

# Report



## Deputy Leader / Cabinet Member for City Services And Cabinet Member for Assets

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### Part 1

Date: 15 March 2021

**Subject** Land at Hill Street Car Park

**Purpose** To seek approval from the Cabinet Member for Assets and the Deputy Leader / Cabinet Member for City Services for the part disposal of land at Hill Street Car Park to Linc Cymru.

**Author** Housing and Asset Manager

**Ward** Stow Hill

**Summary** Agree to declare part (0.35 acres) of the land at Hill Street Car Park surplus to City Services requirements and dispose of to Linc Cymru by way of a long lease. The remainder of the site will remain as an operating car park managed by City Services, after an initial period of closure for 3-6 months while construction works commence.

**Proposal** That the land subject to this report be declared surplus and disposed of on terms recommended by Newport Norse and agreed by the Head of Law and Regulation.

**Action by** Head of Regeneration, Investment and Housing

**Timetable** Immediate

This report was prepared after consultation with:

- Assistant Head of Finance – Chief Finance Officer
- Head of Law and Regulation – Monitoring Officer
- Head of People and Business Change
- Head of City Services
- Head of Regeneration, Investment and Housing (Acting)
- Housing & Assets Manager
- Associate Director of Property Services, Newport Norse
- Associate Valuation and Estates Management, Newport Norse
- Housing Needs Manager
- Project Manager – NCC Phase 2 Homelessness
- Supporting People Officer

**Signed**

## Background

Under the Phase 2 Homelessness Grant, an application was submitted in July 2020 for capital grant to provide modular flats on the former Zanzibar car park (Stow Hill) using Zedpods. The funding amount awarded for this proposal was £383,644. This site is owned by Linc Cymru. Unfortunately, due to party wall issues with the adjoining Church, this option became no longer viable and, an alternative site was sought across the City to deliver this form of accommodation.

Linc Cymru and Newport City Council (NCC) collaborated to find an alternative solution to deliver the scheme. Many alternative sites were considered but Hill Street car park (owned by NCC) was identified as the preferred option due to its position within the City Centre and co-location with key services. Due to the increasing pressures placed on Newport's Housing services, particularly for temporary, emergency and supported accommodation, following discussions with Welsh Government, it was agreed that the grant could be transferred from the Zanzibar site to Hill Street car park. This would provide a **long term** development that aims to **prevent** people from experiencing sustained or repeated homelessness. It is well **integrated** with the wider objectives of the local authority as it meets a clearly identified need

Proposals were developed for a two storey terraced row of 12 individually contained housing units designed for single tenant occupation. The mass of the building located towards the eastern side of the site, retaining 30 of the existing car park spaces to the west.

The location of the Hill Street car park added a number of complexities for the scheme, including:

- an increased the need for substantial ground works;
- a need to preserve and enhance the character of appearance of the surrounding conservation area;
- a need to preserve and protect nearby historical features;
- using materials that are appropriate to the local context;
- reflecting the architectural qualities of nearby buildings; and
- avoiding the impact of views to or from the conservation area

In order to address these requirements, the Welsh Government grant award was increased to £920,000 with Linc Cymru as the preferred partner.

In order for the scheme to progress it is necessary to declare part of the car park surplus to City Services requirements and then agree terms for Linc Cymru to take control of the remainder. This report proposes that Linc Cymru be granted

- a 250 year lease of the land identified with a premium to be paid (in the region of up to £180,000 – subject to independent valuation). Linc will have a right to renew the lease at the end of the term.
- The use of the site would be Affordable Housing as defined by Technical advice note Tan 2: planning and affordable housing. There will be a condition in the lease that any change to the permitted use for the first 15 years of the term will be at the absolute discretion of the landlord.

Newport City Council currently operate six 24 hours Pay and Display (P&D) car parks across the city, providing 368 off street parking spaces of which 59 are at Hill Street. This is complimented by a number of private P&D as well as some limited waiting zones and free off street parking.

