

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD3109

### Title: DLUHC funding for land acquisition

#### Executive summary:

The Department for Levelling Up, Housing and Communities (DLUHC) is providing the GLA with capital funding to enable the acquisition of land that will support regeneration and housing goals in London. The funding will be used to support Transport for London acquiring two land parcels at Limmo Peninsula, the Old Oak and Park Royal Development Corporation (OPDC) acquiring the Old Oak Café in the Old Oak West development area, and GLA Land and Property Ltd's acquisition of "The Triangle" sit adjacent to City Hall.

#### Decision:

That the Mayor:

- approves receipt of £11.855m capital funding from the Department for Levelling Up, Housing and Communities (DLUHC) to enable the acquisition of land and capital investment that will support regeneration and housing in London
- approves the expenditure of £3.785m capital funding on land acquisition projects at Limmo Peninsula and Old Oak West comprising:
  - payment of £960,000 in the form of a capital grant under section 120 of the GLA Act 1999 to the OPDC to support its acquisition of the Old Oak Café
  - payment of £2.825m in the form of a capital grant under section 120 of the GLA Act 1999 to TfL to support its acquisition of two land parcels at Limmo Peninsula.
- approves that the remaining £8.07m capital funding from the DLUHC will be allocated to GLA Land and Property towards the acquisition of "The Triangle" site in the City Hall Quarter, approved in MD3084.

#### 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:

27/3/23

## **PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. The Department for Levelling Up, Housing and Communities (DLUHC) has awarded the Greater London Authority (GLA) capital funding to support the acquisition of land by TfL at Limmo Peninsula, and by the Old Oak and Park Royal Development Corporation (OPDC) at Old Oak West (OOW).
- 1.2. The funding to be approved within this MD is part a wider grant award to the GLA of £14.155m from the DLUHC. MD3084: City Hall Quarter – Development Strategy and Triangle Site Acquisition seeks approval for the acquisition of 'The Triangle' site in the City Hall Quarter; however, the receipt of £8.07m capital funding from the DLUHC to support this was not confirmed at the time of drafting and needs to be approved as part of this decision. MD3076: The 639 Community Enterprise Centre – Tottenham, Forward Strategy, approves the receipt of the rest of the DLUHC funding, as well as decisions in relation to expenditure of it and related agreements.

#### *Limmo Peninsula: acquisition of two land parcels*

- 1.3. Limmo Peninsula presents a unique regeneration opportunity. The site sits at a strategically important location within the Royal Docks Opportunity Area, close to a town centre and at a transport hub. The site presents the opportunity to deliver a significant number of homes, new public open space, and strategic pedestrian and cycle links.
- 1.4. TfL has developed a masterplan for the Limmo Peninsula site, which delivers approximately 1,500 homes including 40 per cent affordable housing (by habitable room) and ground-floor commercial spaces. Around two hectares of public open space will be provided to benefit existing communities, including a park and riverside path. New pedestrian and cycle links will be provided to address existing severance between land parcels; and improve connectivity to and around the local area, benefiting existing residents of Canning Town.
- 1.5. Before launching the Limmo Peninsula site to market, the remaining element of TfL's essential site due diligence is to acquire third-party parcels of land that form part of the planning site allocation and provide access to transport connections. These comprise two parcels of land under the ownership of the London Borough of Newham (LBN). Their acquisition is required to complete the land assembly and optimise the development opportunity that is presented to the market.
- 1.6. The DLUHC is providing the GLA with £2.825m grant funding, which will support this acquisition and enable TfL to expedite bringing the site to market via its wholly owned subsidiary TTL Properties Limited (TTLP). This will provide funds for the following elements:
  - capital payment from TfL to LBN to purchase two parcels of development land and grant access rights £2.675m
  - associated legal and commercial fees £150,000.

