

## REQUEST FOR MAYORAL DECISION – MD1627

### Title: Waltham Forest Housing Zone site acquisitions

#### Executive Summary:

The London Borough of Waltham Forest bid was awarded Housing Zone status in March 2015 for the Blackhorse Road area. As part of the proposals, the Webbs Industrial Site and other nearby freehold sites (described in more detail in the reserved part of this paper) were identified in the centre of the Housing Zone to bring forward for residential led mixed use development. Following Challenge Panel review and Housing Investment Group (HIG) it was proposed that the Greater London Authority (GLA), through GLA Land and Property Ltd (GLAP), work with the Borough to acquire the Webbs Industrial Site and nearby connected sites and procure a development partner through the London Development Panel (LDP).

A business case for these acquisitions was approved by HIG and IPB in October 2015, and the GLA entered into negotiations with the current owners of the Webbs Industrial Site. Terms have been agreed for the acquisition of this site, and this report seeks approval from the Mayor to acquire this site for mixed use, residential led redevelopment on or before the 31<sup>st</sup> of March 2016.

#### Decision:

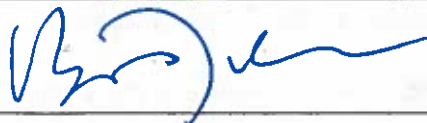
That the Mayor approves the acquisition of the Webbs Industrial Site within the Waltham Forest Housing Zone for redevelopment via the London Development Panel for mixed use residential led scheme.

#### 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:

17/03/2016

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

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

#### **1 Introduction and Background**

- 1.1 The Mayor's Housing Strategy set out plans to create a number of Housing Zones to boost housing supply in London, and a range of measures to be used in the Housing Zones to unlock and accelerate housing delivery and to build more homes that are affordable to working Londoners. The Mayor's Housing Zone Prospectus, launched in June 2014, proposed the delivery of 20 Housing Zones across London which over ten years should deliver 50,000 homes.
- 1.2 Although the London Borough of Waltham Forest has seen some of the highest rises in housing prices in London (26% in 2014), there is at present only limited development interest in the Blackhorse Road area. The interventions in the original Housing Zone bid are focussed in particular on two adjacent sites which are proven to be holding back the growth of the area due to unwilling landlords and fragmented land ownership, and existing nuisance uses which are deterring both emerging schemes and schemes with planning permission from being implemented.
- 1.3 LB Waltham Forest bid for a total of £19.895m of funding to deliver the housing-led regeneration of the Blackhorse Lane and Northern Olympic Fringe areas. The aim is to create two villages connected by the Lea Valley Regional Park, where housing is unlocked and accelerated through targeted interventions by the GLA. These interventions will be funded directly through Housing Zone designation, in the form of repayable loan and non-repayable grant, and non-financial asks such as the GLA working with Transport for London (TfL) to release land near to the station hub.
- 1.4 The bid also proposed the acquisition of the Webbs Industrial Site (Webbs site) and a collection of other premises nearby, referred to in this report as the "Future Sites", for a comprehensive mixed use residential-led redevelopment. HIC and IPB endorsed the designation of the Housing Zone, and in October 2015 reviewed and endorsed the business case for acquiring the Webbs site, subject to suitable terms, and exploring the opportunity of acquiring the identified Future Sites.
- 1.5 It is proposed to make a one-off investment of £12.6m to purchase the Webbs site in accordance with the Terms attached as Appendix 3 alongside noting proposal to negotiate with owners of the Future Sites to secure a purchase price.
- 1.6 Following a recent internal discussions and a subsequent valuation, it is now proposed that GLAP purchase the Webbs site, alongside negotiating with existing landowner(s) on the Future Sites to acquire their holdings in order to facilitate a comprehensive regeneration of the area.
- 1.7 The Webbs site has been valued at £12m; this has been verified by a Red Book valuation on the assumption of completion of the remediation and clearance of the site which is currently taking place, but does not include ancillary costs such as SDLT and holding arrangements. Therefore £12.8m of funding is sought to acquire the Webbs site, broken down as £12m for site acquisition, £800,000 for associated legal costs, SDLT (included as £590,000 as of 17<sup>th</sup> March 2016), contracting fees etc. and for ancillary site management costs including securing the site and potential site clearance.
- 1.8 The site would be included within GLAP's estate management portfolio, managed by GVA, and associated costs funded through this arrangement until disposal. These are likely to be in the order of £75,000 per annum, and this has been included in the £12.8m budget.
- 1.9 Eversheds LLP have been appointed under ADD394 to undertake the completion of the purchase of the property.

