

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2596

Title: Revised Housing Delivery Strategy at Greenwich Peninsula

Executive summary:

GLA Land and Property Limited (GLAP) wishes to implement a revised housing delivery strategy for the Brickfields neighbourhood on Greenwich Peninsula. A new delivery strategy is required to replace the housing delivery strategy approved under DD2353 in April 2019, which sought to introduce L&Q as a long-term delivery partner on the Peninsula. L&Q will proceed with the development of two plots (known as 18.02 and 18.03) and will not proceed with the long-term development option of Brickfields. They are entitled to do this under the current arrangements.

The Framework Agreement (which governs the current arrangements) between L&Q, GLAP and Knight Dragon (KD) will be terminated, and a new collaboration agreement is proposed between GLAP and KD. This agreement will set out how both parties work together to find new affordable housing delivery partners for remaining Brickfields plots.

Decision:

That the Executive Director of Housing and Land and the Executive Director of Resources approve entry into:

- a Deed of Termination to the Framework Agreement dated 3 May 2019 between GLAP, L&Q and KD, with variations to associated legal documents to allow L&Q to proceed with the development of plots 18.02 and 18.03 only
- a Deed of Variation to the current Land Disposal Agreement (LDA), which will reconcile the termination of the Framework Agreement with L&Q
- a Collaboration Agreement (pursuant to the LDA) that will set out how GLAP and KD will work together to find new Partners, and the key commercial principles of new deals with Partners.

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: Tim Steer

Position: Executive Director, Housing and Land

Signature:



Date:
15/8/22

PART I – NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. The regeneration of the Greenwich Peninsula is a priority for the Mayor and represents one of the largest development projects involving public land in London. The option to develop the Greenwich Peninsula site, which comprises 67 separate plots, was fully acquired by Hong Kong-based development company Knight Dragon (KD) in 2013, through its acquisition of the joint venture development vehicle from former owners Quintain and Lendlease.
- 1.2. All development on the Peninsula comes forward under the terms of the Land Disposal Agreement (LDA), a development agreement entered into in 2002 by Greenwich Peninsula Regeneration Ltd (then a joint venture development company) and English Partnerships. The LDA gives KD exclusive rights to develop GLA Land and Property Limited (GLAP)-owned plots that form the Greenwich Peninsula area, provided that certain minimum development requirements are met.
- 1.3. Development decisions on Greenwich Peninsula are delegated to the Executive Director of Housing and Land, and the Executive Director of Resources under MD1111. This is to avoid a conflict of interest on projects that may require new planning consents on the Mayor's land.
- 1.4. In 2019, a new housing delivery strategy at Greenwich Peninsula was agreed under DD2353, which sought to increase the number of affordable homes and the pace of delivery on Greenwich Peninsula. It did so by introducing L&Q as a long-term delivery partner on the Peninsula, where L&Q had the option to bring forward up to 3,500 homes at a minimum of 60 per cent affordable housing by habitable room. It increased overall affordable housing levels on the Peninsula from 25 per cent by unit to 28 per cent by unit (30 per cent by habitable room). The deal with L&Q – the Framework Agreement – was conditional on an appropriate planning permission being obtained.
- 1.5. KD submitted the 2019 masterplan hybrid planning application to the Royal Borough of Greenwich in August 2019 (ref: 19/2733/O). This application increased the overall number of homes to be delivered on the Peninsula by 1,757, making a total of 17,487. The planning application has resolution to grant planning consent, and the section 106 Agreement has been agreed by all parties. It will be signed upon completion of the legal documents outlined in this Decision.
- 1.6. L&Q has confirmed that it will not be looking to exercise any of the options to buy plots granted to it in the Framework Agreement of May 2019. L&Q will proceed with plots 18.02 and 18.03, which will deliver 476 homes at no less than 60 per cent affordable housing. L&Q will start onsite in January 2023, and will claim GLA's Affordable Housing Grant under the 2016-21 Affordable Homes Programme.
- 1.7. This paper seeks approval for the termination of the Framework Agreement between L&Q, KD and GLAP, with subsequent variations to supporting legal documents to allow L&Q to proceed with plots 18.02 and 18.03. Approval is also sought for GLAP to enter into a collaboration agreement with KD that sets out the respective commitments of both parties and how they will work together to find new partners who will seek to deliver the remaining Brickfields plots on Greenwich Peninsula at up to 60 per cent affordable housing. Further changes to the LDA are proposed and sought for approval to reflect the revised delivery strategy and termination of the Framework Agreement.

