

**HOUSING PARTNERSHIP PROGRAMME – UPDATE ON
PROCUREMENT.**

**REPORT OF DIRECTOR OF COMMUNITIES, HOUSING &
CUSTOMER SERVICES**

AGENDA ITEM:10

**PORTFOLIO: HEALTH, HOUSING & WELLBEING (COUNCILLOR SUSAN
ELSMORE)**

Reason for this Report

1. To update Cabinet on progress to appoint a Partner Developer to deliver the Housing Partnership Programme, to set out the final list of development sites for inclusion within the programme and to set out the requirements under the Local Government Act 1972 and the Planning Act for the appropriation of HPP sites for planning purposes, the requirement to dispose of land for best consideration and the need to advertise a proposed appropriation or disposal of public open space.

Background

2. The Housing Partnership Programme is a key project for the Council tackling housing need by providing new housing developments across the city. It is anticipated that up to 1500 new properties will be built through the programme of which 40% (around 600) will be new council homes.
3. The programme will achieve high standards of sustainability and energy efficiency ensuring that all properties built (including open market) meet high energy performance standards which will tackle fuel poverty by making the properties affordable to heat no matter what tenure. Further more, regard is taken to 'Life-time home' standards and the 'Code for sustainable homes' which will mean we future proof new build council properties to remove (where-ever possible) the need for future adaptations.
4. Wider sustainability will be embedded within the programme as we require the developments to have a positive impact on their surrounding environments. This could include improvements to the surrounding streets/housing stock and improvements to public open space.

5. Subject to financial viability, we will trial a PassivHaus development within phase 1 to understand more about the positive impact of this type of development along with achieving a better understanding into the management and maintenance of these type of buildings.
6. The Cabinet Report dated 11 October 2012 gave delegated powers to the Director for Communities, Housing and Customer Contact in consultation with the Cabinet Member for Communities, Housing and Social Justice, the Chief Corporate Services & Section 151 Officer, the Corporate Chief Officer and the Chief Legal & Democratic Services Officer to determine tender criteria, carry out all stages of the procurement process and appoint a development partner for the Programme.
7. In December 2012 Estates & Property consultants GVA Grimley were appointed to assist in the development of an Outline Business Case for the project and the deliver a procurement process to appoint a partner to deliver the entire programme of development (both new build council housing & houses for open market sale).
8. The outline business case was approved by the Housing Partnership's Governance Board in November 2013. It set out that the gross development value of the project was circa £150,000,000 (development value of open market sale housing & council housing) and the preferred procurement route should be Competitive Dialogue.
9. The outline business case also set out that, although the anticipated gross development costs of the new council housing was circa £52 million, there is sufficient land value across the portfolio of sites to reduce the net cost to the council to within the previously approved HRA investment of £33 million (this represents the maximum exposure to borrowing against the HRA under this contract). The final development costs will be known following the completion of the procurement process.
10. The HPP has 4 key priorities:
 - Maximise the delivery of affordable housing
 - Build sustainable homes and communities
 - Provide robust community benefits & community engagement activities
 - Maximise the Council's resources (land & Capital)
11. To ensure these key objectives are met the project team have developed a 'Cardiff Design Standard' and a 'Project Descriptive Document'. These set out the required standards in detail covering all aspects of design, energy performance, lay-outs, planning & housing policy as well as expectations relating to local training & employment placements and community engagement. Colleagues in Planning have inputted into these documents in setting the standards required to ensure we achieve "Liveable City" design standards. These documents form background papers to this report.

12. Full consultation has taken place with Welsh Government who are very supportive of our programme of development, scheme principles and standards to be achieved.
13. There are a number of minimum requirements which the Partner Developer must meet:
 - There must be 40% affordable (council) housing delivered within each phase.
 - Phase 1 must be delivered between 2015–2020.
 - Braunton Crescent and Clevedon Rd sites are to be developed first
 - There needs to be a level of affordable housing on every site which as a minimum adheres to City of Cardiff Council planning policy of 30% affordable on Greenfield sites and 20% on Brownfield sites
 - A 17% uplift in relation to energy performance against Part L of the Building Regulations 2014 (fabric first) for every property built, including properties for open market sale.
 - Compliance with Code for Sustainable Homes level 3 as detailed in the Cardiff Design Standard.
14. 43 parcels of land have been identified for inclusion in the HPP the details of which are in Appendix 1. Sites vary in size and in development potential and impact differently on the overall financial viability of the project. The intention is that the sites that are considered difficult to develop and carry a negative land value are cross-subsidised by the more desirable sites throughout the development programme.
15. In order to ensure there are adequate project review periods in place, the portfolio of sites have been separated into 3 phases each capable of delivering around 500 housing units. The developer will only be invited to 'roll-onto' phases 2 & 3 if agreed outcomes are met including meeting the Cardiff Design standards, delivering an agreed number of training placements and local labour placements and other agreed key outcomes:

