

GM BROWNFIELD HOUSING FUND

Report of the Deputy Chief Executive, Place and Deputy Chief Executive,
Corporate and Support Services

1. PURPOSE OF REPORT

- 1.1 To provide an update on the Greater Manchester Brownfield Housing Fund (BHF).
- 1.2 To provide an update on those projects that have been successfully allocated funding so far.
- 1.3 To request authority to enter into funding agreements, and to receive and administer funding as required, to support the delivery of Brownfield Housing Fund supported projects.

2. BACKGROUND TO THE BROWNFIELD HOUSING FUND

- 2.1 As part of the March 2020 budget the Government announced a £400m Brownfield Housing Fund program. In June 2020 Greater Manchester Combined Authority (GMCA) secured an initial capital allocation of £81.1m over a five year period. A further £1.94m of revenue was also allocated to GMCA to manage the programme and undertake due diligence. Since this allocation, GMCA submitted a further bid in September 2020 for a national 10% Competitive element. It was confirmed in early 2021 that GMCA has received a further £15.8m of funding through this element. This makes £96.9m of capital Brownfield Housing Fund, subject to meeting conditions and delivery timescales, within Greater Manchester. The funding is being allocated in tranches.
- 2.2 The Brownfield Housing Fund is aimed at unlocking brownfield housing sites at scale that are not viable without funding support. The fund supports Build Back Better objectives. All eligible projects must be on Brownfield Land (i.e. previously developed), deliver housing, spend the grant funding by March 2025 and start delivering housing within this timescale, demonstrate a positive benefit cost ratio, show a need for the grant (known as market failure) and be in an authority that has, or is, working towards a local plan.
- 2.3 Following the above pass/fail eligibility test, GMCA have used several criteria to prioritise submissions from the ten local authorities. The criteria are grouped into strategic fit, deliverability, and value for money. The weighting of these varies slightly according to the tranche of funding released, with greater emphasis on delivery for Tranche 1, and a more place based approach for Tranche 2.

3. STOCKPORT'S BHF SUPPORTED PROJECTS

- 3.1 Stockport submitted potential schemes to GMCA in August 2020 based on prioritising known Brownfield First sites that require support. Further clarifications have taken place up to December 2020 on the Tranche 2 projects. GMCA has now allocated project funding to Stockport as follows:

- Tranche 1 - Royal George Village, college site, up to £1.96m
- Tranche 2 - St. Thomas Hospital site, up to £1.70m
- 10% Competitive Fund - Stockport Interchange residential, up to £3.0m

The Tranche 2 allocation is subject to approval by the GMCA Board on 26th March 2021.

- 3.2 Stockport stands to benefit from £6.66m of BHF support. Together this will unlock 706 new homes in the town centre. All three of the schemes are within the Town Centre West Mayoral Development Corporation Area and are key regeneration priorities. A brief summary of each is provided below.

Royal George Village: This scheme is for 442 homes comprising the demolition, refurbishment and change of use of existing buildings, together with new build to provide apartments, co-working office space and flexible commercial space. This is supported by new public realm. The scheme is designed to be of flagship quality bringing confidence to the town centre. It is private led scheme by Investar.

St. Thomas Hospital: A housing development on the former hospital complex that will provide 13 new townhouses for social rent and 55 apartments in a converted listed building for shared ownership. 68 affordable homes in total alongside a 70 bed intermediate care facility. The concept is to create an intergenerational community with communal garden spaces. The Council is the landowner with the scheme being delivered by the Stockport Homes Group.

Stockport Interchange residential: An innovative scheme for 196 new market rent apartments in a residential block. The scheme will be on the doorstep of a new two acre public park on an elevated podium and an enhanced riverside public realm. It is located adjacent to a new transport interchange which is to be linked to the rail station by a new pedestrian / cycle bridge. The scheme is led by the Council and TfGM, CityRise are the housing developer.

4. FINANCIAL AND RISK CONSIDERATIONS

- 4.1 It is proposed that the Council will act as accountable and administrative body for the St Thomas and Interchange schemes. It will be the grant recipient from GMCA and will enter into Funding Agreements with GMCA for this purpose. The Council will then enter into grant flow down agreements with the grant recipients

as required, namely the development organisations that will deliver the respective schemes.

