



## Mayor and Cabinet

### **GLA Homes for Londoners Affordable Housing Programme 2021-26 Bid Outcome**

**Date:** 03/11/2021

**Key decision:** Yes

**Class:** Part 1

**Ward(s) affected:** ALL

**Contributors:** Executive Director for Housing, Regeneration and Public Realm, Executive Director of Corporate Resources and Director of Law, Governance and Elections.

## Outline and recommendations

1. Approve the acceptance by the Council of £69.945 million in grant funding from the GLA through the AHP 2021-26;
2. Delegate authority to the Executive Director for Housing, Regeneration and Public Realm in consultation with the Executive Director for Corporate Resources and Director of Law, Governance and Elections to approve the terms of and to enter into the grant agreement for the AHP 2021-26 programme funding;
3. Delegate authority to the Director for Inclusive Regeneration to substitute, amend and reconfigure the schemes within the AHP 2021-2026 programme, subject to remaining within the financial parameters of the AHP 2021-26;
4. Delegate authority to the Director for Inclusive Regeneration to authorise the submission of a further bid through the Continuous Market Engagement (CME) process for the AHP 2021-26 for a minimum of a further 58 social rented homes, subject to the said bid being within the Building for Lewisham agreed financial hurdles and parameters;
5. Allocate £550,000 of S106 monies to the Achilles Street Regeneration Project; and
6. Note that all schemes referenced in this report shall come forward to subsequent Mayor and Cabinet meetings for their necessary approvals as the projects progress.

### Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

## Timeline of engagement and decision-making

15 January 2020 Mayor and Cabinet approved the commencement of the Building for Lewisham Programme, a continuation of the Council's housebuilding programme.

November 2020 London Mayor announced the Affordable Homes for London AHP 2021-2026 Prospectus.

June 2021 Indicative Bid was submitted to GLA for the AHP 2021-2026 Programme, subject to Mayor and Cabinet approval.

## 1. Summary

- 1.1. In November 2020 the GLA announced the Homes for Londoners Affordable Homes Programme 2021-2026.
- 1.2. The Council bid for grant funding for 5 major projects and, subject to agreement by Mayor and Cabinet, achieved £69.954m of funding for 4 of these projects in this bid round which will support the delivery of 456 affordable homes.
- 1.3. The bid process had two main components a "Named Projects" element for known and developed proposals and an "Indicative Projects" element for less developed proposals. The Council achieved all its funding for its "Named Projects".
- 1.4. All grant levels were negotiated on a scheme by scheme basis.
- 1.5. The Council has been invited to bid for further grant funding for 58 additional affordable homes via the GLA's Continuous Market Engagement (CME) process.
- 1.6. A further £550,000 of S106 funds will be allocated to the Achilles Street Regeneration Project to ensure the deliverability of a high number of social rented homes.

## 2. Recommendations

It is recommended that Mayor and Cabinet:

1. Approve the acceptance by the Council of £69.945 million in grant funding from the GLA through the AHP 2021-26;
2. Delegate authority to the Executive Director for Housing, Regeneration and Public Realm in consultation with the Executive Director for Corporate Resources and Director of Law, Governance and Elections to approve the terms of and to enter into the grant agreement for the AHP 2021-26 programme funding;
3. Delegate authority to the Director for Inclusive Regeneration to substitute, amend and reconfigure the schemes within the AHP 2021-2026 programme, subject to remaining within the financial parameters of the AHP 2021-26;
4. Delegate authority to the Director for Inclusive Regeneration to authorise the submission of a further bid through the Continuous Market Engagement (CME)

### Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

process for the AHP 2021-26 for a minimum of a further 58 social rented homes, subject to the said bid being within the Building for Lewisham agreed financial hurdles and parameters;

5. Allocate £550,000 of S106 funds to the Achilles Street Regeneration Project; and
6. Note that all schemes referenced in this report shall come forward to subsequent Mayor and Cabinet meetings for their necessary approvals as the projects progress.

