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SUPPLEMENTARY PAPERS

Committee	ECONOMY & CULTURE SCRUTINY COMMITTEE
Date and Time of Meeting	THURSDAY, 9 MAY 2019, 4.30 PM
Venue	COMMITTEE ROOM 4 - COUNTY HALL
Membership	Councillor Howells (Chair) Councillors Henshaw, Gordon, Gavin Hill-John, Parkhill, Robson, Sattar and Stubbs

The following papers were marked 'to follow' on the agenda circulated previously

5 Dumballs Road Regeneration: Update (*Pages 3 - 22*)

To carry out pre-decision scrutiny of the report to Cabinet on the Dumballs Road regeneration proposals, prior to its consideration by Cabinet May 2019.

Davina Fiore

Director Governance & Legal Services

Date: Thursday, 2 May 2019

Contact: Andrea Redmond, 02920 872434, a.redmond@cardiff.gov.uk

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**CYNGOR CAERDYDD
CARDIFF COUNCIL**

ECONOMY & CULTURE SCRUTINY COMMITTEE

9 May 2019

DUMBALLS ROAD REGENERATION: UPDATE

Purpose of the Report

1. To give Members background information to aid pre-decision scrutiny of the report to Cabinet on Dumballs Road regeneration, which is due to be considered by Cabinet at their meeting on 16 May 2019. The full draft report to Cabinet is 'to follow' as **Appendix A**.

Scope of Scrutiny

2. At their meeting on 16 May 2019, the Cabinet will consider a report that outlines proposals regarding the regeneration of Dumballs Road.
3. During this scrutiny, Members have the opportunity to explore:
 - i) The proposals re Dumballs Road regeneration;
 - ii) Whether there are any risks to the Council;
 - iii) The timeline and next steps;
 - iv) The recommendations to Cabinet.

Structure of the meeting

4. Councillor Russell Goodway (Cabinet Member – Investment and Development) will be invited to make a statement and he and Neil Hanratty (Director of Economic Development) will be available to answer Members' questions.
5. Members will then be able to decide what comments, observations or recommendations they wish to pass on to the Cabinet for their consideration prior to making their decisions.

Background

6. The Dumballs Road site is a circa 40 acres brownfield site, south of Central Train Station and Callaghan Square, allocated in the Local Development Plan for housing-led mixed-use developments. On 1 December 2016, Cabinet received a report¹ setting out proposals from Vastint² to regenerate the area, delivering up to 2,000 new homes, including affordable housing, commercial use and community use and providing jobs during the construction phase and beyond.

7. The 1 December 2016 Cabinet report highlights the primary issues facing regeneration of Dumballs Road, which are complicated land ownership arrangements and site abnormalities. To assist with this, the report sought permission for the Council to purchase 12.6 acres of the site and work in partnership with Vastint to develop a master plan, with Heads of Terms and a Memorandum of Understanding underpinning this. The report to Cabinet also sought permission to dispose of a council building at Bessemer Close to provide a suitable relocation site for a business from the Dumballs Road area.

8. Following consideration of the report, including confidential information and a presentation by Vastint, Cabinet agreed that:
 - '1) The Heads of Terms attached as Appendix 4 be approved.*

 - 2) Authority be delegated to the Director of Economic Development in consultation with the Leader of the Council, the Cabinet Member for Corporate Services and Performance, the Corporate Director Resources, and the Director of Governance and Legal Services to:*
 - i) Conclude the acquisition of 8.5 acres of land at Dumballs Road as illustrated at Appendix 2 and in accordance with the Heads of Terms attached as Appendix 4.*

 - ii) Negotiate and conclude the acquisition of a further 4.1 acres of land at Dumballs Road as illustrated at Appendix 2 with the final cost of acquisition subject to allocated budgets and approval by an independent valuer.*

 - iii) Dispose of the former Depot Building at Bessemer Close to enable the relocation of a business from the Dumballs Road area as illustrated in the plan*

¹ Available at: <http://cardiff.moderngov.co.uk/mgAi.aspx?ID=7214&LLL=0>

² Vastint is the property arm of the IKEA group

at Appendix 5 and in accordance with the independent valuation at Appendix 6.

