**GLA – Property Asset Strategy**

**Introduction**

The GLA is a major land owner, with a portfolio of over 600 ha of land and other assets, mainly in the east of London. It is therefore in an ideal position to influence and deliver the stimulation of new homes, regeneration and economic growth by the use of these assets. This document sets out the GLA's strategy for the use of land owned by GLA Land and Property Ltd (GLAP, the GLA's property-holding company) and highlights areas of activity where the GLA can assist other public sector landholders to bring forward surplus assets for the benefit of Londoners. Further information can be found on the GLA website and this paper contains a number of links both to the GLA website and to relevant, external websites.

**The Mayor’s Aims and Objectives**

The prime aim of the GLA's Property Asset Strategy is to use its land assets to support the Mayor’s key policy priorities including generating revenues to support the GLA’s budget strategy.

The specific objectives of this strategy are to utilise the GLA’s land and property assets to:

1. Support the construction of new homes of all tenures to help meet London’s pressing housing needs;
2. Support economic development activities that can help create new employment and regeneration opportunities;
3. Deliver developments of the highest quality which, wherever possible, are of mixed use and demonstrate long term viability and local benefits;
4. Encourage and support creative approaches to development that can help stimulate new opportunities for investment; and
5. Deliver income from rents, leases and receipts which will help meet the GLA’s short and longer term financial requirements.

**How do we support delivery of these Aims and Objectives?**

1. **By using the GLA’s own property portfolio**

**Background**

The GLA inherited a substantial portfolio of property following the closures of both the London Development Agency and London Thames Gateway Development Corporation. In addition, the GLA acquired the London property assets of the HCA. The vast majority of these assets are now held within GLA Land and Property Ltd and form the stock by which the GLA is vigorously pursuing opportunities to use surplus public sector land to meet the key objectives of:

* The building of a substantial number of new homes within London to meet the increasing demand of Londoners. Including the GLA’s interest in Barking Riverside, the property portfolio inherited in 2012 has the capacity to deliver40,000 new homes;
* To provide opportunities for job creation both in the construction industry and in the delivery of new commercial property, providing first-class accommodation for businesses seeking to either expand or open new premises in London; and
* To aid the regeneration of those parts of London that have suffered decline due to a variety of reasons and are now in need of a catalyst to drive forward future growth

In April 2012 the GLA inherited a property portfolio of 635 hectares of land (which included c100 hectares of dock bed but excluded infrastructure) with a value at the time of £365m. Between April 2012 and March 2013 approximately 100 hectares was contractually committed for development, delivering £1 billion of gross development value.

**Portfolio Details**

In order to manage the portfolio effectively, the property assets have been allocated to one of five categories. These are:

|  |  |
| --- | --- |
| Saleable asset | Property subject to review but potential future disposal. Examples of saleable assets include:  Stephenson St – *brief description and hyperlink to template*  Armada 2 – 3.3 hectares of brownfield land, part safeguarded in respect of a proposed new Thames river crossing. Currently being considered for educational/employment uses  Quicksilver Place – a detached industrial building, currently held as an investment but not seen as a long term hold |
| Investment | Income producing asset that provides revenue for reinvestment in other projects. A major source of income for the GLA is its retained interest in the ExCel Centre complex |
| Subject to disposal process | Property either in the course of development or currently being disposed of. Examples of properties currently subject to disposal process include:  White Hart Triangle – a joint venture with Tilfen Land, delivering new industrial units. <http://whiteharttriangle.com/>  Silvertown Quays – The Mayor, has confirmed a £1.5bn deal with The Silvertown Partnership to transform Silvertown Quays in London’s Royal Docks into a new innovation quarter and destination for global brands, creating over 9,000 new jobs and boosting the UK economy by £6.5bn when complete - <http://www.london.gov.uk/priorities/housing-land/land-assets/silvertown-quays>  Cane Hill – *brief description and hyper link to template* |
| Operational asset | Property currently allocated for operational use. GLA Land & Property Ltd has few operational properties (City Hall is not a GLAP asset and is therefore excluded from this strategy). The two main ones being the National Sports Centre (NSC), Crystal Palace and Thames Barrier Park. The NSC is managed by GLL on behalf of the GLA and further details can be found on their website (<http://www.better.org.uk/leisure/crystal-palace-national-sports-centre>) |
| Limited marketability | Property interests with nominal value or retained to protect previous public sector investment. Examples of properties within this category include:  Royal Docks Waterways – c100 hectares of water, let on a long lease to Royal Docks Management Authority (<http://www.londonsroyaldocks.co.uk/>). Part of the waterway will be used for the Floating Village (Royal Victoria Dock) project.  Trident Business Centre – the GLA has retained the freehold interest in this charitable facility to protect public sector investment in developing the building. <http://www.tridentcentre.co.uk/> |

