



CYNGOR GWYNEDD – Report to Cyngor Gwynedd Cabinet

Title of Item:	PURCHASE OF CROWN OFFICES, PENRALLT, CAERNARFON
Cabinet Member:	CLlr Craig ab Iago, Cabinet Member for Housing and Property
Relevant Officer:	Carys Fôn Williams, Head of Housing and Property Department
Date of meeting:	12 March 2024

1. The Decision Sought:

The Cabinet is asked to authorise the purchase of the Crown Offices in Penrallt, Caernarfon, in accordance with terms and conditions to be determined by the Head of Housing and Property Department.

2. The reason why the Cabinet needs to make the decision:

The Council adopted a Housing Action Plan in February 2021. The Housing Action Plan incorporates 33 schemes, with the aim of ensuring that the people of Gwynedd have access to a suitable home of a high standard, that is affordable and improves their quality of life.

Authorising the purchase of the Crown Offices site would enable the Council to develop one of the Housing Action Plan schemes.

3. Introduction and Rationale

Background/Introduction

The Crown Offices is a substantial property located in the centre of Caernarfon.

The purchase and re-purposing of the property would enable the Council to provide up to 46 homes, and provide support to equip residents to live independently. The size of the site's current layout also offers an opportunity to incorporate a Housing Hub to provide more extensive housing support services for the county's residents.

The rationale and justification for recommending the decision

The Crown Offices have been empty for some years now, with their condition deteriorating, and the site is a cause for concern in terms of anti-social behaviour.

At present, there are 2300 applications, which equates to almost 5000 people, on a waiting list for Social Housing in Gwynedd. Since April 2023, 885 people have presented as homeless

in the county and almost 250 households are currently living in unsuitable emergency accommodation, with options to move on to permanent accommodation very limited due to a lack of suitable housing stock.

Opportunities

Converting the Crown buildings would offer the potential to provide 46 homes, reducing the reliance on unsuitable emergency accommodation, and enabling the Council to house residents in quality homes while awaiting permanent accommodation.

The ambition is that the development would also incorporate a Housing Hub for the provision of multi-agency housing services and support to the residents of the county more widely, and the layout of the property allows for the incorporation of a provision of this nature.

The work of developing the site will provide employment opportunities within construction in the area, and the new-look development will give a new lease of life to a disused building, encouraging community growth in Caernarfon town centre.

A feasibility study has already been prepared for the proposed conversion work, and initial inspections of the buildings suggest that there will be no practical obstacles or unexpected costs associated with the work of converting the buildings to provide homes.

Risks and mitigation measures

The proposed development is not without its risks, and it should be recognised that the Council's ability to realise its ambition of converting the site will be dependent on securing sufficient funding sources to meet the development costs, and on securing planning permission to realise the development.

To mitigate the above risks, funding from the Transitional Accommodation Capital Programme fund has been secured to meet the costs of purchasing the site, conditional upon completion of the purchase by the end of this financial year.

An initial feasibility study estimates that the development costs for the site as a whole will be between £12 million and £14 million.

It is anticipated that grant funding of £50k will be available from the Town Transformation developing fund for developing the project, and a sum of £6 million has been designated from the second homes premium as a contribution towards the development.

Welsh Government have stated in initial discussions that they would be willing to support the Council in the residential element through either the Capital Program for Temporary Accommodation fund or the Social Housing Grant and it is anticipated that the amount available as a contribution towards the residential element would be approximately £6 million.

Positive discussions have also taken place with the Government in relation to the availability of funding sources from the Town Transformation Fund to cover the costs of developing the proposed Housing Hub, and it is anticipated that this fund will contribute an amount of approximately £1 million towards the development.

Although not all funding sources have been secured, positive discussions are ongoing with the Welsh Government in order to address the financial gap in order to realise the development, and pre-planning enquiries suggest that the proposed development would meet Planning policy requirements.

Should the decision to purchase the site be authorised, it is inevitable that the property would stand empty for a period while the work of developing the scheme and securing planning permission takes place. The costs of safeguarding and maintaining the property during this period would be met from the second homes premium.

