

## REQUEST FOR MAYORAL DECISION – MD1301

**Title:** Lewisham Gateway –Update

### Executive Summary:

Lewisham Gateway is a GLA led development project between GLA Land and Property Limited (GLAP) (previously LDA), TfL, TfL Buses (London Bus Services Limited) and the London Borough of Lewisham (LBL). The selected developer for this project is Lewisham Gateway Developments Ltd (LGDL).

This paper (i) provides an update on the position in relation to the provision of the HCA Get Britain Building funding to the Lewisham Gateway scheme referred to in MD1117 (ii) outlines the changes to the scheme documents and new documents required as a result of the further funding (iii) outlines further changes proposed to the scheme documents to reflect the requirements of the parties in connection with delivery of the scheme including changes arising from a proposal to transfer land held by GLA/GLAP within the Lewisham Gateway development site to LBL in order to facilitate the development and (iv) requests approval to enter into all legal agreements required to give effect to the above matters.

### Decision:

The Mayor is requested to :

1. Approve entry into a deed of variation to the development agreement and other relevant scheme documentation as well as a new deed of priority required as a result of the proposed new HCA funding to the project, as set out in part 1 and 2 of this MD
2. Approve the proposed transfer of land held by GLA/GLAP at Lewisham Gateway to LBL to facilitate the development and entry into a land agreement and any related documents required in connection with such land transfer;
3. Authorise entry into a supplemental agreement/variation and other documents required to give effect to the proposed amendments to the development agreement and other scheme documentation resulting from the proposed land transfer and other supplemental requirements of the parties; and
4. Delegate authority to the Executive Director of Housing and Land to finalise and agree the terms and forms of documents required to give effect to the variations and other matters referred to above and to do all things necessary or desirable to give effect to the matters referred to in this Mayoral Decision.

### Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

**Signature:**

**Date:** 19/12/13

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 Lewisham Gateway is a GLA led development project between GLA Land and Property Limited (GLAP) (previously LDA), TfL, TfL Buses (London Bus Services Limited) and the London Borough of Lewisham (LBL). The selected developer for this project is Lewisham Gateway Developments Ltd (LGDL).
- 1.2 The project involves the removal of the A20 roundabout and wholesale re-alignment of the existing 'A' road network to create a development platform that better links the transport hub to the town centre.
- 1.3 A conditional Development Agreement (DA) was exchanged in December 2006 between LDA, LBL, TfL, TfL Buses and LGDL. Following the dissolution of the LDA in 2012, GLAP acts as lead public sector party and is the successor in title to LDA under the DA and other scheme documentation.
- 1.4 An update was provided on the scheme at the end of last year in MD 1117 which also authorised certain amendments to the scheme documentation to reflect present circumstances including potential new funding being provided to the project by the Homes and Communities Agency (HCA). Since then there have been ongoing discussions between HCA and LGDL which have resulted in a revised offer for increased Get Britain Building (GBB) funding of £19.9m being made by HCA to LGDL subject to a revised conditional funding agreement and deed of priority being entered into before the end of December 2013. There is therefore again a real urgency to ensure that all existing agreements between the public sector parties and the developer can facilitate the GBB funding requirements and to enter into the documents necessary to give effect to this.
- 1.5 Further changes to the DA and other scheme documentation have separately been proposed to reflect certain supplemental requirements of the parties. These include changes to accommodate the fact that it is now proposed that the GLA/GLAP landholdings within the Lewisham Gateway site be transferred to LBL in order to facilitate the development. An agreement is proposed to be entered into with LBL to provide for such a transfer and changes to the DA and other scheme documents will be needed as a result.
- 1.6 Other proposed amendments to the existing DA include alterations to the phasing plans and service charge provisions to take into account the current programming, design and site development issues. There are also various supplemental provisions requested by the public sector partners to reduce and mitigate the impact of the development proposals on the efficient and effective operation of Lewisham town centre. Given the timing constraints associated with the HCA funding related changes it is likely that the supplemental agreement or other documents to give effect to these further changes will be dealt with separately.

#### **2. Objectives and expected outcomes**

- 2.1 The land transfer proposed as part of these arrangements will simplify the public sector land ownership within the Lewisham Gateway Development site and facilitate the drawdown of leases by LGDL from the public sector parties.
- 2.2 The Lewisham Gateway project will deliver up to 800 residential units, up to 12,000m<sup>2</sup> of retail space, up to 17,500m<sup>2</sup> of office and educational space, leisure uses including cinema, bars and

restaurants, new public realm, re-aligned public highways, the relocation of the existing bus stand and approximately 1,900 jobs.

