

CABINET MEETING: 19th MARCH 2020

**ACQUISITION OF THE FORMER GAS WORKS SITE,
GRANGETOWN, FOR HOUSING DEVELOPMENT.**

**HOUSING AND COMMUNITIES (COUNCILLOR LYNDA THORNE)
AGENDA ITEM: 8**

The Appendices to this report are not for publication as they contain exempt information of the description contained in paragraph 14 of Part 4 and paragraph 21 of Part 5 of Schedule 12A to the Local Government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 acquiring the freehold interest in the former Gas Works site at Ferry Road, Grangetown for the purposes of delivering a Council-led mixed tenure development of circa 500 new homes.

Background

2. The Council has a target of delivering 1,000 new council homes by March 2022 with a further 1,000 new homes beyond this. The acquisition of the development site at Ferry Road will form part of this delivery strategy.
3. A Cabinet report outlining the strategy for delivering 1,000 new council homes was approved in May 2019. The report set out the approach to development and the routes being used to meet the target. This site is a new opportunity not identified within the previous Cabinet Report.
4. The former Gas Works site is located in Grangetown and outlined in red in Appendix 1. The freehold is owned by Wales and West Utilities and National Grid. The site is a flat and broadly rectangular parcel of land measuring 11.74 hectares (29 acres). The majority of the previous site structures have been removed with much of the site now hardstanding, gravel cover or overgrown scrub. There are three gas holder bases remaining; two at slab level and one with the guiderails remaining. The remaining gas holder structure is Grade II Listed and will need to be incorporated into the masterplan, whether as homes or for a commercial, educational or leisure use. The site is also subject to two telecommunications mast leases.

5. The site is well located in terms of access to the city centre, the A4232 link road and local amenities at the Cardiff Bay Retail Park. Bus routes are located along Ferry Road with designated cycle routes along Ferry Road and Penarth Road.
6. The site is a key housing allocation in the adopted Local Development Plan. Known as Strategic Site B, the policy requirements are already established in terms of the site delivering 500 new homes as well as meeting needs around transportation and highways, schools, green infrastructure, community facilities, environmental management and utility services.
7. The proposed development scheme is seeking to deliver 500 new homes, comprising family homes as well as high density development, together with designated open space within the site and improved infrastructure links with surrounding areas. The properties will be designed to be fully compliant with Welsh Government's Design Quality Requirements (DQR) as well as the Council's own Design Guide

Issues

8. A development appraisal has been commissioned in order to ascertain market value based on the information currently available plus the additional technical due diligence report prepare for the Council. (Appendix 2).
9. A conditional offer has been made based on this valuation and Heads of Terms have been issued to address the detail required (attached as confidential Appendix 3)
10. Technical Costs – we have been provided with a full and comprehensive technical suite of documents as part of the marketing of the site. In addition to this, we have further commissioned specialist technical and engineering advice on the likely constraints and remediation costs required on the land. This report is attached in Appendix 4 and has taken into account ground conditions, site constraints, flood risk and ground contamination. As part of our discussions with the owners, we have secured the full novation of the technical reports provided by the vendors.
11. Planning – the site is already an allocated strategic housing site in the Local Development Plan (LDP) and the Local Planning Authority are supportive of the development of this site as per the direction set out in the LDP.
12. **Conditions of the acquisition** – the agreement to acquire the site is subject only to Contract and the Council's Cabinet approval.
13. **VAT Recovery** – The site has been opted for tax by the current owners and this will need to be accounted for.

14. **Financial Viability** – the valuation report provides a market value for a housing scheme assuming standard S106 requirements. The report has full regard of the site constraints and remediation costs in developing this site as well as the comparable land values in the area. The proposed acquisition price is a net value including for these costs of development.

Local Member consultation (where appropriate)

15. Councillor Thorne, Cabinet Member for Housing & Communities and also the Local Ward Members are fully supportive of the scheme.

Reason for Recommendations

16. To progress the acquisition of the site as outlined in Appendix 1 in order to contribute to the new development opportunities in order to meet the Council's aspirations of delivering 1,000 new council homes in line with housing need by March 2022 plus an additional 1,000 new homes beyond this date.