Hill Street location means that it predominantly services visitors to the Royal Gwent Hospital, Central Police Station as well as nearby offices and visitors to the South East areas of the City Centre.

Whilst the reduction of spaces required for this project are not considered to have a significant impact on the overall spaces available, the localised nature of P&D usage, may risk an increase in illegal parking. However the councils will monitor this through its CPE officers.

As well as providing convenient parking locations. P&Ds also make an important contribution to the council's overall budget. The existing budget assumes an income of £379K per annum, £70,112 of which

from Hill Street. Whilst covid has reduced demand for car parking, this budget has been met fully through the WG hardship fund and the current budget assumption is for a full return to pre covid levels.

The loss of 29 spaces would equate to a loss of £36K, which would need to be met from other sources.

The units at Hill Street will provide two options for occupation:

1. General needs affordable housing with floating support to facilitate move on accommodation. Temporary accommodation usage has increased substantially during the pandemic with a higher proportion of single people requiring homelessness assistance. Hill Street will provide permanent, affordable housing for those in need. The site will be managed by Linc Housing Association and added to their social housing stock in Newport. Allocations will be managed via the common housing register. Floating support will be provided based on individual assessed need. The hours of support required can be incorporated into existing contracts commissioned via Housing Support Grant.
2. Supported housing for those with higher support needs, utilising 11 of the 12 units for residents and 1 unit for office/ staff sleep in's. A tender process will be required to source a provider to manage the scheme and support residents and would be funded via Housing Support Grant.

This scheme would initially be delivered using permitted development rights. Linc would have 12 months from the date of completion to secure permanent planning permission and the process of applying for that permission will happen concurrently during the construction phase. The planning process requires pre application consultation with local residents, ward members and technical consultees with a further round of consultation once the application is formally submitted to the Local Planning Authority. The proposed accommodation will provide affordable housing for those in need which meets many of the 7 Wellbeing goals, including cohesive communities, a more equal Wales, a healthier Wales, a more resilient Wales and a more prosperous Wales. This proposal will enable people who can live at the scheme to become independent, resilient and healthier.

## **Financial Summary**

### **Revenue**

The income at Hill Street Car Park has dropped by 40.5% since 2016/2017 (\*excluding 2020/2021 figures due to impact of Covid-19) £68,638 in 2016/2017 and £37,429 in 2019/20. However, the Head of City Services highlighted that this is likely to be due to city centre works that have impacted on the use of the car park and the annual budget for the car park is currently at £1,252 per space.

There is currently no allowance for the potential reduction in income within the 2021/22 budget pressures and the approved budget is based on the assumption that full income is achieved.

Using this as the basis for the budget current budget is £70,112. The refurbished car park will have capacity for 30 spaces, a reduction of 26. There is potential that the reduction in spaces will have a detrimental impact on the car parks continued use and therefore impact on the overall budget, but this will be monitored once the car park is re-opened to assess the impact.

Above this there will be a one-off impact on the car park budget while the car park is not available at all during construction, this could potentially be up to 6 months. This will need to be covered on a one-off basis in 2021/22.

### **Capital Receipt**

The disposal of the site will create a capital receipt of £180,000, which is required to be placed in the capital receipts reserve. This will not be able to be used to offset the revenue loss due to reduction in car parking spaces, as capital receipts are required to be ring-fenced for capital purposes.

## Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Failure to dispose of the asset will result in no capital receipt for the Council	L	L	The Car Park will remain in Council ownership.	NCC and Newport Norse
Loss of Welsh Government grant funding for homeless accommodation if disposal is not approved	H	H	Heads of Terms agreed with Linc Cymru NCC has considered alternative sites and Hill Street is the most suitable given its location to existing support services. The social value benefit of the scheme has also been acknowledged.	NCC and Newport Norse
Loss of car park income during period of construction works and in the future	L	M	Options to mitigate loss of income during construction under consideration e.g. additional parking facilities nearby/ Car park needs will be reviewed and retained section will be re-surfaced with improved designation of spaces and CCTV providing an enhanced secure facility.	NCC & Linc
Disposed asset could be used for alternative housing provision through change of use request by the lease holder	L	L	Heads of Terms restrictive user clause will reduce this risk occurring.	NCC, Newport Norse & Linc

\* Taking account of proposed mitigation measures

## Links to Council Policies and Priorities

The Council's corporate plan 2017-2022 provides a number of well-being objectives. The proposed disposal meets these objectives by supporting people to access and maintain secure accommodation. This will enable them to be healthy, independent and resilient and will contribute to the creation of cohesive and sustainable communities.

## Options Available and considered

The Council could:

1. To declare part of the car park as surplus, and agree to a long leasehold at a premium in the region of £180,000 to Linc Cymru in order that they can deliver the scheme
2. Retain the land as car park and decline to engage further with Linc on this site.

## Preferred Option and Why

1. To declare the property surplus and agree to a long leasehold at a premium in the region of £180,000 to Linc Cymru in order that they can deliver the scheme.

There is an identified need to provide accommodation for the purposes outlined and the location of the site close to existing services is considered to be worthwhile use of a site which is not used to its full potential. Significant Welsh Government funding is also available to support this proposal.

## Comments of Chief Financial Officer

Whilst the Council will receive a capital receipt of £180,000, this will not be able to be used to fund any impact of loss of income from reduced car parking spaces, as this is required to be ring-fenced for capital purposes only.

The loss of spaces may have a detrimental impact on the car parking income budget and the impact of this will be monitored once re-opened. The on-off loss of income during the temporary closure will need to be dealt with within 2021/22 budgets.

## Comments of Monitoring Officer

The proposed action is in accordance with the Council's legal powers under sections 122 and 123 of the Local Government Act 1972, to re-appropriate and dispose of property assets that are no longer required for operational service delivery. Therefore, this part of the Hill Street car park can be declared surplus to requirements by City Services for use as a public car park and re-appropriated to facilitate this supported housing scheme. The grant of a 250 year lease of the land to Linc Cymru will constitute a "disposal" for the purposes of section 123 and, therefore, the Council has a duty to secure market value for the lease, although there is a general discretion to sell at an undervalue where there is a wider social benefit to the use of the land. However, in this case, Norse have advised that the proposed premium of £180k represents market value for this type of lease. The affordable housing user clause in the lease based on TAN 2 would allow for wider social housing use of the site during the term of the lease. However, the Council will have an absolute discretion to refuse consent to any other change of use during the first 15 years of the term. Thereafter, the Council could only reasonably refuse consent to an alternative use if it affected the value of the Council's reversionary interest or impacted on any of the retained car park land. However, the lease can include a pre-emption clause that would require Linc to first offer the land back to the Council if it was ever surplus to their requirements and they wished to dispose of the land. The lease will also need to be subject to a mutual "break" provision in the event that Linc do not secure full planning consent for the scheme.

## Comments of Head of People and Business Change

This report seeks approval for part disposal of land at Hill Street Car Park to Linc Cymru for the provision of supported housing. As such, from an HR perspective, there are no staffing implications to this report.

This proposal has fully considered the five ways of working of the Well-being of Future Generations (Wales) Act 2015 and has explored the implications from an equalities perspective by completing a fairness and equalities impact assessment attached.

## Comments from non-Executive Members

Comments of Councillor M Al-Nuaimi (Stow Hill Ward Member) with responses:

1. The availability of WG grant available to deal with temporary and emergency housing needs is to be welcome, as indeed the commitment of our Housing services to deal with homelessness in Newport.
2. However, the report has raised a number of serious issues, and especially in the timing of its release. Published a matter of a few days only before the intention of Linc Cymru (the designated developer) to start construction, and prior to the submission of a planning application, the report has caused a lot of alarm among the neighbouring residents, organisations and places of worship.