- 1.8. The housing delivery strategy as approved in DD2353 is revised because L&Q will no longer be the long-term delivery partner for Brickfields. GLAP and KD will need to identify and procure new partners for remaining Brickfields plots when they are available for development. The collaboration agreement replicates the key commercial provisions within the Framework Agreement, although we do not at this stage have the certainty of a named delivery partner. This therefore brings greater uncertainty and residual risk, although this has been managed and mitigated as much as possible within the collaboration agreement.
- 1.9. However, despite the greater uncertainty around the delivery partner, this revised housing delivery strategy presents opportunities to seek to accelerate the pace of affordable housing delivery further. It will also unlock KD's development programme, which is proposed to be progressed at speed following the grant of the decision notice; the programme will contribute towards the regeneration of the Greenwich Peninsula, and provide land receipts to GLAP. KD has resolution to grant planning consent for plot 19.05 by the Royal Borough of Greenwich, although this is pursuant to the 2019 masterplan application. It can only be granted in receipt of the 2019 masterplan decision notice.

2. Objectives and expected outcomes

- 2.1. This revised delivery strategy has the same key objectives of DD2353. These objectives are listed below, with an explanation of how this revised delivery strategy differs from the strategy approved and contained within DD2353.
- 2.2. The relevant key objectives, as detailed within DD2353, are as follows:
 - Increasing levels of affordable housing – the primary objective of this revised delivery strategy is to realise, and potentially augment, the increased levels of affordable housing that will be secured through the 2019 masterplan planning application, which has resolution to grant planning consent. The masterplan increases the level of affordable housing on Brickfields from 25 per cent by unit to 50 per cent (by habitable room). The collaboration agreement will provide the commitment that Brickfields delivers up to 60 per cent affordable housing (by habitable room), which is greater than the planning requirement of 50 per cent affordable housing (by habitable room) in the draft section 106 Agreement. The collaboration agreement maintains the aspiration secured in the Framework Agreement, approved by DD2353, in relation to 60 per cent affordable housing across Brickfields.
 - Accelerating the pace of construction – L&Q were introduced as an additional delivery partner to seek to increase the pace of construction, addressing the challenges of delivering large-scale strategic regeneration through one partner. This revised housing delivery strategy will seek to introduce additional delivery partners, in addition to L&Q and KD. This will seek to further accelerate the pace of construction, with the potential to develop Brickfields plots at a faster rate than would have been possible by L&Q because they will be building alongside L&Q, rather than on a phased basis by L&Q. An ambitious timetable has been agreed between GLAP and KD to set out when these plots will go out to tender, with target delivery dates. Delivery thresholds are also detailed within the collaboration agreement, allowing GLAP to terminate the agreement if development hasn't progressed fast enough on these plots.
 - Maintaining the quality of building and place – the same provisions as agreed with L&Q will be replicated with new partners, to ensure that: there are safeguards to protect design; and high design standards and quality placemaking are achieved, with these being incorporated into the tender arrangements.

- 2.3. The collaboration agreement provides assurance to KD that GLAP will work closely with KD to find new affordable housing partners for the Brickfields plots. These partners will need to be investment partners of the GLA. Without affordable housing delivery partners, the 2019 masterplan is otherwise undeliverable for KD, and KD would therefore not enter the section 106 Agreement, meaning that L&Q's plots 18.02 and 18.03 would not have detailed planning consent and affordable housing levels on the Peninsula remain at 25 per cent (by unit).
- 2.4. By entering these legal documents, it will allow L&Q to start on site with plots 18.02 and 18.03 this financial year. It will make an important contribution to the Mayor's affordable housing delivery targets in the current Affordable Homes Programme. The 2019 masterplan planning consent will also allow KD to progress with their delivery programme, which will include plot 19.05 this financial year, delivering 431 homes.
- 2.5. The new deals will seek to accelerate delivery and ensure development momentum is maintained looking forward. GLAP and KD will work together collaboratively as development partners, and fully use the opportunity this revised housing delivery strategy presents to both parties, for the benefit of the Peninsula, the Mayor and Londoners.
- 2.6. GLAP has reached agreement with KD on key commercial terms, and these are outlined in Part 2 of this paper. GLAP has been advised by its internal and external lawyers on these new legal documents. Commercial proposals have been reviewed by GLAP's external valuers to understand the implications of the revised housing delivery strategy.

