



City of Westminster

Cabinet Member

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| Meeting or Decision Maker: | Cabinet Member for Climate Action, Regeneration & Renters Cabinet Member for Finance & Council Reform |
| Date: | 11 October 2022 |
| Classification: | General Release but that Appendices A&B be declared exempt from publication as the business to be transacted involves the disclosure of information as prescribed by paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972, as amended, in that they contain information relating to information relating to the financial or business affairs of any particular person (including the authority) as per paragraph 2.2 below. |
| Title: | Grant Agreement for the GLA's Affordable Homes Programme 2021-26 |
| Wards Affected: | Homes funded under this agreement in multiple wards |
| Policy Context: | Additional funding secured under this agreement will support the delivery of affordable housing in the borough. |
| Key Decision: | This report is key as it significantly impacts two or more wards. |
| Financial Summary: | The total initial allocation of funding anticipated under this grant agreement is £24,079,955. |
| Report of: | Executive Director of Growth, Planning and Housing |

1. Executive Summary

- 1.1 The GLA has secured £4bn from Government to deliver affordable homes in London under the new Homes for Londoners: Affordable Homes Programme 2021-2026. This funding is expected to support starts on site between 2021 and 2026, with completions expected by 2028 for most projects with some strategic sites completing in 2029.
- 1.2 In August 2021 Westminster City Council submitted a funding bid under this programme totalling £59m. This included £35m for the Church Street and Ebury Bridge schemes and £24m across the wider development programme.
- 1.3 The GLA has approved £24M of funding in principle, subject to entering into grant agreement. The bids for Church Street and Ebury Bridge were rejected due to the GLA's Resident Ballot requirement.
- 1.4 In order to claim funding, the Council is required to enter into an affordable homes grant agreement (see Appendix B)

2. Recommendations

That the Cabinet Member for Climate Action, Regeneration & Renters and the Cabinet Member for Finance and Council Reform:

- 1.5 Approves the Council to enter into grant agreement with the GLA for the Affordable Homes Programme 2021-26.
- 1.6 That Appendices A&B attached to this report be exempt from disclosure by virtue of the Local Government Act 1972 Schedule 12A, Part 1, paragraph 3 as amended, in that they contain information relating to the financial or business affairs of the Council.

3. Reasons for Decision

- 1.7 Funding from the GLA supports WCC's strategic approach to deliver additional affordable homes in the city, including social rented homes.
- 1.8 The homes delivered under this programme will be provided as social rent or intermediate tenancies and will be made available to either existing council tenants who have priority for a transfer, homeless households, or those on the intermediate housing waiting list.
- 1.9 Capital funding provided will support scheme viability and increase the number of homes that can be developed for those households in social housing need.

4. Background, including Policy Context

- 1.10 The Council has a strategic objective to maximise the provision of affordable housing within the City. Grant funding helps the Council increase the number of affordable homes while maintaining financial viability on its schemes
- 1.11 Following the announcement of the GLA's £4bn Affordable Homes Programme 2021-26, the council formed a working group to develop a funding bid and test applicable projects against the funding criteria of the new programme.
- 1.12 Due to the GLA's resident ballot requirement, Westminster's larger regeneration schemes had not previously applied for funding, however a submission was made for Church Street and Ebury Bridge, on the basis that the thorough resident engagement undertaken by the council to date, goes above and beyond the requirements of a resident ballot.
- 1.13 Unlike the previous funding programme, set grant rates were not included and instead, a competitive bidding process was launched, requiring bids to demonstrate value for money along with alignment with the strategic objectives of the programme.
- 1.14 The Council's bid targeted grant rates of £154k per Social (LAR) home and £62k per Intermediate/LLR home which reflect the volume and housing targets of the overall programme, as well as the additional and more stringent funding requirements.
- 1.15 In total £59m of funding was sought which included £24m across development projects, and a further £35m across the Council's large Regeneration schemes Ebury Bridge and Church Street.
- 1.16 In September 2021 the GLA announced the bid outcome, with Westminster City Council securing £24m in principle, subject to entering into grant agreement and complying with its terms and conditions.
- 1.17 The initial £24M approval covers 63 social rent and 63 intermediate homes across 7 schemes. In addition, an 'indicative' bid covering 104 affordable homes was approved. This indicative bid represents non-named schemes and will be allocated as and when these come forward.
- 1.18 Schemes receiving funding under this programme will need to meet new funding requirements that support the Mayor's vision for Good Growth by Design in the capital. These related to building safety, design, sustainability, Post Occupancy Evaluation and Modern Methods of Construction. As part of

