

## **Manchester City Council Report for Resolution**

**Report to:** Economy Scrutiny Committee - 6 February 2019  
Executive – 13 February 2019

**Subject:** Northern Gateway: Implementation and Delivery

**Report of:** The Strategic Director, Development

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### **Summary**

This report sets out details of the Phase 1 Implementation Strategy for the Northern Gateway. It accompanies the report that appears elsewhere on the agenda, which contains a final version of the Strategic Regeneration Framework (SRF) for the Northern Gateway for approval.

The reports provides an overview of the following elements of this Phase 1 Implementation Strategy:

- Governance;
- Phase 1a development area (Red Bank/New Town);
- Phase 1b development in Collyhurst;
- Tenure and typology mix and affordability of new housing;
- Infrastructure and funding;
- Place management;
- Land assembly; and,
- Emerging policy context.

### **Recommendations**

1. Economy Scrutiny Committee is invited to comment on the report and endorse the recommendations to the Executive as detailed below.

2. The Executive is recommended to: -

1. Note the contents of the report and the progress being made to establish appropriate governance and implementation arrangements to secure the delivery of the Northern Gateway initiative.
2. Note that the City Council has submitted an Expression of Interest for the Northern Gateway to be designated for inclusion within the Government's Garden Communities Programme and request that a further report is brought back to a future meeting once the outcome of this submission is known;
3. Note the update provided in relation to the progress being made in developing an application for Housing Infrastructure Fund to support the delivery of the Northern Gateway initiative and to delegate authority to the Deputy Chief Executive and City Treasurer and the Strategic Director, Development to

finalise and submit the application to the Ministry of Housing, Communities and Local Government by the deadline of 22 March 2019 and to request that a further report on the outcome of this bid is brought to a future meeting of the Executive, together with any proposals for the investment of any funding that is secured;

4. Note the intention to deliver an early phase of development within Collyhurst as well as on the edge of the City Centre and to delegate authority to the Strategic Director, Development in consultation with the Executive Member for Housing and Regeneration and local elected members to identify appropriate locations for the delivery of up to 530 new homes, including up to 130 new Council Houses, within the Collyhurst neighbourhood so that detailed consultations can be undertaken with the local community to draw up proposals for a detailed funding and delivery plan, for consideration by a future meeting of the Executive;
5. Note the intention to prepare a costed schedule of placemaking interventions for the Phase 1 development area which will be used by the Local Planning Authority as the basis for negotiating Section 106 developer contributions. All developments will be expected to provide Section 106 contributions towards the provision of identified placemaking activities.
6. Note the progress being made in assembling land to deliver the objectives of the Northern Gateway programme and to delegate authority to the Deputy Chief Executive and City Treasurer and the City Solicitor, in consultation with the Executive Member for Finance and Human Resources to agree and finalise the terms of a commercial loan between the Council and Far East Consortium (FEC) to support land acquisition as part of the Joint Venture programme. Note that approval of the loan would be subject to approval of full Council, requiring a Part B report at the appropriate time.
7. Delegate authority to the City Solicitor to enter into and complete all documents or agreements necessary to give effect to the recommendations in this Report.

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**Wards Affected:** Piccadilly; Cheetham; Harpurhey; Miles Platting and Newton Heath

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Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The Northern Gateway 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	The Northern Gateway will provide direct employment opportunities and also meet the demand for housing from residents who wish to

success	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 the Northern Gateway 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.
A liveable and low carbon city: a destination of choice to live, visit, work	The Northern Gateway 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 master-planning of new neighbourhoods within the Northern Gateway 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**

There are no immediate revenue consequences at this stage of the process. However, the delivery of the Northern Gateway ambition will require an increased focus of staffing resources and consequent revenue budgets to drive forward and deliver the significant residential growth and placemaking opportunities that the partnership will seek to deliver. Further reports setting out detailed budgetary proposals will be brought to a future meeting of the Executive.

