

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1504

Title: Blackwall Reach Delegations and Delivery

Executive Summary:

This report provides an update on the Blackwall Reach development scheme and confirms the Mayor's approval of the Principal Development Agreement and subsequent amendments (and the entry into the Building Agreements, Block Leases, Phase Leases and all associated documents contemplated by the same) as well as confirming certain matters required to facilitate delivery of the scheme to be dealt with under delegated authority.

Decision:

That the Mayor:

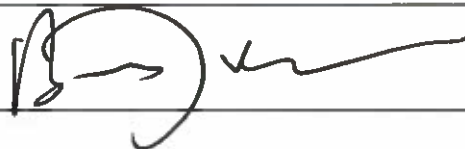
- (1) Confirms approval of the terms of the Principal Development Agreement and subsequent amendments, and the entry by GLA Land and Property Limited (GLAP) into the Building Agreements, Block Leases, Phase Leases as contemplated by the Principal Development Agreement and the Building Agreements;
- (2) Delegates authority to the Executive Director of Housing and Land to finalise the form of the Block Leases and Phase leases for Phases 1A, 1B, 2, 3 and 4 of the development scheme including any modifications and including, where appropriate, entering in to accelerated grants or combined Phase Leases and Block Leases or modifications and agreements required as a result of the structuring of the public sector landholdings to facilitate grant;
- (3) Approves entry by GLAP into any Wayleaves, Easements, Licences, Section 104, 278 and 38 Agreements, ancillary leases, non-material amendments to the Principal Development Agreement and individual Building Agreements and any other ancillary agreements required to deliver the Blackwall Reach development;
- (4) Approves expenditure of £150,000 to cover all Blackwall Reach legal fees relating to the development as set out in the 2015-16 GLAP budget.

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:

4 June 2015

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

Decision required – supporting report

1. Introduction and background

- 1.1 The site is located in London Borough of Tower Hamlet (LB Tower Hamlets) adjacent to the Northern entry and exit points of the Blackwall Tunnel and forms part of the wider Blackwall Reach regeneration scheme.
- 1.2 Previously the Homes and Communities Agency (HCA) had taken a controlling interest in a number of sites within the Blackwall area in order to facilitate the comprehensive regeneration and redevelopment of the Robin Hood Gardens housing estate and surrounding sites.
- 1.3 In partnership with the LB of Tower Hamlets, following an extensive procurement exercise Swan Housing Association (Swan) were appointed to deliver the phased regeneration of this area, with the initial Phase 1A and Phase 1B sites being delivered on an unconditional basis.
- 1.4 The arrangements in respect of the development are set out within the Principal Development Agreement (PDA) which was entered in to by the HCA and LB Tower Hamlets together with Swan and Countryside Properties on 19 April 2011. The Blackwall Reach project, including the PDA and all associated landholdings transferred from HCA to GLA Land and Property Limited (GLAP) on 1 April 2012. The PDA was amended and restated in 2013.
- 1.5 Whilst previous reports (particularly MD1171) have noted the GLA's role, this report is designed to provide an overview of the arrangements, reaffirm the GLA's commitment (through GLAP) to delivery of the proposals and provide an update and to seek approval for actions necessary to deliver the current and future phases of the scheme.
- 1.6 The PDA provides that GLAP and LB Tower Hamlets will acquire land interests in the defined Blackwall Reach area by mutual consent or Compulsory Purchase and dispose of them to a development partner in order to bring forward a comprehensive redevelopment of the area to deliver 1575 new homes, of which over 50% will be affordable (by habitable room).
- 1.7 The PDA provides for entry into a Building Agreement for each individual phase with the form of Building Agreement appearing as an Appendix to the PDA.