#### *Old Oak West: acquisition of the Old Oak Café*

- 1.7. OOW is a once-in-a-generation regeneration project in London. It will be a mixed-use residential and economic hub in West London with circa 9,100 new homes and 2.5m square feet of commercial space, and will generate circa 35,000 jobs.
- 1.8. However, land ownership in OOW is fragmented. The GLA has committed £50m of loan funding, from the Mayor's Land Fund, for the early acquisition of sites to overcome the fragmented nature of private land ownership. However, we know this will not be enough to fund all the land required, and so this additional funding from the DLUHC will support the land assembly plan.

- 1.9. The Old Oak Café property is located within the heart of OOW, and forms part of a larger and critical redevelopment opportunity where land assembly will enable comprehensive redevelopment. In addition, acquisition will also provide an opportunity for community meanwhile use whilst regeneration is ongoing. The acquisition is linked directly to the government- and GLA-approved strategy for OOW, which is contained within the strategic outline case, the emerging outline business case, and ongoing land assembly/acquisition activity to support its delivery.
- 1.10. The DLUHC is providing the GLA with £960,000 grant funding, which it will provide to the OPDC to enable this acquisition. This is composed of the following elements:

- purchase price – £780,000
- associated legal and commercial fees, including Stamp Duty Land Tax – £180,000.

#### *Triangle Site acquisition*

- 1.11. As set out in MD3084, the proposed investment is to acquire land known as 'The Triangle' from the London Borough of Newham (LBN) as part of site assembly to enable GLAP to promote a comprehensive redevelopment of City Hall Quarter, in line with the emerging masterplan.
- 1.12. The Triangle site is owned by LBN and is immediately to the north-west of City Hall. It is proposed that The Triangle site will be disposed jointly with another two sites owned by GLAP: the Flyunder site, and Plot V of the Thameside West masterplan.
- 1.13. The Triangle site is bounded by two roads (at differing and changing levels) and the rear of City Hall. LBN has explored options for residential development on the site; most recently, a build-to-rent scheme was designed in 2028, which did not proceed to planning. The emerging constraints and access challenges make it difficult for this site to come forward for development in isolation.
- 1.14. The CHQ masterplan presents indicative options for a workspace development on this site that would enable better access and complement City Hall and the wider workspace cluster. A comprehensive masterplan approach, led by a single development partner, will facilitate this and maximise development and placemaking outcomes.
- 1.15. DLUHC is providing the GLA with £8.07m capital funding contribution to overall purchase costs.

## **2. Objectives and expected outcomes**

### *Limmo Peninsula*

- 2.1. The objectives and expected outcomes of the proposed land acquisition are to:
- provide a unified ownership, consistent with the development opportunity and the site allocation
  - provide open space within the masterplan, which is a key planning requirement to justify a high-density residential scheme
  - allow permanent access rights to Canning Town Station, which will provide essential pedestrian/cycle access to the station and wider locality
  - optimise the development opportunity and realise the provision of circa 1,500 homes (40 per cent affordable) and related economic benefits
  - secure best value for money; TfL has negotiated extensively with LB Newham regarding the commercial offer, and the purchase price has been endorsed by JLL in an independent valuation
  - support the opportunity for land value and future income streams for TfL, in addition to the delivery of homes for London and substantial socio-economic benefits for Newham.

## *Old Oak West*

2.2. The objectives and expected outcomes of the proposed land acquisition are as follows:

- Acquisition of the Old Oak Café will unlock a range of early adjacent sites in both public and private ownership, maximising the marriage value with the ability to deliver approximately 210 high-quality homes overall on these sites as part of phased development. Without it, the adjacent Network Rail sites will come forward at much lower capacity (higher capacities are only feasible with land assembly).
- This new development will form part of a northern gateway into the OOW wider development by allowing taller buildings, maximising canal frontage, and allowing for more commercial use on the ground floor to interact with the high street.
- The funding will allow for a higher level of affordable housing (with a target of 50 per cent affordable) to be delivered – without the land assembly, site capacities are not maximised, and individual sites may be less viable than assembled sites due to increases in site capacity and economies of scale.
- The purchase of the café will support comprehensive regeneration, which will include improvements to the footpath and cycle way in front of the new development on Old Oak Common Lane.
- It will support new jobs from construction prioritised for local people. The new commercial space will also support additional permanent jobs.
- Purchasing the café will allow it to operate until such time as the site is ready to come forward for comprehensive redevelopment. As it benefits from a large car park/yard area, the OPDC will explore 'early activation', repurposing this as temporary space for an on-site staff presence and for the use of the local community.

