

***BY SUBMITTING THIS REPORT TO THE CABINET OFFICE, I, SARAH MCGILL, CORPORATE DIRECTOR FOR PEOPLE AND COMMUNITIES AM CONFIRMING THAT THE RELEVANT CABINET MEMBER(S) ARE BRIEFED ON THIS REPORT***

**CARDIFF COUNCIL  
CYNGOR CAERDYDD**

**CABINET MEETING: November 2020**

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**Council New Build delivery programme and the progression of phase 1 of the Channel View Redevelopment scheme.**

**Housing and Communities – Cllr Lynda Thorne**

**AGENDA ITEM:**

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**Appendix A is not for publication as it contains exempt information of the description contained in paragraphs 14 and 21 (Appendix 1) and paragraph 16 (Appendix 2) of Schedule 12A of the Local Government Act 1972**

**Reason for this Report**

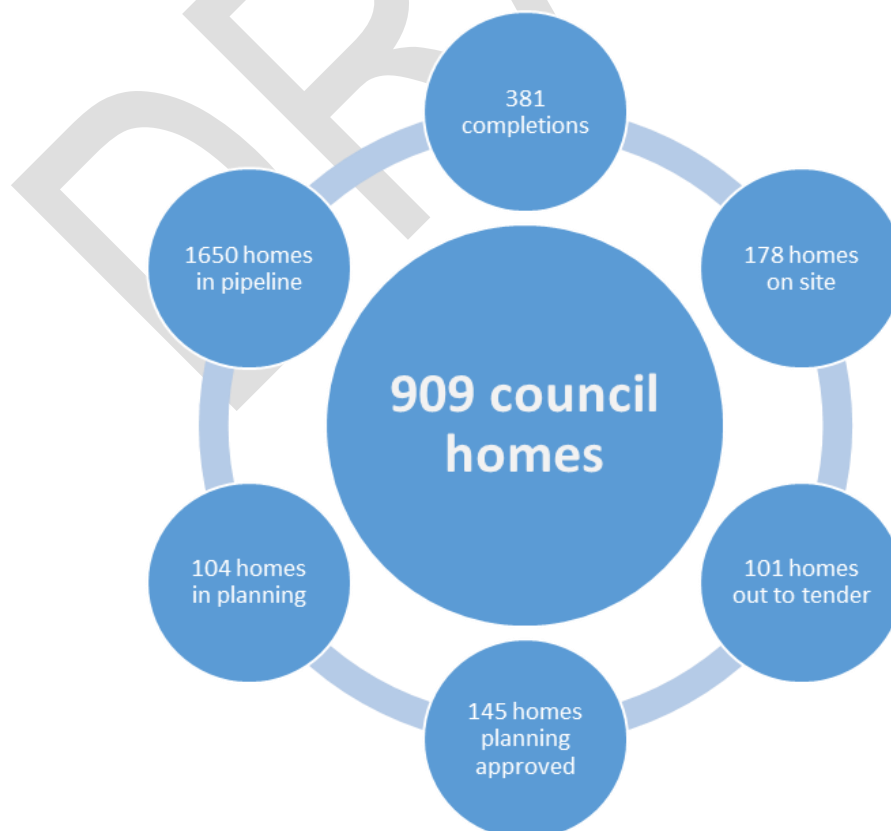
1. To provide an update to Cabinet regarding the progress to date of the council's house building programme
2. To review and approve the procurement plan for the council's new build housing programme, giving authority to undertake tender exercises for contractors for those schemes identified over £5million in value.
3. To approve the progression onto Phase 1 of the Channel View redevelopment scheme, which includes the submission of a planning application for the redevelopment masterplan and the detailed planning application for phase 1 and also to approve the payment of 'home loss payments' to those private owners and tenants of property on the estate who do not wish to be involved in the redevelopment scheme.

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### Background

4. Through Capital Ambition the Council has set a target of delivering at least 1,000 new council homes by 2022 and to have a development programme capable of delivering over 2,000 new council homes in the longer term. These targets have been set in direct response to the increasing demand we face for affordable housing in our city.
5. The housing need is increasing year on year and there are currently around 8,000 people on the waiting list. The most recent Local Housing Market Assessment indicated that 2,024 new affordable homes are required each year to meet the current demand. However, on average over the last 5 years the social housing sector has delivered around 250 new homes each year in Cardiff. This represents a significant gap between demand and supply.
6. The council's programme can also directly target specific housing need, accessibility issues and promote downsizing by delivering larger family homes, specialist properties or adapted properties that are not currently being delivered in volume through more traditional delivery routes.
7. The council's aspiration to build new homes in volume and at pace directly complements the Welsh Governments target of delivering new affordable homes throughout Wales at pace and scale.

