



## CABINET - 3RD OCTOBER 2018

**SUBJECT: STRATEGY FOR THE DISPOSAL OF SELECTED LAND WITH RESIDENTIAL DEVELOPMENT POTENTIAL**

**REPORT BY: INTERIM CORPORATE DIRECTOR, COMMUNITIES**

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### 1. PURPOSE OF REPORT

- 1.1 To seek Cabinet approval in relation to a strategy for the disposal of five key parcels of land all of which are suitable for residential redevelopment.

### 2. SUMMARY

- 2.1 The Authority has significant tranches of surplus land, a proportion of which is suitable for residential development. Of these there are five significant parcels of land that have relatively few barriers to redevelopment.
- 2.2 The delivery of affordable homes within the borough is behind target but where the Authority sells land there is an opportunity to ensure affordable housing is included and to increase the proportion of affordable housing above Local Development Plans (LDP) targets where appropriate, albeit with the potential for a reduction in the associated capital receipt.
- 2.3 This report presents a disposal strategy for five key sites which balances the requirement to derive capital receipts with the affordable housing needs of the surrounding communities. As an increased proportion of affordable housing could reduce the value of the capital receipt Cabinet approval is required.

### 3. LINKS TO STRATEGY

- 3.1 The recommendations in this report contribute to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015:
- *A more equal Wales\**
  - *A Wales of cohesive communities\**

### 4. THE REPORT

- 4.1 The Local Development Plan (LDP) sets out a housing requirement to deliver 8,625 units in the 15 year plan period 2006 to 2021. As of the 1st April 2017 4,523 units (52% of the requirement) had been built and it is therefore clear that the housing requirement figure will not be achieved by 2021.
- 4.2 The delivery of new affordable homes within the borough similarly is behind target. Policy SP15 of the LDP identifies an affordable housing target of 964 units over the lifetime of the LDP, 2006 -2021. As of 2017 only 251 affordable units have been built, or less than a third of the target.

- 4.3 The Local Development Plan stipulates the affordable housing target in terms of the percentage of the total number of units on a given site. This varies from 0% in the north of the borough to 40% in the Caerphilly Basin. The Council's Supplementary Planning Guidance on Affordable Housing Obligations (LDP1) indicates that the percentages sought are a 'target' rather than a mandatory requirement and where it can be demonstrated that it would not be viable to deliver affordable housing at the levels set out within the LDP, then lower levels may be accepted.
- 4.4 There have been a number of planning applications submitted where developers have been able to clearly demonstrate through the submission of a viability assessment that there are viability issues on a site specific basis. This has led to a number of cases where there has been a reduction in the percentage of affordable housing provided. All viability assessments are given detailed consideration by appropriate officers or independent experts such as the District Valuer Service (DVS) to ensure that the assumptions used are robust. As part of this, consideration is given to any exceptional or abnormal costs linked to ground conditions or other site constraints.
- 4.5 The Authority has significant tranches of surplus land, a proportion of which is suitable for residential development. Where the development land is Authority owned there is flexibility in terms of the viability model with more scope to accommodate affordable housing. In this case the capital receipt may be reduced and the Authority's Protocol for the Disposal of Property (Land and Buildings) stipulates that Cabinet approval is then required. Whilst it is recommended that the disposal of the various small tranches of land (where the development potential is less than 20 dwellings) continues in accordance with the Protocol for the Disposal of Property (Land and Buildings) it is further recommended that the Authority considers the disposal strategy for the larger tranches of current and future surplus land and in particular to determine whether an increased allocation of affordable homes is justified.
- 4.6 The surplus land with residential development potential has been reviewed and assessed in terms of barriers to development and location factors and five medium or large parcels of land, with relatively few barriers to development and in locations that would be commercially attractive to housing development companies, have been highlighted. The remainder of this report relates only to these five sites which are outlined below:
- Site A Ty Darren, Risca.** 1.5 acres, potentially 20 dwellings. Local affordable housing target 10%.
- Site B Bedwellty School Playing Fields.** 4.6 acres, potentially 50 dwellings. The Local affordable housing target is 0%. Fields were declared surplus in 2018 and the process of complying with the Playing Fields (Community Involvement in Disposal Decisions) (Wales) Regulations 2015 is underway and the land cannot be sold until this is concluded.
- Site C Pontllanfraith House.** 16.4 acres, potentially up to 120 dwellings. Local affordable housing target 25%.
- Site D Pontllanfraith Comprehensive School.** 19 acres, potentially up to 165 dwellings. Local affordable housing target 25%. Excludes leisure centre associated car park and artificial pitch.
- Site E Oakdale Comprehensive School.** 10 acres, potentially up to 100 dwellings. Local affordable housing target 25%.
- 4.7 Considerations relating to each of these sites are set out below together with a recommended way forward.