Lease arrangements

- 1.8 The PDA and form of Building Agreement provide for Swan carrying out the relevant phase of development under licence using the agreed scheme designs, and on a block reaching wind and watertight stage, Swan is entitled to draw down a "Block Lease" for a term of 250 years allowing Swan to complete that individual block of development.
- 1.9 Once all blocks within a phase are completed, Swan is entitled to draw down a "Phase Lease" which will incorporate the intermediate spaces and landscaping allowing Swan to finalise each stage of the development and allow occupation.
- 1.10 The Building Agreement has a form of both the Block Lease and Phase leases attached as an Appendix, with the intention that the parties agree such minor necessary amendments and variations as are required to reflect the specific details eg title of that phase.
- 1.11 GLAP directly controls a number of parcels of land within Phase 1A, 1B and 4 and, in line with the PDA, is obligated to grant Swan both Block Leases and Phase leases for these areas of the development at the agreed times.

Building Agreement Variations

- 1.12 As noted in this report, prior to commencement of each phase of development the PDA prescribes entry into a separate Building Agreement for each Phase based on the terms of the draft Building Agreement attached as an appendix to the PDA.
- 1.13 The Building Agreement form requires certain details to be populated and allows for changes to be made to accommodate operational arrangements agreed between the delivery parties, for example agreements on timetables for delivery or operational phasing within each development parcel.
- 1.14 As these changes will be non-material to the overall aim of the scheme and the principles of the agreed PDA, and part of a structured dialogue and delivery route for the area, it is proposed that any required amendments to the individual Building Agreement terms as anticipated by the PDA will be dealt with pursuant to the Mayoral Scheme of Delegation.

Phase 1A

- 1.15 As noted in MD1435, work is nearing completion on Phase 1A with wind and watertight stage due in May 2015. GLAP will then be required under the Building Agreement to grant both a Block Lease for the remaining blocks, and then shortly thereafter a full Phase Lease for the remaining areas of development, which will allow Swan to dispose of the housing units and take forward the development.
- 1.16 It is proposed that the finalisation of the form of the Block Leases and Phase Leases required for Phase 1A and agreement of any non-material amendments to the form of these as may be necessary be dealt with pursuant to the Mayoral Scheme of Delegation.
- 1.17 The land ownership arrangements as between GLAP and LB Tower Hamlets for Phase 1A are complex. Part of the Phase 1A site is owned freehold by GLAP, part freehold by LB Tower Hamlets and part freehold by LB Tower Hamlets but subject to a long lease to GLAP. The parties are considering the best way to structure the arrangements in order to facilitate draw down. It is likely that both GLAP and LB Tower Hamlets will join into the Block Leases and Phase Lease as landlord and that it may be necessary to grant these in part out of the GLAP leasehold with an option for Swan to call for a new lease from LB Tower Hamlets or an agreement for LB Tower Hamlets to grant a new lease for the remainder of the anticipated 250 year term on expiry of the initial term. This may also necessitate entry into other associated documents such as an agreement to surrender in the event that the public sector parties are able to restructure their land interests following grant. It is proposed that the finalisation of these arrangements will be dealt with by the Executive Director of Housing and Land under delegated authority.

Phase 1B

- 1.18 Work is due to commence on Phase 1B of the site in May 2015. Swan is acting under an early access Licence (which is already in place) to allow them to undertake preparatory works for Phase 1B. However, there are a number of undersoil issues with the site including diversions required for high voltage power cables and fibre-optic telecoms cables.
- 1.19 It is likely that GLAP and/or LB Tower Hamlets as the owner of the Phase 1B site will need to be party to any required diversion or other agreements with cable owners as these will be required in advance of Swan having a land interest in Phase 1B. This is a situation that is likely to replicate itself as further agreements are required on site to deliver the agreed scheme.

Miscellaneous Agreements

- 1.20 As noted above in the context of Phase 1B, there are likely to be in respect of the various phases an increasing number of easements, wayleaves, licences and potentially further minor leases (such as,

but not limited to, development leases for tenants pending redevelopment of their sites) that will need to be granted in order to realise the agreed scheme and any variations to this to deliver the vision for the area.

- 1.21 Often these agreements are required at short notice to facilitate the programme or relate to matters that are an anticipated part of any such development programme (such as leases for the operation of electricity sub stations or similar facilities). The PDA contemplates the possibility of these being entered into by GLAP in its capacity of landowner and it is proposed that the agreement of any such land agreements including easements, wayleaves, licences, S104, S278 and S38 agreements and any other similar agreements required in connection with the Blackwall Reach project be dealt with pursuant to the Mayoral Scheme of Delegation.

