

Date: 26th March 2021

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

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

PURPOSE OF REPORT:

This report seeks the Greater Manchester Combined Authority’s approval to allocate grant funding to those sites recommended within this report and subsequently enter into individual Grant Agreements with the respective parties.

RECOMMENDATIONS:

The GMCA is requested to:

1. Approve allocation of grant funding to those sites set out within Appendix 1 and the entering into individual Grant Agreements for those recommended sites; and
2. Delegate authority to the GMCA Treasurer acting in conjunction with the GMCA Monitoring Officer to agree the final terms of all the necessary agreements.

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Equalities Implications:

The grant funding will enable the construction of quality housing across Greater Manchester and provide opportunities to address equality issues through the creation of construction jobs and quality accommodation.

Climate Change Impact Assessment and Mitigation Measures –

BOLTON
BURY

MANCHESTER
OLDHAM

ROCHDALE
SALFORD

STOCKPORT
TAMESIDE

TRAFFORD
WIGAN

As part of the prioritisation approach for Tranche 2 of the BHF, low carbon measures were assessed and taken account of in the scoring criteria applied to project prioritisation.

Risk Management:

The grants will be conditional upon a satisfactory outcome of detailed due diligence and ongoing monitoring confirmation that the schemes are being delivered satisfactorily.

In view of the nature of the MHCLG grant funding agreements for BHF any conditions will be mirrored in agreements between the GMCA and scheme promoters, mitigating any risk retained by the GMCA.

Legal Considerations:

A detailed grant agreement and other associated legal documentation will be completed for each scheme ahead of the first grant payment.

There are no State Aid implications associated with either GMCA accepting the grant or signing the grant agreements with MHCLG in relation to the BHF. Subsidy Control provisions will be considered further for each individual scheme allocation with any allocation being state aid compliant.

Financial Consequences – Revenue:

Any revenue costs are anticipated to be funded through the Brownfield Housing Fund Revenue Grant received alongside the capital allocation.

Financial Consequences – Capital:

Capital expenditure is provided by the £81.1m BHF Capital Grant allocation. There are therefore no capital consequences for the GMCA.

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

None

BACKGROUND PAPERS:

Brownfield Housing Fund Tranche 1 (GMCA Approval on 30th October 2020)

Brownfield Housing Fund – Additional award of funding from MHCLG (GMCA Approval on 12th February 2021)

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		Yes
EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		None
GM Transport Committee	Overview & Scrutiny Committee	
	11 th March 2021	

1. INTRODUCTION/BACKGROUND

1.1 A report to the GMCA in July 2020 set out the recent Government announcement with regards to the £400m Brownfield Housing Fund (BHF). For the GMCA, this means an initial allocation of £81.1m over a 5-year period, this is to be allocated/spent against the following profile:

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

1.2 In addition to this, a further £1.94m revenue spend has also been allocated to the GMCA.

1.3 There was an immediate requirement to identify sites to enable £16.2m spend this Financial Year ("FY"). The approach to this and the subsequent list of schemes to be awarded grant funding (under "Tranche 1") was approved by the GMCA in October 2020.

1.4 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 and approval of those sites to benefit from this funding was obtained at the GMCA meeting in February 2021.

2. PRIORITISATION OF SITES – BHF TRANCHE 2

2.1 To be able to award monies for the remainder of the BHF allocation a prioritisation process was prepared. The principles developed sought 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.

2.2 In summary, the prioritisation process comprises of two elements as explored below:

- **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.
- **Prioritisation Criteria** – the second stage is centred on a number of criteria with the following weightings.

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

- 2.3 From a **Deliverability** point of view, sites were RAG rated on the basis of their current delivery position and progress. This was arrived at through 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 was also carried out to support this.
- 2.4 From a **Value for Money** point of view three key criteria were considered, as follows, Grant Ask per Unit, Leverage (Grant Ask vs. Scheme Development Costs) and provision of affordable housing.
- 2.5 From a **Strategic Fit** point of view, three key criteria were considered, as follows, Contribution to a Place Based Priority, Levelling up Agenda (using the Index of Multiple Deprivation) and Supporting of Build Back Better priorities.
- 2.6 This allowed the GMCA to calculate an overall score for each site based on the information submitted. Projects were ranked based on the score calculated for each site.

