

A Second Cardiff Housing Partnering Scheme

APPENDIX A



James Street,
AHMM
Early design concept



Delivering a second Partnership Programme

What will the report cover?

- What is our programme?
- What is our existing Partnership?
- What is our pipeline?
- How do we deliver other schemes?

Our challenge

- How can we deliver new homes more quickly
 - How can we ensure we deliver in a challenging market?
 - How can we improve the value returned to the council?
 - Can our partnership influence developers in Cardiff?
 - Flexibility of programme
-
- What Partnership options do we have
 - Outcomes, opportunities & risk appetite
 - Procurement routes & timescales
 - Collaboration options
 - Resources
 - **Key principles**

HOMES
JOBS
TRAINING
COMMUNITY
INVESTMENT
SERVICES
ZERO CARBON
INNOVATION
VALUE
SUSTAINABLE
PARTNERSHIPS



Our Development programme:



STRONGER
FAIRER
GREENER



- ▶ The programme will deliver **4,000 new homes**
- ▶ At least 2,800 council and 1,200 for sale
- ▶ 60 sites – 26 in Cardiff Living
- ▶ Projected overall development value of **£ 1 billion**
- ▶ **The largest Council led development programme in Wales**
- ▶ **Low Carbon, energy efficient**
- ▶ Investing in local communities
- ▶ New Services, facilities & community buildings



Our First Development programme: Award winning Cardiff Living.

Wates



- A development partnership between the Council and national developer Wates Residential
 - A development value of £320 million
 - Delivery of 1,500 new homes over a 10-year period on 26 sites across Cardiff
 - Mixed tenure - The Council and Wates sharing the profit from market sale
 - Tenure Neutral
 - All of the properties meet high energy efficiency standards, tackling fuel poverty
-
- Truly innovative - identified by WG as an approach for other Local authorities to follow
 - Reduces risk, speeds up delivery and gives us certainty that our programme will be delivered
 - Removes the time lag from planning to commencing on site
 - Raises the standards across social and market housing
 - Delivers much wider benefits for the council including significant social value



2019 Integration & Collaboration
Award winners (Cardiff Living)



2019 Gold winners for best
starter home scheme



Social Impact
Awards
2020

Winners for residential
([Silverdale](#))



Wates Residential
Winner of the Climate Crisis
Initiative Residential Award 2022
with Cardiff Council

ADEILADU
ARBENIGRWYDD
YNG NGHYMRO



CONSTRUCTING
EXCELLENCE
IN WALES

Gwobrau 2022 Enillydd

Awards 2022 Winner

Our Wider Development Programme:

How do we deliver sites outside of CL?



- Appoint a design team
 - Manage the scheme to planning
 - Develop tender pack
 - Manage tender process
 - Appoint contractor
 - Act in client role during construction
- Individual tenders using Sell2Wales or Frameworks such as WPA
 - Our experience:
 - Tend to be a small pool of medium size contractors bidding
 - Market pressures & Capacity
 - JEHU/WRW example
 - Slow and resource intensive process
 - No economies of scale or consistency

Sites being delivered outside of Cardiff Living:

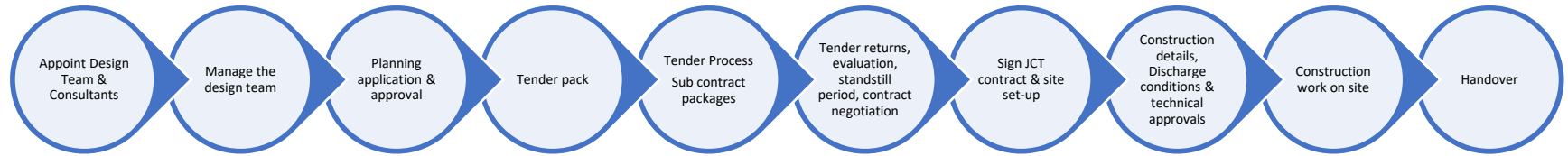
- Caldicot Road
- Ferry Road pods
- Wakehurst Place
- **St. Mellons community centre** **Jehu**
- **Maelfa** **Jehu**
- lowerth Jones
- Bute Street
- Canton/Riverside community centre



