

**CABINET MEETING: 12 OCTOBER 2017**

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**ACQUISITION OF NEW BUILD HOUSING SCHEME AT  
COLLEGE BUILDINGS, COURTENAY ROAD, SPOTT FOR  
COUNCIL HOUSING**

**HOUSING AND COMMUNITIES (COUNCILLOR LYND  
THORNE)**

**AGENDA ITEM: 9**

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**DIRECTOR OF COMMUNITIES, HOUSING AND CUSTOMER SERVICE**

***The Appendices to this report are not for publication as it contains  
exempt information of the description contained in paragraph 14 of Part 4  
and paragraph 21 of Part 5 of Schedule 12A to the Local Government Act  
1972***

**Reason for this Report**

1. To approve the Council entering into a contract with Cadwyn Housing Association for the acquisition of new flats to be built on the Courtenay Road, Splott site for an agreed contract sum.

**Background**

2. The Council has a target of delivering at least 1,000 new council homes within 5 years and this scheme will be part of this delivery.
3. The site is located in the Splott area of Cardiff, to the East of the City Centre and to the south of Newport Road. The site is surrounded by residential properties and the area mostly consists of terraced housing.
4. The site is a flat and rectangular with the principal vehicular access from Courtenay Road, although there is a secondary smaller entrance to the rear of the site via University Place. The area is in a good location for access into the city centre, being served by a regular bus service along Splott Road immediately to the west of the site and Habershon Street immediately to the north.
5. The Splott ward is identified as an area where there are high levels of housing need for both Council and Registered Social Landlord affordable rented properties. The apartments will provide much needed quality council homes in a city centre environment with all the benefits of good access to local amenities and public transport.

6. Planning consent has been granted for a development of 2 small and 1 larger contemporary apartment blocks which will regenerate a currently vacant site. The scheme will consist of 20 x 1 bed apartments and 10 x 2 bed apartments. A planning permission was issued on 15<sup>th</sup> June 2017, and all apartments are designed to Welsh Government Design Quality Requirements (DQR).

## Issues

7. **Costs** – the scheme is being offered to the Council under a ‘package deal’ arrangement. ‘Package deals’ are a way of generating new affordable housing developments where the scheme proposal, site layout and unit designs are led by the developer or landowner, which in this case is Cadwyn Housing Association who own the land. The Council will enter into an appropriate form of contract and the cost of the ‘package deal’ (build costs, land costs & on-costs) offered by Cadwyn Housing Association has been independently verified by Strongs Partnership Ltd, Chartered Quantity Surveyors on behalf of Cardiff Council. This is attached in appendix 1.
8. **Land Valuation** - the land value has been assessed and verified by the District Valuation Service at 20<sup>th</sup> July 2017. This is attached in appendix 2.
9. **Financial Viability** – the total scheme is being offered to the Council on a ‘turn-key’ basis for a fixed sum of which includes acquisition costs, works and all fees/charges. A ‘turn-key’ basis means they will be providing completed units that are ready for immediate occupation.
10. The scheme viability has been assessed using the ProVal Viability Toolkit, with the baseline viability indicating that the scheme would achieve a payback of circa 37 years, with an allocation of 58% subsidy. The amount of subsidy required represents the same as the rate a Registered Social Landlord (RSL) would use when applying to Welsh Government for funding.
11. For the purposes of viability we have assumed current standard rents for 1 and 2 bed flats with no uplift for a new build premium. If a new build uplift is implemented this will improve the viability.
12. Given that the scheme is not viable without subsidy, we will be submitting the scheme to Welsh Government for inclusion within Cardiff Council’s ‘Affordable Housing Grant’ (AHG) allocation. The ‘Affordable Housing Grant’ (AHG) is a grant being made available to subsidise the yearly servicing of private finance (interest and capital) to build affordable housing, and will be available over a 29 year period. Should the scheme not be approved for Affordable Housing Grant Planning Gain funding will be used.

## **Local Member consultation**

13. Local Ward Members have been consulted about this proposal – no objections have been received.

## **Reason for Recommendations**

14. The recommended decision is that the Council proceed with entering into an appropriate contract with Cadwyn Housing Association for the acquisition of 30 new flats to be built at the Courtenay Road, Splott site for the purpose of new Council houses for an agreed contract sum.
15. To enable Communities & Housing to purchase the units for new Council house development within the Housing Revenue Account (HRA) as part of the delivery of 1,000 new council homes.

## **Financial Implications**

16. The report proposes the purchase of Housing units to make available for Social Housing. Funding is available in the approved HRA Capital Programme and Business Plan for the purchase and development of new units to support the delivery of new homes.
17. As identified in the report, the development of the site will require a subsidy to ensure affordability and options are available to secure subsidy in terms of WG support and Affordable Housing Planning Gain where received or certain in terms of receipt. Any finalisation of legal agreement will be subject to confirmation that subsidy is in place, including review of the terms and conditions of any eligible WG Funding.
18. Long term HRA Capital expenditure plans must remain within the current cap set by Welsh Government and remain affordable in the long term.

## **Legal Implications**

19. The Council is acquiring houses for the purpose of providing housing accommodation in accordance with its powers under Part II of the Housing Act 1985. The Council is required to obtain value for money from its property acquisitions and in this case supporting advice from the District Valuer and external costs consultants is set out in the appendix 1 & 2 to this report.

## **Strategic Estates Implications**

20. The Council's in-house surveyor is content with the external advice for the purposes of the Council's Procedure Rules for the Acquisition and Disposal of Land

## **RECOMMENDATIONS**

Cabinet is recommended to delegate authority to the Director for Communities, Housing & Customer Services to enter into a contract (following Due diligence and viability approval) with Cadwyn Housing Association, for the acquisition at an agreed contract sum, of 30 new build flats to be developed by Cadwyn at Courtenay Road Splott.

**SARAH MCGILL**

**Director of Communities, Housing & Customer Services**

6 October 2017

*The following appendices are attached:*

Appendix 1 – Independently verification Strongs Partnership Ltd (confidential)

Appendix 2 - District Valuation Service Land Value Assessment (confidential)

*The following background papers have been taken into account*

The viability assessment