

Haringey Council
Written Statement/Record of a decision made by an officer under delegated authority

Decision Maker (Post Title)	Helen Fisher, Director of Housing, Regeneration and Planning after consultation with the Cabinet Member for Housing, Regeneration and Planning, the S151 Officer and the Assistant Director of Corporate Governance
Subject of the decision	<u>Tottenham Hale Housing Zone – Entering into a funding agreement for the delivery of Core of District Centre Infrastructure Projects</u>
Date of decision	2 nd May 2018
Decision	To give approval to enter into a funding agreement with TH Ferry Island Limited Partnership, in order to secure delivery of a series of infrastructural interventions in Tottenham Hale, and which will result in the delivery of new affordable homes.
Reasons for the decision	<p>Cabinet has previously taken a series of decisions on:</p> <ul style="list-style-type: none"> • The Regeneration of Tottenham Hale District Centre on 15th July 2014; • The Tottenham Hale Housing Zone and associated delivery model on 9th February 2016; and • Amending the grant funding to be assigned as part of the Core of District Centre interventions, on 13th February 2018 <p>The Leader agreed on 14th February 2017 to enter into grant funding agreements with third parties, as envisaged in the above Cabinet decisions, and gave delegated authority to the Director of Regeneration, Planning and Development to agree the final amount, the terms and conditions for providing the funding.</p> <p>On 13th February 2018 Cabinet decided to amend the grant funding to be assigned as part of the Core of District Centre interventions, and again granted delegated authority to the Strategic Director of Regeneration, Planning and Development after consultation with the Cabinet Member for Housing, Regeneration and Planning, the Chief Financial Officer and the Assistant Director of Corporate Governance</p> <p>The Council entered into a Borough Intervention Agreement (BIA) with the GLA on 13th March 2018, which requires the Council to enter into a funding agreement with TH Ferry Island Limited Partnership ('Argent Related'), the Council developer partner in respect of the various sites within the Strategic Development Partnership area. The Council had already entered into a Development Agreement with TH Ferry Island Limited Partnership on 21st March 2017.</p> <p>Through dialogue with the GLA and with third parties, the Council is now prepared to enter into a funding agreement with TH Ferry Island Limited Partnership in order to realise the delivery of the Core of District Centre package of works, and to secure the delivery of new homes, including a significant number of affordable homes, through the Housing Zone programme.</p>

<p>Details of any alternative options considered and rejected by the officer when making the decision</p>	<ul style="list-style-type: none"> Do nothing / Do not enter into funding agreements with third parties <p>There are substantial infrastructural costs involved in bringing forward regeneration in Tottenham Hale. Without Housing Zone funding, it is highly unlikely that a policy compliant mix of affordable housing could be achieved in the DCF area, while delivering the enabling, infrastructural and public realm works required to enact the transformation of the town centre. In particular, the Council would at minimum face the loss of SDP land receipts if Argent Related were forced to bear these costs, with a further risk that the delivery of SDP sites would not proceed at all. As the Housing Zone programme has now closed and all funding agreements entered into with the GLA are now regarded by the GLA as fixed, there is no scope to amend the allocation of Housing Zone funding.</p>
<p><u>Conflicts of interest – Executive decisions</u></p> <p>Details of any conflict of interest declared by a Cabinet Member who is consulted by the officer which relates to the decision and details of dispensation granted by the Council's Head of Paid Service</p>	<p>N/A</p>
<p><u>Conflicts of interest – Non executive decisions</u></p> <p>Where the decision is taken under an express delegation e.g. by a Committee, the name of any Member who declared a conflict of interest in relation to this matter at the committee meeting,</p>	<p>None</p>
<p>Title of any document(s), including reports, considered by the officer and relevant to the above decision or where only part of the report is relevant to the above decision, that part)</p> <p>These documents need to be attached to the copy of this record/statement kept by the Authority but must not be published if they contain exempt information</p>	<p>15th July 2014 Cabinet Report 'Tottenham Hale Regeneration Programme' 9th February 2016 Cabinet Report 'Tottenham Hale Delivery: District Centre Framework' 12th July 2016 Cabinet Report 'Tottenham Hale Strategic Development Partnership' 14th February 2017 Leader's Decision 'Tottenham Housing Zone: funding agreements with third parties to undertake Housing Zone interventions and enabling works' 13th February 2018 Cabinet Report, 'Authority to enter into a Funding Agreement to deliver the Station Square – Bus Station project in Tottenham Hale'.</p>
<p>Reasons for exemption with reference to categories of exemption specified overleaf or</p> <p>Reason why decision is confidential (see overleaf)</p> <p>Decisions containing exempt or confidential information falling within the categories specified overleaf are not required to be published.</p>	<p>N/A</p>
<p>Signatures of Decision Makers</p>	

