

# GREATER LONDON AUTHORITY

## REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD393

### Title: Disposal of land at Chobham Manor by LLDC

#### Executive Summary:

In November 2012 the London Legacy Development Corporation (LLDC) entered into an agreement with Taylor Wimpey and London & Quadrant for the development of housing at Chobham Manor, a site to the north of Queen Elizabeth Olympic Park. The agreement requires LLDC to transfer the freehold of each house built by the developer to the purchaser when it is practically completed; and the long leasehold of each block of apartments/commercial units to the developer (to allow the developer to grant underleases of the apartments) when that is practically completed. LLDC is to receive an agreed percentage of the revenue received by the developer for the sales of all houses, apartments and commercial units (excluding revenue from affordable housing).

The LLDC is required to seek consent under the Mayoral Direction issued in July 2013 governing where and how the LLDC must consult with and gain approval from the Mayor (London Legacy Development Corporation Governance Direction, MD1227). Specifically, approval is required under paragraph 4.5, because this is a 'land transaction' as defined by clause 2 of the National Lottery Funding Repayment Agreement (NLFRA). A single consent is being sought to cover all land disposals under the aforementioned agreement with Taylor Wimpey and London & Quadrant.

Furthermore, and under the terms of the Mayoral Scheme of Delegation June 2015 (MD1500), the Head of Governance is authorised to issue that consent under delegation from the Mayor.

#### Decision:

To grant consent, under the London Legacy Development Corporation Direction and delegated authority from the Mayor, to the LLDC to dispose of approximately 200 freehold houses at Chobham Manor to the developer's purchasers. This will meet the terms of the signed development agreement and result in a substantial capital receipt to the LLDC, between 2014 and 2022, in line with that agreement.

#### AUTHORISING DIRECTOR

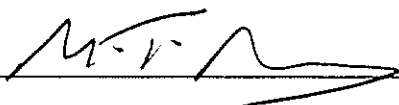
I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

**Name:** Tom Middleton

**Position:** Head of Governance

**Signature:**



**Date:**

23.02.16

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

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

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

Chobham Manor is the first residential neighbourhood on Queen Elizabeth Olympic Park. It was selected to be brought forward because it is located adjacent to the new community at East Village and would not therefore suffer from isolation in the early years. In addition, the majority of the enabling infrastructure was in place immediately after transformation of the Park, minimising the cost burden on the developer.

The development comprises circa 828 units, split into three phases, which will include both market and affordable homes. Phase One and Two reserved matters applications have been approved, and Phase Three is due to be submitted to the Local Planning Authority by the end of quarter two 2016. The unit breakdown for Phase One is 180 private units and 79 affordable units (total 259 units) which are under construction and are becoming available in 2015/6. The unit breakdown for Phase Two is 184 private units and 23 affordable units (total 207 units). Chobham Manor as a whole will provide 28 per cent affordable housing.

Taylor Wimpey and London & Quadrant (acting through a special purpose vehicle limited liability Partnership guaranteed by their respective parent companies) were chosen as development partners in July 2012 following a procurement process carried out under the 'Competitive Dialogue' Procedure under Regulation 18 of the Public Contracts Regulations 2006 and, ultimately, a decision by the Board. The development agreement provides for:

- LLDC to receive an agreed percentage of the total developer's revenue (excluding affordable housing), which equates to a substantial capital receipt to LLDC over the life of the project; and
- delivery on a phased basis, with the LLDC retaining the land until the developer has reached the practical completion construction stage of making each block wind and watertight.

In respect of the second of these provisions, the project has now reached the stage where LLDC is disposing of the land. Under the terms of the London Legacy Development Corporation Governance Direction, issued by the Mayor in July 2013, such land disposals require the Mayor's consent (delegated as appropriate).

This decision covers all such disposals and it will not be necessary for the LLDC to receive separate consents for each individual disposal.

Note that the original decision to enter into a development agreement with Taylor Wimpey and London & Quadrant predated the LLDC Governance Direction. Otherwise, prior consent for the land disposals would have been sought before the development agreement was entered into.

