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**Council Build Programme Update and Acquisition of New Build Housing  
Through a Package Deal Arrangement on Land at Wyndham Crescent Cardiff**

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*The Appendix to this report is not for publication as it contains exempt information of the description contained in paragraph 14 and 16 of Part 4 and paragraph 21 of Part 5 of Schedule 12A to the Local Government Act 1972*

**Purpose of Report**

1. To provide Members with background information to enable their pre-decision scrutiny of the report to Cabinet regarding the acquisition of properties through a package deal arrangement at Wyndham Crescent.
2. The Cabinet Report, attached at **Appendix A** (*and its subsequent Appendices*) are due to be considered by Cabinet at its meeting on 18 March 2021.
3. Members should note that Appendices of the Cabinet report are exempt from publication. Members are requested to keep this information confidential, in line with their responsibilities as set out in the Members Code of Conduct and the Cardiff Undertaking for Councillors.

**Structure of the meeting**

4. This item will be considered in two parts: an open session, where Members will receive a briefing by Officers which will include an overall update on the Council House Build Programme, the updating of the Cardiff Design Standards and an overview of the proposals to Cabinet in the attached Cabinet Report. Members will be able to ask questions on the issues and papers that are in the public domain; and a closed session, where members of the public will be excluded, should Members hold any questions that pertain to the detail of the Appendices.

5. Councillor Lynda Thorne (Cabinet Member – Housing & Communities), Sarah McGill (Corporate Director – People & Communities) and Dave Jaques (Operational Manager – Development & Regeneration) will be available to answer Members questions.
6. Following this item, 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.

### **Structure of the Papers**

7. To facilitate the scrutiny, the following appendices are attached to this report:

#### **Appendix A – Cabinet report**

##### *Acquisition of New Build Housing through a Package Deal Arrangement on Land at Wyndham Crescent, Cardiff*

The following confidential Appendices are attached to Appendix A:

- **Appendix 1** – Heads of Terms – which includes Costs associated with acquisition of additional property
- **Appendix 2** – Viability Assessment of the Schemes costings
- **Appendix 3** – Indicative Plans & Elevations of the Scheme
- **Appendix 4** – *External Legal Advice*

### **Background**

8. Currently, there are just under 8,000 people on the housing waiting list. A Local Housing Market Assessment indicated that 2,024 new affordable homes are required each year to meet the demand. However, on average over the last 5 years the social housing sector has only delivered around 250 new homes each year.
9. The Administration's 'Capital Ambition: Our Continuing Commitments for Cardiff' policy statement contains a commitment to deliver at least 2,000 new Council homes, of which 1,000 will be completed by 2022, and to work with developers and partners to deliver 6,500 affordable homes across the city by 2026.

10. In order to achieve this, the Council has established a number of development delivery routes as follows:

- Cardiff Living Development (300 target)
- Additional New Build Programme (outside of Cardiff Living) (400 target)
- Open Market Buy-Backs (100 target)
- Developer Package Deals (100 target)
- Convert buildings to Council Homes (50 target)
- Meanwhile Use of Land (50 target)

*(N.B The targets listed above relate to the 1,000 properties aimed to be complete by December 2022)*

### **Progress to Date**

11. A Cabinet Report approved in November 2020, details that as of September 2020, the Council House build Programme has delivered 381 new homes. With an additional 178 homes on site, 101 out to tender for a new contractor, 145 with planning consent in place and 104 homes where planning has been submitted for approval (*totaling 909 homes going through the development process*).
12. In terms of finance, the Council House Build Programme benefits from a significant HRA Capital allocation but also attracts external funding in the form of Grants, Planning Gain and income from the sale of land or low-cost homes through the Assisted Home Ownership scheme. Currently, just under £31 million has been achieved through these routes.
13. To date, the Council House build programme has successfully bid for 5 Welsh Government Innovative Housing Grants attracting over £8.7 million to deliver innovative and low-carbon schemes.
14. Previously, the Social Housing Grant (SHG) had only been available to Housing Associations however the Welsh Government has recently confirmed that from April 2021, Council's with a Housing Revenue Account will be able to apply for the Grant, which in turn will help provide a Capital subsidy for its developments.
15. Schemes approved for SHG funding will be required to meet the standards and viability parameters set by Welsh Government. Committee Members have previously been advised that the Social Housing Grant is limited and not every council scheme will benefit from it.

## **Package Deals**

16. Package deals' are where a contractor takes the lead in procuring the acquisition, design and construction of a project.
17. The council has been approached by a developer, Ventura properties (Cardiff) Ltd, to consider an acquisition of new flats once built on the former Seal & Co building site on Wyndham Crescent, Cardiff. The scheme will deliver new flats suitable for older people in an area of the city which has a high demand for new council housing but scarce existing stock and limited opportunities to build.
18. The proposed scheme will deliver 31 x 1 bed older person apartments, all with access to private outdoor space. Indicative elevations of the proposed scheme are provided in **Appendix 3**.

