



## **Executive**

Date: Wednesday, 25 March 2020

Time: 8.30 am

Venue: Council Antechamber, Level 2, Town Hall Extension

This is a second supplementary agenda containing additional information about the business of the meeting that was not available when the agenda was published.

### **Advice to the Public**

Members of the public can attend this committee meeting; however, we do encourage you to follow the most recent NHS guidance on Coronavirus (COVID-19) available at:

<https://www.nhs.uk/conditions/coronavirus-covid-19/>

At this time we would request that you do not attend unless it is essential you attend this meeting. As an alternative the meeting will be live webcast, please see:

<http://www.manchester.gov.uk/webcasts>

If you have any enquiries regarding this meeting please contact us using the contact details that are provided on this agenda.

## **Membership of the Executive**

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### **Councillors**

Leese (Chair), Akbar, Bridges, Craig, N Murphy, S Murphy, Ollerhead, Rahman, Stogia and Richards

## **Membership of the Consultative Panel**

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### **Councillors**

Karney, Leech, M Sharif Mahamed, Sheikh, Midgley, Ilyas, Taylor and S Judge

The Consultative Panel has a standing invitation to attend meetings of the Executive. The Members of the Panel may speak at these meetings but cannot vote on the decision taken at the meetings.

## **Supplementary Agenda**

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- 5. Delivery of new affordable homes in Manchester**  
The report of the Strategic Director (Development and Growth) is now attached. 5 - 14
- 6. Disposal of Land at Oldham Road**  
The report of the Strategic Director (Growth and Development) is now attached. 15 - 24

## Information about the Executive

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The Executive is made up of ten Councillors: the Leader and two Deputy Leaders of the Council and seven Executive Members with responsibility for: Children Services; Finance & Human Resources; Adult Services; Schools, Culture & Leisure; Neighbourhoods; Housing & Regeneration; and Environment, Planning & Transport. The Leader of the Council chairs the meetings of the Executive

The Executive has full authority for implementing the Council's Budgetary and Policy Framework, and this means that most of its decisions do not need approval by Council, although they may still be subject to detailed review through the Council's overview and scrutiny procedures.

It is the Council's policy to consult people as fully as possible before making decisions that affect them. Members of the public do not have a right to speak at meetings but may do so if invited by the Chair.

The Council is concerned to ensure that its meetings are as open as possible and confidential business is kept to a strict minimum. When confidential items are involved these are considered at the end of the meeting at which point members of the public and the press are asked to leave.

Joanne Roney OBE  
Chief Executive  
Level 3, Town Hall Extension,  
Albert Square,  
Manchester, M60 2LA

## Further Information

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For help, advice and information about this meeting please contact the Committee Officer:

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This supplementary agenda was issued on 23 March 2020 by the Governance and Scrutiny Support Unit, Manchester City Council, Level 3, Town Hall Extension (Lloyd Street Elevation), Manchester M60 2LA

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**Manchester City Council  
Report for Information**

**Report to:** Executive – 25 March 2020

**Subject:** Delivery of new affordable homes in Manchester

**Report of:** Strategic Director (Growth & Development)

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### **Summary**

In 2015 the City Council adopted a residential growth target of a minimum of 25,000 homes between April 2015 and March 2025. The September 2019 meeting of the Executive was informed that the forecast residential growth delivery target for new homes in Manchester should be 32,000, an addition of 7,000 homes. The Executive was also informed that at least 20% or a minimum of 6,400 of the projected 32,000 homes would be affordable homes.

This report builds on the previous report on the delivery of affordable homes which was considered by the Executive in September 2019 and outlines a proposed approach to develop a new delivery mechanism, led by the City Council, that will seek to ensure that the affordable homes target of a minimum of 6,400 affordable homes is not only met but is exceeded.

The report proposes that there will be two main streams of delivery for new affordable homes in the city. The first is to ensure that the existing delivery platform that we have established with Registered Providers (RP's) is continued whereby the Council uses its land asset in conjunction with land the RP's have acquired in the open market along with RPs continuing to access a range of Homes England investment programmes. This existing arrangement remains key to the delivery of new affordable homes in the city.

The second delivery platform will be a new approach involving the creation of a Local Housing Development and Management company that will provide direct delivery options utilising City Council land assets. This report sets out the broad approach to the establishment of a Local Housing Development and Management Company with a view to bringing back to the Executive a more detailed paper later in the year if the Executive supports this approach.