3) *The receipt from the disposal of the former Depot Building at Bessemer Close be ring fenced to enhance the allocated capital budget being used to acquire the land at Dumballs Road outlined in this report and illustrated in Appendix 2.*

4) *that the required level of capital allocation from the Central Enterprise Zone (CEZ) budget is brought forward from future years to the current financial year, as set out in Appendix 8.'*

9. Since then, the Council has worked with Vastint in developing a comprehensive approach to the regeneration of the area, leading to the development of new proposals that build on some of the key development principles already established through the planning process, including:

- i) Integration of sustainable travel opportunities
- ii) Maximising the potential of the river frontage
- iii) Providing high quality urban public spaces
- iv) Providing high quality standards of design.

10. In terms of the financial contribution of the Council, Cabinet agreed at their meeting on 1 December 2016 to purchase land at Dumballs Road to assist in progressing the scheme, using funds allocated in the Council's Capital Programme for the Cardiff Enterprise Zone. In addition, the financial implications section of the report to Cabinet 1 December 2016 stated that the Council would become responsible for 'vacant site holding costs', which would crystallise incrementally as landowners transfer their operations to alternative premises elsewhere in the city. These costs would be met from the Cardiff Enterprise Zone Corporate Revenue Budget.

Report to Cabinet

11. A report to Cabinet providing an update on Dumballs Road regeneration scheme is scheduled for 16 May 2019. The full report is '*to follow*' and will be circulated to Members shortly. Members are reminded of the need to scrutinise the proposed recommendations to Cabinet, the timeline and next steps and whether there are any risks to the Council.

Previous Scrutiny

12. This Committee undertook policy development scrutiny of the Dumballs Road regeneration proposals at their meeting on 11 October 2018. A copy of the Chair's letter and the response received, is attached at **Appendix B**. Overall, Members were supportive of the approach taken by Vastint and the Council.

Way Forward

13. Councillor Russell Goodway (Cabinet Member – Investment and Development) will be invited to make a statement and he and Neil Hanratty (Director of Economic Development) will answer Members' questions on the proposals re Dumballs Road.

Legal Implications

14. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

15. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct financial

implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATION

The Committee is recommended to:

- i) Consider the information in this report, appendices and the information presented at the meeting;
- ii) Determine whether they would like to make any comments, observations or recommendations to the Cabinet on this matter in time for its meeting on 16 May 2019; and
- iii) Decide the way forward for any future scrutiny of the issues discussed.

DAVINA FIORE

Director of Governance & Legal Services

2 May 2019

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CABINET MEETING:

16 May 2019

DUMBALLS ROAD REGENERATION SCHEME

**REPORT OF INVESTMENT & DEVELOPMENT
(CLLR RUSSELL GOODWAY)**

AGENDA ITEM:

PORTFOLIO: INVESTMENT & DEVELOPMENT

Reason for this Report

1. To provide Cabinet with an update on the programme for delivery of the Dumballs Road regeneration scheme which seeks to deliver a mixed use urban village with over 2000 new homes across circa 40 acres of semi-derelict brownfield city centre land.
2. To provide Cabinet with an update on the Capital Ambition commitment to deliver 450 new Council owned homes at Dumballs Road.
3. To seek delegated authority to agree 'Heads of Terms' relating to the disposal of the Council owned land at Dumballs Road to the developer.

Background

4. In 2017, Cardiff Council together with the development company Vastint completed the acquisition of over 30 acres of land south of Penarth Road between the River Taff and Dumballs Road. The development site known as Dumballs Road had previously suffered from urban blight due to complicated land ownership arrangements and site abnormalities, which has held back redevelopment of a prime brownfield site on the edge of the city centre for nearly three decades.
5. The first phase of acquisition completed by the Council and Vastint covered just over 30 acres of land: 8.5 acres acquired by the Council; with the remainder acquired by Vastint. Since then, Vastint has negotiated the acquisition of a further circa 7 acres, which will extend the overall development site to just short of 40 acres.
6. The site is of strategic importance to Cardiff and represents a substantial area of development land to the south of Cardiff Central railway station. The redevelopment of the site and the enhancement of the river corridor will

make a significant contribution towards the Council's strategic ambition to improve the link between the city centre and Cardiff Bay.

