

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2150

Title: Appointment of Developer for the former Webbs Site

Executive Summary:

Following the purchase of the former Webbs Industrial Estate in the Waltham Forest Housing Zone (see plan at Appendix 1) in July 2016, the Housing and Land Directorate has undertaken a three-stage procurement exercise using the GLA's London Development Panel (LDP) to identify a partner to redevelop the site.

Following this exercise, this MD seeks approval from the Mayor to appoint Catalyst Housing Limited as the preferred development partner. It also seeks a delegation to the Executive Director of Housing and Land, in consultation with the Executive Director of Resources, to finalise and enter in to the associated development agreement(s) and other ancillary agreements required to deliver the scheme, and all other associated approvals required to commence and deliver these proposals.

The scheme will deliver a transformational mixed use residential development that will deliver circa 300 new homes, all of which will be genuinely affordable for potential first-time buyers, together with creative workspace and supporting infrastructure.

Decision:

That the Mayor approves:

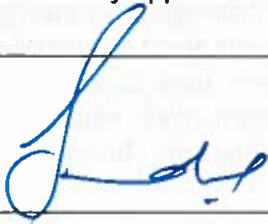
- The selection of the preferred development partner by entry into the Development Agreement, which will signal the closure of the procurement process; and
- A delegation to the Executive Director of Housing and Land, in consultation with the Executive Director of Resources, to finalise the form of, and enter into, the Development Agreement and any ancillary agreements required to deliver the redevelopment of this site including, but not limited to, any wayleaves, easements, licenses, Section 104, 106, 278 and 38 agreements, ancillary leases, side letters, discharging of obligations and non-material amendments to any such agreements.

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:

23/8/12

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

Decision required – supporting report

1. Introduction and background

- 1.1 The Webbs site is in the Waltham Forest Housing Zone and is a five-minute walk from Blackhorse Road tube station. The Housing Zones programme is designed to accelerate housing delivery, and especially new affordable housing, through a range of measures to unlock sites across London.
- 1.2 As part of their bid for Housing Zone status, the London Borough of Waltham Forest (LBWF) proposed the acquisition of the Webbs Industrial site (Webbs site) and other nearby premises to enable a comprehensive mixed used residential led redevelopment, and following discussions between the GLA and LBWF it was agreed that GLAP should purchase the site.
- 1.3 Under the approval of MD1627 the Webbs site was acquired by GLAP in July 2016 from the Education Funding Agency. This was the first site acquisition undertaken by the GLA since all other GLAP sites were inherited from predecessor organisations. This approval included that following acquisition GLAP would work closely with LBWF to further develop proposals and bring the site forward via the London Development Panel (LDP), the GLA's approved developer panel.

Setting the specification for the development

- 1.4 Working with the Borough, GLAP explored various development scenarios for the site to help shape the procurement brief. Critical to this, as set out in the Borough's Area Action Plan and Development Brief for the site, is the balance of existing tenures within the surrounding area. There has been substantial recent development of adjacent sites, which have delivered much-needed social and affordable rent units (upwards of 90% of the homes delivered). At the same time, open market residential prices have risen dramatically in recent years, with Waltham Forest regularly in the top 5 areas for house price growth in the UK, leaving local residents who are looking to buy priced out of purchasing a home within the Borough. The fact that an increasing number of potential first-time buyers have had to leave the area rather than stay and contribute to its social and economic wellbeing has had a negative impact.
- 1.5 As a result, the Council has been keen that any redevelopment of this site focuses on delivering genuinely affordable homes, but with an emphasis on intermediate forms of housing to help struggling first-time buyers in the area. Following consultation with the Deputy Mayor for Housing and Residential Development it was agreed that the site should therefore come forward with 100% affordable housing, as either 100% Shared Home Ownership (SHO), or a mix of SHO and London Living Rent (LLR) at 70% SHO and 30% LLR. The tender documents were drafted on the basis that bidders were free to choose either option based on their own business needs and that these would be scored on an equal basis.
- 1.6 Although the site is close to Blackhorse Station, it currently has a comparatively low PTAL as there is no direct access from the eastern side of the site to the station. The Borough is keen that any scheme creates an east / west 'green link' to allow better accessibility for residents and this requirement was incorporated in the development brief.
- 1.7 The site is within a former industrial location that has recently emerged as a strong creative industries hub, with the GLA-funded Blackhorse Workshop to the north and Sutherland House to the east, both housing various SME businesses. The Borough has been keen to encourage this by securing provision of new workspace in the area and the development brief requires this in line with the Mayor's strong ambitions for supporting the creative sector and small businesses in London.