- 2.3 The scheme was stalled due to a viability gap. However, in May 2013 LBL provided grant funding to enable both reserved matters and highway consents to be completed in order to enable a start on site by the end of this year. In addition, the scheme has been selected by HCA, with strong endorsement from the Mayor, for Get Britain Building funding which will kick-start the redevelopment.
- 2.4 The scheme has been in discussion for many years, as planning approval was gained in 2007. As noted above, it has been stalled for several years due to a viability gap. The project is of strategic significance to Lewisham's regeneration, providing a new gateway to the town centre, and forming the first part of a regeneration corridor from Lewisham to Catford town centre as part of the Lewisham, Catford and New Cross Opportunity Area.
- 2.5 Without the Lewisham funding and the Get Britain Building Funding this scheme would not be viable and would continue to be stalled, with no prospects of any returns in the medium to long term for the GLA. It will also set back the strategic regeneration of a key area. For example, if the current development agreement were not to go unconditional due to viability issues it would set the programme back at least 2 years with re-procurement alone.

### **3. Other considerations**

#### *a) key risks and issues*

The HCA's ability to draw down Get Britain Building Funding ceases on 31 Dec, so there is real urgency to ensure that all existing agreements between the public sector parties and the developer can facilitate the GBB funding requirements and to enter into the documents necessary to give effect to this.

GLAP loses influence in the project – GLAP remains the lead public sector partner and will retain an essential role helping facilitate the project as it moves into the delivery phase. This will not be impacted by the proposed land transfer or other proposed amendments to the documents.

#### *b) links to Mayoral strategies and priorities*

Lewisham Gateway is identified in the Mayor's London Plan as a strategically important regeneration project in the Lewisham, Catford and New Cross Opportunity Area.

The London Plan can be found at:

<http://www.london.gov.uk/priorities/planning/london-plan>

#### *c) Impact assessments and consultations.*

Impact assessments and public consultation are being undertaken as the project progresses primarily by the GLA's development partner as part of the planning application process. More generally, TfL, LBL as key stakeholders are kept updated throughout the process through a monthly steering group.

### **4. Financial comments**

- 4.1 Officers are of the opinion the land transfers are the most efficient financial route to delivering the Lewisham Gateway project and the regeneration of Lewisham Town Centre.
- 4.2 More detailed financial comments in relation to the land transfers are set out Part 2 of this MD.

## **5. Legal comments**

- 5.1 Section 30 of the Greater London Authority Act 1999 (as amended) (GLA Act) gives the Mayor a general power to do anything which he considers will further one or more of the principal purposes of the GLA as set out in section 30(2) of the GLA Act which are (1) promoting economic development and wealth creation in Greater London, (2) promoting social development in Greater London and (3) promoting the improvement of the environment in Greater London.
- 5.2 Given the above, section 34 of the GLA Act which allows the Mayor to do anything which is calculated to facilitate or is conducive or incidental to the exercise of any of his functions, and the Mayor's powers under section 38 of the GLA Act to delegate to any GLA member of staff functions of the Authority that are exercisable by him, the Mayor has the power to agree the decisions set out above.

## **6. Investment & Performance Board**

- 6.1 The GLA Housing and Investment Group (HIG) considered the land transfer proposal on the 29<sup>th</sup> of August and a number of GLA officers and Mayoral advisors have been kept updated on other matters since then.
- 6.2 Housing Investment Group noted under MD1117 the delegation to the Director of Housing and Land the final terms for any variations to existing agreements to facilitate a start on site.

## **7. Planned delivery approach and next steps**

<b>Activity</b>	<b>Timeline</b>
Mayoral Decision	December 2013
Deed of priority signed	December 2013
Start on Site	March 2014
Completion of Phase 1	2015
Completion of Development	2025

## **Appendices and supporting papers:**

None

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

**Part 1 Deferral:****Is the publication of Part 1 of this approval to be deferred? YES**

If YES, for what reason:

To allow for the terms of the land agreement and amendments to the DA and other scheme documents to be finalised and completed

Until what date: (a date is required if deferring) 28 February 2014.

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – YES**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer:**

Finlay Kelly has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

**Assistant Director/Head of Service:**

Lucy Owen has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

**Sponsoring Director:**

David Lunts has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

Richard Blakeway has been consulted about the proposal and agrees the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**EXECUTIVE DIRECTOR, RESOURCES:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

**Signature**

**Date**

**CHIEF OF STAFF:**

I am satisfied that this is an appropriate request to be submitted to the Mayor

**Signature**

**Date**