

GREATER LONDON AUTHORITY

REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2284

Title: Joint valuation and options appraisal for potential development on college site subject to charge held by GLA

Executive Summary:

New City College in Tower Hamlets are seeking to demolish and redevelop their existing educational facility alongside residential development to cross subsidise the cost of building a new college.

The College was gifted the land in March 2005 by Commission for New Towns and (to whom GLAP became statutory successor in 2012) with a charge that ensures GLAP is entitled to the uplift in any value as a result of non-education related planning consent being granted and implemented.

GLAP and New City College have agreed to jointly appoint a valuer to carry out a number of valuations relating to the proposed scheme and potential value of the charge to GLAP in order to identify potential solutions to viability challenges that might otherwise prevent the delivery of a new college and affordable housing.

Decision:

That the Head of Area (North East London) approves:

The allocation of £17,100 as a 50% contribution towards the joint costs of a RICS registered valuer, appointed through a competitive tender by New City College, to undertake a red book valuation of the site and identify the potential value of any uplift in value gained through a change of use.

AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT

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: Neil Hook

Position: Head of Area (North East)

Signature:



Date:

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 New City College (NCC) is the largest further education college in east London. It was formed through a merger between Tower Hamlets College and Hackney Community College in August 2016, followed by subsequent mergers with Redbridge College in April 2017 and with Epping Forest College in August 2018. The college continues to maintain a local presence with campuses in each borough and provides education and training to over 20,000 students, ranging from 14 to 18-year-olds to adult learners.
- 1.2 NCC's Poplar campus occupies approximately 0.68ha of land adjacent to Poplar DLR station, within 500m of Canary Wharf's forthcoming crossrail station. It shares the same site allocation with Transport for London's DLR depot and East End Community Foundation and is contained within the Isle of Dogs and South Poplar Opportunity Area Planning Framework.
- 1.3 The current Poplar campus is an amalgam of buildings with the oldest ones being the 1984 Poplar Library and the grade II listed Poplar Naval College from 1906. The campus has grown subsequently, with extensions to the west and south. The newest part of the building is an Annex which was opened in 2006. This continued growth of the campus over a period of decades has meant that the current site is inefficient in its use of space and inflexible. Some of the facilities are ageing and are no longer fit-for-purpose.
- 1.4 NCC wants to re-develop the Poplar campus into a modern, state-of-the-art education facility that will be able to serve its students for decades to come. The assumption is that circa 90% of the current campus would be demolished, retaining only the listed building and the frontage of the old Poplar library. The new campus would comprise five floors of college space, including a spacious atrium that can be used for student social space and learning, a large learning resources centre accessible through the old Poplar library, specialist teaching facilities such as science laboratories, makerspaces and media suites, classrooms, staffrooms and outdoor space on the rooftop.
- 1.5 The current estimate is that it will cost circa £98 million to build a new college facility that creates approximately 18,350sqm of educational floorspace. In addition, the costs of decanting the college students and staff into temporary accommodation for the construction period of three years are estimated to be £12 million. The College is proposing approximately 600 residential units to finance these costs through cross subsidy. The exact number of units will be subject to ongoing discussions with the London Borough of Tower Hamlets' planning department.
- 1.6 The site of the current Poplar campus is split into multiple titles. The part of the Poplar campus comprised in title number EGL508023 is affected by the overage provisions contained in a transfer dated 14 March 2005 made between (1) Commission for New Towns and (2) Tower Hamlets College.
- 1.7 The overage provisions are for a period of 20 years and expire on 13 March 2025. If during this period any of the following events occur:
 - (i) *Disposal (which includes transfer or long lease) with the benefit of planning permission in writing (whether in outline or in detail) for a change of use or for development of the Property either alone or in conjunction with other premises or any part thereof for any purpose other than the Current Use; and*
 - (ii) *The implementation of any express or deemed planning permission in respect of the Property for development of the Property either alone or in conjunction with other premises or any part thereof for use or Development for any purpose other than the Current Use.*

(iii) *Then a calculation needs to be carried out to determine the difference in value of the Property between the Current Use Value and the Open Market Value with the benefit of planning for a use other than the Current Use.*

- 1.8 "Current Use" is defined as use for the purposes only of the provision of facilities for education and/or training in both cases wholly or mainly for those aged 16 and above made under the relevant education authority authorised under the Education Acts 1944 to 1988 or any other provider of such facilities from time to time authorised under any such statute.
- 1.9 The transfer sets out the basis of the valuation for the Current Use Value and the Open Market Value and stipulates that the GLA (as successors of the Commission for New Towns) are entitled to the uplift in value. The percentage of uplift decreases by 6% on an annual basis as of 13 March 2017 (at which point it stood at 100%) until March 2025, after which time the GLA's entitlement to overage ceases.
- 1.10 By commissioning a joint valuation, it ensures that both parties are satisfied with the brief for the valuer and can work together to explore all viable options and potential solutions to viability challenges.
- 1.11 A competitive selection process was undertaken, with input from the responsible GLA Senior Area Manager. Four companies were approached. Two returned tenders, while two declined on the basis of a lack of education building expertise and a conflict of issue due to advising a neighbouring scheme respectively.
- 1.12 Two tenders were received. Both tenders were competitively priced, with very minimal difference in price. A joint assessment between New City College and the GLA was carried out, with both parties favouring the proposal from GVA due to demonstrating a greater understanding of the affordable housing and overage relationship.
- 1.13 The total cost of the valuation is a fixed price of £28,500 + VAT which the College have now commissioned.
- 1.14 It is proposed that the GLA funds half of the total cost. This equates to £14,250 + VAT (the College is required to pay VAT which it cannot reclaim from HMRC) so half the total cost including VAT should be paid to the College.

