

## REQUEST FOR DIRECTOR DECISION – DD2646

### Title: Blackhorse Yard – Feasibility study and development brief

#### Executive summary:

The GLA acquired the Blackhorse Yard site (the former Webbs Industrial Estate) in 2016 and secured a development partner in 2017. Catalyst and Swan Housing Association received planning permission in March 2021 for a scheme delivering 359 affordable homes. Due to changes in the partners' financial situations and the economic context, the consented scheme is not viable under the terms of the Development Agreement. As a result, this was terminated in February 2023.

The GLA is now looking at options to bring this site to the market for disposal to a development partner, to deliver a policy-compliant, housing-led, mixed-use scheme that meets the GLA's objectives for the site.

This Director's Decision seeks approval of expenditure of up to £145,999 to undertake a feasibility study looking at maximising development potential and deliverability. The feasibility study will inform discussions with the London Borough of Waltham Forest to agree key parameters gathered in a development brief to support the future procurement exercise.

#### Decision:

That the Executive Director of Housing and Land approves:

Expenditure of up to £145,999 for GLA Land and Property Ltd to commission a feasibility study seeking to: optimise development on the site; and engage with the local planning authority to set out parameters for a development brief, ahead of launching the formal procurement process, and for the development brief.

#### AUTHORISING DIRECTOR

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:** Tim Steer

**Position:** Executive Director, Housing and Land

**Signature:**



**Date:**

26 July 2023

pp. Simon Powell, Assistant Director, Strategic Projects & Property on behalf of Tim Steer

## **PART I – NON-CONFIDENTIAL FACTS AND ADVICE**

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

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

- 1.1. GLA Land and Property (GLAP) acquired the Blackhorse Yard site, in the London Borough of Waltham Forest, for £12m in March 2016, as approved by MD1627 and ADD394 – which also approved budget for stamp duty land tax, and legal and commercial advice, totalling up to £820,000. In April and July 2017, ADD2108 and MD2160 approved expenditure of up to £504,700 for the GLA to engage with the market to bring the site forward for development through a land disposal to deliver new affordable housing.
- 1.2. MD2150 approved the appointment of a development partner for the site to deliver a fully affordable housing scheme. Catalyst and Swan Housing Association received planning permission in March 2021 for a scheme to deliver 359 affordable homes, 100 per cent affordable, on the site (local planning authority (LPA) reference 183424).
- 1.3. Owing to changes in the partners' financial situations, as well as the general economic and regulatory context, the consented scheme is not viable under the terms of the Development Agreement. As a result, this was terminated in February 2023.
- 1.4. Officers are now looking at options to bring this site to the market for disposal to a development partner to deliver a housing-led, mixed-use scheme that meets the GLA's objectives for the site (as set out in section 2).
- 1.5. The proposals in this report have been considered by GLAP directors. The proposals are to produce a feasibility study seeking to optimise development on the site; and to engage with the LPA to set out parameters for a development brief, ahead of launching the formal procurement process and the proposed budget of up to £145,999. This takes the total expenditure on the project to £13,123,924.47.
- 1.6. Officers will seek a Mayoral Decision, following completion of the feasibility study and development brief, for approval to launch the procurement process and associated estimated expenses for legal and commercial advice. These costs are currently estimated at £247,380.

#### Site description

- 1.7. The site (edged red at Appendix 1) is located off Blackhorse Lane, within the London Borough of Waltham Forest (LBWF), in close proximity to Blackhorse Road Overground and Underground station.
- 1.8. The site is bound to the north by Higham Lodge Business Centre, comprising low-rise industrial units and workshop spaces that are circa two storeys; and to the south by the back gardens of two-storey Victorian terraces on Blenheim Road. The site fronts onto Sutherland Road, and mid-rise residential buildings (four to six storeys), to the east; and Blackhorse Lane and the Blackhorse Lane Strategic Industrial Location to the west.
- 1.9. The site, measuring 1.76 hectares, has been vacant since 2010 and is currently hoarded. It was previously used for storage, distribution and industrial activities. It is broadly rectangular in shape with an additional spur on the south-east corner, to the rear of the houses on Blenheim Road. The site was cleared in 2018, except for a substation. Access to the site is primarily from Sutherland Road, with secondary access to the substation from Blenheim Road, for UK Power Networks only. The Dagenham Brook – historically a stream but now culverted – laterally bisects the site from East to West.

#### The extant planning permission (LPA ref. 183424) and planning context

- 1.10. The extant planning permission is for a mixed-use development of 359 shared-ownership homes; and 2,565 square metres of non-residential floorspace, including retail space, workspace (of which 122 square metre is affordable), artists' workshops, and community floorspace.