### **Recommendations**

Executive is asked to note the contents of the report request that a further report is submitted to a future meeting of the Executive that sets out in detail the approach to develop a housing delivery model along with a strategic business case.

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**Wards Affected:** All

**Environmental Impact Assessment** - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

Homes developed in the future will need to meet the Zero carbon target requirements of the City. The affordable housing delivery options referred to within this report are all models where we can influence the provision and ensure carbon targets are met. There will be a financial consideration for the zero carbon components that will affect volumes. These will be factored into financial viability assessments.

<b>Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the OMS</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	A successful economy has to be supported by a vibrant and diverse housing market. The provision of a multi-tenure, high quality, low carbon range of housing options will assist the City to attract investment.
A highly skilled city: world class and home grown talent sustaining the city's economic success	A successful jobs and skills market has to be supported by a vibrant and diverse housing market. The provision of a multi-tenure, high quality, zero carbon range of housing options will assist the City to attract and retain high quality local and imported talent.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The scale of development programmes envisaged will provide much needed affordable accommodation in the city.
A liveable and low carbon city: a destination of choice to live, visit, work	All homes being developed will be expected to contribute to our zero carbon targets. We will expect all housing offers developed through the workstreams in this report to be net zero carbon.
A connected city: world class infrastructure and connectivity to drive growth	Housing development makes a direct and influential impact on infrastructure and growth. By ensuring an accelerated delivery programme there will be a stimulus to investment and development.

### **Financial Consequences:**

None at this stage

### **Contact Officers:**

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**Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Draft Residential Growth Strategy, Executive, 4th November 2015
- Housing Affordability in Manchester, Executive, 1st June 2016
- Housing Affordability in Manchester, Executive, 14th December 2016
- Housing Affordability Plan, Executive, 18th October 2017
- Housing Affordability Plan New Products, Executive, 7th March 2018
- Delivering Manchester's Affordable Housing Strategy, Executive, 12th December 2018
- Delivering Manchester's Affordable Homes to 2025, Executive, 11th September 2019

## **1.0 Introduction**

- 1.1 The 'Our Manchester' strategy has established a series of high level aims to secure the 2025 vision for the city, in particular the need to build well designed, energy efficient, sustainable and affordable homes to rent and buy. Creating more homes to meet the needs of a growing population and economy is a significant priority.
- 1.2 The Residential Growth Strategy (2015-2025) sets out the city's approach to providing the right mix of housing for all residents. The Strategy now commits to building 32,000 new homes in Manchester between 2015 and 2025 - including a minimum of 6,400 new affordable homes.
- 1.3 Manchester's residential pipeline is in a significant period of delivery, providing thousands of new homes each year for our residents. In 2019/20, there were 3,173 new homes built (2,266 in the city centre and 907 in the rest of the city). This is an increase on the 2,897 built in 2018/19, meaning a total of 13,625 new homes have been built in the period from 2015/16. On top of this, a further 10,000 homes are currently under construction across the city including c.8,000 in the city centre.
- 1.4 As part of the Residential Growth Strategy, the city is committed to delivering a minimum of 6,400 new affordable homes in the period between 2015 - 2025. So far in 2019/20 (Q1 - Q3), 283 new affordable homes have been built, bringing the total delivered in the period from 2015/16 to 1,327. In addition to this a further 765 new affordable homes are currently on site and expected to be delivered by 2021/22.
- 1.5 Previous reports to the Executive have set out the role that Homes England have now taken nationally on the delivery of new affordable homes with the additional resources that the Government has provided along with the introduction of new delivery arrangements, such as the creation of strategic partnerships with ambitious Registered Providers to deliver more affordable homes across the country. More recently the March 2020 Budget provided the Homes England Affordable Homes Programme with an additional £9.5bn, creating a new £12.2bn five-year programme from 2021/22. The Budget also announced a new £400 million Brownfield Housing Fund to support regional mayors in building more homes on brownfield sites.
- 1.6 To achieve our target of a minimum of 6,400 affordable homes by March 2025 it is proposed that the Council has to take a more proactive role in the delivery of new affordable homes in the city to ensure that this target is met and indeed exceeded. This is not to be at the expense of the well established arrangements with our Registered Providers in the city who have a key role to play in helping to deliver new affordable homes in the city. As such this paper sets out an approach for the City Council to establish a Local Housing Development and Management Company that will deliver new affordable homes in the city.