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

The project is entering its final planning stages and the objective of this decision is simply to ensure the terms of the development agreement are met in a way that also meets the governance requirements of the GLA and the LLDC.

The project itself has been subject to the following objectives:

- To achieve the highest quality of housing and estate management

- To achieve long-term viable development that maximises value for money and a return on capital for public sector investment
- To secure a Development Partner with the organisational and financial capability to deliver a scheme of exemplary design quality and environmental sustainability that will provide a blueprint for the development of the remaining zones to be brought forward in the Park
- To ensure that the development supports the social, economic and environmental regeneration of the surrounding communities, both during the construction phase, and in the longer term
- To achieve a start on site as soon as possible following the 2012 Games

### **3. Equality comments**

There are no direct equality implications arising from this decision. Equalities considerations were taken into account in determining the scope and objectives of the initial project and in choosing the development partner.

The project will deliver a mix of different housing types, with both private and affordable homes to suit different incomes and lifestyles. The scheme will also provide a range of new community facilities including public open space, a children's nursery, a community space and cafes/shops/leisure premises.

The scheme design meets LLDC's Inclusive Design Standards and ongoing consultation is held with the LLDC Built Environment Access Panel to ensure that the needs of all those with protected characteristics are taken into account in the designs

### **4. Other considerations**

#### *Best consideration*

At the time of signing the development agreement, Taylor Wimpey and London & Quadrant offered the highest percentage price of all the submissions received and LLDC's external valuers, confirmed that the deal constituted best consideration for the Corporation. The individual disposals that are taking place now are made by Taylor Wimpey and London & Quadrant at market value and LLDC officers have confirmed they therefore represent best consideration.

#### *Risks and issues*

Risks and issues were considered throughout the procurement process and during the project's tenure. Under the Development Agreement, LLDC is to transfer the freehold of houses to the developer's purchaser. LLDC would therefore be in breach of this agreement should consent not be granted.

#### *Links to Mayoral strategies and priorities*

The Mayor's London Plan states that 'The Mayor will work with partners to develop and implement a viable and sustainable legacy for the Olympic and Paralympic Games to deliver fundamental economic, social and environmental change within East London. This will be London's single most important regeneration project for the next 25 years.' The delivery of housing at Chobham Manor is an important element of that priority.

### **5. Financial comments**

The capital receipts from the disposal of Chobham Manor are a key component of LLDC's capital income and hence a source for repayment of the loan funding that GLA is providing. Fifty per cent of the receipts

from this disposal count against the cumulative total which determines when the GLA must start to repay the National Lottery under the agreement it has with the Department for Culture, Media and Sport. LLDC has built the estimated receipts into its 10 year plan which is underwritten by the GLA as its principal funder. The receipts are based on the proceeds achieved from actual sales so there is some funding risk for the GLA if future sales are less than currently projected, either in their timing or quantum, for example from a downturn from current market conditions. This is subject to on-going review by LLDC.

## **6. Legal comments**

No particular legal implications arise from the giving of consent for the disposal.

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

<b>Activity</b>	<b>Timeline</b>
Procurement of contract (development partner)	November 2012
Delivery Start Date (construction start on site)	July 2014
Delivery End Date (last phase of homes completed)	2021/22
Project Closure:	2022

## **Appendices and supporting papers:**

### *Supporting documents*

London Legacy Development Corporation Governance Direction, MD1227

Mayoral Scheme of Delegation June 2015, MD1500

Development agreement with Taylor Wimpey and London & Quadrant

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) 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 approval or on the defer date.

**Part 1 Deferral:****Is the publication of Part 1 of this approval to be deferred? YES/NO**

If YES, for what reason:

Until what date: (a date is required if deferring)

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – YES/NO****ORIGINATING OFFICER DECLARATION:**

Drafting officer to  
confirm the  
following (✓)

**Drafting officer:**

Tim Somerville has drafted this report in accordance with GLA procedures and confirms that:

✓

**Assistant Director/Head of Service:**

Tom Middleton 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.

✓

**EXECUTIVE DIRECTOR, RESOURCES:**

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

Signature



Date

23.02.16