### 3. Policy Context

#### Housing

- 3.1. The Council's Corporate Strategy (2018-2022) outlines the Council's vision to deliver for residents over the next four years. Building on Lewisham's historic values of fairness, equality and putting our community at the heart of everything we do, the Council will create deliverable policies underpinned by a desire to promote vibrant communities, champion local diversity and promote social, economic and environmental sustainability. Delivering this strategy includes the following priority outcomes that relate to the provision of new affordable homes:
  - Tackling the Housing Crisis – Providing a decent and secure home for everyone.
  - Building an Inclusive local economy – Ensuring every resident can access high-quality job opportunities, with decent pay and security in our thriving and inclusive local economy.
  - Building Safer Communities – Ensuring every resident feels safe and secure living here as we work together towards a borough free from fear of crime.
- 3.2. Lewisham's Housing Strategy (2020-2026), includes the following themes that relate to the provision of new affordable homes:
  1. Delivering the homes that Lewisham needs.
  2. Preventing homelessness and meeting housing need.
  3. Improving the quality, standard and safety of housing.
  4. Supporting our residents to live safe, independent and active lives.
  5. Strengthening communities and embracing diversity.

### 4. Background

- 4.1. In November 2020 the GLA announced the Homes for Londoners Affordable Homes Programme 2021-2026 (AHP 2021-26).
- 4.2. The Council bid for grant funding for 5 major projects and achieved £69.954m of funding. Table 1 below sets out the grant achieved.

#### **Is this report easy to understand?**

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

TABLE 1

	Ladywell	Achilles Street	Evelyn Community Centre	Thomas Lane Yard	TOTAL HOMES	TOTAL GRANT
Social Rent	69	140	34	42	285	
Shared Ownership	0	163	0	8	171	
Total Homes	69	303	34	50	456	
<b>GRANT AGREED</b>	£12,834,000	£41,280,000	£6,120,000	£9,720,000		<b>£ 69,954,000</b>

4.3. The GLA AHP 2021-26 is designed to enable Councils and Registered Providers to build more homes directly. This has and will continue to lead to a significant increase in affordable council homes

4.4. The AHP 2021-26 has significantly increased the amount of grant available to local authorities. The Council has achieved an average grant rate of £206,000 per home for Social Rent properties with rents set at standard council rent levels.

4.5. The GLA will pay 50% of the applicable grant for projects, at start on site stage and 50% on completion. They will also require councils to make returns about the actual costs incurred for both public accountability and State Aid compliance and will be subject to audit. The council is exploring with the GLA the ability to use 40% of the total grant on each scheme to fund land acquisition costs to change the grant application to 75% at Start on Site and 25% at Practical Completion.

4.6. The programme will aim to achieve “Net Zero Carbon” across all sites. In addition it will meet the following standards

- All developments of 10+ homes will be net zero-carbon. This must include at least a 35% reduction in on-site carbon dioxide emissions against Part L2013 of the Building Regulations, of which there must be at least a 10 per cent reduction from energy efficiency measures. Any shortfall in emissions must be paid into the borough’s carbon offset fund.
- All referable development proposals must calculate whole life-cycle carbon emissions through a nationally recognised Whole Life-Cycle Carbon Assessment and demonstrate actions taken to reduce life-cycle carbon emissions.
- All developments of 10+ homes must submit data to the GLA’s ‘Be Seen’ monitoring portal in accordance with relevant guidance.
- All developments of 10+ homes must be at least Air Quality Neutral.
- Additional Criteria to be agreed through the GLA Grant Agreement.

## Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

## 5. Achilles Street Estate Regeneration

- 5.1. Since the beginning of 2016 the Council has been working with residents on the Achilles Street Estate to create redevelopment proposals that look at how the estate could be rebuilt to provide new council owned homes for social rent, new homes for all existing residents, and new space for businesses.
- 5.2. In October and November 2019, a resident ballot for estate regeneration was held to determine if the redevelopment proposals should go ahead. All residents who were eligible to vote, based on the criteria set out by the GLA, were given the opportunity to vote on the proposal as set out in the Achilles Street Landlord Offer. This provided details of how they will be affected by the regeneration, the new homes they would receive, and how they could be involved in the design of the new estate. The Landlord Offer was based on extensive engagement with residents on the estate, and provided the best possible offer for council tenants, resident leaseholders and families in temporary accommodation on the Achilles Street Estate.
- 5.3. The primary aim of the redevelopment proposed for the Achilles Street Estate is to increase the amount of Council owned homes for social rent, but the proposal also seeks to address current issues around accessibility (lack of lifts in some buildings and lifts that are too small for a wheelchair in others) and to provide modern facilities. The Landlord Offer was designed to enable the much-needed redevelopment to take place in a way that benefits all of the current residents.
- 5.4. Over multiple phases the Achilles Street Estate Regeneration will deliver up to 400 homes of which at least 90 homes will be for Target Rent and 50 for Protected Rents for staying or returning residents. Thus the proposed scheme will lead to a net increase in council rented housing. The scheme will also deliver circa 163 Shared ownership homes subject to design and planning. The GLA AHP funding will support the delivery of these ambitions.
- 5.5. In addition to the GLA AHP funding it is proposed to contribute a further £550k of s106 funds to the £3.5m s106 funds currently allocated to the Achilles Street Regeneration. This will bring the total to £4.05m s106 funds allocated to support the delivery of affordable housing via the residential and commercial land assembly budgets. S106 funds will be drawn from funds paid by the following applications - DC/01/49697 (99 Plough Way SE8) and DC/07/67276 (Catford Greyhound Stadium site). These funds are being applied to land assembly costs to enable the delivery of affordable housing. This funding was internally agreed by the Regeneration and Capital Board on the 9<sup>th</sup> June 2021, subject to approval by Mayor & Cabinet.

## 6. Evelyn Community Centre

- 6.1. Evelyn Community Centre and the attached nursery have been brought forward as a development site by Lewisham Council. The community centre and nursery are in a poor state of repair and at two storeys and one storey respectively the site offers potential for redevelopment.
- 6.2. The Council has also committed to deliver improvements to Evelyn Park including an expansion of the existing and well used MUGA. It is proposed that these be delivered prior to the commencement of this development.
- 6.3. Lewisham Council developed a brief for the site in 2020 with input from the community centre and nursery as well as our development agent Lewisham Homes. The project was handed over to Lewisham Homes to bring forward a scheme in July 2020.

### Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

- 6.4. The Evelyn Development will deliver circa 80 homes of which a minimum of 34 homes will be Target Rent homes and the remainder will be Shared Ownership, subject to further design work and planning input. The GLA AHP funding will support the delivery of these ambitions.

## 7. Ladywell Development

- 7.1. The Ladywell site was previously the site of a leisure centre that was demolished in 2014. At the time, the site was seen as part of a wider master plan for regeneration of the Ladywell area. In 2015, planning permission was approved for the temporary installation of a redeployable building to be located at the former Ladywell Leisure Centre site whilst it awaited plans to be drawn up for comprehensive redevelopment. The redeployable building is now known as PLACE/Ladywell. PLACE/Ladywell delivers 24 high quality Temporary Accommodation (TA) homes, and 4 units of commercial space.
- 7.2. Plans for a wider master plan for Ladywell did not develop and as a result the Council has focussed on delivering new homes on the former Ladywell leisure centre site. In January 2021, an area to the rear of the former leisure centre site was formally included into the scheme. The redevelopment will be delivered in two phases, phase 1 will be on the vacant/nursery land to the rear of the PLACE/Ladywell building. The PLACE/Ladywell building will remain in situ at this time and will come forward for development in the future as part of a possible Phase 2.
- 7.3. The vision is for a high-quality scheme comprising Target Rent homes, helping to address local housing demand, with the aim to deliver at least 69 Target Rent homes in this phase, subject to further design work and planning input. The scheme will provide exemplary and high quality place-making and a new public realm interface with Lewisham High Street and Longbridge Way. The GLA AHP funding will support the delivery of these ambitions.