### Site A Ty Darren, Risca.

- 4.8 This site has been surplus since the care home closed in 2010. Redevelopment of the site was delayed pending improvement of the adjacent river flood defences. This issue is now resolved. The traditionally constructed building remains in place and the building envelope is in reasonable condition however the internal fit out and the building services are in very poor condition.
- 4.9 The site is level with good access and in a good location and would be attractive to housing developers.
- 4.10 There has only been one major housing development in the Risca area since 2010, but there are several schemes with planning permission for housing. The LDP target for affordable home is 10% and this target will be exceeded as summarised below:

#### New Dwellings in Risca Since 2010

	Total Dwellings	Affordable Dwellings
Completions	14	14
Undeveloped units with planning permission	114	43
<b>Total</b>	<b>128</b>	<b>57 (44% of total)</b>

- 4.11 Caerphilly Homes have several ageing sheltered accommodation complexes in Risca and options for the future are addressed in a report entitled Remodelling and Reclassification of Older Persons Accommodation. This report was considered by Cabinet on 12<sup>th</sup> September 2018. One of the options being considered is to build a new sheltered accommodation complex in Risca and Ty Darren has been identified as a very suitable site. In this case the site would be valued by the District Valuer and a Capital Receipt would be forthcoming from the HRA or a ground lease could be agreed.
- 4.12 It is recommended that if it is confirmed that Caerphilly Homes wish to build sheltered accommodation on the site then sale of the site to them should proceed. Otherwise it is recommended the site is sold on the open market for housing with a contractual requirement that 10% of the dwellings are affordable in accord with the LDP requirement.

### Site B Bedwellty School Playing Fields, Aberbargoed

- 4.13 The adjacent school site was sold to Llanmoor Developments (LD) in Autumn 2017 following a competitive tender process. The tender response from the market was poor with only three returns but it was felt that the LD bid was in line with the market value of the site.
- 4.14 The affordable homes target is 0% in the area but a current need for affordable housing was identified by the Housing development Officers and the sale contract required that 15% of the dwellings are affordable. The contract also required that the development include a spur road to serve a future development on the playing field site.
- 4.15 Since 2010 a number of new homes have been delivered in Aberbargoed, including two affordable housing schemes, and a further site has planning permission for housing as summarised below:

#### New Dwellings in Aberbargoed Since 2010

	Total Dwellings	Affordable Dwellings
Completions	97	56
Undeveloped units with planning permission	15	0
<b>Total</b>	<b>112</b>	<b>56 (50% of total)</b>

- 4.16 Llanmoor Developments have advised that they would be keen to purchase the playing field site and develop it in the same style as the school site. The end result would be a homogenous and attractive development. The playing field site is similar in size to the school site and a sale price could be derived from the price paid for the school site. Again 15% of the dwellings would be affordable.
- 4.17 It is recommended that if the site is declared surplus when the current consultation process is concluded then responsibility for negotiating a sale to LD as outlined above be delegated to the Interim Head of Property Services in consultation with the Cabinet Member for Homes and Places. If suitable terms cannot be agreed with LD then it is further recommended that the site be sold on the open market via a competitive tender process which would include a contractual commitment that 15% of the homes are affordable.