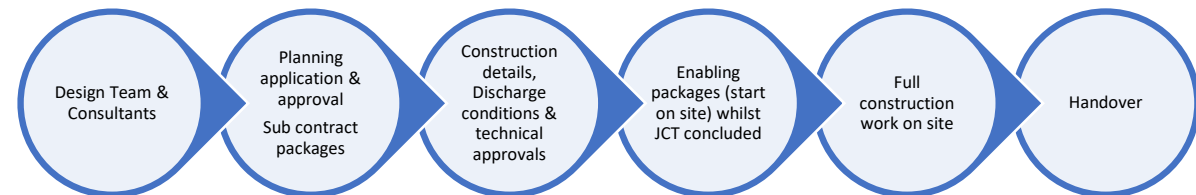
A second partnering programme: Why choose this delivery option?



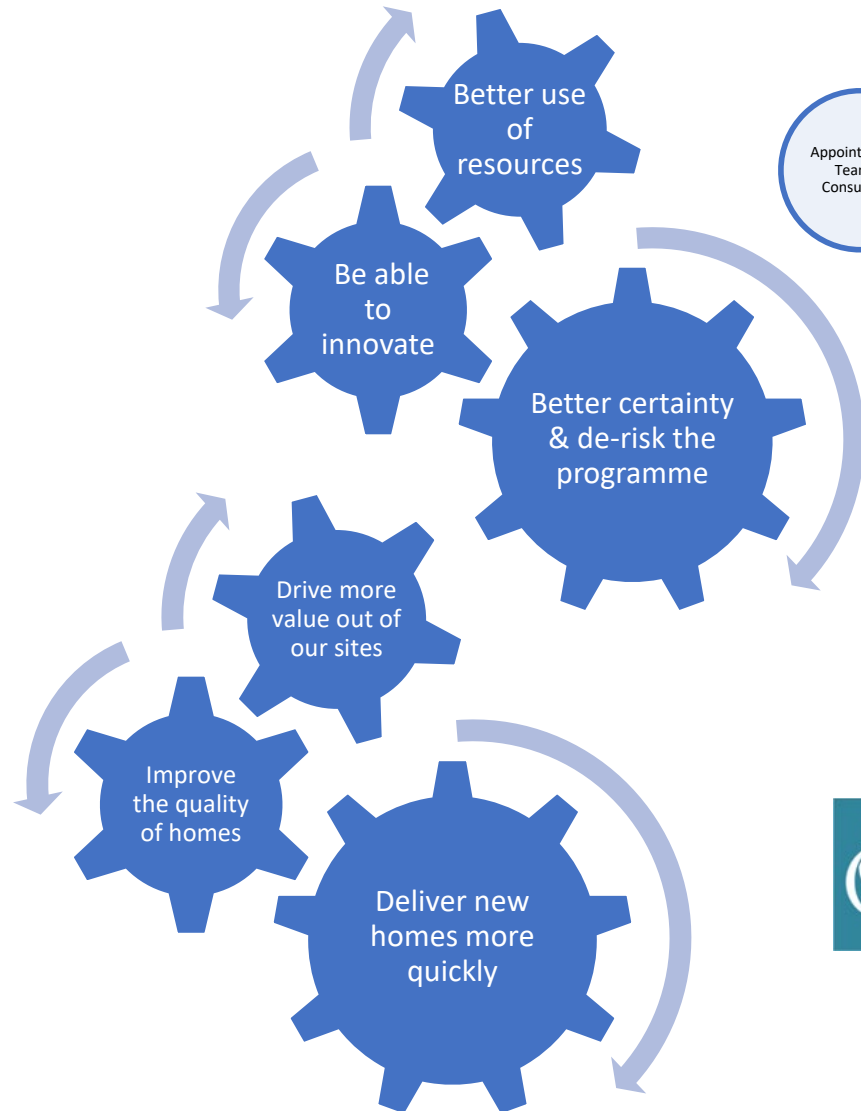
Canton/Riverside community centre



- Consultants appointed July '20
- Planning submitted July '21
- Planning decision Feb '22
- Tender start May '22
- Tender returns Aug '22
- Evaluation, reports, standstill Oct '22
- JCT Contract '22
- Discharge conditions March '23
- Start on site April '23
- Handover April '25



Reduced stages of Cardiff living



A second partnering programme: Delivering More: Health & Social Care



James Street -
Intergenerational Living

Community Living
10 new projects
£150 million
Locality based working

Gasworks -
Community Living
LD
Veterans Project

Respite
Core & Cluster



Early CGI of proposed Plaza, GP, café, hub & community centre at Michaelston site