## 8. Thomas Lane Yard

- 8.1. The Thomas Lane Yard site is a wholly owned Council site that is currently a surface car park and a depot site. It sits immediately south of the existing Catford Shopping Centre and to the north of a number of properties which front the pedestrianised Catford Broadway and is within a 3 minute walk of Catford's two railway stations with London Zone 3 travel. The Thomas Lane Yard site adjoins the oldest building in Catford, also owned by the Council, known as the Catford Constitutional Club.
- 8.2. The building hosted a meanwhile use and became a popular social venue but was shut in 2018, in need of repair and investment. These Council-owned development sites were combined in a vision to create a vibrant and socially inclusive mixed-use project in a successful bid to the Mayor of London Good Growth Fund Round 3.
- 8.3. A planning permission will be submitted shortly for circa 98 residential units on this site. The council will aim to maximise the amount of social rented homes upon this scheme.
- 8.4. The plan is for two buildings ranging in height from 8-12 storeys that will frame a new courtyard space subject to further design work and planning input. The vision is for a high-quality scheme comprising Target Rent homes (at least 40 in this phase), providing stable revenue income and long-term capital appreciation. The scheme will provide exemplary and high quality place-making and new public realm. The GLA AHP funding will support the delivery of these ambitions.

### Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

## 9. Continuous Market Engagement

- 9.1. The GLA will be running a Continuous Market Engagement (CME) programme commencing in April 2022. The council will be able to bid for further grant allocations as part of this ongoing process.

## 10. Financial implications

- 10.1. This report seeks Mayor and Cabinet approval to accept £69.945 million in grant funding from the GLA after a successful bid through the AHP 2021-26 programme for 4 projects which will support the delivery of 456 affordable homes. These homes are included within the current Building for Lewisham programme.
- 10.2. It seeks further approval for delegated authority to the Executive Director for Housing, Regeneration and Public Realm in consultation with the Executive Director for Corporate Resources and Director of Law, Governance and HR to enter into the individual grant agreement for the AHP 2021-26 programme funding, which includes delegated authority to substitute, amend and reconfigure the schemes within the AHP programme, subject to remaining within the financial parameters of the grant award and overall council set financial parameters for the BfL schemes.
- 10.3. At the present time, the 4 schemes outlined in this report work within the overall agreed parameters of the financial model, financial hurdles and assumptions and financial affordability within the HRA. The grant funding received, which has been negotiated based on each scheme, rather than awarded at a set amount, produces an average grant rate of £206,000 per home. The grant rate is more favourable than using RTB receipts. In addition, there is the ability to claim 50% of the grant at start on site and helps the council's cash-flow for these projects.
- 10.4. However, it should be noted that a significant uplift in the number of new homes being acquired or delivered directly and increases in delivery costs will have an impact on the overall programme and will need to be monitored and updated routinely to ensure that the overlap position of the programme remains affordable in the longer term.
- 10.5. The HRA financial model is being regularly updated to assess the financial viability of the overall programme to ensure resources are available to complete the proposed developments. This would include the need to update cash-flow forecasts and assess the availability of resources to deliver the developments as currently planned, when scheme estimates change.
- 10.6. This report seeks further delegated authority to the Director for Inclusive Regeneration to authorise the submission of a further bid through the Continuous Market Engagement (CME) process for the AHP 2021-26. This will be for a minimum of 58 social rented homes, subject to the bid being within the Building for Lewisham agreed financial hurdles and parameters. Analysis of the impact of any successful grant will be undertaken at the time the successful grant bids are announced and the projects updated.
- 10.7. The final recommendation in this report is to allocate an additional £550,000 of S106 funds to the Achilles Street Regeneration Project and this funding has been set aside accordingly.
- 10.8. It should be noted that even after accounting for sales and grants, significant amounts of borrowing will need to be undertaken for both the General Fund and the HRA. The Council will need to ensure that its treasury strategy is aligned to the programme and borrowing timescales to ensure that funding decisions can be taken to ensure borrowing approvals are obtained in advance of requirements and profiled annually.

### Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

- 10.9. Where future schemes are developed, it is anticipated that the delivery of the new homes programme will be funded through the use of RTB 1-4-1 receipts, S106 receipts, GLA Grants, sale receipts and HRA & General Fund Prudential Borrowing.
- 10.10. The financial implications of the schemes associated with the BfL programme will be reported on individually as and when they are sufficiently developed and brought forward for approval by Mayor and Cabinet.

