

**REQUEST FOR MAYORAL DECISION – MD1488**

**Title: Completion of legal agreements for the development of land at Silvertown Way, Canning Town**

**Executive Summary:**

The Housing and Land Directorate, using the GLA's London Development Panel (LDP) has selected a preferred partner to develop 2.56 ha of land within Canning Town, London Borough of Newham. Approval is sought to appoint the selected partner to deliver 1,117 homes and create a high quality residential-led development at Silvertown Way (see plan at Appendix 1).

Silvertown Way will lead the way in the delivery of 348 homes for the Private Rented Sector (PRS) led by Galliford Try Partnerships Limited and Linden Limited, which has attracted an institutional investment partner Fizzy Living meeting the required minimum 10 year hold period.

**Decision:**

That the Mayor approves the recommendation to select Galliford Try Partnerships Limited and Linden Limited as the preferred tenderer for the Silvertown Way project.

**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 Mayor has publically expressed a desire to encourage institutional investment in the private rented sector as a way to increase the supply and choice of housing in the capital. The Mayor's Housing Strategy sets out that, where appropriate, the Mayor of London shall seek to use land assets to encourage institutional investment in the private rented sector and improvements in the design and management of this tenure.
- 1.2 In September 2013 the GLA's Housing Investment Group (HIG), supported the option to dispose of sites, including Silvertown Way, with a key requirement to deliver a significant proportion of Private Rented Sector (PRS) homes.
- 1.3 The developer selection for Silvertown Way from the LDP framework was endorsed by the GLA's Housing Investment Group (HIG).
- 1.4 The purpose of this decision paper is to set out the competitive procurement process undertaken to date, to identify the preferred bidder and to gain a Mayoral Decision to approve the preferred bidder and approve the entering into the requisite agreements to proceed with the development.

#### **The Site**

- 1.5 The GLA Land and Property Limited (GLAP) land is a 2.56 ha site located in Canning Town, within the London Borough of Newham. It is situated adjacent to Canning Town station and the site acts as a gateway location to the Royal Docks. A red line boundary plan of the site is included at Appendix 1.
- 1.6 The site is effectively bounded by road or rail infrastructure on all sides: bound to the west by Victoria Dock Road and the Docklands Light Railway and to the east by Silvertown Way. In addition, five smaller roads cross the site in an east to west direction joining Victoria Dock Road with Silvertown Way. Permanent road closures were secured for roads within and adjacent to the site including (from the north) Sabbarton Street, Hallsville Road, Victoria Dock Road, Brunel Street, George Street, Willian Street and Nelson Street.
- 1.7 The developer appointed will create a high quality residential-led development incorporating a significant proportion of Private Rented Sector (PRS) homes and a mix of units, including a policy compliant 35% provision of affordable homes.

#### **Disposal Strategy**

- 1.8 In September 2013 a report which recommended the disposal of the site via the London Development Panel (LDP) for residential led development was endorsed by the Housing Investment Group (HIG)
- 1.9 The developer selection process was based on a three stage approach incorporating Expression of Interest (EOI), Sifting Brief and Invitation to Tender (ITT). The process was supported by Legal and Procurement Teams at different stages. The EOI was issued to all 25 members of the LDP in March 2014 and following receipt of EOIs the Sifting Brief was issued to all interested LDP members in April 2014. The ITT was issued in May 2014 to the bidders shortlisted through the Sifting Brief evaluation and received by the prescribed deadline of 14 July 2014.

- 1.10 The preferred bidder was endorsed by HIG in September 2014 on the basis that its bid represents the most economically advantageous tender (MEAT) using the evaluation criteria published in the ITT documentation. This paper seeks approval of the selection of the preferred bidder.
- 1.11 A summary of commercially sensitive aspects of this tender bid and approval are set out in the confidential part 2 of this MD.

