

Gloucester City Council

Meeting:	Cabinet	Date:	7 December 2022
Subject:	Transfer of Sites in Podsmead to Enable the Regeneration of the Estate		
Report Of:	Cabinet Members for Performance & Resources and Planning & Housing Strategy		
Wards Affected:	Podsmead		
Key Decision:	Yes	Budget/Policy Framework:	Yes
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Appendices:	1. Plans showing the Sites in Podsmead that are the Subject of the Report		
	2. Information of a commercially confidential nature (Exempt – Paragraph 3)		

GENERAL RELEASE (with the exception of Appendix 2)

1.0 Purpose of Report

- 1.1 The Council has been invited by Gloucester City Homes (GCH) to enter negotiations over the disposal of sites in the Council's ownership at Podsmead. This being with the intent of enabling the regeneration of the estate through the provision of housing as well as commercial and community facilities.
This report is intended to advise Cabinet members of the request made by GCH and the main issues and considerations affecting the disposal of the sites; and to obtain authority to enter into negotiations with GCH.
- 1.2 Should Cabinet resolve to proceed with the disposal as per the recommendation the matter would be brought back to Cabinet before any agreements are entered into and after the various negotiations and cost benefit analysis has been undertaken

2.0 Recommendations

- 2.1 Cabinet is asked to **RESOLVE** that delegated authority be given to the Property Commissioning Manager, in consultation with the Cabinet Members for Performance & Resources and Planning & Housing Strategy, the Head of Communities and the Head of Place to:
- i. Negotiate heads of terms with Gloucester City Homes (GCH) for the disposal of the freehold interest in the areas of sites shown edged Red on the Plan ("the sites") whether by one or more transactions, and that a cost benefit analysis informs the final decision on disposal
 - ii. Negotiate heads of terms with GCH on an agreement to provide affordable homes within the regeneration of the estate

- iii. If so required, to seek authority from the Secretary of State to dispose of the sites on the proposed terms
- iv. Negotiate terms with Gloucester United Schools Trust (GUS) for the release, relaxation or variation of the restrictive covenants affecting the sites.

3.0 Background and Key Issues to the Regeneration of Matson and Podsmead estates

3.1 A Strategic Partnership between GCH, Gloucester City Council (“the Council”), Gloucestershire County Council and the MP for Gloucester was formed in 2017 and together a Joint Future Vision for Matson and Podsmead was agreed. The organisations agreed to work together to identify land and funding opportunities to improve housing, local shops and local facilities, education, employment, health and environment to achieve the vision. Specifically, they agreed to:

‘Work together as partners to bring positive change, co-ordinating resources, land, planning and community consultation.’

3.2 In 2016 GCH secured funding from the Government to progress the regeneration of the two estates, and it commenced a master planning exercise for each. The masterplans were completed in 2018 and, following a consultation exercise carried out by the Council, documents containing the key principles that underpinned the masterplans were adopted by the Council as Supplementary Planning Guidance.

3.3 In 2020 GCH issued a ‘Case for Regeneration’, drawing on desk top research, its own knowledge of the two estates, and research amongst residents. The document presented a case to justify intervention to address issues of deprivation related to housing conditions, a lack of diversity and inefficiencies in the housing stock. Although meeting decent homes standards, much of the stock is of non-traditional construction and suffers from problems of deterioration and consequent high maintenance. The residents of the two estates also suffer from high levels of deprivation, and both estates fall into the 10% ‘most deprived’ in England according to the Index of Multiple Deprivation (IMD, 2019). It would also provide improved community facilities and could prompt wider community benefits, such as improvements to health and reductions in crime levels.

3.4 The regeneration of the estates is identified as a specific action in the Council’s Council Plan, 2022-24, where the Council will ***Continue to work with Gloucester City Homes to achieve the regeneration of Matson and Podsmead.***

3.5 GCH has, however, recently advised the Council that it no longer intends to pursue the comprehensive regeneration of the Matson estate, owing to the difficult financial viability of the scheme and the availability of sites to enable the development to proceed. They will continue to acquire and develop individual sites within Matson and refurbish properties identified to be most in need of improvement. In the light of this the Council will discuss with GCH amending the joint vision referred to in paragraph 3.1 and should consider amending the reference in the Council Plan accordingly.

4 Overview of the regeneration proposal for Podsmead

4.1 GCH has invited the Council to draft Heads of Terms setting out the main terms of the disposal of those sites required for the regeneration of the Podsmead estate.

Further details of the estate-wide development proposed as well as upon the sites currently in the ownership of the Council are included in Appendix 2.

