

Manchester City Council Report for Resolution

Report to: Executive – 16 October 2019

Subject: Disposal of Land at Blackrock Street to One Manchester Housing Association

Report of: Strategic Director (Growth & Development)

Purpose of Report

The purpose of this report is to seek the Executive's approval for the disposal of the land known as the Blackrock Street development site, shown edged red on the attached identification plan in the appendix.

It is proposed that the site forms an initial phase of the redevelopment of the Grey Mare Lane Estate that will be undertaken by One Manchester Housing Association over the next few years with a focus on carrying out improvements to existing housing; the undertaking of some selective demolition; and the provision of new housing in a range of tenures with a focus on Affordability and the Zero Carbon agenda.

The report seeks to inform Executive of the proposed terms of disposal of this specific site to One Manchester, who are seeking to develop new build housing which will be exclusively for social rent.

Recommendations

The Executive is recommended to:

1. approve the disposal of land at an undervalue to One Manchester (Plan in Appendix 1) as set out in the body of this report;
 2. delegate authority to the Head of Development and the Deputy Chief Executive & City Treasurer, in consultation with the Executive Member for Housing and Regeneration, to finalise the terms of the transaction, to facilitate the development of new build housing which will be exclusively for social rent in accordance with the Council's affordable housing ambitions; and
 3. authorise the City Solicitor to enter into and complete all documents and agreements necessary to give effect to the recommendations.
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Wards Affected:

Ancoats and Beswick

Community Strategy Spine	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The Council will work with partners such as One Manchester to drive forward major development schemes that provide safe accommodation, stimulate economic growth and job creation.
Individual and collective self esteem – mutual respect	The well designed homes will put currently vacant land back into productive use and improve the quality of life for local people.
A highly skilled city: world class and home grown talent sustaining the city's economic success.	The city aims to provide a range of accommodation which meets the needs of residents and attracts and retains a diverse workforce.
A progressive and equitable city: making a contribution by unlocking the potential of our communities.	The proposal will deliver good quality, affordable and safe accommodation – meeting the City Council's objectives of meeting the needs of all its residents.
A liveable and low carbon city: a destination of choice to live visit and work	<p>The provision of these homes will increase housing choice within the city and contribute to the availability of neighbourhoods of choice.</p> <p>The right mix of quality accommodation is needed to support growth and ensure that our growing population can live and work within the city and enjoy a good quality of life.</p>
A connected city: world class infrastructure and connectivity to drive growth	This approach recognises the importance a balanced housing offer plays within a well-connected city and the neighbourhoods within it. It seeks to create neighbourhoods where residents will choose to live and their housing needs and aspirations are met.

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

There are no revenue consequences directly arising from this report other than the disposal of the site will relieve the Council of maintenance and management obligations for land which has been cleared of terraced housing for a period of years and has on occasions been the subject of fly tipping.

Financial Consequences – Capital

Agreement has been reached with One Manchester that the land will be used exclusively for the provision of social rent houses and accordingly the disposal will be

at an under-value compared with if the site was disposed of on the open market to be used for the development of houses for market sale or rent. Market value for the site is considered to be approximately £484k to £550k, should the site be disposed on the open market. Should the Council dispose to One Manchester for the provision of social housing, it is anticipated that it will dispose for a nominal amount, subject to receipt of a full financial appraisal from One Manchester.

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Background documents (available for public inspection):

The following documents disclose important facts and these have been relied upon in preparing this 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

General Documents

1. Eastlands Regeneration Framework Update 2019

https://secure.manchester.gov.uk/downloads/download/7055/eastlands_regeneration_framework_-_2019_update

Council Reports

1. Eastlands Regeneration Framework Update – Report to Executive, 24 July 2019
2. Delivering Manchester's Affordable Homes to 2025 – Report to Economy Scrutiny 5 September 2019, Executive 11 September 2019

Appendices:

Appendix Blackrock Street Development Site disposal I.D. plan

1.0 Introduction

- 1.1 Executive Members will recall that the September meeting received a report entitled Delivering Manchester's Affordable Homes to 2025 that referenced work that was being undertaken in conjunction with One Manchester Housing Association with a view to significantly improving the existing Grey Mare Lane housing estate. The development of Blackrock Street has been identified as an early phase of activity to deliver this initiative.

