

## HCA/ LBS Single Conversation –Memorandum of understanding

**Context:** The (London) Homes and Communities Agency (HCA) and the London Borough of Southwark (LBS) share a joint commitment to deliver the London Plan housing targets through an agreed programme of new affordable housing within the Borough and bringing existing homes up to the decent homes standard.

This agreement sets out the basis of a working arrangement between the HCA and LBS which aims to identify and, where appropriate, accelerate the creation of affordable housing in the Borough over the next 3 years and stimulate the wider “place making” of communities within Southwark. It is not, however, intended to be legally binding and does not create a legally binding partnership

Collectively, the HCA and LBS are uniquely placed to achieve these goals – the HCA has funding by way of the National Affordable Housing Programme and other funding streams, LBS has significant land holdings and existing housing sites designated for redevelopment. In addition, both parties can play a role in catalysing private sector sites that have the capacity to deliver new homes and affordable housing but which may have stalled due to financial/ planning/ infrastructure /other barriers which require public sector intervention.

### **Purpose**

The ways of working set out in this document are intended to facilitate a single conversation between the HCA and LBS which covers appropriate housing related activity in order that there is a clear and efficiently managed programme of work between the two organizations. Specifically the agreement is intended to;

- ensure that, during difficult economic conditions, an adequate housing pipeline is maintained in order that LBS and HCA achieve their quantity and quality targets for new housing in Southwark in future years (and in doing so have an overall positive impact on supply, demand and affordability).
- catalyse development on key regeneration sites – Elephant & Castle and Aylesbury Estate.
- Assist LBS to maintain an appropriate balance between generating capital receipts to balance the issues regarding LBS’s decent homes programme and the need to create new housing.
- maximise the opportunity of potential additional funding for sites within the geographical area of LBS from a significant short term increase in the available budget of the HCA’s national affordable homes and kickstart programmes.

### **Outcomes, Objectives and Milestones**

Both HCA and LBS are individually charged with creating sustainable communities and both have targets to achieve in relation to new homes. The agreement between LBS and the HCA is intended to help deliver against these corporate targets and more specifically achieve the following objectives through working together;

- To accelerate 09/10 “start on site” schemes by removing barriers to development.
- To help create a new homes pipeline for the next 3 years
- To establish a strong corporate relationship manifested in a “single conversation” between the 2 organisations.

A programme plan will be developed setting out how these objectives are to be met and this will include quarterly milestones.

### **Nature and Scope of Partnership**

The agreement represents the interface between the HCA and LBS for housing and related regeneration matters (i.e.: “the single conversation”) allowing oversight of a managed housing programme in Southwark. It is the means by which both organisations:

- discuss and review / agree priority sites within LBS area for funding/ intervention;
- agree strategic approaches on large area based schemes (e.g. E&C, Aylesbury). Consider investment requirements, joint interventions, current and upcoming funding opportunities;
- coordinate section 106 negotiations with HCA grant applications (and potentially land value, equity stakes and priority returns), using agreed viability testing where appropriate. Note that these actions will not impugn the obligations on and performance by LBS of its duties as a local planning authority;
- maintain up to date market intelligence;
- proactively signpost private sector owners/developers/ RSLs to available support through a transparent process;
- identify and agree means of removing other barriers to development (e.g.: infrastructure barriers);
- communicate with the market.

The single conversation includes other investment and housing refurbishment matters, in particular, achieving targets for Southwark’s housing stock to reach the Decent Homes Standard.

The agreement is intended to sit within and complement – rather than replace or duplicate - the existing decision making processes of both organisations. That is to say, the role of the working

agreement is to feed jointly agreed priorities into the respective decision making processes of both organisations and to translate the outputs from these processes into a new homes programme which is actively managed to ensure effective coordination during implementation.

The agreement will operate strategically through a programme board and operationally through usual day to day contact. LBS and HCA will together make available sufficient resources to enable successful delivery. [The coordination of the new homes programme and the programme board will be facilitated by a jointly appointed programme manager.]

### **Mechanics and Programme Board Role**

The diagram that follows illustrates how the programme board is likely to operate within the emerging LBS process of site assessment and disposal.

LBS is currently undertaking a rigorous review of land holdings in its area (the Strategic Housing Land Availability Assessment or SHLAA) and an asset review which will identify candidate sites for new housing, sites which should be refurbished etc. In turn, these will be caught by an overall process designed to improve the Council's investment decision-making across the Authority and its various functions to optimise corporate outturns.

This process effectively generates the new housing pipeline and is the basis of the new homes programme. In addition, there are housing sites currently in development via the property or major projects teams and these too are part of the new homes programme. Furthermore, the development control team is monitoring private sector housing developments, and where there are sites with a significant affordable homes element which are stalled or which have slowed these will also be brought into the new homes programme.