Financial Implications

17. Funding is available in the HRA capital programme for the initial acquisition of this site. Consideration needs to be given as to the appropriate level of risk and uncertainty that needs to be mitigated in order to provide assurance of viability in delivering a return from this investment
18. The property implications set out comments in respect to the external valuation obtained, the constraints within the site and plans for use in respect to affordable and private housing mix.
19. VAT consideration is predicated on the planned use of the site which is to build houses solely or with a private property developer. In the event of there being a future change in the planned use of the site then a revised business case must consider the financial impact which will include any impact on VAT liability which could be significant.

Legal Implications

20. Section 120 of the Local Government Act 1972 enables the Council to acquire land for either a) the benefit, improvement or development of its area, or (b) for any of its functions under any enactment. Specific power is also available to the Council as Local Housing Authority to acquire land as a site for the erection of housing under Section 17 of the Housing Act 1985 for the purposes of part II of that Act.
21. The Council's Procedure Rules for the Acquisition of Disposal of Land require proper regard to be had to professional advice from a qualified valuer.
22. The Council has to be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards when making any policy

decisions and consider the impact upon the Welsh language and the report deals with all these obligations. The Council has to consider the Well-being of Future Generations (Wales) Act 2015 and how this strategy may improve the social, economic, environmental and cultural well-being of Wales.

23. The Well-Being of Future Generations (Wales) Act 2015 ('the Act') places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.
24. In discharging its duties under the Act, the Council has set and published well being objectives designed to maximise its contribution to achieving the national well being goals. The well being objectives are set out in Cardiff's Corporate Plan 2019-22: <https://www.cardiff.gov.uk/ENG/Your-Council/Strategies-plans-and-policies/Corporate-Plan/Pages/Corporate-Plan.aspx> When exercising its functions, the Council is required to take all reasonable steps to meet its well being objectives. This means that the decision makers should consider how the proposed decision will contribute towards meeting the well being objectives and must be satisfied that all reasonable steps have been taken to meet those objectives.
25. The well being duty also requires the Council to act in accordance with a 'sustainable development principle'. This principle requires the Council to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:
 - Look to the long term
 - Focus on prevention by understanding the root causes of problems
 - Deliver an integrated approach to achieving the 7 national well-being goals
 - Work in collaboration with others to find shared sustainable solutions
 - Involve people from all sections of the community in the decisions which affect them
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26. The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>
27. The Council has to satisfy its public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties) – the Public Sector Equality Duties (PSED). These duties require the Council to have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of

‘protected characteristics’. The ‘Protected characteristics’ are: • Age • Gender reassignment • Sex • Race – including ethnic or national origin, colour or nationality • Disability • Pregnancy and maternity • Marriage and civil partnership • Sexual orientation • Religion or belief – including lack of belief.

HR Implications

28. There are no HR implications for this report

Property Implications

29. The site is a strategic acquisition for Housing and Communities and significantly contributes to the delivery of the 1000 new homes target. The location of the site is also of significance given its locality to Channel View and other development around the Grangetown area.
30. An external valuation has been commissioned which has had due regard to the site constraints to include specifically contamination and remediation costs, listed structures, telecommunication masts, planning assumptions and finally, market evidence for other similar transactions.
31. The resulting heads of terms has addressed other pertinent details to include overage provisions and together with the valuation provides a sound basis upon which to acquire a strategic site for the development of new affordable homes in Cardiff.

RECOMMENDATIONS

Cabinet is recommended to agree that the Council enter into an acquisition contract with Wales and West Utilities and National Grid for the freehold interest of former Gas Works site at Ferry Road, Grangetown to deliver a Council led mixed tenure housing scheme.

SENIOR RESPONSIBLE OFFICER	SARAH MCGILL Corporate Director People & Communities
	13 March 2020

The following CONFIDENTIAL appendices are attached:

- Appendix 1 – Site Plan**
- Appendix 2 – Valuation Report**
- Appendix 3 – Heads of Terms**
- Appendix 4 Technical Due Diligence**
- Appendix 5 – Acquisition Costs summary**