

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2574

Title: Land at Knollys Yard, Tulse Hill

Executive summary:

In November 2018, the Mayor secured £486m from the Government's Land Assembly, Small Sites and Accelerated Construction Funds to help deliver 8,000 housing completions by 2030.

This funding was approved by Mayoral Decision (MD) 2396, which provided a standing delegation to the Executive Director of Housing and Land to approve its allocation in pursuit of the Mayor's housing ambitions.

This decision requests approval of £20.5m infrastructure grant to Prime Place Tulse Hill LLP for site-specific infrastructure works to unlock the Knollys Yard site, and bring forward a mixed-use residential development of circa 430 homes.

Decision:

That the Executive Director of Housing and Land, in accordance with the delegation provided by MD2396, approves an infrastructure grant of £20.5m to Prime Place Tulse Hill LLP for site-specific infrastructure works to unlock the Knollys Yard site, and bring forward a mixed-use residential development of circa 430 homes.

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: Rickardo Hyatt

Position: Executive Director, Housing and Land

Signature:



Date:

1/3/2022

PART I – NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 MD2396: Land Assembly, Small Sites and Accelerated Construction Funds, signed in November 2018, approved receipt of funds from Government totalling £486m (part of the Mayor’s Land Fund) to help unlock and accelerate housing delivery in London through land assembly, infrastructure investment and provision of gap funding, in order to support the delivery of 8,000 housing completions in London by 2030.
- 1.2 MD2396 delegated authority to the Executive Director of Housing and Land in consultation with the Deputy Mayor for Housing and Residential Development, to approve, via a Director Decision, the allocation of new funding in accordance with the terms associated with the programme and in pursuit of the Mayor’s housing ambitions.
- 1.3 This decision seeks approval to allocate a £20.5m infrastructure grant from the Small Sites strand of the Mayor’s Land Fund to the developer Prime Place Tulse Hill LLP, to address the viability gap affecting the proposed development. Addressing the scheme’s viability gap will provide sufficient financial assurance for the developer to progress a planning application for the site; and will enable the delivery of circa 430 homes on site, which would not have progressed without this investment.
- 1.4 Due diligence has now been completed in respect of the proposed intervention, the details of which are set out below and in Part 2 of this Director’s Decision.

The site

- 1.5 Knollys Yard is a 1.45ha site in the south-east of the London Borough of Lambeth. The site is heavily constrained by its triangular form and topography, and by being bounded on three sides by mainline railway lines. The site suffers from limited access in the form of a narrow underbridge accessible only by small and medium-sized vehicles. A site plan is provided in Appendix 1.
- 1.6 The site is owned by Network Rail, and is currently being used as a scaffolding yard. The restrictive access to the site, particularly for emergency vehicles, significantly reduces its potential uses, due to the prevailing health and safety risks.

Draft planning policy – Site Allocations Development Plan Document

- 1.7 London Borough of Lambeth’s Regulation 18 draft Site Allocations Development Plan Document (SADPD) is currently out for consultation, which started on 10 January 2022 and is due to close on 21 February 2022. Submission for Examination in Public is targeted in the Local Development Scheme (October 2021) by the end of March 2023 and adoption by the end of March 2024.
- 1.8 The SADPD includes a draft site allocation for the site, which can be summarised as follows:
 - Land use: at least 1,500sqm (gross internal area) of light industrial floorspace should be provided, based on a robust demonstration that this meets identified needs and is designed accordingly. In addition, the site has potential to accommodate approximately 400 to 430 self-contained residential units.

- Affordable housing: the affordable housing threshold is 50 per cent, as the site is in public sector ownership.
- Height and massing: the site is appropriate for tall buildings of the following general building heights:
 - western corner – general building height 68m (115m above ordnance datum (AOD))
 - south-western side – general building height of 31m (78m AOD) rising to 40m (87m AOD) in the southern corner
 - northern side – general building height 34m (81m AOD)
 - outside of these locations, heights should be below the tall building threshold (25m).
- Transport: the existing access from Cameron Place should be retained and the public realm improved. A new vehicular and pedestrian overbridge should be provided from the eastern end of Knollys Road to serve as the primary vehicular access into the site. A new, safe and fully accessible footbridge for pedestrians, cyclists and those with mobility issues is necessary to connect the site to Leigham Vale.