### **Financial Consequences – Capital**

As part of the Council's Capital Programme budget 2017-2022, £25m has been allocated to promote residential growth in the Northern Gateway through land assembly and the provision of core infrastructure. It is proposed that The Council is also working with Central Government to release £10.25m of funding awarded to the GMCA following a successful bid to the Estates Transformation Programme. This funding will be utilised alongside capital investment capability generated by the Housing Revenue Account to partly fund an initial phase of development activity in Collyhurst. Detailed funding proposals, for the release of all capital expenditure, will be subject to approval through the Capital Strategy checkpoint process.

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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.

- Northern Gateway Strategic Regeneration Framework, Executive, 13 February 2019
- Residential Growth Strategy: Action Plan Update, Economy Scrutiny Committee, 9 January 2019
- Manchester's Affordable Housing Strategy - Proposed New Affordable Housing Policies for The Council, Executive, 12 December 2018
- Northern Gateway Draft Strategic Regeneration Framework Update, Executive, 25 July 2018
- The Northern Gateway - Progress Update, Executive, 7 March 2018
- The Northern Gateway – Driving Forward Residential Growth, Executive, 8 March 2017
- Northern Gateway – Driving Forward Residential Growth on the Northern Edge of the City Centre, Executive, 9 September 2015
- Manchester Residential Growth Strategy and Action Plan 2016/17, Executive, 2 March 2016

## 1.0 Introduction

- 1.1 Manchester City Council entered into a joint venture with the Far East Consortium (FEC) in April 2017 for the comprehensive redevelopment of the Northern Gateway for housing and ancillary development. As part of the delivery arrangements, the Council and FEC established a joint venture company, Northern Gateway Operations Limited (OpCo), to have strategic input into and oversight of the development of the Northern Gateway. One of the first major milestones for OpCo was the preparation of a draft Strategic Regeneration Framework (SRF) for the Northern Gateway which would form the basis of a masterplan to be adopted by OpCo.
- 1.2 On 7 March 2018, the Executive endorsed, in principle, a draft SRF for the Northern Gateway, a 155 Hectare land area made up of the adjacent neighbourhoods of New Cross, the Lower Irk Valley and Collyhurst and where the opportunity exists to deliver up to 15,000 new homes over a 15 - 20 year period. The Draft SRF formed the basis for an extensive public consultation exercise, carried out over summer 2018, with existing residents, businesses, landowners, developer partners, statutory bodies and other local stakeholders. A report summarising the outcome of the public consultation exercise, and presenting a final version of the SRF for approval can be found elsewhere on this agenda.
- 1.3 In addition to acting as a material consideration as part of the planning process, the SRF will also form the basis of a 'masterplan' to be adopted by OpCo and upon which FEC, in their role as the appointed Development Manager to OpCo, will prepare a Strategic Business Plan and prioritise planning and delivery activity in the first 5 years of the Northern Gateway programme.
- 1.4 This report provides an overview to the Executive of the strategy for Phase 1 development activity within the Northern Gateway and provides narrative on the key principles which are to form the long-term strategy for delivering the wider Northern Gateway vision. The report will provide an overview of the following elements of this strategy:
  - Governance;
  - Phase 1 development area (Red Bank/New Town);
  - Phase 1 development in Collyhurst;
  - Tenure and typology mix and affordability of new housing;
  - Infrastructure and funding;
  - Place management;
  - Land assembly;
  - Emerging policy context.

