

REQUEST FOR DIRECTOR DECISION – DD2688

Title: Pudding Mill Lane – Land Transfer with Transport for London

Executive Summary:

The London Legacy Development Corporation (LLDC) is seeking approval of a land transfer between LLDC and Transport for London (TfL), for small parcels of land within the proposed Pudding Mill Lane (PML) development (total 0.215ha). The land transfer would mutually benefit both parties, allowing LLDC to consolidate full ownership of the PML site and enable the proposed development to be delivered; and TfL to consolidate ownership of land around their Pudding Mill Lane DLR station asset.

LLDC is due to bring forward a large mixed-use development of c. 948 units and 51,000m² of Type E non-residential space on the PML site and requires the small parcels of TfL land to obtain full ownership of the site. LLDC launched procurement of a Joint Venture (JV) partner in January 2023 and are expecting to sign a contract in Spring 2024.

LLDC and TfL have agreed to complete the land transfer at nil value with the inclusion of a restrictive covenant on the land located within the PML development. This will restrict the uses that can be built upon the land and thus limit the development value of the land.

Consent to the transfer of land from LLDC to TfL is required under Paragraph 4.4 of the LLDC Governance Direction updated 2019 (approved by MD 2502), because the transfer PML constitutes a 'Land Transaction' as defined by clause 2 of the National Lottery Funding Repayment Agreement (NLFRA). Paragraph 1.2 of the Governance Direction delegates the Mayor's powers to issue the various consents to a Director.

Decision:

That the Executive Director of Good Growth approves the transfer of the small parcels of land on the Pudding Mill Lane site from LLDC to TfL at nil value and in exchange for a transfer of parcels of land from TfL to LLDC as shown on the plans at Appendix B, being a 'Land Transaction' as defined by clause 2 of the National Lottery Funding Repayment Agreement (NLFRA).

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: Phillip Graham

Position: Executive Director Good Growth

Signature:



Date:

12/02/2024

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. The Pudding Mill Lane (PML) site is a 5-hectare site located to the south of Queen Elizabeth Olympic Park (QEOP) adjoining Pudding Mill Lane DLR station. An Outline Planning application was granted in October 2023, in line with the requirements of the Legacy Communities Scheme consent. The outline permission is for approx. 948 unit (377 affordable) and approx. 51,000m² of Type E non-residential space on the site. The location of the site can be found in Appendix A.
- 1.2. LLDC launched a procurement for a Joint-Venture (JV) partner to deliver the development in January 2023 and are expected to enter contract with a JV partner in Spring 2024.
- 1.3. In 2020, as part of its due diligence for the site, LLDC undertook a land referencing exercise which identified that Transport for London (TfL) owned some small parcels of land on the PML site, preventing LLDC from having full ownership of the PML site. LLDC subsequently engaged with TfL regarding the parcels of land, seeking to obtain the land. In return, TfL identified 4 small parcels of land, adjacent to the PML DLR station, which are within LLDC's ownership, and it was provisionally agreed, subject to internal approvals, that the land would be swapped, in accordance with the GLA LAP reciprocal property principles agreement.
- 1.4. The area of the land parcels, including both parties land interest, totals 0.215 ha, with LLDC owning 0.025 ha and TfL owning 0.19ha. A plan showing the parcels of land overlayed on the illustrative masterplan can be found in Appendix B. LLDC have been advised by Herbert Smith Freehills (HSF) on this matter. TfL have been advised by Eversheds Sutherland. The legal documentation regarding the land transfer is currently being finalised, targeting completion in February 2024, but has been agreed in principle between LLDC and TfL.
- 1.5. In January 2021, Jones Lang LaSalle (JLL) undertook a red book valuation on the parcels of land on behalf of LLDC and TfL. As the table below shows, the red book valuation concluded that a net payment of £8,250 is due from LLDC to TfL. A copy of the valuation report, including maps of the land parcels, can be found in Appendix B.

Plot	Size (Acres)	Market Value
Disposal Plan 1 – TFL to LLDC (land verge on the southern side of Barbers Road)	0.17	£8,500
Disposal Plan 2 – TFL to LLDC (corner of Pudding Mill Lane pavement and grass verge)	0.02	£1,000
Disposal Plan 3 – LLDC to TFL (paved land near Waterworks River)	0.01	£500
Disposal Plan 4 – LLDC to TFL: Parcel 1 (land next to DLR station)	0.011	£550
Disposal Plan 4 – LLDC to TFL: Parcel 2 (concrete ground south of Marshgate Lane)	0.001	£50

Disposal Plan 4 – LLDC to TfL: Parcel 3 (concrete ground south of Marshgate Lane)	0.003	£150
TOTAL:		£10,750
Total of TfL:	0.19	£9,500
Total of LLDC:	0.025	£1,250
Net Payment		£8,250

- 1.6. It was subsequently agreed between LLDC and TfL that a restrictive covenant would be applied to the land parcels that are within the PML development and the land transferred at nil value. The restrictive covenant restricts building on the land for commercial (Class E) or residential (Class C) use, and thus ensures no increase in the value of the land. The land is currently proposed as public realm within the PML masterplan.
- 1.7. LLDC is targeting completion of the land transfer prior to signing contracts with a JV partner to ensure full ownership of the development.
- 1.8. LLDC will be seeking a further Mayoral Decision for transfer of the entire PML site, to the newly established JV, in Spring 2024.

