

Gleadless Valley

A great place to live and grow



Meeting:	Gleadless Valley Regeneration Board
Meeting date:	24 th March 2025
Subject:	Castelayn site disposal
Author:	Karen Mumford
Action required:	For decision

Report purpose

This report was circulated to Board members on 19th February following a number of requests for further information about this issue.

The Board is now being asked to agree that the site of the former Castelayn care facility is included in the first phase of sites to be disposed of through the council's programme of 'Disposal of Council Owned Land for 100% Affordable Housing'.

Updated position

At the previous Board meeting on 16th January 2025 a brief verbal update was provided on the proposed delivery route for new housing on the former Castelayn care home site. Members requested further information which was provided in the paper overleaf.

The paper recommends including the site in the council's programme for Disposal of Council Owned Land for 100% Affordable Housing. This represents a brilliant opportunity to kick-start the housing elements of the regeneration programme, create a development partnership with a housing association and rapidly provide rehousing options for local residents, all by piggybacking on a city-wide programme in order to benefit from a high profile and economies of scale.

Since circulation of the paper, two further verbal comments were received from Board members. One Board member requested sufficient opportunity to understand the details of the proposal as it develops. We propose that this request will best be accommodated outside of the formal Board meetings by circulating the draft development brief for the site to Board members and holding a



workshop open to all Board members to discuss the brief. We expect the brief to be drafted in early summer.

Another Board member suggested linking this site to another, less attractive, development site in Gleadless Valley (for example a sloping site) as a way of getting less attractive sites built out. The idea has been given consideration by officers. The principle of packaging up sites so that more financially viable sites effectively cross-subsidise less viable sites is a good one and will definitely be applied to the procurement of development or investment partners for strategic sites identified as part of the programme, but at this stage officers don't believe that seeking to link Castelayn to another site is the right option for the following reasons:

- It would complicate the disposal and would risk delays to programme.
- We do not have any other sites yet identified for development.
- Less attractive sites are likely to involve rehousing and demolition of existing homes. This would involve a much more complicated development agreement and a much longer timescale for delivery.
- While Castelayn is an attractive site in that it is flat and in an established a relatively successful residential area, the potential for a housing association purchasing the site to realise any excess value on the site will be very limited by the council's requirements which are likely to include 100% social or affordable rent.
- By sticking to a single site disposal, the council will receive a higher payment for the land. The receipt can then be used to subsidise development on less attractive sites in future.

Officers will however keep this option under review if the work of the masterplan review identifies other sites that might be suitable to package up with Castelayn within the timescales for the first round of disposals under the council's programme for Disposal of Council Owned Land for 100% Affordable Housing.

Noting the above, the Board is now asked to agree that the site can be included in the city-wide disposal programme so that progress can be made.



ORIGINAL PAPER FOLLOWS

Introduction

The Gleadless Valley Regeneration Team are proposing that the site of the former Castelayn Care facility is included in the first phase of sites to be disposed of through the council's programme of 'Disposal of Council Owned Land for 100% Affordable Housing'

This programme is one of the delivery programmes within the council's recently adopted Housing Growth Delivery Plan. The aim is to identify and dispose of surplus council-owned sites/land across the city that are suitable for the delivery of new affordable housing. It is expected that the sites will be acquired for development by Housing Associations (Registered Providers).

Background

The Castelayn site, formerly a care home, is council-owned land that has been declared surplus by Adult Social Care. Following its closure, the site was demolished and cleared with support from the One Public Estate Brownfield Land Release Fund 2, making it ready for redevelopment. Covering approximately 0.6 hectares, the flat site now presents an opportunity for future use, contributing to the area's regeneration efforts.

The Brownfield Land Release Fund requires the development of at least 24 affordable homes on the site, ensuring it contributes to local housing needs. To secure funding, the project must be in contract to build by March 2027, demonstrating a clear timeline for delivery. Additionally, all communications and branding related to the development must align with the One Public Estate guidelines, ensuring consistency with national and local government initiatives.

Benefits

Including the Castelayn site in the council's programme for Disposal of Council Owned Land for 100% Affordable Housing offers the following benefits:

1. Demonstrating early progress in the regeneration of Gleadless Valley. Developing this site now demonstrates our commitment to improving the area while broader regeneration plans are being developed.
2. Addressing local housing demand.
3. The new homes could be used to rehouse residents from the first phase of redevelopment or major refurbishment, thus unlocking those schemes.
4. Bringing external investment into the area, allowing council funding to be used for other projects.
5. An efficient route to securing a development partner by piggybacking on a council-wide programme.
6. Testing market interest from housing associations in developing new homes in Gleadless Valley.

Site disposal process

The city-wide programme identified over 60 potential sites across Sheffield and due diligence has been undertaken on sites that could form a first phase of disposals. This has included an



internal planning review, consultation with local members, officer consultation and soft market testing with the main developing Housing Associations within the city. The Castelayn site was not included in the first phase of this soft market testing, however discussions have taken place with individual Housing Associations. Further due diligence on short listed sites will be commissioned via Homes England. This will include a legal review and mapping of utilities.

After a review of potential disposal strategies, a procurement-led approach is being proposed. This approach allows the Council to specify its requirements for the individual sites that it is going to dispose of. Requirements for the sites have not yet been finalised, but it is likely that along with standard ones across all sites, for example the provision of 100% affordable housing and nomination rights, some may vary depending on the size, location, and individual circumstances of the site. This means that we will be able to set a specific brief for Castelayn to ensure the right mix of properties to suit local housing needs and/or rehousing requirements.

It is anticipated that sites will be released in phases. Subject to the necessary council approvals, it is currently anticipated the first phase (including Castelayn) will be released in the summer of 2025. It is important to note that this will be influenced by the timing of announcements from the government and Homes England on the next programme of development funding for Housing Associations.

The procurement process will provide bidders with the requirements for the site, and the criteria for evaluating bids along with a pack of technical information pulled together from the due diligence carried out. The evaluation criteria for the bids are still to be developed but are likely to include the proposal for the site and future management arrangements for the stock and tenancies.

Following evaluation of bids and the relevant internal approvals, a legal agreement will be entered into with the successful bidder. The form of contract proposed is a 'development agreement' which is a contract for sale of the land that requires the purchaser to build a development on the site that meets the council's specification. The agreement will contain a variety of conditions linked to the sale of the land including delivery timescales to ensure timely progress on the site is made.

Once the legal agreements have been signed, the successful bidder will be required to start to work up a planning application which if approved will lead to a start on site and transfer of the land.

Council approval process

Recommendations for the disposal route and the approval to dispose of the sites will be the subject of a report and associated briefing to the council's Finance and Performance Policy Committee. Briefings will also be offered to the council's Transport, Regeneration Climate and Housing Policy Committees because of the cross-cutting nature of the project. This approach to governance was agreed via a briefing to the council's Strategy and Resources Committee in November 24.

Indicative Timeline

- Tender process launched summer 2025



- Planning application early 2026
- Start on site 2026-2027
- Completion 2028

