

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD1350

Title: Greenwich Peninsula Plot Drawdown – N0205, N0206 and N0207

Executive Summary:

GLA Housing & Land Directorate requests the approval of the Executive Director of Housing and Land and the Executive Director of Resources to approve the grant by GLA Land and Property Limited (GLAP) of leases to Knight Dragon Developments Limited (Knight Dragon), or its wholly-owned subsidiary company, in respect of Plots N0205, N0206 and N0207 at Greenwich Peninsula. The development of these plots will provide 1,007 residential units, incorporating a range of dwelling types and tenures

This request for a delegated decision follows Mayoral Decision MD1111 which records the Mayor's decision to delegate his decision-making powers with relation to development decisions in respect of the GLAP land holdings at Greenwich Peninsula to the Executive Director of Housing and Land and the Executive Director of Resources, in order to provide a clear separation between the Mayor's planning decision-making powers and his ability to make decisions affecting development.

Decision:

That the Executive Director of Housing and Land and the Executive Director of Resources approve the grant of leases in respect of Plots N0205, N0206 and N0207 pursuant to the 2002 Land Disposal Agreement to Knight Dragon Developments Ltd, or any wholly owned subsidiary company of Knight Dragon Developments Ltd, on the terms described in the Part 2 confidential section and their development into 1,007 residential units and associated amenity provision.

AUTHORISING DIRECTORS

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.
It has my approval.

Name: David Lunt

Signature:

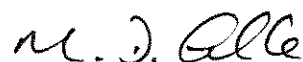


Position: Executive Director, Housing & Land

Date: 3.6.15

Name: Martin Clarke

Signature:



Position: Executive Director, Resources

Date: 3.6.15

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

The regeneration of Greenwich Peninsula is a key priority for the Mayor, and represents one of the largest development projects involving public land in London.

The Greenwich Peninsula site, which comprises circa 67 separate plots, was previously owned by English Partnerships (EP). Whilst in EP ownership, a joint venture (JV) was established to facilitate development of the site. EP's original JV partners were Quintain Estates and Development Plc and Lend Lease.

In the summer of 2012, control of the JV changed and the 50% of the JV owned by Lend Lease, together with a further 10% of Quintain's share, was acquired by Knight Dragon, a Hong Kong based investment company. Knight Dragon is now the sole holder of the option to develop GLAP land at Greenwich Peninsula.

All development on the Peninsula comes forward under the terms of the Land Disposal Agreement (LDA), a development agreement established in 2002 between GPRL and EP and the Land Assembly Agreement (LAA) (an ancillary agreement to the LDA relating primarily to land which was already held by the JV at Greenwich Peninsula when the LDA was entered into). The LDA gives Knight Dragon exclusive rights to develop the plots that form the Greenwich Peninsula area.

In order to accelerate the pace of construction and the delivery of affordable housing on the Peninsula, Housing Investment Group (6 November 2012) endorsed a deal to prioritise the delivery of 11 plots of residential development on varied commercial terms. These terms improved development viability on the 11 plots and were set out in a Deed of Variation to the LDA. The Executive Director of Housing and Land and the Executive Director of Resources approved entry into the Deed of Variation on 27 January 2014 (DD1139).

The Deed of Variation obliges the developer to complete 7 plots of residential development as a priority, with the final 4 plots to be delivered later in the programme. The Deed also permits the developer to delay delivery of the final 4 plots of residential development if an alternative site is identified that can maintain the pace of housing delivery. Knight Dragon has requested that plots N0205, N0206 and N0207 be confirmed as the alternative site and that this site is brought forward before they begin construction on the final 4 plots. The final 4 plots are situated on Meridian Quays to the west of the Peninsula and substantial infrastructure works will need to be carried out before these plots can be developed.

Plots N0205, N0206 and N0207 lie to the north east on the site and are adjacent to the O2 Arena. Knight Dragon has secured planning permission for 1007 residential units in a scheme comprising five blocks of apartments. The scheme will deliver a Minimum Land Value (MLV) to GLAP in accordance with the terms of the LDA and will provide 20% affordable housing. Affordable housing provision will be subject to a review mechanism, set out as a requirement in the section 106 agreement imposed by the local planning authority (Royal Borough of Greenwich).

Existing permission

The consented masterplan for the whole of the Greenwich Peninsula, which received outline permission in February 2004, provides for mixed use redevelopment of the Greenwich Peninsula

including, office, retail, food, beverage and residential uses (including student housing) throughout the Peninsula. Plots N0205, N0206 and N0207 are set within the wider Peninsula masterplan area.

Outline planning permission for the 80ha site was secured in 2004 for the following:

- Retention and change of use of Dome (127,000 sq m) for mixed use including up to 26,000 capacity Arena and creation of Dome Waterfront (62,000 sq m) including entertainment, retail, food & drink, and leisure
- 10,010 homes (38% affordable)
- 325,000 sq m business space
- 22,800 sq m retail
- 10,950 sq m food and drink
- 60,000 sq m hotel
- 13,310 sq m education
- associated community space

Knight Dragon has recently submitted a new outline planning application to Royal Borough of Greenwich for determination.