## **Issues**

19. The draft Cabinet Report outlines a number of areas for consideration under this acquisition, the first of which being costings. The Report outlines that the council will enter into an appropriate form of agreement to purchase the development only once the total schemes costs have been independently reviewed and confirmed to be consistent with current build costs. The current estimated costs for the acquisition are detailed in **Appendix 1**.
20. Members will note that a viability assessment of the current indicative scheme costs has been undertaken using the ProVal viability Toolkit, with the baseline viability indicating that the scheme would achieve a payback of 41 years, with an allocation of subsidy. The viability Report is provided in **Appendix 2**.
21. To ensure the council's proposed acquisition is compliant with the Public Contracts Regulations external legal advice has been sought which is attached at **Appendix 4**.
22. There are a number of conditions that must be discharged by the developer before the council can enter into a legal agreement. These are listed below:
  - A satisfactory planning permission being granted for a 31 unit scheme including for any Section 106 Agreement;
  - A satisfactory valuation of the proposed scheme;
  - A satisfactory review of the proposed scheme costs;

- A positive financial viability assessment of the total scheme costs using the Proval viability tool;
- Formal approval of the SAB proposal for the scheme;
- Completion of due diligence of the developer to ensure ability to deliver the project;
- Satisfactory completion of the procurement due diligence as detailed in legal advice at Appendix 4.

### Proposed Recommendations to Cabinet

23. The report to Cabinet contains the following recommendation:

*'Cabinet is recommended to:*

*To delegate authority to the Corporate Director for People & Communities, in consultation with the Cabinet Member for People & Communities and Head of Estates to enter into a legal agreement (following satisfaction of the conditions highlighted in this report) with Ventura properties (Cardiff) Ltd for the acquisition of 31 new apartments on land at Wyndham Crescent, Cardiff in accordance with the Heads of Terms substantially in the form contained in at Appendix 1.'*

### Previous Scrutiny

24. At its October<sup>1</sup> meeting, Committee Members' received an update on the Council House Build Programme which included an update on the current status of property developments, the impact of Covid-19 on the programme and progress of the Design Standards update. With regard to updating the Design Standards, Members were informed the draft form was nearly complete; with consultation aiming to begin in November 2020. Members were further informed that the draft Design Standards would cover the following:



<sup>1</sup> [Chair's Letter, October 2020: Council House Build Programme Update.](#)

25. In addition, during the October meeting Members were also provided with an overview of the June Cabinet Report which included proposals to purchase additional properties from Wates along with the proposal for a potential change in Council contracts; moving from Developer partnerships to Contracting partnerships. Although this movement in contracts would mean the Council taking a developers risk, Members were informed it provides the opportunity to reinvest profits fully back into the development programme and greater control of tenure.

25. During Committee's November<sup>2</sup> meeting, Members consider the progression of Phase 1 of the Channel View Redevelopment scheme which included aspirations around waste management and energy efficiency. As part of their consideration, Members' requested a breakdown of the proposed property types within the *overall* Council House Build Programme and were subsequently provided with the following table:

	1 bed flat	2 bed flat	3 bed flat	1 bed bungalow	2 bed bungalow	2 bed house	3 bed house	3 bed house	Totals
New Build Programme	623	425	67	0	10	202	213	117	1,657
Cardiff Living Phase 1	62	94	0	0	2	89	21	20	288
Cardiff Living Phase 2	109	78	12	6	2	106	71	32	416

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Cardiff Living Total	171	172	12	6	4	195	92	52	704
Overall Totals	794	597	79	6	14	397	305	169	2,361

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<sup>2</sup> [Chair's Letter, November 2020: Channel View Redevelopment – Progression of Phase 1.](#)

## **Scope of Scrutiny**

26. During this scrutiny, Members have the opportunity to review the Cabinet Report and explore:
- I. Key factors shaping the proposed acquisition, identified issues and proposed solutions
  - II. Financial implications
  - III. Risks to the Council
  - IV. Next Steps and timelines
  - V. Reflect on the updates provided at Committee regarding the progress of the Programme and the updating of Design Standards.

Members will then be able to decide what comments, observations or recommendations they wish to pass on to the Cabinet for their consideration.

## **Legal Implications**

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**

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.

## **RECOMMENDATIONS**

The Committee is recommended to:

- i. Consider the information provided in this report, its Appendices and information received at the meeting;
- ii. Decide whether it wishes to relay any comments or observations to the Cabinet.

**DAVINA FIORE**

**Director of Governance and Legal Services**

**4 March 2021**