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| <b>Classification:</b><br>Open | <b>Decision Type:</b><br>Key |
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| <b>Report to:</b> | Cabinet   | <b>Date:</b> 13 October 2021 |
| <b>Subject:</b>   | Disposal of Land at Wheatfields in Whitefield to Enable Affordable Housing Development (Part A) |                              |
| <b>Report of</b>  | Cabinet Member for Housing Services   |                              |

## 1.0 Summary

- 1.1 Wheatfields in is a Council owned brownfield site in Whitefield. Cabinet approved the disposal of the site as part of the Accelerated Land Disposal Programme in March 2021.
- 1.2 The site was subject to an application to the GMCA for Brownfield Housing Fund monies. This was successful however once implemented the Council is liable to repay the full amount.
- 1.3 This report seeks approval to dispose of this asset to Onward Homes, a registered provider, for the delivery of a 100% affordable housing scheme on Council owned brownfield land. This will enable the construction of 30 new affordable homes, generate a capital receipt and also take over liability for the grant repayment.
- 1.4 Development proposals include a mix of affordable rent and shared ownership family homes and accessible bungalows specifically for older people and people with disabilities with the Council able to negotiate full nomination rights.

## 2.0 Recommendations

That Cabinet:

1. Approve the disposal of this site to Onward Homes for affordable housing development.
2. Approve the Heads of Terms for this disposal as set out in this report and the Part B report.
3. Delegate the finalised terms of the agreement to the Director of Economic Regeneration and Capital Growth in consultation with the Cabinet Member for Finance, S151 Officer and Monitoring Officer.

## 3.0 Reason for Recommendations

- 3.1 The development of this site contributes to the delivery of the Councils brownfield first policy.

- 3.2 There is an increasing shortage of affordable housing in the Borough, and many families are finding it difficult to access a suitable home they can afford which meets their needs.
- 3.3 The recently published Housing Strategy has been developed to deliver the Council's housing priorities and ensure the delivery of sufficient high-quality housing to meet the current and future needs of residents. The Strategy prioritises affordable housing development, including provision for older people and specialist groups such as people with disabilities
- 3.4 The proposal will deliver 30 two and three bed affordable homes with provision for older people and those with a disability.
- 3.5 The sale of the land will also generate a capital receipt, remove any repair and maintenance liabilities and result in wider social, environmental and financial benefits including new homes bonus and council tax revenue (see 7.7).
- 3.6 This proposal will accelerate delivery of this site allowing resources to be spent unlocking other brownfield housing sites across the district.

#### **4.0 Alternative Options Considered and Rejected**

- Sale on the open market to a private developer – this option has been rejected as the sale would be subject to a viability assessment which may have the potential to mitigate the requirement for the provision of affordable housing and, potentially, reduce any capital receipt.
- Sale via traditional approach - appoint an agent, formulate development brief through planning analysis, collate marketing materials, openly market the site and attract offers from providers. This option has been rejected as it would incur sales and marketing costs and delay the construction of the new homes by circa 18 months.

#### **5.0 Background**

- 5.1 The Council has a Land Disposal Programme to enable it to sell off land, which is considered to be surplus to requirements, with a view to raise capital through receipts, leverage investment on brownfield sites and increase the supply of housing including much needed affordable housing. The Wheatfields site forms part of this programme and was approved by Cabinet for disposal in March 2021.
- 5.2 The demolition of the former Wheatfields Day Care Centre took place in August 2018 and the site has been derelict since then. The site is situated within a predominantly residential area adjoining a large social housing estate owned and managed by Onward Homes who are the largest registered provider of affordable homes in Besses Ward, Whitefield. There are considerable housing pressures in Whitefield and Onward's status as an existing, adjacent landowner constitutes special purchaser status

which, in collaboration with the Council, will unlock much needed affordable homes.

- 5.3 This site is a liability to the Council. It is considerably overgrown and unkempt, making it vulnerable to fly-tipping, crime and antisocial behaviour and it costs the Council time and money to maintain. There have been problems with Japanese Knotweed across the site and a treatment programme has been ongoing at the expense of the Council.
- 5.4 This is a brownfield site of 2.50 acres which has capacity for a range of homes based on a two-street scheme. However, development is unviable based on market values, site abnormalities and construction costs and, therefore, external brownfield funding is required to unlock it.
- 5.5 Consequently, the Council has been awarded Brownfield Funding of £350k from GMCA to address viability issues and accelerate the delivery of this site. The grant is time limited and cannot be transferred to another site and, must be repaid unless assigned to a registered provider to repay through receipts.
- 5.6 The traditional approach for disposing of surplus property assets would involve appointing an agent to market the site, agree terms and dispose of subject to contract. Procurement currently takes approximately 3 to 6 months, with a 3-to-6-month marketing period to ascertain best bids, 3 months legal negotiations and, up to 12 months for planning consent - a total of up to 24 months. If an OJEU (Official Journal of the European Union) disposal process had to be followed, this would delay procurement and disposal by a further 24 – 36 months.
- 5.7 Given team capacity constraints in the Business, Growth & Infrastructure directorate, there is a requirement to prioritise easily deliverable land disposals to accelerate housing delivery and the payment of cash receipts.