### Progress to date



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8. As of September 2020 the new building programme has delivered 381 new homes through the delivery routes of the Cardiff Living programme, Package Deals, the development of new homes through the Additional Build programme and the purchase of property from the open market.
9. Through these routes there are a further 178 new homes currently being built on site, 101 new homes out to tender for a contractor, 145 homes with planning consent in place and 104 homes submitted for planning approval. This represents a total of 909 new council homes currently going through the development process.
10. The development programme currently includes 59 development sites and has the capability of delivering a further 1650 new homes through its pipeline schemes. This means that the programme has the capability of delivering over 2,500 new council homes should all the sites be built out and should there be sufficient Capital funding to do so.
11. The in-year outturn of new council homes for 2019/20 was 230 compared to a total of 226 from the RSL sector in Cardiff. This represents an overall affordable housing outturn for Cardiff of 456 in the year. Our projected council completions for the next 3 years are;

Projected Programme				
	2019/20	2020/21	2021/22	2022/23
In year	230	233	470	512
Cumulative	316	549	1019	1531

12. Our developments have won a number of national awards including;
  - 2019 Constructing Excellence award winners for Integration & Collaboration
  - 2019 What House? Gold winners for the best starter home scheme
  - RICS 2020 social Impact awards for a large residential scheme (Silverdale)
  - Highly commended in the CIH 2019 Welsh Housing Awards for best large development.

## Issues

13. The programme is reliant on a significant Housing Revenue Account (HRA) Capital budget allocation, funded primarily from undertaking additional borrowing. External income towards costs is also available in the form of planning gain; bidding for external grants and income from the sale of land or low-cost homes through the Assisted Home Ownership scheme. To date just under £31 million has been achieved through these routes, including the award of 5 Welsh Government Innovative Housing programme grants for innovative schemes.

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14. From April 2021 onwards the council will be able to apply for Welsh Government Social Housing Grant providing a Capital subsidy for its developments in the same way that a Registered Social Landlord can. Schemes approved for SHG funding will be required to meet the standards and viability parameters set by Welsh Government. Social Housing Grant is limited across Wales and not every council scheme will benefit from this but it is anticipated that a number of schemes will be approved for funding through this route subject to Welsh Government approval.
15. Whilst the development pipeline has the capacity to deliver in the region of 2,500 new council homes currently this will be dependent on successful planning for each scheme. Importantly however this will also be dependent on the continued affordability, prudence and sustainability of additional borrowing within the HRA. This will be considered in annual updates to the HRA 30 year business plan with re-profiling of the HRA Capital Programme. For the new build programme there is inherent risk associated with development projects such as market appetite to tender for development schemes, internal resources within the Development team and unknown site factors when schemes are being built out. The business plan will be subject to key assumptions such as rent levels as well as other priorities for expenditure which will include maintaining the condition of existing stock as well as new initiatives such as decarbonisation.
16. Furthermore, the effect of the Covid-19 national pandemic on the development programme and affordability is not fully known. Although schemes are progressing and consultants are still working, we have seen an impact on the programme getting schemes into planning, out to tender and site programmes are currently longer than pre-Covid levels as Covid-safe working practices are adopted across development sites.

## Procurement Plan

17. Many of the projects within the development programme are over £5 million in value and will therefore require Cabinet approval in order to tender for and appoint contractors.
18. Due to the volume of appointments required through the development process at both the pre-development planning stage and construction stage a procurement plan has been written and Cabinet are being asked to review and approve this plan, noting the sites over £5 million in construction costs and approving a delegation to the Corporate Director People & Communities to oversee the procurement process for those sites including approving the tender packs, evaluation criteria and concluding the appointments by entering into contracts for construction.
19. By doing so this will remove the need to bring each scheme currently identified on the plan anticipated to be over £5 million in construction cost

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to Cabinet for approval separately and will help to reduce the time it takes to appoint contractors once a planning consent is granted.

20. The procurement processes to be used to appoint contractors is identified in the procurement plan and includes an open procedure route through Sell 2 Wales or the use of approved frameworks. For each scheme a Pre-Tender report will be written to be approved by the Corporate Director which will detail the specific tender route and evaluation criteria for that project. The procurement plan and the identified sites and approximate values are detailed in **appendix A**.