the bid submission process all schemes were confirmed as meeting these requirements.

- 1.19 Intermediate tenure homes funded under this programme will need to meet the GLA's London Living Rent (LLR) requirements.
- 1.20 GLA's requirement under statute to ensure that homes funded by Grant are let by a registered provider (RP), with a land interest of at least 60 years (s31 of the Housing and Regeneration Act 2008). While the Council is an RP, Westminster Builds is not. Therefore, homes funded via grant cannot be held by WB in its current form.
- 1.21 As the submission and initial approval of the Council's bid took place over 12 months ago, a re-baselining exercise will take place once in contract, to reflect the latest programme and tenure proposals. It has been communicated to the GLA that some of schemes within the initial allocation are now deferred or will change and therefore the initial £24m allocation may be reduced down or repurposed.
- 1.22 If the council wishes to submit additional schemes for funding under this programme, this will take place through Continuous Market Engagement (CME) with the GLA. Alternatively, the council's indicative funding allocation can be repurposed and used against applicable schemes that meet the programme's parameters.

5. Financial Implications

- 1.23 The Council has successfully bid for £24m of GLA grant funding across 7 named development schemes and one combined indicative bid. The funding is reflected in current budgets and viability assessments.
- 1.24 By entering into the AHP 21-26 the Council secures the funding and can commence drawing down the grant for each project, 85% at start of construction and the remaining 15% at completion of the project.
- 1.25 By receiving grant on intermediate rent homes, the Council will be restricted to a maximum rent level of London Living Rent (LLR). These are ward specific rents, set by the GLA, with reference to earnings and average flat prices. The GLA considers LLR homes to be a way to build up savings for renters to acquire homes through shared ownership and therefore Landlords, i.e. the Council, are expected to actively support their tenants into home ownership within ten years.
- 1.26 If the Council chose not to enter into the contract with the GLA alternative funding would need to be identified or the viabilities of funded schemes revisited to ensure current business plans remained affordable.

6. Legal Implications

- 1.27 The City Council can enter into the grant funding arrangements using its general power of competence under the Localism Act 2011.
- 1.28 The GLA grant agreement (the Agreement) attached at Appendix B is a standard form of grant agreement. The City Council will have to enter into the Agreement in order to obtain the funding. Officers should be fully familiar with their terms and the associated Guidance when applying drawdown on the fund so as to avoid any potential clawback.
- 1.29 The City Council should ensure that any contracts entered into in connection with the delivery of the development schemes include the same terms as those contained in the Agreement, where applicable, in order to fulfil its obligations under the Agreement.
- 1.30 The Agreement requires the Director of Law to sign an Opinion that amounts to a warranty that the Council has the power and authority to enter into, observe and perform the terms and obligations under the Agreement and has obtained all relevant consents and approvals (statutory or otherwise) to authorise the execution and delivery of the Agreement and the performance and validity of the obligations under it.
- 1.31 The Agreement is required to be sealed by the City Council and Legal Services can organise such sealing once approval to proceed is accorded.