*Response: There seems to be some misinformation circulating and please rest assured that the publication of the report is not days before Linc start construction. Following the determination of the report, Linc will commence with the pre-application consultation (PAC) as part of the planning process, which will take 4 weeks with a further week for the pre-application consultation report to be drafted and be completed 19<sup>th</sup> April.*

*There is also a Sustainable Drainage Systems Approval Body (SuDS/SAB) application process dealing with surface water/drainage which needs to be completed before any building works can commence. This is a legal requirement. This takes up to 7 weeks ending around 30<sup>th</sup> April at the earliest depending on the date that the application is submitted.*

*There is a grant funding criteria for enabling works to start no later than the 30<sup>th</sup> April, but this will be taking the form of the EV charging points being removed from the site and relocated. Due to this criteria, it has been agreed the proposal can commence under the emergency permitted development rights (PDR) with a full planning application being completed within a 12 month period.*

3. Failure to brief the Stow Hill Ward Councillors until 2 days before the publication date of the report, meant that local knowledge was not utilised in the identification of this car park as a suitable location. It is not clear from the report what other potential sites might have been considered and why they were discounted.

*Response: Welsh Government phase 2 homelessness funding, design and timescale constraints needed to be adhered to and an alternative site, North Street car park, was considered at an earlier opportunity but issues concerning a party wall agreement and underground services resulted in the scheme being unachievable. Engagement and communication with the Stow Hill ward members was undertaken at the earliest opportunity, and there will be further opportunity to engage and comment during the planning process.*

4. The Wellbeing of Future Generation Act identifies consultation and engagement with stakeholders as essential in matters like these. Regrettably in this case that failed to happen, leaving residents who live in the immediate neighbourhood, The Welsh Church, and the Qasr e Abu Talib Mosque, having to learn about the proposal from the South Wales Argus.

*Response: There has been no failed adherence to the Wellbeing and Future Generations Act in the process so far. We would not normally consult with the public on a disposal report while it is subject to member consultation. There is a plan for engagement as part of the planning consultation process with those named above, but that cannot commence until a decision has been taken on the disposal of the site.*

5. Although consultation will form part of the planning application process, the proposed start of the construction well ahead of the submission and approval of the application results in a fait accompli situation. Residents in particular in Hill St and Park Square have already expressed serious reservations about a proposal they feel they cannot have a say in or influence.

*Response: This report will only consider the disposal of the site. While there is a proposal for the proposed scheme to commence under PDR after the planning consultation has been completed, there is an acceptance that in the instance the planning application is unsuccessful, the site will have to be cleared and revert to NCC. The public and stakeholders will have the opportunity to comment on the proposal as part of the planning process.*

6. Should the two Cabinet members approve the report, it is absolutely imperative that the development must satisfy good design criteria and respects fully the need to protect and enhance the very close Park Square Conservation area. The list of so-called complexities contained in the Background Section of the report must at least be satisfied and subsequently delivered.

*Response: Cabinet Members in determining this disposal report are not making a determination with regards to the planning or construction of any development on the site.*

*There will be an opportunity for people to feedback on the proposed design and the ongoing management of the provision will be reviewed regularly addressing any ongoing concerns. With regards to the proposed accommodation and good design criteria, these are volumetric modular homes which are built to a higher environmental standard than traditional construction. They have additional insulation, triple glazed windows, solar panels, and air tight construction all which create ultra-low carbon homes. This is key for delivering the Well Being of Future Generations Act goals in construction projects.*

*Carbon used during the construction can be closely monitored in the factory setting and waste is significantly reduced. Better insulated and energy performing homes means lower heating bills and helps tackle fuel poverty for residents. The scheme will be designed to Secure By Design Gold standard in conjunction with Gwent Police. The RNIB Visibly Better Standard will be used internally to ensure the accommodation meets the needs of visually impaired people. The space standards meet those set by Welsh Government.*

*The sustainable drainage will enhance the area by delivering green space and reducing run off from what is currently a completely surfaced car park. This will provide biodiversity and water quality improvements. Linc Cymru have also been working with NCC colleagues to understand the requirements for any proposed scheme to protect and enhance the local Conservation area, and of course will take on board feedback raised during the PAC process.*

7. If the development is to be approved, then it is also important that the future occupants are supported and the facility maintained properly. This is necessary to stop it from being degenerated due to poor maintenance and a lack of good supervision. Waste and recycling disposal facilities need to ensure a tidy presentation and disposal of waste.