### **Site C Pontllanfraith House and Site D Pontllanfraith Comprehensive School**

- 4.18 These sites straddle the B4251 and together could accommodate nearly 300 dwellings. Pontllanfraith House is now demolished and the site is available for redevelopment. The demolition of Pontllanfraith Comprehensive School is currently on hold pending a decision on the future of Pontllanfraith Leisure Centre. Selling or developing both sites concurrently could result in a short term over supply of land and it is recommended that the Pontllanfraith House site is developed first with the development of the Comprehensive School site following.
- 4.19 The Pontllanfraith House site was previously marketed but the headline offers to purchase that were received were heavily caveated and de-risked by the developer. As a result it proved difficult to establish the likely final purchase price and the sale did not proceed.
- 4.20 Since 2010 no new homes have been delivered in Pontllanfraith but several developments have planning consent. The LDP target for affordable homes is 25% but will not be achieved for the consented developments as summarised below:

#### New Dwellings in Pontllanfraith Since 2010

	Total Dwellings	Affordable Dwellings
Completions	0	0
Undeveloped units with planning permission	276	59
<b>Total</b>	<b>276</b>	<b>59 (21% of total)</b>

- 4.21 There is an opportunity to develop the Pontllanfraith House site, and possibly the Comprehensive School site, in a garden village style in collaboration with a Registered Social Landlord (RSL). The garden village model that was utilised in the Loftus development in Newport could suit the Pontllanfraith House site in particular. The model could include equal proportions of social rented, shared ownership and market sale dwellings and there is potential for the social housing element to be delivered as council housing. Such a scheme could deliver up to 40 social rented, 40 shared ownership and 40 market sale homes. An example of a garden village style development is included for reference at Appendix 1. The benefits of this approach include giving the Authority more influence on the development, delivering a development which is more in tune with the needs of the local community and ensuring the homes would be designed to the Welsh Government Design Quality standard. If the development was led by an RSL the Authority could choose to sell the land, for a value derived by the District Valuer which would reflect the higher proportion of affordable homes, or consider a Lease model where the Authority retains ownership of the land and takes a proportion of sales and rents. The Lease model has been successfully delivered on land adjacent to Watford Road Caerphilly. Furthermore there is also the option of transferring the social rented houses to Caerphilly Homes on completion.

- 4.22 It is recommended that a scheme for the Pontllanfraith House site (Site C) is developed with an RSL and commercial terms are established for both the sale and the Lease models for further consideration and approval by Cabinet.
- 4.23 It is further recommended that a final decision on the way forward for the Comprehensive School site (Site D) is deferred until after the strategy for the Pontllanfraith House site is agreed and a programme for development is established. It is confirmed this would not delay demolition of the disused school buildings.

#### **Site E Oakdale Comprehensive School.**

- 4.24 Demolition of the school is well underway and this site will be available for development in late 2018. The topography of the site is challenging but otherwise it is an attractive opportunity for developers and RSLs.
- 4.25 Since 2010 a significant number of new homes have been delivered in the Oakdale and Croespenmaen area and several developments have planning permission. The LDP target for affordable homes is 25% and will be exceeded as summarised below:

#### New Dwellings in Oakdale/Croespenmaen Since 2010

	Total Dwellings	Affordable Dwellings
Completions	124	19
Undeveloped units with planning permission	310	160
<b>Total</b>	<b>434</b>	<b>179 (41% of total)</b>

- 4.26 Given the completions to date and the anticipated completions local to the site, there is less justification to consider increasing the affordable housing provision above the LDP target of 25%. It is therefore recommended that the site is sold on the open market with the sale contract requiring that 25% of dwellings are affordable.

## **5. WELL-BEING OF FUTURE GENERATIONS**

- 5.1 This proposal contributes to the Well-being Goals as set out in Links to Strategy above. It is consistent with the five ways of working as defined within the sustainable development principle in the Act in that .....
- *Long Term – The importance of balancing short-term needs with the needs to safeguard the ability to also meet long-term needs.*  
The proposal considers the long terms best interest of the community.
  - *Prevention - How acting to prevent problems occurring or getting worse may help public bodies meet their objectives*  
The proposal addresses the shortage of new housing and new affordable housing
  - *Integration – Considering how the public body’s well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies*  
The proposal supports Welsh government objectives in relation to new homes
  - *Collaboration – Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives*  
The proposal takes account of Caerphilly Homes objectives and considers collaboration with an RSL to achieve the best outcome
  - *Involvement – The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.*  
Caerphilly Homes and private sector housing colleagues have been consulted and their advice and requirements are reflected in the recommendations.