## **2.0 Governance**

### **2.1 Northern Gateway Operations Limited**

- 2.2 Further to previous reports brought before the Executive, Members are aware that OpCo is a Joint Venture vehicle, jointly owned and controlled on a 50/50 basis by FEC Northern Gateway Development Limited (Investco) and Manchester City Council. OpCo will provide strategic input into and oversight of Joint Venture activity in Northern Gateway. Investsco, which is a wholly FEC owned Special Purpose Vehicle will carry out development activities in line with the overarching Strategic Business Plans and each development area business plan approved by OpCo. FEC will also carry out the role of Development Manager to procure and manage development processes that relate to Joint Venture activity.
- 2.3 The primary purpose of OpCo is to secure the redevelopment of the whole of the Northern Gateway for high quality housing and ancillary development. In order to achieve this, OpCo is required to use reasonable endeavours to agree the following strategic documents:
- A Strategic Business Plan;
  - A Northern Gateway Masterplan (SRF);
  - Development Area Business Plans (informed by the Masterplan).
- 2.4 The masterplan to be adopted by OpCo will be in the form of the Northern Gateway Strategic Regeneration Framework (SRF). The SRF provides a spatial plan for the whole of the Northern Gateway area which includes an overall quantum of development distributed across seven neighbourhoods. The SRF provides a robust and practical tool for delivery of the Northern Gateway that will inform, guide and coordinate long-term regeneration and placemaking and also help to regulate development to ensure schemes are in accordance with placemaking and regeneration principles.
- 2.5 The Strategic Business Plan is currently being prepared by the Development Manager (FEC) and will be presented to a future meeting of the OpCo Board for approval. This document will remain commercially confidential but will be presented to the City Council's Executive through Part B Reports.
- 2.6 The Council's appointed directors in OpCo are the Executive Member for Housing and Regeneration; the Deputy Chief Executive and City Treasurer; and the Strategic Director, Development, alongside directors representing FEC. Board Members of OpCo must act in accordance with the general duties under the Companies Act 2006 and Board Members will have regard to act in the best interests of OpCo in making their decisions.
- 2.7 There are a number of reserved consent matters (Consent Matters) which must always be referred to the shareholders rather than determined by the Board. The Council as a shareholder will be required to make decisions on a range of Consent Matters. Such matters may include, for example, approval of the SRF; land acquisition; senior resourcing decisions. Shareholder decisions

that must be made by the Council will always be executed in accordance with the Council's Constitution.

## **2.8 Expression of Interest for inclusion as a Garden Communities Programme**

- 2.8.1 The Northern Gateway initiative is one of the largest and most ambitious programmes of development and regeneration within the UK. The scale of development that could take place is the equivalent of a new town or large urban extension. The size of the opportunity, together with the aspiration to create and improve large areas of green space linked by the Irk River Valley and existing public parks, has led to the submission of an Expression of Interest for the initiative to be designated as one of the new Garden Communities proposed by Government - a policy initiative designed to promote well - planned areas of significant residential growth.
- 2.8.2 Although the designation does not bring with it significant capital resources it could provide a route that will boost delivery capacity and facilitate a 'single conversation' with Government when it comes to making the case for the funding of critical supporting infrastructure such as public transport investment and social and community infrastructure such as education and health facilities.
- 2.8.3 Through this "single conversation' discussions will also be held on options for strengthening delivery arrangements. Progress on options thought worthy of more detailed exploration will be presented to a future meeting of the Executive.

## **3.0 Phase 1 Development Activity in Years 1-5**

- 3.1 The SRF establishes the key principles that will guide development activity over the forthcoming years in the areas of land use; transport, access and permeability; scale, density and form; public realm and public spaces; and the identification of locations for the provision of social and community infrastructure.
- 3.2 A clear strategy is required to facilitate a significant and streamlined development pipeline and a coordinated approach to delivery that recognises the scale and complexity of the opportunity. Since publication of the draft SRF the JV has continued to progress plans for a first phase delivery area that can accommodate a significant quantum of new housing supply, and thus where early investment into land assembly, infrastructure and place-making activity will be directed.
- 3.3 It is anticipated that delivery activity will commence in two locations:
- Phase 1a - on the edge of the city centre focused on the neighbourhoods of Red Bank and New Town
  - Phase 1b - focused on Collyhurst Village and South Collyhurst