### Channel View redevelopment scheme

21. This project represents the largest and most exciting holistic estate redevelopment proposal in the council's development programme. Proposing the redevelopment of around 180 existing properties on Channel View road including a council owned 13 storey tower block, replacing these with the construction of around 360 new mixed tenure homes for the existing community across various phases. Objectives include low-carbon development, delivering highly energy efficient homes, better connectivity for the estate and for the wider community, improvements to the public open Space at the Marl, a potential pedestrian and cycle connection from the Marl to Hamdryad Park over the river Taff, and the creation of well-managed, attractive public realm using green infrastructure and SUDS.
22. The council has been consulting with residents on this estate since 2016 when an estate improvement scheme and the refurbishment of the existing tower block was being proposed. During the development of both proposals it was discovered that much of the low-rise houses and blocks of flats on the estate were suffering from significant structural movement. Many blocks seemingly beyond economic repair and the costs to retain and refurbish the tower block, dealing with the external and internal issues the block faces were becoming increasingly unviable.
23. In 2017 the council put on hold the plans and undertook detailed resident consultation with all residents affected by the proposals to instead bring forward a holistic redevelopment of the estate. A master-planning design team was appointed to develop a high-level masterplan and residents were consulted on these proposals in July 2018 and again in September 2019.
24. A high level of support has been received from residents during these consultation events and a new design team were appointed in January 2020 in order to undertake a more detailed masterplan and develop detailed plans for Phase 1 which will be the replacement tower block.
25. In March 2020 a further 2 day public consultation event took place, led by the appointed design team lead Architects Powell Dobson. The intention of this event was to introduce the design team to residents, better

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understand issues and concerns, propose a time line for the scheme and to discuss the vision for the redevelopment. The intention was to submit a planning application by December 2020. The consultation material is provided in **Appendix B**.

26. Again, a good level of support for this approach was received from residents and the plans are now at a stage that a wider resident and stakeholder consultation is currently taking place. Subject to this consultation being successful a planning application for the masterplan and detail of phase1 will be submitted.
27. The details of the proposed scheme is provided in the form of the Master-planning document in **Appendix B**. The scheme proposes the replacement of the existing 180 properties with around 360 new homes of mixed tenure (currently around a split of 60% council houses and 40% market sale), roughly representing the current split of ownership on the estate. There will be a mix of houses and flats and the replacement for the existing tower block in Phase 1 will be a new 'Community Living' scheme providing independent living for older people and a hub of older person services to the wide community.

## Issues

28. The existing community is well established consisting of private owners and council tenants and one of the main objectives is to deliver a redevelopment in phases so that the existing residents are able to remain living on the estate transferring from their existing home into a new property once built.
29. However, in order to begin the redevelopment programme an initial phase must commence requiring the property within that phase to be demolished first. We have been working over the last few years with residents affected by the proposals to determine if they want to remain involved in the scheme or if they would prefer to sell their property back to the council and relocate elsewhere.
30. Within phase 1 we have acquired a number of homes from private residents who wanted to move elsewhere. Property purchases have been undertaken at market value but also with the provision of a home-loss compensation payment of no more than 10% of the agreed market value. We also cover legal costs and reasonable removal fees. Cabinet is being asked to approve the continuation of this approach as we are determined to work with the community to avoid the need for Compulsory Purchase of private homes wherever possible.
31. There are currently 3 remaining owner-occupiers within phase 1 who we are negotiating with to acquire their property all of whom have indicated that they do want to sell their property back to the council and move elsewhere.