Phase 1: 2015 – 2019

Phase 2: 2019 - 2022

Phase 3: 2023 - 2025

Update on Procurement

16. The Competitive procurement process consists of 4 stages; Pre Qualification Questionnaire, Outline Solutions, Detailed Solutions and Call for Final Tender. The process allows for dialogue sessions with bidders at each stage so that submissions and requirements can be refined as necessary.
17. **Pre-Qualification Questionnaire:** The documents were issued in March 2014 with a final date for submission of 9 May 2014. 7 Submissions were received with one bidder failing to meet the minimum requirements and therefore being removed from the process at that stage. The Governance

Board met on 30 May 2014 and approved the recommendation that the 6 remaining bidders be invited to submit an outline solution in accordance with delegated authority.

18. **Outline solutions:** The remaining Bidders were invited to participate in Outline Solutions (the deadline to submit Outline Solutions was noon on 24 November 2014).
19. In line with the approved Competitive Dialogue process each bidder was allocated 2 dialogue sessions. All bidders attended their first allocated dialogue session, However, two bidders withdrew from the process before their 2nd Dialogue sessions. The reasons cited by each Bidder for withdrawing from the process did not give concern over project viability.
20. Following the completion of the second dialogue session one Bidder withdrew from the process and another failed to submit a bid by the deadline. However, the remaining 2 bidders submitted their Outline Solutions by the deadline:
21. Both submissions were evaluated and proved to meet the minimum requirements, therefore both Bidders (who are both major house builders) were invited to submit a Detailed Solution pursuant to delegated authority.
22. **Detailed Solutions:** Both bidders have submitted a detailed solution by the deadline of 1 June 2015. The bids are currently being evaluated before a recommendation is put to the Governance Board regarding a call for Final Tender pursuant to delegated authority. (The Governance Board is due to take place late July 2015).
23. The HPP project team are required to undertake a detailed viability review of both bids at this stage. The viability considers the costs submitted by the Bidders in the line with the outline business case, reviewing construction costs, projected land values, development programmes, profit margins overheads, site infrastructure costs and projected planning gain requirements.
24. The financial viability review will also consider the net cost to the council for the delivery of the affordable housing units to ensure we are receiving value for money, that development costs are within Welsh Government Acceptable Cost Guidelines, that land values from attractive sites are sufficient to cross-subsidise difficult sites with negative values and that the scheme can be delivered within the parameters as set out in the Outline Business Case.
25. The project is currently on programme to invite Bidders to submit a Final Tender to complete the Competitive Dialogue process and be in a position to recommend a Partner developer appointment by **September 2015**.

Issues

26. Delegation was given in the October 2012 Cabinet report to the Director of Housing & Communities to add or omit sites into the HPP programme. As such the final development schedule has now been agreed and finalised for the procurement process. This final schedule is set out in appendix 1, identifying the 3 phases of development as required.
27. Throughout the procurement process the HPP Project Team has worked to undertake all necessary enabling of the phase 1 sites including the appropriation of General Fund land, demolition of empty buildings, topographical surveys, ecological surveys, ground investigation work, obtaining land titles and identifying any Rights of Way, easements or public open space issues.
28. In order for these sites to be developed for housing purposes notwithstanding interference with any easement or other right attached to the land approval is sought for Housing Partnership sites to be appropriated (pursuant to Section 122 of the Local Government Act 1972) for "Planning Purposes" under Section 227 of the Town & Country Planning Act 1990 with the relevant land not being needed for its current purpose during development. Delegation is sought for the Director of Communities, Housing & Customer Services to appropriate sites.
29. Before appropriating any site which includes public open space the Council is required to publish notice of its intention to do so on two consecutive weeks in a newspaper circulating in the area and to consider any objections which may be made to the appropriation. Delegation is sought for the Director of Communities, Housing & Customer Services to publish notices and deal with any responses.
30. By virtue of Section 223 of the Planning Act the Council is empowered to dispose of land held for planning purposes for development of open market housing. This aspect of the Housing Partnership Programme is imperative in order that land receipts received for the parcels of land used for open market housing are realised to reduce the net cost of the council housing. Approval is sought from the Cabinet for the disposal of land through the Programme for this purpose with 'Best Consideration' being based on the on-going procurement exercise and valuations which will be achieved pursuant to appraisals on the draw down of sites. Delegation is sought to the Director for Communities, Housing & Customer Services to approve each disposal as necessary.
31. Save for the site development function of appropriating to planning purposes, the sites are held pursuant to section 32 of the Housing Act 1985 and section 133 of the Housing Act 1988 which require the consent of Welsh Ministers to the disposal of land held under part 2 of the Housing Act 1985. Authority is given for the Director of Communities Housing & Customer Services to apply for that consent and to accept its terms.