A second partnering programme: Council's role in development



Roles (and risks) the Council is currently undertaking:

- **Promotion** – unlocking the scheme in terms of stakeholder and political engagement
- **Planning and Design** – pre-planning engagement with LPA and prepare initial planning scheme (incurring greater costs associated with surveys / investigations and consultant commissioning) before refinement and further development with Partner
- **Land** – land assembly, delivering vacant possession
- **Funder of new affordable housing** – delivering increased housing supply and generating long term income stream

Roles (and risks) the Council could consider undertaking in delivering the schemes:

- **Part or full funder of market sale housing** – share in development risk and receive developer profit
- **Offering collaboration opportunities for other councils** – can other councils add sites into our programme, can the Development team manage delivery for other Council's?

The Council needs to consider it's funding capacity, risk appetite, expertise and revenue generation requirements in the context of its objectives and the scheme profiles to decide the extent to which it takes on the above roles / risks.

A second partnering programme: What delivery options do we have?

DELIVERY ROUTE	CRITERIA					
	Ability to control housing delivery (types, price point)	Ability to control economic/social outputs	Exposure to market risk	Need for direct capital investment	Commercial return	Need for property development expertise/resource
1. Land sale without planning consent	LOWER	LOWER	LOWER	LOWER	LOWER	LOWER
2. Land sale with planning consent						
3. Development Agreement						
4. Partnering / Joint Venture (corporate or contractual)						
5. Direct development	HIGHER	HIGHER	HIGHER	HIGHER	HIGHER	HIGHER

Cardiff Living currently adopts a Development Agreement through a Partnering Arrangement

A second partnering programme: What delivery options do we have?



DEVELOPMENT AGREEMENT

Key Disadvantages / Risks

- Often considered more appropriate for simpler development schemes, where key project risks are well understood and / or manageable
- Less control – retains some controls around timings, quality but mainly influencing matters relating to the Affordable Housing (although can retain some control via the development brief).

Key Opportunities / Rewards

- Benefit of collaboration throughout the project
- Greater certainty over delivery - parameters for partnership must be well-defined prior to entering into contract, meaning the Council could set out specific timescales for the development programme
- Development risks (e.g. slowing in sales income) passed on through the contract
- Ring fenced price for the affordable housing
- Aside from land assembly costs and any initial planning work, limited capital outlay – Lower financial exposure

JOINT VENTURE

Key Disadvantages / Risks

- Delivery and market risks need to be borne by the Council equal to the Council's stake in the JV (50% of risk borne in case of 50/50 JV)
- Requires substantial capital outlay (Council's investment at risk)
- Requires investment in resource to jointly manage the JV
- Can take longer to negotiate and enter into contract compared to a more traditional DA arrangement

Key Opportunities / Rewards

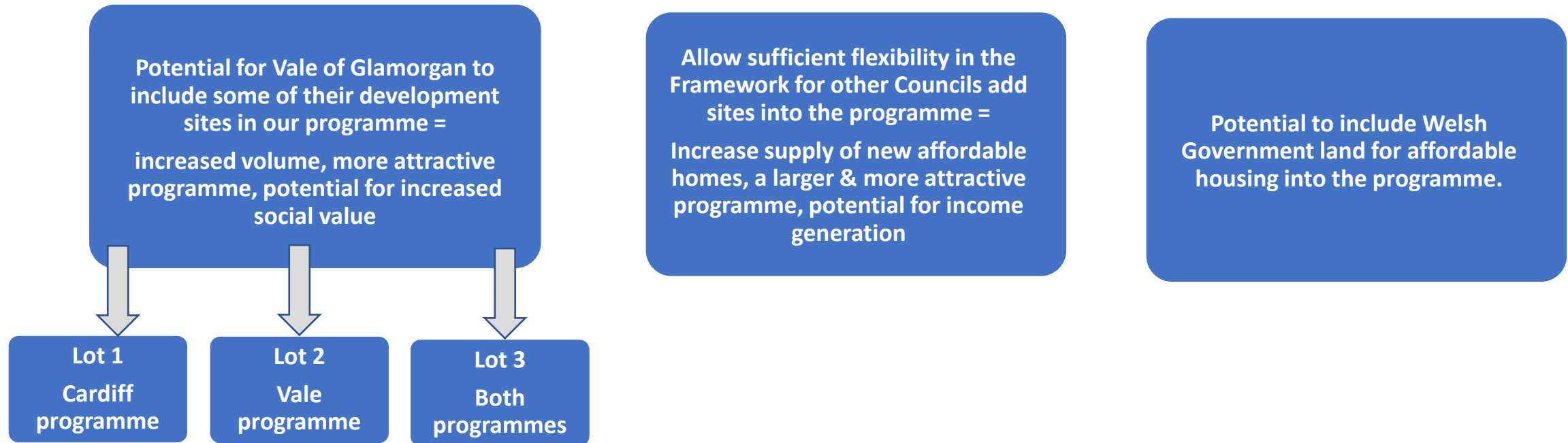
- Greater contractual control over outputs post-contract
- Potential to capture greater financial reward through developer profit share
- Potential to access lower construction costs (depending on Developer and the supply-chain discounts they could bring to a JV arrangement)
- Opportunity for genuine risk sharing
- Pooling of expertise – benefits drawn from both partners, e.g. supply chain efficiencies from developer and political influence from the Council
- Benefit of collaboration throughout the project – long term relationship allows development of well-considered and sustainable project strategies