2. Objectives and expected outcomes

- 2.1 Enabling the development of New City College to proceed through increasing the level of affordable housing delivered.

3. Equality comments

- 3.1 The GLA's Public Sector Equality Duty has been considered in relation to this recommendation and no specific issues have been identified as a result. Positive contributions to equality have been considered through the Accessible London SPG which requires all new housing to be built to "The Lifetime Homes" standard and for ten per cent of new housing to be wheelchair accessible, or easily adaptable for residents who are wheelchair users.
- 3.2 The allocation of affordable housing units will be administered by LBTH in line with their allocations scheme which includes an equalities statement confirming their commitment to eliminating discrimination.

- 3.3 Poplar campus has always been rooted in the local community with 80% of students coming from Tower Hamlets. The college wishes to build on this by opening the new campus facilities to the general public for the first time. Alongside providing new state of the art facilities that are fully DDA compliant, current plans include the creation of an auditorium that can be rented outside of college opening hours for theatre plays, lectures and film screening; a training café run by college students; and sports and library facilities accessible for the local community in the evenings and weekends. The college is also exploring the potential of including either some health care or nursery facilities in the new campus.

4. Other considerations

a) Key risks and issues

- 4.1 Given the challenging viability issues facing a mixed use development of this size, were the GLA to insist on enforcing the charge it is almost certain that no development would come forward. This would have a negative impact on local Tower Hamlets residents through a sub optimal college facility and would present a missed opportunity to deliver affordable housing on the site. By working with the College to find a way of reducing the impact of the charge through increasing the level of affordable housing the GLA enable a further contribution towards its affordable housing target.
- 4.2 As the charge ceases to be enforceable after March 2025 the College could, reluctantly, choose to sit on their redevelopment proposals until after that date and produce a development with minimal affordable housing after undergoing a viability assessment. This would present a lost opportunity for delivering a reasonable level of affordable housing on the site.

b) Links to Mayoral strategies and priorities

- 4.3 Enabling the delivery of a high quality replacement college alongside affordable housing would contribute towards the Mayor's objectives for a city of diverse, strong, secure and accessible neighbourhoods and meeting the challenges of economic and population growth.

c) Consultations and impact assessments

- 4.4 Statutory consultation will be required through the planning process.
- 4.5 New City College will lead on the development of the plans, consultation with the community and wider stakeholder engagement.

5. Financial comments

- 5.1 This decision seeks approval for expenditure of £17,100 to New City College as a 50% contribution towards the cost of the appointment of GVA to undertake a red book valuation of the college site, including evaluating the impact of additional affordable housing on the charge against the lease. The cost includes the VAT added to the service fee as New City College cannot reclaim the VAT charged by GVA.
- 5.2 The expenditure will be funded from the GLA's Housing & Land portfolio budget and will be spent in 2018/2019 financial year.

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 In exercising the power contained in section 30(1) of the GLA Act, the GLA must have regard to the matters set out in sections 30(3-5) and 33 of the GLA Act, and also the Public Sector Equality Duty in section 149 of the Equality Act 2010.

6.3 The housing shortage in London disproportionately negatively affects people with certain protected characteristics under the Equality Act 2010, and therefore increasing the supply of housing and affordable housing will help to achieve positive impacts in line with the needs of those with such protected characteristics (as set out in Section 2 above).

7. Planned delivery approach and next steps

Activity	Timeline
New City College Appoint valuer	October 2018
Agree affordable housing provision with New City College	November 2018
New City College commence delivery of the development programme	December 2018

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? NO

If YES, for what reason:

Until what date: (a date is required if deferring)

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 –NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Ed Richards has drafted this report in accordance with GLA procedures and confirms the following:

✓

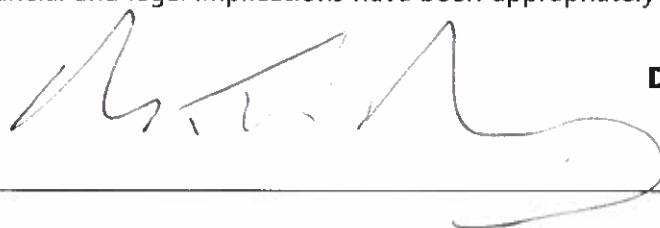
Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 15 October 2018

HEAD OF FINANCE AND GOVERNANCE:

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

Signature



Date

16.10.18