

**Date:** 5 March 2018

**Item:** **Mayoral Direction to TfL on its Affordable Housing Programme 2017/18**

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## **This paper will be considered in public**

### **1 Summary**

- 1.1 This paper summarises Mayoral Direction 2183 (MD2183), setting out both the impact on TfL and the rationale behind the Direction.
- 1.2 MD2183 instructs TfL to deliver 50 per cent affordable housing (by habitable room) across its Financial Year 2017/18 development portfolio. This ensures that TfL can meet the Mayor's target for the delivery of 50 per cent Affordable Housing delivery on public sector land without breaching its obligations under the GLA Act which are to act in a commercial manner.
- 1.3 TfL has been consulted on the financial impact of MD2183 which can be managed within the current business plan while continuing to discharge its statutory public transport functions.
- 1.4 A paper is included on Part 2 of the agenda, which contains exempt supplemental information. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial and business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

### **2 Recommendation**

- 2.1 **That the Committee notes the paper and the exempt supplementary information on Part 2 of the agenda.**

### **3 Background**

- 3.1 The Mayor is committed to increasing the supply of affordable homes and one way he is seeking to achieve this is by prioritising affordable homes on land owned by the GLA family, including TfL. The Mayor has set a target of 50 per cent affordable housing (by habitable room) on all public sector land brought forward for development. This is set out in the Affordable Housing and Viability Supplementary Planning Guidance (SPG) and the draft Mayor's Transport Strategy (MTS).
- 3.2 TfL estimates that it will bring in excess of 3,000 homes to the market in Financial Year 2017/18. This will enable TfL to achieve its wider target to start construction on sites that will deliver at least 10,000 homes by March 2021. This is included in TfL's Business Plan which is predicated on at least 50 per cent of the homes (by habitable room) being built for Affordable Housing.

- 3.3 When bringing forward land for development, TfL is obliged under paragraph 29 of Schedule 11 of the GLA Act (The Act) to act as a commercial enterprise. That obligation might require TfL to deliver less than 50 per cent Affordable Housing on certain sites if that was compliant with local planning policy. MD2183 directs TfL to deliver 50 per cent Affordable Housing (by habitable room) across its Financial Year 2017/18 programme, thereby ensuring that the Mayor's targets can be achieved over the sites as a whole without breaching the Act.
- 3.4 The delivery of 50 per cent Affordable Housing (by habitable room) across the Financial Year 2017/18 portfolio will result in an additional 622 affordable homes being delivered than would otherwise have been achieved (compared with strict local planning policy compliant levels of Affordable Housing) but could result in lower receipts for some of the sites. The Mayor's view is that the value foregone on sites can be justified when considered against the significant uplift in delivery of affordable homes and the associated wider benefits to London.

## **4 Legal Implications**

- 4.1 TfL's primary functions are for the provision of transport and it does not have express housing powers. The Mayor has directed TfL in pursuit of his housing objectives to achieve an average of 50 per cent affordable housing across its disposal and development programme.

## **5 Financial Implications**

- 5.1 Delivering a higher level of Affordable Housing will reduce the residual land value on most sites. The Mayor has had regard to this and consulted with TfL to ensure that the value foregone does not impact TfL's ability to deliver its statutory functions. This was confirmed to the GLA as part of the consultation process.
- 5.2 A cap on the value foregone has been included within the Direction to ensure value foregone does not exceed an acceptable level. This has been set at £15m for the Financial Year 2017/18 programme. Based on current valuations it is estimated that the value foregone will be lower than £15m.

## **6 Equality Comments**

- 6.1 Section 149(1) of the Equality Act 2010 provides that in the exercise of their functions, public authorities must have due regard to the need to:
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

- 6.2 The obligation in section 149(1) is placed upon the Mayor and TfL. Due regard must be had at the time a decision is being considered. The duty is non-delegable and must be exercised with an open mind.
- 6.3 Considering the obligations under section 149(1) of the Equality Act 2010, the requirement to develop these sites at high levels of affordable housing will help to increase the supply of affordable housing in London and benefit residents with low incomes. It is likely to have a positive impact upon groups with Protected Characteristics, such as Age, Disability, Pregnancy and Maternity, Race and Sex – all of which can be overrepresented on Local Authority housing waiting lists, as it will enable low income households and those which are vulnerable, to access affordable housing.
- 6.4 The homes also will be built in compliance with the London Plan. As this requires 10 per cent of all new homes to be built as wheelchair accessible it will significantly increase the number of accessible homes in the local area. Designated disabled persons parking will be provided where required in accordance with the London Plan.
- 6.5 TfL must consider its obligations under section 149(1) of the Equality Act 2010 when disposing or developing of its sites.

**List of appendices to this report:**

A paper on Part 2 of the agenda contains exempt supplemental information.

**List of Background Papers:**

<https://www.london.gov.uk/decisions/md2183-direction-tfl-affordable-housing-programme-201718>.

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