## **4.0 Phase 1a (Red Bank and New Town)**

- 4.1 Delivery of the Phase 1 area can be summarised in three key stages:
- i. Activating the site: the Phase 1a development area is to be activated through the investment in crucial infrastructure (including utilities, flood defence measures, green infrastructure, land remediation and site access) required to facilitate the delivery of development parcels. The
  - ii. Unlocking the site: Investment in the Phase 1a area will act as a catalyst for the development to the wider Northern Gateway, unlocking 15,000 new homes in the area.
  - iii. Delivering future potential: The revised Draft Greater Manchester Spatial Framework (covering the period up to 2037) highlights the critical importance of the Northern Gateway and other sites in the core of GM conurbation that will deliver much needed residential growth. The Greater Manchester Transport Strategy 2040 Draft Delivery Plan 2020-2025 also confirms that options will be developed for a new Metrolink stop at Sandhills to serve the Manchester Northern Gateway Growth Area.
- 4.2 The majority of the land within the Phase 1 development area is controlled by, or soon to be controlled by, the JV Partners which OpCo is able to use to influence activity in this area.
- 4.3 The infrastructure interventions, as deemed necessary to unlock the development potential in this area, are reliant (in part) on the success of a capital grant funding bid to the Government's Housing Infrastructure Fund (HIF). Securing this funding is a crucial component in mitigating the risk to the JV Partners associated within the significant upfront infrastructure costs within this area and accelerating development within the Northern Gateway.
- 4.4 Whilst external sources of funding such as HIF will make a significant contribution to the delivery of necessary infrastructure and improve the viability potential of future development, the Council will be actively seeking contributions from landowners and developers bringing forward schemes within the area.
- 4.5 Beginning with Phase 1 initially, the JV Partners will be preparing a costed schedule of placemaking interventions necessary to create sustainable and attractive neighbourhoods of choice. Officers will work closely with colleagues within the Local Planning Authority so that this schedule can be used a basis for negotiating developer contributions under Section 106 of the Town and Country Planning Act. This is intended to improve transparency in the process for agreeing Section 106 contributions and to provide developers with greater clarity around contributions that are site specific and those that are required to support improvements within the wider catchment.
- 4.6 All development brought forward in the Northern Gateway will be expected to make contributions towards the delivery of placemaking interventions through Section 106 agreements.

## **5.0 Phase 1b Development in Collyhurst**

- 5.1 The draft SRF report presented to the 25 July 2018 Executive set out an intention to progress an initial phase of delivery of new housing in the Collyhurst neighbourhoods with the first new housing to be provided for social rent, as part of a mixed scheme that will also deliver housing for open market sale, comprising a number of affordability products to enable pathways into home ownership.
- 5.2 Members will recall from previous reports to the Executive, that an award of £10.25m was announced by Government in March 2018, as part of the GM Housing funding package, to part fund an early phase of new homes for social rent in Collyhurst. Detailed discussions are ongoing with Government officials on the process and timetable through which this funding will be formally agreed and can be drawn down locally. Problems have been encountered as a result of delays with the publication of a revised draft of the Greater Manchester Spatial Framework, upon which the final agreement of the GM Housing Package is dependent. As the draft Spatial Framework has now been released and is the subject of a public consultation exercise, Council Officers can re-commence negotiations to secure the £10.25m funding package for Collyhurst.
- 5.3 In the interim, Council Officers have been working on a feasibility study and outline phasing strategy for the delivery of up to 530 new homes in the Collyhurst neighbourhoods, of which up to 130 are proposed to be built for social rent resulting in at least 20% of the new build housing being affordable.
- 5.4 It is anticipated that the initial phase of development will require some further remodelling and some selective demolition of existing properties. The phased approach that will be proposed will commit Council to ensuring that no demolition of existing properties will take place until after the new build properties are in place and that any residents affected will be rehoused within the area - into these new properties - if that is the choice that they wish to make. As with any remodelling scheme that requires the re-housing of existing residents they will have re-housing priority and can choose to move to alternative locations if that is their preference.
- 5.5 The Northern Gateway programme will contribute to the increased numbers of new social housing as reflected in the emerging Affordable Housing Policy Framework. Council owned homes lost through demolition will be replaced on a one for one basis across of range of sizes and typologies to reflect the housing needs of the existing community and the wider population. All existing social rented tenants will be offered moves to the new housing and the Council's existing Relocation Policy will apply to private home owners.
- 5.6 Funding for affordable housing, especially homes for social rent, remains a significant challenge for Local Authorities. It should be noted that whilst the Government announced in late 2018 that the cap on the amount of debt that could be incurred on the Housing Revenue Account (HRA) would be lifted, the

Council must still demonstrate that any debt held against the HRA can be serviced and is affordable.