## *Triangle Site acquisition*

2.3. The objectives and expected outcomes of the proposed land acquisition are as follows:

- The acquisition of the Triangle site will enable the comprehensive approach that GLAP seeks to ensure maximised development and placemaking outcomes; and consolidate GLAP's landownership.
- The outline masterplan demonstrates that the City Hall Quarter has the capacity to provide workshops and studios that support employment, arranged around new clearly legible circulation routes connecting public realm to benefit the local areas and their communities.
- Will unlocked more than 1,000 new jobs across the three sites, to be through this acquisition, in addition to the construction roles.
- Will enable the delivery of up to 50,000 sqm of workspace, of different typology and value.
- Enable stronger links between the Thameside West masterplan, Plot V, the Flyunder, City Hall and the wider Royal Docks, given the complex level changes, road infrastructure and access constraints.
- Strategically important location for Newham, linking the Western end of the Royal Docks to Canning Town Station in the North.
- The Triangle site is part of the Royal Docks Enterprise Zone. The proposal to change the site to commercial use will enable any business rates generated by a future workspace development on

this site to be retained and reinvested locally as part of the Royal Docks Enterprise Zone Delivery Programme.

### **3. Equality comments**

- 3.1. As public bodies, the GLA, TfL, the OPDC and other functional bodies must comply with section 149 of the Equality Act 2010, which provides for the Public Sector Equality Duty. This duty requires each public body to have due regard to the need to: eliminate unlawful discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity; and foster good relations between people who share a relevant protected characteristic and those who do not. The relevant protected characteristics covered by section 149 are: age; disability; gender reassignment; pregnancy and maternity; race; sex; religion or belief; and sexual orientation. Observance of the duty may involve, in particular, removing or minimising any disadvantage suffered by those who share a relevant protected characteristic; taking steps to meet the needs of such people; and encouraging them to participate in public life or in any other activity where their participation is disproportionately low, including tackling prejudice and promoting understanding. In limited circumstances this may involve treating people with a protected characteristic more favourably than those without the characteristic.
- 3.2. When considering the needs of the existing and nearby communities, and those that will be affected by the proposed acquisitions, TfL and the OPDC will look to minimise disadvantages to all protected characteristic groups within society arising from these development activities. These activities are expected to have a positive impact on persons with a protected characteristic under the Equality Act, as increasing the supply of affordable housing in London will help to address problems such as overcrowding and homelessness, which evidence indicates disproportionately affects specific groups, including Black and Minority Ethnic groups and women. Robust and meaningful community consultation and engagement will take place as the development proposals progress.

### **4. Other considerations**

#### *Key risks and issues*

- 4.1. The GLA is administering the grant from the DLUHC. As part of bidding for these funds, TfL and the OPDC have undertaken to keep officers in the Good Growth Directorate regularly updated on progress; and to provide up-to-date information on key risks, issues, output performance and spend, as requested.
- 4.2. The successful delivery of the wider Limmo Peninsula masterplan project and its associated benefits is dependent upon the procurement of a third-party development partner; and on achieving planning consent for a viable development (noting the current economic market and complex site constraints).
- 4.3. However, the acquisition of the LBN land interests helps to de-risk the development opportunity, and maximises the prospects of achieving an attractive market offer for the Limmo Peninsula masterplan site.
- 4.4. As with all property transactions, the Old Oak Café exchange and completion is subject to satisfactory due diligence. The OPDC is not currently aware of any significant physical or legal constraints in relation to the property or title that could delay this process.

#### *Links to Mayoral strategies and priorities*

- 4.5. The land acquisitions at Limmo Peninsula and OOW support the London Housing Strategy, by identifying and bringing forward more land for housing and ensuring more homes are genuinely affordable. Both are located within Opportunity Areas, and the plans for development will support a range of other policies in the London Plan (including GG2 Making the best use of land; GG3 Creating a healthy city; and GG4 Delivering the homes Londoners need).