2. Objectives and expected outcomes

This DD will permit Knight Dragon to enter into development agreements with GLAP, draw down plot leases and begin construction on the proposed residential units. In order to preserve their development programme and ensure that affordable homes are delivered early, Knight Dragon have proceeded at risk in establishing site construction compounds and letting construction contracts.

All leases will be granted in accordance with the terms of the LDA. Knight Dragon will directly develop 1007 units of residential accommodation. The scheme will also include amenity space, disabled parking space, communal facilities and cycle storage and will be built to all current GLA design standards and Code for Sustainable Homes level 4. The scheme has detailed planning permission.

Under the terms of the LDA, GLAP is entitled to a Minimum Land Value (MLV) from each plot in its ownership that is granted a leasehold interest. The MLV is determined by a formula set out in the LDA and is based on a value per square foot of Gross External Area. A table of MLV payments due to GLAP is set out in part two of this paper.

The scheme will provide 205 affordable homes (20% of the overall total). These homes will be a mix of affordable rented homes (153) and intermediate (52). 140 affordable homes will be delivered in the first phase of development. The developer is obliged under the section 106 agreement to review the financial viability for the scheme at the beginning of phase two (the final three apartment blocks) and this will determine whether the developer should increase the number of affordable homes on the scheme.

3. Equality comments

Consideration has been given as to how the proposed disposal relates to the public sector equality duty and the potential impacts of this decision. Equality of opportunity is monitored through Royal Borough Greenwich occupational health and accessibility officers as part of the planning application process.

Additionally, the appointed Registered Provider will ensure that adaptable homes are provided as part of the affordable housing provision. All homes provided on this land will be London Housing Design Guide compliant and accessibility measures are monitored.

4. Other considerations

a) Links to strategies and Mayoral and corporate priorities

Greenwich Peninsula is a key development priority for the Mayor and it is imperative that development momentum is maintained on site.

The development of N0205, N0206 and N0207 will provide a significant number of new jobs - estimated at 2,000 through the construction of the dwellings - and will contribute to growth on a key brownfield site in London. In addition to the physical regeneration benefits, the developments will provide 205 affordable housing units, 140 of which will be delivered by March 2018. The provision of residential accommodation on the Peninsula is also a key priority for Royal Borough Greenwich.

The ground floor of the development will provide high specification commercial and retail accommodation, along with social infrastructure and residents services facilities.

b) Impact assessments and Consultation

Officers at the GLA have attended design meetings with Knight Dragon's architect and are comfortable with the evolution of the scheme proposals. All proposals have been assessed by RBC's urban design consultants. The scheme has also been subject to a CABI review.

Responses to the formal consultations carried out by Knight Dragon and their planning consultants as part of the planning applications were addressed through detailed design and discussed during planning committee at Royal Borough Greenwich. All plots have planning permission.

c) Risk

Officers at GLA have worked to provide information and approvals in a timely manner to allow the developer to proceed with certainty. Development has started on site under licence.

GLA officers will monitor site progress on a monthly basis. Any changes in proposed development programme will be flagged at the earliest juncture and measures put in place to secure minimisation of development slippage.

5. Financial comments

Financial comments have been provided in the Part 2 confidential paper.

6. Legal Comments

The foregoing sections of this report indicate that the decision requested falls within the statutory powers of the Authority exercisable by the Executive Director of Housing and Land and the Executive Director of Resources (pursuant to their delegated authority granted under MD1111), to do such things as are considered facilitative of or conducive to the promotion of economic development, social development and the improvement of the environment in Greater London

Therefore the Executive Director of Housing and Land and the Executive Director of Resources (having delegated authority via MD1111 pursuant to section 38 of the Greater London Authority Act

1999) may approve the proposed entry into the agreement and other legal documents referred to in this report if satisfied with the content of this report.

As GLAP will be the party to the legal documentation GLAP will also need to approve the proposed documentation in accordance with its constitution.

Appendices and supporting papers:

None

Public access to information

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

Part 1 deferral: any fact or information whose release before a specific date would compromise the implementation of the decision may be included in Part 1, with Part 1 being deferred until after that date. Deferral periods should be kept to the shortest length strictly necessary.

Is the publication of this approval to be deferred? Yes

If YES, for what reason: Until the contract has been signed

Until what date: Expected to be by 15 July 2015

Part 2 confidentiality: any fact and advice that should not be automatically made public should be in the separate Part 2 form, together with the rationale for confidentiality.

Is there a part 2 form – YES**ORIGINATING OFFICER DECLARATION:**

Tick indicates
approval (✓)

Drafting officer:

William Stewart has drafted this report in accordance with GLA procedures and confirms that:

✓

Assistant Director/Head of Service:

Simon Powell has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Directors for approval.

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. J. Ollé

Date

3.6.15