- 1.11. If not implemented beforehand, the permission will expire on 21 March 2024.
- 1.12. A review of the extant permission identified inefficiencies impacting the scheme's viability and deliverability. In addition, the extant permission does not comply with recent updates to building regulations and policy standards, including:
- energy standards and the introduction of revised factor emissions making gas-fired boilers and combined-heat and power plants unlikely to meet Part L of the Building Regulations
  - fire safety standards and the introduction of a requirement for two staircases in buildings above 30m.
- 1.13. Given the scale of amendments that would be required to address the inefficiencies and compliance issues identified, combined with the limited time remaining for implementation (nine months), a new planning permission will be required.
- 1.14. The site is identified in the LBWF's emerging Local Plan (LP2: site allocations, proposed submission document, 2021) as SA34 – Webbs Site, for "comprehensive redevelopment to provide industrial-led employment space and new homes".
- 1.15. The site allocation is consistent with uses and quantum consented under the extant permission, which requires development proposals to:
- optimise site capacity and deliver around 350 new homes
  - make provision for 2,565 square metres of non-residential floorspace – comprising 1,252 square metres of flexible floor space and 1,313 square metres of employment floor space
  - provide a new connection between Sutherland Road and Blackhorse Lane
  - deliver public realm enhancement along Sutherland Road and Blackhorse Lane.

#### Feasibility study and development brief

- 1.16. Given the issues highlighted with the extant permission in terms of both viability and Building Regulations compliance, it is recommended that a feasibility study is undertaken which would:
- maximise development potential and deliverability
  - deliver a policy-compliant tenure mix, 50 per cent affordable – of which 70 per cent would be social rent and 30 per cent would be intermediate housing, in line with the LBWF's local plan as well as the London Plan
  - ensure the site meets building regulations
  - address design inefficiencies.
- 1.17 The feasibility study should look at a policy-compliant scheme that is in line with the emerging LBWF Local Plan Site Allocation, and delivers Mayoral objectives as set out in section 4, below.
- 1.18 The feasibility study will inform pre-application meetings with LBWF and the GLA Planning team, leading to the production of a development brief and a site valuation that will support a future procurement exercise.
- 1.19 It is anticipated that the production of the feasibility study and development brief will take eight months, and therefore delay the launch of the procurement. However, recent experience on the former Peel Centre sites in Hendon (Aerodrome Road and Rowan Drive) demonstrated that clear development parameters, agreed with the planning authority in advance of procurement launching, provided a desirable degree of planning certainty to bidders, enabling programme efficiencies during the design and planning process. This also provides a more evidence-based baseline against which to

score the planning deliverability of proposals. Additional planning certainty has the potential to support competitive land offers.

- 1.20 The estimated budget and timescales for the feasibility and development brief are set out in the tables below.

*Estimated budget:*

Item	Budget
Design team	£88,500
Valuation	£30,000
LPA engagement	£20,546.67
Contingency – 5 per cent	£6,952.33
<b>Total</b>	<b>£145,999</b>

*Estimated programme:*

Stage	Date
Design team procurement	July to August 23
Design development	August to November 23
LPA engagement	October 23 to January 2024
LBWF and GLA feedback	February 2024
Planning brief finalisation	February to March 2024
<b>Total length</b>	<b>June 2023 to March 2024</b>

## 2. Objectives and expected outcomes

### Development brief requirements

- 2.1. The following vision has been developed for the site, setting out the GLA's wider strategic aims.
- 2.2. The development will optimise the capacity of the site by taking a design-led approach to deliver a mixed-use residential-led development, which will form a cohesive part of the existing and emerging community at Blackhorse Lane. It will optimise the number of homes (with at least 50 per cent of these being genuinely affordable) and incorporate circa 2,265 square metres of workspace, including affordable workspace, thus meeting the objectives and needs of the Blackhorse Lane Creative Enterprise Zone (CEZ). The scheme will be integrated with the wider neighbourhood, increasing connectivity and demonstrating how high-quality, net zero-carbon homes can be delivered on GLA sites.
- 2.3. The development brief specification will incorporate the following requirements for the site:
- minimum 350 homes
  - minimum 50 per cent of the homes (by habitable room) to be genuinely affordable, of which 70 per cent will be for social rent and 30 per cent intermediate housing
  - the affordable homes must be social rent, London living rent, or shared ownership (as defined in the Affordable Homes Programme 2021-26 funding guidance)
  - the development proposals must provide non-residential uses, including workspace and affordable workspace, to activate key ground-floor frontages along Blackhorse Lane and Sutherland Road; and must align with the objectives of the Blackhorse Lane CEZ
  - the development proposals must be submitted to an independent design review panel as part of the planning process

- the development proposals must comply with the GLA's five building safety standards (as defined in the Affordable Homes Programme (AHP) 2021-26 funding guidance)
- development proposals should meet, and where possible exceed, the GLA's eight design standards (as defined in the AHP 2021-26 funding guidance)
- development proposals must meet the GLA's five sustainability standards (as defined in the AHP 2021-26 funding guidance)
- development proposals must address GLA Good Growth by Design standards and guidance.

