

**Manchester City Council
Report for Resolution**

Report to: Executive – 5 June 2024

Subject: Disposal of Land at the former Spire Hospital, Russell Road, Whalley Range, M16 8AJ (Part A)

Report of: Strategic Director of Growth & Development

Summary

This report seeks approval to dispose of the former Spire Hospital site, Russell Road, Whalley Range, to Great Places Housing Group (GP), on a long leasehold basis to facilitate the delivery of 120 new affordable homes.

The development will deliver c79 social rent apartments as part of the UK’s first purpose built and co-produced LGBTQ+ majority extra care housing (ECH) scheme with ground floor space for wider community use, and c41 apartments for shared ownership in a separate apartment block.

Please note that a Part B report is available containing full detail on financials.

Recommendations

The Executive is recommended to consider and note the contents of the report.

Wards Affected – Whalley Range

<p>Environmental Impact Assessment - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city</p>	<p>The development will be low carbon and highly sustainable using up to date energy efficiency measures in the fabric and construction. The ECH scheme is to be built to HAPPI design principles, one of which being ‘energy efficiency and sustainable design’.</p> <p>Sustainable features will include electric vehicle charging, use of electric heating only and efficient appliances/systems. The building design will use a highly insulated Fabric First approach aim to maximise the capture and use of daylight and passive solar energy, whilst avoiding excessive solar gain in summer.</p>
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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 redevelopment of the site for much needed affordable homes will make a significant contribution to supporting a diverse and distinctive economy.</p> <p>The extra care housing apartments will be made available for over-55s. This will encourage 'rightsizing', with new residents having vacated family homes. These vacated homes can thereafter be made available to families.</p>
<p>A highly skilled city: world class and home-grown talent sustaining the city's economic success</p>	<p>There will be jobs created during the construction process and in the provision of care and support.</p> <p>Learning from this innovative scheme will be shared locally across other extra care housing schemes in Manchester and across the housing, care and support sectors nationally and internationally.</p> <p>The development will support wider growth in the city, adding to the housing stock/mix whilst encouraging 'rightsizing'.</p>
<p>A progressive and equitable city: making a positive contribution by unlocking the potential of our communities</p>	<p>The development of 120 apartments at affordable tenures and in a highly desirable residential location is a positive contribution to an already diverse local area. The ECH scheme will meet the needs of older people, particularly from the LGBTQ+ community, whilst the shared ownership block will provide low cost home ownership opportunities.</p> <p>The newly created homes will make a significant contribution to the City Council's affordable housing targets.</p>
<p>A liveable and low carbon city: a destination of choice to live, visit, work</p>	<p>A travel plan for the development will encourage active travel options. Bike storage will be available across the site together with EV charging.</p> <p>This is alongside Whalley Range's excellent public transport connections to the city centre.</p>

A connected city: world class infrastructure and connectivity to drive growth	The development is well-connected in terms of public transport, with bus and tram links to the city centre and, for the ECH scheme, the LGBTQ+ support network. A travel plan will be in place encouraging use of public transport.
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Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

Details regarding the revenue savings from delivering new ECH at Russell Road is included in Part B of this report.

Financial Consequences – Capital

The details regarding the capital receipt for the Subject Land is detailed in Part B of 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.

- Housing for an Age Friendly Manchester Strategy (2014-2020)

- State of the City report: Manchester's Lesbian, Gay and Bisexual Communities – LGBT Foundation (2015)
- Housing, Ageing and Care report – LGBT Foundation (2020)
- Manchester Housing Strategy (2022-2032) – Executive, 22nd July 2022
- Enabling Independence Accommodation Strategy (2022-2032) – Executive, 16th November 2022
- Site plan

1. Introduction

- 1.1. This report seeks approval to dispose of the former Spire Hospital site Russell Road, Whalley Range ("Subject Land"). The redevelopment of the Subject Land proposes to deliver c.79 social rent homes as part of the UK's first LGBTQ+ majority Extra Care scheme alongside c.41 new Shared Ownership apartments.
- 1.2. This report sets out the proposal for disposal of the Subject Land at less than best consideration, in order to secure the best affordable housing outcome. The proposed premium represents Value for Money on an invest to save basis. The financial detail is set out in Part B of this report.