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32. Once these purchases have been completed all of the existing property within phase 1 will be owned by the council enabling Phase 1 to progress subject to consultation, planning and the approval of the scheme having undertaken all due diligence including an assessment of the scheme viability.
33. Phase 1 is detailed within appendix B and will provide around 78, 1 and 2 bedroom flats for older people across 2 blocks as a direct replacement for the existing tower block. Phase 1 will also be a 'Community Living' scheme providing a range of communal facilities for older people both living with the blocks and within the wider community. There is also the opportunity to provide a café and shop for the wider community.
34. The gross costs of delivering the entire scheme are estimated to be in the region of £60 million and Phase 1 is currently estimated to be in the region of £16 million due to the early infrastructure work required. A sum of £39 million net was assumed in the current HRA capital programme, after making assumptions for income in the form of property sold on the open market and new homes sold through the Council's Assisted Home Ownership Scheme. It is important that a new development of this scale retains a mix of tenure.
35. A detailed cost analysis has not been undertaken, so the figures identified above are estimated, however this will be completed as part of the detailed scheme design following a planning consent. The tendering of a contractor for this phase would only begin once the due diligence and cost analysis and scheme viability work has been reviewed and approved by the Corporate Director. Where delegations are made, this needs to be done having consideration of viability thresholds for payback in respect to grant funded as well as for 100% Council funded developments and agrees rationale for variations.
36. In accordance with best practice approval of scheme viability assessments should take place at the following stages:
- Land Acquisition & initial viability
  - Pre-planning & Pre-tender
  - Tender approval
37. Cabinet is being asked to review and approve the Masterplan for Channel View project and the progression of phase 1 subject to successful public consultation, planning and scheme viability. All subsequent phases will be brought back to Cabinet for approval.
38. The proposed connection between the Marl and Hamdryad Park is an important aspect of the project, however work is required to determine how this new bridge can be paid for. It is estimated that a footbridge will cost in the region of £9 million. Some capital funding may be provided through the development in the form of planning gain. However, the HRA is unable to provide the rest of the capital required. A design team for the bridge is currently being appointed and part of this commission is to

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identify external funding and grants that can be applied for to help make this new connection a reality.

### **Local Member consultation (where appropriate)**

39. Local members have been fully consulted regarding the Channel View project and wider public consultation is currently underway.

### **Financial Implications**

The report sets out progress on delivering an increase in the level of Council affordable social housing units from various routes. Assumptions for increases in expenditure on the acquisition and development of new build housing are included in the five year capital programme for the Housing revenue account and HRA business plan. These will need to be refreshed as part of annual iterative updates to reflect estimated construction costs set out in this report, to ensure that the programme remains affordable, prudent and sustainable when considered with other assumptions such as projected rental income certainty and other investment priorities such as decarbonisation and maintaining Welsh Housing Quality Standards in respect to existing stock.

Where delegations provided by Cabinet are to be actioned these should be accompanied by a viability assessment as set out in the report at stages including Land acquisition and initial viability; Pre Planning and Pre Tender; Tender approval.

In respect to the construction values for projects identified in this report, these are estimates only and will change subject to tender. Any procurement plan should also consider whether there is any value for money in packaging up sites for development rather than separate tender processes for each site.

The report sets out a proposal in respect to Channel view, with the detailed estimates of costs set out in **Appendix A**. Where private open market or assisted home ownership sales are assumed these should be actioned promptly to ensure any income assumed is received to support affordability. The report sets out proposals for wider community facilities, however no details are available in respect to the running costs of such a facility. This will need to be captured in any subsequent Officer Decision Reports on the assumption that these can be managed within existing revenue budgets. Where private properties are still to be acquired to deliver phase 1 and subsequent phases, the risks to the development need to be considered and managed at an early stage and costed within updated cost assumptions for the overall project cost.

The report refers to a potential new bridge connection. No Council funding exists to create such a connection if deemed essential for the development, with a review being undertaken to consider alternative options, which would need to be considered by a Cabinet report as part of future phases of the scheme. Whilst costs are being incurred on design and development, there is a risk that these may be abortive costs to be charged to the Housing Revenue Account.



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### **Legal Implications (including Equality Impact Assessment where appropriate)**

40.

Cabinet is recommend to

1. To note the progress made to date on the council's new build housing programme and the ambition to deliver over 2,700 low-carbon council homes in the longer term.
2. To agree the Procurement Plan attached to this report and to approve the procurement of contractors for each of the identified projects carrying out procurement in line with the plan. Furthermore, to Delegate authority to the Corporate Director People & Communities (in consultation with the corporate Director Resources) to undertake all aspects of the procurement process for the identified projects including determining tender criteria, approving the tender packs, evaluating criteria and concluding the appointments.
3. To approve the progression of the Channel View redevelopment scheme, the submission of a planning application for the Masterplan and a detailed application for Phase 1 of the scheme.
4. To provide authority to make 'Home-loss' compensation payments, payable under the terms of the Land Compensation Act 1973, to owners and tenants of dwellings displaced by the redevelopment scheme.

<b>SENIOR RESPONSIBLE OFFICER</b>	<b>Director Name</b>
	Date submitted to Cabinet office

*The following appendices are attached:*

Appendix 1 – Development Procurement Plan

Appendix 2 – Masterplan for the Channel View redevelopment scheme & consultation material.