32. Before disposing of land pursuant to section 233 which includes public open space the council is required to publish notice of its intention to do so on two consecutive weeks in a newspaper circulating in the area and to consider any objections which may be made to the disposal. Delegation is sought for the Director of Communities, Housing & Customer Services to publish notices and deal with any responses.
33. Delegated authority is sought for the Director of Communities, Housing & Customer Services to appropriate land and buildings back into the Housing Revenue Account following completion of the building of council housing facilitated by appropriation to “planning purposes” pursuant to section 232 of the Planning Act.

Local Member consultation

34. Regular consultation has taken place with Ward Councillors regarding the sites included in the programme of development. Updates have also been issued with regards to progress with procurement.

Reason for Recommendations

35. A decision is required to appropriate HPP sites for “planning purposes” to facilitate the development of housing.
36. Approval is also required in order that development land, as necessary, is sold for open market housing development as part of the Housing Partnership Programme.

Financial Implications

37. Subject to the completion of the current procurement exercise as well as an overall viability review, the HPP project will involve the Council purchasing affordable housing and working with its preferred partner to develop Open Market housing for sale. Funding has been made available in the Housing Capital Programme, consistent with the HRA Business Plan approved for 2015/16 onwards.
38. This report confirms the sites to be included in the project, some of which are to be transferred to the Housing Revenue Account from the Council’s General Fund upon vacation of the sites. Sites to be included in the project have previously been agreed as well as changes subsequent to this. Removing or adding sites would not be feasible without significantly impacting on any development agreement and the terms of the procurement.

Legal Implications

39. The reasons for considering appropriation to planning purposes, the advertisement requirements relating to public open space, the obtaining of best consideration and the need for Welsh Ministers’ consent are set out in the body of this report.

RECOMMENDATIONS

The Cabinet is recommended to:

1. note the current position with regards to procurement of a partner Developer for the Housing Partnership Programme.
2. approve the appropriation of Housing Partnership Programme development sites to “planning purposes” (under Section 227 of the Town & Country Planning Act 1990) due to land not being required for its present purpose during the development period and following completed construction works to appropriate the Council housing back into the Housing Revenue Account.
3. If recommendation 2 is approved, authorise publication of the proposed appropriations to “planning purposes” and the proposed disposals at best consideration, relating to any open space affected by the proposals, in a local newspaper on two consecutive weeks.
4. Delegate authority to the Director of Communities, Housing & Customer Services in consultation with the Cabinet Member for Health, Housing & Wellbeing to carry out the detailed processes relating to appropriation and disposals of land which are described in the body of the report.

SARAH MCGILL

Director

10 July 2015

The following appendix is attached:

Appendix 1 - Schedule of development sites

The following background papers have been taken into account

Cardiff Design Standards

Project Descriptive Document

ADDRESS	WARD	Site description	Current site status	Reason for addition or omission
PHASE 1				
Ty Newydd (343 Heol Trelai) & Heol Trenewydd garage site	Caerau	Demolished Nursing home & garage site	New site: former nursing home and garage site on 2012 Cabinet approved list	n/a
Snowden Rd & Wilson Road	Ely	Demolished housing office and shops	On 2012 Cabinet approved list	n/a
Briardene	Gabalfa	Former road safety centre (demolition to take place Spring 2015)	Appropriated to HPP in Mar 2013	
Highfields	Heath	Demolished Day centre	On 2012 Cabinet approved list	n/a
Walker House 158, Fidlus Road	Llanishen	Demolished childrens centre	On 2012 Cabinet approved list	n/a
Braunton Crescent 29 - 127	Llanrumney	Demolished Flats & Maisonettes - 55 of	On 2012 Cabinet approved list	n/a
Clevedon Road 12-16, 12-16A-C, 18-22, 18-22A-C, 24-28, 24-28A-C, 30-34, 30-34A-C, 36-40, 36-40A-C, 42-46, 42-46A-C	Llanrumney	Flats & Maisonettes - 66 of (Demolition Winter 2015/16)	On 2012 Cabinet approved list	n/a
Honiton Rd	Llanrumney	Demolished garage site	On 2012 Cabinet approved list	n/a
Llanrumney Depot, Mount Pleasant Lane	Llanrumney	Demolished CMS depot	On 2012 Cabinet approved list	n/a
Llanrumney Housing Office, Countisbury Ave	Llanrumney	Demolished housing office	On 2012 Cabinet approved list	n/a
Ty to Maen 11 - 22	Old St Mellons	Demolished Flats - 12 of	On 2012 Cabinet approved list	n/a
11 - 57 Llandudno Rd & 1-12 Pwllhelli Court	Rumney	Flats & maisonettes - 36 of (Demolition Winter 2015/16)	On 2012 Cabinet approved list	n/a
Willowbrook West (Off Willowbrook Dr - west of Ffordd Daniel Lewis)	Trowbridge / St Mellons	Open land	On 2012 Cabinet approved list	n/a
PHASE 2				
Caldicot Road	Caerau	Demolished enterprise centre	On 2012 Cabinet approved list	n/a
Cherrydale Road	Ely	Open space (ASB concern)	Approved through Delegated Powers	Local residents ASB concerns
Ely Housing Office & library, 4-8 Grand Ave	Ely	HO & library (Demolition Spring 2015)	Cabinet approval Sept 2013: new Ely/Caerau HUB & HPP development site	
Highmead Road	Ely	Void garage site	On 2012 Cabinet approved list	n/a
Rutland St	Grangetown	Car park	On 2012 Cabinet approved list	n/a
Fishguard Road (land adj to shops)	Llanishen	Grassed verges & garages adjacent to shops	On 2012 Cabinet approved list	n/a
Templeton Avenue	Llanishen	Demolished garage site	On 2012 Cabinet approved list	n/a
Occupational Therapy 65 Ty Glas Ave	Llanishen	Demolished housing office / OT centre	On 2012 Cabinet approved list	n/a
Llanrumney High School	Llanrumney	included under 21st century schools programme.	Awaiting further Planning and flood advice to establish developable area. Only the developable area will be incorporated for HPP	
Howardian Centre, Penylan (6.8acres - 1/2 of site)	Penylan	included under 21st century schools programme.	some mixed use of existing buildings	included under 21st century schools programme- site surplus
Ty Mawr, Southminster Road	Penylan	Demolished care home	On 2012 Cabinet approved list	n/a
Croft Street	Roath	Science Laboratory	Approved by Delegated Authority	
Cae Glas, Beaumaris Road	Rumney	Demolished residential home	On 2012 Cabinet approved list	n/a
Trowbridge Children's centre, Greenock Road	Rumney	Demolished Childrens Services centre	On 2012 Cabinet approved list	n/a
1 - 40 Greenock Road	Rumney	Flats and bungalows	On 2012 Cabinet approved list	n/a
Star Centre	Splott	included due to HUBS programme	Cabinet Report Sept 2014 states vacated circa Summer 2016, once Splott HUB completed, then appropriated to HPP	
Menai Way	Trowbridge / St Mellons	Demolished garage site	On 2012 Cabinet approved list	n/a
Trowbridge Green (adj to 178)	Trowbridge / St Mellons	Open space	On 2012 Cabinet approved list	n/a
Brookfield Drive & Tarwick Drive	Trowbridge / St Mellons	Former playground, open space & demolished flats	On 2012 Cabinet approved list	n/a
PHASE 3				
Penally Road Site 1	Caerau	Open space	On 2012 Cabinet approved list	n/a
Frank Rd 22 - 36	Ely	Demolished flats - 9 of	On 2012 Cabinet approved list	n/a
Gorse Place 38	Fairwater	Demolished childrens home	On 2012 Cabinet approved list	n/a
Mynachdy Centre	Llandaff North	Education site	some use of existing buildings	included under 21st century schools programme- site surplus
Heol Danyodyn	Pentyrch	Current garage site	On 2012 Cabinet approved list	n/a
Letterston Rd / Caer Castell Pl	Rumney	Open space	On 2012 Cabinet approved list	n/a
Rumney High School	Rumney	High School	Education	included under 21st century schools programme- site surplus
Crumlin Drive Site 1	Trowbridge / St Mellons	Demolished flats (9 of) & open space	On 2012 Cabinet approved list	n/a
Crumlin Drive Site 2	Trowbridge / St Mellons	Open space	On 2012 Cabinet approved list	n/a
Area 11 Trowbridge	Trowbridge	Local Plan development land	Approved by Delegated Authority	
SITES REMOVED FROM THE HPP				
Land North of County Hall	Butetown	Development land	On 2012 Cabinet approved list	Alternative use approved
34 - 44 Snowden Road	Ely	Demolished houses	On 2012 Cabinet approved list	Councillor opposition
Wern Gethin Farm	St Mellons	Council housing farm	On 2012 Cabinet approved list	Retain as existing dwelling
Hillview	Fairwater	Former garage site	On 2012 Cabinet approved list	Councillor opposition
Llangranog Rd shops & garage site	Llanishen	Shopping parade & garages	On 2012 Cabinet approved list	Shop leases not purchased
Wedal Road	Cathays	Recycling depot	On 2012 Cabinet approved list	being disposed of through Strategic estates
Storrar Road	Tremorfa	Waste land	On 2012 Cabinet approved list	Unviable due to shared access and ownership and utility services