2. Background & Context

(a) Strategic fit

- 2.1. In July 2022, the Manchester Housing Strategy was adopted by the Executive. The Strategy set out the city's vision for the housing market for the next 10 years including a series of ambitious targets including the headline target of delivering 10,000 new affordable homes. The Strategy also made a commitment to work with commissioners & trusted providers to increase the supply of supported housing to meet demand.
- 2.2. Following the publication of the Manchester Housing Strategy, the Enabling Independence Accommodation Strategy was adopted in November 2022. This detailed our approach to delivering on the Housing Strategy target by working in partnership across services and with local providers to improve housing with care and support options to better meet residents' needs and enable their independence.
- 2.3. The [MLCO Commissioning Plan](#) sets out how we want to work together with partners, and citizens of Manchester to provide care closer to home in neighbourhoods of choice. Extra Care is a key enabler of that aspiration, by offering improved housing and care provision as people age in place. A strategic pledge by Adult Social Care set out how there is an aspiration to reduce overreliance on residential and nursing care, through an ambitious extra care housing growth strategy, meeting older people's needs as their care needs become apparent.

(b) Extra Care Housing

- 2.4. A key element of delivering the homes needed to meet the objectives of these strategies is an expanded Extra Care Housing (ECH) pipeline. This scheme forms part of a portfolio of sites brought forward to meet demand identified in a needs analysis undertaken following the publication of the Housing for an Age Friendly Manchester Strategy in 2014.
- 2.5. The analysis evidenced the need to increase extra care housing supply in the city to 1,000 homes by 2025. Approval to ring fence identified sites for extra

care housing was given by Executive in 2015 and a capital budget to expedite delivery by registered provider partners was approved in 2016.

- 2.6. Since 2015, supply in the city has increased to 12 schemes providing 762 apartments, with a further three – including Russell Road – in the pipeline. This includes three specialist cognitive impairment/dementia schemes.
- 2.7. Evidence from existing extra care schemes has shown there are a range of benefits of extra care housing including:
 - Opportunities to right size – by enabling older people in social housing to move into high quality apartments, family sized affordable housing is released for applicants on Manchester Move. This has contributed to a £375,000 saving on temporary accommodation for homeless families in one financial year
 - Apartments are accessible and care ready, leading to a reduction in the use of Disabled Facilities Grant for older under-occupiers and a saving in adaptations in excess of £10,000.
 - Self reported improvements in health and well-being and reduction in isolation.
 - Onsite care and support enables people in extra care housing to maintain their independence for longer.
 - Social Care Assessors now have to consider extra care housing routinely before considering residential care admissions.
 - Overall reduction in care hours (average 4 hours per citizen per week) from moving into extra care to care needs circa 3 months later, reducing the cost to adult social care budgets

(c) The need for LGBTQ+ majority extra care housing

- 2.8. The LGBT majority extra care scheme has been included within the Council's extra care development programme This was in response to the findings of a City Council commissioned research by the LGBT Foundation. This research identified access to good quality affordable and accessible housing as being a key issue for older LGBT people in Manchester to provide a safe and accepting environment and found high levels of loneliness, isolation and health problems amongst older LGBTQ+ people. The report also found that older LGBTQ+ people may have no family network for support and therefore have a greater reliance on commissioned services. At the same time, there are reports of hostility and discrimination towards the LGBTQ+ community within existing older people's housing schemes, and carers displaying homo-, bi- and/or trans- phobia.
- 2.9. As a result, in 2017, the Executive approved the development of a flagship, LGBTQ+ majority ECH scheme. The scheme will provide physical and psychological safety and LGBT+ affirmative care for older people. Initial scoping was carried out with LGBT Foundation, Stonewall Housing and the older LGBTQ+ community.
- 2.10. Initially, a site on Withington Road in Fallowfield was identified for the scheme

however, following consultation with LGBT Foundation, the Subject Land was identified as a more suitable option due to the diverse and welcoming community in the area and proximity to LGBTQ+ support services in the city centre. In 2018 Capital Strategy Board approved the purchase of the Spire Hospital site with the demolition of the former hospital building completing in 2019.

