

**REQUEST FOR MAYORAL DECISION – MD1470**

**Title: Albert Basin Housing Delivery - Gallions Quarter**

**Executive Summary:**

The Gallions Quarter development at the eastern end of the Royal Docks, Newham provides the opportunity to provide 739 new homes. This paper seeks approval for minor variations to update the development agreement, a land sale & acquisition from Docklands Light Railway, permission to enter into a s106 agreement and an agreement to allow associated minor works to progress. These actions will allow Notting Hill to commence the scheme.

**Decision:**

That the Mayor approves:

1. In relation to the Gallions Quarter development at the Royal Docks:

- the terms of the Deed of Variation to the Development Agreement with Notting Hill Housing Trust as set out within the paper;
- GLA Land & Property Ltd entering into an option to purchase the 'access land' from Dockland Light Railway Ltd and granting Notting Hill Housing Trust a long lease on the terms set out within this paper;
- GLA Land & Property Ltd selling the 'extension land' to Dockland Light Railway Ltd via an option agreement or direct sale on the terms set out within this paper;
- GLA Land & Property Ltd entering into the s106 agreement on the site upon the terms set out within this paper; and
- GLA Land & Property Ltd granting Notting Hill Housing Trust rights to relocate services within the site, carry out road works and seek adoption of Gallions Road as per the terms set out within this paper.

**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:**

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

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

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

- 1.1 The Gallions Quarter site in the Royal Albert Basin, Newham (see Appendix 1 plan) was marketed by the LDA in 2010 and following an OJEU procurement process Notting Hill Housing Trust (NHHT) were selected as development partner for delivery of a residential-led mixed use scheme of circa 700 units adjacent to Gallions Reach DLR station. A development agreement was signed by the GLA in June 2012.
- 1.2 NHHT submitted a planning application to London Borough Newham on the 31<sup>st</sup> March 2014 for 739 units and received resolution to grant planning permission in December 2014 (see Appendix 12 for some visuals). Newham were concerned that the application was not policy compliant in terms of the 30% family housing requirement and NHHT have responded by increasing this level via a minor redesign. This has meant the number of units dropped from 748 to 739 as the larger units take up more floorspace. Now the scheme has 30% family housing and 40% affordable housing provision, equating to 148 affordable rent and 148 intermediate ownership homes.
- 1.3 The design and planning process has taken longer than anticipated and viability issues have only recently been addressed. Now the scheme looks to be deliverable. There are however a number of issues that need to be addressed within a suite of documents. These are set out below.

#### **Proposed variations to the development agreement**

- 1.4 To allow the development to be delivered there are a number of recommended variations to the development agreement. The high level variations are set out below, with the detail being provided in the confidential Part 2 paper:
- A change from detailed planning application on whole of scheme to a hybrid application (Outline for the whole scheme plus detailed for Phase 1), with associated variations to the development agreement to reflect the design, planning application and proposed time scale.
  - Variation in land draw down structure, to improve GLA Land & Property Ltd's (GLAP) control on future detailed design.
  - Phasing plan to be updated, to reflect design & planning application, including the amalgamation of Phase 1a & 2a into one phase (see Appendix 1).
  - Insertion of new condition precedent relating to acquisition of Docklands Light Railway Ltd (DLR) land, to facilitate the construction of Phase 1.

#### **Acquisition of DLR land 'Access Land'**

- 1.5 To allow Phase 1 to be constructed as now designed it is recommended that GLAP acquire a strip of land from DLR adjacent to Gallions Reach DLR Station. This land is shown in Appendix 2.
- 1.6 NHHT have agreed to cover all GLAPs acquisition costs associated with this transfer and it is proposed that the land transaction is structured as follows:
- DLR grant an option to purchase the land, to GLAP (this ensures GLAP retain the whole landholding); and

