

**Manchester City Council
Report for Resolution**

Report to: Executive – 25 March 2020

Subject: Disposal of land at Oldham Road, Newton Heath

Report of: Strategic Director (Growth & Development)

Summary

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

Recommendations

The Executive is recommended to:

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

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

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

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

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

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

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

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

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

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

Financial Consequences – Capital

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

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Background documents (available for public inspection):

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

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

1.0 Introduction

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

2.0 Background

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

3.0 The Scheme

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

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

4.0 Valuation Issues

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

5.0 Conclusion

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

6.0 Contributing to a Zero-Carbon City

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

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

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

7.0 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

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

(b) A highly skilled city

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

(c) A progressive and equitable city

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

(d) A liveable and low carbon city

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

(e) A connected city

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

8.0 Key Policies and Considerations

(a) Equal Opportunities

- 8.1 No

(b) Risk Management

- 8.2 No

(c) Legal Considerations

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