Name of Decision Maker	Helen Fisher, Interim Director of Housing, Regeneration & Planning <i>Helen Fisher</i>
Does the decision need to be published Yes <input type="checkbox"/> No <input type="checkbox"/>	YES

Report for: Director of Housing, Regeneration and Planning after consultation with the Cabinet Member for Housing & Regeneration, the S151 Officer and the Assistant Director of Corporate Governance

Item number:

Title: Tottenham Housing Zone – Entering into a funding agreement for the delivery of Core of District Centre Infrastructure Projects

Report authorised by: Helen Fisher, Director – Interim Director Housing, Regeneration & Planning

Lead Officer: Peter O'Brien, Assistant Director – Regeneration

Ward(s) affected: Tottenham Hale

Report for Key/
Non Key Decision: Non Key Decision

1. Describe the issue under consideration
 - 1.1. On 15th July 2014 a decision was taken by Cabinet to agree the submission of a Housing Zone bid to the Greater London Authority (GLA) and gave delegated authority to the Director of Regeneration, Planning and Development and the Assistant Director of Finance after consultation with the Cabinet Member for Regeneration and Housing to enter into the Housing Zone grant agreements with the GLA. It was expected that there would be multiple grant agreements covering loan, equity, grant and gap funding. On 3 September 2015 the Council entered into an Overarching Borough Agreement with the GLA to secure the Tottenham Hale Housing Zone funding
 - 1.2. On 13th September 2016 the Council's Cabinet made a further decision to bid for and agree any further funding from the GLA through the Housing Zones programme, and to agree, and/or vary, and finalise any Housing Zone Overarching Borough Agreements and associated legal agreements, including Borough Intervention Agreements (BIAs). On 17 February 2017 the Council entered into an Overarching Borough Agreement with the GLA to secure the North Tottenham (Phase 2) Housing Zone funding.
 - 1.3. Officers negotiated in detail with the GLA over the form and function of these grant agreements and the final terms and conditions of the three BIAs for Tottenham Hale were agreed. All three BIAs have now been completed. The BIA dealing with the Core District Centre funding (comprising the delivery of infrastructure and site enabling works and the outturn dwellings) was completed on 13th March 2018. This BIA requires the Council to enter into a funding agreement with TH Ferry Island Limited Partnership, the Council developer partner in respect of the various sites within the SDP area. The

Council had already entered into an Agreement with TH Ferry Island Limited Partnership on 21st March 2017.

- 1.4. Detailed discussion and negotiation have taken place with TH Ferry Island, as the delivery partners for the 'Core of District Centre Infrastructure' package of works and which will be funded by the Council and the GLA. These works comprise £12.315m in total, and will achieve the realignment of the Tottenham Hale Bus Station, together with associated highways improvements and crucial infrastructural enabling on local sites. These negotiations have been carried out in discussion with colleagues from Legal and Finance and the funding agreement is now in final, agreed form. This report seeks authority to enter into this Funding Agreement with TH Ferry Island.

2. Recommendations

- 2.1. The Interim Director of Housing, Regeneration & Planning, after consultation with the Cabinet Member for Housing and Regeneration, the S151 Officer and the Assistant Director of Corporate Governance, is asked to:

- 2.2. Agree to the Council entering into a grant funding agreement with TH Ferry Island Limited Partnership, its Strategic Development Partner, for a sum of £12.315m, for the purpose of funding the Core of District Centre Infrastructure package of works and to secure the delivery of a large number of new homes in Tottenham Hale. The funding agreement to be entered into is attached at Appendix A of this report.

