

## Aelod Portffolio ar faterion Tai, Cynllunio ac Adfywio Economaidd

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Man Cyfarfod

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Dyddiad y Cyfarfod  
**Dydd Mercher, 10 Tachwedd 2021**

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Amser y Cyfarfod  
**Amser heb ei nodi**

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I gael rhagor o wybodaeth cysylltwch â



Neuadd Y Sir  
Llandrindod  
Powys  
LD1 5LG

Dyddiad Cyhoeddi

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Mae croeso i'r rhai sy'n cymryd rhan ddefnyddio'r Gymraeg. Os hoffech chi siarad Cymraeg yn y cyfarfod, gofynnwn i chi roi gwybod i ni erbyn hanner dydd ddau ddiwrnod cyn y cyfarfod

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### AGENDA

1.	<b>TROSGLWYDDO CANOLFAN DYDD ARLAIS I WASANAETHAU TAI</b>
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(Tudalennau 1 - 6)

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

**CYNGOR SIR POWYS COUNTY COUNCIL**  
**PORTFOLIO HOLDER DELEGATED DECISION**  
by  
**COUNTY COUNCILLOR IAIN MCINTOSH**  
**PORTFOLIO HOLDER FOR ECONOMIC DEVELOPMENT, PLANNING AND**  
**HOUSING**

**AND**

**COUNTY COUNCILLOR PHYL DAVIES**  
**PORTFOLIO HOLDER FOR EDUCATION AND PROPERTY**

**October 2021**

**REPORT AUTHOR: Nina Davies, Head of Housing and Community Development**

**REPORT TITLE: Transfer of Arlais Day Centre to Housing Services**

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**REPORT FOR: Decision**

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**1. Purpose**

1.1 The purpose of this report is to seek approval for the Arlais Day Centre in Llandrindod Wells to be transferred to Housing Services to enable the development of affordable housing.

**2. Background**

2.1 In January 2020, Housing Services acquired land to the rear of the Arlais Day Centre which had been declared surplus for requirements by Powys County Council. Full market value of £130,000 was paid for the site.

2.2 The Housing Service has worked with Adult Social Care in developing alternative facilities at the Council's older persons scheme at Lant Avenue. The Housing Revenue Account (HRA) funded an element of the work and the scheme was project managed by HRA officers.

2.3 The Arlais Day Centre has now been declared surplus for the purpose of providing day care services and Housing Services has expressed an interest in acquiring the site to develop homes for local people.

2.4 The Council has committed to develop 250 new Council homes for rent by 2025. Development of the combined sites which amounts to 0.65 hectares would provide approximately 20 properties and be a positive contribution to meeting this target, which aligns with priorities of Vision 2025.

2.5 Llandrindod Wells has been identified as being an area of high housing need, with a particular need identified for single person accommodation. There are currently 210 applicants registered with 'Homes in Powys' for affordable and secure rented accommodation in the town. Following the COVID-19 pandemic the County has experienced a significant increase in demand for homes.

Additional homeless duties were mandated by the Welsh Government during the pandemic, adding to the demand for homes for those who are homeless or at risk of becoming homeless. Currently, circa 3,700 are registered with 'Homes in Powys' and circa 190 households are living in temporary accommodation, awaiting the availability of a suitable property in which to make a permanent home. Those additional duties are now expected to be mainstreamed, suggesting that demand for social housing is unlikely to diminish.

- 2.7 The District Valuer Service (DVS) was commissioned to provide independent valuations of the Arlais Day Centre site for both market value and a market value restricted to affordable housing. Its findings are as follows:

“The opinion of Market Value of the freehold interest with vacant possession -

- Reflecting the affordable housing requirements as per the LDP allocation as of 14 April 2021 is £130,000 (One Hundred and Thirty Thousand Pounds).
- Reflecting 100% affordable housing provision, as of 14 April 2021, is £1 (One Pound)”

### **3. Advice**

- 3.1 The options available/considered are as follows:

3.1.1 Option One: Transfer of Arlais Day Centre to Housing Services to develop 100% affordable housing for £1 which is the market value for affordable housing provision.

3.1.2 Option Two: Transfer of Arlais Day Centre to Housing Services for the market value of £130,000.

3.1.3 Option Three: Advertise Arlais Day Centre on the open market for general sale.

- 3.2 The Principal Property Manager (Strategic Property) has commented that: “the sale at £130,000 is included within the capital receipt forecast for 2021-2022 and therefore Strategic Property do not support Option One to transfer Arlais Day Centre to Housing Services for £1. Option Two to transfer of Arlais Day Centre to Housing Services for the market value of £130,000 is supported.”