### *Consultations and impact assessments*

- 4.6. Regarding this MD, the GLA has consulted with the LBN in relation to the purchase of the Triangle site and has not considered it necessary or appropriate to consult any persons or bodies including those specified in section 32(2) of the Greater London Authority Act 1999 (GLA Act). The OPDC and TfL have consulted extensively as part of the local plan-making process.

### *Conflicts of interest*

- 4.7. There are no conflicts of interest to declare from any of the officers involved in the drafting or clearance of this decision.

## **5. Financial comments**

- 5.1. Approval is being sought for the following:

- receipt of £11.855m capital funding from the DLUHC
- expenditure of up to £3.785m capital funding on land acquisition projects at Limmo Peninsula and OOW comprising:
  - payment of £960,000 in the form of a capital grant under section 120 of the GLA Act 1999 to the OPDC to support its acquisition of the Old Oak Café
  - payment of £2.825m in the form of a capital grant under section 120 of the GLA Act 1999 to TfL to support the acquisition of two land parcels at Limmo Peninsula
- allocation of the remaining £8.07m capital funding from the DLUHC to GLA Land and Property for its acquisition of “The Triangle” site in the City Hall Quarter approved in MD3084.

- 5.2. The capital grant funding of £0.96m to the OPDC and £2.825m to TfL will be transferred by 31 March 2023.

## **6. Legal comments**

- 6.1. Under section 30(1) of the GLA Act (as amended), the GLA has the power to receive funding from the government, provided that doing so will further one or more of the GLA’s principal purposes of promoting economic development and wealth creation, social development, and the improvement of the environment in Greater London. The funding will help to unlock sites for development, including affordable housing, and it is open to the GLA to take the view that this will promote both social and economic development, and is therefore within its power contained in section 30(1) of the GLA Act.
- 6.2. For the reasons set out above, the GLA may also use its power in section 30(1) of the GLA Act to provide capital funding to GLA Land and Property Limited for its acquisition of “The Triangle” site.
- 6.3. In exercising the power in section 30(1), the GLA must have regard to the matters set out in section 30(4-6A) of the GLA Act, and also the Public Sector Equality Duty in section 149 of the Equality Act 2010. Reference should be made to section 3, above, in this respect.
- 6.4. In addition to the above, where the GLA is proposing to use the power conferred in section 30(1) of the GLA Act, the GLA must consider consulting in accordance with section 32 of the GLA Act. This is considered at paragraph 4.6, above.
- 6.5. In the decisions of this decision form, officers have sought approval of a £960,000 capital grant from the GLA to the OPDC; and £2.825m capital grant from the GLA to TfL, pursuant to section 120(1) of the GLA Act. The officers are reminded that, in accordance with section 120(3) of the Act, no conditions may be imposed upon the OPDC’s or TfL’s respective use of the grant. Furthermore, in

accordance with section 120(4) of the Act, TfL and the OPDC must apply the grant towards meeting capital expenditure for the purposes of or in connection with the discharge of their respective functions.

6.6. Officers will need to be satisfied that the GLA can comply with the grant terms from the government.

**7. Planned delivery approach and next steps**

<b>Activity</b>	<b>Timeline</b>
Receipt and transfer of funds	March 2023
Project closure	April 2023
GLA to provide update to the DLUHC on spend and impact	May 2023

**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 be published either 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: The OPDC and TfL are completing commercial transactions that could be put at risk by the publication of this decision.

Until what date: 31 December 2023

**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 – NO****ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer:**

Nathan Davies has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Sponsoring Director:**

Philip Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

Richard Watts 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 27 March 2023.

**EXECUTIVE DIRECTOR, RESOURCES:**

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

**Signature****Date**


27 March 2023

pp. Enver Enver on behalf of David Gallie

**CHIEF OF STAFF:**

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

**Signature****Date**


27 March 2023