3. Reasons for decision

- 3.1. On 15 July 2014 Cabinet agreed to the submission of the Housing Zone bid to the GLA and gave delegated authority to the Director of Regeneration, Planning and Development and the Assistant Director of Finance after consultation with the Cabinet member for Regeneration and Housing to enter into the Housing Zone grant agreements.
- 3.2. On 3 September 2015 the Council entered into an Overarching Borough Agreement with the GLA for the Housing Zone funding. The approach described therein is primarily to provide supporting infrastructural funding which unlocks delivery in Tottenham Hale by tackling a very difficult environment with substantial and abnormal enabling costs, and by providing recoverable grant for the Council to ensure that affordable housing can be brought forward in an efficient manner.
- 3.3. The Leader agreed on 14th February 2017 to enter into grant funding agreements with third parties, as envisaged in the above Cabinet decisions, and gave delegated authority to the Director of Regeneration, Planning and Development to agree the final amount, the terms and conditions for providing the funding.
- 3.4. While negotiating the Council's Strategic Development Partnership (SDP) with Argent Related, as decided at Cabinet on 12th July 2016, it was noted that SDP sites contain significant challenges, not least substantial and abnormal

infrastructural and enabling works. These enabling works include demolition and remediation, utility diversions and upgrades, decontamination and other preparatory works. An allocation of Housing Zone funding was therefore made in order to assist in delivering the SDP sites and further the Council's aim of creating a vibrant and high quality Core of District Centre, which would deliver a minimum of 25% affordable housing while also providing the Council with land receipts to be recycled into both affordable housing elsewhere in the Housing Zone, and other infrastructural projects.

- 3.5. The Station Square – Bus Station project is another crucial intervention which realises the realignment and rationalisation of the Tottenham Hale Bus Station in order to release developable land and enable better movement through the town centre. Cost estimates for this work increased, due to a significantly expanded scope of works required after detailed discussions with TfL on operational requirements and the need to undertake substantial traffic management. However, this expanded scope will also deliver added benefits, including improvements to bus movements through Tottenham Hale, additional pedestrian crossings creating a permeable and activated town centre, and upgrades to road surfaces and pavements. There is a further benefit to delivering these works early, as they underpin the Council's wider ambitions to create a thriving new District Centre, as well as releasing developable land at its core.
- 3.6. Concurrently, the GLA had informed the Council that a separate Housing Zone intervention could no longer be paid for through GLA funding, requiring re-allocation and replacement by LBH Capital funding. Cabinet therefore decided on 13th February 2018 to approve the allocation of additional Housing Zone funding to this project in the sum of £2.5m, and to assign additional LBH funding to make up the remainder of the funding gap for this intervention, including £2m of S106 funding which was found to be coterminous with the highways being improved by the Station Square project, and £2.665m of SDP Land Receipts, of which the Council is authorised to allocate funds to either affordable housing in the Tottenham Housing Zone area, or infrastructural projects within the Tottenham Hale District Centre Framework. Further details on this decision are contained in the relevant Cabinet report.
- 3.7. As noted above, the Council has previously decided to utilise land receipts from SDP sites to increase the amount of affordable housing to be delivered in Tottenham Hale, and £7.325m of these have already been assigned to deliver an additional 113 affordable homes at the Ashley Road South site. Further, the AAP notes a Portfolio Approach to affordable housing in Tottenham Hale, whereby individual sites have 'different jobs to do'. As an example, while SDP sites are expected to enjoy higher sales values and are therefore well-placed to provide significant land receipts to the Council, other nearby sites such as Ashley Road South are larger and relatively more simple to deliver, while being slightly farther away from the Core of District Centre and closer to the large amount of open space at Down Lane Park. Housing Zone funding underpins the ability of the SDP to pay these land receipts to the Council.
- 3.8. In order to deliver these crucial interventions and to support the delivery of SDP sites, the Council must now enter into a funding agreement with TH Ferry

Island Limited Partnership which will permit GLA Housing Zone funding to be 'passed down', in accordance with the terms agreed in the BIA entered into on 13 March 2018 and as decided by the Leader in the 14th February 2017 report. The funding agreement contains standard terms and conditions, as well as key clauses and conditions precedent described in more detail below. Subject to the satisfaction of certain conditions, the Council will then be able to release funding which has been drawn down from the GLA.

Key Terms and Conditions

- 3.9. Many of the terms and conditions required by the GLA for the release of Housing Zone funding and included in the appended BIAs are standard clauses which relate to the use of public funding and mechanisms for ensuring that interventions are delivered as described. These have been duplicated in the funding agreement with TH Ferry Island, which has been attached as Appendix A to this report. This funding agreement has been reviewed and negotiated in detail and in consultation with Legal and Finance colleagues and is now in a final, agreed form. All changes which had the potential for creating conflict with the completed BIAs have now been refined and, where necessary, agreed with the GLA.

