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Our Ref : KW/10.119

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Dear Barbara,

**Examination Session 11 – Matters Arising
Viability of the Bedwas Colliery proposals**

I refer to the above Hearing Session which took place on 29th June.

During the session Martin Lennon of RE Phillips, in responding to Council comments regarding the viability of the Bedwas Colliery scheme in the absence of Social Housing Grant, was asked by the Inspector to submit his additional comments in writing.

Unfortunately Mr Lennon is on leave and will be unable to clarify the points he made prior to Thursday's deadline for further submissions. I will nevertheless attempt to summarise these points as set out below.

The discussion arose as a result of the Clarification Letter from Mr Dave Lucas (MA 5.4), dated 18th June, which, in turn referred to the Council's Response to Matters Arising, Hearing Session 5 (MA 5.1) dated 20th May. Appendix 1 of the document, included a table based on a Development Appraisal Toolkit Viability Test for Bedwas Colliery.

In examining the aforementioned Appendix 1 table in more detail, following Mr Lucas's letter, Mr Lennon questioned its credibility, particularly as the 'Costs of the Scheme' for 800 units, at £115,462,000, is shown as being considerably less than the 650 unit scenario, ie £122,779,000. Such discrepancies point to the lack of any professional valuation expertise having been applied to the process.

Mr Lennon was also challenging what he considered to be the rather naïve assumption that the Council made, ie that in the absence of Social Housing Grant but with grant to cover land reclamation, the scheme would be viable. In his previous evidence he had emphasised that if no Social Housing Grant were made available there would be no capital receipts from the scheme. When allocating grant for reclamation works, schemes which do not generate capital receipts are unlikely to be favoured.

The long lead-in time for land reclamation would also preclude knowledge of Social Housing Grant funding for 5 years in the future. Uncertainty as to whether the scheme would, or would not generate capital receipts would therefore severely prejudice the award of grants for reclamation works.

I can therefore conclude that the Council's general assertion that the scheme would be viable, and therefore developable, in the absence of Social Housing Grant is not based on a sound and realistic assessment of future circumstances.

This is also reflected in respect of the Council's adoption of the 'optimistic scenario' of a start on the site in 2017, with house - building rates then exceeding 150 units a year to achieve completion by 2021. The presence of 2 or more house builders on the site following such a start and achieving the required build rates is unlikely. This is due to the lesser demand on such a site, compared to the more accessible Penrhos, 'Castlegate' scheme which the Council cite in their argument. House builders would also have competition from the nearby Waterloo 'paintworks' site which would be in the latter phases of its development at that time.

I trust that the above points clarify the position and I apologise to the Inspector for any misunderstandings relating to the introduction of new evidence, which hitherto had not been the subject of written representations.

Yours sincerely,

Keith Warren
PRINCIPAL PLANNER