2.4. There will be additional expectations set out in the development brief specification around the GLA's objectives for the site, including:

- a realistic and robust delivery programme that reflects an ambition for the scheme to start on site as soon as possible after the development agreement has been signed
- a requirement for the selected development partner to consider the implementation of meanwhile uses on the site, in order to: create a positive relationship with the local community; further the interests of the existing Blackhorse Lane CEZ; and participate in regeneration of the local area, including potential job creation and delivering local community benefits from the creative-sector growth in the area
- a requirement for selected development partner to put in place a robust community engagement strategy from inception through to completion of the scheme
- a requirement for the selected development partner to put in place a long-term strategy to ensure the completed development is managed effectively and to a high standard in perpetuity, in accordance with the Public London Charter (adopted October 2021)
- the prohibited sale of leasehold homes
- compliance with the principles of the Mayor's Shared Ownership Charter, including publishing details of any additional fees and charges for these homes
- compliance with the principles of the government's pledge for leaseholders, alongside an expectation that the development partner must offer 990-year leasehold contracts.

### 3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010 (the Equality Act), as a public authority, the GLA must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation; and to advance equality of opportunity, and foster good relations, between people who share a protected characteristic and those who do not. Protected characteristics under the Equality Act comprise age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation and marriage or civil partnership status.
- 3.2. The purpose of the procurement is to select a development partner to deliver a residential-led, mixed-use development on the combined site. By requiring development to maximise housing delivery on the site, the procurement will contribute to meeting the housing need in Waltham Forest. This is particularly important as Waltham Forest's population is projected to increase by 52,000 (19 per cent) between 2019 and 2035; and to reach over 328,000 by 2035.<sup>1</sup>
- 3.3. By setting a minimum requirement that 50 per cent of the homes will be delivered as affordable homes, the procurement will allow more people to access the genuinely affordable homes they need, including women; Black, Asian and minority ethnic groups; and lower income-groups. Evidence indicates that these groups tend to need this tenure of housing more. This is particularly important as

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<sup>1</sup> GLA, [2017-based housing-led population projections](#), Borough Preferred Option

the ratio of house prices to earnings in the borough has risen sharply over the past 10 years, from 7.63 in 2006 to 14.19 in 2017. This means more and more people's housing needs cannot be met in the private housing sector,<sup>2</sup> leading to more than 8,000 households being placed on the housing register, and over 2,200 householders living in temporary accommodation, within the borough.

- 3.4. In addition to maximising the number of homes delivered on the site, the procurement will set a requirement for the delivery of workspace, including affordable workspace. The delivery of affordable workspace may enable those on lower incomes to start a business, create new jobs and foster local economic growth. This is particularly important as the 2019-20 Office for National Statistics (ONS) Annual Population Survey identified Waltham Forest has having higher unemployed rate (5.5 per cent) than the rest of London (4.7 per cent) and the UK (3.9 per cent).<sup>3</sup>
- 3.5. The procurement will also ask bidders, at the standard selection questionnaire stage, to confirm their commitment to supporting apprenticeships and/or skills development through the contract. The delivery of any work placements, educational work experience, local job opportunities and apprenticeships will then be monitored through the course of the Development Agreement. This aligns with the Mayor's strategic objective to work with boroughs and businesses to increase the number and diversity of people gaining the skills they need through apprenticeships and skills training, as set out in the Mayor's equality, diversity and inclusion (EDI) strategy. This is particularly important as the Waltham Forest population has been particularly impacted by COVID-19: as of September 2020, 35 per cent of the borough's non-full-time student employees aged 18-24 earn less than they did prior to the outbreak.<sup>4</sup>
- 3.6. The selected development partner will be required to ensure that their employees and workers are paid the London Living Wage; and to use reasonable endeavours to ensure that consultants, contractors and sub-contractor employees also meet this requirement, as well as employees and workers in end-use commercial space.
- 3.7. Finally, the procurement will incorporate a requirement for bidders to demonstrate their approaches and commitment to enhancing and promoting EDI through the development of the site, with a focus on how the design of the site responds to the local context; creates a safe and inclusive place for all; and will deliver social value for local communities. Requirements will also be added for the developer to demonstrate how EDI objectives are embedded in their own procurement process for the selection of design and consultant teams, as well as contractors and sub-contractors. These requirements are intended to promote diversity in the built environment sector, and create a more equal, diverse and inclusive London, by meaningfully enhancing organisational practices, procurement methods and engagement with communities. More specifically, bidders will be required to align and embed the recommendations of the Good Growth by Design [Supporting Diversity Handbook](#) and [Process Note: Procuring Social Value and EDI](#).

