

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2134

Title: Manor Road Retail Park Disposal

Executive Summary:

GLA Land and Property Ltd (GLAP) currently owns 1.91 Ha of land at Manor Road Retail Park, London Borough of Newham (LBN). Approval is sought to dispose of the land by way of a direct land sale to English Cities Fund (ECF) to deliver a minimum of 400 homes, 50% of which will be affordable, in order to create a high quality residential-led comprehensive development.

Decision:

That the Mayor:

- Approves the recommendation for GLA Land and Property Limited to dispose of the land at Manor Road to ECF via an Agreement for Sale on the terms outlined in this paper, noting that at least 50% of the new homes to be delivered will be genuinely affordable.
- Approves entering into the contractual agreements necessary to facilitate the proposed arrangement with ECF, providing the terms of the agreements are materially in line with the terms contained in this paper;
- Agrees to delegate to the Executive Director of Housing and Land, in consultation with the Deputy Mayor for Housing & Residential Development, the finalisation of legal and contractual agreements to give effect to this MD approval.
- Approves expenditure of up to £521,920 for the project.

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:

13/11/17

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

Decision required – supporting report

1. Introduction and background

- 1.1 GLAP is the owner of a retail park at Manor Road, Canning Town in the London Borough of Newham which has been identified as a site suitable for redevelopment as a residential scheme. Officers have therefore been working up a proposal to bring the site forward in partnership with LB Newham and the adjacent land owner, English Cities Fund (ECF).
- 1.2 ECF is a joint venture between the Homes & Communities Agency, Muse Developments and Legal & General and has been active in Canning Town for a number of years, successfully developing a nearby site for a mix of housing for sale, long term market rent and affordable housing. ECF's remit is to work in regeneration locations and on projects where a longer term investment is likely to be required than conventional developers are willing to make.
- 1.3 By collaborating with ECF to exploit the 'marriage value' between our sites, and in close dialogue with LB Newham, we have established the basis for a strategic approach to redevelopment of the area in line with planning policy, to help overcome the existing constraints on the site, optimise the amount of housing to be delivered and in particular, to increase the proposed level of affordable housing across the two sites together to a minimum of 50%.
- 1.4 Following the award of a planning consent for the site and tendering of the contract, an open market valuation will be undertaken to establish the value of the site to ensure the appropriate market value is achieved. This Red Book valuation will be undertaken by a RICS accredited valuer, appointed using the GLA's property framework.
- 1.5 The purpose of this paper is to set out the process undertaken to achieve the proposed scheme outcomes and to seek Mayoral approval to the disposal of land to ECF on the terms set out, and the additional expenditure to facilitate this.

The Site

- 1.6 The site is located in the London Borough of Newham, in close proximity to Barking Road and Canning Town Station (an aerial photograph of the site is attached at Appendix 1 and a land ownership plan at Appendix 2). The site is approximately 4.72 acres (1.91 ha) with vehicular access from Manor Road. The far south western corner of the site includes key constraints in the form of an electricity pylon and associated fixtures and fittings owned and managed by National Grid, with accompanying overhead lines heading in a North Westerly direction across the lower quartile of the site area. The site is currently occupied by four separate single storey retail units. Wickes and Carpetright occupy two units and the two other units have been vacant for a number of years but have recently been let on a temporary basis to an events company to activate a 'Secret Cinema' cultural interim use.
- 1.7 The site is identified in the LBN "Canning Town and Custom House masterplan" (adopted July 2008), as part of the "Manor Road Park" development site, which also includes adjacent parkland owned by LBN and a series of small retail units in private ownership. ECF has acquired the nearby HSS Tool Hire site on Barking Road.
- 1.8 In 2015 the GLA commissioned Gort Scott architects to undertake a capacity study for the GLAP owned Manor Road site to understand the potential for development including but not limited to residential led schemes. The study highlighted the regeneration and urban planning benefits of a partnering approach with the adjacent landowners, ECF and LBN, and that a residential led redevelopment of the site would be most appropriate, delivering significant levels of affordable

housing whilst helping to significantly improve the local area. Discussions have been held with the surrounding landowners regarding a comprehensive residential development of all sites, in line with the preferred policy option set out in the LBN's Canning Town and Custom House SPD.