- 5.7 Whilst the HRA will have an important role to play in the Council's affordable housing ambitions, the HRA cannot run a deficit. The delivery of new homes for social rent in Collyhurst remains a priority objective and utilisation of the HRA will continue to be explored, subject to affordability, alongside all funding options even if the Government fails to honour the £10.25m commitment made.

## **6.0 Tenure and Typology Mix and Affordability of New Housing**

- 6.1 Housing affordability is an increasingly important issue in Manchester. The Council, and its partners, must take an innovative approach to utilising resources to support the delivery of more affordable homes accessible to all. The planning and delivery of new homes throughout the Northern Gateway will be progressed in accordance with current policy and within the context of the emerging Affordable Housing Policy Framework in consultation with the Executive Member for Housing and Regeneration.
- 6.2 All new homes built in addition to the replacement of any existing housing stock within Collyhurst will be subject to the Council's policy of Affordable Housing which targets 20% of new housing to be affordable, subject to viability, and will include new homes for social rent. To ensure homes that are built for sale are as accessible as possible to all buyers, the JV Partners will work proactively with Homes England to access any available funding streams such as Help to Buy to make home ownership as affordable as possible for all.
- 6.3 Whilst much of the focus is, understandably, on the provision of greater quantities of affordable housing it should be noted that the SRF promotes over the lifetime of the programme the creation of circa 15,000 new homes. Therefore due to the project's size and overall gestation period, it is essential that a range of housing products are provided, including open market sale, build to rent, affordable rent, social rent and affordable home ownership products.
- 6.4 Diversification of tenure is also a key objective of this initiative and the provision of a balanced housing offer, including affordable housing, will be important in all neighbourhoods to create truly vibrant and sustainable communities, whilst also incorporating the housing needs of existing and future residents. The JV Partners are actively exploring the potential to work in collaboration with a Registered Provider to provide the desired quantum of affordable housing, utilising their access to the Government's Affordable Homes Programme to reduce costs. Should this option be deemed appropriate then the criteria for the identification and selection of a Registered Provider will need to be agreed.

## **7.0 Infrastructure and Funding**

- 7.1 Aligned to the Phase 1a development area, the JV Partners are currently

preparing an Infrastructure Strategy against which OpCo will direct funds and resources in order to unlock development potential. This Infrastructure Strategy is one of the critical elements of the master planning workstream. Consultancy support has been engaged to lead on the production of a costed infrastructure plan which will show the extent of development cost “abnormals” that will need to be funded, including the removal of existing development constraints (e.g. dealing with contaminated land, providing flood attenuation measures etc.).

7.2 The Housing Infrastructure Funding (HIF) bid is focused on the provision of core infrastructure required to unlock development activity in the Phase 1 development area, namely:

- Works to the River Irk to increase flood resilience and dealing with invasive species on river banks;
- The provision of a new electricity Primary Substation (funded by Electricity North West Limited) and power distribution network to unlock development plots;
- The provision of a primary highway access routes and land remediation, and;
- Delivery of initial phases of the City River Park which will unlock and enhance adjacent development plots and provide public amenity space which will allow greater density of housing product to be delivered.

7.3 The JV Partners will identify accurate costs for each infrastructure strand and develop business cases for funding applications (including the Government’s Housing Infrastructure Fund (HIF) - further details below), which, if successful, will lead to the production of an optimum delivery programme.

