

**GREATER MANCHESTER PLANNING, HOUSING & ENVIRONMENT OVERVIEW AND SCRUTINY
COMMITTEE**

Date: 8th October 2020

Subject: GM Brownfield Housing Fund (“BHF”) Tranche 1 Spend

Report of: Andrew McIntosh, Director of Place-Making, GMCA

PURPOSE OF REPORT

To seek the views of the Planning, Housing & Environment Overview and Scrutiny Committee as to the approach taken and criteria applied to the identification of sites that are to be allocated Grant Funding as part of early spend (2020/21) under the BHF.

RECOMMENDATIONS:

Scrutiny Members are asked to:

- Note the GMCAs grant allocation under the Brownfield Housing Fund (to be made direct from MHCLG).
- Note the approach set out as to the process and criteria applied to identifying sites under “Tranche 1” of the BHF with early spend this Financial Year (“FY”).

CONTACT OFFICERS:

Andrew McIntosh, Director of Place-Making, GMCA
andrew.mcintosh@greatermanchester-ca.gov.uk

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 Ministry for Housing, Communities and Local Government (MHCLG) would allocate the funding to Combined Authority areas. For 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 to the following profile:

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

- 1.4. Based on the MHCLG criteria set for the programme, GMCA would be 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 March 2025) with as many homes completed as possible.
- 1.5. In addition to this, a further £1.94m revenue spend is also to be allocated to the GMCA.

2. PRIORITISATION OF SITES – BROWNFIELD HOUSING FUND

- 2.1. The GMCA Delivery Team have been working with Districts to identify a Pipeline of eligible Brownfield schemes. Given the importance of spending the current financial years grant allocation, there is a need to prioritise an initial tranche (“Tranche 1”) of funding with the objective of ensuring the full £16.2m allocation for this FY can be spent.
- 2.2. Sites that have subsequently been identified to fulfil the £16.2m allocation but also allow for a 30% overspend, taking the total to £21.06m for sites to be allocated for at this stage. This will ensure that any slippage of schemes would not jeopardise hitting the £16.2m allocation. Failure to do so would result in the GMCA having to return money to MHCLG.
- 2.3. Schemes for the first tranche of funding were prioritised on the basis of an assessment process with the following weighting:

	20/21 and 21/22
Deliverability	50%
Value for Money	30%
Strategic Fit	20%

- 2.4. As an initial stage, the Delivery Team utilised a RAG rating to establish 20/21 delivery. This is based upon Ownership/Planning and Developer/Contractor being in place and is as a result of continuous dialogue with each of the Districts to ensure that this is robust.

- 2.5. Whilst the deliverability metric is central to prioritising sites within this initial tranche, sites were also required to have a spend profile whereby 50% of the overall grant ask is made in this FY (2020/21). This approach limited the total grant that was allocated as part of the initial tranche of funding.
- 2.6. Further interrogation of the proposed spend was undertaken. Some sites were discounted through being unable to justify the delivery strategy, and subsequent early spend profile.
- 2.7. Within Tranche 1 the emphasis has been on sites that are clearly deliverable and have an ability to spend this FY. All of those recommended sites were identified as both challenging in viability terms and priority sites by each of the Districts. For the remainder of the allocation from MHCLG and future years spend ("Tranche 2") a prioritisation criteria is being finalised which is centred on place based objectives with a broader alignment with GMCA ambitions and the 'Build Back Better' agenda.
- 2.8. As a result of the above stages this results in the identification of 24 individual sites. The headlines for which are as follows:
 - **Recommended Allocated Year 1 Spend:** £21.442m
 - **Number of Units to be unlocked:** 4,318 units
 - **Average Grant Cost per unit:** £10,519
- 2.9. There is a significant proportion of units, some 4,318 units, (to which a minimum of 5,500 units must be delivered across the entire programme) that will be delivered through this initial allocation of grant funding. The average grant cost per unit stands at £10,519 which is well below the £15,000 average set by MHCLG. This enables districts to bring forward schemes with a higher cost per unit through the second tranche of funding, the prioritisation process for which is currently being developed.
- 2.10. There is representation in the sites across all of the GM Districts, save for one District who did not have any sites that were far enough developed to be considered for this initial tranche of funding but have sites that will be considered as part of the next stage of prioritisation.

3. RISKS TO PIPELINE

- 3.1. Potential risks to the pipeline relate to sites within this initial tranche that currently do not have full planning permission in place. These can be categorised as sites with no detailed planning permission (and no current submission) and sites with a submitted planning application but awaiting determination.
- 3.2. Assurances have been provided that planning consent will not be an issue. For those sites where planning approvals are not in place, grant recipients have confirmed that they will underwrite the grant ask to ensure that a start on site is made within two years and outputs

achieved within the programme period (by 31st March 2025). If this is not achieved there is an ability to claim back the grant money and recycle into alternative schemes.

4. PRIORITISATION PROCESS – REMAINING YEARS IN PROGRAMME

- 4.1. For the second tranche of funding an alternative Place Based Assessment is to be agreed where all eligible schemes will again be considered for 2021 spend and beyond to allocate the remaining Brownfield Housing Fund allocation across the remaining years of the programme.
- 4.2. This would also be aligned to wider GM policy objectives and the 'Build Back Better' areas of focus.

5. RECOMMENDATIONS

- 5.1 Recommendations appear at the front of this report.