation of the ownership of the site.

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