## **8.0 HIF Funding**

8.1 The Northern Gateway will require significant investment in placemaking and public infrastructure. As part of the JV Agreement, FEC have committed a capital allocation towards infrastructure investment to the Northern Gateway to be spent within the first 5 years of the project. This funding will be supported by a further £25m for infrastructure and land assembly that has been approved as part of the Council’s 2017-2022 Capital Strategy. Detailed business cases will be brought forward as part of the Council’s Capital Approval process in support of specific drawdown requirements. Updates on expenditure will be included within the City Treasurer’s regular Capital Programme update reports brought before the Executive.

8.2 The ambitious scale of the Northern Gateway initiative and the significant contribution that it can make not only in delivering the Council’s Residential Growth Strategy objectives, but also in underpinning the delivery of the housing component of the Greater Manchester Spatial Framework and the Government’s targets for housing completions, positions the initiative as a

clear priority for any public sector funding programmes designed to accelerate housing development.

- 8.3 The Government's Housing Infrastructure Fund (HIF) has been identified as the most significant potential source of funding that could be utilised to support a range of investment within major infrastructure projects to help accelerate and unlock housing delivery in the Northern Gateway. Funding can be directed toward physical infrastructure to support new and existing communities or toward land acquisition in order to accelerate the creation of place and housing delivery. Furthermore the funds can be recycled to deliver greater outputs, however the initial funding allocation must be spent by 2023.
- 8.4 A joint Expression of Interest was made by Manchester City Council and Salford City Council to the Ministry for Housing, Communities and Local Government (MHCLG) in late 2017. Following this, an announcement was made in March 2018 detailing a devolved housing funding package for Greater Manchester which included confirmation that the HIF bid was successful in moving forward to the next round of co-development.
- 8.5 The co-development stage requires a detailed business case to be developed and submitted to Homes England, who are administering the fund. Co-development does not automatically guarantee an award of funding and awards are subject to a detailed assessment and Ministerial approval. Manchester and Salford are currently preparing separate but inter-linked submissions for this next stage of the bid.
- 8.6 The bid will be submitted to meet the submission deadline of 22 March 2019 whereby a sufficiently developed business case underpinned by the work to be undertaken on Infrastructure planning would be available which would satisfy the requirements of the application process. Funding decisions are expected to be announced in summer 2019.
- 8.7 To aid preparation of the bid, specifically with regards to the economic case part of the submission, the Council have commissioned an economic analysis. This will be supported by a detailed market and cost analysis and costing and design input from the consultancy team who were engaged as part of the SRF development workstream.
- 8.8 If successful in securing funding through the bidding process, a series of high value contracts will need to be commissioned to deliver the infrastructure work packages. A strategy for commissioning and procurement of OpCo-related activity is currently being prepared as part of the presentation and submission of the HIF bid, which requires a procurement methodology to be submitted along with the proposed standard form contract documentation.

## **9.0 Place Management Arrangements**

- 9.1 The spatial masterplan vision for the Northern Gateway features a significant amount of new public realm and an ambitious network of green and blue infrastructure based around the Irk Valley and the City River Park. This

network of green and blue spaces will catalyse the area to create a unique destination within the City Centre and physically link and connect the neighbourhoods of the Northern Gateway to each other and to surrounding areas. Management and maintenance of public spaces was a key theme highlighted by consultees during the SRF consultation process and is a key consideration as part of the further development and delivery of the Northern Gateway initiative.

- 9.2 The Council continues to operate in a constrained fiscal environment whereby revenue budgets have been reduced in recent years as a result of Government funding cuts. There is at present limited scope for the Council to take on and manage new public open spaces to the standards which would be expected in a newly regenerated Central Manchester location.
- 9.3 Whilst the adoption of new public spaces by the Council has not been discounted entirely at this stage - projected revenues from Council Tax and Business Rates will continue to be assessed by the City Treasurer - the JV Partners are actively exploring other mechanisms for the management of open space on projects of this scale.
- 9.4 A strategy for the long term management of the public spaces is required to be submitted as part of the HIF bid in order to demonstrate that the investment of public funds is protected by way of an embedded Management Plan. In order to meet this requirement and with a view to ensuring that the public realm is maintained to the highest standard from the outset, a range of options are currently being explored.

