

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2185

Legal Agreements for the Development of Land at Gallions 3B, Royal Albert Basin, Royal Docks

Executive Summary:

Notting Hill Housing Trust (NHH) has been selected as the preferred development partner, using the GLA's London Development Panel (LDP), to develop a 1Ha brownfield site at Gallions 3B, Royal Albert Basin, Royal Docks, in the London Borough of Newham. Following a three-stage procurement NHH successfully responded to the tender requirements to deliver a high quality residential-led scheme.

Terms have been agreed for a Development Agreement (and ancillary documents) which will deliver a minimum of 236 homes. Of these, 50 per cent will be affordable, split equally in thirds for London Affordable Rent, London Living Rent and London Shared Ownership homes. Fifty per cent will be for private development.

A portion of adjacent land which is safeguarded for a future Thames river crossing has been included on a Leasehold basis and will provide amenity space (the "Temporary Open Space").

This Mayoral Decision seeks approval to enter into the Development Agreement and other ancillary agreements required to deliver the scheme, and for associated expenditure for legal fees.

Decision:

That the Mayor approves:

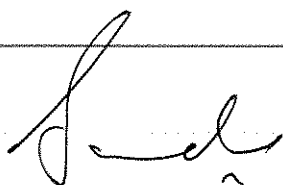
- i. The selection of Notting Hill Housing Trust as preferred development partner for the scheme;
- ii. GLA Land and Property Limited's (GLAP) entry into the Development Agreement with Notting Hill Housing Trust which will result in closure of the procurement process;
- iii. Once the conditions in the Development Agreement have been satisfied, GLAP's entry into the ancillary legal documents with Notting Hill Housing Trust; and
- iv. Revenue expenditure on the legal fees associated with the work.

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:

6/11/12

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

Decision required – supporting report

1. Introduction and background

Procurement and Evaluation

- 1.1 GLA Land and Property Ltd (GLAP) has undertaken a procurement process through the London Development Panel (LDP) to appoint a development partner for the Mayor's 1ha Gallions 3B site, a brownfield site located in the Royal Albert Basin in the Royal Docks.
- 1.2 A plan showing the Gallions 3B site and temporary amenity space is at Appendix 1.
- 1.3 The LDP is an OJEU procured framework of developers/housebuilders. The developer selection process was based on the standard LDP three stage mini-competition process, which involves an 'Expression of Interest' (EOI), 'Sifting Brief' (SB) and 'Invitation to Tender' (ITT). The LDP has a suite of approved contractual documents available to users and this scheme will use the LDP Development Agreement and form of lease, which may be modified within the limits of the procurement regulations to accommodate the project specific requirements of the scheme.
- 1.4 The EOI was released in early March and the SB in late March 2016, which included a minimum affordable homes requirement of 35%. The procurement was paused in April 2016 in advance of the Mayoral election. The brief objectives were reviewed during this time and the affordable home requirement was increased to 50%. All developers on the LDP framework were informed of this change and given sufficient time to raise any queries.
- 1.5 The ITT was released on 16th March 2017. Tenders were received on 2nd June 2017. The ITT provided detailed information on the site and set out the delivery requirements and strategic objectives for the development opportunity, which are as follows:
 - Deliver much needed private for sale and affordable homes that meet the requirements of Londoners.
 - Deliver a minimum of 50 per cent affordable housing (on a habitable room basis) for all development on the site, with an equal split between London Affordable Rent, London Living Rent and London Shared Ownership.
 - Provide 30 per cent family housing across all tenures in line with the required Local Plan Policy and mix of housing for the Royal Albert Basin area.
 - Comply with the London Housing Design Guide, reaching "Priority 2" standards (or "Good Practice" in accordance with London Plan Housing SPG, March 2016).
 - Knit together the remaining development sites in the area to the surrounding community, allowing for the commercial locations to function, and improving access and enjoyment of the river.
 - Use of the eastern end of the Armada 2 on a leasehold basis for the provision of temporary amenity space which the preferred developer will include in their estate management strategy.
- 1.6 An evaluation methodology was provided as part of supporting documentation issued with the ITT. This set out how the tenders would be assessed, including the evaluation criteria to be applied to each part of the bid. On conclusion of the evaluation process, final scores and comments were consolidated into a moderated evaluation matrix in preparation to provide formal feedback to bidders. This was reviewed and approved by TfL Procurement, acting as the procurement agent for the tender.