The following clauses should be noted in particular:

- 3.10. Funding Amounts - £10.875m (Tranche 1) is provided for Bus Station realignment with £1.44m (Tranche 2) assigned to enabling works at the Station Square North and Welbourne sites. A change control mechanism has been agreed whereby funding can be transferred between tranches, so long as funding does not exceed the total funding envelope of £12.315m and providing it is in accordance with State Aid rules. It has been agreed that an initial amount of £709k will be drawn down when the agreement is executed, representing spend incurred by Argent on the project thus far. Subsequent drawdown will be subject to entering into a license to carry out works at the Bus Station site with TfL and the Council.
- 3.11. Outputs - The Council, and the GLA in turn, must be satisfied that the Bus Station realignment project is delivered, and that a total of 223 affordable and 559 market homes are delivered on SDP sites as part of this BIA, to avoid triggering clawback of grant funding.
- 3.12. Programme - Start On Site for all homes is required by 31 March 2021, and Practical Completion by 31 March 2025 to avoid triggering clawback of grant funding. The Council has negotiated a revised, broadened definition of Start On Site and detailed dialogue with Argent Related has concluded that this date can now be met.
- 3.13. Clawback Provisions - It was agreed through negotiation that the risk of clawback of the housing zone funding by the GLA, in the event of a breach of the BIA, would sit with the Council up to the point when TH Ferry Island are able to secure planning permission for the sites. This ties clawback provisions to the possession of land; according to terms within the SDP Development Agreement, the Council releases its significant land holdings to TH Ferry Island

at that same time. It was therefore determined that, as the Council would be in possession of developable sites, removed of constraints on development through Housing Zone interventions, it would be able to recoup costs by delivering these sites through alternative means. Once planning permission is granted and TH Ferry Island are in possession of all sites, they would become liable for any repayments. It is currently expected that TH Ferry Island will submit a single, joint planning application for all sites by June 2018, with a determination targeted by end of the year. The risk of non-delivery of SDP sites and proposed mitigations were noted in detail in the 13th February 2018 Cabinet report.

3.14. Audit and reporting mechanisms – TH Ferry Island are required to submit quarterly reports to the Council and thereby provide updates on the delivery of interventions and stated outputs, which would be reported onwards to the GLA.

3.15. Disposals – The funding agreement contains clauses which restrict disposals of land or units which are considered to threaten non-delivery of interventions or output homes. Some of these conditions were advised by Legal colleagues as being overly onerous and TH Ferry Island shared this position as these may have prevented them from obtaining required funding; subsequently an expanded series of Permitted Disposals of the sites has been agreed, to allow for greater flexibility on how TH Ferry Island can deal with the land assets and the delivery of the development. These disposals have been agreed with the GLA, to ensure that land intended for the delivery of affordable housing is not disposed of by TH Ferry Island in an inappropriate way. The Council has also ensured that there are adequate protections, which will hold any subsidiary companies within Argent Related to account for both clawback provisions and the delivery of affordable housing. The Council is required to write to the GLA formally regarding Permitted Disposals, and to achieve their confirmation by reply in writing, before formal execution of the funding agreement.

4. Alternative options considered

Not entering into funding agreements with Argent Related (Do Nothing Option)

4.1. As noted above, there are substantial infrastructural costs involved in bringing forward regeneration in Tottenham Hale. Without Housing Zone funding, it is highly unlikely that a policy compliant mix of affordable housing could be achieved in the DCF area, while delivering the enabling, infrastructural and public realm works required to enact the transformation of the town centre. The Council would at minimum face the loss of a significant amount of SDP land receipts if Argent Related were forced to bear these costs, or if these costs caused a cessation of delivery of schemes on SDP sites. In the case of all three interventions, if site delivery did not proceed Tottenham Hale would see a substantial decrease in the number of new homes, including a large number of affordable homes.