Selecting a Development Partner

- 1.8 The developer selection process has been in the form of the OJEU compliant standardised LDP three stage mini-competition process, which involved 'Expression of Interest' (EOI), 'Sifting Brief' (SB) and 'Invitation to Tender' (ITT) stages to select a partner.
- 1.9 An invitation to express an interest in the scheme was issued to all LDP members on 12th April 2017. 15 organisations expressed an interest in the site, the highest number so far for any scheme offered to the LDP.
- 1.10 A sifting brief was then issued on 24th April to these 15 organisations to provide further information on the scheme, including a set of questions to be used to evaluate the applicants and identify a shortlist of 5 bidders to be invited to the third stage.
- 1.11 The ITT was issued on 12th May to the shortlisted bidders which provided detailed information on the site and set out GLAP's delivery requirements and strategic objectives as follows:
- Deliver a high-quality redevelopment of the site within the timescales in the Development Agreement;
 - Secure planning permission(s);
 - Prepare the site for development, remediate (where necessary) and manage flood risk;
 - Design and implement the infrastructure requirements for the site – this includes working with other organisations and nearby landowners;
 - Deliver circa 300 high quality well designed homes at a mix of either 100% shared ownership or 70% shared ownership and 30% London Living Rent;
 - Deliver a scheme in line with the principles of the earlier consent to bring forward creative work spaces/small business spaces and other non-residential uses across this and neighbouring sites;
 - Deliver suitable on-site sustainable energy infrastructure;
 - Incorporate a green link across the site linking Sutherland Road and Blackhorse Lane, to enable connectivity for cycling and walking both within the site and to the surrounding areas, and create attractive open space within the development accessible to the wider community;
 - Participate with other local landowners as a member of the Sutherland Road Joint Management Board; and
 - Take control of the site (and assume all estates management responsibilities for security, health and safety and insurance etc.) upon entering into the Development Agreement.
- 1.12 As part of this process, GLAP committed to demolishing the existing buildings on the site and removing the resulting spoil. Approval and an accompanying budget to undertake these works was secured through MD2160.
- 1.13 An evaluation methodology was provided as part of the supporting documentation issued with the ITT to all bidders. This set out how the tenders would be assessed, including the evaluation criteria to be applied to each part of the bid. This was reviewed and approved by TfL Procurement, acting as procurement agent for the tender. This methodology set out the marking structure, balancing the aspirations for excellent design, with an appropriate delivery capability and the GLA's obligation to achieve the best consideration it can for the assets it holds:

Evaluation Area	Section	Available Marks
A: Quality	Placemaking, Design and Development	10%
	New and Affordable Housing	10%
	Commercial Development	10%
	Project team approach and project management	5%

	Programme	10%
	Approach to gaining planning permission	5%
	Approach to long term management	5%
	Project risk assessment and management	5%
B: Financial	Guaranteed Minimum Land Payment	25%
	Overage Schedule and Mechanism	5%
	Financial Assumptions	10%

- 1.14 In line with the LDP mini-competition process, assessment and scoring of the tender was undertaken by three GLA officers GLA acting on behalf of GLAP. Dentons UKMEA LLP and GL Hearn were appointed to provide technical advice in order to ensure compliance with the terms of the framework and wider EU procurement legislation.
- 1.15 Following careful assessment of the tender responses using the above evaluation criteria, the preferred development partner was assessed to be the overall highest scoring bidder, representing the most economically advantageous tender.
- 1.16 On that basis, this report seeks approval to appoint the preferred development partner and to enter in to the resulting Development Agreement to deliver the scheme as described in their tender submission.
- 1.17 The appraisal process and scoring of tender submissions was overseen by TfL Procurement and ratified by TfL's SEAR Governance board which oversees all major procurement decisions managed through TfL to ensure compliance.
- 1.18 As set out in the ITT documentation, GLAP intends to contract based on the standard form LDP Development Agreement documentation, modified to accommodate the selected preferred development partner bid.
- 1.19 As set out in the ITT document and as is standard for GLAP disposals, the intention is to dispose of the freehold of the site to the selected development partner once the key terms of the development are completed, notably including both completion of the scheme and payment of the Guaranteed Minimum Land Value.

2. Delegating authority to deliver the scheme

- 2.1 This report seeks approval to delegate the necessary authorities to the Executive Director for Housing and Land, in consultation with the Executive Director of Resources, to enter in to any such ancillary agreements, or to make non-material amendments to the Development Agreement after signature to facilitate delivery of the scheme.

3. Objectives and expected outcomes

- 3.1 In accordance with the preferred bidder's tender proposal, subject to achieving a full planning consent, the development will deliver (as a minimum standard):
- 300 new affordable Shared Ownership Homes;
 - Approximately 3,000 sqm of creative work space;
 - Approximately 500 sqm of retail space;
 - New public realm and park areas supporting the scheme; and
 - A new renewable energy centre.

