

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3002

Title: Stratford Waterfront and Bridgewater Triangle residential developments disposal

Executive Summary:

The London Legacy Development Corporation (LLDC) has recently undertaken a procurement and identified a preferred bidder for a private sector developer partner to form a Joint Venture limited liability partnership (JV LLP) with Stratford East London Developments Limited (SELD), a wholly owned subsidiary of LLDC. The objective of the JV LLP is to deliver the Stratford Waterfront Residential and Bridgewater Triangle developments at Queen Elizabeth Olympic Park. LLDC is seeking consent to the LLDC Board's decision, as landowner, to enter into a Development Agreement with the JV LLP, as developer, subject to Mayoral consent being received as set out below.

Mayoral consent is required for the disposal of LLDC freehold land interests under paragraph 4.4 of the LLDC Governance Direction 2019 (approved under MD2502) as this is a 'Land Transaction' as defined in clause 2 of the National Lottery Fund Repayment Agreement (NLFRA). Mayoral consent is also required under sections 213 and 220 of the Localism Act 2011 for LLDC (as Parent Company of SELD) to provide a Parent Company Guarantee for the performance and payment obligations of SELD in the Joint Venture Agreement. Mayoral consent is also required for LLDC to dispose of the land for less than best consideration under section 209(1) of the Localism Act 2011.

Decision:

That the Mayor approves:

- i) that LLDC enters into a Development Agreement with the Joint Venture limited liability partnership to be set up between the preferred bidder developer partner and Stratford East London Developments Limited (SELD) which involves a 'Land Transaction' as defined by clause 2 of the National Lottery Funding Repayment Agreement (NLFRA)
- ii) LLDC to provide a Parent Company Guarantee for the performance and payment obligations of SELD in the Joint Venture Agreement
- iii) that LLDC disposes of the land at less than best consideration that can be reasonably obtained, noting that the preferred bidder scored the highest against the overall evaluation criteria.

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:

30/6/22

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

Decision required – supporting report

1. Introduction and background

- 1.1. Stratford Waterfront and Bridgewater Triangle form part of the five new neighbourhoods being brought forward by LLDC as part of the legacy plans for Queen Elizabeth Olympic Park, as set out in the original Legacy Communities Scheme (2012).
- 1.2. Of these neighbourhoods, two (Chobham Manor and East Wick & Sweetwater) are currently being delivered under Development Agreements. Subject to the Mayoral consents requested above, LLDC will deliver the Stratford Waterfront and Bridgewater Triangle (part of the Pudding Mill neighbourhood, as set out at 1.6 below) scheme via a public sector / private sector Joint Venture partnership. LLDC's Board has recently agreed the delivery strategies for Rick Roberts Way and the balance of the Pudding Mill Lane site.
- 1.3. Stratford Waterfront is a 0.96 ha (2.4 acres) brownfield site which is adjacent to the East Bank Culture and Education development and to the north east of the London Stadium. The site is owned freehold by LLDC and is bounded by Waterworks River and Carpenters Road. This directly neighbours East Bank, a new powerhouse for innovation, creativity and learning on Queen Elizabeth Olympic Park. East Bank is a unique collaboration between world-leading universities, arts and culture institution that opens up opportunities for everyone who visits, lives and works in east London.
- 1.4. Bridgewater Triangle is a 2.4 ha (5.9 acres) brownfield site and is owned freehold by the LLDC and is bounded by Waterworks River, the Greenway and Pudding Mill Allotments.
- 1.5. Together the Stratford Waterfront and Bridgewater Triangle developments will deliver much needed homes for Londoners, including affordable homes, and will generate financial returns for LLDC / GLA.