5. Contribution to strategic outcomes

5.1. The resolutions outlined in this report will contribute towards the following strategic priority outcomes in the Corporate Plan:

- *Priority 3 – Clean and Safe: A clean, well maintained and safe borough where people are proud to live and work: By developing an attractive and safe urban environment and by achieving a step-change in the quality of maintenance of the public realm in Tottenham Hale*
- *Priority 4 – Sustainable housing, growth and employment: Drive growth and employment from which everyone can benefit. (Transport, broadband, skills, carbon reduction, strategic development): By bringing forward quality development of a significant number of new homes, retail and office workspaces*
- *Priority 5 – Sustainable housing, growth and employment: Create homes and communities where people choose to live and are able to thrive. (Housing): By bringing forward affordable housing in its own right as relates to each of the three interventions, and through the portfolio approach to sites which allows for additional affordable housing to be delivered on nearby sites*

6. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance

6.1. This report is consequential to the 13th February 2018 Cabinet Report, 'Authority to enter into a Funding Agreement to deliver the Station Square – Bus Station project in Tottenham Hale'.

6.2. That report detailed the reasons for the increase in funding required and the solution for the additional funding. This funding solution is repeated below:

• Original Housing Zone allocation	£5.150m
• Additional Housing Zone allocation	£2.500m
• Anticipated S106 funds	£2.000m
• SDP Land Receipts	£2.665m

Total £12,315m

6.3. The report of the 13th February also noted that the revenue cost of the additional funding was circa £33.5k per annum and deemed immaterial in the context of the Council's budget.

Procurement

6.4. Strategic Procurement comments are not applicable as land transactions or funding agreements are outside of the Public Contract Regulations.

Legal

6.5. The Council entered into the Borough Intervention Agreement with the GLA on 13 March 2018, it is a condition of this agreement that the Council enters into

the funding agreement with TH Ferry Island Limited Partnership (being the delivery partner under the Development Agreement dated 21 March 2017). The Funding Agreement to be entered into has been structured to ensure that no state aid issues arise. The Funding Agreement could be assigned by TH Ferry Island if the Development Agreement is assigned.

- 6.6. The BIA contains certain milestones and obligations that need to be complied with. These are contained within the Funding Agreement with TH Ferry Island, including any clawback provisions. The Director should note that as far as the BIA is concerned the Council is responsible to repay any housing zone funding to the GLA if the output dwellings (being 223 Affordable Housing and 559 Market Sale Dwellings) are not delivered by the Longstop date of 31 March 2025 or if there are any breaches.

Equality

- 6.7. The Tottenham Housing Zone represents a funding programme between the GLA and the borough regarding the delivery of infrastructure and housing. The Council's policies which provide the direction for this programme of work comes from a range of higher level Council policy documents including the Tottenham Strategic Regeneration Framework, Tottenham Area Action Plan, and the Council's Housing Strategy. All of these documents have been or will be in due course subject to Equalities Impact Assessment (EqIA). It was therefore judged that, when agreeing the Council's Housing Zone Overarching Borough Agreement that an additional EqIA was not required. As the completion of funding agreements with third parties is a continuation of this work it is judged that no further EqIA is needed at this time.
- 6.8. An Equality Impact Assessment (EqIA) was undertaken for the Cabinet decisions related to the Tottenham Hale regeneration programme made at the Cabinet meetings held on 15th July 2014, 9th February 2016 and 12th July 2016. This process concluded that all groups of residents should benefit from the proposals set out in the Tottenham Hale strategies, including improved transport links and the local network of streets, improvements in access to green open spaces and new public spaces, a mixture of new housing developments and plans to increase jobs and training opportunities in the area.
- 6.9. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
 - Advance equality of opportunity between people who share those protected characteristics and those people who do not
 - Foster good relations between people who share those characteristics and people who do not.
- 6.10. The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

7. Use of Appendices

All appendices to this report are exempt from publication under paragraph 12 of Schedule 12A of the Local Government Act 1972 Part 1-3, as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

- Appendix A – Core of District Centre Infrastructure BIA

8. Local Government (Access to Information) Act 1985

Background Papers:

- 15th July 2014 Cabinet Report, 'Tottenham Hale Regeneration Programme'
- 9th February 2016 Cabinet Report, 'Tottenham Hale Delivery: District Centre Framework'
- 12th July 2016 Cabinet Report, 'Tottenham Hale Strategic Development Partnership'
- 13th September 2016 Cabinet Report, 'Tottenham Housing Zone Phase 2'
- 14th February 2017 Leader's Decision, 'Tottenham Housing Zone: funding agreements with third parties to undertake Housing Zone interventions and enabling works'
- 13th February 2018 Cabinet Report, 'Authority to enter into a Funding Agreement to deliver the Station Square – Bus Station project in Tottenham Hale'