## **2.0 Increasing the delivery of affordable homes**



- 2.1 In determining what role a Local Housing Development and Management Company could play, work has been undertaken to evaluate how a proposed delivery model might sit within a future pipeline with our Registered Providers that is capable of meeting and exceeding the 6,400 affordable homes target. Broadly speaking there are three categories within which future affordable housing development proposals could sit:

**1. Land already identified for RPs including sites identified as part of Project 500.**

- 2.2 This includes all sites currently identified in conjunction with Registered Providers as part of the Project 500 work. These development opportunities mainly consist of smaller infill sites (under 25 homes) in the North and East of the city. There are currently 579 homes in the Project 500 pipeline expected to be delivered by 2024/25.

**2. Land identified by Registered Providers (RP) or which requires support from Homes England to be delivered.**

- 2.3 This includes continued work with Registered Providers to aid the delivery of affordable housing including through the use of City Council owned land. This is likely to include sites identified within the current Affordable Homes Programme funding cycle, future sites likely to be delivered by RPs partners and a number of sites (including former landfills) which would represent viable development opportunities provided Homes England funding could be secured for the necessary remediation. There are currently c.2,800 homes identified in this part of the pipeline that can be reasonably expected to be delivered by 2024/25.

**3. Portfolio of sites delivered via a new Local Development Vehicle (LDV)**

**a) Capable of delivering a significant increase in affordable housing supply.**

- 2.4 This includes sites which have the potential to significantly upscale the delivery of new affordable homes (within and beyond the current 6,400 target by 2025). This is likely to be a mix of sites across the city with relatively small scale remediation challenges including sites in the city centre and elsewhere. Current estimates indicate a potential for the LDV to deliver c.1,800 new affordable homes.

**b) Capable of delivering new homes for market sale and rent.**

- 2.5 The intention of this element of the programme would be to deliver a revenue stream through either rental income or a financial receipt to reinvest into the development vehicle - for example to be used to buy additional land or help support remediation alongside the wider pot of monies drawn from recent market housing development to support new affordable housing supply across the city. Current indications suggest these sites could deliver in excess of

- 1,000 units bringing the total number of new homes potentially delivered by the Local Development Vehicle to over 2,800 (see table below)
- 2.6 Against this backdrop the following table summarises the current estimates of the affordable pipeline including how many new homes may be able to be delivered against these emerging categories and the amount of market housing potentially delivered by the Local Development Vehicle

**Table 1 - Affordable Pipeline (2015 - 2025) & LDV Delivered Market Pipeline**

	<b>Total Homes</b>
<b>Affordable Pipeline – 2015-16 – 2019-20 Completions</b>	<b>1327</b>
<b>Affordable Pipeline – Sites Under Construction</b>	<b>765</b>
<b>(1) Project 500 Sites</b>	<b>579</b>
<b>(2) Potential RP Delivered Sites</b>	<b>2816</b>
<b>(3a) Potential LDV Delivered Sites</b>	<b>1786</b>
<b>Total Affordable Pipeline</b>	<b>7273</b>
<b>(3b) Potential LDV Delivered Housing Market Sites</b>	<b>1050</b>
<b>Total Market Pipeline</b>	<b>1050</b>

### 3.0 A Local Housing Development and Management Company: Background

- 3.1 Local Authorities have been seeking alternative models to deliver sustainable housing development, and sometimes management, for the last two decades. The drivers have varied over time. The lack of Housing Revenue Account (HRA) capacity was an early motivator, however following the HRA self-financing exercise many Authorities realised that they had the financial capacity but not the delivery resources.
- 3.2 The growth of new models of housing delivery, often generically referred to as Local Housing Companies (LHC's), has increased significantly in the last 10 years. An Association of Public Service Excellence (**APSE**) study in 2017 identified over 40 models including:
- A subsidiary company of an ALMO.
  - A District Housing Trust
  - A joint venture with a registered provider.
- 3.3 The Town and Country Planning Association (**TPSA**) produced a Research report in May 2017 entitled "Building Homes, creating communities: Ensuring councils provide innovative solutions to meeting housing needs." This reported that 62% of 126 councils had already, or were considering, establishing setting up an LHC
- 3.4 Any housing delivery model would strive to ensure that the following, inter alia, objectives can reasonably be met:
- (i) letting to be in line with Council priorities;
  - (ii) rents to be at or below LHA levels; and
  - (iii) tenants to enjoy certainty of rents and tenure.