Land ownership

- 1.9 Network Rail is the freeholder of the site and has entered into a development agreement with Prime Place Tulse Hill LLP to sell the land.

Grant recipient

- 1.10 The grant recipient will be Prime Place Tulse Hill LLP (registered number: OC399450). It is a limited liability partnership company, and incorporated in the UK. The principal activity of the LLP is the development and sale of residential dwellings. The LLP's ultimate parent and controlling party is Hardwicke Investments Limited (part of the Willmott Dixon family of companies).
- 1.11 EcoWorld London is also partly owned by the Willmott Dixon Group and is the trading name of the guarantor in London. Prime Place Tulse Hill LLP has been set up as a special purpose vehicle by EcoWorld London to purchase, own and deliver the project.

The proposed scheme

- 1.12 Prime Place Tulse Hill LLP proposes to deliver a mixed-use residential scheme including a minimum of 1,500sqm of employment space to be provided to comply with the site's Key Industrial Business Areas designation. Prime Place Tulse Hill LLP is working to submit a planning application in November 2022. The planning application will be referable to the Mayor as it includes the provision of more than 150 homes. The developer will be expected to follow the viability-tested route if, at the time of planning submission, their proposal falls short of 50 per cent affordable housing on public land as per policy H5 (threshold approach to applications) of the London Plan. Subject to achieving satisfactory planning consent, the start on site is scheduled for November 2023 with the final homes completing in November 2028.

GLA funding

1.13 The infrastructure grant will be drawn down against site-specific infrastructure (as described and set out in an agreed scheme budget) and against those costs which have been incurred by Prime Place Tulsa Hill LLP.

1.14 Eligible infrastructure cost headings include:

- pedestrian footbridge: works associated with the pedestrian footbridge link connecting the site to Tulsa Hill train station and the high street
- underbridge: works associated with improvements to the environment through the existing underpass for both new residents and the existing community
- overbridge: works associated with the new access road over the railway line to the site for vehicles and pedestrians
- podium slab: works associated with the required site-wide podium slab required due to the topography of the site and enabling the overbridge and footbridge to be linked
- ramp into site: works associated with the ramp from the overbridge into the site and site roads (circa 100m of ramp)
- section 278 works: works associated with upgrades to the surrounding road network
- utility diversions: works associated with high-voltage cable diversions required to facilitate the new overbridge location
- utility off-site reinforcement: works required to upgrade existing utility network, in particular sewerage infrastructure
- Network Rail: works and fees associated with track possessions and Network Rail fees to facilitate the overbridge and pedestrian footbridge works
- adoption of an overbridge: commuted sum required to facilitate local authority adoption of overbridge
- cut and fill: works associated with dealing with five-metre level difference across site to facilitate the link between the overbridge entrance and pedestrian footbridge through the site, to provide a level access for pedestrians
- remediation: works associated with contamination due to existing uses and the trackside location of the site
- enabling work: works associated with demolition and enabling works to facilitate the site for residential construction
- drainage: works associated with new mains drainage connection for the site, including drainage required for infrastructure elements, build-over agreement, etc
- consultant fees (infrastructure only): Consultant fees associated with the infrastructure elements and associated design/professional fees
- signal diversion: works associated with removal and/or reinstatement of troughing routes
- Japanese knotweed removal: works associated with removal of Japanese knotweed

- retaining walls to a pedestrian footbridge landing: works associated with Network Rail requirements for future maintenance and replacement strategy.

1.15 The mechanism and drawdown of funding will be set out within the grant agreement between the GLA and Prime Place Tulse Hill LLP, the heads of terms of which are set out in Part 2 of this Director's Decision document.

1.16 If the proposed infrastructure grant is not approved, the development is not expected to progress. Prime Place Tulse Hill LLP has explored a number of alternative options to assist with the deliverability and reduce the viability gap of the proposed scheme. Alternative options explored have aimed to reduce the quantum of affordable housing and/or increase the density of the proposed scheme, and none of them have been deemed suitable. In light of the size of the viability gap, the site is not expected to progress towards residential development without public subsidy.

2. Objectives and expected outcomes

2.1 The infrastructure grant will unlock delivery of circa 430 homes at Knollys Yard (subject to planning). The scheme will also deliver a range of wider regeneration benefits for the West Norwood area of Lambeth including:

- 1,500sqm of bespoke light industrial space expected to provide opportunities for a cluster of clean tech, green industries
- one acre of new public realm
- increased employment opportunities (existing: circa 20 employees; expected: circa 100 future employees)
- employment and training initiatives to support local people
- a new pedestrian bridge halving the journey time to Tulse Hill station for circa 15,000 residents – creating a more direct, more pleasant and safer route.