A hybrid of the two options? - Not going to the extent of a full Joint Venture but increasing our risk/profit profile?

A second partnering programme: Opportunities to Collaborate



A second partnership programme could be structured to offer opportunities for collaboration:



Wider collaboration would be market leading and increase the supply of affordable housing and also bring rewards for the partnership. A larger programme could realise increased social value.

A second partnering programme: Procurement Route



Procurement Routes:

- **Open** - fastest route, but no opportunity for negotiation
- **Restricted** – useful when you have a very large number of tenderers but again, no negotiation
- **Competitive procedure with negotiation** - all negotiation to be completed prior to final tenders
- **Competitive Dialogue** - allows negotiation following final tenders

The next Partnership will most likely follow either the competitive procedure with negotiation or the competitive dialogue. The competitive dialogue may provide more flexibility in terms of allowing final negotiations post tender, to address any issues raised prior to legal close.

Timings can be accelerated by having clear objectives and the Council's 'red lines/non-negotiables' from the outset but this can be done **within 12 months**

Competitive Dialogue will allow us to discuss our requirements with Bidders during the procurement process and 'refine' the solutions up to final submission stage – getting the views of the market.

A second partnering programme:

Resources needed



- Development team will provide a lead officer & project management.
 - Dedicated Project Manager
 - Project Support
- Additional resources required:
 - **Legal** – drafting of Development Agreement, contract structure, procurement advice.
 - **Procurement** – managing the procurement process, drafting procurement documents, dealing with clarifications.
 - **Cost consultants** – Helping to structure tender packs, evaluation of costs, viability advice.
 - **Finance** – assessing bids, profiling Capital, helping with viability assessments.

Although some internal resources will be available it is like some additional external support will be required – particularly if we want to complete the process within 12 months.

A second partnering programme: Outcomes & key Principles



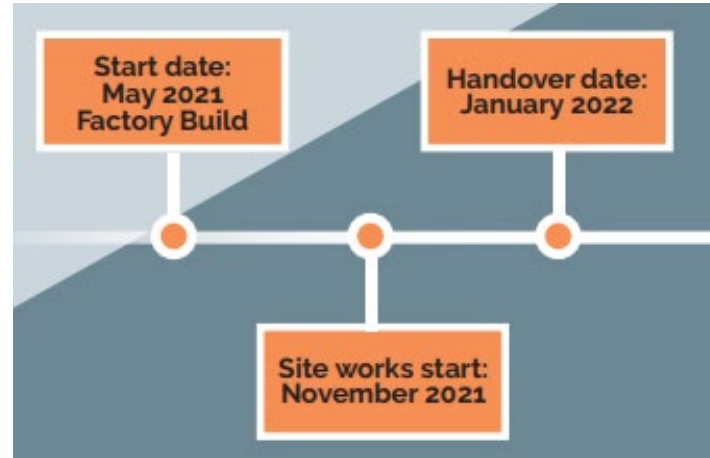
- Less resource intensive
- Increased collaboration
- Flexibility of programme – innovation
- Reduce time lag from planning to start on site
- De-risk the programme
- KPI's & Break clauses

