

Report to:	Cabinet	Date: 09 September 2021
Subject:	Radcliffe Strategic Regeneration Framework – Disposal of land for housing development at School Street and Green Street	
Report of	Leader and Cabinet Member for Finance and Growth	

PART A

Summary

1. Housing sits at the heart of the Radcliffe Strategic Regeneration Framework (SRF), complimenting the councils' interventions and improvements in the town centre.
2. This paper outlines proposals to dispose of Council owned land at School Street and Green Street. In doing so this will allow the construction of 222 new homes (of which 125 will be of affordable tenures). The proposal will generate a significant capital receipt along with unlocking £30+million of private investment and driving economic growth.
3. The proposed developments are all planning policy compliant, deliver on the aspirations of the Radcliffe SRF and the Councils Let's Do It strategy.
4. The commercial terms are considerable, higher than the Councils book value and supported by an external best value report by CBRE. The School Street proposals save the council £882,000 of potential grant repayments.
5. Proposed control mechanisms have been proposed to ensure that the proposals are developed and will ensure the Council retains control if progress is not made.
6. This proposal has the potential to deliver hundreds of much needed homes and the proposed market engagement carefully orchestrates housing delivery programmes to not oversaturate the housing market at any one time.
7. Over 50% of the homes delivered will be that of affordable tenures that are designed to be more accessible to households with average incomes in Radcliffe than open market housing.

Recommendation(s)

That Cabinet:

1. Approve disposal of land at School Street and Green Street in Radcliffe for housing development.
2. Approve the commercial terms of these disposals as set out in this report
3. Delegate approval of any further negotiations to the Director of Regeneration, Section 151 Officer and Monitoring Officer.

Reasons for recommendation(s)

1. Enable the delivery of key sites as part of the Councils Strategic Regeneration Framework for Radcliffe.
2. Facilitate the Councils Brownfield first approach to housing delivery.
3. Delivery of much needed homes with a range of affordable tenures and typologies to reflect the modern demands of housing in Radcliffe.
4. Generate capital receipt upon the successful disposal of the sites.
5. Reduce revenue cost to the council of holding, maintaining and securing this long term cleared sites.

Alternative options considered and rejected

An alternative traditional approach would be to appoint an agent, formulate development brief through planning analysis, collate marketing materials, openly market the site and attract commercial offers from the market. This would incur sales and marketing costs along with delaying the construction of homes by approximately 18 months. This would then risk oversaturation of the Radcliffe property market when other sites come online at the same time.

In line with the CBRE advice, the quality of the proposals is considerable, the affordable housing is in excess of the planning policy compliant threshold and accelerates the construction of the homes. In addition the commercial offer is considerably higher than the Councils book value.

The Council is also disposing of 40 other sites through the Accelerated Land Disposal Programme (ALDP). Capacity is limited and there is an acute housing need across the district. These disposals are oven ready, allowing resources to be spent unlocking other brownfield housing sites.

For these reasons this was discounted.

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Background

- 1.1 The continued regeneration of Radcliffe remains a key priority for the Council and, to support this, the Council appointed Deloitte LLP in February 2020 to prepare a Strategic Regeneration Framework (SRF) for Radcliffe with the aim of setting out a comprehensive plan to direct the future growth and development of the town in a coherent and joined-up manner.
- 1.2 In June 2020, Cabinet approved a draft of the SRF for consultation purposes. This was followed by a six-week period of public consultation between 22 June and 3 August 2020 to seek the views and inputs from the wider public, key stakeholders and partners.
- 1.3 In September 2020, Cabinet approved a final version of the SRF as the Council's policy for the future regeneration of Radcliffe and as a material consideration in the determination of planning applications.
- 1.4 The final SRF proposes six priority projects that are primarily geared towards the regeneration of the town centre area, including:
 - The introduction of a Civic Hub in the centre of the town;
 - The revitalisation of Market Chambers;
 - New leisure facilities;
 - A transportation and parking strategy;
 - A new high school for Radcliffe.
 - Range of affordable on brownfield land to support regeneration programme
- 1.5 A key element of the SRF is that a range of new housing developments is delivered to compliment the regeneration programme in the town centre.
- 1.6 To make the new housing accessible to the people of Radcliffe, a housing development strategy has been developed to redevelop School Street and Green Street to provide a range of typologies and tenures that are accessible to average household incomes, key worker salaries and the average families:

- 1.6.1 Traditional housing suitable for families
- 1.6.2 Range of affordable tenures including affordable rent and shared ownership at a discount to open market value
- 1.6.3 Apartment typologies which are attractive to smaller households and a younger demographic
- 1.7 Several key housing sites are identified within the SRF document
 - 1.7.1 School Street – suitable for traditional family housing
 - 1.7.2 Green Street – gateway apartment led scheme
- 1.8 East Lancs Paper Mill – PLC housebuilder site coming forward Q4 2021 with Homes England
- 1.9 Development proposals have been designed to compliment and not compete with the large traditional PLC housebuilder site at nearby East Lancs Paper Mill but also to capture demand from nearby markets in Whitefield, Prestwich, Bury and Bolton.

