

Manchester City Council Report for Information

Report to: The Executive – 26 July 2023

Subject: The Regeneration of Collyhurst - Update

Report of: Strategic Director (Growth and 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 provides an update on activity undertaken since the previous report to Executive in March 2023 and sets out proposals and recommendations for approval in relation to a strategy to secure an Affordable Housing Delivery Partner, who will play a critical role in ensuring that any redevelopment plans brought forward for consideration contain the right mix of housing tenures to meet the needs of existing and future residents.

Recommendations

The Executive is recommended to-

- (1) Consider and comment on the information set out in this report, particularly in regard to the ongoing work to develop a delivery strategy for future phases of development in Collyhurst.
 - (2) Delegate authority to the Strategic Director, Growth and Development and Deputy Chief Executive & City Treasurer in consultation with the Leader and the Executive Member for Housing and Development to approve the undertaking and finalisation of a formal, competitive procurement process to identify an Affordable Housing Delivery Partner to support the Collyhurst Regeneration Programme.
 - (3) Note that any such process will be subject to consultation with Local Ward Members in advance of implementation.
-

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

An inclusive, accessible, and diverse engagement process has been developed to inform the Master Planning process for future development.

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. As set out in the SRF, 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 unlocking the potential of our communities	Development of Victoria North offers the potential to deliver on the objectives of 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.

Contact Officers:

Name: Rebecca Heron
Position: Strategic Director Growth & Development
Telephone: 0161 234 5515
E-mail: rebecca.heron@manchester.gov.uk

Name: Ian Slater
Position: Assistant Director - Major Regeneration, Growth & Development
Directorate
Telephone: 0161 234 4582
E-mail: ian.slater@manchester.gov.uk

Name: Rebecca Maddison
Position: Head of Commercial and Strategic Development (Legal) for the City
Solicitor
Telephone: 0161 234 4976
E-mail: rebecca.maddison@manchester.gov.uk

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

- The Regeneration of Collyhurst – Update: Report to Executive 22 March 2023
- Victoria North – The Proposed City of Manchester (Thornton Street North Collyhurst Village) Compulsory Purchase Order 2022: Report to Executive 16 March 2022
- Northern Gateway: Progress Update & Delivery Arrangements for Collyhurst Phase 1: Report to Executive 17th February 2021

- Northern Gateway Progress Update Housing Infrastructure Fund: Report to Executive 29 July 2020
- Northern Gateway Strategic Business Plan and First Phase Development Area: Report to Executive 12 February 2020
- Delivering Manchester's Affordable Homes to 2025: Report to Executive, 11 September 2019
- 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 Executive Members will recall that 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. To this end, 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 Collyhurst Phase 1 - Progress Update

- 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 Through delegated approval the terms of delivery were finalised via the Joint Venture partnership with Far East Consortium and all necessary legal agreements were completed in October 2022.
- 3.3 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.
- 3.4 Construction is underway, the programme 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. (Photographs at Appendix 2 show work underway)
- 3.5 As agreed previously at Executive, residents whose homes will be demolished as part of the phase 1 scheme are being supported to move into the new development. Work is underway with the tenants affected, to allocate them specific homes in the new development, clarify timescales for their moves and commence discussions about practicalities.
- 3.6 As set out to Executive in March 2023, to deliver the phase 1 scheme the Council have progressed a Compulsory Purchase Order to acquire the privately owned property interests. Communication is still awaited from the National Planning Casework Unit following submission of the Order in March this year. Meanwhile, negotiations continue with the property owners affected to purchase their interests by agreement and Officers will liaise closely with those affected to ensure that they are supported and as informed as possible.
- 4.0 Establishment of a Local Lettings Strategy to Support the Regeneration Programme**
- 4.1 The Executive, at its meeting in February 2021 delegated authority to the Director of Housing & Residential Growth, in consultation with the Executive Member for Housing and Regeneration to establish a local lettings policy in relation to the new homes to be delivered by the Phase 1 scheme, which would also support the rehousing of tenants affected by the scheme and

honour previous “right to return” commitments made to former Collyhurst tenants rehoused outside of the area as a result of the demolition of maisonettes in South Collyhurst some time ago.