Other PDA Matters

- 1.22 The PDA contains a series of annexes which were agreed at the time of signing the PDA. However, a number of other documents contemplated will only be populated once certain key stages within the programme have been reached – including a “Common Estate Strategy” which is required to be in place by drawdown of the first lease, and a “Nominations Agreement” which will contain rights of nomination for LB of Tower Hamlets.
- 1.23 It is proposed that the agreement of any additional required annexes, appendices or supplementary documents required as part of the terms set out within the PDA or any non- material variations of the PDA will be dealt with pursuant to the Mayoral Scheme of Delegation.

2. Objectives and expected outcomes

- 2.1 That the agreement of Block Leases and Phase leases for Phase 1A of the scheme will allow development to complete in March 2015, delivering much needed affordable housing within this area.
- 2.3 The delegation of authority to the Director of Housing and Land for future similar decisions relating to the Blackwall Reach project area will expedite development within the defined Blackwall area.

3. Equality comments

- 3.1. The delivery of the Blackwall Reach development 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 within the Housing Zones 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.

4. Other considerations

- a) **Links to strategies and Mayoral and corporate priorities**

The overall scheme will provide up to 1,575 new homes with 50% affordable housing, calculated on a habitable room basis, providing a mix of rented, intermediate and private tenures. The site will provide a high proportion of large affordable family homes with 303 of the rented units having three bedrooms or more.

b) Risk

The completion of Phase 1A will enable the completion of the first phase of development which will provide replacement homes for those displaced by the future required demolition. If this was not completed this phase could not be delivered in accordance with its current programme and granted planning permission.

The completion of Phase 1B will enable the completion of the second phase of development which will provide new homes within the area and begin the direct transformation and regeneration of a series of derelict parcels of land held by GLAP. If this deal was not completed this phase could not be delivered in accordance with its current programme and granted planning permission.

5. Financial comments

- 5.1 The Principal Development Agreement (PDA) includes the arrangements for overage receipts to GLAP and the phasing of the same. Detail on these arrangements is set out in the confidential Part 2 section of this decision.
- 5.2 Legal fee expenditure relating to the PDA and ancillary agreements is forecast to be £150,000 and will be funded from the existing GLAP 2015/16 and 2016/17 budgets to cover all legal appointments including Berwin Leighton Paisner LLP (BLP).

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. The principal purposes, as set out in section 30(2) of the GLA Act are:
 - (1) promoting economic development and wealth creation in Greater London;
 - (2) promoting social development in Greater London; and
 - (3) promoting the improvement of the environment in Greater London.
- 6.2 Given the above and section 34 of the GLA Act, which allows the Mayor to do anything which is calculated to facilitate or is conducive or incidental to the exercise of any of his functions, the foregoing sections of this report indicate that the Mayor has the power to make the requested decisions.
- 6.3 As noted above, BLP have been appointed by Legal to provide advice to GLAP, in conjunction with LB Tower Hamlets given the commonality of interests, in relation to the PDA, lease drawdown and other arrangements including preparation of the required documents.

7. Housing Investment Group

- 7.1 The Housing Investment Group (HIG) have received regular updates on the development of the Blackwall Reach proposals, the implementation of the PDA and the delivery of the existing scheme and are in support of both the proposals and the work to date.
- 7.2 It is anticipated that regular updates will be brought to HIG as appropriate.

8. Planned delivery approach and next steps

8.1 Further to Mayoral approval the next steps are as follows:

Activity	Timeline
Agree Phase 1A Block Leases	May 2015
Agree Phase 1A Phase Lease	May 2015
Agree Phase 1B Phase / Block Leases	2016/17

Appendices and supporting papers:

Appendix 1 – Map of the Blackwall Reach development area

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, until the Block and Phase Lease for Phase 1A is drawn down and registered with the Land Registry
Due date: Estimated 30 August 2015

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 Lunts 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

Neil D. Belle

Date

26.5.15

CHIEF OF STAFF:

