

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD3312

### Stratford Waterfront and Bridgewater Triangle residential developments amendments to the development agreement

#### Executive summary:

During 2021-22, the London Legacy Development Corporation (LLDC) procured a private-sector developer, as a joint venture partner, to deliver the Stratford Waterfront and Bridgewater Triangle residential developments at Queen Elizabeth Olympic Park. The joint venture vehicle (JV) was incorporated as Stratford East London Partners LLP in 2022. However, since the JV was established, market pressures and regulatory changes have had significant impacts on the viability of the schemes. As a result, it is necessary to make variations to the terms of the original development agreement (entered into between the LLDC and the JV in July 2022); the ancillary development management agreement; and the members' agreement for the JV. These variations will ensure the schemes can be delivered in the current market climate. The LLDC Investment Committee and Board have approved the variations, to be documented in a deed of variation.

Mayoral consent is sought under paragraph 4.6 of the LLDC Governance Direction 2019 (approved under [MD2502](#)), as the variations involve a regulated commitment. Consent is also sought, under section 209(1) of the Localism Act 2011, for the LLDC to dispose of the land at Stratford Waterfront and Bridgewater Triangle for less than best consideration.

#### Decision:

That the Mayor approves:

- that the London Legacy Development Corporation (LLDC) enters into a deed of variation to the development agreement with Stratford East London Partners LLP, which involves a regulated commitment under paragraph 4.6 of the LLDC Governance Direction (updated 2019)
- that the LLDC disposes of the land at Stratford Waterfront and Bridgewater Triangle at less than the best consideration that can reasonably be obtained.

#### 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:

17/11/24

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

### Decision required – supporting report.

#### 1. Introduction and background

- 1.1. In July 2022, following Mayoral consent received under [MD3002](#), the London Legacy Development Corporation (LLDC) entered into a development agreement (DA) with Stratford East London Partners LLP (SELP). SELP is the joint venture development vehicle (JV) established between the LLDC and Ballymore Stratford East 2 Limited (Ballymore), with Trapol Limited standing as guarantor for Ballymore Stratford East 2 Limited. The DA relates to the delivery of around 1,200 homes at Stratford Waterfront (SWFT) Residential and Bridgewater Triangle (BWT). These are two of the new neighbourhoods being brought forward by the LLDC as part of the legacy plans for Queen Elizabeth Olympic Park, as set out in the original Legacy Communities Scheme (2012), plus infrastructure works at BWT.
- 1.2. SWFT is a 0.96 ha (2.4 acres) brownfield site adjacent to the East Bank culture and education development, and northeast of the London Stadium. The site is owned freehold by the LLDC, and is bounded by Waterworks River and Carpenters Road.
- 1.3. BWT is a 2.4 ha (5.9 acres) brownfield site whose freehold is owned by the LLDC. It is bounded by Waterworks River; the Greenway; and Pudding Mill Allotments.
- 1.4. In October 2022, the JV raised viability concerns due to several factors, including build-cost inflation; stagnation of the sales market; and regulatory changes around fire safety. In December 2024, to address otherwise unviable schemes, the LLDC (as landowner) and the JV agreed a structural change to the DA; and subsequent changes to the JV's development management agreement, and its members' agreement.

#### Planning context

- 1.5. In July 2019, SWFT Residential was granted outline planning permission (OPP), under a hybrid planning permission with the East Bank detailed planning permission. In March 2024, the reserved matters application (RMA) was submitted for approval; and subsequently received a resolution to grant planning permission in June 2024. The formal decision notice was issued on 29 November 2024. The SWFT OPP requires the development to start within two years of the RMA being approved (i.e., before November 2026).
- 1.6. The SWFT OPP included a supporting unilateral undertaking, which secures the delivery of 50 per cent affordable housing (by habitable room). At least 30 per cent of this is to be low-cost rented (by unit). This is to be delivered across a portfolio of sites including SWFT and Pudding Mill (comprising BWT, Pudding Mill Lane and Rick Roberts Way). These are the portfolio affordable housing obligations.
- 1.7. In April 2023, BWT was granted OPP. This requires an RMA to be made within five years of the OPP being granted (i.e. before April 2028). The JV is currently preparing the RMA proposals, and expects to submit the application in June 2025.
- 1.8. Alongside the OPP for BWT, a detailed planning application was approved in August 2022 to secure its supporting infrastructure works funded by the LLDC. This application was amended in July 2024 to secure a series of minor changes. Works have now commenced on site.

