

DUMBALLS ROAD REGENERATION SCHEME

REPORT OF INVESTMENT & DEVELOPMENT (COUNCILLOR RUSSELL GOODWAY)

AGENDA ITEM: 5

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:

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| 1) Appoint masterplan Architects | July 2019 |
| 2) Commence preparation of Planning Application | Oct 2019 |
| 3) Complete land assembly and vacant possession | Dec 2019 |

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| 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, Corporate Director People & Communities 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.

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| SENIOR RESPONSIBLE OFFICER | NEIL HANRATTY DIRECTOR OF ECONOMIC DEVELOPMENT |
| | 10 May 2019 |

The following appendix is attached

Appendix 1: Site Plan