#### **4.0 A Local Housing Development and Management Company: Delivery Model principles**

- 4.1 In recent years a number of local authorities have set up housing delivery vehicles often with the objectives of increasing housing supply, site specific regeneration and the provision of temporary housing.
- 4.2 The principal rationale for the establishment of a housing development delivery model for the Council is to facilitate the increase in the supply of new homes which:
- (a) Maximises the number of ways in which homes are developed and provided in order to enhance house building in Manchester; and
  - (b) Enables the Council to have greater control over how sites for new homes and tenure types are developed and provided.
- 4.3 As noted there are a number of alternative models which the Council will consider in order to inform the strategic business case to determine an optimum model for delivery aligned to needs of residents in Manchester. For example, a Local Asset Backed Vehicle, a Joint arrangement with Registered Provider(s), a wholly owned and controlled vehicle and direct delivery by the Council.
- 4.4 The key objectives for any model, however, will be the ability to deliver genuinely affordable homes, enable cross subsidisation, address Government policies, and be at least revenue neutral, whilst seeking to deliver a refundable surplus.
- 4.5 In any model the governance arrangements will need to be clearly set out in order to, for example, provide common resources and facilitate cross subsidisation of a mixed tenure offer to facilitate the delivery of housing. Such mixed tenure offers could involve the following:
- Private Rentals: to deliver and manage homes to be let at a market rent. This would undertake commercial activity to generate capital and revenue with any profit flowing up to the holding Company.
  - Affordable Rentals: to deliver and manage the affordable rent tenancies.
  - Development Arm: to develop housing on land for rent or sale and to purchase and develop sites. This could act in a commercial capacity.
- 4.6 Any model must provide the necessary flexibility to, for example, seek external funding and or enter into arrangements with registered providers or other entities to facilitate the delivery of mixed tenure solutions.
- 4.7 In addition the Council will need to consider whether the model would enable the use of capital receipts, and specifically the receipts received from the sale of properties purchased under RTB, to fund the building of new affordable rent homes.

- 4.8 In order to fund the new homes, both affordable and market rent, it is likely that the Council would need to provide funding. As noted above, the model should also provide the flexibility for a third party funder to step in.

## **5.0 Issues and risks**

- 5.1 There are a wide and diverse range of Housing Delivery Models available, all of which are primarily predicated on the same principles of accelerating the delivery of new homes with clear governance arrangements.
- 5.2 Any model will need to be flexible to ensure adjustments/amendments can be made to the model. For example, in Croydon (Brick by Brick) is transforming to become a Registered provider in order to feasibly offer a shared ownership product which is compatible with the market and enables prospective owners to secure mortgages.
- 5.3 The legal and financial structure will need to be carefully structured and in order to do so it is proposed that partner agencies are identified to work with the Council through the lifetime of the delivery model, not just the establishment thereof.

## **6.0 Affordable Housing for Manchester Residents**

- 6.1 There is often confusion about the definition of affordable housing. Social rented development, low cost home ownership products, grant conditions and a range of sub market rent offers are often packaged generically as “affordable” housing.
- 6.2 It is probable that the Registered Provider delivered part of the approach outlined in this report will continue to be captured in this terminology and approach.
- 6.3 For the Local Housing Development and Management Company option the application of affordable would be practical and literal. We would have the ability to run specific market appraisals and set rent levels at or around the Local Housing Allowance in each development project area. Our aim would be to develop homes that are affordable to Manchester residents. This would make each scheme accessible financially to residents in the area a development was delivered. This would be assessed on a scheme by scheme basis and would form part of the specific financial appraisals.

## **7.0 Conclusion**

- 7.1 A legal and financial model which allows the Council to invest in affordable housing in a sustainable way, aligned with and supported by a detailed business plan, is vital to achieving the Council’s strategic aims for ensuring the delivery of new affordable homes in the city.
- 7.2 In doing this, the Council is ensuring the delivery of new homes for residents on a range of incomes is sustained by providing a framework to fully utilise the

city's land assets. It is of particular importance that the city considers ways to maintain supply in light of the challenging economic conditions expected to be experienced in the forthcoming financial year. There are a wide and diverse range of Housing Delivery Models available.

## **8.0 Contributing to a Zero-Carbon City**

- 8.1 Homes developed in the future will need to meet the Zero carbon target requirements of the City. The affordable housing delivery options referred to within this report are all models where we can influence the provision and ensure carbon targets are met. There will be a financial consideration for the zero carbon components that will affect volumes. These will be factored into financial viability assessments.

## **9.0 Contributing to the Our Manchester Strategy**

### **(a) A thriving and sustainable city**

- 9.1 A successful economy has to be supported by a vibrant and diverse housing market. The provision of a multi-tenure, high quality, low carbon range of housing options will assist the City to attract investment.

### **(b) A highly skilled city**

- 9.2 A successful jobs and skills market has to be supported by a vibrant and diverse housing market. The provision of a multi-tenure, high quality, zero carbon range of housing options will assist the City to attract and retain high quality local and imported talent.

### **(c) A progressive and equitable city**

- 9.3 The scale of development programmes envisaged will provide much needed affordable accommodation in the city.

### **(d) A liveable and low carbon city**

- 9.4 All homes being developed will be expected to contribute to our zero carbon targets. We will expect all housing offers developed through the workstreams in this report to be net zero carbon.

### **(e) A connected city**

- 9.5 Housing development makes a direct and influential impact on infrastructure and growth. By ensuring an accelerated delivery programme there will be a stimulus to investment and development.

## **10.0 Key Policies and Considerations**

### **(a) Equal Opportunities**

10.1 None at this stage

**(b) Risk Management**

10.2 Not applicable

**(c) Legal Considerations**

10.3 The City Solicitor will provide the necessary support and advice to the working group to ensure that any proposed model is developed in accordance with the legislative and regulatory framework.

**Manchester City Council  
Report for Resolution**

**Report to:** Executive – 25 March 2020

**Subject:** Disposal of land at Oldham Road, Newton Heath

**Report of:** Strategic Director (Growth & Development)

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**Summary**

This report seeks to approval to the disposal of land at Oldham Road, Newton Heath to One Manchester at less than best value and the transfer of the freehold title to the land on completion of the development.

**Recommendations**

The Executive is recommended to:

1. approve the disposal of the land at Oldham Road to One Manchester on the principle terms set out in this report;
  2. authorise the Head of Development to finalise the detailed terms of the transaction; and
  3. authorise the City Solicitor to execute all necessary contractual matters in respect of the development.
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**Wards Affected – Miles Platting & Newton Heath**

**Environmental Impact Assessment** - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city

One Manchester will continue to develop new homes in Manchester focused on working towards zero carbon targets in partnership with MCC, MCCA and GMCA.

At this site One Manchester is committed to delivering a low carbon scheme that will incorporate passive energy techniques significantly curtailing ongoing requirements to consume energy to heat, ventilate and light the building. This is achieved by improved efficient fabric first design and the incorporation of energy efficiency measures in its Building Services to reduce the carbon footprint of the site using highly efficient plant, heat recovery systems and energy efficient and highly controllable lighting. Homes will be fully electric; gas will not be installed.

Other measures include maximising the use of recyclable materials, minimising waste, renewable energy generation and electric vehicle charging points. The scheme will incorporate extensive landscaping designed to provide seasonal interest and biodiversity. Trees and hedge planting will soften the hard landscaping and provide attractive buffers to the boundaries.

The scheme is being developed on a vacant brownfield site, close to shopping and public facilities, which will help to encourage walking and cycling. The site is also directly adjacent to a major bus route and a couple of minutes' walk from Newton Heath Tram stop, thereby providing residents of the homes excellent proximity to good public transport and reduce journeys by car.

Our Manchester Strategy outcomes	Contribution to the strategy
<p>A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities</p>	<p>The disposal of land at Oldham Road to One Manchester will facilitate the construction of 139 high quality apartments and family houses that will be attractive to local residents as well as those looking to move out of the City Centre or into the area from other locations. This will help to sustain economic activity within the surrounding neighbourhood and particularly the district centre. There are a number of other vacant sites in and around the district centre and the development of major housing scheme on such prominent site will hopefully act as a catalyst for further high quality schemes</p>
<p>A highly skilled city: world class and home grown talent sustaining the city's economic success</p>	<p>The scheme will provide good quality and affordable housing in a readily accessible location that will be highly accessible to those working in the City Centre and other areas throughout the City</p>
<p>A progressive and equitable city: making a positive contribution by unlocking the potential of our communities</p>	<p>The scheme will provide high quality and affordable housing in an accessible location close to other amenities and existing residential areas. In so doing it will help to sustain the district centre by increasing its catchment, supporting its vitality and improving its image from Oldham Road.</p> <p>The scheme will also support the wider community by providing housing that will be available to existing residents who wish to remain living in their community but will also be attractive to those moving out of the City Centre and from outside the City. The houses and apartments will be accessible to those with disabilities, those with mobility problems and those caring for young children. All primary circulation spaces in the apartment blocks will be sufficiently wide to facilitate wheelchairs, pushchairs and mobility aids.</p>



A liveable and low carbon city: a destination of choice to live, visit, work	The scheme will provide attractive and affordable housing in an accessible location for both local services and for those working in the City centre and elsewhere in the City region. The homes will be highly sustainable, incorporating many low carbon features including electric charging points and mechanical ventilation. The homes have also been designed to accommodate those with mobility problems, disabled people and people caring for young children. The scheme will assist in making Newton Heath a destination of choice and will support the viability of the District Centre.
A connected city: world class infrastructure and connectivity to drive growth	The scheme is being developed on a brownfield and partly vacant site. It is located in a highly accessible location being a couple of minutes' walk from Newton Heath Tram stop and directly adjacent to a major bus route. It will provide good quality housing for the growing workforce

**Full details are in the body of the report, along with any implications for**

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

### **Financial Consequences – Revenue**

The disposal will remove a small ongoing maintenance liability from the Council.

### **Financial Consequences – Capital**

The proposed undervalue will be a maximum of £129,000 below the unrestricted open market value of the land.

### **Contact Officers:**

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**Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Layout plan and elevations of the scheme
- Land ownership plan
- Delivering Manchester's Affordable Homes to 2025, Executive, 11th September 2019

## **1.0 Introduction**

- 1.1 Approval is sought from the Executive for the disposal of land at Oldham Road in Newton Heath to One Manchester in order to facilitate the development of 139 affordable apartments and family houses. The scheme will involve the disposal of a small plot of Council land at less than best value and consequently will require consent under s123 of the Local Government Act 1972.
- 1.2 The Report to Executive in September 2019 on affordable housing proposed that Council owned land should be used to facilitate the development of affordable housing by the Council's Registered Providers and that flexibility will be required over the Council's land value in order to support schemes where necessary.

## **2.0 Background**

- 2.1 The disposal relates to a site fronting Oldham Road on the edge of Newton Heath District Centre. It covers an area of 1.2ha and land leased to the Yikman Group in 2000 for 150 years and a plot owned by the Council. The leased land comprises an empty warehouse building and a vacant site. This is edged in red on the attached plan. The adjoining Council plot, is a former housing clearance site, which was subsequently grassed pending development. It is edged in blue on the attached plan. As it comprises an area of informal open space its development will be subject to advertisement under s336 of the Town and Country Planning Act and this process is already in progress.
- 2.2 The Yikman Group had originally intended to develop the entire leased area with a mixed use scheme including residential and a hotel, but in practice only a warehouse, known as the Yes building was completed. The Yikman Group no longer wish to develop the site and have recently assigned their lease to L2 Properties Ltd.
- 2.3 Over the past few months L2 Properties have been in discussion with One Manchester and the Council regarding the development of a residential scheme on both their leased site and the vacant Council plot.

## **3.0 The Scheme**

- 3.1 A layout of the One Manchester scheme is contained on the attached plan and a planning application (no 125990/FO/2020) was submitted at the end of January, following discussions with the Planning department and consultation with local Elected Members.
- 3.2 The scheme will provide 139 homes, comprising 100 one and two bedroom apartments and 39 three bedroom semi-detached houses. The houses fronting Oldham Road are 3 storey in height with those to the rear of the site, two storey. All the houses have private gardens and in plot parking. The apartments will be provided in two separate blocks of between 3 and 5 storeys

and include amenity space and secure parking. One of the apartment blocks includes a ground floor space to be used for retail / community use. All units are affordable, with 50% for social rent and 50% for affordable rent. The scheme has the support of the Housing Board and terms have been provisionally agreed for the disposal of the Council land. Legal documentation is being progressed, subject to Executive approval to the disposal.