2.0 Developing Proposals for the Grey Mare Lane Estate

- 2.1 The Grey Mare Lane Estate in Beswick, which was originally built by the City Council some 50 years ago as part of a programme undertaken to replace poor quality pre 1919 terraced housing with new council houses and flats. The Estate was included in housing stock that was transferred from the City Council to Eastland Homes in 2003 (now One Manchester). One Manchester own and manage over 12,000 affordable homes in east, south and central Manchester including 978 homes in the wider Beswick area of varying age, construction type and condition. While the southern end of Grey Mare Lane has been transformed through a programme of community education, sports and leisure facilities; the northern part of Grey Mare Lane is characterised by largely residential development, infill sites and community uses, where the potential exists for further investment both in the improvement of existing homes and the delivery of new affordable homes or additional local facilities through the better utilisation of vacant or underused sites.
- 2.2 Working in conjunction with the City Council, One Manchester has taken the lead in exploring the potential for delivering a transformational programme for the northern part of the Grey Mare Lane neighbourhood. A consultancy team was appointed to review options for a predominantly residential led scheme focussing on affordable homes. This followed early consultation with local residents during 2018 to gather the views of local communities about the regeneration of the area and to inform future master planning options. One Manchester has also carried out asset condition surveys that identifies the properties within the Grey Mare Lane estate that are of non- traditional, Wimpey no- fines construction. The flats and maisonettes, in particular, have a number of issues such as persistent water ingress and the homes suffer from significant heat loss issues due to their design.
- 2.3 The Regeneration Opportunity
- 2.4 One Manchester is now undertaking more detailed consultation with local residents on the Estate, and with other stakeholders, in regard to proposals that will include some selective demolition of existing dwellings and the construction of new housing on development sites created by that demolition, together with bringing back into use sites that are currently vacant. Proposals will be based around a mix of dwelling types including well planned apartments and family homes, with the design of the residential community planned around clear and safe pedestrian and cycle routes with parking carefully managed to maximise the quality and extent of shared landscaping

spaces and play areas. Proposals will also be developed with the ambition of delivering new and refurbished homes on a Zero Carbon basis.

- 2.5 The December 2017 meeting of Executive agreed that the City Council should work with One Manchester to identify how respective land holdings in Beswick, Clayton and Lower Medlock Valley could be utilised to deliver improvements to existing stock, plus new housing development of significant scale.
- 2.6 The City Council owns land around the Grey Mare Lane estate and this land will be need to be invested in the scheme to enable the regeneration proposals to be brought forward.
- 2.7 Phase 1 – Blackrock Street
- 2.8 The Council also owns a parcel of land nearby at Blackrock Street and this site can be bought forward by One Manchester as an early Affordable Housing scheme to create some early momentum.
- 2.9 The site was previously occupied by pre 1919 terraced housing which was cleared a number of years ago. It is now made up of a number of grassed sites surrounded by kick-rails to deter illegal occupation.
- 2.10 One Manchester believe that between 22 two, three and four bedroom family houses can be accommodated on the land in question. As there are a number of historic title issues that need to be resolved it is proposed that the development takes place in two phases. It is possible that Compulsory Purchase Order ('CPO') powers may need to be utilised to provide full clean title for the site given these historic issues and the likelihood that parties with title interests may not be identified.
- 2.11 One Manchester have held pre-application meetings with the Local Planning Authority and will be submitting a detailed planning application in the next few weeks.
- 2.12 Heads of Terms for the disposal are to be agreed with One Manchester for the Land (shown in the attached plan in Appendix 1) and will be subject to the agreement of a final development appraisal that will establish a residual value for the land taking into account development costs and sources of funding for the scheme. The site is approximately 0.9 acres with plot values of between £22k and £25k, equating to a market value of £484k to £550k.
- 2.13 It is to be disposed of by way of a long lease with the user clause to be restricted for use for the approved scheme (as submitted to Planning) for social rent family houses subject to the inclusion of such other terms and conditions as are appropriate and are in accordance with the usual requirements of the City Council when entering into this type of arrangement. As the land will be exclusively used for the purposes of social rent housing and there are a number of historic title issues which need to be resolved, it is

anticipated that the land value that will be paid to the City Council will be nominal.

- 2.14 One Manchester have obtained funding from Homes England towards the delivery of the scheme. As part of the agreement, One Manchester is expected to aim to be on site by April 2020 with a target completion date of March 2021, subject to a successful CPO, if required.

2.15 Detailed Proposals for Grey Mare Lane

- 2.16 A further more detailed report will be brought back to the Council's Executive following the community consultation exercise, which will include recommendations for the future utilisation of other land interests in the Council's control to ensure that the shared objectives of the Council and One Manchester to deliver improvements that are of benefit to existing residents and create significant new development opportunities are fully realised.

3.0 Key Policies and Considerations

3.1 Equal Opportunities

- 3.1.1 The scheme will bring a substantial amount of construction activity and supply chain management across Manchester, which in turn will create and retain a number of employment, skills and training opportunities for the City's residents.

3.2 Risk Management

- 3.2.1 The project will be overseen by a new Grey Mare Lane Programme Board which will have representatives from key City Council Directorates and will be required to comply with the standards set out in the Manchester Method and thereby have robust risk management processes in place.

4.0 Legal Considerations

- 4.1 It is anticipated that the disposal to One Manchester Housing Association - a Registered Provider (RP) - is likely to be a sale at an under value. A sale at an undervalue amounts to the City Council providing financial assistance under sections 24 and 25 of the Local Government Act 1988 for which the consent of the Secretary of State is required unless the proposal is covered by a General Consent.
- 4.2 The City Solicitor will continue to support and advise the delivery team to ensure that the necessary arrangements are put in place, which sufficiently protect the Council, and comply with all relevant legislation, regulatory and constitutional requirements.