#### Delivery model

- 1.9. The GLA and the LLDC explored various routes to deliver a residential-led redevelopment of these sites. They agreed that a public/private-sector JV structure was the most efficient and effective route to deliver both the SWFT and BWT sites. This was approved on 16 March 2020 by [MD2428](#). It was also agreed that the LLDC's share of the JV equity would be funded via a loan from GLA Land and

Property Ltd to a newly established, wholly owned subsidiary of the LLDC: Stratford East London Developments Ltd (SELD).

- 1.10. The LLDC, via SELD, has entered into the JV and will invest 50 per cent of the equity required, alongside the private-sector partner (Ballymore). As an equal investor, the LLDC's subsidiary will receive a 50 per cent share of any development profits, in order to repay its borrowing to the GLA (in line with prudential borrowing rules). As SELD's parent company, the LLDC will be required to guarantee SELD's performance and equity contribution under the JV agreement.
- 1.11. The LLDC, in its capacity as landowner, entered into a DA with SELP to dispose of its land via headleases. These will be drawn down when certain conditions are met; these include planning, funding and vacant possession.
- 1.12. Since 2022, the LLDC and SELP have been working together to improve the viability and deliverability of the schemes, given the market challenges – which include securing RMA approval, for SWFT, of an increased quantum to 700 homes; and progressing infrastructure works to facilitate the development of Bridgwater Triangle. This has resulted in a proposed deed of variation to the existing DA; the development management agreement; and the limited liability partnership agreement. The LLDC Board approved entering into this deed of variation at their meeting in May 2024, subject to receiving Mayoral consent.
- 1.13. The Mayor's consent is required under paragraph 4.6(b) of the LLDC Governance Direction 2019 (approved by [MD2502](#)). This stipulates that consent must be obtained for the LLDC, or a subsidiary, to make an individual decision that does any of the following:

- commits expenditure
- creates a contingent liability
- generates income of £10m or more (a regulated commitment)

where the anticipated value of said expenditure, liability and/or income is included in the LLDC's business plan (for the financial year in which it arises), but the actual value has:

- dropped by five per cent or more, in the case of income
- risen by five per cent or more in the case of expenditure or a contingent liability.

- 1.14. Entering into the deed of variation will result in the LLDC receiving income that is at least five per cent lower than stated in the 2024-25 budget.
- 1.15. Consent is also required under section 209(1) Localism Act to dispose of land at SWFT and BWT for less than the best consideration that can reasonably be obtained. Mayoral consent to the original disposal to the JV with Ballymore in 2022 was obtained under [MD3002](#). Whilst Ballymore was not offering the highest land price, it was the bid that ranked highest on qualitative factors. As the revised deal has been agreed by negotiation outside of the terms of the DA, we are again seeking consent for the purposes of section 209(1).

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

- 2.1. Recognising the changing nature of the market and recent economic challenges, the LLDC Board endorsed a realignment of the commercial relationship focused on:
  - delivery of homes
  - securing pace
  - maintaining (revised) income forecasts.

- 2.2. The LLDC has progressed the commercial discussion and detailed drafting of the deed of variation to the DA within that context. The proposed changes to the commercial terms were approved by the LLDC Investment Committee and Board in May 2024.
- 2.3. Collectively the sites will deliver approximately 1,275 homes (increased since the outline consents were secured). SWFT and BWT are expected to deliver 35 per cent and 50 per cent affordable homes (by habitable room) respectively. This satisfies the portfolio affordable housing obligations when considered alongside the other relevant housing sites.
- 2.4. This will also be delivered alongside retail and community space, as indicatively summarised below:

<b>SWFT</b>	
Total residential units	700
Total affordable units	235
Affordable habitable rooms (per cent of total)	35 per cent
Total intermediate units (per cent of affordable housing)	100 per cent
Gross internal area (GIA) retail space (sqm)	1,174

<b>BWT</b>	
Total units	575
Total affordable units	265
Affordable habitable rooms (per cent of total)	50 per cent
Total intermediate units (per cent of affordable housing)	63 per cent
Total low-cost rent units (per cent of affordable housing)	37 per cent
GIA retail space (sqm)	399
GIA community (sqm)	185