*Response: The scheme will include a bin store for general waste and recycling. Each kitchen will have a cupboard with a mixed recycling box to help encourage residents to sort their waste before it goes into the bins. Linc will provide the property management of the scheme. Linc already have a presence in Baneswell and Linc will have a housing officer who will service this development. There will also be a maintenance surveyor who will inspect the scheme regularly.*

*The scheme will have also have CCTV and Linc have dedicated tenant engagement and anti-social behaviour teams who work with Linc residents and local communities when issues arise. NCC will be arranging the support provider for the scheme with the appropriate level of housing related support to ensure each residents tenancy is sustainable.*

8. The project will have an adverse effect on the availability of parking spaces in the area, in which the alternative on- street parking is mostly allocated to residents only.

*Response: The scheme is occupying half of the site with the other half retained for a public car park. There is currently significant capacity elsewhere such as Friars Walk, NCP Queensway and North Street as well as NCC facilities at Kingsway, Riverfront, Park Square and Emlyn Street.*

### **The Capital receipt of £180k expected from the lease to Linc Cymru**

I would ask that this capital receipt, and for good reasons, to be earmarked for local community projects in the Stow Hill Ward. Firstly, because the Ward has attracted very little income (for Leisure and Education) from the relatively large number of developments that have taken place over the last few years. For nearly every regeneration development, any S106 monies that were identified in the associated planning application were subsequently waived on the grounds of economic viability.

Secondly, the absence of such monies has meant that the **growing** local communities of the city centre have very little in the way of leisure facilities. Chappel park is in a very shabby state. St Pauls Walk should have at least a children playground to compensate for the one removed (without

consultation) from Caroline St. Other needs have been identified by the local school St Woolos and the only community centre in the ward the Share centre. It would be good to see some community benefit accompany the physical regeneration.

Finally, I think agreement to allocate the capital receipt would go some way to recompense the local communities in Stow Hill and those directly affected by this project.

*Response: The proposal to re-appropriate a section of the car park site for Housing use would provide an offer of much needed services to the Council.*

*The Council works within an agreed framework to maximise capital expenditure whilst keeping within the level of capital resources and planned borrowing funded in the MTRP. Seeking any Section 106 money may be a detriment to the capital receipt.*

*Furthermore, any capital expenditure would be subject to a capital bid, for a discussion at CSAMG before going to Cabinet, ultimately use of capital receipts is a Cabinet decision.*

Comments of Councillor M Evans (Allt-yr-yn Ward Member) with responses:

I wish to strongly object to these proposals. There are currently over 1,500 empty properties in Newport why can't we utilise these:

Response:

- *There are significant challenges faced in using existing empty housing stock for the type of accommodation proposed. Aside from acquisition costs (assuming a voluntary sale), Welsh Government have specific requirements in terms of size and EPC rating. Retro fitting existing properties is not always a cost effective way of providing housing in order to meet Welsh Housing Quality Standards (WHQS)*
- *The proposed units are for single persons and Welsh Government have confirmed that studio and bedsits are not suitable for this funding. A number of empty properties are family sized units and it would therefore not be possible to use these large properties for single occupation. Furthermore, a City Centre location is considered essential for the intended occupiers who need to access existing support services in the locality.*
- *Phase 2 Homelessness funding is also time limited with a deadline of the end of March 2021. Acquisitions nor Compulsory Purchase Orders would be available within this timescale.*