- 1.9 Following consideration of the benefits of working with the neighbouring landowners, an options appraisal was undertaken for bringing forward the site. This including offering the site to the London Development Panel (LDP) or marketing it via an open OJEU competitive process. It was considered that these options were unlikely to optimise the potential to create a comprehensive development and deliver the best regenerative benefits to Canning Town.

2. Objectives and expected outcomes

- 2.1 The short term objectives for the site are to minimise costs and liabilities of overheads by facilitating an interim use for the vacant units, whilst retaining the existing tenants to maintain the rental income.
- 2.2 In the longer term, the key objective is to stimulate delivery of a high quality housing scheme with a minimum of 400 homes incorporating 50% affordable housing provision, which achieves the following:

Delivery of New Housing

In accordance with London Plan Policy 3.3 – Increasing Housing Supply; the key objective of this project is to deliver much-needed affordable homes meeting the requirements of Londoners.

Exceptional Urban Design

Disposal of the site to ECF and subsequent residential redevelopment of the site will address the sites unique attributes and enhances the character of the local area through use of appropriate design quality, materials and landscaping to deliver an active street frontage, an enhanced pedestrian environment and public space within the development.

3. Equality comments

- 3.1 The proposed disposal of Manor Road Retail Park land is anticipated to result in a residential-led scheme is aimed at implementing the Mayor's policies set out in the Mayor's London Housing Strategy. In January 2014 the GLA published an integrated impact assessment ("IIA"), including an equalities impact assessment, of that strategy. The policies related to increasing housing supply, of which this paper relates, were covered by the Integrated Impact Assessment (IIA) for the Further Alterations to the London Plan.
- 3.2 The IIA concluded that updating housing projections and targets would support the delivery of sufficient housing and may help stabilise housing prices, supporting equal opportunities throughout communities. Furthermore, the provision of housing, including maximising the delivery of affordable housing would be in line with other policies of the Plan (e.g. Policy 3.5), ensuring that the needs of different groups are taken into account in the housing design.
- 3.3 The delivery of new and additional homes at Manor Road 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.
- 3.4 By disposing of the land to a developer who intends to pursue a residential-led scheme, this proposal will meet the objectives of LB Newham as set out in its Core Strategy to provide affordable, lifetime homes for its residents, with exemplary urban design and sustainable development.

4. Financial comments

- 4.1 This decision requests approval to spend up-to £521,920 for Legal & Valuation as well as Statutory Compensation costs relating to Manor Road project in Canning Town.
- 4.2 Legal & Valuation costs (£145,000) are available from dedicated Manor Road budget within Land & Property Programme and will be expended in 2017/18 financial year.
- 4.3 Statutory Compensation of £376,920 is identified as a Contingent Liability and will be funded from dedicated Manor Road budget in the first instance, with additional balance to be contained within overall Housing & Land budget for 2018/19 financial year.

5. Legal comments

- 5.1 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.

- 5.2 Sections 1 to 4 of Part 1 and sections 1 and 2 of Part 2 of this report indicate that the Mayor has the power to proceed to make the decisions as requested within this report

6. Planned delivery approach and next steps

Activity	Timeline
Mayoral Decision	June 2017
Agreement for Sale contract signed	June 2017
Hybrid planning application submitted	Q3 2017/18
Hybrid planning application approved	Q4 2017/18
Detailed planning consent granted	Q2 2018/19
Phase 1 Detailed planning consent granted	Q4 2017/18
Phase 1 Development starts	Q3 2018/19
Phase 1 Development completes	Q4 2020/21
Phase 2 Detailed Planning Consent Granted	Q2 2019/20
Phase 2 Development Starts	Q3 2020/21
Phase 2 Development Completes	Q1 2023/24

Appendices and supporting papers:

Appendix 1: Site Aerial Photograph

Appendix 2: Land Ownership Plan

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:

The Agreement for Sale has not yet been entered in to therefore details of the proposed disposal should remain confidential until a minimum of 1 month after exchange of contracts.

Until what date: **To be reviewed on 31st June 2017**

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:

Sarah Coutts 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 5 June 2017.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature


TOM MIDDLETON ON BEHALF OF MARTIN CLARKE

Date

08.06.17

CHIEF OF STAFF:

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

Signature



Date

8/6/2017