2. Accelerated Land Disposal Programme

- 2.1 Bury Council is embarking on a medium-term strategy of divesting itself of its large land estate with a view to a) raising capital through receipts b) unlocking economic potential of housing and employment sites and c) leveraging private investment on brownfield sites
- 2.2 School Street is included within the ALDP and consent was given by cabinet to dispose of them in March 2021
- 2.3 A traditional approach to disposing of surplus property assets would be to appoint an agent (i), market the site (ii) and agree terms (iii) and dispose subject to contract (iv)
 - i. Procurement currently taking 3-6 months using frameworks
 - ii. 3 months marketing period to ascertain best bids
 - iii. 3 months legal negotiations and due diligence on purchaser
 - iv. Subject to planning consent contract may require 12 months(Total period 12 – 24 months from commencement)
- 2.4 Were an OJEU disposal process be followed, this may also delay the procurement and disposal of the asset by another 24-36 months.

- 2.5 The accelerated disposal programme includes 22 sites approved by cabinet in March 2021 and 29 sites proposed for approval in June 2021 with more in the future.
- 2.6 Given team capacity constraints within the BGI directorate, there is a requirement to prioritize easily deliverable land disposals, accelerate the payment of cash receipts and accelerate the development of the land.
- 2.7 There are a range of disposal routes being implemented, the majority of which are openly marketed including the current sites of New Summerseat House in Ramsbottom and the old Fire Station in Bury. East Lancashire Paper Mill, the largest brownfield housing site in GM, is out of tender this through Homes England's Delivery Partner Panel 3 Framework and preferred developer will be announced later in the year.

3. Housing Demand

- 3.1 Bury District is a large metropolitan borough of equivalent size to a small city, with all of the associated economic imperatives of delivering a proportionate supply of quality, affordable new homes to match levels of demand.
- 3.2 Greater Manchester is rapidly growing (twice the UK average) at 2.2% per annum, equating to the need to accommodate 61,000 additional people per year. Consequently, house price inflation is rapidly constraining affordability to average household incomes.
- 3.3 Bury's emerging Local Plan recognizes the need for housing growth and proposes an increase of 6800 new dwellings (net) to 2029. For this to be achieved this requires the delivery of an average of 400 new dwellings per annum.

School Street in Radcliffe is a long-term brownfield site and the former home of the now demolished Grammar School. The site has been a source of anti-social behaviour.

4.3 Brownfield Housing Funding from the Greater Manchester Combined Authority has been used to fund works to the site involving localized remediation and extensive drilling & grouting to coal mining seams beneath the land. The works are now complete.

4.5 The proposed developer is a delivery vehicle of a local affordable housing group and has received cornerstone funding from GMCA. Due to the

continuity between their funding and the Brownfield Housing Funding they can be considered a special entity.

- 4.6 It should be noted that East Lancs Paper Mill is nearby, suitable for similar family housing and will be targeted by PLC housebuilders. At 400 units it is the largest brownfield housing site in GM. The local housing market has a saturation rate which may be breached were School Street be delivered in competition with ELPM. As such it would be prudent to accelerate the delivery of School Street through an off-market transaction, thus avoiding competition, retaining completion rates and protecting both projects viability.

4.7 Development proposal

- 4.8 In line with the aspirations of the Radcliffe SRF, family housing plays a key part in the regeneration of the town. Family friendly high-quality housing at accessible prices to average household incomes will be attractive to both the people of Radcliffe and new entrants to the town.

- 4.9 New homes delivery will assist with the town centre regeneration programme by increasing customer catchment and drive footfall.

- 4.10 The development is proposed to be 89 homes in total with a planning compliant 25% affordable homes (mix of affordable rent and shared ownership). It is anticipated that these homes will be designed for the needs of families and will be a mix of 3 and 4 bedroom houses.



- 4.11 In addition to a cash payment, the council would be gifted several 2- and 3-bedroom homes. The Council's housing development team will explore options including affordable rent, open market sale, private rent and management options including Six Town Housing.
- 4.12 The development will generate c.£158,000 per annum in additional council tax and around £576,000 in new homes bonus payments over four annual payments based on the assumption that the net gain of Band D properties complies with the current government scheme.

4.13 Affordable Housing

The proposal includes a policy compliant affordable housing provision equating to 22 new family homes.