I cannot see how spending almost a million pounds for 12 dwellings is value for money, if I have read the report properly:

Response:

- *Zed Pods are a volumetric modular manufacturer which can be constructed and completed in a shorter timeframe (3-6 months compared to 12-18 months). A shorter construction period provides a saving which helps off set the slightly higher unit costs compared to traditional build.*
- *The development is proceeding in partnership with Welsh Government and the costs have been approved by them.*

The Hill Street car park is widely used by visitors to the city centre and I would dispute the assertions "that it predominantly services visitors to the Royal Gwent Hospital, Central Police Station as well as nearby offices and visitors to the South East areas of the City Centre." :

Response:

- *Noted, however there is currently significant capacity elsewhere such as Friars Walk, NCP Queensway and North Street as well as NCC facilities at Kingsway, Riverfront, Park Square and Emllyn Street.*



Although the council will receive a capital receipt not only will it impact on the overall parking spaces available, it will affect revenue streams currently estimated at £36,000's a year. Can you tell me what additional services will be cut to make up for the shortfall? :

Response:

- *Whilst the proposal will result in a reduction in income, the final amount is currently unknown and so will be reviewed once the project is complete. It should be noted that although there will be a decrease in car park income, there will be savings elsewhere in relation to homelessness temporary accommodation*

I believe this is a poorly conceived project, which will do nothing to improve and enhance a prime city centre site:

Response:

- *Comment is noted*

## Scrutiny Committees

N/A

## Equalities Impact Assessment and the Equalities Act 2010

The Equality Act 2010 contains a Public Sector Equality Duty which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage and civil partnership. The new single duty aims to integrate consideration of equality and good relations into the regular business of public authorities. Compliance with the duty is a legal obligation and is intended to result in better informed decision-making and policy development and services that are more effective for users. In exercising its functions, the Council must have due regard to the need to: eliminate unlawful discrimination, harassment, victimisation and other conduct that is prohibited by the Act; advance equality of opportunity between persons who share a protected characteristic and those who do not; and foster good relations between persons who share a protected characteristic and those who do not. The Act is not overly prescriptive about the approach a public authority should take to ensure due regard, although it does set out that due regard to advancing equality involves: removing or minimising disadvantages suffered by people due to their protected characteristics; taking steps to meet the needs of people from protected groups where these differ from the need of other people; and encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

## Children and Families (Wales) Measure

Although no targeted consultation takes place specifically aimed at children and young people, consultation on planning applications and appeals is open to all of our citizens regardless of their age.

The development will be subject to planning permission and the consultation processes associated with that legislative framework.

## Wellbeing of Future Generations (Wales) Act 2015

This proposal actively supports the aims of the Wellbeing of Future Generations (Wales) Act. It is a **long term** development that aims to **prevent** people from experiencing sustained or repeated homelessness. It is well **integrated** with the wider objectives of the local authority as it meets a clearly identified need. It is being developed in **collaboration** with an RSL partner and is supported by the Welsh Government. **Involvement** of our RSL partners is key to developing deliverable schemes that meet identified need. The Councils wellbeing objectives are also met as the proposed disposal meets these objectives by supporting people to access and maintain secure accommodation. This will enable them to be healthy, independent and resilient and will contribute to the creation of cohesive and sustainable communities.

## Crime and Disorder Act 1998

Section 17(1) of the Crime and Disorder Act 1998 imposes a duty on the Local Authority to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area.

The accommodation units will be actively managed and there will be systems in place, such as CCTV in order to address any issues of crime and disorder.