- 1.10 As a number of the areas identified in the Future Sites portfolio of land have active current occupiers, the detail of these sites, discussions to date and proposed acquisition routes are reserved from publication until such time as negotiations have been completed.
- 1.11 The Webbs site is a former industrial site located in close proximity to Blackhorse Road Overground and Underground stations with good transport links to central London. A site plan is included in Appendix 1 to this report. The site comprises two vacant contiguous sites (Titles EGL433992 and EGL514158) at 108 Blackhorse Lane and 47 Sutherland Road in Walthamstow, and is approximately 1.67 hectares in size. The former industrial units have been made unusable, and are in a state of disrepair.
- 1.12 The Education Funding Authority (EFA) is tasked by Government to acquire sites for Free Schools in the UK, and acquired the site from the previous owner for £10.5m in early 2014 for development of a school. That development proposal has now moved on to a different site and the EFA approached the Borough to make them aware of their intention to dispose of the site. Given its location at the heart of the Housing Zone, the Borough included the site within its Housing Zone funding ask, seeking the GLAP's support in its acquisition.
- 1.13 The current owners of the Webbs site, due to their internal reporting mechanisms, have made any acquisition by the GLA subject to completion by the 31<sup>st</sup> of March 2016, and it is anticipated that, in conformity with the existing Scheme of Delegation, following Mayoral approval the Director for Housing & Land will complete the purchase of the Webbs site providing the terms of the agreement are in line with those contained in Appendix 3 of this paper.
- 1.14 Should values for the Future Sites be agreed, then a further paper will be brought to HIG, and subsequently to IPB and the Mayor, to review the business case and seek approval for the necessary budgets, or to proceed to pursue other routes to acquisition, potentially including CPO, if appropriate.
- 1.15 It is proposed that GLAP will dispose of the sites on a phased basis to a developer selected through the LDP, with redevelopment of the Webbs site as the first phase, with the capacity of the same development partner to later extend the scheme to include the Future Sites in any combination on acquisition. It is intended to release the site on license to any selected developer as early as possible post appointment in order to minimise GLAP's holding costs and to maximise the speed of development.
- 1.16 This project will contribute directly to realising the Mayor's commitment to deliver at least 50,000 new homes across London as part of the Housing Zone programme by unlocking and / or accelerating new residential sites through targeted interventions.

### **Compulsory Purchase**

- 1.17 As noted above, it is considered GLAP will be in a position to acquire nearby sites by mutual agreement.
- 1.18 However, if and when those negotiations have stalled and are at a point where the risk of not purchasing the sites in a reasonable time period will threaten the development of the Webbs site then GLAP would look at acquisition through CPO through either the GLA or the Borough.
- 1.19 Should such a route be required, then a further paper would be brought to HIG and the Mayor following detailed legal advice to seek confirmation of approval to proceed on this route.
- 1.20 It is considered that, from initial internal discussions and from previous views sought from the Borough, the strength of a CPO case would be strong given the combination of the detrimental impact some of the existing uses have on the area and the approach to comprehensive regeneration of the wider area.

- 1.21 Any such CPO would likely take between 18 to 30 months from start to completion, which would result in the potential for additional holding costs for the Webbs site. In anticipation of this it is expected that the appointed LDP partner would be responsible for any such additional costs and for management of the site in the interim. Dependant on phasing and the approach of any appointed partner, this in turn could either delay the start on site until this is resolved, or more likely result in the phased development of the Webbs site from the point furthest from Sutherland Road in order that should the CPO be confirmed in that timeline, then work can continue.
- 1.22 Should any such CPO not be confirmed, then GLAP would look to work with the development partner to bring forward redevelopment of the Webbs site on its own. This would likely mean a reconfiguration of the design of the scheme and an impact on the resulting values and potential for transformative regeneration for the overall development.
- 1.23 It should be noted that the DTZ valuation of the existing Webbs site, and the resulting profit on cost, has been undertaken on the basis of the site coming forward on its own without inclusion of the Future Sites.

## **2 Objectives & Expected Outcomes**

- 2.1 The acquisition of the Webbs site and Future Sites, and their release to the LDP for development of new homes, employment and retail spaces will not only deliver new much needed housing in this area, but will support regeneration in the area.
- 2.2 The non-financial expected outcomes of this investment will be an improvement in the perception of the neighbourhood, and enhancement of the GLA's reputation as a delivery agency and partner to Boroughs. This proposal will also assist in kick-starting the regeneration of the Blackhorse Lane area of Waltham Forest and raise interest in other development opportunities within the locality.
- 2.3 The investment has the potential to offer significant value for money as GLAP will look, wherever possible, to recoup the full sum of funding expended following its procurement of a development partner with additional uplift to be secured through overage wherever possible.
- 2.4 Without investment, none of these benefits would be realised and the quality of life of existing residents would likely decline, as bad neighbour uses would continue in the area.