As there is no intention to pay in excess of market value for the site, the above risks can be mitigated further, as it would be possible for the Council to sell the site on if there was no budget to realise the development, or if planning permission was not approved.

If the Council did not proceed to purchase the property, the likelihood is that the site would be sold to a private developer and developed as open market housing.

Equality Act 2010

The whole purpose of the Housing Action Plan is to establish specific projects to give Gwynedd residents a fair opportunity to secure suitable homes. It therefore follows that equality issues are at the core of the entire plan. In accordance with the Council's statutory duties through the Equality Act 2010, an equality impact assessment of the Housing Action Plan as a whole was completed, and that assessment informed and reinforced the schemes within the Plan.

The Well-being of Future Generations (Wales) Act 2015

The principles of the Well-being of Future Generations (Wales) Act 2015 were also a central consideration when preparing for the Housing Action Plan. The principles and the 'Five ways of working' are an integral part of the Housing Action Plan schemes, responding and meeting the housing needs of the people of Gwynedd in a sustainable way and without undermining people's future well-being.

The proposed development for converting the offices into supported accommodation, and providing associated support in relation to housing issues, offers an opportunity to work in an innovative and preventative way in an attempt to reduce and avoid problems from evolving in the future. Approving the decision would also mean preventing the problem of having an empty property in the town for an extended period, and the associated challenges.

Conclusions

In implementing the decision sought, the Council will facilitate:

- a. The development of up to 46 quality homes, addressing the needs of the people of Gwynedd for suitable homes, and reducing the dependence on unsuitable emergency accommodation.
- b. The provision of support services for residents of the development to live independently.
- c. The provision of housing support services for the county's residents more widely.
- d. Associated economic and social benefits.

Securing planning permission and sufficient funding to realise the development provides an element of risk, but as highlighted above, steps have been taken to ensure that these risks can be mitigated.

The Cabinet is therefore asked to weigh up the above opportunities against the risks before reaching a conclusion.

4. Next steps

If the Decision sought is approved, we will proceed to complete the purchase and undertake preparatory work to develop the site.

5. Local Member's Views

Councillor Olaf Cai Larsen

As a member in an area like Caernarfon where there are a significant number of people on waiting lists, and where it is common for people to find themselves homeless, I welcome any measure to prepare provision and support for those who are in need of housing and welcome any steps to mitigate costs on the Council's budgets. I have also been worried about the site - it is becoming unsightly, deteriorating and it causes problems for people who live in the area due to anti-social behavior and problems with the alarm system.

I therefore welcome the development, and trust that thorough consideration will be given to the needs of residents who already live in the area when upgrading the building and once the development becomes operational. Access to the area is limited, there are significant parking problems in the area, as in the rest of the town center, and some of the nearby houses accommodate people with profound learning difficulties.

6. Views of the Statutory Officers

Chief Finance Officer

"As the report notes, there are significant risks involved with this scheme but I am of the opinion that these risks can be mitigated to acceptable levels. I am satisfied that

arrangements are in place in the Housing and Property Department to claim funding from the Transitional Accommodation Capital Programme (TACP) – which is a Welsh Government grant scheme – to fund the purchase of the building. The purchase price will be set by an independent body. I can also confirm that there are resources in the Council Tax Premium Fund to commence the work of developing the building and I understand that other sources of funding are also being pursued. However, in line with the Council’s usual arrangements, the Department may need to underwrite any remaining funding gaps until there is any formal decision to the contrary.

As with any scheme of this nature, the risks (including, but not exclusively, financial risks) will need to be kept under continuous review so that the mitigation arrangements remain suitable. The success of this project will bring obvious benefits to the Council and the people of Gwynedd.”

Monitoring Officer

“The decision sought is based on an assessment of the risks involved in the development of a project of this nature. There is clearly an opportunity to develop a substantial building in Caernarfon to meet the objectives of the Housing Strategy. The risks involved are explained in the report. Measures are already being put in place to address them and manage potential impacts. These are appropriately set out for the Cabinet.”