- 3.3 Option Two therefore represents the most positive outcome, providing land for the development of affordable housing by the Council and a capital receipt. This option would require the receipt of Social Housing Grant (SHG) to make an affordable housing scheme viable, and would increase the borrowing for the HRA by increasing the payback period for the scheme.

- 3.4 Viability assessments have been undertaken for a scheme covering both the land to adjacent to the Day Centre and the Day Centre site itself, and a separate assessment for the Day Centre site only, for the purposes of assessing the viability of the additional site acquisition. A summary of the viability assessments is attached to this report as Appendix One. In summary, a scheme covering both sites could provide 20 homes.

- 3.5 Development of a housing scheme on the combined site can be afforded within the HRA Business Plan, subject to receipt of Social Housing Grant (SHG) to assist with the cost of making sure that social homes meet the standards required by the Welsh Government. Based on the Welsh Government's Standard Viability Model, the availability of SHG is assumed to be 47% of the Total Scheme Cost. This would make a social housing scheme on the combined site viable with a discounted payback period of 45 years – which is within the 60-year target set by the Council for the funding of new housing schemes. The scheme as currently proposed would be deemed unviable if SHG lower than 43% was awarded by the Welsh Government.
- 3.6 There is a risk that costs may increase due to the current global increase in construction costs, which could be managed by phasing development to accommodate any fall in construction inflation.
- 3.7 The risks of construction cost inflation and SHG being awarded at a level below that assumed in the viability appraisal, could be managed by consideration of diverse tenure options to include homes for sale, with any surpluses generated being used to offset the cost of providing social rented homes.

#### **4. Resource Implications**

- 4.1 The site has been included in the Powys New Build Development Programme and there is budget earmarked for development of the site in the HRA Business Plan.
- 4.2 The development would be part funded using Welsh Government Grant and borrowing by the HRA, borrowing will be financed from the rental income. As noted above the payback for current scheme proposal is less than 60 years. If the amount of grant available is less than 43% of the Total Scheme Cost, then the scheme as currently proposed may not be viable. This risk could be managed by a review of tenure and housing options developed on the site, with a view to any surpluses generated by market housing being used to cover the cost of providing homes that can be let at affordable rents.
- 4.3 The Head of Finance (Section 151 Officer) notes that the report confirms that the proposal can be accommodated with the HRA Business Plan and that the payback period is within the Councils target range. The risk of not being able to obtain grant funding or that costs increase are highlighted and these could impact on the viability of the scheme currently being proposed, however, the report describes how these risks can be managed. The recommended Option Two to transfer the site at the market value of £130,000, ensures that the Council's General Fund benefits from the release of the site whilst the HRA acquires it at market value.

#### **5. Legal implications**

- 5.1 Legal: the recommendations can be accepted from a legal point of view.
- 5.2 The Head of Legal and Democratic Services (Monitoring Officer) has commented as follows: "I note the legal comment and have nothing to add to the report".

#### **6. Data Protection**

6.1. No personal data is contained within this report.

## **7. Comment from local member(s)**

7.1 Cllr Jon Williams has provided the following comment:

7.1.1 I can share the views of residents from past knowledge and my own views as ward councillor. I would be against the plans as they stand because of the loss of a community resource that could be given over for desperately needed community use. The day centre provision has or was being moved to a smaller building, however this was before the pandemic and moving forward we do not yet have a clear understanding of the needs of the day care service. There may be a greater need of this provision and if this building is lost it will leave Llandrindod without an option. As the building is redundant for the authority it could be put to a better use as there is great need within our community for a community space/hall. Many youth groups and organisations are desperately in need of a building such as this and it would be of more value as a community building than a building site for social housing.

7.1.2 The site is directly behind the Metropole hotel, an important tourist destination, and I would expect objections from the owners about the impact of having this sort of development sited there. Likewise, the neighbours on the same side of the road who are regularly raising concerns on the traffic and parking issues along this road. A further development on the scale suggested would see an increase in vehicle movements and cause concerns amongst residents. The junction at Craig Road has been a particular concern for many years.

7.1.3 There is a site about to become vacant, the Welsh government building, at the end of this road which would give better building options and access to the main road.

## **8. Integrated Impact Assessment**

8.1 An Impact Assessment is not required as this is covered by the current impact assessment for Housing Management.

## **9. Recommendation**

9.1 It is recommended that:

9.1.1 The Arlais Day Centre be transferred to Housing Services for £130,000 to enable the development of secure, affordable housing, to help meet the housing needs in Llandrindod Wells and support the Council in meeting its Vision 2025 housing priorities.

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Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol