

Manchester City Council Report for Information

Report to: The Executive – 22 March 2023

Subject: The Regeneration of Collyhurst - Update

Report of: Strategic Director of Growth & Development

Summary

The regeneration of the Collyhurst estate has been a long-standing objective of the City Council and this is now being taken forward as part of the wider Victoria North initiative, which is being driven through a Joint Venture (JV) partnership between the City Council and Far East Consortium (FEC).

This report reaffirms the commitment of the Council and its JV partner to working with local tenants and residents, local elected members and other stakeholders to ensure the successful delivery of this objective.

Specifically, the report provides an update on the delivery of the Collyhurst Phase 1 scheme, which is now under contract and involves the construction of 274 new homes, including 130 new Council homes, together with the first phase of a new Community Park and new retail facilities.

The report also sets out proposals to develop a wider Master/Delivery Plan for Collyhurst Village and South Collyhurst, which will be used to guide and co-ordinate future phases of regeneration activity. A key element of developing the Plan will be consultation with the existing community that will commence in May 2023.

Finally, the report also notes that, the identification and appointment of an Affordable Housing Partner will be required in order to ensure the delivery of affordable housing at an appropriate level and to facilitate the wider development of the neighbourhood.

Recommendations

The Executive is recommended to:

1. Consider and comment on the information set out in the report, particularly in relation to the intention to commence community focussed engagement in May 2023 to facilitate the development of a clear Delivery and Phasing Strategy for the further regeneration of the Collyhurst Village and South Collyhurst Neighbourhoods.
2. Note the requirement to identify an Affordable Housing Delivery Partner to assist the City Council and FEC in the future delivery of affordable housing in these neighbourhoods and the work that is underway to develop an appropriate procurement process that will be undertaken to appoint such a partner.

3. Request that a further report is brought back to Executive in the summer of 2023 to report on progress and to seek any necessary approvals to move the regeneration initiative forward.

Wards Affected: Harpurhey, Miles Platting & Newton Heath

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

This report provides an update on the delivery of regeneration in Collyhurst where new housing development at scale is proposed. The design of new homes will build on the low-carbon principles of the Northern Gateway SRF (now known as Victoria North), which recognises that future development within the area will need to respond to the Councils zero-carbon target achieved through the active utilisation and deployment of leading building technologies.

Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments

To ensure that Masterplanning proposals are brought forward in an inclusive manner, an appropriate community and stakeholder engagement process will be developed. The engagement process will result in a Masterplan and Delivery Strategy for future development in Collyhurst, which will be brought back to a future Executive meeting.

The future development of the neighbourhood is capable of providing significant new residential space and associated commercial space and community infrastructure, creating jobs and opportunities open for all residents. The site would be made highly permeable, connecting neighbouring streets and communities with high quality and fully accessible open spaces and public realm. Any future phases of development proposals would be considered through future planning applications with full public consultations. It is considered at this stage that the proposals do not impact any protected or disadvantaged groups.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The Victoria North initiative will expand the City Centre in a northern direction establishing sustainable mixed-use neighbourhoods including new jobs and employment opportunities.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The Victoria North initiative will provide direct employment opportunities and also meet the demand for housing from residents who wish to live close to the skilled employment opportunities located in and around the Regional Centre.
A progressive and equitable city: making a positive contribution by	Development of Victoria North offers the potential to deliver on the objectives of

unlocking the potential of our communities	the Manchester Residential Growth Strategy and meet the growing demand for high quality new housing in the city in all forms of tenure.
A liveable and low carbon city: a destination of choice to live, visit, work	Victoria North development opportunities will support the delivery of new residential developments using state of the art technologies and low carbon construction methods.
A connected city: world class infrastructure and connectivity to drive growth	The delivery of new neighbourhoods within Victoria North will include traffic and transport planning, ensuring that various modes of transport (car, bus, rail, Metrolink, cycle, and walk) are provided for.

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

None directly through this report.

Financial Consequences – Capital

None directly through this report.

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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.

Council Reports

1. Victoria North – The Proposed City of Manchester (Thornton Street North Collyhurst Village) Compulsory Purchase Order 2022: Report to Executive 16 March 2022
2. Northern Gateway: Progress Update & Delivery Arrangements for Collyhurst Phase 1: Report to Executive 17th February 2021
3. Northern Gateway Progress Update Housing Infrastructure Fund: Report to Executive 29 July 2020
4. Northern Gateway Strategic Business Plan and First Phase Development Area: Report to Executive 12 February 2020
5. Delivering Manchester's Affordable Homes to 2025: Report to Executive, 11 September 2019
6. Northern Gateway: Implementation and Delivery, Report to Executive, 13 February 2019

1.0 Introduction

- 1.1 The regeneration and transformation of the Collyhurst estate has been a long-standing priority for the City Council, with the intention being to expand and improve the housing offer, increase the permeability and connectivity of the estate and ensure that the neighbourhood and its residents are able to benefit from the ongoing economic growth that is being experienced by the City and the region.
- 1.2 The estate was the subject of a £252m Private Finance Initiative (PFI) proposal that was terminated by the coalition government in 2010. This PFI proposal, which had been the subject of extensive public consultation, would have seen the comprehensive redevelopment of the entire estate, leading to a significantly increased population at sufficient density to sustain local retail and other local services/infrastructure.
- 1.3 Following Government's termination of the proposed PFI, the City Council has been seeking to identify an alternative means of delivering the scale of transformative change required. Collyhurst was included in the Victoria North initiative (originally known as the Northern Gateway) entered into in 2017. Development-led regeneration was identified as the most appropriate means of exploiting vacant land already available and establishing proposals of sufficient scale that would effectively tackle the issues of the poorly laid out, low density estate, creating a new and expanded housing market and residential offer to better meet the needs of existing and future residents.

2.0 Background

- 2.1 The City Council entered into a Joint Venture (JV) partnership with Far East Consortium (FEC) in April 2017 to drive forward the delivery of the Victoria North initiative, which is focussed on the residential led regeneration of a 155-hectare area at the northern edge of Manchester city centre. It is intended that more than 15,000 new homes are delivered as a result of the initiative over a fifteen to twenty - year period.
- 2.2 In February 2019 the Executive approved a Strategic Regeneration Framework (SRF) to help co-ordinate development activity in the Victoria North area. As stated above, a key component of the initiative is the comprehensive regeneration of the Collyhurst housing estate. The SRF and illustrative masterplan set out high-level design principles for the neighbourhoods that make up the Collyhurst estate. The intention was that more detailed development proposals would be brought forward in a phased basis following community consultation exercises.

3.0 Initial Development Activity - Collyhurst Phase 1

- 3.1 In February 2021, the Executive approved the overall detail of the first phase of development in Collyhurst, namely:

- The construction of 244 new homes in Collyhurst Village - of which 100 homes would be new City Council social rent properties with the balance being for open market sale - together with the demolition of 29 existing properties (including 22 existing MCC tenanted properties and 7 properties in private ownership); the provision of new public realm; and the delivery of Phase 1 of a new Community Park; and,
 - The construction of 30 new City Council social rent homes in South Collyhurst.
- 3.2 Authority was delegated to the Strategic Director, Growth and Development, the Deputy Chief Executive and City Treasurer and the City Solicitor to finalise the terms for the delivery of the proposal through the Joint Venture partnership with Far East Consortium. Further authority was delegated to the City Solicitor to enter into and complete all necessary legal agreements.
- 3.3 Planning consent was obtained for the two elements of the scheme in February and June 2021 respectively and the procurement of a contractor to deliver the programme of works was started shortly thereafter. However, this process became elongated as a result of the impact of challenging market conditions and significant inflationary pressure in the contracting sector and supply chain.
- 3.4 Ultimately this resulted in the Executive meeting of 14th September 2022 approving an increased Capital Budget for the scheme, and the Council and FEC entered into a Development and Funding Agreement (DFA) and associated legal agreements on 7th October 2022.

Collyhurst Phase 1 - Progress Update

- 3.5 FEC are delivering the Scheme as developer with DEX Construction Group (FEC's in-house Contracting Team) undertaking the construction. The new Council homes will be built by FEC on land in the City Council's ownership with the open market sale homes built on land that has been transferred to FEC.
- 3.6 Enabling works to prepare sites in Collyhurst Village for development have already been undertaken with the main works expected to start on site at the beginning of March 2023. Enabling works will commence on the South Collyhurst site also during March 2023 to remediate land and prepare the site for foundation works.
- 3.7 The Council has committed to support all affected residents living within the Scheme boundary, to relocate to a new property within the Scheme on a single move basis. As a result, a key principle of the Scheme is the timely delivery of re-provision homes in the new development to facilitate a single move, relocating affected residents into the new properties within the development and to provide an opportunity for the operator of the retail premises to relocate to the new commercial unit within the development.

- 3.8 The current programme has been developed with this in mind and anticipates that the development of new homes will be completed by April 2026 with the first 10 new Council homes completed in 2024/25, and the remainder completed in 2025/26. To date, there has been significant interest in the new homes in Collyhurst, with FEC having already secured sales reservations on an early release of homes.

Collyhurst Village Compulsory Purchase Order

- 3.9 Whilst the Council remains committed to agree the acquisition of the 7 privately owned property interests through negotiation, it is important to recognise that this may not be possible. Therefore, in March 2022 the Executive authorised the making of a Compulsory Purchase Order (CPO) as a contingency measure to ensure delivery of the Scheme in its entirety. However, the submission of the CPO has been delayed until the delivery arrangements for the scheme were finalised.
- 3.10 Since the delivery arrangements for the Scheme were concluded in October 2022 the Council has been able to progress discussions with those property owners affected by the proposed CPO and the negotiation process is underway to agree offers of market value compensation and in the case of the current business owner to understand their intentions and whether they wish to relocate their business. Officers have also been in discussion with the owner-occupiers about the Relocation Assistance (Equity Share Loan) that will be made available to help them purchase a replacement home. These discussions are ongoing and FEC have set aside a suitable number of new homes within the development for those affected owner-occupiers.
- 3.11 As the delivery arrangements for building the new homes are now in place, Legal Services are progressing with formally making the City of Manchester (Thornton Street North, Collyhurst Village) Compulsory Purchase Order 2023. The necessary legal notices have been served and the Order has been submitted to the National Planning Casework Unit for confirmation. Those affected by the CPO have an opportunity to submit objections. If objections are received, the Secretary of State may decide to hold a Public Local Inquiry to determine whether the CPO should be confirmed or not. Throughout this process negotiations to acquire interests by agreement will continue, and Officers will liaise closely with those affected to ensure that they are supported and as informed as possible.
- 3.12 In addition, the Council has committed to rehouse the affected Council tenants within the new development. Early in the design process, an assessment of each households housing needs was undertaken and considered during scheme development. Throughout the next stages of scheme delivery, further work is necessary to liaise closely with the Council tenants affected by the development, allocate the new homes appropriately and facilitate the rehousing process.

4.0 Future Phases of Development – Key Issues

- 4.1 The commencement of the main construction works on the Phase 1 scheme is a significant milestone and is evidence of the Council and FEC's commitment to deliver the comprehensive regeneration of the neighbourhood for the benefit of both the existing community and the new residents that will move into the area. In this regard, significant efforts have been invested by both parties to ensure that the existing community of Collyhurst have been engaged throughout the design process and that those affected are able to remain in the neighbourhood in a suitable new home and benefit from the regeneration.
- 4.2 This initial development is intended to be the catalyst for further phases of regeneration over the next 10-15 years to deliver a higher density of homes that will support local amenities and social infrastructure and create a sustainable neighbourhood that positively contributes to the economic growth of Manchester.
- 4.3 Work undertaken to date as part of the development of the Northern Gateway Strategic Regeneration Framework (SRF) has established that the two neighbourhoods of Collyhurst Village and South Collyhurst, which at present accommodate c.700 homes, together have the potential to be the location for around 3,000 much needed new homes. A plan is attached as Appendix 1, showing the location of these two neighbourhoods.
- 4.4 The existing homes are predominately Council owned (556 homes) with a small number of RP properties (26 homes) and the rest privately owned (122 homes), the majority of which have been purchased through Right to Buy. The construction of c.3000 new homes would diversify the tenure of the neighbourhood, creating choice and an expanded housing market.
- 4.5 There is however, limited vacant and available land across the neighbourhood to facilitate future phases of development. Therefore, the ongoing phased delivery of c.3,000 new homes of diverse tenure would require the creation of coherent development plots through sequential demolition or remodelling and development. As a result, the timely reprovizion of the existing Council homes within the neighbourhoods is an absolutely essential component of any future development. This reinforces the need to approach the redevelopment of Collyhurst on a strategic basis, with full involvement of the community and careful consideration given to how development can be phased around the neighbourhoods.
- 4.6 The Council homes being delivered in the first phase of development have been funded from a mixture of Housing Revenue Account (HRA), Capital Receipt and grant from Homes England's Affordable Housing Programme. However, the cost of full reprovizion of the Council homes in future phases would be significant and, given the competing demands on the HRA, it is unlikely that this could be met through the Council's own resources alone. In addition, Government grant programmes of sufficient scale are not available to the Council to deliver reprovizion homes for the purpose of regeneration.

Therefore, the Delivery and Phasing Strategy needs to take account of this and explore the opportunities that exist to re-provide any existing Council homes that may need to be demolished.

5.0 Community Focussed Master Planning

5.1 Subject to consultation and community engagement, it is envisaged that any further development would be delivered through a multi-phased approach over a 10-15 year period and would follow a similar format to that which has been used in Phase 1, i.e. sequential development on cleared sites and subsequent demolition to facilitate a single move for existing residents and create development sites for future phases. The nature, extent, location and timing of intervention would be defined by a Master Planning process with input from the existing community and stakeholders.

5.2 It is therefore proposed that detailed Master Planning focused on the Collyhurst Village and South Collyhurst neighbourhoods is undertaken to provide the basis for the identification of future phases of development activity and define a Delivery and Phasing Plan. The Master Planning would build upon the approach to community engagement and participation that was taken in the development of proposals for Phase 1.

5.3 To enable Master Planning, a rigorous process has been undertaken to identify a Lead Design Partner, who have the necessary expertise and track record in delivering robust neighbourhood regeneration masterplans. Following final interviews with all shortlisted parties, the JV partners have selected a Master Planning team formed of:

Mae Architects,
Schulze + Grassov
Turner Works
If Do.

5.4 The team has been appointed on the basis that they have the necessary skills to ensure that a community engagement programme is at the heart of the process, which will include elements of co-design with residents and key stakeholders. This will mean that the existing community have an opportunity to actively participate in the future development of their neighbourhood and positively benefit from the regeneration and evolution of Collyhurst.

5.5 It is intended that engagement with the local community and key stakeholders will commence in May 2023. This engagement will build upon the previous engagement that took place to develop the neighbourhood vision contained in the Northern Gateway SRF, refreshing the perspective and working through further detail.

6.0 Underlying Principles to Guide Future Phases

6.1 Given the likely scale of future development and the necessity for estate remodelling, including, where required the demolition of existing properties to

create coherent development opportunities, it is important to set out what are considered to be key underpinning principles. These principles will ensure that the existing community is a focus of the proposals as they are developed and dealt with fairly during implementation: -

- **Meaningful and Extensive Community engagement** – the existing Community should be at the heart of developing proposals for their neighbourhood that will be of benefit to them and of future residents.
- **Retention of the existing Community** – development proposals to take account of the needs of existing residents and provide opportunities for all those who wish to stay in Collyhurst and benefit from the regeneration to do so.
- **A clear Phasing and Single Move Strategy** - to provide clarity on when development will take place and wherever possible, if existing residents do need to move home to facilitate development, that this is done through a single move to a suitable home within Collyhurst.
- **Reprovision** – Social rented homes to be re-provided at a ratio that enables existing Council tenants to remain in Collyhurst in a home suitable to their housing needs.
- **Relocation Assistance** – Appropriate mechanisms are put in place in line with the City Council's Home Improvement and Relocation Assistance Policy to ensure that any owner occupiers affected by future development activity are able to relocate to appropriate and suitable homes.
- **Growth in the level of Affordable Housing** - to meet the objective of increasing supply of Affordable Housing as set out in the Housing Strategy, that in addition to the reprovision of existing Council homes, a range of additional Affordable Housing products are delivered through any new development that comes forward. The ambition is that up to 20% of the additional homes provided (above any necessary re-provision) will be affordable, subject to viability.
- **Delivery of Sustainable Neighbourhoods** – a mix of homes (type and size) and tenures is essential to provide housing choice for future generations and necessary to sustain local services, shops, schools, community facilities etc.

6.2 These principles will be kept under review and further developed throughout the Master Planning process.

7.0 Identifying an Affordable Housing Delivery Partner

7.1 As set out above, the regeneration of the Collyhurst neighbourhoods of Collyhurst Village and South Collyhurst provides the opportunity for the delivery of up to 3,000 homes, with a significant focus on affordability.

7.2 Given the scale of these ambitions, and the commitment to deliver additional affordable homes, the JV will need to work alongside an Affordable Housing Delivery Partner, most likely a Housing Association registered with the Regulator of Social Housing, commonly referred to as a Registered Provider (RP). Given the complexity of the project, a single strategic affordable housing

delivery partner is likely to be needed to enable delivery across the whole of Collyhurst.