- 4.2 The BHF is for capital construction costs, including fees. The Council will be required to ensure that value of works undertaken are both eligible and of a standard for BHF grant payment. An overage will be put in place for both projects in favour of GMCA, which will be replicated in any agreement with the grant recipient as required.

Risks

- 4.3 If the BHF grant is not drawn down within the timescales required (March 2025), or grant conditions are not met, there is a risk that not all the funding will be made available. Similarly, if housing outcomes fail to be delivered any grant already spent could be clawed back. This is considered a low risk given the advanced nature of the supported schemes. However, if all of the grant is not forthcoming, or there is clawback, the Council would seek to recoup any losses through its flow down agreement with the end recipient. The project would then have to fund the difference.

For Royal George Village there are no obligations on the Council.

5. LEGAL CONSIDERATIONS

- 5.1 A detailed grant agreement between GMCA and the Council for schemes the Council is responsible for, and other associated legal documentation, will require completion.
- 5.2 A detailed grant agreement between the Council and the end grant recipient, and other associated legal documentation, will be completed where required ahead of the first grant payment.
- 5.3 There are no Subsidy Control implications associated with either the Council accepting the grant or signing the grant agreements with GMCA. Subsidy Control will need to be considered by the Council, and the grant recipient, where the Council is acting as an intermediary.

6. HUMAN RESOURCES IMPACT

- 6.1 Not directly applicable to the report.

7. EQUALITIES IMPACT

- 7.1 The Brownfield Housing Fund is aimed at unlocking stalled, brownfield sites across Greater Manchester. Stockport's sites that have been recommended for BHF support align with local housing needs and priorities and as a result will not have any adverse implications from an equality perspective. Deprivation indices and affordability were a consideration within the grant application process.

8. ENVIRONMENTAL IMPACT

- 8.1 Projects chosen for BHF support align with green recovery objectives and the Council's Climate Action Now ambitions. The schemes represent sustainable development by being on brownfield sites and close to transport hubs and social infrastructure. All three projects include provision for cyclists. Energy efficiency and clean energy generation have been considered in the design of each project as required through the Planning and Building Control process.
- 8.2 Royal George Village repurposes buildings were appropriate and throughout the development aims for a low carbon footprint through enhanced design.
- 8.3 The St Thomas's scheme repurposes a listed building. Passivhaus standard housing is being considered for the new build element. This will be a low energy use demonstrator scheme.
- 8.4 The Interchange project meets the Tranche 2 grant criteria of Build Back Better by being located on a transport interchange, having a park that promotes carbon capture and active travel. The scheme includes low energy use, roof solar PV and a sustainable urban drainage system built into the park.

9. CONCLUSIONS AND RECOMMENDATIONS

- 9.1 Cabinet is requested to note the contents of this report and approve the following recommendations:
 - 9.1.1 Approval be given to enter into the BHF funding agreements with GMCA relating to both St Thomas and the Interchange with authority delegated to the Deputy Chief Executive, Place and the Deputy Chief Executive, Corporate & Support Services to agree the final terms of those agreements with GMCA;
 - 9.1.2 Approval be given to enter into any necessary agreements required to receive and administer the BHF, where required, with authority delegated to the Deputy Chief Executive, Place and the Deputy Chief Executive, Corporate & Support Services to agree the final terms of those agreements;
 - 9.1.3 Authority is delegated to the Deputy Chief Executive, Place and the Deputy Chief Executive, Corporate & Support Services take all necessary steps to bring forward the Brownfield Housing Fund supported projects;
 - 9.1.4 Authority is delegated to the Strategic Head of Service (Legal & Democratic Governance) to do all things necessary or incidental to the implementation of the above-mentioned resolutions.

BACKGROUND PAPERS

None

Anyone wishing to inspect the above background papers or requiring further information should contact Paul Richards on Tel: 0161-474-2940 or by email on paul.richards@stockport.gov.uk