4. Equality comments

- 4.1 The Mayor is due to release a draft Housing Strategy, which will include an Equality Impact Assessment, for a three-month consultation in September 2017.
- 4.2 The Mayor's Vision for a Diverse and Inclusive City was issued as a consultation draft in June 2017. The first chapter of this document is entitled a Great Place to Live and Priority, and outcome 1.1 refers to the delivery of affordable, accessible, decent homes. This scheme will ultimately deliver affordable homes on the Mayor's land.
- 4.3 The designation of a Housing Zone within an area is designed to identify a site or sites as an area for housing growth and delivery within London, often partnered with a series of funding streams and non-financial assistance to deliver these new homes, and therefore this decision will facilitate these goals and ultimately ensure that the needs of different groups are considered in the design and development of housing.

5. Other considerations

- 5.1 With regard to the potential levels and nature of housing development proposed within the scheme, it should be noted that the figures stated here do not prejudice any future Mayoral decisions on planning designations/de-designations or consideration of future planning applications.
- 5.2 In bringing forward proposals for the site, and as reflected in the ITT documentation, the GLA has looked to understand and mitigate risks relating to the redevelopment of the site. The below table reflects some of the key risks that have been identified and the strategies undertaken to mitigate these risks:

Key Risks	Mitigation Strategy
The bidder fails to gain a suitable planning consent	Ensure the bidder implements the strategy submitted as part of the tender. The GLA has worked closely with LBWF's planning and regeneration teams to ensure the proposal meets their requirements and the ambitions of the local community.
The developer defaults on the offer, or undertakes works not in line with the proposals within their tender	We have undertaken due diligence to ensure the bidder can meet the terms of their offer to the GLA. The standard documentation contains provisions for repossession of the site in the event of any breach or default on payment. The price offered is a guaranteed minimum sum and will not be subject to any renegotiation. An under bidder will be retained to ensure that the GLA is not hostage to any single bidder.
GLAP and the developer fail to agree terms for delivery of the scheme	We have undertaken due diligence to ensure the bidder can meet the terms of their offer to the GLA. The standard documentation contains provisions for repossession of the site in the event of any breach or default on payment. The price offered is a guaranteed minimum sum and will not be subject to any renegotiation. An under bidder will be retained to ensure that the GLA is not hostage to any single bidder.
There is a failure to reach agreement with key stakeholders on key aspects of the delivery of the site	Wherever possible we have sought agreement from the parties involved in advance. The GLA has also indicated to bidders that we will consider the use of statutory powers as a last resort.

- 5.3 The GLA has engaged with the parties to this proposed intervention, as it has considered appropriate. It is not considered necessary or appropriate to consult any other persons or bodies including those

specified in section 32(1) of the Greater London Authority Act 1999 for the purposes of this Mayoral Decision.

- 5.4 The purpose of the Housing Zones programme is to increase housing supply by accelerating and/or unlocking development to deliver over 75,000 homes by 2026. The redevelopment of this site, particularly the levels of affordable housing proposed, will contribute towards this and support the aim to deliver at least 42,000 homes per annum prescribed by the Further Alterations to the London Plan March 2015.

6. Financial comments

- 6.1 The Decision is seeking approval to appoint the successful bidder as development partner, for the development of Webbs site, following a competitive procurement process. The development will be within London Borough of Waltham Forest Housing Zone, and will consist of 100 per cent Shared Home Ownership (SHO).
- 6.2 The successful bidder has offered a guaranteed minimum land value which is best consideration. The valuation of the site was completed by a firm of independent property consultants, G L Hearn. GLAP will also earn overage form the development.
- 6.3 A delegation has been given the Executive Director of Housing & Land to finalise and enter into the Development Agreement and any ancillary agreements. Approval will need to be given in consultation with the Executive Director of Resources and therefore Finance Officers will need to be involved in and review the terms of the agreements, including any financial risk posed to GLAP.

7. Legal comments

- 7.1 GLAP has and is being advised by Dentons UKMEA LLP throughout this project including in relation to the fine tuning of the Development Agreement and other scheme documents.
- 7.2 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; and
 - 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 an equality of opportunity for all people;
- Consider how the proposals will promote the improvement of the 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;
- Consult with appropriate bodies.

- 7.3 Sections 1 to 3 of Part 1 of this report indicate that the Mayor has the power to proceed to make the decisions as requested within this report.

8. Planned delivery approach and next steps

Activity	Timeline
Signing of Contract	November 2017
Submission of Planning Application (expected)	June 2018
Start on Site (expected)	July 2019
Completion of Development (expected)	December 2021

Appendices and supporting papers:

Appendix 1 – Site 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 GLA will not be in a position to notify the successful bidder until this MD is signed and it would be inappropriate to notify bidders of the outcome of the tender process by publication of this report in advance of that date.

Until what date: 31st August 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:

Neil Hook 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 the 21st of August 2017

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

[Handwritten Signature] *21-08-17*
 TOM MIDDLETON ON BEHALF OF MARTIN CLARKE

CHIEF OF STAFF:

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

Signature

Date

[Handwritten Signature]

21/8/2017.