2.2 With the substantial improvement in permeability across the site via the proposed new footbridge, and the transformative impact in terms of placemaking for the area, the scheme is envisioned to be an exemplar development, transforming the public realm, improving local connections and acting as a catalyst for growth in south Lambeth.

Affordable housing and affordable housing grant

2.3 The London Plan requires a threshold of 50 per cent affordable housing for schemes on public land. Detailed viability evidence will be submitted by Prime Place Tulse Hill LLP; and scrutinised by the local planning authority and the GLA's planning teams to determine the maximum possible level of affordable housing at the point of planning submission.

2.4 The affordable homes may be eligible for grant under the 2021-2026 Affordable Homes Programme (AHP). Any allocation of affordable housing grant will be subject to a successful negotiated bid for funding submitted to the GLA by a registered provider; this will be subject to an additionality assessment under the requirement of the programme.

- 2.5 Upon a satisfactory assessment of additionality, the process for assessing grant eligibility and levels is determined by the process set out in the AHP 2021-26 Funding Guidance whereby the following criteria is applicable:
- value for money
 - deliverability
 - strategic fit.
- 2.6 Any allocation of affordable housing grant at Knollys Yard will be made based on costs associated with the project; contributions towards those costs; and the gap that requires grant to make the scheme viable for the project as a whole. In addition, a key part of the bid assessment will be to ensure funding results in net additionality.

3. Equality comments

- 3.1 Under section 149 of the Equality Act 2010, functions of the GLA, exercisable by the Mayor, are subject to a public-sector equality duty and must have 'due regard' to the need to:
- eliminate unlawful discrimination, harassment and victimisation
 - advance equality of opportunity between people who share a relevant protected characteristic and those who do not
 - foster good relations between people who share a relevant protected characteristic and those who do not.
- 3.2 Protected characteristics under section 149 of the Equality Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status.
- 3.3 According to 2011 Census data, the census area around Knollys Yard (Leigham Vale & Royal Circus) is very ethnically diverse: around 60 per cent of its residents are of an ethnicity other than White British, compared to 20 per cent across England and Wales as a whole.
- 3.4 In addition, the employment rate for the local area is below the borough and London average. Employment rate (16–64) according to 2011 Census data is 68.8 per cent in Knights Hill, compared to 72.9 per cent in Lambeth and 69.2 per cent in London overall. Individuals with protected characteristics are more likely to experience unemployment compared to the London average.
- 3.5 The delivery of the physical commercial and employment space at Knollys Yard, as well as the pre-employment and training programme intended to be run by the developer, are expected to support employment in the local area, which could benefit individuals with protected characteristics.
- 3.6 The housing shortage in London also disproportionately affects people with certain protected characteristics. Increasing the supply of housing, and in particular affordable housing, will help to achieve positive impacts in line with the needs outlined above.

- 3.7 The delivery of affordable homes at Knollys Yard is likely to help many of those with protected characteristics, as many of these groups are disproportionately represented among those in need of affordable housing. This is in part because they are more likely to experience homelessness or overcrowding, or to have low incomes that make it difficult for them to afford market housing.
- 3.8 According to data published by the Metropolitan Police, the top three categories of crime since 2019 in the Knight’s Hill ward have been: violence against the person; theft; and vehicle offences. Knollys Yard is currently an attractor or generator of opportunities for antisocial behaviour. There is no night-time activation of the site and physical security is poor, which presents a risk of violent or sexual offences. Developing the site will help to reduce the opportunity for these crimes to take place.
- 3.9 The development will bring physical improvements to public safety for example, well-lit public footpaths providing safe access between the neighbourhood and the station will be opened up. A resident's concierge will provide active surveillance of the site, while the intensification of commercial and residential visitors will improve passive surveillance.
- 3.10 The allocation of the funding in this report implements the Mayor’s policies under his London Housing Strategy (LHS). An equality impact assessment of that strategy was undertaken, which found that:

“LHS policies are likely to have broadly positive benefits in relation to social and economic sustainability objectives such as improving health, reducing inequalities, increasing accessibility, and economic development.”