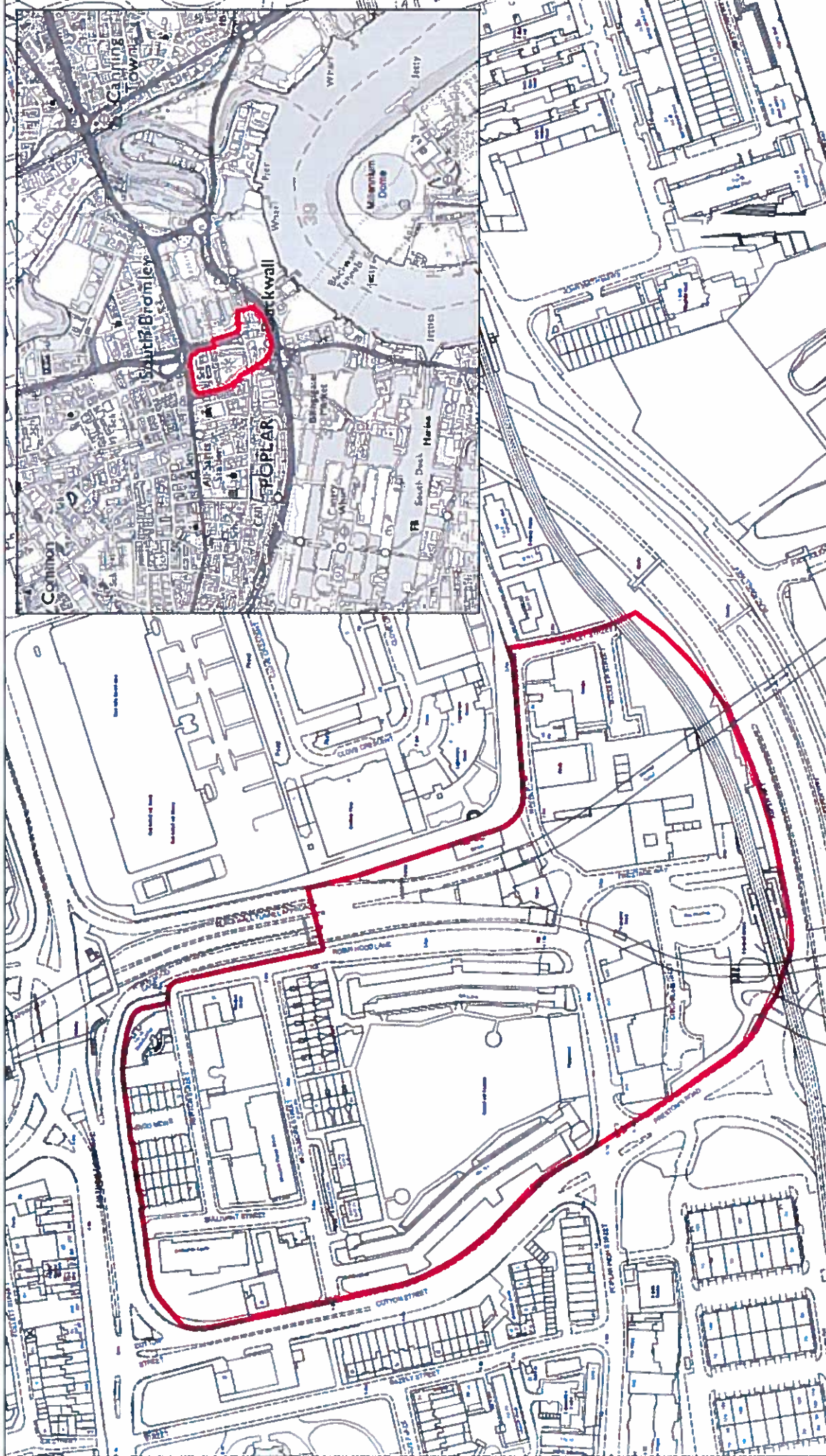
I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

Edmund Hill

Date

02:06:2015



Scale 1:3000 at A4
 Date:29-08-2006

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English Partnerships OD 10018178

GIS File:TAM25 JC version4

Blackwall Reach Regeneration Area Location and site plan



English Partnerships
 The National Regeneration Agency