## 6. EQUALITIES IMPLICATIONS

- 6.1 There are no potential equalities implications resulting from this report and its recommendations on groups or individuals who fall under the categories identified in Section 6 of the Council's Strategic Equality Plan. There is no requirement for an Equalities Impact Assessment to be completed for this report.

## 7. FINANCIAL IMPLICATIONS

- 7.1 The disposal of the five sites will result in a capital receipt or, in the case of the 'lease' model, revenue income and a capital receipt to the Authority. The recommended provision of a greater percentage of affordable housing than required by the LDP on sites A, B, C & D is likely to reduce the associated capital receipt but the reduction is unquantifiable at this stage.

## 8. PERSONNEL IMPLICATIONS

- 8.1 There are none.

## 9. CONSULTATIONS

- 9.1 In response to consultation on the report, one of the members from Risca West has stated that he would like to see the Ty Darren building refurbished and utilised to provide respite or elderly, mentally and Infirm (EMI) beds to ease the bed blocking issue in hospitals and queries why these options are not being considered. The report otherwise reflects the views of the consultees.

## 10. RECOMMENDATIONS

- 10.1 That Cabinet approve the following disposal strategy:
- 10.2 **Site A Ty Darren, Risca.** If it is confirmed that Caerphilly Homes wish to build sheltered accommodation on the site then the site be sold to them. Otherwise it is recommended the site is sold on the open market for housing with a contractual requirement that 10% of the homes are affordable in accord with the LDP requirement.
- 10.3 **Site B Bedwellty School Playing Fields.** Assuming the site is declared surplus when the current consultation process is concluded, the Interim Head of Property Services in consultation with the Cabinet Member for Homes and Places negotiate a sale to Llanmoor Developments. However, if the current market value cannot be achieved then the site shall be sold on the open market via a competitive tender process. In either case, the sale to include a contractual commitment that 15% of the homes are affordable.
- 10.4 **Site C Pontllanfraith House.** A scheme is developed with an RSL to include broadly equal proportions of social rented, shared ownership and market sale dwellings, and commercial terms are established for both outright sale and the Lease models for further consideration and approval by Cabinet.
- 10.5 **Site D Pontllanfraith Comprehensive School.** A final decision on the way forward for this site is deferred until after the proposals for Pontllanfraith House (Site C) are further developed and a programme for development is established. It is confirmed that this will have no impact on the demolition of the disused school buildings which can proceed as planned.
- 10.6 **Site E Oakdale Comprehensive School.** The site is sold on the open market with the sale contract requiring that the LDP target of 25% of the dwellings affordable is achieved.

## 11. REASONS FOR THE RECOMMENDATIONS

- 11.1 The recommendations balance the requirement to derive capital receipts from the disposal of surplus land with the affordable housing needs of the surrounding communities.

## 12. STATUTORY POWER

- 12.1 Local Government Act 1972. As the disposal strategy could result in a capital receipt that is less than the market value, Cabinet approval is required.

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Appendices:  
Appendix 1 The Garden Village Development Concept

## Appendix 1 The Garden Village Development Concept

The concept seeks to enhance the natural environment and offer high quality housing with a blend of tenures, including affordable housing, located in an attractive, healthy sustainable location that is close to accessible work.

Such a development would aspire to:

- Capture the land value for the benefit of the community;
- Make provision for mixed tenure homes and housing types that are genuinely available;
- Offer beautiful and imaginatively designed homes with gardens, combining the best of town and country to create a healthy community and include opportunities to grow food;
- Be designed to enhance the natural environment, providing appropriate green infrastructure, net biodiversity gains and use aero- carbon and energy positive technology to ensure climate resilience;
- Have strong cultural, recreational and shopping facilities within walking distance;
- Engender active community and stewardship of the land. Stewardship may include physical maintenance and improvement of the public realm, managing the public realm, and organising community activities.
- Integrate accessible transport routes for walking, cycling and be close to public transport and should prioritise these over the private car;
- Be professionally masterplanned and incorporate local materials wherever possible.