## **6.0 Affordable Housing Need and Demand**

- 6.1 Like many other areas, Bury is facing an increasing shortage of affordable housing with more and more people on low and medium incomes unable to rent or buy a suitable home that meets their needs. A Housing Need and Demand Assessment undertaken in 2020 estimates that there is a net shortfall of affordable homes to rent or buy for 448 households across the Borough each year.
- 6.2 At present, there are approximately 1,500 live applications on the Council's Housing Waiting list and around 45% of those require a 2 or 3 bed property. In addition, there are approximately 3000 people registered on the Council's Affordable Housing Scheme, the majority of these would like to buy or part buy (shared ownership) a 2 or 3 bed home.
- 6.3 Releasing assets and brownfield sites such as Wheatfields for affordable housing development gives the Council an opportunity to meet its housing targets and increase the supply of affordable housing across the Borough.

## **7.0 Proposal from Onward Homes**

- 7.1 The Council has been approached by Onward Homes, a registered provider and the dominant (and adjacent) provider of affordable homes in the Besses ward of Whitefield, to purchase the land and develop for affordable housing.
- 7.2 Onward Homes is part of the Greater Manchester Housing Partnership. They are the largest registered provider of affordable housing in the Northwest and have a good track record of delivery of affordable housing tenures. They own and manage over 35,000 homes and have significantly invested money and resources in the Borough. They are the largest stockholder in the Borough aside from the Council, with a sizeable portfolio of property on the Rivers Estate in Whitefield bordering the Wheatfields site.
- 7.3 Onward Homes propose to build a mixed tenure housing development of 30 affordable homes for affordable rent and shared ownership, predominantly 3 bed houses with some apartments and bungalows specifically for older people subject to planning, using grant subsidy from Homes England. This funding is based on the fact that this scheme contributes towards meeting the Government's home ownership objectives. The house types and tenure mix is as follows:
- 14 x 3 bed houses for shared ownership (minimum 25% purchase)
  - 4 x 3 bed houses for affordable rent
  - 6 x 2 bed walk up flats for affordable rent
  - 6 x 2 bed bungalows for affordable rent
- A copy of the proposed site plan can be found in Appendix 1.
- 7.4 The proposed scheme provides a range of homes that meet Homes England funding requirements. The layout provides allocated parking and private garden space and has capacity to accommodate 126 people in total, which will go some way towards meeting housing need in the Borough.
- 7.5 The 16 affordable rented properties would be managed by Onward. The Council has negotiated 100% nomination rights to these homes in perpetuity. Generally, the Council would only be entitled to 100% nomination rights on all first lets then 50% thereafter.
- 7.6 Shared ownership is a popular and well-established low-cost homeownership product which is an integral part of Homes England's national Affordable Homes Programme 2021 – 2026. Onward propose to sell a minimum 25% share of the equity in each of the shared ownership properties making them accessible to people on low to medium incomes. Under the provisions of the shared ownership lease, owners will have the right to increase their equity stake and can ultimately buy their property

outright should they choose to in the future. Early marketing of the 14 shared ownership properties to Bury residents has also been agreed.

7.7 The new homes will offer significant benefits to residents the Council and the general environment including:

- delivery of 30 much needed affordable homes for affordable rent and shared ownership on brownfield land with provision for older people, to help meet housing need and reduce pressures on the Councils Housing Waiting List.
- a route for low to medium income families to gain access to home ownership.
- removing operational holding costs and Council liabilities for derelict land and, any risks associated with Japanese Knotweed.
- homes built to 'Future Homes Standard' including the installation of energy efficiency measures to reduce fuel bills and cut carbon emissions.
- nesting bricks to side elevations in shaded areas to encourage wildlife and provide nesting opportunities.
- increased revenue from council tax and new homes bonus payments.
- cash generation in the form of a land receipt which will cover the cost of work expended on this site to date.
- 100% nomination rights in perpetuity to 16 affordable rented properties and early marketing of the shared ownership properties to Bury residents.
- Safer communities - reduction in crime and anti-social behaviour; reduced demand on public services.
- Improved visual impact of the area to boost wellbeing and create pride in the community.
- Creation of jobs as a result of the development.