4.2 A Further commitment was made to rehouse the residents affected by Phase 1 demolitions into the Phase 1 new build homes through a single move. Work continues with those residents in preparation for when the new properties are complete. Further work will be undertaken to finalise the approach for engagement with the former maisonette residents that moved outside of Collyhurst to identify any that wish to return and process any rehousing applications that arise.

4.3 To note, a report elsewhere on this agenda, proposes a city-wide New Build Local Lettings Policy. The Policy seeks to ensure a balanced approach to rehousing into new build schemes to ensure that new build developments have a mix of residents to help to make them sustainable in the longer term.

4.4 The city-wide New Build Local Lettings Policy also identifies that:

“where new build schemes are being delivered as part of a larger regeneration initiative, additional priority will be given to local residents within the regeneration boundary to facilitate the ongoing regeneration. The detail will be set out on a scheme-by-scheme basis but might include additional priority for existing residents within the regeneration boundary who wish to rightsize into an apartment in order to make better use of Council stock.

Where regeneration schemes involve demolition those affected residents would be given priority to move into new homes and stay in the area and such moves would be accommodated outside of the allocations scheme.”

4.5 It is established practice that such moves are dealt with on a scheme-by-scheme basis, outside of the Allocations Policy and through “Council Interest Moves”.

4.6 The report to March 2023 Executive was clear that where future development proposals in Collyhurst require demolition, they will 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. Where demolitions are required, replacement social rent homes will be provided at a ratio that enables existing Council tenants to remain in Collyhurst in a home suitable to their housing needs and on the basis that they remain a social rent tenant.

4.7 The Master Planning process, in consultation with the community, will define the housing typologies that need to be delivered in Collyhurst in order to achieve development of appropriate density that will create a vibrant and economically sustainable neighbourhood. Further detail will be brought back to Executive, as clarity is gained on future phases of activity in Collyhurst, the approach to reprovion of homes and their typology, and their allocation in accordance with the New Build Local Lettings Policy.

5.0 Future Phases of Development – Community Focused Masterplanning

5.1 The March 2023 Executive Report advised that a masterplan team had been selected to prepare a detailed masterplan for the Collyhurst Village and South Collyhurst neighbourhoods. A plan showing the boundary of these neighbourhoods is attached as Appendix 1. The masterplan will be focused on residential led redevelopment but will also ensure that appropriate social and community infrastructure (e.g. public realm and amenity space, health and education provision, connectivity to public transport etc) are provided to create neighbourhoods that are sustainable and will meet the long term needs of a growing population.

5.2 Since the last update, the team have been undertaking baseline technical surveys to inform masterplan development and a community engagement strategy has been developed in liaison with local ward members.

5.3 The engagement strategy is split into four key periods:

- Discover – initial engagement focussed on listening to the community and stakeholders;
- Develop – development of masterplan proposals through community focused masterplanning;
- Define – defining the preferred masterplan prior to planning submission; and
- Deliver – delivering the masterplan.

5.4 The initial “discover” stage of engagement commenced this month, with the team holding various one-to-one listening sessions with members of the community and key stakeholders to understand hopes for the masterplan, along with any concerns, to outline the programme of work, and to discuss how those who want to be involved can continue to actively participate in the ongoing masterplan process.

5.5 Meaningful engagement is a fundamental principle of the development of the masterplan, as this helps to strengthen the connection of the existing community to the masterplan proposals. This is particularly important for existing communities in areas undergoing huge change, such as Collyhurst.

6.0 Restatement of Underlying Principles to Guide Future Phases

6.1 As part of the Masterplan development, a phasing strategy will be developed to inform and enable more detailed engagement with residents in the future around commitments that can be made. These will ultimately be agreed between the Affordable Housing delivery partner but can be explored in advance through masterplan option testing.