Planning

- 1.6. In July 2019 Stratford Waterfront (SWFT) Residential was granted Outline Planning Permission (OPP) under a Hybrid Planning Permission with the East Bank Detail Planning Permission. The SWFT Residential OPP has a requirement for reserved matters to be submitted within five years of the consent.
- 1.7. The supporting SWFT Unilateral Undertaking (UU) secures the delivery of 50% affordable housing (by habitable room), of which a minimum of 30% is to be Low Cost Rented (by unit). This is to be delivered across a portfolio of sites including SWFT, Pudding Mill (comprising Bridgewater Triangle (BWT) and Pudding Mill Lane (PML)) and Rick Roberts Way (RRW) (the 'Portfolio Affordable Housing Obligations'). The SWFT UU also seeks to secure the early delivery of affordable housing by creating interdependencies and restricting the occupation of market housing between SWFT and BWT as the first phase of Pudding Mill. In order to manage this, it was decided to develop the two sites concurrently, within the same Joint Venture arrangement.
- 1.8. Alongside the SWFT (East Bank) Hybrid Planning Permission, the Legacy Communities Scheme (LCS) 2012 UU was varied to require the LLDC to submit a slot-in planning applications for BWT and PML by 31 December 2021, secure a greater quantum of residential floorspace to make up as much as possible of the shortfall in residential floorspace resulting from the implementation of the East Bank programme and UCL East.
- 1.9. In August 2021, to comply with the LCS and SWFT UU requirements, LLDC submitted an Outline Planning Application for BWT and a Detailed Planning Application for its supporting infrastructure; the Planning Application was subject to a robust Environmental Impact Assessment (EIA). Both applications had been subject to extensive pre-application consultation with LLDC's Planning Policy

and Decisions Team (PPDT), Quality Review Panel (QRP), and stakeholders. Good progress has been made towards determination of both applications.

Delivery

- 1.10. The GLA and LLDC explored various routes to deliver a residential-led redevelopment of these sites and agreed that a public / private sector Joint Venture (JV) structure was the most efficient and effective route to deliver both the Stratford Waterfront and Bridgewater sites. This was approved on 16 March 2020 by Mayoral Decision 2428. It was also agreed that the LLDC's share of the JV equity would be funded by way of a loan from GLAP to a newly-established wholly-owned subsidiary of LLDC – Stratford East London Developments Ltd (SELD).
- 1.11. LLDC, via its subsidiary SELD, will enter into the Joint Venture and invest 50% of the equity required, alongside the private sector partner. As an equal investor, LLDC's subsidiary will receive a 50% 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, LLDC will be required to guarantee SELD's performance and equity contribution under the Joint Venture Agreement.
- 1.12. LLDC in its capacity as Landowner will enter into a Development Agreement with the Developer (the JV) and dispose of its land via Headleases. Headleases will be drawn down following satisfaction of conditions, including Planning, Funding and Vacant Possession.

Procurement

- 1.13. On 14 October 2020 LLDC launched the OJEU compliant procurement process for the selection of a private sector developer to enter into a Joint Venture to deliver the combined sites. LLDC received five compliant and zero non-compliant Sifting Brief responses by the deadline of 3 December 2020. An assessment was undertaken in accordance with the approved Evaluation Plan, and assessed key areas such as development management experience, joint venture experience, viability and alignment with the LLDC's priority themes. It was recommended that four out of the five applicants progress to the next stage of the procurement process.
- 1.14. On 24 March 2021, the 'Invitation to Submit Outline Proposals' (ISOP) was issued to the four successful applicants. Four compliant submissions were received, and following evaluation it was recommended that the three highest scoring tenderers progress to the next stage.
- 1.15. A series of Dialogue sessions were undertaken in August, September and October 2021 relating to Design, Planning, Legal and Commercial matters. The sessions served as an opportunity to provide detailed feedback to all tenderers and allow an opportunity for tenderers to better understand the rationale behind LLDC's requirements.
- 1.16. The three remaining tenderers were issued with an Invitation to Submit Final Tender on the 12 November 2021. This included accompanying information, such as additional technical documents and longform legal documents which reflected discussion during the Dialogue.
- 1.17. The Final Tenders were submitted on 11 January 2022 and evaluated in accordance with the scoring criteria set out in the Invitation to Submit Final Tender (ISFT). The process concluded with the selection of Tenderer A as Preferred Bidder (to become the Private Sector JV Partner) by LLDC Board on 15 March 2022, subject to receiving the Mayoral consent set out in this form.