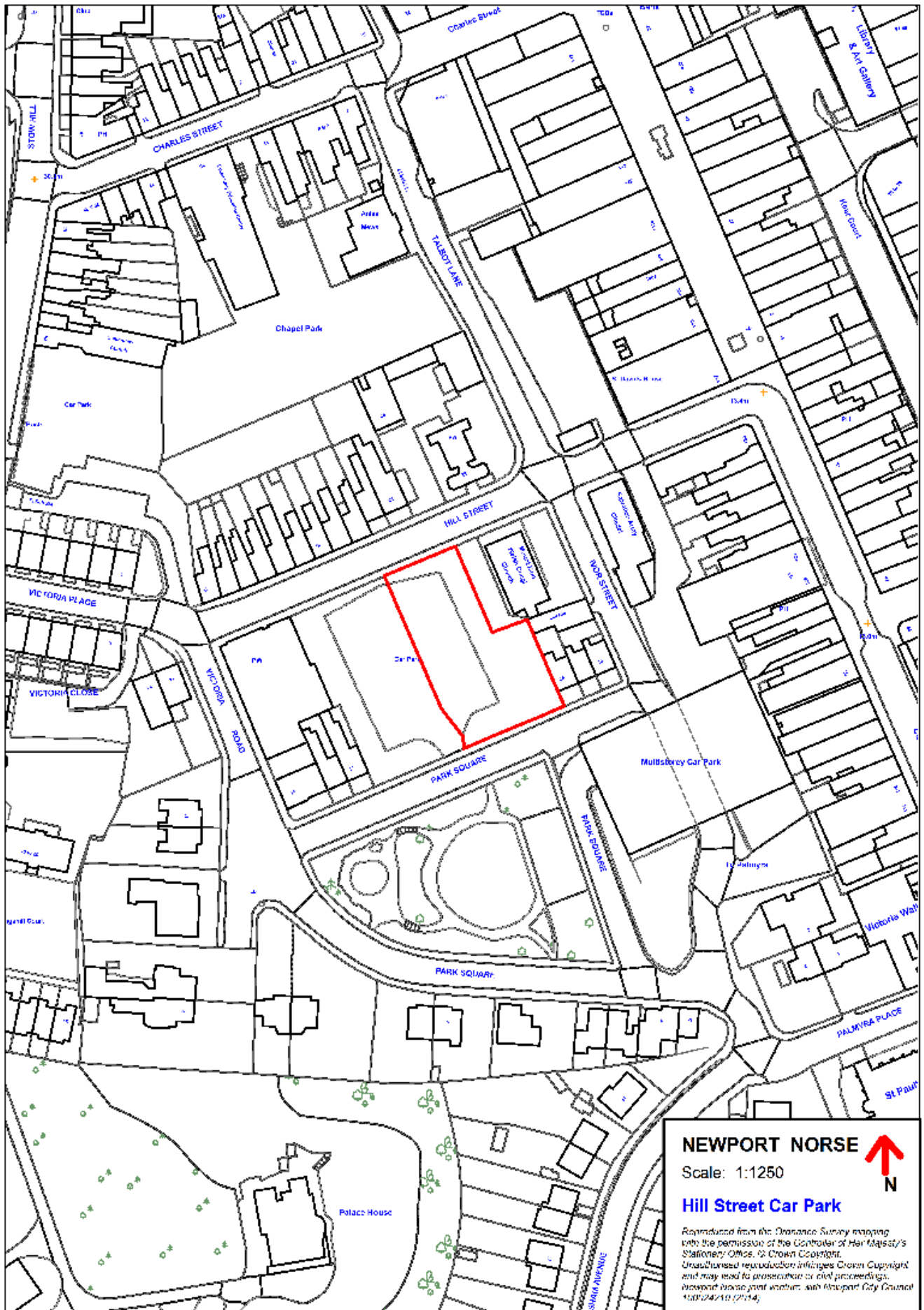
### **Consultation**

Comments received from wider consultation, including comments from elected members, are detailed in each application report in the attached schedule.

### **Background Papers**

Set out a list of any relevant background papers and whether they are available to the public.

**Dated: 15 March 2021**



**NEWPORT NORSE**   
 Scale: 1:1250  
**Hill Street Car Park**  
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