## **10.0 Land Assembly**

- 10.1 In order to bring forward comprehensive development within the Phase 1 development area, the JV partners may need to work in collaboration with other major landowners in the area. Where such landowners have been identified, the JV Partners have entered into dialogue with the respective parties about bringing forward development on a collaborative basis.
- 10.2 There are landowners within the wider area who may have their own development aspirations and they will be welcome to bring forward planning applications in accordance within the parameters of local planning policy and the Northern Gateway SRF.
- 10.3 There are some areas within the Northern Gateway area, most notably within the Phase 1 development area, where the JV partners will be seeking to make strategic land acquisitions to facilitate comprehensive development activity. FEC have already acquired two sites within the area since formation of the JV and Heads of Terms have been agreed for a third large site.
- 10.4 Given the potential upfront costs associated with acquiring sites for future development, the JV Partners have explored opportunities for a co-investment arrangement with the Council. It is anticipated that this co-investment in land assembly will be in the form of a commercial loan set at a rate of interest

acceptable to both parties and which would be State Aid compliant.

- 10.5 The loan would be expected to be provided on a maximum loan-to-value rate of 50% with the Council having first charge on the land in order to protect its position and with a parent company guarantee provided by FEC. The loan would be funded through the £25m allocated to Northern Gateway activity as part of the 2017-2022 Capital Strategy. The loan approach has the potential to facilitate delivery of the same, if not greater, quantity of new homes at considerably lower risk, than if the Council were to acquire the land directly.
- 10.6 In addition to larger sites that could support development activity in their own right, there are a number of smaller sites identified that may need to be acquired as part of a wider package of land assembly in order to facilitate access or to create more comprehensive development sites. Whilst every effort will be made by the JV Partners to acquire these sites through negotiation there may be instances where land is unable to be acquired through this process and so the Council may be required to use its powers of Compulsory Purchase Order.
- 10.7 To ensure that the JV can make progress in implementing development activity in aligned to the projected infrastructure interventions, land acquisitions must move at pace. This will allow FEC to submit a planning application and start on site with the first development in 2019.

## **11.0 Emerging Policy Context**

### **11.1 Affordable Housing**

- 11.1.1 Affordability is an increasingly important issue as Manchester continues to develop. Whilst significant progress has been made to deliver new homes across the whole property price range, there is a severe shortage of homes that are affordable to low income families and households. The proportion of homes which are affordable and available to low income Manchester households has decreased.
- 11.1.2 The clear intention for the Northern Gateway is that at least 20% of new housing satisfies the City Council's requirements on affordability. Plans for the affordable housing strategy within the Northern Gateway will be developed with reference to the emerging Affordable Housing Policy Framework that follows endorsement of the 12 December 2018 report of the Executive Member for Housing and Regeneration. However, it is recognised that until the review of the local development plan has been completed, specific development proposals will continue to be judged in accordance with Policy H8 of the Council's adopted Core Strategy (2012).

### **11.2 Greater Manchester Spatial Framework (GMSF)**

- 11.2.2 Public consultation on the revised draft Greater Manchester Spatial Framework (GMSF) commenced on 14 January 2019. This revised document sets out a target for GM to deliver 201,000 new homes over the period to

2037, with circa 25% of these new homes located in Manchester City Centre. There is a renewed focus led by the GM Mayor to increase supply and density at the conurbation core on brownfield sites.

11.2.3 The Northern Gateway is a key area in which capacity exists for the thousands of new homes that the city and the wider GM area will require over the next few years. This will help reduce the need for greenfield and greenbelt land to be released across the wider conurbation.