- 1.7 Following careful assessment of the tender responses using the set evaluation criteria, NHH were assessed to be the highest scoring bidder (combining quality, commercial and financial sections) offering the most economically advantageous tender. Further detail on the evaluation can be found in the confidential part 2 of this decision.

Legal Clarifications process

- 1.8 Following a ten-day standstill period, GLAP and NHH have been populating the standard form LDP documents and finalising the other contractual arrangements required to accommodate NHH's bid.
- 1.9 Key terms of the arrangements with NHH are included in the confidential part 2 of this decision, along with the details of the various associated legal documents that have been agreed required for the delivery of the site.
- 1.10 Previous ADD252 approved the spend of up to £50,000 on consultants to undertake due diligence before and during the site disposal process. Consultants prepared a capacity study for this site and two neighbouring sites in the area in July 2015. GLAP has incurred fees on legal and commercial advice which would have been required in the course of any form of disposal. Additional fees have been incurred due to the change in requirements and pause to the procurement.
- 1.11 Further budget of revenue expenditure is required to cover the legal fees to complete the LDP documents, details of which are contained in the confidential part 2 of this decision.

2. Objectives and expected outcomes

- 2.1 In accordance with NHH's tender proposal the development will deliver (as a minimum standard):
- 236 new homes (subject to planning)
 - 50 per cent of these to be affordable up to this threshold of which one-third will be London Affordable Rent, one-third London Living Rent and one-third London Shared Ownership.
- 2.2 Further details of the programme are contained in confidential part 2 of this decision.

3. Equality comments

- 3.1 The scheme will need to be fully accessible and/or DDA compliant in respect to Wheelchair accessible housing for the development and public realm. The proposal meets this requirement and will be addressed in more detail as the detailed design progresses.

4. Other considerations

Key Risks	Mitigation Strategy
The bidder fails to gain a suitable planning permission	Ensure the bidder implements the strategy submitted as part of the tender. Work closely with LBN's planning and regeneration teams to ensure the proposal meets their requirements.
The developer fails to deliver the housing to programme.	Milestones for the delivery of the development have been agreed, including

	submission of the planning application, start on site and practical completion.
The developer defaults on the offer, which would delay delivery of the project	There is an under bidder, and we have undertaken due diligence on NHH's accounts. The standard documentation contains provisions for repossession of the site in the event of material breach or default of payment. The price offered is a guaranteed minimum sum and will not be subject to any renegotiation.
Failure to reach agreement with key stakeholders on key aspects of the delivery of the site	Wherever possible we have sought agreement from the parties involved in advance, including Transport for London regarding the safeguarded land for temporary amenity space to the north of the site for a future Thames river crossing.

Mayoral Strategies

- 4.1 The draft Mayoral Housing Strategy sets out a long-term ambition to increase the supply of genuinely affordable housing, with an expectation to target an average of 50 per cent affordable housing on publicly owned sites. The proposed development at Gallions 3B will make a contribution to this.

Impact Assessments and Consultations

- 4.2 As part of the planning process NHH will be undertaking extensive impact assessment and stakeholder consultation.

5. Financial comments

- 5.1 The Decision is seeking approval to appoint Notting Hill Housing Trust as the successful bidder and development partner, for the development of Gallions 3B, Royal Albert Basin in the Royal Docks, following a competitive procurement process.
- 5.2 Approval is also required for additional budget to cover the cost of legal fees for drafting the Development Agreement as well as the ancillary documentation, which will be expended from the dedicated budget for this project in Land and Property Programme.

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
- 6.2 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.

6.3 Sections 1 to 3 of this part 1 indicate that the Mayor has the power to proceed to make the decisions as requested within this report.

7. Planned delivery approach and next steps

Activity	Timeline
Signing of Contract	November 2017
Submission of Planning	January 2018
Grant of Planning	June 2018
Delivery Start Date	Autumn 2018

Appendices and supporting papers:

Appendix 1 - Site Plan

Appendix 2 - Invitation to Tender

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? 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

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Bethan James has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

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

✓

Mayoral Adviser:

James Murray 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 November 2017.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. J. B. L. C.

Date

6.11.17

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

6/11/2017.