

APPENDIX B TO PAPER NO. 19-165**POSITION STATEMENT ON GREATER LONDON AUTHORITY GRANT
CONDITIONS AND BALLOTS**

1. The Council's position on the requirement for ballots as a condition of grant for estate regeneration is clear. It believes such complex issues as estate regeneration cannot be reduced to a single yes/no question and that the approach it has taken – of comprehensive, long term and ongoing consultation and engagement to demonstrate community support is the right one.
2. The Mayor of London's Guidance anticipates ballots being undertaken **before** procurement of a development partner – this is logical as the outcome of ballots can be used to influence the scheme well before a partner is in place. Implicit in this guidance is the recognition that if a ballot was required to take place **after** procurement development partners would be deterred from investing in an uncertain but costly process.
3. Requiring a ballot after a partner is under contract makes little sense as the Council has contractual obligations to meet with its partner and a decision has been taken by the Council to proceed with the scheme after extensive consultation on the options and subsequent preferred masterplan for the area. In the event of a “no” vote the choices for a Council are stark – either ignore the result or risk being in breach of contract with its partner with the financial and reputational risk this entails. A ballot also builds in delay and uncertainty and could delay progress by 6-9 months - which could again put the Council into breach of contract.
4. It is clear that the Mayor of London's position on ballots and grants is fixed, even where contracts are in place. Therefore, no grant is available without a ballot having taken place. Notwithstanding this a key factor in grant having a positive impact on the number of affordable homes delivered is the level of grant available and the extent it can assist in covering the loss of a unit sold at its full market value if the intention is to convert market units to affordable. Also, current grant requirements mean that grant may only be available on additional homes delivered above what is being offered by the developer or available on all affordable homes if certain threshold levels of affordable are delivered (set at either 35%, 40% or 50% depending upon what delivery route being taken).
5. Grant rates also vary depending upon the delivery route. An Approved Provider Route, for instance, would attract a rate of £60,000 per unit for London Affordable Rent units and £ 28,000 per unit for intermediate housing. The Developer Route would only achieve a flat rate grant of £28,000 per affordable housing unit delivered.
6. To model the impact of grant on loss of income (from converting a market unit to affordable) the following example may assist: -
 - (a) A home being developed has a market value of £600,000. There are clearly costs of construction and profit that would be taken but essentially part of the receipt, if sold as market housing, would support delivery of the overall development including cross subsidising affordable housing, environmental enhancements and infrastructural improvements;

- (b) If this market unit were to be sold to a registered provider typically the unit would be sold for 50% of its market value if sold to provide shared ownership or as little as 25% of its market value if sold for London Affordable Rent (these percentages are taken from recent financial assessments seen by the Council);
 - (c) This means that the receipt would reduce from £600,000 to £300,000 if shared ownership or £150,000 if London Affordable Rent;
 - (d) Effectively, the development would lose £300,000 to £450,000 in value;
 - (e) Grant would clearly only have a marginal effect in terms of ameliorating this loss.
7. The Council remains absolutely committed to delivering the much needed improvements to housing and community facilities for our residents in this area. Anything which increases the risk that this much needed transformation may not be delivered will represent a clear breach of trust to the community, as far as this Council is concerned.