## **3 Equality comments**

- 3.1 The acquisition and disposal of these sites to the LDP will assist in the delivery of new and additional homes within the Waltham Forest Housing Zone, this will help to implement Objectives 1, 2, 3 and 4 of the Mayor's Equalities Framework "Equal Life Chances for All" (June 2014) through the creation of new homes, housing products and well-designed housing schemes. These sites are within a designated Housing Zone area identified as an area for housing growth and delivery within London and therefore the decision within this report will facilitate these goals and ultimately ensure that the needs of different groups are taken into account in the design and development of housing.
- 3.2 Whilst there is a statutory obligation for parties to take account of the impact of schemes under the Equality Act 2010, in order to reinforce these obligations the GLA / GLAP have in the LDP documentation clauses requiring the developer to comply in all material respects with all relevant Legislation, including but not limited to legislation relating to health and safety, welfare at work and equality and diversity. Each LDP panel member is required to ensure it enforces equal opportunities.

## **4 Key Risks and Issues**

- 4.1 Lack of developer interest is a risk to the project, which will be mitigated through progressive soft market testing with LDP Panel members. Initial discussions have taken place about the principal of development in this area with a number of developers as part of the Housing Zone discussions, and development interest is currently very strong in this area.
- 4.2 Similarly, as with any land purchase, there is the risk that land value may go down as well as up. Efforts will be taken to dispose of the site speedily and efficiently to minimise any exposure to that risk, and when disposal takes place all efforts will be made to ensure the full value of any expenditure by GLAP (including holding and ancillary costs) will be recouped.
- 4.3 There is a risk that the Borough would seek additional s106 or other requirements on the scheme which would risk the site becoming unviable. This risk will be minimised by working closely with the Borough to shape a scheme for the area and to share information on an open book basis where possible to underline the intention to achieve a credible and deliverable scheme for all.
- 4.4 As with any site acquisition there is a risk of unknown contaminants or obstructions to development, including the potential for asbestos in any building or construction on the site but this is reflected in the risk appraisal and disposal price.
- 4.5 Following on from previous fly tipping that has occurred on the site, there is a risk that further fly tipping or occupation may occur prior to the site being disposed of. Direct allowances have been made in the requested budget to secure the site and to maintain a regular visual security check on the site. It is anticipated that the site will be disposed of in short order which will minimise the GLA / GLAP's liabilities in this area.

## **5 Financial comments of the Executive Director Resources**

- 5.1 The paper is seeking approval for the acquisition of a site (Webbs site) located within the Waltham Forest Housing zone. The acquisition will be funded from resources within GLAP. Potential risks and the associated mitigating actions have been identified and are outlined in paragraph 4.

## **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 Sections 1 to 5 of this report indicate that the Mayor has the power to proceed as suggested within this report
- 6.3 It should be noted that as GLAP will be a party to the legal documentation, GLAP will also need to approve the proposed acquisition of the Webbs site in accordance with its constitution.

## **7. Housing Investment Group and Investment & Performance Board**

- 7.1 Both the Housing Investment Group (14<sup>th</sup> October 2015) and Investment & Performance Board (30<sup>th</sup> October 2015) reviewed the business case for acquisition of the Webbs site and endorsed the proposals, along with agreeing the added benefits of acquiring additional nearby sites to create a more comprehensive development.

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

- 9.1 The next steps are summarised below. These are based on broad estimates and subject to negotiation with any future development partner, and noted risks above:

<b>Activity</b>	<b>Timeline</b>
Mayoral Decision	Q4 2015/16
Purchase of main site	Q4 2015/16
Appoint developer	Q1 2017/18
Obtain planning permission	Q4 2017/18
Start on Site	Q1 2018/19
Completion	Q1 2022/23

**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**

If YES, for what reason: This report contains sensitive financial information relating to the purchase of premises and the business modelling that supports this proposal, and release prior to completion of the purchase and its disclosure on the Land Registry records would likely impact the GLA's ability to complete this purchase on the proposed terms. Therefore the publication of Part 1 of this report should be deferred until 6 months after the completion of the agreement.