6.2 The underlying principles to be explored have been referenced previously, and include:

- **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 and as social rent tenants.
- **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.

7.0 The Need for an Affordable Housing Delivery Partner

- 7.1 The Strategic Regeneration Framework for the Victoria North area, which was approved by the Council’s Executive in 2019, re-articulated the Council’s long-standing ambitions for the transformation of the Collyhurst estate.
- 7.2 The community focused master planning process that is just commencing will seek to establish detailed proposals that will guide redevelopment activity on a phased basis.
- 7.3 These detailed proposals will be informed by community engagement and will ultimately be the subject of community and elected member consultation, but they will inevitably include proposals for demolition and replacement, where required of existing Council tenanted homes and properties acquired through Right to Buy.
- 7.4 The redevelopment programme will provide the means for a significant increase in the overall number of homes within the Collyhurst estate. The intention is that an appropriate level of new affordable homes, above and beyond the levels of any replacement of existing council homes, will be

delivered as a result, leading to a net increase in the amount of affordable housing.

- 7.5 The delivery of affordable housing in an appropriate mix of tenures at the scale envisaged will require involvement of an Affordable Housing Delivery Partner which could come in the form of a Registered Provider, an Affordable Housing Investment Partner, or a combination of the two.
- 7.6 It should also be noted that the costs associated with the replacement of any existing Council housing or the acquisition of properties purchased through Right to Buy in areas identified for demolition, plus anticipated infrastructure costs and additional known ground abnormalities (for example, there are a number of historic underground mine workings dotted around the estate) create a challenging context in terms of the funding of this scale of ambition.
- 7.7 Based on the lack of investment head room within the Housing Revenue Account (HRA), Manchester City Council is potentially limited in the direct role it can take in the delivery of the replacement of council homes within Collyhurst, hence the likely requirement for an Affordable Housing Delivery Partner. The options for delivery, including any implication for the HRA will be subject to a robust option appraisal and impact assessment as we progress through the Masterplanning process.
- 7.8 Previous Executive Papers have established recommendations in relation to proceeding with the identification of a single Affordable Housing Delivery Partner for the project – who would play a full strategic role in the delivery of the Regeneration Programme envisaged.
- 7.9 To inform this process, a soft - market testing exercise has been undertaken (during March and April 2023) with Registered Providers who have a proven regeneration track record, are active in the North West, and who were at the time on the Homes England Strategic Partner panel (through which they have access to national Affordable Housing Programme funding at scale).
- 7.10 The soft market testing undertaken was a useful exercise. It has demonstrated that there is significant interest in the Registered Provider sector to be involved in the Collyhurst Regeneration initiative. Feedback has also corroborated officers' views that the identification of a single Affordable Housing Delivery Partner is the most appropriate way forward to deliver new affordable housing and work alongside MCC and FEC to ensure the delivery of any replacement homes required. All parties noted the importance of a strategic and long-term mandate to justify and leverage the scale of investment and involvement likely to be needed.

8.0 Finalising and Implementing a Strategy to Identify an Affordable Housing Delivery Partner

- 8.1 Based on the work undertaken to date, and through market engagement undertaken, it is proposed to commence an MCC/FEC competitive process to identify an appropriate Affordable Housing Delivery Partner. Following the

process it is envisaged that the partner could have contractual responsibilities which may include:

- Supporting the development of a 'Residents Charter' for Collyhurst – including detailed finalisation and agreement of matters noted previously in this paper under “Underlying Principles to Guide Future Phases”;
- Sector focussed input and commercial insight into the Masterplanning process to ensure viability and deliverability;
- Supporting the development and establishment of a regeneration implementation strategy, with a clearly set out Phasing Plan that will guide the actions of MCC, FEC and the Affordable Housing Delivery Partner over the lifetime of the regeneration programme.
- Supporting the management of the estate and tenants affected during the regeneration programme, given experience and skills developed on comparable schemes;
- Supporting the replacement of any existing council homes identified for demolition – assumed on a phase-by-phase basis
- Supporting the delivery of net additional affordable homes – i.e. to ensure the delivery of an overall increase of new affordable homes above and beyond any council properties that need to be replaced as a result of any required demolition.

