

Name of meeting: Ad Hoc Panel (Regeneration)
Date: 22nd September 2022

Title of report: Estate / Somerset Buildings and Residential Development in Huddersfield Town Centre

Purpose of report: To provide an update on the approach to residential development in Huddersfield Town Centre as part of the wider Huddersfield Blueprint including the delivery of Estate Buildings and Somerset Buildings.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	No
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u>	Private Report/Private Appendix – No
The Decision - Is it eligible for call in by Scrutiny?	Not Applicable
Date signed off by <u>Strategic Director</u> & name	David Shepherd 7 th September 2022
Cabinet member portfolio	Cllr Graham Turner - Regeneration

Electoral wards affected: Newsome

Ward councillors consulted: Not applicable

Public or private: Public report.

Has GDPR been considered? Yes – there are no GDPR implications to this report

1. Summary

The Huddersfield Blueprint is a ten-year vision to create a thriving, modern-day town centre. The vision for Huddersfield is that it will be a busy, family-friendly town centre that stays open for longer with a unique culture, arts and leisure offer and a variety of thriving businesses. The scale of investment and transformation, including high quality, innovative culture, arts and leisure offers will improve the attractiveness of the town centre as a place to live, providing new opportunities for residential development.

In turn, new residents and new residential spending will help to sustain culture, arts and leisure developments within the town centre.

The Blueprint **vision** for Huddersfield town centre living is:

“To create a vibrant community in Huddersfield Town Centre, attractive to young professionals, with strong connections to neighbouring cities and the Pennines.”

1.1 To make the Blueprint vision a reality, the proposal is delivery of residential development which:

- Increases opportunities to deliver a mix of town centre residential developments, including making best use of heritage buildings.
- Delivers and supports schemes that provide opportunities to buy and rent, improving the quality of accommodation across the town centre.
- Boosts the desirability of Huddersfield's housing market to potential residents and ensures affordable homes are built in the right places, based on housing market demand and needs.
- Improves how the town centre looks, how accessible it is and links to proposals for enhanced public spaces.
- Compliments and is near to attractive leisure, culture, shopping and dining opportunities which are the heart of town centre living

The Huddersfield Town Centre Living Plan has been developed to set out the vision, objectives, opportunities and actions to encourage more people to live in the town centre and contribute to the wider aspirations of the Huddersfield Blueprint. See appendix 1

1.2 The initial proposals for residential development in Huddersfield Town Centre will focus on two Council owned assets, Estate Buildings and Somerset Buildings.

Utilising these existing assets has the following advantages:

- The market for high quality development in Huddersfield town centre is untested. Utilising existing buildings provides an opportunity for the Council to use its own assets to create a high quality product with excellent space standards, providing the chance to set the standard and start to create the residential market which will support the wider Blueprint vision and provide an exemplar to the wider development market of the quality which can be achieved using Huddersfield's heritage assets
- Both buildings are in locations which support the wider Blueprint vision. Estate Buildings is strategically located to be part of the Station Gateway element of the Blueprint, and will support the concept of attracting and retaining graduates with easy access of public transport.
- Somerset Buildings is located near St Peter's Gardens, an area identified for improvement in the Blueprint. St Peter's Gardens provides the opportunity to serve an important function as greenspace to support residential development. It is only a short walk from the station and again supports the concept of attracting and retaining graduates.

- Development of housing in these locations is sustainable, reusing existing assets and located with easy access to public transport and services within the town centre, thereby supporting low carbon development.

2.0 Estate Buildings and Somerset Buildings

Cabinet agreed on 5th July 2022 to proceed with the first phase of development and enter into an exclusivity period with Thirteen Group in relation to Estate Buildings and Somerset Buildings.

Thirteen Group (“Thirteen”) is a large developing, not for profit, housing association based in the north east.. They have a strong financial standing and are a strategic partner of Homes England, having secured £191 million of investment from Homes England in the 2021 to 2026 programme to deliver 3,270 affordable homes, with 50% of these to be in Yorkshire and Humber (1635 homes).

Thirteen are already working with the Council to deliver the Registered Provider Cluster Programme across five sites in the district. Thirteen approached the Council with their proposal to deliver high quality residential units in Estate Buildings and Somerset Buildings following a visit around Huddersfield town centre.