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. The revised housing delivery strategy, which will implement and deliver the 2019 masterplan, will increase and accelerate the levels of affordable housing coming forward on the Greenwich Peninsula. The 2019 masterplan increases the number of homes on the Peninsula by 1,757 – of which 950 of those are affordable – to total 17,487 homes. Across the Peninsula this will be 30 per cent affordable housing, providing social rented, London Affordable Rent, London Living Rent and shared ownership properties.
- 3.4. The Mayor's Equality, Diversity and Inclusion Strategy 'Inclusive London' (2018) provides strategic objectives in 'Chapter 1: A great place to live'. The Mayor wants all Londoners to have good-quality homes, at a price they can afford. The cost or availability of housing should not push people into poverty, overcrowded living conditions or homelessness. The 2019 masterplan, plots 18.02 and 18.03, and the new deal with KD that sets out delivery parameters for future Brickfields plots will increase the supply of affordable homes, to benefit those who most struggle to cover the

costs of housing. This includes young people, households on low and medium incomes, and people from Black, Asian and Minority Ethnic groups.

- 3.5. In 2019, the Greenwich Peninsula was partly amongst the 20 per cent most deprived neighbourhoods in the country. Across Greenwich, 31 per cent of households in 2020 had incomes under £25,000; this is an indicator of households that are in relative poverty. The data source comes from CACI Paycheck in Greenwich's Ward Profile for 2020.¹ In the 2011 Census, just over 11,000 households in the Royal Borough of Greenwich were recorded as being overcrowded, representing 10.9 per cent of households across the borough (43.7 per cent of these overcrowded households were of social rented tenure). Greenwich also has a greater proportion of those aged under 18, compared with the London average. The increase in the number of affordable homes being delivered will directly support those on low incomes; and the provision of larger, genuinely affordable homes will help address overcrowding.
- 3.6. L&Q will start on site on plots 18.02 and 18.03 this financial year. This includes 27 three-bedroom homes at London Affordable Rent, and 17 four-bedroom homes at London Affordable Rent. These larger homes and affordable rented units are focused on the townhouses and maisonettes proposed, which all exceed internal space standards and have generous private external amenity space.
- 3.7. The increase in provision of affordable housing will support Black, Asian and Minority Ethnic Londoners. On average these groups experience worse housing conditions, less tenure security, higher rates of housing need, worse affordability and lower wealth than White Londoners, as detailed in the GLA's Housing Research Note 8: Housing and Race Equality in London (March 2022).
- 3.8. The new deal with KD will not only seek to increase the delivery of affordable housing across the Peninsula, but will also allow for the 2019 masterplan decision notice to be issued, and for L&Q to start on site. This new supply of affordable housing will help to reduce inequalities and discrimination experienced by different group, particularly those with a cross-section of protected characteristics.

4. Other considerations

Key risks and issues

- 4.1. The key commercial risks to GLAP are detailed in Part 2 of this decision.
- 4.2. Unlike DD2353, the future long-term delivery partner for Brickfields plots in this new deal is unknown. The GLA, working closely with KD, will need to identify suitable affordable housing delivery partners, prior to KD leading the tendering exercise to enter new partnerships for plots. It is agreed between KD and GLAP that plots will be taken to market when they are available, as opposed to tendering the whole Brickfields neighbourhood with 10 plots remaining (circa 3,000 homes). This parcelled approach will broaden the available market of registered providers (RPs) that may be interested and able to deliver on the Peninsula, including smaller RPs that would be excluded from a larger programme commitment. The uncertainty and risk can therefore be seen as an opportunity.
- 4.3. Notwithstanding this broader potential market of RPs, it is acknowledged that the current macro-economic conditions – such as high inflationary pressure with acute impact on build costs; the cost

¹ Royal Borough of Greenwich, [Ward profiles – based on a variety of data sources](#), 2020

of living and impact on consumer confidence; and external factors such as prioritisation of cladding removal, building safety and net-zero carbon – are having a downward pressure on RPs' programmes and their ability to deliver new affordable housing. This is an important risk for GLAP to consider when engaging with the RP market. GLAP will work with GLA Housing Investment and Operations colleagues in GLA Housing and Land to draw on relationships with RP partners, to generate interest for the upcoming development opportunities.

- 4.4. Whilst the timeframes for overall delivery are unknown, an ambitious timetable has been agreed between KD and GLAP in relation to when plots will be tendered; this timetable targets start-on-site dates. The Framework Agreement made with L&Q in 2019 was an option agreement, meaning that L&Q was not compelled to deliver the whole of Brickfields. If it did not deliver a certain threshold of development, GLAP had the contractual ability to terminate the Framework Agreement and seek to procure new partners. Therefore, there has always been a level of uncertainty regarding timescales for delivery. This new deal with KD, and the agreed timetable, provides GLAP with a degree of greater certainty and performance metrics to work to with KD. GLAP has the ability to terminate the collaboration agreement if delivery does not keep up with agreed minimum thresholds.
- 4.5. The benefits of this revised housing delivery strategy are considered to outweigh these key risks and issues.