Governance

- 1.18. Stratford East London Developments (SELD) is a subsidiary of LLDC and an Investment Vehicle and will be a Member of the SWFT & BW JV LLP (the JV Developer).
- 1.19. The primary purpose of SELD is to act as a member of the JV LLP and, in that capacity, to provide 50% of the equity required to deliver the Project. Directors of SELD will be appointed as its

representative on the JV Board. The JV Partner will be entitled to appoint the same number of board representatives.

- 1.20. As a JV Partner and designated member of the JV LLP, SELD will have obligations under the Limited Liability Partnership Act 2000. Although as an LLP there is no statutory obligation to establish a board of directors and, therefore, no statutory duties directly imposed on SELD's board representatives, the JV Agreement will include conflict provisions to ensure that SELD as a designated member of the LLP, and its board representatives, must act in the best interests of the JV and not, for instance, in the interests of LLDC as landowner.
- 1.21. The Directors of SELD are currently the Executive Director of Development (LLDC), Finance Director (LLDC) and recognising GLAP's financial interest, the Assistant Director of Strategic Projects and Property Housing & Land (GLA).
- 1.22. It is anticipated that two of SELD's Directors will become Members of the JV Board.
- 1.23. Mayoral consent is required for:
 - the disposal of LLDC freehold land interests under paragraph 4.4 of the LLDC Governance Direction 2019 (approved under MD2502) as this is a 'Land Transaction' as defined in clause 2 of the National Lottery Fund Repayment Agreement (NLFRA).
 - LLDC (as Parent Company of SELD) to provide a Parent Company Guarantee for the performance and payment obligations of SELD in the Joint Venture Agreement, under sections 213 and 220 of the Localism Act 2011
 - for LLDC to dispose of the land for less than best consideration under section 209(1) of the Localism Act 2011.

2. Objectives and expected outcomes

- 2.1. LLDC's proposal for Stratford Waterfront and Bridgewater Triangle is for the sites to be developed as part of LLDC's Portfolio Affordable Housing Obligations set out in the Stratford Waterfront Unilateral Undertaking, to achieve 50% affordable housing (by habitable room) across four sites:
 - Stratford Waterfront
 - Bridgewater Triangle
 - Pudding Mill Lane
 - Rick Roberts Way
- 2.2. Collectively the sites will deliver approximately 2,570 homes, with the Stratford Waterfront and Bridgewater Triangle expected to deliver c.1,175 of which 35% and 51% respectively are affordable (by habitable room), satisfying the Portfolio Affordable Housing Obligations.
- 2.3. This will also be delivered alongside retail and community space, as indicatively summarised below:

STRATFORD WATERFRONT	
Total Residential Units	600
Total Affordable Units	210
Affordable Hab Rooms (% of total)	35%
Total Intermediate Units (% of AH)	100%
GIA Retail Space (SQM)	1,174
GIA community (SQM)	162

BRIDGEWATER TRIANGLE	
Total Units	575
Total Affordable Units	265
Affordable Hab Rooms (% of total)	51%
Total Intermediate Units (% of AH)	63%
Total Low Cost Rent Units (% of AH)	37%
GIA Retail Space (SQM)	399
GIA community (SQM)	185

- 2.4. Note the data above is approximate and subject to detailed design / approval of reserved matters applications (RMAs).
- 2.5. Following execution of contracts, the JV Developer will progress with RMA preparation to the agreed programme.

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010 (the Equality Act), as a public authority, both 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.
- 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, as 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 LLDC's 50% affordable homes across a portfolio of LLDC sites increasing the supply of affordable homes. 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. 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 Development Agreement stipulate requirements for delivering apprenticeships for local people and under-represented groups and that the project meets / exceeds employment target percentages for these communities. 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.
- 3.6. The proposals in this decision form are not expected to have any negative impact on those with protected characteristics.