Until what date: (a date is required if deferring) **1<sup>st</sup> October 2016**

**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:**

Neil Hook has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

**Assistant Director/Head of Service:**

Fiona Duncan has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

**Sponsoring Director:**

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

✓

**Mayoral Adviser:**

Richard Blakeway has been consulted about the proposal and agrees the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**EXECUTIVE DIRECTOR, RESOURCES:**

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

Signature

*M. D. Bell*

Date

*15.3.16*

**CHIEF OF STAFF:**

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

Signature

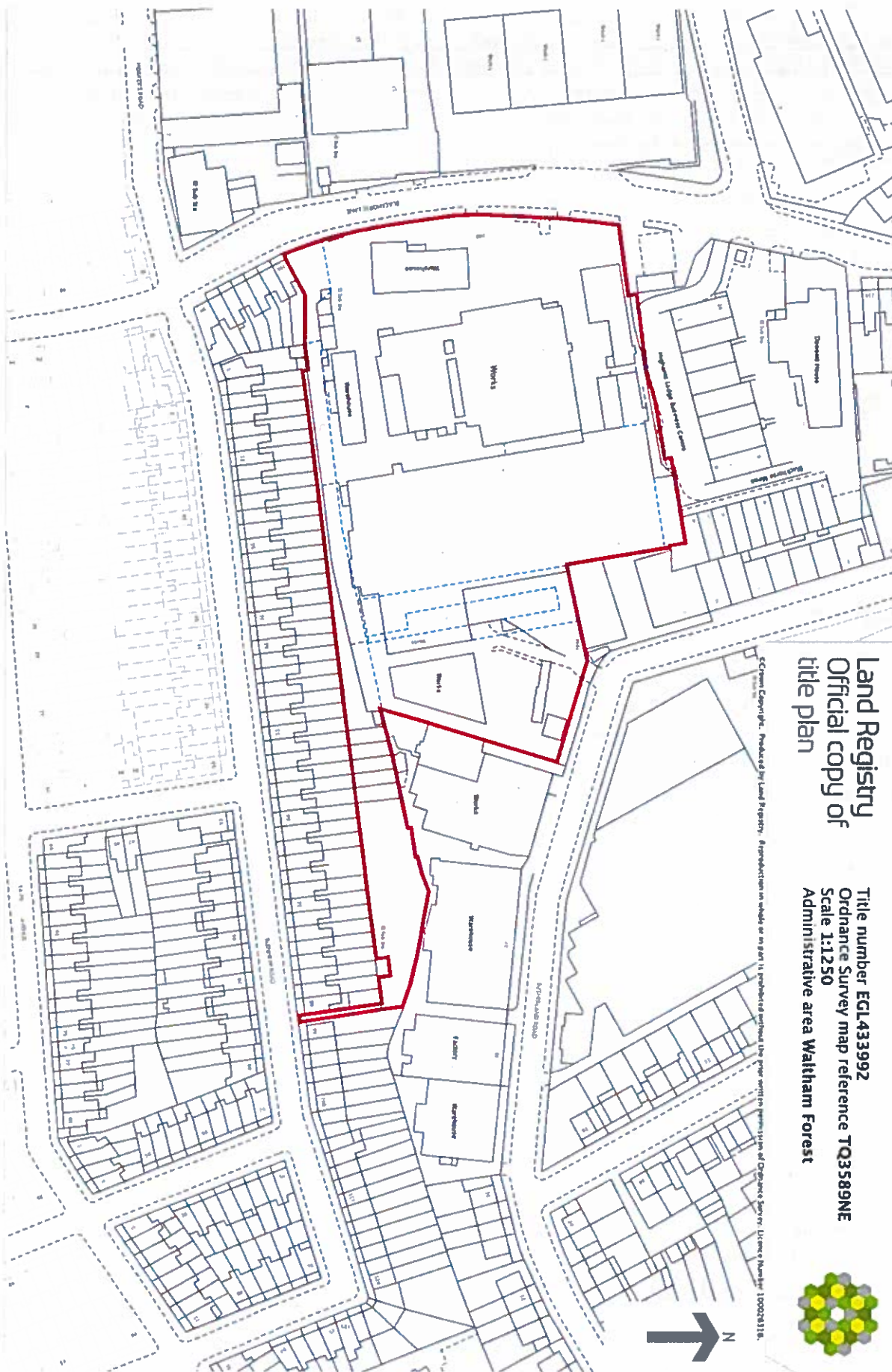
*Approved by Sir Edward  
Lister by email*

Date

*15.3.16*

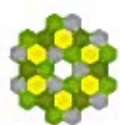


Appendix 1 - Webbs Title plan



Land Registry  
Official copy of  
title plan

Title number EGL433992  
Ordnance Survey map reference TQ3589NE  
Scale 1:1250  
Administrative area Waltham Forest



© Crown Copyright. Produced by Land Registry. Reproduction in whole or in part is prohibited without the prior written permission of Ordnance Survey. License Number 100029318.