

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2797

Title: Disposal of land at Hackney Wick Neighbourhood Centre by LLDC

Executive Summary:

The London Legacy Development Corporation (LLDC) seeks prior Mayoral consent to award a Development Agreement to Notting Hill Genesis to develop and then acquire the three LLDC owned sites in the Hackney Wick Neighbourhood Centre. The award of the Development Agreement is subject to approval by LLDC's Board which is scheduled for 16 March 2021.

Approval is required under Paragraph 4.4 of the LLDC Governance Direction updated 2019 (approved by MD2502), because this is a 'land transaction' as defined by clause 2 of the GLA's agreement with the Department for Culture, Media and Sport (DCMS) for the sharing of capital receipts.

Decision:

That the Mayor:

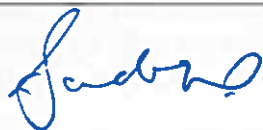
Consents that LLDC award a Development Agreement to Notting Hill Genesis to develop and then acquire three LLDC owned sites in the Hackney Wick Neighbourhood Centre.

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:

15/3/21

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

Decision required – supporting report

1. Introduction and background

- 1.1. Hackney Wick Neighbourhood Centre (HWNC) sits within Sub-Area 1 (Hackney Wick and Fish Island) of the LLDC Local Plan. This sub-area has been identified as an area for growth, with the capacity for up to 4,500 new homes, alongside retained employment space and enhanced retail and community facilities. One of the key objectives for Sub-Area 1 is the delivery of a new Neighbourhood Centre and the HWNC Outline Planning Consent was approved in March 2019. Within the HWNC Masterplan area, LLDC own's three Sites ('HW LLDC Sites'), immediately adjacent to the newly upgraded Hackney Wick Overground Station (a site plan is included in Appendix 1), with a total a combined area of 0.88 ha. One of the sites (Plot EF) sits within the Hackney Wick Conservation Area, whilst another (Plot J East) sits within the Fish Island and White Post Lane Conservation Area. The wider area was awarded GLA Creative Enterprise Zone (CEZ) status in 2018 and the three HW LLDC Sites sit at the heart of the CEZ.
- 1.2. Together the three HW LLDC Sites will deliver approximately 16,000sqm of residential space and 4,500sqm of commercial space, including studios and low-cost workspace, flexible retail and community facilities. A minimum of 50% affordable housing will be provided (calculated based on habitable rooms).
- 1.3. In November 2018, the LLDC Investment Committee agreed the recommended approach to use the GLA's London Development Panel 2 (LDP2) procurement framework to select a Developer partner to deliver the three HW LLDC Sites. The Committee subsequently reviewed draft evaluation criteria in June 2019.
- 1.4. On 31 January 2020, LLDC issued a Sifting Brief (SB) to all 29 developers on LDP2. Developers were asked to submit SB responses on key areas such as funding, design quality and affordable housing. In April 2020 LLDC received five responses from panel members. The responses were evaluated and the four highest scoring parties were issued with an Invitation to Tender (ITT) in July 2020.
- 1.5. The ITT asked Tenderers to submit technical responses on areas such as planning strategy, project management, scheme design, delivery of commercial space and securing finance. Along with technical responses the tenderers were asked to submit a fixed offer price (FOP) for all three sites, development appraisal, construction cost plan, construction risk and sales and lettings risk analysis.
- 1.6. LLDC received 3 tenders on 7 October 2020. The tenders were evaluated in accordance with the scoring criteria set out in the ITT and compliance checks were undertaken.
- 1.7. The evaluation resulted in the three tenderers being ranked as set out below, with '1' being the tenderer with the highest score.

Rank	Applicant
1	Notting Hill Genesis
3	Tenderer B
2	Tenderer C

- 1.8. A report was submitted to LLDC's Investment Committee in February 2021, advising them of the outcome of the evaluation. In light of the ranking above, approval was sought for LLDC to issue a notification letter to Notting Hill Genesis, setting out its intention to award the contract (Development Agreement). It was noted that the letter must advise the Tenderer that contract award is subject to Board approval and Mayoral consent. This recommendation was approved. Notification letters were subsequently issued on 23 February 2021 and the mandatory standstill period is due to

end on 8 March 2021. Contract award is also subject to the passing of this mandatory standstill period.

- 1.9. A further report will be submitted to the LLDC's Board for approval on 16 March 2021. This report will seek approval for LLDC to award the Development Agreement to Notting Hill Genesis (subject to Mayoral consent). The report also seeks delegated authority for LLDC's Chief Executive Officer / Deputy Chief Executive Officer to finalise the detailed terms of the Development Agreement.
- 1.10. This matter is one for which the Mayor is required to provide prior consent under Paragraph 4.4 of the LLDC Governance Direction, as updated in 2019. This stipulates that the Mayor's prior consent is required before any decision is made by the LLDC or a subsidiary to approve a 'land transaction' as defined by clause 2 of the GLA's agreement with DCMS for the sharing of capital receipts. The three HW LLDC Sites are on land which falls within the purview of the legal agreement.

2. Objectives and expected outcomes

- 2.1. The objectives of the project to procure a development partner for delivery of the HW LLDC Sites are to:
 - contribute to the HWNC objectives to create a vibrant mixed-use centre that re-provides existing employment floorspace as new workspace, retail and community facilities alongside a significant number of new homes;
 - advance delivery of c.16,000sqm of residential space;
 - deliver c.4,500sqm of commercial workspace, including c.1,000sqm low cost workspace;
 - deliver a key section of the 'north-south route' landscaping which will provide improved connectivity between Hackney Wick, the Overground station and Fish Island to the south; and
 - optimise the opportunity to generate capital receipts in the medium to long-term to be used to repay the GLA and DCMS, in line with the Mayor's agreement with DCMS of March 2012.
- 2.2. The project will deliver c.190 homes split across the three HW LLDC Sites. The project will include c.110 private sale homes, as well as a mix of c.51 Shared Ownership and c.32 London Affordable Rent homes contributing to 50% affordable housing (the % calculation based on habitable rooms in line with the section 106 agreement equates to 83 units) and supporting landscaping works including delivery of a portion of the 'north-south route.' The project will generate capital income for LLDC through the sale of the land.