Thirteen have the following advantages as a partner:

- They are of robust financial standing and have secured a significant grant allocation from Homes England to support them in delivering housing.
- They have a strong set of corporate values which align with the Council’s corporate priorities. Thirteen’s vision is to provide safe, quality homes and services to the best environmental standards, with a focus on providing quality neighbourhoods and a great customer experience.
- Thirteen have the best rating possible from the Regulator of Social Housing – V1 and G1. This means that they have been assessed as having the financial capacity to deal with a wide range of scenarios, and that they have strong governance arrangements in place.
- As part of their funding allocation from Homes England, Thirteen are committed to developing housing in town centres. Thirteen have ringfenced grant funding of £654,544 from their Homes England allocation to deliver Somerset Buildings and £1,396,544 to deliver Estates Buildings.
- They are committed to delivering place-based regeneration within older housing areas and town centres and are already building homes on challenging brownfield land sites, such as Union Village, Gresham, Middlesborough where they are redeveloping a brownfield site for 145 new homes.
- Town centre regeneration is a priority for Thirteen, and they are aware of the challenges of making town centre living attractive and sustainable and they have specific expertise in delivering town centre housing, having delivered a similar scheme in Middlesborough
- They are experienced in building and managing housing and will bring much needed resources to the Kirklees district, as part of the Council’s wider programme of housing growth.
- They will also bring vital resources to the support the Council in housing delivery, at a time when resources are stretched and staff with expertise in the housing delivery and wider development field are difficult to secure.
- Alongside housing delivery, Thirteen are focussed on the social value that they can deliver for the district as well as delivering housing units. As part of their existing work with the Council (on the RP clusters project) they have actively cultivated relationship with the Employment and Skills Service, and they are working proactively with both the Employment and Skills Team and Huddersfield University to look at what opportunities there are to provide training and apprenticeships and look at factors in retaining graduates.
- They are actively seeking to move to zero carbon ready and are developing a prototype house type that delivers net zero carbon, and Thirteen work actively with their suppliers, partners and contractors to reduce carbon in their supply chain.
- Thirteen have actively sought feedback from graduates at Huddersfield University, which has confirmed that they are interested in residential proposals of the type being proposed by Thirteen.
- Thirteen also have a track record in the development of housing for older people and are actively working on approaches to older people’s accommodation in town centres.

- This also links to the concept of a “15 minute neighbourhood” – a concept of a resident being able to access most of all of the services needed within a 15 minute walk of their home. This supports a reduction in car use. Both older people, and graduates, have been shown to be actively interested in this concept.

2.1 The Council will enter in to a twelve month exclusivity period with Thirteen at the end of which they would have the option to purchase Somerset Buildings and Estate Buildings at market value. This would obviously mean that during both the exclusivity period and the option period, the properties would not be available for anyone else to purchase. The exclusivity period will be for 18 months but determinable by and with the approval of the Strategic Director after 12 months, if Thirteen have made not made significant progress against the milestones set out below.

This arrangement is the subject of an appropriate legal agreement, with milestones against which Thirteen have to make demonstrable progress.

These milestones are:

Enter in to exclusivity agreement	Sept 2022
Complete review of existing feasibility work and provide initial design proposals	October 2022
Complete design development/proposals	January 2023
Complete soft market testing	February 2023
Final proposal for buildings to the Council	May 2023
Development appraisal submitted to Council	May 2023
Independent external valuation	June 2023
Develop planning application/listed building consent application	September 2023
Enter in to option agreement	October 2023

2.3 Plans for future phases of new homes in the town centre will be developed alongside taking Estates and Somerset forward, with the aim of increasing private sector residential development in the town centre. The Huddersfield Town Centre Living Plan identifies zones in the town centre for future residential development opportunities, engagement with the market will take place to promote and support interest from investors and developers for this long term strategic ambition.

3.0 Implications for the Council

3.1 Working with people

This programme of housing development will bring much needed high quality housing to the district including the potential for affordable homes. This project will provide housing that meets the needs of local people and helps to retain graduates within the district. Consultation and research has already been undertaken with students from Huddersfield University, and this has provided evidence of many student’s aspiration to remain resident within Huddersfield town centre.

In addition, as part of the construction process, the benefits to the local supply chain and opportunities for apprenticeships and training will be maximised by the partner.