7. Carbon Impact

- 1.32 A carbon impact assessment is not applicable to this report, as the decision will approve funding for projects already within the council's business plan. Associated projects will be required to undertake individual carbon impact assessments.
- 1.33 However, this funding programme includes requirements for associated schemes to meet Sustainability, Design and Building Control requirements and standards and will therefore support the council's commitment to delivering sustainable and high-quality affordable homes.

8. Equalities Impact

- 1.34 The delivery of these properties will provide additional social rented supply and positively impact on those households the council has a statutory duty to.

- 1.35 The mix of social rent dwelling sizes being funded: 11 x 1bed (20%), 17 x 2bed (31%), 18 x 3bed (33%), 9 x 4bed (9%) broadly reflects the primary size of homes needed to address the council's current social housing need that is overwhelmingly for 2bed and larger sized homes.
- 1.36 The table below demonstrates that of the 4,019 households currently on the social housing register, the size of homes required are 303(13%) studios, 333 (8%) 1beds, 1,516 (38%) 2beds,1,263 (31%) 3beds and 386(10%) are 4beds+

| Applicants Registered as at 25.07.22 by bed size required | Studio | 1-Bed | 2-Bed | 3-Bed | 4+ Bed | Total |
|---|--------|-------|-------|-------|--------|-------|
| Number of households | 521 | 333 | 1516 | 1263 | 386 | 4019 |

- 1.37 The delivery of these properties will also provide additional intermediate housing supply and positively impact on those registered for the Council's intermediate housing service Homeownership Westminster (HOW).
- 1.38 The mix of intermediate tenure dwelling sizes being funded: 36 x 1bed (80%), 7 x 2bed (16%), 2 x 3bed (4%) broadly reflects the primary size of homes needed to address the council's current intermediate housing need that is overwhelmingly for 1bed and 2bed properties.
- 1.39 The table below demonstrates that of the 2,148 applicants currently registered with Homeownership Westminster (HOW), the size of homes wanted are 1,769 x 1bed (82%), 251 x 2bed (11.7%) and 107 x 3bed (5%) and 21 x 4bed (1%).

| Bed Size | Eligible | | Wanted | |
|----------|----------|-------|--------|-------|
| | No. | % | No | % |
| 1bed | 1,769 | 82.4% | 1,492 | 69.5% |
| 2bed | 251 | 11.7% | 535 | 24.9% |
| 3bed | 107 | 5.0% | 112 | 5.2% |
| 4bed | 21 | 1.0% | 9 | 0.4% |
| Total | 2,148 | | 2,148 | |

9. Consultation

- 1.40 No Ward Members consultation has been undertaken as these properties are being purchased are in multiple wards.

If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:

Joe Smith, Senior Programme Manager jsmith1@westminster.gov.uk

APPENDICES

Appendix A: (Exempt from publication) Summary of Grant Funded Schemes
Approved in Principle

Appendix B: (Exempt from publication) GLA Affordable Homes Programme 2021-26
Grant Agreement

Appendix C: AHP 2021-26 Funding Prospectus

NB: For individual Cabinet Member reports only

For completion by the **Cabinet Member Climate Action, Regeneration and Renters**

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report

Signed: 

Date: 11/10/2022

NAME: **Councillor Matt Noble**

State nature of interest if any:

(N.B: If you have an interest, you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled **Grant Agreement for the GLA's Affordable Homes Programme 2021-26** and reject any alternative options which are referred to but not recommended.

Signed: 

Cabinet Member for Climate Action, Regeneration & Renters
11/10/2022

Date: _____

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, City Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2)

your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.

NB: For individual Cabinet Member reports only

For completion by the **Cabinet Member Finance & Council Reform**

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report



Signed:

Date: 11/10/2022

NAME: **Councillor David Boothroyd**

State nature of interest if any:

(N.B: If you have an interest, you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled

Grant Agreement for the GLA's Affordable Homes Programme 2021-26 and reject any alternative options which are referred to but not recommended.

Signed:



Cabinet Member for Finance & Council Reform

11/10/2022

Date:

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