- GLAP triggers this option once NHHT is ready to draw down the Phase 1 land under a long lease. The freehold then transfers to GLAP, which then simultaneously extends the redline boundary of the long leasehold being granted to NHHT.
- 1.7 The principle is that this action is cost-neutral to GLAP and that any costs including SDLT, valuations & legal costs are covered by NHHT. The current level of payment for the land has yet to be agreed between DLR and NHHT, but this is close to agreement.
- 1.8 In principle DLR is amenable to selling the required land to NHHT, however as this has not yet received formal DLR approval it is necessary to allow for a scenario where it is not agreed. Therefore it is proposed that in this scenario the Minimum Areas are reduced slightly to allow the scheme to progress. This would allow NHHT to submit a revised planning application for Phase 1 and the associated project dates to be extended. Further details are set out in Part 2.
- 1.9 Sale of land to DLR ‘ Extension Land’**
- 1.10 DLR have stated that they require additional land currently owned by GLAP to allow the construction of a platform extension at Gallions Reach DLR station. This will allow a 3 car service to operate without the need for selective door opening and once provided will mean a more efficient service serving the Albert Basin.
- 1.11 DLR are keen to secure this land and have said that they will not sell GLAP the land required by NHHT if this cannot be agreed. To this end GLAP has employed a valuer to agree an appropriate value for the sale.
- 1.12 NHHT have agreed to cover GLAPs costs associated with this sale.
- 1.13 The details of the proposed option terms are set out in Part 2.
- 1.14 Entering into s106 agreement**
- 1.15 NHHT have now negotiated and agreed the s106 agreement with London Borough of Newham. The terms of this are set out in Appendix 7 and set out the level of affordable housing (40%) and related commitments associated with the development.
- 1.16 NHHT have indemnified GLAP against any associated costs relating to the s106.
- 1.17 It is recommended that GLAP enter into the s106 and associated indemnity from NHHT.
- 1.18 Agreement to seek adoption of Gallions Road and allow relocation of services**
- 1.19 Notting Hill has requested that GLAP enter into an agreement which permits them to carry out works to the remaining piece of Gallions Road that has not been nominated for adoption and also relocate services across Gallions 2a to allow delivery of the proposed development (see area marked pink in Appendix 4).
- 1.20 It allows NHHT to carry out road works on part of Gallions Road to bring it up to adoptable standards and then seek adoption. This is on land which GLAP has the freehold, but is subject to a long lease. The long leaseholders have agreed to these works and will be party to the agreement.
- 1.21 The agreement also includes GLAP permission to enter onto Gallions 2a and realign the services that run across the site and currently conflict with the planning permission for the scheme (see Appendix 5 that shows the current location marked orange on Plan 4 and the proposed location on Plan 4 marked blue).

- 1.22 It is recommended that GLAP enter into this agreement. Details of the terms can be found in Appendix 8.

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

- 2.1 This project will deliver 739 new homes, of which 296 (40%) will be affordable. It will also deliver new areas of public realm and a small retail element to complement the emerging development.

## **3. Equality comments**

- 3.1 The variations recommended in this paper will not have any unequal impact on equality groups, however it should be noted that 10% of the units will be wheelchair accessible and all units will be Lifetime Homes compliant.

## **4. Other considerations**

- 4.1 Please see Part 2 for Key Risks.

## **5. Financial comments**

- 5.1 All costs related to the acquisition of the access land from Dockland Light Railway Ltd by GLAP will be met by the developer (Notting Hill Housing Trust).
- 5.2 Prior to the deed of variation being signed, further guidance will be sought relating to tax implications and whether a valuation of the land is required by GLAP.
- 5.3 Further financial comments are contained in Part 2.

## **6. Legal comments**

- 6.1 GLAP have and are being advised by Burges Salmon throughout this project including in relation to the proposed to the Development Agreement, as noted above.
- 6.2 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) which are:
- i. Promoting economic development and wealth creation in Greater London;
  - ii. Promoting social development in Greater London; and
  - iii. Promoting the improvement of the environment in Greater London

and, in formulating the proposals in respect of which a decision is sought, officers confirm they have complied with the GLA's related statutory duties to:

- pay due regard to the principle that there should be equality of opportunity for all people;
- consider how the proposals will promote the improvement of health of persons in Greater London, promote the reduction of health inequalities between persons living in Greater London, contribute towards the achievement of sustainable development in the United Kingdom and contribute towards the mitigation of or adaptation to climate change in the United Kingdom; and
- Consult with appropriate bodies.

- 6.3 Sections 1-3 of this report indicate that the Mayor has the power to proceed to make the decisions as requested within this report.

## 7. Investment & Performance Board

- 7.1 This matter was taken to Housing Investment Group on the 10<sup>th</sup> September 2014. They agreed:
- a) That the terms of the Deed of Variation to the development agreement with NHHT as set out within the paper be endorsed;
  - b) That it be approved in principle that GLAP enter into an option to purchase the 'access land' from Docklands Light Railway Ltd (DLR) and grant NHHT a long lease on the terms set out within the report.

## 8. Planned delivery approach and next steps

Activity	Timeline
Mayoral Decision to be submitted for approval	Apr. 2015
Deed of variation & Option agreement executed	May. 2015
Grant of planning permission & signing of s106	May. 2015
Phase 1 Lease drawdown	Aug. 2015
Completion Phase 1	Dec. 2017

### Appendices and supporting papers:

- 1 – Current and proposed phasing plans.
- 2 – Draft plan showing land to be acquired from DLR (hatched yellow)
- 3 – Draft plan showing land to be sold to DLR (labelled as 'New Platform')
- 4 – Plan showing area for proposed road works (pink on plan)
- 5 – Plan showing current (red on plan) & proposed location for services (blue on plan)
- 6 – Planning application visuals
- 7 – Key s106 terms
- 8 – Terms of Road & Services Agreement

**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? NO**

If YES, for what reason:

Until what date: (a date is required if deferring)

**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:**

Michael Payton 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:**

Simon Powell 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**