#### **4.0 Valuation Issues**

- 4.1 The developer's appraisal of the proposed scheme (100% affordable) has been reviewed by the Council's surveyor who agrees that the land has a negative or nil value. A separate appraisal has also been undertaken based on the One Manchester layout, but assuming a planning compliant scheme containing 20% affordable and 80% market housing. This too fails to produce a positive land value. The main reason for this is the existing value of the warehouse building. Although it is not a particularly attractive property, it is in reasonably good condition and capable of being let at a competitive rent.
- 4.2 An appraisal of the vacant grassed plot in isolation has also been undertaken, assuming a planning compliant scheme containing 20% affordable housing. Whilst this is not being proposed, it could potentially be developed in isolation. On this basis a value of up to £129,000 can be demonstrated, based on a similar layout and housing mix as the One Manchester Scheme.

#### **5.0 Conclusion**

- 5.1 The disposal of land to One Manchester is at a value below the unrestricted market value of the Council's interest. This will involve the Council forgoing a capital receipt of up to £129,000 in order to facilitate the affordable housing scheme proposed by One Manchester and authority is sought from the Council's Executive to approve a sale on this basis
- 5.2 It is proposed to dispose of the Council's freehold interest in the site to One Manchester on completion of the scheme. Whilst the Director of Growth and Development has delegated powers to dispose of land for residential purposes on a freehold basis, this delegation is not covered by the Council's constitution and express authority is required from the Council's Executive. A freehold sale will simplify the ownership structure for the shared ownership housing on the site, which is important in ensuring Homes England grant can be secured on this tenure type, and will avoid the creation of an unnecessary long leasehold interest.

#### **6.0 Contributing to a Zero-Carbon City**

- 6.1 One Manchester will continue to develop new homes in Manchester focused on working towards zero carbon targets in partnership with the City Council, the Manchester Climate Change Agency (MCCA) and the GMCA.
- 6.2 At this site One Manchester is committed to delivering a low carbon scheme that will incorporate passive energy techniques significantly curtailing ongoing

requirements to consume energy to heat, ventilate and light the building. This is achieved by improved efficient fabric first design and the incorporation of energy efficiency measures in its Building Services to reduce the carbon footprint of the site using highly efficient plant, heat recovery systems and energy efficient and highly controllable lighting. Homes will be fully electric; gas will not be installed.

- 6.3 Other measures include maximising the use of recyclable materials, minimising waste, renewable energy generation and electric vehicle charging points. The scheme will incorporate extensive landscaping designed to provide seasonal interest and biodiversity. Trees and hedge planting will soften the hard landscaping and provide attractive buffers to the boundaries.
- 6.4 The scheme is being developed on a vacant brownfield site, close to shopping and public facilities, which will help to encourage walking and cycling. The site is also directly adjacent to a major bus route and a couple of minutes' walk from Newton Heath Tram stop, thereby providing residents of the homes excellent proximity to good public transport and reduce journeys by car.

## **7.0 Contributing to the Our Manchester Strategy**

### **(a) A thriving and sustainable city**

- 7.1 The site is identified on the attached plan and extends to 1.2ha. and is identified on the attached plan. The leased area comprises an empty warehouse building and an area of vacant land. This leased area is shaded blue and extends to 0.89ha. The adjoining Council plot, is a former housing clearance site, which was subsequently grassed pending development. It is shaded in red on the attached plan. As it comprises an area of informal open space its development will be subject to advertisement under s336 of the Town and Country Planning Act and this process is already in progress.

### **(b) A highly skilled city**

- 7.2 The scheme will provide good quality and affordable housing in a highly accessible location that will be highly accessible to those working in the City Centre and other areas throughout the City

### **(c) A progressive and equitable city**

- 7.3 The scheme will provide high quality and affordable housing in an accessible location close to other amenities and existing residential areas. In so doing it will help to sustain the district centre by increasing its catchment, vitality and image from Oldham Road. The scheme will also support the wider community by providing housing that will be available to existing residents who wish to remain living in their community but will also be attractive to those moving out of the City Centre and from outside the City

**(d) A liveable and low carbon city**

- 7.4 The scheme is being developed on a brownfield and partly vacant site. It is located in a highly accessible location being a couple of minutes' walk from Newton Heath Tram stop and directly adjacent to a major bus route. The scheme is being developed by One Manchester who are looking to incorporate significant energy efficient features into their homes and are committed to using contractors who will minimise waste and energy in both their operations and in the construction itself and use recyclable materials wherever possible

**(e) A connected city**

- 7.5 The scheme is being developed on a brownfield and partly vacant site. It is located in a highly accessible location being a couple of minutes' walk from Newton Heath Tram stop and directly adjacent to a major bus route.

