

## **Housing, Planning and Environment Overview and Scrutiny Committee**

Date: 11 March 2021

Subject: GM Brownfield Housing Fund (“BHF”) Tranche 2 Sites

Report of: City Mayor Paul Dennett, Portfolio Lead for Housing, Homelessness and Infrastructure and Steve Rumbelow, Portfolio Lead Chief Executive for Housing, Homelessness and Infrastructure

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### **PURPOSE OF REPORT**

To inform the Planning, Housing & Environment Overview and Scrutiny Committee as to the approach being taken and criteria applied to the prioritization of sites that are to be allocated Grant Funding as part of “Tranche 2” (remaining spend) under the Brownfield Housing Fund.

### **RECOMMENDATIONS:**

Scrutiny Members are asked to:

- Comment on the proposed process and criteria to be applied to prioritizing sites for grant funding under “Tranche 2” of the Brownfield Housing Fund.

### **CONTACT OFFICERS:**

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## 1. INTRODUCTION

- 1.1. As part of the March 2020 budget, Government announced a £400m Brownfield Housing Fund (“BHF”). It was announced in late June that the Ministry for Housing, Communities and Local Government (MHCLG) would allocate the funding to Combined Authority areas. For the GMCA, this meant an initial allocation of £81.1m over a 5-year period.
- 1.2. This Fund announcement took place under the ‘Build, Build, Build’ series of announcements and as part of Government’s Covid-19 recovery plan.
- 1.3. The GMCA allocation for the Brownfield Housing Fund will be allocated/spent in line with the following profile:

<b>20/21</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>
£16.2m	£30m	£18m	£8.5m	£8.4m

- 1.4. Based on the MHCLG criteria set for the programme, the GMCA is required to make brownfield land available to unlock capacity for a minimum of 5,500 homes and should strive to unlock up to 7,500 homes. This equates to an average of £15,000 per home. Ministers expect all homes to start on site in this Parliament (defined as 31<sup>st</sup> March 2025) with as many homes completed as possible.
- 1.5. Given the spend requirements set by MHCLG for 2020/21, sites that were prioritised under Tranche 1 were based upon criteria focussed on deliverability and the ability of the site to spend at least 50% of the overall Grant Ask during 2020/21. This approach to prioritising sites was approved at HPE OS in September 2020. Under Tranche 1, 24 sites, amounting to £38.422m of the overall £81.1m allocation was committed. Tranche 1 allocations have the potential to unlock 4,353 units across Greater Manchester with all Local Authorities having benefitted from funding.
- 1.6. As part of the initial £400m pot for the Brownfield Housing Fund, 10% of this (amounting to £40m) was held back by MHCLG to be awarded through a further competitive stage, submissions to which were coordinated through the Mayoral Combined Authorities. Through this process the GMCA has been awarded a further £15.8m. The MHCLG bidding process required a list of projects to be put forward for funding. Due to tight timescales each Local Authorities put forward priority schemes that totalled c£4m. A number of the schemes put forward were either funded through the BHF Tranche 1 allocation or fell out of the process resulting in the remaining schemes being able to be funded through the additional allocation alongside a small contribution from the uncommitted BHF. Those sites to benefit from this funding are listed in Annex 1 and approval to commit this funding was obtained at the CA meeting in February 2021.
- 1.7. In addition to this, a further £1.94m revenue spend has also been allocated to the GMCA to support delivery of housing on brownfield sites.

## 2. PRIORITISATION OF SITES – BROWNFIELD HOUSING FUND TRANCHE 2

- 2.1. There has been a need to design a new prioritisation process to allocate the remainder of the BHF allocation, through a Tranche 2 process, given the weighting of the Tranche 1 allocation was focussed on addressing MHCLGs requirement to spend £16.2m in the 20/21 Financial Year. This process has been designed to focus investment through a more place-based approach to align with the GM Strategy and principles as set out in the CSR submission to government. The proposed process and detailed criteria has been discussed with Directors of Place, Chief Executives and Leaders with any comments incorporated within the detail set out within this paper.
- 2.2. The prioritisation process and detailed criteria are attached at Appendix 1 and summarised below. The prioritisation process comprises of two elements as follows:
- a) **Eligibility Criteria** – individual criteria are on a Pass/Fail basis, sites unable to evidence and ‘Pass’ all elements will not proceed to the next stage of prioritisation. These specific criteria have been identified by MHCLG as those conditions to be attached to the funding agreement.
  - b) **Prioritisation Criteria** – the second stage is centred on several criteria with the following weightings.