- 2.11 In December 2019, a clear preference for social landlord ownership led to Housing Board giving approval to progress the disposal of land by way of a development agreement and long lease. A competitive process was undertaken in 2022, following unsuccessful negotiations with the previously selected partner, and Great Places have been selected as preferred developer.
- 2.12 Since their appointment, Great Places have worked with the Council, the LGBT Foundation and members of the Community Steering Group to co-produce a scheme which meets the needs of residents.

3. The Subject Land

- 3.1. The Subject Land is located in Whalley Range approximately 3 miles south-west of Manchester City Centre and bounded by Russell Road, Whalley Road and Carlton Road. The Subject Land area measures approximately 0.9 hectares (2.23 acres). The site has been cleared of a former hospital building, which was demolished to slab level in 2019.

4. The Proposed Scheme

- 4.1. The proposed Extra Care housing scheme will deliver high-quality accommodation for older people, to help address local housing needs and provide a model for inclusivity. The proposals aim to provide a development which responds to its local context, whilst being a model for inclusivity and putting Manchester at the forefront of age-friendly housing in the UK.
- 4.2. Great Places has submitted indicative plans for 120 units on the site and have consulted with officers from Strategic Housing as to the proposed tenure. The scheme is yet to be submitted for planning approval, though Great Places are currently engaging in community consultation on the proposals. The proposals include the following:
 - An Extra Care housing scheme of circa 79 apartments comprising a mix of one and two-bed apartments for people over 55 years of age
 - All apartments will be available as social rented, affordable housing
 - The Extra Care housing scheme will be welcoming and inclusive with the majority of residents at the scheme identifying as lesbian, gay, bisexual, trans or non-binary and allies
 - Shared facilities, including a cafe, lounges and treatment rooms
 - Attractive landscaped gardens providing access to green spaces
 - The proposed shared ownership block (c.41 units), separate from the Extra Care housing scheme, will consist of a mix of 1 and 2 bed

apartments, delivering affordable homes to first time buyers and eligible customers, helping to address emerging affordability issues in places such as Whalley Range.

5. The Proposed Lease

- 5.1. Subject to approval to dispose, it is proposed that MCC and Great Places will negotiate the terms of and enter into an agreement for lease with the condition that Great Places secure a satisfactory planning consent within an agreed timescale. Following the grant of planning permission for the proposed scheme, the Council will grant a 999-year development lease, in line with Homes England funding requirements. The lease will contain specific development obligations to ensure the scheme is brought forward and completed within agreed timescales. The user clause within the lease will be restricted to social rent homes as part of the UK's first purpose built, coproduced LGBTQ+ majority Extra Care scheme alongside Shared Ownership apartments. The lease will be drafted to maintain the LGBTQ+ majority of the ECH scheme.
- 5.2. The completed development will be retained and managed by Great Places.

6. Valuation

- 6.1. Based on the proposed scheme as above, Great Places has made a financial offer in the form of a premium payment to the Council to acquire the site. The detail regarding the offer is in Part B of this report.
- 6.2. An external valuation has been carried out based on the assumption of an implementable, planning policy compliant scheme based on a residential open market scheme. The valuation figure is stated in Part B of this report.

7. Contributing to a Zero-Carbon City

- 7.1. The scheme will bring a brownfield site, vacant for several years, back into use.
- 7.2. The development will be low carbon and highly sustainable using up to date energy efficiency measures through Passivhaus principles designed to reduce end user electricity costs.
- 7.3. The ECH scheme is to be built to HAPPI design principles, one of which being 'energy efficiency and sustainable design'.
- 7.4. Sustainable features will include electric vehicle charging, use of electric heating only and efficient appliances/systems. The design will use a highly insulated Fabric First approach aim to maximise the capture and use of daylight and passive solar energy, whilst avoiding excessive solar gain in summer.
- 7.5. The completed development will incorporate secure cycle storage and be

located close to high frequency bus corridors. This will encourage active and public transport.

- 7.6. Boundary trees will be retained where possible, subject to an arboricultural report, to maintain biodiversity.

8. Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

- 8.1. The redevelopment of the site for much needed affordable tenure homes will make a significant contribution to supporting a diverse and distinctive economy. The provision of new homes at the site would also support the growing population in an area identified for residential development.
- 8.2. The extra care apartments will be made available for over-55s. This will encourage 'rightsizing', with new residents having vacated family homes. These vacated homes can thereafter be made available to families.
- 8.3. The shared ownership apartments will provide low cost home ownership in a high value area.
- 8.4. The scheme will attract external funding into the city from Homes England (Affordable Housing Grant) and Greater Manchester Combined Authority (Brownfield Land Fund).

(b) A highly skilled city

- 8.5. Jobs will be created during the construction process and long term roles in the provision of care and support services.
- 8.6. The provision of new homes at the site will support the growing population in an area identified for residential development. The site is also well-connected to the City Centre, and southern district centres with their associated job opportunities.

(c) A progressive and equitable city

- 8.7. The development will deliver new affordable homes that are accessible to those on below average household incomes in the local area and offers housing products for both sale and rent that match demand.
- 8.8. The ECH scheme will offer physical and psychological safety to older LGBTQ+ people who may have experienced hate crime, discrimination or rejection during their lives because of their sexuality.
- 8.9. The inclusive scheme is being co-produced by members of the older LGBTQ+ and Whalley Range communities and will offer facilities which can be used by the local community.

- 8.10. Manchester City Council has commissioned LGBT Foundation to develop an LGBTQ+ affirmative quality standard for extra care housing in the city to ensure all schemes are welcoming and inclusive.
- 8.11. Learning from the ECH scheme will be shared across care and support services in Manchester and at national and international level, demonstrating Manchester's commitment to innovation and its diverse communities.

(d) A liveable and low carbon city

- 8.12. A travel plan for the development will encourage active travel options. Bike storage will be available together with EV charging.
- 8.13. Whalley Range is well connected in terms of public transport with bus links into the city centre and beyond.

(e) A connected city

- 8.14. The scheme is well-connected in terms of public transport, with bus links to the City Centre. A travel plan will be in place encouraging use of public transport and make best use of nearby cycleways.

9. Key Policies and Considerations

Equal Opportunities

- 9.1. The ECH properties within the development will be available to people over-55 with a commitment to maintaining a 51% majority of residents from the LGBTQ+ community, based on evidenced need.
- 9.2. All new homes on the site will be affordable tenures.

Risk Management

- 9.3. The lease to be granted to Great Places is for a long period but it will contain a number of covenants and restrictions ensuring that the Council will have control over the property's future use, ownership etc and a right for the Council to forfeit the lease if the covenants are not observed and performed.

Legal Considerations

- 9.4. The ECH scheme enables Manchester City Council to discharge its statutory duty under the Care Act 2014 where a person has been assessed as having a care need.
- 9.5. It is understood the Council holds the Subject Land for general purposes, The proposals set out in this report are to dispose of the Subject Land to Great Places for the provision of Extra Care Housing pursuant to section 123 Local Government Act 1972. The disposal of the land is at an undervalue, is to a registered provider for development of housing accommodation and therefore

the Council may rely upon the general consent issued by the Secretary of State pursuant to the Local Government Act 1988 (section 25) (General Consent) to dispose of the land at less than best consideration.

- 9.6. The Council will also need to consider the application of and ensure compliance with the Subsidy Control Act 2022 in respect of the disposal.
- 9.7. Should the disposal of the Subject Land be approved, it is proposed the Council and Great Places enter into an Agreement for Lease and Lease for 999 years in respect of the Subject Land.

10. Concluding Remarks

- 10.1. This flagship development underlines Manchester's commitment to meeting the needs of its diverse population and involving local communities in developments in their area.
- 10.2. Affordable homes delivered as part of the redevelopment will contribute to the City Council's housing strategy target whilst promoting sustainable low carbon homes.
- 10.3. The proposed grant of a lease to Great Places represents a discount to best consideration which might be achieved in an open market, unrestricted disposal however ensured development viability and in doing so safeguards the delivery of affordable housing by a reputable registered provider.
- 10.4. The agreement to the proposed premium is on the basis that the affordable tenures (social rent and shared ownership) are maintained, and the site will continue to offer affordable tenures in the future (unless the staircasing is achieved on the shared ownership units).
- 10.5. The total reduction in sales price (undervalue) is considered an acceptable compromise when all other benefits of the development are taken into consideration.