### 3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010 (the Equality Act), as a public authority, both the LLDC and 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. When considering the needs of the existing community, and those that will be affected by the potential development at SWFT and BWT, any development activity will look to minimise disadvantages to all protected characteristic groups within society, for example through design. Additionally, this decision is expected to have positive impacts on persons with a protected characteristic under the Equality Act. This is because increasing the supply of housing in London will help to address problems such as overcrowding and homelessness, which evidence indicates disproportionately affect specific groups, including Black, Asian and minority ethnic groups, and women.
- 3.3. The development of SWFT and BWT will deliver strategic objectives from the Mayor's Equality, Diversity and Inclusion Strategy (section: Making London a great place to live).
- 3.4. The development of SWFT and BWT will contribute to the LLDC's target to deliver 50 per cent affordable homes across a portfolio of LLDC sites. The delivery of high-quality housing will also promote improved health and wellbeing, given evidence of an association between poor housing conditions and poor health.
- 3.5. The London Borough of Newham (LB Newham) is one of the most disadvantaged boroughs in London, and one of the most diverse in terms of faith and ethnicity. It is paramount to redevelop these key strategic sites in Stratford in a sustainable way; and to consider how the regeneration of the

area will provide benefits for all local communities – both during design and construction, and in its final built form. Socio-economic commitments within the DA stipulate that the project:

- fulfils requirements for delivering apprenticeships for local people and under-represented groups
- meets/exceeds employment target percentages for these communities.

- 3.6. In its built form, the development at SWFT and BWT will be designed to respond to the diversity of the surrounding area; and, in the design of the landscape and homes, will follow all Part M building-regulation requirements to create an accessible development in Stratford.
- 3.7. The proposals in this decision form are not expected to have any negative impact on those with protected characteristics.

#### **4. Other considerations**

##### Key risks and mitigations

- 4.1. Inflation may increase construction costs further – particularly given the current market conditions. This is being mitigated through value engineering and close cost monitoring.
- 4.2. There is a risk that assumed sales values may not be achievable. This is being mitigated by delivering high-quality design and finish, and a high-profile sales and marketing campaign.
- 4.3. See Part 2 for further risk information.

##### Links to Mayoral strategies and priorities

- 4.4. This decision outlines a commercial restructure to the JV which is necessary to support the bringing forward of two brownfield sites at Queen Elizabeth Olympic Park, providing much needed affordable housing.
- 4.5. The development of SWFT and BWT will contribute to the delivery of several of the Mayor's policies, such as those outlined in the London Plan (the Healthy Streets Approach, the London Housing Strategy and the Transport Strategy). It is aligned with the Mayor's Equalities Framework to consider the requirements of relevant equalities groups. The residential development will be required to meet building safety standards that the Mayor has applied to LLDC land.

##### Consultations and impacts assessment

- 4.6. Throughout the planning process, the LLDC has consulted with LB Newham; neighbouring landowners; property; procurement and legal advisers; and the local planning authority.
- 4.7. As part of the town planning process for both sites, an Environmental Impact Assessment and community consultation have been undertaken. These will continue to be implemented through the BWT RMAs.
- 4.8. In making this decision, the LLDC consulted its Investment Committee and Board.
- 4.9. 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 financial implications are set out in the Part 2 form.

#### **6. Legal comments**

- 6.1. As noted at paragraphs 1.13 and 1.15, above, the consent of the Mayor is required to the enter into the deed of variation under paragraph 4.6(b) of the LLDC Governance Direction 2019; and for the purposes of section 209(1) of the Localism Act 2011, which provides that the LLDC may not dispose of land for less than the best consideration which can reasonably be obtained unless the Mayor consents. The commercial restructure effected by the deed of variation, as further detailed in Part 2 of this form, retains the LLDC's primary objective of regeneration; and aligns with the GLA's principal purposes of promoting economic development and wealth creation, social development and improvement of the environment in Greater London (section 30 of the GLA Act 1999).

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

- 7.1. This work will be delivered according to the timetable below. Please note these are estimated dates.

<b>Activity</b>	<b>Timeline</b>
Mayoral Decision	December 2024
BWT infrastructure – start on site	September 2024
BWT infrastructure – completion	November 2025
BWT planning application determination	December 2025
Start on site SWFT residential	March 2026
Start on site BWT	June 2027
Completion of SWFT residential	September 2029
Completion of BWT	October 2031

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

None.



### 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: The LLDC is yet to conclude the Deed of Variation. It would be detrimental to the legal process if this was published ahead of the contract completion.

Until what date: post contract execution (anticipated 1 January 2025)

### 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? YES

### 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:

✓

#### Sponsoring Director:

Phillip Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

#### Mayoral Adviser:

Jules Pipe has been consulted about the proposal and agrees the recommendations.

✓

#### Advice:

The Finance and Legal teams have commented on this proposal.

✓

#### Mayoral Delivery Board

This decision was agreed by the Mayoral Delivery Board on 16 December 2024.

✓

### CHIEF FINANCE OFFICER:

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

#### Signature:

*Fay Hammond*

#### Date:

18/12/2024

### CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor.

#### Signature:

*D. Jellany*

#### Date:

16/12/2024