3. Equality comments

- 3.1. Under Section 149 of the Equality Act 2010, as a public authority, the GLA must have 'due regard' of the need to: eliminate unlawful discrimination, harassment, and victimisation; and advance equality of opportunity and foster good relations between people who have a protected characteristic and those who do not.
- 3.2. The likely potential impacts have been considered and it has been concluded that no adverse impact on equalities issues and any protected characteristic groups will occur as a result of this decision.
- 3.3. The three sites will be brought forward under the HWNC outline planning consent. To support the development of the HWNC masterplan an extensive consultation and engagement programme was delivered between 2014 and 2016. This process included workshops, exhibitions and engagement sessions and details of the consultation were included in the Statement of Participation which was submitted as part of the planning permission. The developer will be required to continue a meaningful commitment to community engagement through activities such as; consultation to support the design/planning process in line with LLDC's Code of Consultation; achieving a Considerate

Constructors Scheme score of 45 out of 50; and working with local partners such as Hub67 to deliver engagement activities.

- 3.4. As part of the tender submission the tenderers were required to submit details of their 'outline' community and stakeholder engagement strategy. The Development Agreement will commit the developer to delivering against a series of 'approved strategies' (to be worked up and agreed with LLDC), and they will be required to achieve certain socio-economic targets including access to apprenticeships and work placements.
- 3.5. The developer's scheme will be required to comply with the LLDC's Inclusive Design Standards under the terms of the Development Agreement.
- 3.6. Through the course of the project, LLDC will monitor the developer's performance against key performance indicators such as payment of London Living Wage, employment of apprentices and under-represented groups.

4. Other considerations

a) Key risks and issues

- 4.1. Key risks include delays by the developer in submitting a Reserved Matters Application for one of the plots and risks to delivering the quality of development. Further information on these and other key risks are contained in Part 2 of this form.

b) Links to Mayoral strategies and priorities

- 4.2. The delivery of housing and workspace on the three HW LLDC Sites is an important contributor to realisation of the Mayor's housing and economic development strategies.
- 4.3. Creative Enterprise Zones (CEZ) are one of the Mayor's key priorities to create new job and training opportunities, promote and protect affordable workspace to support artists, small creative businesses and local people. The delivery of commercial workspace and designated 'low-cost' workspace as part of the scheme will contribute to the realisation of the vision of the CEZ.

c) Impact assessments and consultations

- 4.4. LLDC's priority themes have been incorporated into each stage of the developer procurement process and tenderers have responded positively. The Development Agreement will commit the developer to complying with LLDC's Sustainability Guide, certain Zero Carbon Standards and delivering BREEAM (a leading sustainability assessment method for building projects) of "Very Good" for all non-residential space. The Development Agreement also includes detailed provision for the LLDC to be involved in design development and approve the design at a series of gateways and the developer will be required to comply with the LLDC's Design Quality Policy and the Hackney Wick Design Code.
- 4.5. The three HW LLDC Sites are being brought forward under the HWNC outline planning consent which was developed in 2014-2016 and included a consultation and engagement programme. As set out above, this process included workshops, exhibitions and engagement sessions and details of the consultation were included in the Statement of Participation which was submitted as part of the planning permission. The selected Developer will be required to continue a meaningful commitment to community engagement as set out at 3.2.
- 4.6. In making this decision, the LLDC consulted its Investment Committee in order to launch the procurement process. The draft evaluation criteria were also reviewed by the LLDC's Investment Committee. LLDC's Investment Committee have endorsed the outcome of the procurement process. The site sits within two London Boroughs: Hackney and Tower Hamlets. Both boroughs were consulted during the procurement process, and Hackney was part of the tender evaluation panel, with a representative from LBH evaluating the Low-Cost Workspace responses alongside LLDC.

- 4.7. It is not considered that the Mayor need undertake any additional consultation in respect of this decision.
- 4.8. There are no conflicts of interest and no mitigations required with regarding any of the parties referred to in this report and involved in its preparation. There are no conflicts of interest in the LLDC project leading the developer procurement who have inputted into drafting the decision form. There are no known conflicts of interest in relation to the LLDC Board and Notting Hill Genesis.

5. Financial comments

- 5.1. The capital receipt that would be generated from this development agreement is set out in Part 2 of this decision. It is not expected to result in a payment to DCMS because it is estimated that the threshold amount above which capital receipts are shared with DCMS would not have been reached within the anticipated delivery of this agreement.

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 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.

- 6.2. This report indicates that the decision requested of the Mayor to give consent to LLDC's land sale falls within the GLA's statutory powers.

7. Planned delivery approach and next steps

Activity	Timeline
Award Development Agreement and payment of deposit	March / April 2021
Planning submission	End 2021
Planning approval for all plots	Spring 2022
Start on site	End 2022
Completion and payment of final land payment	Autumn 2025

Appendices and supporting papers:

Appendix 1 – site plan

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: To complete the procurement process with signing of the Development Agreement

Until what date: June 2021

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 - 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. ✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 15 March 2021.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

D. Gane

Date

15 March 2021

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

15 March 2021