It is expected that these homes will be a mix of affordable rent and shared ownership.

4.14 Delivery programme

- Exchange contracts – November 2021
- Planning submission – November 2021
- Commencement of works – March 2022
- First homes delivered - 2023
- Practical completion – 2024

4.15 Commercial proposal

Full details of the proposal commercial terms for the acquisition of the land on a subject to planning basis is contained within Part B of this report

- 4.16 The proposed disposal will generate a significant capital receipt.
- 4.17 The cash offer is considerably higher than the council's book value and is supported by an external best value report by CBRE.
- 4.18 The development proposal is fully planning policy compliant, delivers much needed affordable homes and most importantly accelerates the delivery of new homes to come to market and not saturate demand as other nearby developments such as East Lancs Paper Mill come online.

4.19 Legal control mechanism

In line with external advice received, the Council shall ensure that a mechanism for taking back control of the land is included in the event that the developer fails to secure planning within 12 months, commence works within 6 months of planning consent and an ultimate long stop of 36 months.

4.20 The delivery of this will be subject to contract drafting but is likely to be the term of the contract on a phased milestone basis.

4.21 CBRE best value assessment

4.22 The Council commissioned CBRE to conduct an external third party assessment of the proposed commercial terms, disposal proposal and development output in the context of achieving the prescribed requirements of best value as set out in Section 123 of the Local Government Act 1972.

4.23 This was conducted by assessment of the following:

- Development proposal
 - o Strategic fit within Radcliffe Strategic Regeneration Framework
 - o Quality of design
 - o Overall development viability
- Policy Context
- Rationale for disposal
- Deal structure
- Benefits to the council
- Value for money
 - Catalytic change
 - Preferred location
 - Investment
 - Protection of assets
 - Indirect benefits to the council
- Risk mitigation
 - Delivery
 - Affordability
 - Development
 - Completion

4.24 The report sets out "the potential to take positive steps towards achieving the strategic objectives of the SRF alongside plans for the core of Radcliffe Town Centre. Through the disposal of the sites the council can contribute to the regeneration of the town centre whilst providing much needed housing to contribute toward policy targets for the wider borough, whilst also regenerating brownfield land and achieving capital receipts."

4.25 CBREs report concludes that following assessment of the commercial terms alongside the wider development proposal, that the proposed disposal is favourable and that having benchmarked values and viability in the marketplace the proposed disposal represents best value.

5. Green Street Radcliffe M26 3AP



1.2 Background

Green Lane is the site which housed Radcliffe Swimming Pool until its roof was damaged beyond repair in 2013 and subsequently demolished in 2016.

- 1.3 The site is identified as part of the 2020 Radcliffe SRF as a key placemaking component of the town centre master planning – suitable for a gateway development of medium scale, up to 6 storeys in height, residential and provide a bookend the high street in Radcliffe.
- 1.4 The proposed developer is a local SME developer with a track record of delivery of mixed tenure residential led developments across GM. The company is currently based in Salford and the directors live in Bury District.
- 1.5 The site is currently hosting an NHS walk in testing facility. The disposal of the land for development will be conditional upon the Council achieving vacant possession. The NHS have confirmed their intentions to decant and the timeframe for this correlates with the proposed development delivery programme post planning consent being issued.
- 1.6 We have received a speculative offer following announcements of regeneration activity in Radcliffe, the publishing of the SRF and press releases / webinars containing details of the town centre projects and the hub building proposals contained within the Levelling Up bid submission.

- 1.7 The site is currently being used as an NHS Covid 19 walk in testing station and will continue to do until it is no longer required. The Council will be obligated to provide the acquisition land with vacant possession.

5.1 Development proposal

The development proposal is for 133 homes and 13,000 sqft commercial space. 103 of the homes will be affordable tenure shared ownership. This equates to an on plot affordable homes provision of 77% (25% is planning policy compliant). The developer will work with a local registered provider to deliver the affordable housing.

The development is proposed to be a mix of 1- and 2-bedroom apartments that are designed around the needs of smaller households not currently served by the surrounding established family orientated suburban housing marketplace.



- 5.2 The remaining 30 homes will be delivered as one unbroken private rented sector (PRS) investment and let out on an individual basis at market rent.
- 5.3 The 13,000 sqft commercial space will be anchored by an office which will relocate the developers head office, providing new employment in the heart of Radcliffe along with ground floor retail / food & beverage units.
- 5.4 The development will generate c.£181,000 per annum in additional council tax and around £800,000 in new homes bonus payments over four annual payments based on the assumption that the net gain of Band D properties complies with the current government scheme.
- 5.5 New homes delivery will assist with the town centre regeneration programme by increasing customer catchment and drive footfall. The

development proposal also includes relocating an existing business, creating new employment opportunities in the heart of Radcliffe.