3.1 Working with Partners

The project will bring essential resources to the Kirklees district, as part of the Council’s wider programme of housing growth. Thirteen is an ambitious and committed partner who’s values align with the Councils, and with the highest possible rating from the Regulator of Social Housing who will bring vital resources to support the council in housing delivery, at a time when resources are stretched and staff with expertise in the housing

delivery and wider development field are difficult to secure. The Council will also work with Homes England and West Yorkshire Combined Authority to maximise funding opportunities and meet our collective ambitions

3.2 Place Based Working

Residential development in these town centre locations supports the wider approach to delivery of the Blueprint and addresses specifically the need to provide housing to retain graduates and provide an affordable but quality housing product in Huddersfield Town Centre. In turn, increasing the number of residents in the town centre will help to support and sustain retail and leisure uses.

3.3 Climate Change and Air Quality

Housing development in these locations both provides and aims to create a market for town centre housing. It re-uses existing assets and is in a sustainable location within easy reach of strategic transport links via trains and buses. The proximity to town centre leisure and retail uses removes the need for car ownership. Thirteen are actively seeking to move to zero carbon ready development and are developing a prototype house type that delivers net zero carbon, they work actively with their suppliers, partners and contractors to reduce carbon in their supply chain. Thirteen's ongoing experience of delivering projects focusing on the zero-carbon agenda including retrofit to existing stock will support the ambition to maximise the use of green technologies in the town centre properties.

3.4 Improving outcomes for children

There will be no impact

3.5 Financial Implications for the people living or working in Kirklees Council

New homes in Estates Buildings and Somerset Buildings will be located in a sustainable town centre location, with easy access to public transport and removing the expense of car ownership. Furthermore, Thirteen will use their existing expertise to make properties as energy efficient as possible, reducing costs for occupiers.

3.6 Other (eg Integrated Impact Assessment/Legal/Financial or Human Resources)

The details of the financial and legal implications will be set out in the update report to Cabinet which will follow on from the detailed design and appraisal work needed to scope out the developments during the exclusivity period.

4.0 Consultees and their opinions

Officers in Legal and Procurement have been consulted throughout the development of the project. The Council's disposals and acquisitions policy states that:

"Disposals to nominated purchasers will be considered by the Council where this meets an identified regeneration, social or community need. All 'off market' disposals to nominated purchasers will be subject to an independent external valuation to determine best consideration."

A future sale of the buildings to Thirteen would meet the criteria of delivering the regeneration of Huddersfield Town Centre by supporting delivery of the Blueprint vision, it would also meet an identified need for housing.

5.0 Next steps and timelines

We are progressing work to enter into an exclusivity period with Thirteen in relation to Estate Buildings and Somerset Buildings for a period of 18 months (determinable by the Council after 12 months if agreed milestones are not achieved).

The exclusivity period will include the milestones set out above, to include the following principles:

- If insufficient progress is made against the milestones, the Council will have the right to end the exclusivity agreement after 12 months
- Thirteen will be responsible for the costs of any work they undertake, including work commissioned externally from their organisation (e.g. architects, engineers etc).

- All outputs from the work will be shared with the Council and the Council will have the right to use any intellectual property including plans, feasibility and market work to take work on the buildings forward if Thirteen chose not to proceed
- If the Council choose not to proceed, they will meet Thirteen's reasonable costs for any externally commissioned work (e.g. architects, engineers) and any associated costs of transferring the intellectual property rights for this work to the Council.
- Officers will work with Thirteen to progress next steps including development of an appraisal and a valuation for both buildings.

A further report will be presented to Cabinet for consideration once substantial progress has been made. This will set out the plans proposed including the key features of the worked-up schemes and recommended disposal. This will be in advance of the Planning Application submission

6.0 Officer recommendations and reasons

Scrutiny is asked to note the report and give views on the approach outlined.

7.0 Cabinet Portfolio Holder's recommendations

Not applicable

8.0 Contact officer

Adele Buckley Head of Housing Growth and Regeneration
Adele.buckley@kirklees.gov.uk

9.0 Background Papers and History of Decisions

Appendix 1 – Huddersfield Town Centre Living Plan

Residential Development in Huddersfield Town Centre - Cabinet Decision 26th July 2022

10.0 Service Director responsible

Joanne Bartholomew
Joanne.bartholomew@kirklees.gov.uk