2. Objectives and expected outcomes

- 2.1. The two key objectives for this land transfer are:
 - 2.1.1. Enable LLDC to deliver the PML scheme by securing full title ownership of the site, facilitating the delivery of much needed affordable housing
 - 2.1.2. Enable TfL to obtain full ownership of land immediately adjacent to their Pudding Mill Lane DLR station asset to help enable any future plans.
- 2.2. These objectives are aligned to both LLDC and TfL corporate objectives and the GLA's wider objectives.

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010 (the Equality Act), as a public authority, the LLDC and 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. Championing equality and inclusion is one of LLDC's four priority themes that underpin every aspect of its work.
- 3.2. The sale is not expected to have any negative impact on those with protected characteristics.

4. Other considerations

- 4.1. *a) key risks and issues*

- 4.2. Should the land swap not be concluded there is a risk to the delivery of the PML site which includes approx. 948 homes, of which 377 will be affordable.
- 4.3. TfL will not have a consolidated ownership of land around the Pudding Mill Lane DLR Station and may impact future access and maintenance of the station.
- 4.4. Prolonged legal and commercial negotiations between two members of the GLA family.

b) links to Mayoral strategies and priorities

- 4.5. The consolidation of title on Pudding Mill Lane will enable LLDC to deliver the proposed development which will contribute to the Mayors' London Plan housing targets and provide much needed affordable housing. The delivery of this scheme also aligns with the Mayor's other housing strategies and targets.

c) consultations and impact assessments

- 4.6. This is a project that has been considered and approved by LLDC's Executive Management Team.
- 4.7. It is not considered that the Mayor need to undertake any additional consultation in respect of this decision.
- 4.8. There are no conflicts of interest to note for any of those involved in the drafting or clearance of the decision.

5. Financial comments

- 5.1. The land transfer is made between two organisations within the GLA Group (LLDC and TfL). Based on the red book valuation of the parcels of land, by Jones Lang LaSalle (JLL) on behalf of LLDC and TfL, it was initially determined that a net payment of £8,250 was due from LLDC to TfL. However, it was subsequently agreed by LLDC and TfL that, subject to a restrictive covenant being applied that would prohibit uses such as residential (Class C) and commercial (Class E) that can be developed on the land transferring from TfL, the transfer would be concluded with zero consideration payable by either LLDC or TfL. The mixed-use development that is enabled as a result of the land transfer has been taken into account in the GLA's long term financial plans for the funding of LLDC.

6. Legal comments

- 6.1. Section 207 of the Localism Act 2011 (the Localism Act) provides that LLDC may acquire land in its area.
- 6.2. Section 209(4) of the Localism Act provides that LLDC may dispose of land in its area in any way it considers appropriate (subject to the requirements of section 209(1) of the Localism Act not to dispose of land for less than the best consideration reasonably obtainable (unless the Mayor consents), which is not relevant here).
- 6.3. As noted elsewhere in this paper, under paragraph 4.4 of the LLDC Governance Direction, Mayoral consent (which may be delegated to the Executive Director) is required to LLDC entering into a Land Transaction, as defined in the NLFRA. The transfer of LLDC land to TfL is within the definition of Land Transaction and so consent is hereby sought.

7. Planned delivery approach and next steps

- 7.1. An indicative programme for conclusion of the land transfer and delivery of the Pudding Mill Lane development is set out below:

Activity	Timeline
Mayoral consent received (Director Decision)	February 2024
Finalise land transfer	March 2024
JV contract signing	Spring 2024
Start on Site	Winter 2025

Appendices and supporting papers:

Appendix A – Location of PML site

Appendix B – JLL Red Book Valuation Report with map of land parcels – January 2021

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 either be published 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: until July 2024 when the land transfer has been complete

Until what date: 1 July 2024

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under 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: Jamie Dean has drafted this report in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service:

Louise Duggan 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

This decision was agreed by the Corporate Investment Board on the 12 February 2024.

✓

INTERIM CHIEF FINANCE OFFICER:

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

Signature:



Date:

12/02/2024