7. The political administration's policy statement Capital Ambition sets out the following relevant priorities:
 - Work with developers to deliver over 6,500 affordable homes by 2026 through the Local Development Plan and to strengthen our approach to housing development, considering strategic investment that addresses all types of demand for housing, such as social housing, affordable housing and housing that supports extra care and independent living.
 - Work with developers to bring forward plans for the regeneration of Dumballs Road.
8. The Dumballs Road site is considered a strategic brownfield site in the Cardiff Local Development Plan, approved in 2016, and is earmarked to deliver circa 2000 of the circa 20,000 homes required to be delivered on brownfield land. Generally, planning policy seeks to deliver 20% affordable housing on brownfield land. The site has an extant planning permission that provides for 2,150 new homes, of which 269 homes were required to be affordable, taking account of significant site abnormalities. The current planning permission also includes more than 400,000 ft² of commercial space, circa 30,000 ft² of retail space and other community facilities.
9. Due to the scale of the site at circa 40 acres, and the extent of work required to prepare the site for residential development given its previous industrial use, a comprehensive approach to site remediation is required to make it affordable and deliverable. As such, Vastint is working to finalise the comprehensive acquisition of all parcels of land and for all businesses to be re-located off-site before commencing works.
10. Vastint intends to submit a new planning application, and has begun to work with the Council to prepare a new strategic masterplan for the whole of the site, including the Council's land holdings, to start to establish key masterplanning principles. In particular, the work has begun to set out the proposed housing types and densities and their distribution across the whole of the site; the key arterial routes for public transport, private vehicles, bicycles and pedestrians; and has proposed the location and quantum of green spaces, leisure, retail and other mixed uses across the site.

Issues

Affordable Housing

11. The Council has a stated ambition to deliver 450 new Council owned homes as part of the Dumballs Road scheme. Vastint's ambition is to deliver a sustainable, high quality urban village that reflects its location at the edge of the city centre. This requires the Council owned housing to be delivered as an integrated part of the development, distributed across the whole of the

site, rather than being concentrated in small dense pockets on the edges of the development.

12. A proportion of the 450 Council owned units (to be confirmed as part of the planning process) will be delivered as a developer contribution. The size and type of Council owned units will be specified by the Council's Housing and Communities Department and the quality of build will be in line with Welsh Government Development Quality Requirements (DQR).
13. Vastint has expressed a wish to work with the Council to deliver a site-wide estate management strategy across all tenures to create a sustainable community for all residents. This will consider landscaping, transport, refuse, links to the river and wider community and general amenities.

Land Assembly and Title

14. Since the initial phase acquisition of land in December 2016, Vastint has continued to acquire land and relocate businesses off-site to conclude the full land assembly and to secure vacant possession of a comprehensive development site. Almost all such issues have been resolved by agreement. Vastint is continuing to negotiate the relocation of one remaining business to a new site in Cardiff. The Council has previously committed to using Compulsory Purchase Order (CPO) powers should the need arise. Whilst Vastint remains hopeful that an amicable agreement will be achieved. As necessary, a further report may need to be presented back to Cabinet for specific authority to utilise CPO powers.
15. As part of the above, extensive work has also been progressed to establish clean title across the whole of the site. A number of miscellaneous land title issues remain outstanding. Again, as necessary, a further report may need to be presented back to Cabinet for specific authority to utilise CPO powers to enable the developer to secure full and clean title.

Delivery Programme

16. The extended negotiations to secure clean title and to assemble the whole of the site has resulted in a delay to the initial proposed delivery programme.
17. The Council now needs to agree 'Heads of Terms' with Vastint for the disposal of the Council's land holdings to Vastint and the delivery of affordable units. As such it is proposed to return to Cabinet by no later than December 2019 for authority to dispose of the site.
18. Vastint has recently agreed a new delivery programme with the Council. It is anticipated that a new planning application will be submitted to the Local Planning Authority by spring 2020 and that new housing units will start to be delivered on-site by the summer of 2021. The outline delivery programme is as follows:

- | | |
|---|-----------|
| 1) Appoint masterplan Architects | July 2019 |
| 2) Commence preparation of Planning Application | Oct 2019 |

- | | |
|--|-------------|
| 3) Complete land assembly and vacant possession | Dec 2019 |
| 4) Submit Planning Application | Spring 2020 |
| 5) Secure Planning Permission | Summer 2020 |
| 6) Purchase of Council land (by Vastint) | Sept 2020* |
| 7) Commence Remediation/Infrastructure | Autumn 2020 |
| 8) Commence construction of housing units | Summer 2021 |
| 9) Completion of first phase Council owned homes | Autumn 2022 |

*Subject to Planning

Reasons for Recommendation

19. To enable the Dumballs Road regeneration scheme to progress and to set out the delivery approach to secure 450 new Council owned homes.