The portfolio is constantly being reviewed and where appropriate, those properties in the “Saleable Asset” category will be brought to the market at the earliest opportunity.

The table below sets out the position as at 1st November 2013. This includes certain areas of infrastructure.

|  |  |  |
| --- | --- | --- |
| Category | Number of Assets | Size (Hectares) |
| Saleable asset | 41 | 68.11 |
| Investment | 12 | 49.07 |
| Subject to disposal process | 81 | 353.87 |
| Operational asset | 7 | 26.47 |
| Limited marketability | 40 | 169.74 |
| Total | 179 | 667.26 |

Further details of the GLA’s property portfolio can be found on the GLA group property database via this link <http://www.london.gov.uk/priorities/housing-land/land-assets/land-and-property-database>

In addition to the major property assets identified within the GLA group property database, the GLA also inherited a substantial number of small slivers of land. These include roadside verges, small sections of roads etc. These have no development potential and as a result, the intention is to seek to transfer ownership to a more appropriate landholder where possible. This will only be done where it makes operational and financial sense to do so.

**Development and Disposal Principles**

In seeking to bring forward property assets for development or disposal, the GLA will adopt a number of principles. These include:

* Recognition of the fact that land is key in promoting economic, housing and community activities;
* The GLA will not hold property assets (especially land suitable for development) longer than necessary;
* Land will be disposed of to support local plans and strategic needs;
* The GLA will work closely with its Functional Bodies (TfL, London Legacy Development Corporation, London Fire Brigade and Metropolitan Police), London Boroughs, other public sector landholders and external parties to deliver the best outcome for London on key strategic sites;
* In the main, disposals will be progressed by way of a competitive method. In relation to major residential-led developments, the default position for disposal will be via the GLA’s London Development Panel (LDP). Further details of the LDP can be found here <http://www.london.gov.uk/priorities/housing-land/land-assets/london-development-panel>;
* The GLA will seek to use payment terms and contract arrangements that encourage early development and prevent land-banking. This could involve the deferring of receipts or the GLA taking an equity stake in a development;
* In making the property portfolio transparent to the public, the Mayor is encouraging interest from developers in order to bring forward sites for development and;
* The GLA will take an active role in the planning and design of developments on its land to ensure the delivery of buildings and environments that match the design and quality that the Mayor is committed to see built for the benefit of Londoners.

**Terms of Disposal**

* In disposing of assets, the GLA will use its land and property to aid the delivery of key objectives around housing, jobs and economic regeneration. The GLA will seek to achieve best value reflecting the Mayor’s policies and objectives;
* While surplus assets will generally be disposed of by way of a freehold sale, there will be occasions where there are good financial, operational or strategic reasons for the GLA to retain a long term interest in a property
* Sites will be disposed of in a manner that creates the minimum amount of post development involvement for the GLA. Every effort will be made to ensure the minimum exposure to “trailing wires” and;
* Where appropriate, the use of overage agreements, restrictive covenants, etc. will occur but the GLA will be transparent in its reason for their use

1. **Investing in Property**

The GLA may invest in property. Instances where this may occur include:

**Investment prior to disposal**. In order to de-risk a site prior to disposal it may be necessary for the GLA to undertake a level of pre-disposal work around planning, legal title, environmental/site conditions, etc.;

**Provision of infrastructure**. In order to promote development and reflect market conditions, some large sites may need to be divided into manageable-sized development plots and some primary infrastructure may need to be provided; and

**Purchase of land and buildings**. There may be situations where the GLA will seek to acquire land in order to stimulate large-scale development projects. These are likely to be residential-led regeneration schemes within OAPF’s. In addition, property interests may be acquired where it makes sense from a financial and/or operational perspective. The GLA may use its CPO powers to acquire land to facilitate development of key, strategic sites

1. **Collaborative Working**

The GLA will continue to work closely with external parties to create and/or deliver, major development opportunities throughout London. These include London Boroughs, other public sector land owners, commercial developers and the GLA’s own Functional Bodies.