	<b>2021/22+</b>
<b>Deliverability</b>	30%
<b>Value for Money</b>	30%
<b>Strategic Fit</b>	40%

- 2.3. **Deliverability (30%)** – sites are RAG rated based on their current delivery position and progress. Appendix 1 details the individual criteria against which each site is scored to establish its overall RAG rating. This following a review of information gathered on sites through a final submission by each of the Districts. Individual conversations with each of the Districts and associated landowners/developers will be carried out as appropriate to support this. The Deliverability metric is key to ensuring that sites that we are committing funding to are capable of being brought forward within the timescales expected, specifically the programme period.
- 2.4. Sites rated as ‘Green’ received the full 30% weighting for this criteria, those rated as ‘Amber’ received 15% and those rated ‘Red’ received 0% of the overall weighting.
- 2.5. **Value for Money (30%)** – three key elements are identified within this metric as follows:
- a) Grant ask per unit (40%)
  - b) Leverage – against total scheme costs (40%)
  - c) Provision of Affordable Housing (20%)
- 2.6. Under each element sites were rated as ‘Good’, ‘Acceptable’ or ‘Poor’. Sites achieving a ‘Good’ rating achieved 100%, those with ‘Acceptable’ achieved 50% and those rated

as 'Poor' received 0%. This percentage was then multiplied by the individual criteria weighting.

2.7. **Strategic Fit (40%)** – this metric is to receive the highest weighting through this prioritisation process. This is to ensure that allocated sites align with wider strategic priorities and contribute to key policy areas through the build, back, better and levelling up agendas. Three elements are identified, with individual weightings as follows:

- a) Contribution to place-based priority (50%)
- b) Contribution to levelling up agenda (25%)
- c) Contribution to economic development and innovation (25%)

2.10 Under each element sites were rated as '3', '2' or '1'. Sites with a '3' rating achieved 100%, those with a '2' achieved 50% and those rated as '1' received 0%. This percentage was then multiplied by the individual criteria weighting.

2.11 For Tranche 2, a Call for Information stage was undertaken during November/December 2020, seeking submissions from Districts on sites that could be eligible for BHF Tranche 2 grant monies. Districts were to provide submissions on sites that were deemed priorities, and which were challenging in viability terms. Following this stage, the GMCA received submissions for 66 sites across GM which totalled a grant requirement of more than £200m. The prioritisation process set out within this paper has been applied to the projects and, subject to comments from the scrutiny committee on the process itself, a prioritised list will be presented to the March GMCA meeting for approval.

### **3 FUTURE CHANGES TO PRIORITISED SITES – TRANCHE 2**

3.1 At this stage, we don't anticipate major changes to sites within this list. We have an obligation with MCHLG to ensure all allocated sites under the BHF are committed by 30th June 2021.

3.2 For Tranche 2 sites that do not meet this timescale and are not sufficiently progressed by 30<sup>th</sup> June 2021, it is the intention that monies will be re-allocated in line within a reserve list of prioritised sites that have been determined using the prioritisation criteria set out within this paper.

3.3 The associated Grant Agreements to those successful schemes will include appropriate Clawback/Overage mechanisms. Any monies which are generated through this will be reallocated on a similar basis to the Tranche 2 prioritisation process.

3.4 There is no provision to spend more than the grant allocation and there is no indication at this stage that there will be any further allocations to the GMCA. All efforts will, therefore, be made to ensure the full grant allocation is utilised.

## **4 RECOMMENDATIONS**

4.10 Recommendations appear at the front of this report.

### Annex 1: Schemes to be supported through Additional 10% BHF Allocation

Authority	Scheme Name	Bid/Grant Ask	Comment	Amount to be awarded through Additional Allocation
<b>Bury</b>	Seedfield	£1,663,645	Grant Ask since reduced as delivery only to include the brownfield element of the site	£995,000
<b>Manchester</b>	Eastern Gateway, Ancoats Dispensary	£2,400,000	Site put forward as part of Tranche 2, monies to be awarded are to support the immediately deliverable element	£585,000
<b>Oldham</b>	Derker	£2,000,000	Site also put forward under submission to Tranche 2	£2,000,000
<b>Rochdale</b>	Castleton	£4,000,000	Priority is now to deliver Castleton South which results in a lower grant ask	£2,000,000
<b>Salford</b>	Greengate Site 3	£495,000	Monies to be awarded to support CPO on a multi-ownership site to facilitate delivery	£495,000
	Greengate Site 4	£2,099,999	Monies to be awarded to support CPO on a multi-ownership site to facilitate delivery	£2,099,999
<b>Stockport</b>	Stockport Interchange	£2,040,000	Site also put forward under submission to Tranche 2, revised grant ask required	£3,000,000
<b>Tameside</b>	Stalybridge Police Station	£360,000	Site deemed deliverable	£360,000
	Egmont St, Mossley	£490,000	Site deemed deliverable	£490,000
<b>Trafford</b>	Sale Square	£3,030,000	Site also put forward under submission to Tranche 2	£3,030,000
<b>Wigan</b>	Frog Lane	£400,000	Site also put forward under submission to Tranche 2, revised grant ask required on basis of further on-site surveys/investigations	£1,000,000
<b>Total:</b>				£16,054,999