- 8.2 Across these responsibilities it is likely the partner would need to have a contractual relationship with both MCC and FEC. As such it is proposed that a joint process is designed and implemented which enables the identification of a single partner, to be secured under necessary contractual relationships with the respective MCC and FEC organisations.
- 8.3 MCC and FEC are in the process of designing a proposed competitive process to identify an appropriate Affordable Housing Delivery Partner., Both parties are agreed in principle that based on potential scope of responsibilities a regulated procurement process will be required. This means that any process will be designed in line with UK Procurement Requirements and Regulations in accordance with the Public Contracts Regulations (2015).
- 8.4 It is critical that the Affordable Housing Delivery Partner is in place early enough for alignment with the Masterplan programme – ensuring that the Masterplan is finalised alongside a credible and deliverable strategy for implementation. This is considered particularly important given previous attempts to regenerate the neighbourhood, and to ensure there is delivery momentum following on from the new homes being constructed in the Phase 1 scheme currently on-site.
- 8.5 To achieve this outcome, it is considered likely that the partner identification process will have to launch during late Summer 2023, to conclude in Spring 2024.
- 8.6 Council officers are working with their counterparts in FEC and with respective advisors including legal advisors to determine:

- The most appropriate process to identify, evaluate and select a suitable Affordable Housing Delivery Partner
- The respective roles and responsibilities of MCC and FEC in the process; how any costs / potential liabilities are attributed and borne by either party;
- The contractual arrangements required to give effect to this process; and,
- The exact programme of activities required to secure the Affordable Housing Delivery Partner and the alignment / interface with the Master planning process referred to in a previous section of this Report.

8.7 A further report will be brought back to a future meeting of the Executive summarising the process undertaken, next steps and making any appropriate recommendations on the appointment of a partner based on submissions made and negotiations undertaken.

9.0 Major Change to the Affordable Housing Programme - Estate Regeneration

9.1 Executive Members may be aware that Homes England announced on 27 June that grant funding made available via the Government's Affordable Housing Programme (AHP) 2021 – 26 can be used to fund replacement homes, alongside new affordable homes, as part of wider estate regeneration proposals.

9.2 This is a welcome shift in Government policy and is something that the City Council has been lobbying for over a number of years. Previously, AHP funding has only been made available for "additional" homes, constraining proposed regeneration schemes such as Collyhurst.

9.3 Executive Members will recall from previous reports that the City Council has successfully attracted £6.89m of AHP funding to help deliver the Phase 1 scheme outlined above. This grant allocation was based on the number of additional homes being delivered by the scheme, with no funding being available to assist with the cost of replacement homes. Discussions have already commenced with Homes England colleagues to determine whether additional funding can be attracted to the Phase 1 scheme, and to start a dialogue to position any future phases of development within a new, long term approach to estate regeneration that this announcement may signal.

10.0 Demolition of Eastford Square

10.1 Situated outside of the Collyhurst Village/South Collyhurst boundary, the demolition of Eastford Square is a Council priority. Demolition of this last remaining Collyhurst maisonette block is being concluded, with the demolition making good progress and expected to be fully complete in August. (Photographs at Appendix 2 show work underway)

10.2 As part of the demolition, the sculpture that is 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. This work has currently been delayed due to unexpectedly large foundations being

discovered upon excavation commencing. Work is underway to identify an appropriate methodology for its relocation.

11.0 Contributing to the Manchester Strategy

11.1 Please see the front of the report.

12.0 Key Policies and Considerations

Equal Opportunities - 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 - 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 – Legal considerations are set out in the body of the report. 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.