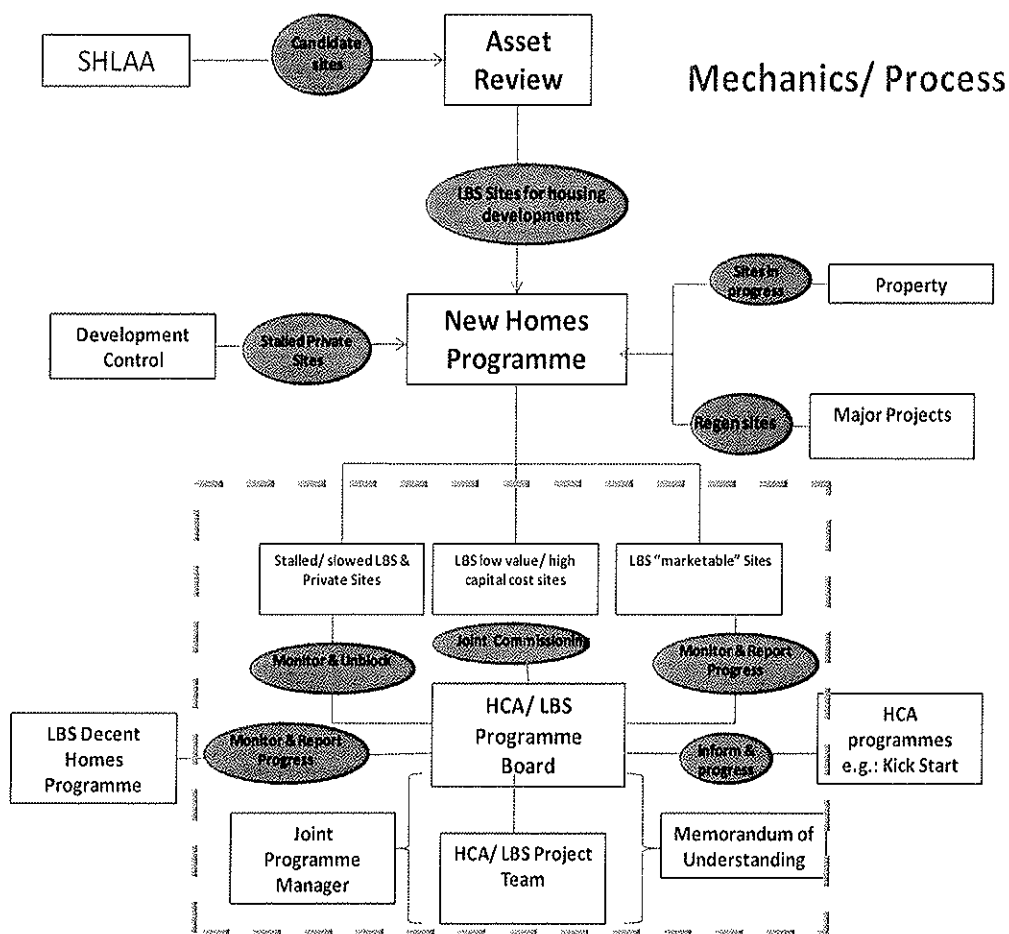
The programme board has an overarching role of facilitating the new homes programme however this is expressed differently depending on the nature of the site. At present there appear to be 3 categories of site which require different treatment;

- Privately and LBS owned sites – with potential to deliver significant volumes of affordable housing which could **start on site in 09/10** but which have slowed or stalled. Here the role of the programme board is to monitor these sites and unblock where possible.
- LBS owned sites which are "marketable" – i.e.: those which have a significant market value and can therefore be disposed via traditional disposal means (i.e.: sale with a development agreement). The role of the programme board is to receive progress reports and monitor the situation.
- LBS owned sites which are not readily marketable – i.e.: low value, high upfront capital cost, complex planning/ stakeholder issues (e.g. Aylesbury). These sites are likely to be difficult to dispose of via the traditional route and a different approach is likely to be needed to bring development forward in the short term. The programme board's role is therefore to identify an innovative means of bringing these sites forward and to oversee implementation. At present there is an option being considered whereby a portfolio of sites is generated and a panel of investors/ developers/ RSLs jointly procured to develop the

portfolio. Further consideration needs to be given to the pros/ cons of this approach by the programme board before a solution can be recommended to LBS for implementation.

Over time, sites which emerge from LBS' asset review process will drop into the new homes programme and may be treated as per traditional method or may be added to a portfolio for joint procurement (or indeed any other treatment that is required to accelerate development). The programme board may also play a role in "shuffling the deck" if targets are in jeopardy and reserve schemes could be moved forward.

The programme manager's role is to develop a programme plan and coordinate activity across the borough and also with the HCA to ensure the plan is delivered.



**Programme Board Membership and Frequency**

The programme board will meet monthly and comprises;

- HCA London Regional Director
- HCA Deputy Director Investment

- HCA Senior Regeneration Manager
- LBS Chief Executive
- LBS Strategic Director of Regeneration and Neighbourhoods
- Jointly appointed Programme Manager

The joint project team shall comprise relevant individuals from LBS and HCA plus the programme manager.

**Duration and Review**

The agreement is intended to allow the overseeing of a new homes programme which is anticipated to be 3 years. A review of progress versus programme plan will take place regularly and the effectiveness of the arrangements will also be regularly reviewed.