- 4.2 The Council awaits details of the latest proposed scheme from GCH, which will form the basis of a Planning application, but it is anticipated that it will comprise the development or redevelopment of eleven sites over two phases throughout the estate. It will include the development affordable homes and homes for sale plus retail space and community facilities, new open space, play areas, and landscaping.
- 4.3 The scheme would include development on all or part of each of the eleven sites, three of which are in the ownership of the Council. The areas within the Council's ownership, which form the basis of this report, are delineated on the plan 2 at Appendix 1, identified as sites 1, 2 and 14.
- 4.4 The development proposed by GCH on the Council's sites, which are the subject of this report, includes the main areas of open space within the estate on Scott Avenue and Byron Avenue. GCH is proposing there a mix of affordable and market housing, commercial space and new community space. All of the development proposed is subject to securing Planning permission.
- 4.5 One of the main requirements of the scheme proposed by GCH would be the number of new, affordable homes provided on three of the sites. This would help meet a significant demand within Gloucester for social housing and would support the achievement of the city's target for net new homes, as identified in the Gloucester City Plan. In order to ensure that the scheme delivers the required homes the Council will require the following from GCH:
1. a local housing needs assessment, which identifies the current extent and demand for affordable homes in Podsmead and wider afield within the city, with particular emphasis on those residents in Podsmead who would be losing their current homes as a result of the regeneration;
 2. an agreement binding GCH to the provision of numbers and types of affordable homes within the development. This agreement would be informed by the local housing needs assessment. This document would support an application by GCH to the Government for funding towards the scheme.
- 4.6 The regeneration should also act as a catalyst to deliver immediate as well as long term social and economic improvements to residents. GCH has been supporting the Podsmead Big Local group for the past couple of years to produce a report that describes how the physical regeneration can *generate the momentum, focus and critical mass of connected investment that can enable improvements to the benefit of Podsmead residents, their local economy, and the wider city for generations to come* [Planning for a Positive Future: Podsmead, Economic and Social Plan (draft), 2022]. In order to ensure that the regeneration aims are clear and agreed from the outset, the Council will require as part of the planning submission the completion and submission of a Podsmead Economic and Social Plan, produced in collaboration with community groups and representatives.
- 4.7 GCH is in dialogue with Homes England and expects to submit bids for any deficit funding required to enable the scheme to proceed. The amount of funding available from Homes England will affect the financial viability of the scheme.

5. Title Issues

- 5.1 The sites that are the subject of this report are currently public open space, each landscaped and used for local recreation. In order to progress the disposal of the land the Council would need to be mindful of the following issues.

5.2 Sale of Public Open Space

The Council would need to advertise its intention to dispose (transfer) of the land in a local newspaper, following which members of the public can write in and object to the Council's intention to dispose of the land. A Cabinet decision would be required to dispose of the land having first considered any objections received. It is recommended that this is undertaken once precise details of the scheme have been identified

5.3 Best Consideration

The Council has a range of powers to dispose of the Property in question whether acquired for housing purposes or otherwise. The Council has a statutory duty to obtain Best Consideration. Section 25 of the Local Government Act 1988 overrides the requirement for any other consents from the Secretary of State.

- 5.4 The Council would need to ensure that public assets are not sold at an undervalue, save, if at all, with the consent of the Secretary of State. Once full details of the regeneration scheme are obtained the Council will instruct an independent valuer to value the land based on the whole project.

5.5 Restrictive Covenants

A portion of the sites included in the development proposal are covered by a restrictive covenant for which the beneficiary is the Gloucester United Schools Trust (GUS). The covenant restricts:

- The number of homes that can be developed to 8 houses per acre;
- Shops or business premises cannot be erected; and
- All buildings erected shall front certain roads.

Any breach of that covenant may result in a financial consideration being due to the trust on the uplift in the value of the land covered by the covenant. Given that both the Council and GCH are partners in the Masterplan and in the regeneration area, both could become liable for that consideration, should GUS enforce the covenant's provisions.

- 5.6 The Council and GCH jointly approached GUS in October 2021 to secure its consent in principle to allow the covenants to be lifted on the affected land to enable the regeneration to proceed. Following an independent valuation GUS has written to the Council agreeing in principle to allowing the covenants to be lifted or altered to allow development, subject to the payment of a minimum consideration and protection for the charity to secure any long term uplift in values achieved through the development.

6. Valuation of the Council's Property Assets

- 6.1 Officers obtained the advice of an independent valuer in 2020 to ascertain the value of those sites in the Council's ownership in Podsmead that would be included in the

regeneration scheme proposed at that time by GCH. The valuation identified a significant financial deficit in the scheme based upon the development costs and land values at the time.

- 6.2 Should members resolve to progress the disposal of the sites a further valuation will be secured of the Council's property assets.

7.0 Social Value Considerations

- 7.1 The economic and social benefits will primarily be set out in the Economic and Social Plan accompanying any planning application. The regeneration of the estate would expect to deliver significant social value, improving the quality of life of residents and the built and natural environment within the estate. However, given the value and scale of the development proposed, the Council will expect an additional social value contribution over and above the scheme itself. Officers will discuss with GCH how it and its development partners/contractors can deliver social value pursuant to the Council's Social Value Policy and maximise the social value benefits of the project.