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

- 2.1 The project aims and objectives are to create a unique high quality residential-led development, which achieves the following:
- *Delivery of New Housing*  
In accordance with London Plan Policy 3.3 – Increasing Housing Supply; the key objective of this project is to deliver much needed private for sale, private rented and affordable homes that meet the requirements of Londoners;
  - *Tenure Split and Housing Mix*  
Tenure split for the affordable residential homes – 60% Affordable Rent: 40% Shared-Ownership, (to allow for a minimum requirement of 35% affordable housing overall based on number of residential homes);
  - *Housing Quality*  
All homes on the development will comply with the London Housing Design Guide and meet Code for Sustainable Homes Level 4;
  - *Private-Rented-Sector (PRS) Homes*  
The site is to deliver a significant proportion of private rented sector homes and for these to be retained as PRS for a minimum period of 10 years;
  - *Long Term Management*  
Provision of high-quality and efficient long-term management for the development and improved overall experience for tenants by introducing management standards benchmarked in the London Rental Standard (LRS);
  - *Exceptional Urban Design*  
A development that addresses the sites unique attributes and enhances the character of the local area through use of appropriate materials. Awareness of the linear nature of the site and the approach to public/ private areas;
  - *Understanding of the Local Context and Propose Connections*  
The development will improve connection to Canning Town Station and incorporate connection from the site to the Limmo Site (Area 9). Connectivity to the new Town Centre (Area 7) will also be established alongside opportunities to connect beyond the Limmo Site and the Leaway. To the west of the site an area is to be safeguarded for a bridge that accommodates cyclists and pedestrians;
  - *Delivery of Non-Residential Floorspace*  
8,000 sq m non-residential floor space is to be provided within the development and achieve the same standards of exceptional urban design and to generate employment.
- 2.2 The expected outcome of this disposal is a residential-led scheme of a high quality with a minimum development of 1,117 residential homes, incorporating 35% affordable housing provision and 8,000

sq m of non-residential floorspace. Under the key terms and conditions of this appointment the developer shall:

- Enter into a Development Agreement (DA) and Building Lease, both based on a standard form, and a Head Lease. The DA is conditional on the delivery partner securing a detailed planning permission (which is subject to the approval of GLAP) and will need to provide evidence of funding delivery.
- Submit a detailed planning application within:  
*Submission Target Date:* 9 months from the date of the Development Agreement  
*Submission Longstop Date:* 18 months from the date of the Development Agreement
- Pay a guaranteed minimum land value (net of all costs) on the basis of the financial offer, submitted as part of the ITT, for the transfer of long-term leasehold interest in the site;
- Provide a payment of 20% of the land value to GLA when the delivery partner enters into the Building Lease and all conditions are therefore settled within the Development Agreement
- Assume control of the site and be responsible for all estate management requirements, including health and safety and security following entering into the Development Agreement, but not in relation to the existing community nursery occupation which it is the GLA's responsibility to determine.

### 3. Equality comments

- 3.1 The scheme will be fully assessable and DDA compliant. The proposal will meet this requirement and will be addressed in more detail as the detailed design progresses.

### 4. Other considerations

- 4.1 Key risks and issues:

Key Risks	Mitigation Strategy
The developer fails to gain a suitable planning permission	The developer participated in a formal pre-application meeting with the local planning authority on the scheme submitted as part of the tender. A requirement of the Development Agreement is the development partner will enter into a Planning Performance Agreement (PPA) with LBN, which will specify milestones for submission of planning application and timescales for borough response.
The developer defaults on the offer, which would delay delivery of the project	The purchase price within the Development Agreement is a guaranteed minimum sum.
Unforeseen ground conditions impacting on the design and construction of the scheme.	The developer was provided with all technical site reports and ground condition assessments that were available to GLAP at the time the ITT was issued. In addition, the developer has undertaken a suite of further surveys in advance of signing up to the Development Agreement.

Withdrawal or lack of interest from occupiers, in particular in relation to the non-residential floor-space	Support the developer in preparation of the sales and marketing strategy. Current market discussion with potential occupiers is positive and created confidence in relation to securing users. Flexibility built into proposal regarding non-residential floor space.
Withdrawal or unable to secure long-term institutional investment or PRS investor funding package	The competitive LDP launch and site disposal for PRS development has encouraged and engaged with a range of long-term institutional investors attracting potential funding sources. The GLA and the preferred development partner have worked closely to ensure the suitability of the development agreement for a long-term partner and have worked closely throughout the process with Fizzy Living.
The procurement process is challenged	As set out on previous HIG reports a transparent, fair and equal procurement process has been undertaken, supported by a procurement agent.

## 5. Financial comments

5.1 Provided in Part 2

## 6. Legal comments

6.1 GLAP have and are being advised by Eversheds throughout this project including in relation to the fine tuning of the Development Agreement.

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 and 2 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 On 10 September 2014 Housing Investment Group received a report outlining the results of a competitive tender exercise to develop the land at Silvertown Way. The Group endorsed the preferred development partner and noted the receipt for the sale of the site.

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

- 8.1 The next steps are summarised below:

<b>Activity</b>	<b>Timeline</b>
Mayoral Decision	April 2015
Enter into the Development Agreement	June 2015
Submission of Planning Application	December 2015
Planning Approval/ Signed s106	June 2016
Start on Site (Longstop)	January 2017
Completion	April 2022

### **Appendices and supporting papers:**

Appendix 1 – Red line boundary plan of the site

**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**

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:**

Amy Cook 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**