The Mayor has established the Single Property Unit, which ensures a closer working relationship between the Functional Bodies and this has already delivered results in terms of procurement, development strategies, streamlining disposal processes (the London Development Panel), setting of cost saving targets and transparency of information.

In relation to major development activity, examples of collaborative working include:

Greenwich Peninsular – *hyperlink to template*

Haringey Heartlands – *hyperlink to template*

White Heart Triangle – *hyperlink to template*

Heart of East Greenwich – *hyperlink to template*

1. **Positive Asset Management**

The GLA has a varied portfolio and while the majority of the land is held for development, there are a number of residual interests in previously developed land holdings, assets held for investment as well as various legal interests in properties owned by previous regeneration bodies. In addition, the GLA is responsible for the National Sports Centre at Crystal Palace and Thames Barrier Park.

This portfolio is managed in such a way as to meet the key objectives set out below:

* To ensure that all statutory obligations are met, the GLA and its managing agents, proactively manages health and safety on all its land and property assets by providing suitable control of health and safety risks, ensuring safe and secure working conditions to reduce the risk of accidents
* To maximise the financial performance of the portfolio
* To provide an appropriate working environment for tenants
* To assist in realising development opportunities for the land assets
* To contribute to the vitality of an area by facilitating meanwhile use opportunities on surplus land
* To maintain property assets in an appropriate condition reflecting the nature of the asset
* To maintain robust information in relation to the GLA’s property assets

**Key elements of portfolio management are:**

* The GLA has an operating model based on a small internal team supported by retained service suppliers
* Assets are valued annually
* Comprehensive insurance cover is maintained. Risks covered are site specific and constantly reviewed

**What’s been achieved to date?**

In the first year of operation, the GLA released over 100 hectares of land for development, with an estimated gross development value of one billion pounds.

Since April 2013, further contractual commitments have been entered into, including two significant schemes in the Royal Docks covering 34 hectares with a combined development value of £2.5 billion. In total, commitments entered into since April 2013 will deliver 2877 new homes, 5.6m sq. ft. of commercial floorspace and 30,000 jobs. There are a number of other projects which it is anticipated will be contractually committed before the end of the financial year and these will deliver a further xxx new homes, xxx jobs and xxx sq. ft. of commercial floorspace. Marketing continues in relation to a number of other key development opportunities.

Examples of contracts entered into in 2013/14 include:

Royal Albert Dock – <http://www.london.gov.uk/priorities/housing-land/land-assets/royal-albert-dock>

Catford – <http://www.london.gov.uk/priorities/housing-land/land-assets/catford-stadium>

The status of the GLA’s property portfolio as at the 1st November 2013 is shown in the following chart:

**Next steps**

The Mayor is committed to having an exit strategy in place for all of the GLA's current landholdings by 2016. This does not mean that all property will have been disposed of by 2016 as a number of the key strategic developments have a lifespan extending beyond 2016.

A number of sites will be brought to the market before the end of the current financial year. These include:

Royal Victoria Dock (Floating Village) – *brief details*

Stephenson St – *brief details*

Silvertown Way – *brief details*

Pontoon Dock – *brief details*

Wick Lane – a semi-detached house, currently held as an investment

London Sustainable Industries Park (Further phases) – <http://www.londonsip.com/>

While planning for 2014/15 is currently underway, at this stage the intention is to bring forward a number of the remaining sites and these include:

Armada 2 – 3.3 hectares of brownfield land, part safeguarded in respect of a proposed new Thames river crossing.

Gallions 4 – 1.15 hectares of land adjacent to Gallions Reach DLR station

**Contact for further information**

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