Legal Implications

20. The Council has power to sell land pursuant to section 123 of the Local Government Act 1972 for the best consideration reasonably obtainable. Advice from an external valuer will need to be produced to Cabinet as this sale is not to be exposed to the market. Legal advice on regulatory planning matters and procurement regulations plus cost consultancy advice will be required in regard to the proposed delivery of affordable housing units.

Financial Implications

21. The Dumballs road site was originally acquired in December 2016 utilising funding set aside for major development projects. The disposal of the site as identified in this report would result in a capital receipt, which is to be used as part of an affordability envelope for the Indoor Arena approved as part of the 2019/20 budget process. Any disposal should therefore be undertaken as promptly as possible to avoid any ongoing holding costs for the site.
22. The Council will need to assess the VAT implications arising from this significant land transaction, particularly any potential impact on the Council's partial exemption position. This will need to be a consideration in agreeing any final Heads of Terms, with specialist advice to be sought where necessary.
23. The Council's Housing Capital Programme and 30 year business plan sets out a strategy to deliver new Council owned homes. This site is included within the programme as one of the schemes to be progressed subject to suitability and long-term affordability of the units being delivered. Any such assessment will need to be subject to a viability assessment approved by the Housing Development Assurance Board as part of the development of the Heads of Terms.

24. The report references a potential for the Council to utilise its Compulsory Purchase Order (CPO) powers should the need arise in the future, although does make it clear any such use of these powers would be subject to a future Cabinet report and approval. If the need arises the financial and budgetary implications of such a decision will be considered at the time.

RECOMMENDATION

Cabinet is recommended to:

- (i) Note the new delivery programme for the Dumballs Road regeneration scheme that will secure the first phase of Council owned homes for occupation by autumn 2022.
- (ii) Delegate authority to the Director of Economic Development in consultation with the Cabinet Member for Investment and Development, the Section 151 Officer and the Legal Officer to agree Heads of Terms for the disposal of the site marked red on the plan attached at Appendix 1 and to return to a future meeting of Cabinet for authority to proceed.

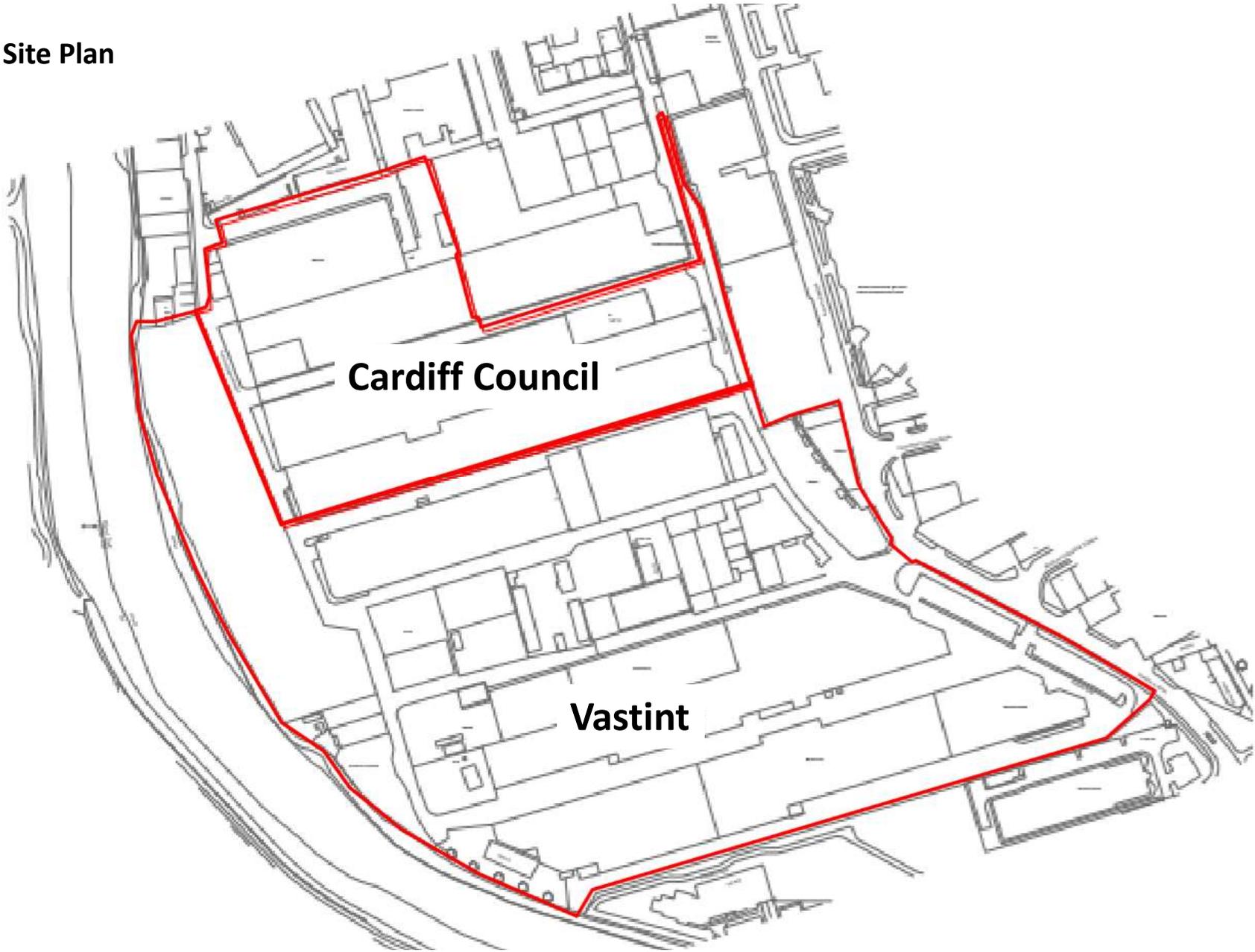
SENIOR RESPONSIBLE OFFICERS	NEIL HANRATTY DIRECTOR OF ECONOMIC DEVELOPMENT
	Date 02/05/19