8.0 Environmental Implications

- 8.1 The development proposed would lead to a reduction in open space within the estate. It would, however, likely be a requirement of the scheme that the public open space that remains will be enhanced through better landscaping.
- 8.2 During the masterplanning and planning application stages, the development will fully explore the opportunities to enhance the environment, addressing green infrastructure as well as steps to tackle climate change. The Council will seek to minimise energy usage both in the construction methods used and the lifecycle of the properties developed.
- 8.3 Sustainable Urban Drainage Systems (SUDS) will be used across the site and the policy requirement of the draft City Plan will be expected to be fully adopted.
- 8.4 In addition, GCH will develop the site in accordance with the Registered Housing Association Living Homes Standard which sets out the minimum requirements for all new homes. The Standard is a significant improvement on current building regulations as it ensures better environmental credentials for new homes by focussing on 6 categories which cover the core functions of a home and how it interacts with the wider environment for the benefit of the end user; Energy, water, carbon, comfort, space and place.
- 8.5 Officers have discussed with GCH the options around refurbishment of existing residential units as opposed to demolition. GCH proposes a hybrid model across the city, improving the environmental performance of many of its properties and redeveloping those where refurbishment is less viable.

9.0 Alternative Options Considered

- 9.1 Option 1: The Council approaches the market, inviting GCH and any other housing developer to provide one or more housing schemes in accordance with the policies within the Gloucester City Plan (including those relating to levels of affordable housing). The valuation secured by the Council in 2020 indicated a significant deficit

in the value of the scheme, which would require significant public subsidy. It is unlikely that the comprehensive regeneration of the estate would proceed in these circumstances. It is also considered unlikely that the piecemeal disposal of open spaces to enable market housing provision would secure planning permission.

- 9.2 Option 2: The Council withdraws from the scheme and does not dispose of the sites. This option would protect the status quo, including the provision of open space within the estate. It is very unlikely that the greater regeneration of the whole estate would proceed without the development sites in the Council's ownership, as the scheme depends on the value created through the development of the Council's sites as well as the creation of new homes to enable the relocation of affected residents.

10.0 Reasons for Recommendations

- 10.1 To authorise officers to enter negotiations with GCH to progress the regeneration of parts of the Podsmead estate.

11.0 Future Work and Conclusions

- 11.1 Should Cabinet support the recommendations contained within this Report, the next steps would be as follows:

- Cabinet authorisation to enter into negotiations
- Land valuation of the Council's sites
- Completion of Heads of Terms
- Consent of the Secretary of State to be sought if required
- Further report to Cabinet to agree the terms of the transfer

- 11.2 During the above process GCH would be submitting a planning application to the Council for the whole regeneration scheme, including the sites in this report. It is hoped that the above steps would be completed by the end of 2023.

12.0 Financial Implications

- 12.1 The advice of the Financial Services Manager has been obtained to inform the report. Their comments are included within Appendix 2.

13.0 Legal Implications

- 13.1 The Council has a range of powers to dispose of the Property in question whether acquired for housing purposes or otherwise; and also to provide financial assistance to Registered Providers.

- 13.2 As the land was originally acquired as part of housing land, the land is held under the provisions of section 32 of the Housing Act 1985.

- 13.3 Where the disposal is of public open space, prior to disposal a notice of the intention to dispose must be placed in the local press for 2 consecutive weeks, and any objections considered.

- 13.4 There are restrictive covenants which could affect the development. Steps will need to be taken for the negotiation of the release, relaxation or variation of those covenants.

14.0 Risk & Opportunity Management Implications

Risk	Mitigation
Following the transfer of the property GCH does not implement the regeneration in whole or in part.	The disposal of the site would be subject to a 'sunset clause' requiring the commencement as well as the completion of the development within a specific number of years. The transfer would be subject to an option giving first right of refusal to the Council at the same consideration as purchased should the development either not proceed or not be completed
There is significant opposition to the redevelopment proposed amongst local residents.	GCH has and will continue to consult with local residents over the scheme, and public consultation will be a requirement of the planning application. The messaging needs to emphasise the estate-wide benefits that will accrue to all residents from the regeneration, including the improvements to community facilities and the remaining open space, and the provision of employment opportunities within the commercial units.
The scheme proposed by GCH fails to secure planning permission	GCH has been in discussions with the Council's Planning Service on a Pre-application basis to understand the Council's requirements of the development.

15.0 People Impact Assessment (PIA) and Safeguarding:

- 15.1 The PIA Screening Stage was completed and identified potential negative impacts as a result of this recommendation. This includes the impact on homeowners within the estate, particularly those whose homes would be replaced, and the users of recreational facilities. Should the scheme progress, a full PIA would be prepared to assess the negative impacts that the development could have on residents.
- 15.2 The impact on residents within the estate will be identified in the Housing Needs Assessment (see paragraph 4.6). This document will enable officers to compare local housing needs with the mix of housing proposed by GCH, to ascertain any negative impacts of the scheme and to adapt the proposed scheme accordingly.

16.0 Community Safety Implications

- 16.1 The scheme will be delivered in accordance with one of the 13 key principles of the City Plan, namely "*Deliver development that achieves high quality design and layouts that integrates new and existing communities, reduces crime and the fear of crime, builds positively on local distinctiveness and contributes to the creation of an active, connected and sustainable city.*"

16.2 Should the regeneration of the estate proceed it is expected that it would lead to improved civic pride, characterised by lower levels of crime and antisocial behaviour than currently witnessed within the estate.

17.0 Staffing and Trade Union Implications

17.1 There are no staffing and trade union implications.

Background Documents: None