More sustainable, affordable homes for Cardiff
A bigger programme of Social Value

Our Development programme, repeating our success: Croft Street : 9 modular Council Homes



Contract value: £3,311,304.24
Anticipated programme: 8 Months
IHP Funding Grant: £1,451,624

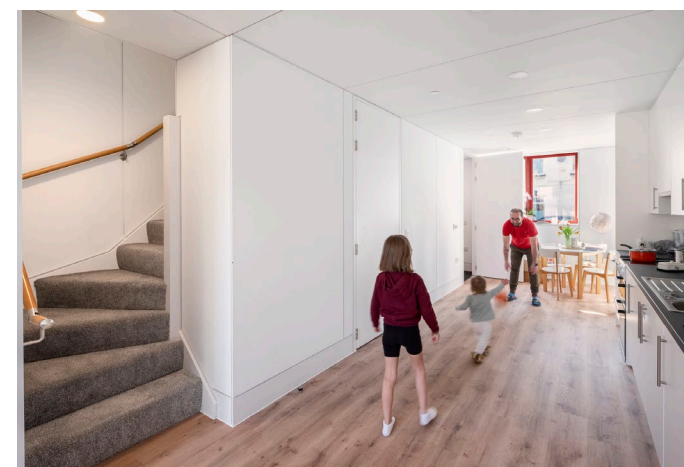
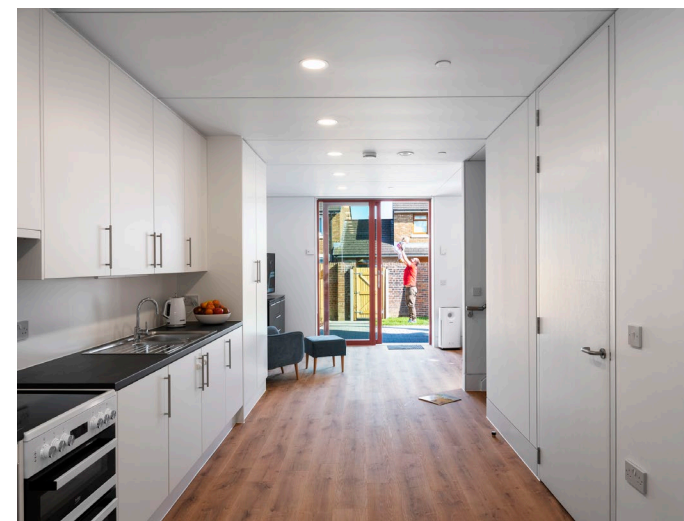


- Delivered at Pace
- Less disruptive
- Highly energy efficient
- Excellent quality control
- Completed January 2022
- Cardiff's first SAB approval!



Our Development programme: Croft Street : 9 modular Council Homes

Wates



Our Development programme: Eastern High – award winning, net zero ready.

- **214 homes in total**
 - 149 Homes for Open Market Sale (6 LCHO)
 - 21 Homes for affordable rent
 - 44 Elderly person Community Living Apartments (Addison House)
- **Innovative Housing Program Funding - Net Zero Carbon at Scale**
- **All properties meet the same standard**
- **Tenure blind**
- **No fossil fuels**
 - Ground Source Heat Pumps
 - Solar PV
 - Batteries
 - EV charging points for every home
- **Welsh government grant of £4.5 million**
- **Testing the sales market for low-carbon homes at scale**
- **Addison House, our first older person community living project – another 10 to be built!**

Wates



Our Development programme: Eastern High – award winning, net zero ready.

Wates



Innovation:

- 5 year training HUB with C&V college & Council's into work team
- Highly energy efficient = lower utility bills for residents
- Demand for homes to buy on this site has been exceptional with over 500 people register an interest to buy
- **This must be our new 'Minimum Standard' for our sites**
- **Innovation recognised with the 2022 RESI award for Climate Crisis Initiative – best scheme in the UK!**



RES
AWARDS
WINNER

Wates Residential
Winner of the Climate Crisis
Initiative Residential Award 2022
with Cardiff Council

Channel View redevelopment – phase 1



**STRONGER
FAIRER
GREENER**



Replacement of an existing sheltered housing scheme
81 x 1 and 2 bed flats
Planning Approved December 2021
Out to tender

[Channel View \(amityplanning.co.uk\)](http://amityplanning.co.uk)