Appendices

Appendix 1: Site Plan

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APPENDIX 1: Site Plan



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My Ref: T: Scrutiny/Correspondence/Cllr NH

Date: 16 October 2018

Councillor Russell Goodway
Cabinet Member, Investment and Development
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Dear Councillor Goodway,

Economy & Culture Scrutiny Committee: 11 October 2018

Members have asked I pass on their sincere thanks to you, Andrew Cobden (Vastint) and Neil Hanratty for attending our meeting to provide an update on plans to regenerate the Dumballs Road site.

Overall, Members are supportive of the design concepts explained by Andrew as underpinning the master-planning process. Members particularly appreciate the commitment to creating mixed, balanced communities in a development that integrates with surrounding areas, both North/ South and East/ West.

Improved connectivity is central to whether this redevelopment is successful and Members are pleased to note the commitment to creating routes to connect with the communities of Grangetown and Butetown as well as into the city centre and Cardiff Bay. We note the intention to utilise the river water taxi system as well as to have a new bridge for pedestrians and cyclists, connecting the site to Grangetown, and cycle routes through the site. Members would like to know whether the latter would form part of one of the Council's Cycle Superhighways and ask that this be clarified in your response to this letter. Members also note the aspiration for the proposed Metro system to serve this redevelopment, via routes along Lloyd George Avenue and Dumballs Road. All of these transport modes will help to boost Cardiff's economy, whilst at the same time reducing reliance on cars, which we applaud.

Members are also pleased to note the commitment to providing green and open spaces in the redevelopment, both private courtyards and publically accessible 'fingers' of green space running East/West to boost sight lines and connectivity, and open squares. We note discussions are on-going regarding whether to have a higher number of slimmer routes and squares or whether to 'mass' these and have a smaller number. Members can see the advantages of both and await further plans to see how green, open spaces can be best integrated; however, Members are clear that they would not support any diminution of overall amount of green and/ or open

space. Members also discussed the on-going maintenance of these spaces and, in your response to this letter, would like your views as to whether the Council will adopt the spaces or whether Vastint will use service charges to pay for a management company to maintain them.

Members are supportive of Vastint's stated aim of keeping to 6-8 storeys for most buildings on the development, as we believe this provides the right contrast to the city centre and Cardiff Bay skylines. We were pleased to hear the commitment to ensuring appropriate ground floor usage, to create an active environment with a mix of uses including some commercial.