## 4. Other considerations

### Links to Mayoral strategies and priorities

- 4.1. The comprehensive regeneration of the large vacant brownfield site will bring many benefits to the local communities of Waltham Forest; and increase the much-needed housing supply in London.
- 4.2. The requirements set out in the development brief will align with the requirements of the London Plan, with a particular focus on high quality, net zero-carbon homes. This is particularly relevant for the Blackhorse Lane site, as there is an opportunity for the site to connect into the low-carbon area-wide district energy network in Enfield – which will ultimately be supplied from the Edmonton Energy Recovery Facility when it is operational, in 2025-26. Bidders will be asked to explore the opportunity to incorporate a connection to this district energy heat network.

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<sup>2</sup> Waltham Forest Housing Strategy 2019-24

<sup>3</sup> ONS, [Labour Market Profile](#), Waltham Forest

<sup>4</sup> Rocket Science, 2020, COVID-19 and Waltham Forest Labour Market

- 4.3. The delivery of affordable workspace within the Blackhorse Lane CEZ aligns with the London Plan Policy HC5: supporting London's culture and creative industries, by helping deliver spaces that are suitable, attractive and affordable for the creative industries, taking into account the particular requirements of established and emerging creative businesses in the CEZ.

#### Key risks and issues

- 4.4. The key risks and mitigating actions are outlined in the table below.

<b>Risk</b>	<b>Impact</b>	<b>Mitigation</b>
<b>Commercial</b>		
Bids come in below the value paid for the site in 2016 and are insufficient to recover costs incurred to date.	The project does not proceed, and no housing is built.	<ul style="list-style-type: none"><li>• The feasibility study will seek to optimise development quantum and deliverability on the basis of a policy-compliant scheme.</li><li>• The feasibility will inform an updated valuation for the site before it is launched to the market.</li></ul>
<b>Planning and/or technical</b>		
The proposed change in tenure mix is not supported by LBWF.	The scheme does not receive planning permission and cannot be completed.	<ul style="list-style-type: none"><li>• The GLA will engage with LBWF as part of the feasibility study and development brief production to ensure buy-in to the approach.</li></ul>
<b>Political/reputational</b>		
Further delay to the site delivery.	Housing and affordable housing delivery is delayed.	<ul style="list-style-type: none"><li>• The feasibility study will provide a degree of planning certainty which should enable programme efficiencies during the design and planning process.</li><li>• The bidder's approach to delivery will be assessed through the invitation to tender, with the evaluation based on how early bidders could start on site, whilst ensuring that their programme is robust and realistic.</li></ul>

#### *Conflict of interest*

- 4.5. There are no conflicts of interest to declare from those involved in the drafting or clearance of this decision form.

## **5. Financial comments**

- 5.1. This decision requests approval for budget expenses of up to £145,999 to produce a feasibility study seeking to optimise development on the site; and engage with the LPA to set out parameters for a development brief ahead of launching the formal procurement process.
- 5.2. The above expenditure will be met from GLAP's Development Management Expenditure revenue budget and will be expended in financial year 2023-24.

## **6. Legal comments**

- 6.1. Section 30 of the Greater London Authority Act 1999 (as amended) (GLA Act) gives the Mayor a general power to do anything that he considers will further one or more of the principal purposes of the GLA as set out in section 30(2) which are:
- promoting economic development and wealth creation in Greater London

- promoting social development in Greater London
- promoting the improvement of the environment in Greater London.

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
- consult with appropriate bodies.

- 6.2. In exercising the power contained in section 30(1) of the GLA Act, the GLA must have regard to the matters set out in sections 30(3-5) and 33 of the GLA Act' and the Public Sector Equality Duty in section 149 of the Equality Act, as set out above, in section 3.
- 6.3. Sections 1-3 of this report indicate that the decision requested of the Executive Director of Housing and Landis within the GLA's statutory powers.

## 7. Planned delivery approach and next steps

- 7.1. The next steps following approval of this decision are summarised below. The timescales are based on estimates and are subject to discussions with the appointed design team.

Activity	Timeline
Design team procurement	July to August 2023
Design team briefing	August 2023
Design development	August to November 2023
Pre-application process w/LBWF and GLA	October 23 to January 2024
LBWF and GLA feedback	February 2024
Development brief finalisation	February to March 2024

## Appendices and supporting papers:

Appendix 1 – Blackhorse Yard site location



## Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) 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 be published either within one working day after it has been approved 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 maintain confidentiality on approved budget until all consultants are appointed and the feasibility study has concluded.

Until what date: 1 June 2024

## Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under the FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

### Is there a part 2 form – NO

## ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

### Drafting officer:

Tifenn Kergosien has drafted this report in accordance with GLA procedures and confirms the following:

✓

### 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.

✓

### Financial and Legal advice:

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

✓

### Corporate Investment Board

A summary of this decision was reviewed by the Corporate Investment Board on 24 July 2023.

## INTERIM CHIEF FINANCE OFFICER:

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

**Signature**

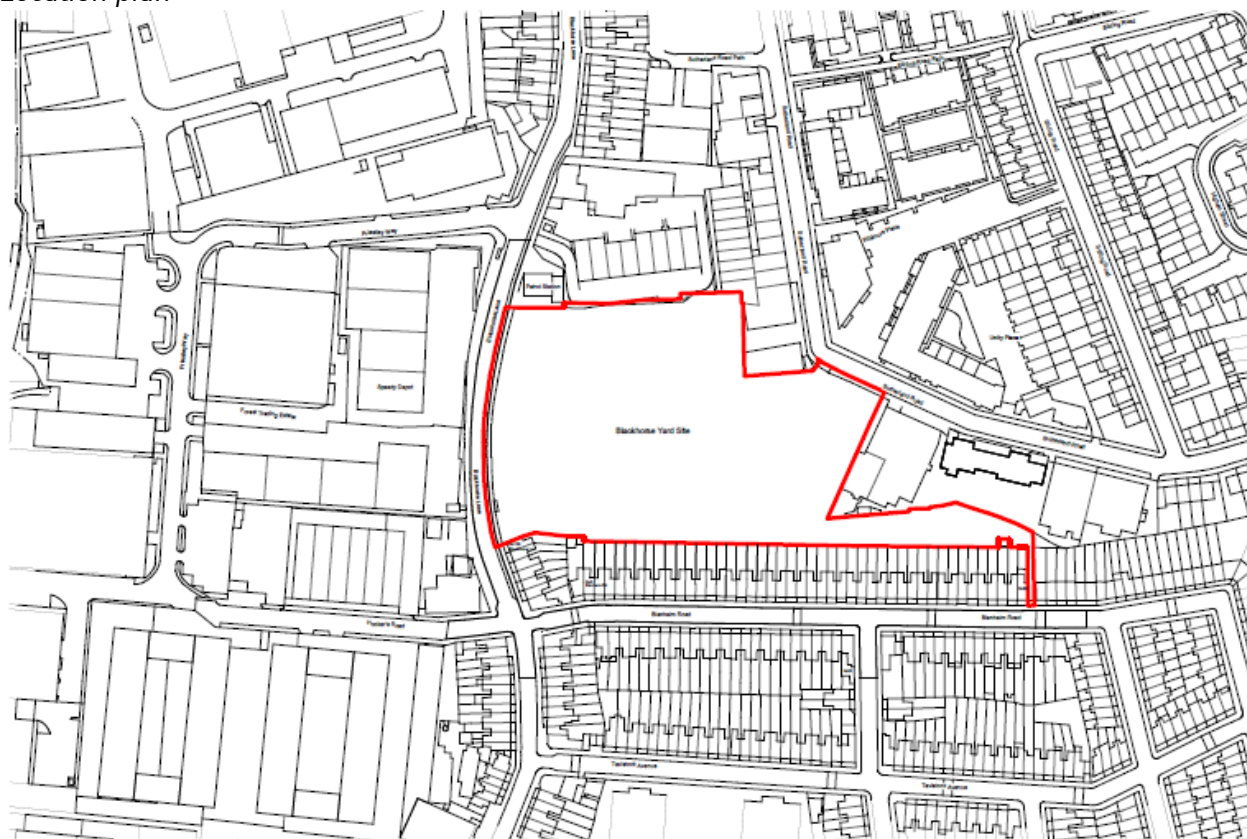


**Date**

26 July 2023

## Appendix 1 – Blackhorse Yard site location plan

*Location plan*



*Aerial view*