4. Other considerations

Key Risks

- 4.1. There is a risk that construction cost inflation may cause an increase in construction costs, particularly given the current market conditions.
- 4.2. There is a risk that assumed sales values may not be achievable.
- 4.3. There is further risk information in part 2.

Links to Mayoral Strategies and priorities

- 4.4. This decision outlines an opportunity to bring forward two brownfield sites at Queen Elizabeth Olympic Park, providing much needed affordable housing for London.
- 4.5. The development of SWFT and BWT will seek to implement a number of the Mayor's policies, such as those outlined in the new London Plan 2021 (the Healthy Streets Approach, the London Housing Strategy and the Transport Strategy) and 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. LLDC has consulted with LB Newham, neighbouring landowners, property, procurement and legal advisors as well as the local planning authority throughout the planning process.
- 4.7. East Bank and its Partners, who are direct neighbours to the SWFT site (V&A, UAL, BBC and Sadler's Wells), were engaged in the plans as they evolved during the SWFT master planning process. They have not been engaged as part of the procurement process in order to maintain tenderer confidentiality. However, they will be included in the stakeholder engagement plan as LLDC undertakes public announcements relating to the creation of the Joint Venture. Liason internally with the LLDC East Bank development team is ongoing, with SWFT/East Bank interface meetings taking place on a monthly basis. The legal documents place obligations on the Joint Venture to consult with East Bank partners during the design, construction and operation of the buildings on site.
- 4.8. As part of the town planning process for both sites, an Environmental Impact Assessment and community consultation has been undertaken. This will carry on being implemented through the RMA applications.
- 4.9. In making this decision, LLDC consulted its Investment Committee (IC) in order to launch the procurement process. The draft evaluation criteria were also reviewed by LLDC's IC. LLDC's Board has approved the outcome of the procurement, subject to the Mayoral Consents sought through this Mayoral Decision.
- 4.10. 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. There are three financial components relevant to the decision for JV preferred bidder: the disposal land receipt; the LLDC borrowing from GLAP for SELD's equity; and the JV proceeds back to LLDC. GLA officers have been consulted throughout the procurement process on the financial implications of the development of these sites and the assumptions that underpin these in LLDC's financial plans have been reflected in the GLA's own budget and long-term plans as principal funder of LLDC.

5.2. Loan funding from GLAP for the equity was approved in MD2428 and is included in the GLA's capital spending plan. Although LLDC is providing the guarantee for the payment obligations of SELD to the JV, the GLA is ultimately exposed to this as LLDC's funder. Similarly, any cost escalation or reduction in JV receipts back to LLDC from those assumed will potentially impact on the GLA's overall funding of LLDC.

5.3. Further comments are included in part 2 of this decision.

6. Legal comments

6.1. The relevant considerations are set out elsewhere in this form.

7. Planned delivery approach and next steps

Activity	Timeline
Mayoral Decision	June 2022
Bridgewater Infrastructure - Planning Decisions Committee (Resolution to Grant)	May 2022
Bridgewater Triangle - Planning Decisions Committee (Resolution to Grant)	June 2022
Bridgewater Planning Application Determination	June/July 2022
Contract Execution	July 2022
Start on Site Bridgewater Triangle (enabling works)	Q4 2023/Q1 2024
Start on Site Stratford Waterfront residential (enabling works)	Q1 2024
Completion of Stratford Waterfront residential	Q1 2028
Completion of Bridgewater Triangle	Q1 2029

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 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: LLDC are yet to conclude the JV Developer Procurement process. It would be detrimental to the procurement process if this was published ahead of the contract completion.

Until what date: Post contract execution, anticipated 31 July 2022.

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.

✓

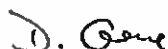
Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 6 June 2022.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature



Date

9 June 2022

CHIEF OF STAFF:

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

Signature



Date

6 June 2022