Concerning commercial units, Members note the intention to locate some along the river frontage, with most units being within the centre of the development. Members agree with the intent to move from heavier industrial uses towards different types of commercial use, including spaces for creative industries and co-working enterprises. Members hope that these spaces could also accommodate lighter, craft-style industries, such as ceramics. Our on-going work on the need for Workshops and Innovation premises has demonstrated to us that there is significant demand for these types of spaces. We recommend that Vastint talk to the Creative Industries departments at Cardiff University, Cardiff Metropolitan University and the University of South Wales for further insight into their student and alumni experiences, which may help Vastint to frame their commercial offer to meet local demand.

Members were interested to hear that Vastint and the Council are working with existing tenants to help them to relocate to appropriate sites and were pleased to see that most of these have stayed in Cardiff.

Given the time period for redeveloping the site, Members were pleased to hear that work is underway to identify suitable 'meanwhile' uses for spaces, to attract footfall and utilise available space. Again, it may be worthwhile speaking to the local universities and to the Creative Cardiff network, which may have some interesting ideas for how to use the space productively and sympathetically during the redevelopment phases.

This is a large-scale redevelopment, resulting in possible employment and training opportunities for the local population. Members were pleased to hear Neil Hanratty commit to ensuring that the Council will help to establish links between Vastint and the Cardiff & Vale College, located next to the site, which runs several relevant courses, including construction, in order to ensure training opportunities are maximised.

Members recognise the complexity of land assembly for this site and note that the Council may use Compulsory Purchase Orders in order to ensure the redevelopment takes place; as stated at the meeting, it is to be hoped that this does not prove necessary but, if it is required, Members fully support their use.

Finally, Members note the reassurance provided at the meeting that there are no other known or anticipated further costs to the Council. Members are impressed with the co-operative manner that Vastint has demonstrated in the collaborative master-planning to date and believe that the scale of the development is both exciting and feasible. We look forward to seeing more details and ask that you liaise with Scrutiny Services to ensure this happens at the appropriate time.

Once again, thank you for your attendance. This letter requires a response, please, as it contains requests for information.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Nigel Howells', with a long, sweeping horizontal stroke at the end.

COUNCILLOR NIGEL HOWELLS
CHAIR, ECONOMY & CULTURE SCRUTINY COMMITTEE

cc Members of the Economy & Culture Scrutiny Committee
Andrew Cobden – Managing Director, Vastint
Neil Hanratty Clair James Cabinet Support Office

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County Councillor Russell Goodway
Cabinet Member, Investment & Development

My ref : RVG/Scrutiny/CM40462

Your ref : T: Scrutiny/Correspondence/CIr NH

2 April 2019

County Councillor Nigel Howells
Chair, Economy & Culture Scrutiny Committee

By email: nhowells@cardiff.gov.uk



Dear Nigel

DUMBALLS ROAD

I refer to your letter dated 16 October 2018 and I apologise for the delay in replying to you.

I am grateful for the support of your committee for this project and we have taken on board the various views expressed both at the meeting and in your letter.

I have asked that the Council's Transport Strategy team to consider the matter you raised regarding cycle superhighways as part of the development. They will explore precisely the extent of any commitment we can make in this regard.

I can confirm that there will be no diminution of green or open space as part of the development. Indeed, we see the provision of new open spaces in the Dumballs Road area as a key benefit of the development. It is the intention that Vastint will manage the public open space through service charges.

In terms of commercial units, we will certainly ensure that Vastint link with the city's universities as well as other industry networks to consider how they can meet demand. We will also share with Vastint the work of the Scrutiny Committee on innovation and workshop space.

In the meanwhile, we have continued to make progress in developing Heads of Terms for the disposal of the council's landholdings on the site along with an agreement for the delivery of some 450 units will transfer to the Council and be managed as part of our council housing stock.

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Please reply to:
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A report relating to these issues will be considered by Cabinet in the near future. That report will also outline the timetable for taking the project forward including the date by which the masterplan will be completed through to construction and occupation of the housing units.

Thank you again for your support for this project. I believe it will make a hugely positive contribution to this area of the city, and will play a crucial role in linking the city-centre with Cardiff Bay.

Best wishes,

Yours sincerely

Russell

RUSSELL GOODWAY
CABINET MEMBER, INVESTMENT & DEVELOPMENT

Copies: Neil Hanratty, Director of Economic Development.