5.6 Affordable housing

This development will deliver 103 new affordable homes for shared ownership.

5.7 Delivery programme

- Planning submission – December 2021
- Commencement of works – June 2022
- First homes delivered - 2023
- Practical completion – 2024

5.8 Commercial proposal

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5.9 The proposed disposal will generate a significant capital receipt.

5.10 The cash offer is considerably higher than the councils book value and is supported by an external best value report by CBRE.

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5.16 This was conducted through assessment of the following:

- Development proposal
 - o Strategic fit within Radcliffe Strategic Regeneration Framework
 - o Quality of design
 - o Overall development viability
- Policy Context
- Rationale for disposal
- Deal structure
- Benefits to the council
- Value for money
 - Catalytic change
 - Preferred location
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5.18 CBREs report concludes that following assessment of the commercial terms alongside the wider development proposal, that the proposed disposal is favourable and that having benchmarked values and viability in the marketplace the proposed disposal represents best value.

Links with the Corporate Priorities:

This proposal contributes towards meeting the Council’s priorities across a range of policy areas including increasing the supply of affordable housing to meet housing needs.

It sets out plans for the delivery of a diverse housing development on brownfield land and an opportunity to create successful and inclusive neighbourhoods in conjunction with the Bury 2030 Let’s do it Strategy.

Both sites are key deliverables of the Radcliffe Strategic Regeneration Framework and the wider regeneration programme.

Equality Impact and Considerations:

This proposal promotes equality of access to housing and demonstrates a positive impact on people with protected characteristics. It seeks to ensure that there is a mix of tenures and house types across the site to meet the needs of all residents and, recognises the specific housing needs of different client groups including low-income households, people who are homeless or at risk of homelessness and older people.

Whilst there are no direct equality issues, the development of this site will result in the regeneration of a run-down area which will improve the local environment by reducing opportunity for anti-social behaviour including fly-tipping. The development will also provide much need affordable homes for residents of the Borough.

Environmental Impact and Considerations:

The new homes are expected to be built to Future Homes Standard, in line with updated building regulations and necessitate exploring the installation of energy efficiency measures to reduce fuel bills and cut carbon emissions.

Nesting bricks to side elevations in shaded areas will encourage wildlife and provide nesting opportunities.

Both developments will include naturally planted habitats within the landscaping and public realm. Through the planning process, applicants are encouraged to explore inclusion of sustainable drainage systems.

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
The Council has failed to achieve best value in accordance with Section 123 of the Local Government Act 1972	<p>The proposed deals are in excess of the council's book values.</p> <p>The development proposals are all planning policy compliant.</p> <p>The council has outsourced the best value assessment to CBRE and the conclusions support direct off market engagement.</p>
The developers fail to deliver on the proposals submitted. Land is not disposed of and lays dormant.	The Council will include sequential milestone longstops which time out the

	contract, allowing the Council to take control of the land.
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Legal Implications:

Local Authorities have powers pursuant to s 123 of the Local Government Act 1972 to dispose of land. The Council can dispose of land in a manner it wishes provided it achieves the best value that can reasonably be obtained. A best value assessment has been completed by CBRE in respect of each proposed disposal. Paragraphs 4.23 & 5.16 set out the remit of the independent best value assessment. The assessment concludes that the proposal in the terms as set out in this report will satisfy the Council's obligations to demonstrate best value in the context of the accelerated plan and will meet the housing delivery objectives.

Financial Implications:

The overall financial consideration must include the existing liabilities and costs of the Council retaining ownership of housing sites. The cost of holding both School Street and Green Street costs the council around £xxx per annum

The two proposed land disposals have the potential to generate £m's of capital receipt to the council. Breakdown of the total capital receipt is contained within Part B.

Through negotiation the council has been able to transfer grant repayment to the purchaser of School Street. This has saved the Council £882,000.

Disposal of land usually necessitates the expenditure of fees to support technical due diligence, property agency, marketing costs and legal fees. As these proposals will be direct transactions, they save costs by only incurring legal fees.

The development proposals when complete will generate c. £339,000 per annum in additional council tax revenue to the Council.

On the basis of compliance with the government's programme, the development proposals have the potential to also generate £334,000 per annum in New Homes Bonus payments for four consecutive years based on the current New Homes Bonus government scheme.

Background papers:

The Radcliffe SRF and further information relating to it can be found on www.bury.gov.uk/radclifferegeneration.

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
GMCA	Greater Manchester Combined Authority
SRF	Strategic Regeneration Framework
PRS	Private Rented Sector