3. FINAL PRIORITISED SITES LIST – BHF TRANCHE 2

- 3.1 A Call for Information stage was undertaken during November/December 2020, seeking submissions from Districts on sites that could be eligible for BHF 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.
- 3.2 On the basis of the remaining BHF allocation, the GMCA can award monies to all those sites with an overall score of 70 or more (as set out within Appendix 1). It can be seen that there is representation across each of the GM Districts.
- 3.3 It must be noted that there are a handful of sites put forward for consideration under Tranche 2 that do not feature in Appendix 1. This is because they are to be funded through the additional 10% monies from MHCLG as noted at para 1.4 and are dealt with under separate approvals.
- 3.4 The summary position is as follows:
- Number of Sites to be Awarded Grant: **21**

- Recommended Allocation under Tranche 2: **£41.441m**
- Number of Units to be unlocked: **2,720 units**
- Average Grant Cost per unit: **£16,098**

3.5 With the addition of the proposed allocation under Tranche 2 of 2,720 units this would bring the total housing units unlocked to 7,703 units through the Brownfield Housing Fund.

3.6 Of these 2,720 units to be awarded grant monies through Tranche 2 we anticipate 1,350 units to be affordable housing units. This in addition to 1,100 affordable housing units which are expected to be delivered through the Tranche 1 awarded sites.

3.7 The average grant rate per unit across the programme is £13,310 per unit which is below the grant threshold of £15,000 per unit that the GMCA is required to achieve through the grant agreement with MHCLG.

3.8 The associated Grant Agreements for 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. Any approvals to this will be subject of a future paper to the GMCA.

4. RECOMMENDATIONS

4.1 Recommendations are set out at the front of this report.

Appendix 1 – Final Sites to be Awarded Grant under Tranche 2

Authority	Scheme Name	Address	Site Size (HA)	No of housing units	Grant required (£m)	Overall RAG Rating (based on Deliverability Criteria)	OVERALL SITE SCORING/WEIGHTING (MAX. 100)
Manchester	Collyhurst Village	Thornton Street North	4.2	139	2.085		100
Bolton	Moor Lane	Moor Lane, Bolton, BL1 1SU SHLAAA number is 1580-BOL	1.519	198	2.222		95
Salford	Central Salford - E6	Chapel St, Salford		100	1.500		90
Manchester	Back of Ancoats Public Realm	area bordered by Radium Street, Oldham Road, Butler Street/Rodney Street, and the Rochdale Canal in Ancoats, Manchester M4.	0.97	275	4.700		85
Salford	Longshaw Drive	Longshaw Drive, Little Hulton	7	177	2.939		80
Tameside	Hattersley - Harehill MMC	38 Hare Hill Road, Hyde, SK14 3FL	0.95	27	0.540		80
Bolton	Central Street	1042-BOL SHLAA CENTRAL STREET, BOLTON, BL1 2AX	1.01	145	3.625		77
Rochdale	Don St (British Vita Site A) Renaker	Middleton	12.95	367	3.680		75
Tameside	Hattersley Central	Hattersley Road East, Hyde, SK14 3EQ	3.18	161	3.220		75
Tameside	Hattersley - Harehill Tavern	Harehill Tavern Public House, Hattersley Road West, Hyde, SK14 3HE	0.25	38	0.100		75
Trafford	Sale West (Phase 2)	M33 4QJ	2.5 (Phase 2 area only)	24	0.600		75
Wigan	Land East of Phoenix Way	Land East of Phoenix Way, WN3 4NW	2.6	99	0.680		75
Rochdale	Neighbourhood Rochdale			235	3.760		74
Salford	Neighbourhood Seedley	Land at Kara Street, Harmsworth Street, Nansen Street and Iceland Street Salford, M6	0.718	66	0.683		72

Authority	Scheme Name	Address	Site Size (HA)	No of housing units	Grant required (£m)	Overall RAG Rating (based on Deliverability Criteria)	OVERALL SITE SCORING/WEIGHTING (MAX. 100)
		5GG SHLAA REF; S/LAN/049					
Bury	Wheatfield Centre	Victoria Avenue, Whitefield, M45 6DP	0.95	30	0.350		70
Manchester	Silk Street Development	Silk Street Newton Heath Manchester M40 2JF. SHLAA ref: Mile_Cap_035	0.86	69	1.035		70
Oldham	Southlink	Southlink, Oldham. OL4 1DE.	3.7	265	4.505		70
Oldham	West Vale Redevelopment, Vale Drive, Oldham	Vale Drive, Oldham OL9 6JE	0.79	88	1.144		70
Salford	St Lukes	Weaste	1.5	45	0.710		70
Salford	HRA sites - Clifton/Ordsall sites	Various		104	1.663		70
Stockport (MDC)	Former St. Thomas' Hospital	Shaw Heath, SK3 8BL	1.34	68	1.700		70
				2,720	£41.441		