## **11. Legal implications**

- 11.1. The Council is legally required to apply the contributions received by it in accordance with the terms of the particular Section 106 Agreement under which the contribution was received and should it not do so may be required to repay the money. The agreements referred to in this report enable the contributions to be spent on delivering affordable housing in accordance with the definitions of that term contained with the individual agreement. The housing to be provided as set out in this report would fall within each of those definitions as affordable housing.
- 11.2. Under S1 of the Localism Act 2011 the Council has a general power of competence to do anything which an individual may do unless it is expressly prohibited.
- 11.3. In accordance with the Mayoral Scheme of Delegation, approval of acceptance of external funding exceeding £1 million is reserved to Mayor & Cabinet.
- 11.4. The details of the terms attached to the funding will be agreed by the Executive Director for Housing, Regeneration and Public Realm in consultation with the Executive Director for Corporate Resources and Director of Law, Governance and Elections, under delegated authority. The precise terms upon which the funding is to be provided are still to be agreed.
- 11.5. In taking this decision, the Council's public sector equality duty must be taken into account. 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.
- 11.6. 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.
- 11.7. 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 above. 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 bearing in mind the issues of relevance and proportionality and understanding 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.
- 11.8. The Equality and Human Rights Commission (EHRC) has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance. The Council must have regard to the statutory code in so far as it relates to the 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 on the EHRC website.

### **Is this report easy to understand?**

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

- 11.9 The EHRC has issued five guides for public authorities in England giving advice on the equality duty. 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.

## **12. Equalities implications**

- 12.1. There are no equalities implications arising directly from the recommendations set out in this report. However, the recommendations in this report will enable the delivery of social rent homes in the borough to enable more households on low incomes to access secure and safe accommodation, which will have positive equalities implications.
- 12.2. It should be noted that all of the protected characteristics will be considered and assessed with the impact and implications assessed as part of the commencement of building work, which is led by our delivery agent Lewisham Homes and monitored by Council officers as delegated through this report.
- 12.3. It should be noted that the Council is committed to ensuring our developments will be inclusive and feature accessible and adaptable homes that will meet the needs of our residents throughout their life.

## **13. Climate change and environmental implications**

- 13.1. Existing planning consents are and will be in line with the high standards expected by Lewisham Council and the GLA. Developments will meet or exceed guidance including seeking to reduce energy consumption, emissions, and climate change.
- 13.2. Every effort will be made to enhance the natural environment. This will include undertaking demolition and construction works in line with environmental protection and public health guidelines and seek to limit the impact on neighbours.
- 13.3. The programme will meet "Net Zero Carbon" as part of its funding criteria.

## **14. Crime and disorder implications**

- 14.1. There are no crime and disorder implications arising from this report.

## **15. Health and wellbeing implications**

- 15.1. There are no direct health and wellbeing implications arising from this report although the provision of new social homes will have a positive impact on health and wellbeing of people on the housing register waiting for permanent accommodation.

## **16. Social Value implications**

- 16.1. Lewisham Homes will address social value implications when procuring and awarding contracts for works.

### **Is this report easy to understand?**

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

## 17. Background papers

- 17.1. More information about the projects can be found on the Lewisham website:  
<https://lewisham.gov.uk/buildingforlewisham>
- 17.2. Report author and contact  
Fred Nugent – Principal Development & Land Manager  
020 8314 7944 - [fred.nugent@lewisham.org.uk](mailto:fred.nugent@lewisham.org.uk)
- 17.3. Comments for and on behalf of the Executive Director for Corporate Resources  
Tony Riordan – Principle Accountant  
0208 314 6854 – [Tony.Riordan@lewisham.gov.uk](mailto:Tony.Riordan@lewisham.gov.uk)
- 17.4. Comments for and on behalf of the Director of Law, Governance and HR  
Katherine Kazantzis - Principal Lawyer  
0208 314 7937 - [Katherine.kazantzis@lewisham.gov.uk](mailto:Katherine.kazantzis@lewisham.gov.uk)

### Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>