- 3.11 The Mayor’s Equality, Diversity and Inclusion Strategy was issued in May 2018. The first chapter of this document is entitled “A Great Place to Live”. Priority outcome 1.1 in the vision refers to delivering affordable, accessible and decent homes. This project will help deliver new affordable housing. This in turn helps to implement the requirements for new housing set out in the London Plan.
- 3.12 In order to access funding, Prime Place Tulse Hill LLP will be required to enter into a grant agreement with the GLA, which will place an obligation on Prime Place Tulse Hill LLP to have and comply with a policy covering equal opportunities designed to ensure that discrimination prohibited by the Equality Act 2010 is avoided at all times. Prime Place Tulse Hill LLP must also provide a copy of an equality and diversity action plan which will be agreed and monitored for compliance with GLA officers – its primary aim will be to focus on diversifying the workforce within the counterparty.

4. Other considerations

Key risks and issues

No.	Risk	Impact	Likelihood	Mitigation
1.	Planning – there is a risk that the new scheme does not receive planning	High	Medium	<ul style="list-style-type: none"> The developer has signed up to a Planning Performance Agreement with LB Lambeth (LBL) and the proposals have been subject to a series of pre-application meetings and technical surveys.

	consent/planning is delayed.			<ul style="list-style-type: none"> • LBL draft site-allocations document supports the principle of development and the benefits of the scheme, subject to consultation. Engagement with LBL planning has been collaborative. • Planning submission and satisfactory consent will be listed as a milestone and condition precedent to any funds being advanced in the grant-funding agreement. The agreement will include recovery options should the scheme not progress in line with agreed timescales. • A project steering group chaired by GLA officers working with LBL and Network Rail meets regularly to monitor/facilitate progress and address issues relating to planning and other site delivery matters. • Planning due diligence has also been undertaken by GLA's professional advisers Avison Young. Their report supports the project proposals, at the current stage of development, as being on balance compliant with planning policy, subject to further engagement with planning officers, and design and technical studies, as well as further consultation.
2.	Market uncertainty – there is a risk that labour and materials shortages, and cost inflation, may cause pressure on the build programme and the viability of the scheme.	High	Medium	<ul style="list-style-type: none"> • This remains a risk to all GLA programmes as a result of the Brexit and Covid-19 pandemic impacts on labour and supply chains. • The developer will be required to regularly report on scheme progress and mitigation measures to the GLA. • It has been too early for the developer to conduct direct market testing of the proposed scheme as the designs require further development to conduct the exercise. However, the construction costs were produced in October 2021 by a specialist cost consultant. Avison Young has also reviewed the viability assessment for the scheme and confirmed the costs, income and contingency assumptions are reasonable. • The projected scheme contingency and financial returns are currently appropriate and able to support some degree of inflation.
3.	Delivery – there is a risk of slippage to scheme delivery.	Medium	Medium	<ul style="list-style-type: none"> • The developer will as far as possible twin-track planning and procurement – for example, by starting RIBA stage 4 following a possible resolution to grant at planning committee, or by working on draft section

				<p>106 terms with planning officers prior to submission.</p> <ul style="list-style-type: none"> • The developer has experience of delivering similar complex schemes and will be appointing a delivery team with the relevant skills/experience. • The developer has successfully delivered an analogous scheme at Brentford Community Stadium, a triangular site bounded by railway lines. • Drawdown of funding will be linked to achievement of specific project milestones and the grant-funding agreement will include recovery options should the scheme not progress in line with agreed timescales. • The milestones include circa five months of contingency to account for the uncertainty inherent at this early stage of the proposals.
4.	Bridges – there is a risk to programme timeframes insofar as the construction of the footbridge and overbridge requires access over rail assets.	High	Medium	<ul style="list-style-type: none"> • A Basic Asset Protection Agreement is in place between the developer and Network Rail. • The developer’s sale and purchase agreement with Network Rail includes conditions precedent relating to all necessary approvals, consents and agreements from Network Rail being in place to construct the Scheme. Network Rail’s land receipt is conditional on provision of such consents which provides a financial incentive to prioritise these workstreams.

4.1 Further risks and issues can be found in the Part 2 document.

Links to Mayoral Strategies and priorities

4.2 The London Plan 2021 provides an integrated policy framework across housing, social, economic, cultural, environmental and transport policies.