### **11.3 Greater Manchester Transport Strategy 2040 Delivery Plan 2020-2025**

11.3.1 The Greater Manchester Transport Strategy 2040 Draft Delivery Plan 2020-2025 confirms that options are will be developed by TfGM for a new Metrolink stop within the Vauxhall Gardens neighbourhood to serve the Northern Gateway growth area. The development of a new Metrolink stop in this location will further catalyse the creation of homes and new commercial opportunities, with the new Metrolink stop acting as a transport hub within the centre of the site

### **11.4 Local Plan refresh**

11.4.1 Manchester's current Local Plan was adopted in 2012. Since this time the city has continued to underway rapid change and development. Allied to our residential and economic growth ambitions, and the regional adoption of the GMSF, a refreshed version of the Local Plan will commence development in summer 2019. This will create the opportunity to review and more closely align housing and planning policies for the first time since the current Local Plan was adopted in 2012.

### **11.5 Zero Carbon**

11.5.1 In November 2018, the Council committed to achieving a zero carbon city by 2038. Existing and new housing can play an important role in delivering this commitment and the draft GMSF goes further in contributing towards the zero carbon ambition by requiring all new development to be net zero carbon by 2028. An Action Plan will be developed later in 2019 to identify how the Council can support developers of market sale/rent and those delivering affordable housing to work towards this objective. A key principle of the Northern Gateway SRF to plan for a low carbon future.

## **12.0 Concluding Remarks**

12.1 The scale and complexity of the Northern Gateway programme is such that robust governance and business planning arrangements will need to be in place. This will be achieved, in part, through the adoption by OpCo of a Strategic Business Plan - the content of which will be summarised within a future Part B report to the Executive.

12.2 The Strategic Business Plan will be underpinned by a range of strategies including: land assembly; planning; commissioning and procurement;

infrastructure; housing affordability; and estate management. All of these strategies will be developed and implemented with regards to the emerging policy context including those items summarised in this report. These items will be progressed in consultation with the Executive Member for Housing and Regeneration and with senior officers in accordance with the Council's Constitution.

12.3 Additional support will be required at a National, Regional and Local level in order to maximise all available resources. Central Government funding programmes such as HIF, and opportunities for enhanced local decision-making powers and access to ministerial departments, such as the Garden Communities programme and the potential to establish Mayoral Development Corporations, are seen as crucial elements in the full realisation of the Northern Gateway ambition.

12.4 Early progress in delivering critical pieces of infrastructure to facilitate development in the Phase 1 area, as well as the first phase of new housing in Collyhurst - including new homes for social rent - is essential in order to build momentum and create new places.

### **13.0 Contributing to the Our Manchester Strategy**

#### **13.1 (a) A thriving and sustainable city**

The Northern Gateway will expand the City Centre in a northern direction establishing sustainable mixed-use neighbourhoods including new jobs and employment opportunities.

#### **13.2 (b) A highly skilled city**

The Northern Gateway 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.

#### **13.3 (c) A progressive and equitable city**

Development of the Northern Gateway 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.

#### **13.4 (d) A liveable and low carbon city**

The Northern Gateway development opportunities will support the delivery of new residential developments using state of the art technologies and low carbon construction methods.

#### **13.5 (e) A connected city**

The master-planning of new neighbourhoods within the Northern Gateway will include traffic and transport planning ensuring that various modes of transport

(car, bus, rail, Metrolink, cycle, and walk) are provided for.

## **14.0 Key Policies and Considerations**

### **14.1 (a) Equal Opportunities**

A key aim of the Northern Gateway is to deliver residential led development providing a significant number of high quality homes and alongside commercial development. This will both meet increasing levels of demand for housing within the regional hub and create new city centre employment opportunities.

### **14.2 (b) Risk Management**

The risks associated with the project will be managed by the Strategic Development Team using the Manchester Method Project Management methodology. Risks will be escalated and decisions made in accordance within the agreed governance structure.

### **14.3 (c) Legal Considerations**

The marketing and selection of an investment partner has been carried out with advice and support from representatives of the City Solicitor and external legal professionals acting on behalf of the City Council. All future activity, including the development of the SRF and the implementation of initial phases of delivery in Collyhurst will include full input and support from representatives of the City Solicitor, augmented by external legal advice as and when necessary.