- 7.3 It is recognised that such partners can bring best practice and significant delivery expertise and resource to positively implement any agreed masterplan. Therefore, to inform the Masterplan and Planning Strategy for the neighbourhoods, and ensure the plans are based on robust commercial and delivery insights, an affordable housing delivery partner needs to be in place as early as possible in the process.
- 7.4 Further work is required to inform the optimal delivery strategy for affordable homes within Collyhurst (including re-provision homes and additional homes to be built). In particular, this needs to include recommendations around the most appropriate structure (commercial and legal), nature of partner, and requirement for procurement.
- 7.5 To inform the strategy, informal “soft market testing” with the RP and investor market commenced in February 2023. This exercise is important to fully understand market appetite and ensure that any subsequent formal procurement or marketing process required is designed to optimise engagement with the RP Sector.
- 7.6 The soft market testing exercise will initially target the engagement of RPs that have Homes England (HE) Strategic Partner status. These are organisations who have been identified by HE as having credentials around complex project delivery, interested in long term relationships, and with capacity and capability to deliver significant programmes. Of key importance, Strategic Partners also have potential opportunity to access alternative funding arrangements with HE.
- 7.7 Following completion of this market testing it is intended that a delivery strategy is devised, to be tested with the Council’s legal and procurement teams before a further report is brought back to a future meeting of the Executive together with any recommended actions.

8.0 Collyhurst – Future Phases Next Steps

- 8.1 As set out above FEC have appointed a Master Planning Team to develop a delivery and phasing plan for Collyhurst. Meaningful community engagement will be at the heart of developing the plan in order to understand the existing communities needs and aspirations and it is intended that this will commence in May 2023.
- 8.2 In the coming months, ahead of community engagement, the Master Planning team will commence work to more fully understand the neighbourhoods, undertaking relevant site surveys and developing the approach to engagement with residents and stakeholders.
- 8.3 Informal Soft Market testing has already commenced with the RP sector and investor market. This will continue in the coming months, informing the

creation of a delivery strategy that will likely involve the appointment of an RP partner to enable delivery of affordable and re-provision homes. This strategy will be developed with input from the Councils Legal and Procurement teams and presented to a future meeting of the Executive.

- 8.4 Work is underway to establish a Local Lettings Strategy for the Phase 1 Council homes that will start to become available for occupancy in the 2024/25 Financial Year. This Strategy will be brought back to a future meeting of the Executive for formal consideration and approval.

9.0 Eastford Square - demolition

- 9.1 Although situated outside of the Collyhurst Village/South Collyhurst boundary, the demolition of Eastford Square is a Council priority. Demolition of these last remaining Collyhurst maisonettes will conclude the process that commenced some years ago to address the obsolete blocks. The properties are now in the Councils ownership and Planning Approval has been granted for their demolition, which will commence following completion of utility disconnections. As part of the demolition, the artwork currently situated in the Square will be retained and relocated into the grounds of the nearby Roach and Vauxhall Courts where it will be visible from Rochdale Road.

- 9.2 In the longer term, the land at Eastford Square has been identified for development as part of the wider Victoria North programme of regeneration with a mix of new homes and commercial space. However, detailed Master Planning has not yet taken place. As it is located outside of the boundary identified at Appendix 1, development of a Master Plan for this area will be undertaken as part of a separate process and will be subject to future public consultation.

10.0 Contributing to the Manchester Strategy

- 10.1 Please see the front of the report.

11.0 Key Policies and Considerations

Equal Opportunities

- 11.1 As part of the vision set out in the Northern Gateway SRF, a key aim of the proposed Master Planning Process will be to formulate plans for an inclusive, connected and accessible neighbourhood that will support the creation of new homes, public realm, jobs, and improved access to opportunities for both existing and new residents within the local area and wider city. The Master Planning process will be the subject of local community engagement, giving residents and stakeholders opportunities to engage in the process.

Risk Management

- 11.2 The Victoria North programme will continue to be progressed in accordance with existing internal governance arrangements and within the legal framework of the Victoria North Joint Venture.

Legal Considerations

- 11.3 Legal Services work closely with the project team to provide legal advice on all aspects of the Victoria North Initiative. Legal Services will continue to support and advise the team on all aspects of this project to facilitate delivery and ensure compliance with all relevant legislation, regulations and contractual terms.