4.3 The Plan is underpinned by the concept of Good Growth – growth that is socially and economically inclusive and environmentally sustainable. The London Plan is informed by six Good Growth objectives: GG1, building strong and inclusive communities; GG2, making the best use of land; GG3, creating a healthy city; GG4, delivering the homes Londoners need; GG5, growing a good economy; and GG6, increasing efficiency and resilience.

4.4 The Mayor’s LHS sets out policies and proposals determining how to deliver good growth priority GG4, delivering the homes Londoners need. The LHS sets out the policy rationale for the GLA to take a more interventionist approach in London’s land market, with the aim of building more social rented and other genuinely affordable homes, and accelerating the speed of building, including on public land. This intervention is focused on unlocking public land for housing delivery and will support delivery of circa 430 homes.

- 4.5 The Small Sites strand of the Mayor's Land Fund seeks to enable the acceleration of housing delivery via interventions such as infrastructure grant and viability gap funding. The grant investment helps address the upfront infrastructure costs which negatively affect the site's viability and support the unlocking of the site for housing delivery.
- 4.6 In addressing good growth priority GG5, the intervention will support delivery of 1,500sqm of bespoke light industrial space that is expected to provide opportunities for a cluster of clean technology, green industries with employment and training opportunities for local people.
- 4.7 The substantial improvement in permeability across the site via the proposed new footbridge and the transformative impact in terms of placemaking characterises the Good Growth concepts.

Consultations and impact assessments

- 4.8 Officers have consulted with Network Rail, LB Lambeth and GLA Planning throughout the development of the proposals.
- 4.9 The developer will consult with a wide range of stakeholders as part of the preparation of their planning application for the site.

Declarations of interest

- 4.10 There are no conflicts of interest to declare for the officers involved in the drafting or clearance of this Decision form.

5. Financial comments

- 5.1 The decision is seeking approval to award a grant of £20.5m to Prime Place Tulse Hill LLP. The grant will be used to fund the cost of infrastructure works, to unlock residential development on the site. The grant will be funded from the Small Site component of the Department for Levelling Up, Housing and Community's land fund. The grant claim will be made by the developer in arrears. The eligible infrastructure cost to be funded by the grant are defined in the grant agreement as outline in paragraph 1.14 above, and the mechanism for payment of the grant will be outlined in the agreement.

6. Legal comments

- 6.1 Under section 30(1) of the Greater London Authority Act 1999 (as amended) (GLA Act), the GLA has the power to provide the grant-funding for the project explained above, provided that doing so will further one or more of the GLA's principal purposes of: promoting economic development and wealth creation; social development; and the improvement of the environment in Greater London. The project will deliver new housing, including affordable housing, and it is open to the GLA to take the view that funding it will promote both social and economic development, and is therefore within its power contained in section 30(1) of the GLA Act.

- 6.2 In exercising the power in section 30(1), the GLA must have regard to the matters set out in section 30(4-6A) of the GLA Act, and also the Public Sector Equality Duty in section 149 of the Equality Act 2010. Reference should be made to section 3 above in this respect.
- 6.3 In addition to the above, where the GLA is proposing to use the power conferred in section 30(1) of the GLA Act, the GLA must consider consulting in accordance with section 32 of the GLA Act. GLA officers have confirmed it is not considered necessary or appropriate for the GLA to consult with any other persons or bodies, including those specified in section 32(2) of the GLA Act for the purposes of this Director Decision.
- 6.4 External lawyers have been instructed to review the compliance of the investment with subsidy control requirements. The investment will be subject to their confirmation of compliance with subsidy control rules, as required by way of a condition precedent prior to drawdown of funding in the grant terms in part 2.
- 6.5 Officers must ensure that all necessary and appropriate steps are taken and a suitable funding agreement entered into with Prime Place Tulse Hill LLP to formalise the provision of the grant before committing to the same.
- 6.6 Further legal comments are set out in Part 2.

7. Planned delivery approach and next steps

Activity	Timeline
Legal completion of the grant agreement	April 2022
Planning submission	November 2022
Start on site	November 2023
Practical completion of final homes	November 2028

Appendices and supporting papers:

Appendix 1 – Site Plan

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? NO

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:

Amy Cook has drafted this report in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service:

Rachael Hickman 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

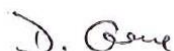
This decision was agreed by the Corporate Investment Board on 28 February 2022

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature



Date

1/3/22