**8.0 Key Policies and Considerations****(a) Equal Opportunities**

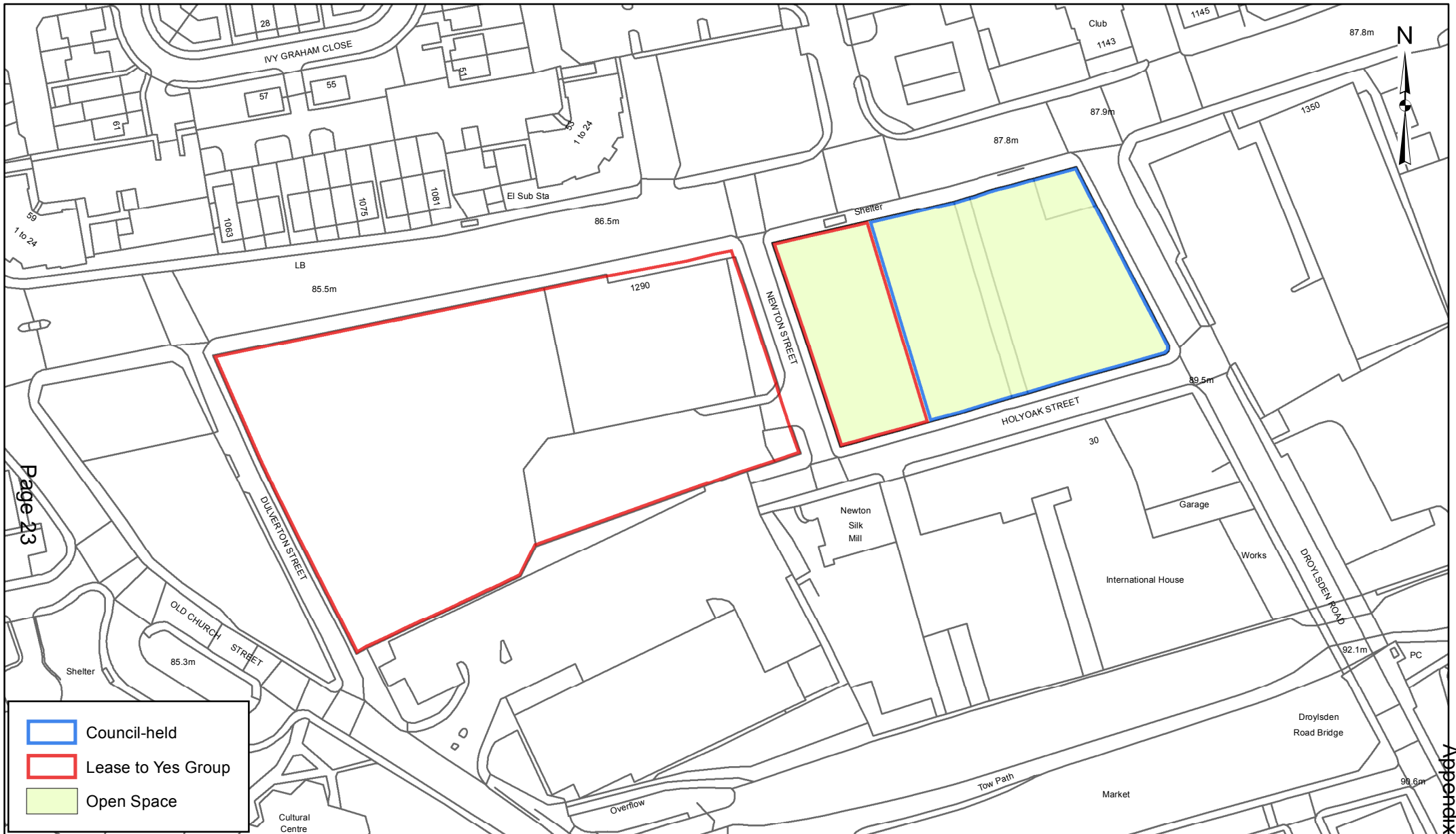
- 8.1 No

**(b) Risk Management**

- 8.2 No

**(c) Legal Considerations**

- 8.3 Part of the site comprises informal public open space and will need to be advertised. Following consultation the Strategic Director of Growth and Development will decide if the land can be developed.



A4 Scale 1:1,250

# PLAN FOR IDENTIFICATION PURPOSES ONLY

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