## **8.0 Programme of Delivery**

8.1 Onward Homes estimate this to be a 15-month project from start to finish with a start on site in early 2022 and housing completions from Spring/Summer 2023. The Brownfield Funding Grant would be novated to Onward to enable them to meet their financial parameters. This would relieve the Council of its liabilities.

8.2 Once complete, the Council would receive additional council tax revenue from the new homes along with new homes bonus payments from the Government.

## **9.0 Commercial Proposal/Business Case**

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

9.2 It is believed that this proposal will accelerate the development of this site by 12+ months and the delivery of much need affordable homes in the Borough.

## **10.0 Red Book Valuation**

10.1. Details of the 'Red Book' valuation can be found in Part B.

## **11.0 Financial Implications**

11.1 The disposal of the land will result in 30 new affordable homes and the regeneration of a run-down area which will improve the local environment by reducing opportunity for crime and anti-social behaviour including fly-tipping.

11.2 The sale of the land to Onward will generate a capital receipt. Details of the capital receipt are contained within Part B of this report.

11.3 The Council has negotiated 100% nomination rights to all 16 affordable rent properties in perpetuity. This means that these properties will constantly be available to applicants on the Council's Housing Waiting List, particularly those who are homeless or at risk of homelessness. Early marketing of the 14 shared ownership properties to Bury residents has also been agreed.

11.4 The Brownfield Funding Grant would be novated to Onward which will relieve the Council of its liabilities.

11.5 120 homes would have to be built by a private developer to enable the delivery of 30 affordable homes through planning policy, and this site only has capacity for 30 homes.

11.6 The development proposals when complete will generate circa £50,700 per annum in additional council tax revenue.

11.7 The development proposals when complete will generate £46,056 per annum in new homes bonus payments.

## **12.0 Appendices:**

Appendix 1 – Proposed Site Plan.

Appendix 2 – Part B Cabinet Report (Exempt).

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## **13.0 Links with the Corporate Priorities:**

13.1 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.

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#### **14.0 Equality Impact and Considerations:**

- 14.1 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.
- 14.2 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 30 much need affordable homes for residents of the Borough.

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#### **15.0 Environmental Impact and Considerations:**

- 15.1 The new homes will be built to 'Future Homes Standard' including the installation of energy efficiency measures to reduce fuel bills and cut carbon emissions.
- 15.2 Nesting bricks to side elevations in shaded areas will encourage wildlife and provide nesting opportunities.

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#### **Assessment and Mitigation of Risk:**

| <b>Risk / opportunity</b>   | <b>Mitigation</b>  |
|---|--|
| The scheme doesn't get delivered.   | This is unlikely as Onward Homes will be investing a significant amount of money in achieving planning and, Homes England funding has been approved for delivery. If the scheme does not get delivered the Council will have received payment for the land and removed its liability for long-term maintenance and repair. |
| The proposal will generate 30 much needed affordable homes for residents of the Borough and help meet the Council's housing targets.  |  |
| This derelict site is a wasted resource and a liability to the Council. It is susceptible to fly-tipping, crime and anti-social behaviour and costs the Council time and money to maintain. | The sale to Onward will generate income and cost savings as it will remove any repair and maintenance liabilities to the Council and, result in other social, environmental and financial benefits including new homes bonus and council tax revenue (see 7.7 for more information).                                       |

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## **16.0 Legal Implications:**

- 16.1 Approval to dispose of this land was agreed by Cabinet in March 2021. The Council must ensure that it meets the requirements of the best value requirements of s123 of the Local Government Act 1972. The full commercial information is set out in part B of this report.
  - 16.2 Novation of the existing brownfield site agreement will be required
  - 16.3 Detailed legal advice will be provided at all stages.
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## **17.0 Financial Implications:**

- 17.1 This scheme will enable the construction of 30 new affordable homes with provision for older people and those with a disability. It will also generate a capital receipt and transfer the liability for the repayment of the Brownfield Housing development fund monies to the GMCA.
  - 17.2 The development proposals when complete will generate c. £50,700 per annum in additional council tax revenue to the Council, based upon current plans and current council tax levels.
  - 17.3 On the basis of compliance with the government's programme and dependant upon the wider delivery of housing supply, the development proposals have the potential to also generate £46,000 in New Homes Bonus payments. However, this is reliant upon the Council achieving the minimum threshold for new housing developments which it hasn't done for a number of years.
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## **Background papers:**

None.

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

| <b>Term</b>         | <b>Meaning</b>  |
|---------------------|---|
| OJEU                | Official Journal of the European Union in which all tenders from the public sector which are valued above a certain financial threshold according to EU legislation, must be published. |
| Registered provider | Also known as a housing association.  |