Links to Mayoral strategies and priorities

- 4.6. The Greenwich Peninsula is an Opportunity Area, designated in the London Plan (March 2022). The Opportunity Area has an indicative capacity for 17,000 new homes and 15,000 new jobs. Policy SD1, 'Opportunity Areas', sets out the need for Opportunity Areas to fully realise their growth and regeneration potential, including the requirement that Opportunity Areas maximise the delivery of affordable housing, and creative mixed and inclusive communities. This revised housing delivery strategy, and the 2019 masterplan, seek to maximise delivery of affordable housing, and optimise the indicative capacity for Greenwich Peninsula Opportunity Area, meeting the Mayor's ambitions.
- 4.7. The revised housing delivery strategy will support Policy H1, 'Increasing housing supply', and Policy H4, 'Delivering affordable housing', through the increase in the number of homes that will be delivered through the 2019 masterplan planning application, and the increase in the number of affordable homes. New delivery partners for Brickfields will diversify the homes offered and meet a greater range of demand. The development will make an important contribution to the Royal Borough of Greenwich's housing target, under the London Plan, of 28,240 homes in the ten-year period from 2019-20 to 2028-29.
- 4.8. Policy H4 outlines a strategic target for 50 per cent of all new homes delivered across London to be genuinely affordable, and on public sector land delivering at least 50 per cent affordable housing. The Brickfields neighbourhood, which this decision relates to will deliver at least 50 per cent affordable housing and up to 60 per cent affordable housing. Going above the section 106 agreement requirements for 50 per cent affordable housing, to 60 per cent affordable housing where possible will support the Mayor's strategic target for 50 per cent of all new homes being affordable across London.
- 4.9. New partners will be required to deliver in accordance with the 2019 masterplan outline planning consent and comply with the section 106 Agreement. The section 106 Agreement sets out the acceptable affordable housing tenure split, which for the outline part of the planning application is 52 per cent London Affordable Rent and 48 per cent intermediate. The affordable housing tenures will need to comply with the requirements of the GLA's Affordable Housing Programme at the

time, ensuring that affordable housing provision will be in line with the Mayor's programmes and policies. It will therefore also support the Mayor's London Housing Strategy for delivery of genuinely affordable homes.

Consultations and impact assessments, including data protection

- 4.10. It has not been considered necessary or appropriate to consult any persons or bodies including those specified in section 32(1) of the Greater London Authority Act 1999. The 2019 masterplan planning application had statutory consultation as part of the planning determination process by the Royal Borough of Greenwich. This revised housing delivery strategy seeks to deliver this 2019 masterplan that has been consulted on previously by the Royal Borough of Greenwich.
- 4.11. There are no known conflicts of interest to declare for those involved in the drafting or clearance of this DD.

5. Financial comments

- 5.1. This decision requests approval to enter into a series of legal documents associated with the termination of L&Q's development option at Brickfields, and the revised delivery strategy to find new affordable housing partners. The legal documents have financial implications for GLAP, as with DD2353. Financial comments are in Part 2 of this decision.

6. Legal comments

- 6.1. GLAP has been advised by TfL legal and its external lawyers on the Greenwich Peninsula since April 2012, including in relation to the documents and associated matters noted above. The same team has advised GLAP on the legal documents approved under DD2353, and now in relation to this decision and the revised housing delivery strategy for Brickfields.
- 6.2. The foregoing sections of this report indicate that the decision requested falls within the statutory powers of the Authority exercisable by the Executive Director of Housing and Land, and the Executive Director of Resources (having delegated authority via MD1111 pursuant to section 38 of the Greater London Authority Act 1999), to do such things considered facilitative of or conducive to the promotion of economic development, social development and the improvement of the environment in Greater London.
- 6.3. Therefore, the Executive Director of Housing and Land and the Executive Director of Resources (pursuant to their delegated authority granted under MD1111) may approve the proposed entry into the agreement and other legal documents referred to in this report if satisfied with the content of this report.

7. Planned delivery approach and next steps

Activity	Timeline
Signing of legal documents, including section 106 Agreement	w/c 22 August 2022
L&Q secure possession of plots 18.02 and 18.03	November 2022
GLAP and KD issue tender for plots 17.01 and 17.03	December 2022
L&Q start on site for plots 18.02 and 18.03	January 2023
Brickfields delivery end date (estimated)	2037

Appendices and supporting papers:

Appendix 1 - Brickfields Plot 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? YES

If YES, for what reason: Part 1 should be deferred until the 2019 masterplan decision notice has been issued, and the legal documents included in this decision for approval have been entered into between the parties.

Until what date: 30 September 2022

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:

Sarah Birt has drafted this report in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service:

Simon Powell 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

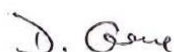
A summary of this decision was reviewed by the Corporate Investment Board on 15 August 2022

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature



Date

16/8/22

