

SUBJECT: CASTLEWOOD – LOW COST HOME OWNERSHIP FUTURE USE

MEETING: CABINET

DATE: MARCH 2026

DIVISION/WARDS AFFECTED: USK AND ADJOINING AREAS

1. PURPOSE

- 1.1 To approve the purchase of a Low Cost Home Ownership (LCHO) property at Castlewood, Usk, NP15 1SR following receipt of the owner's intent to sell.
- 1.2 To approve utilising a proportion of the sale proceeds from 21 Castlewood to cover essential works that were directly attributable to the sale of 21 Castlewood.

2. RECOMMENDATIONS:

- 2.1 To agree to repurchase the property using the available LCHO capital funds.
- 2.2 To retain the property in the council's ownership on a temporary basis before marketing the property for sale again in 2026. If a purchaser cannot be identified in Spring/Summer 2026, it is proposed that the property is used as temporary accommodation in the interim before selling at a later date.
- 2.3 To agree to improvement works.
- 2.4 To agree to utilise a proportion of the sale proceeds from 21 Castlewood for essential works.

3. KEY ISSUES

- 3.1 In 1989/90 eleven properties were constructed in Usk under a 'Build for Sale' scheme. This scheme had its own individual Welsh Office consent dated 7th March 1990 and was known as the 'Monmouthshire Model'. The scheme is a LCHO scheme, and the houses are arranged in three terraces consisting of one terrace of three dwellings and two terraces of four dwellings. The Council provides an equity loan (usually 30% but can be up to 50% if funding is available) of the purchase price. The purchaser funds the balance through a conventional mortgage and savings. No interest is paid on the loan, but when the loan is repaid the amount repayable will be the same agreed percentage of the value of the property at the time. The Secretary of State for Wales agreed that the houses were to be sold to person's resident within the community of Usk and the immediate adjoining communities of Llanbadoc, Gwehelog Fawr and Llantrissant Fawr.
- 3.2 The LCHO Scheme Usk Policy & Procedure, May 2013 (**Appendix One**), indicates that a Cabinet decision was taken to enable the Council to repurchase the property. There is a pre-emption on the property that requires the seller to inform the Council of their intent to sell. The Council has two months to inform the vendor of their intent to purchase the property otherwise the property can be sold on the open market. The preference is for these properties to remain as LCHO and be sold onto a suitable household in housing need, however if a suitable applicant cannot be identified the Council can opt to re-purchase and retain. A precedent for this action was already set when the Council

- repurchased a property at the same scheme in 2017, another property in 2023 and another in 2024.
- 3.3 The property is a two-bedroom end-terraced house located in Usk. The property is in good condition, minor improvement works are required including redecoration, new internal doors (where missing), mechanical ventilation to the bathroom, replacement and additional insulation and minimal works to the garden. The option to further improve the energy efficiency of the property by fitting PV Panels with battery storage and installation of an air source heat pump has been disregarded due to the substantial cost. An indicative schedule of works based on work carried out to a property nearby sees the cost of works estimated at £15,000.
- 3.4 The owner of the property gave notice of their intent to sell the property in February 2025. They currently own the property with the Council providing a 50% equity loan. The property has been valued at £250,000 by the Council's Estates department, meaning that the owners' 50% equity share is worth £125,000. The property has been marketed on Monmouthshire Homesearch three times. The first time in February 2025 where a suitable purchaser was identified and offered the property. The conveyancing process began but in September 2025 the prospective purchaser withdrew from the process. The property was again marketed on Homesearch in October 2025 receiving eight expressions of interest. However, none of these applicants were able to evidence that they met the local connection or affordability criteria. It was advertised again in December 2025 and although a potential purchaser has been identified, completion of the sale is subject to a legal process. **This approval is therefore requested as a contingency measure should the sale not complete.**
- 3.5 Since April 2025 three other properties at Castlewood have become available and sales have completed. These properties were also advertised on Homesearch and suitable purchasers were identified and as such they will remain as LCHO. Given the number of sales achieved at Castlewood this year, should this sale not complete, it is proposed that the council remarket the property for sale in the Spring of 2026. If the council are unsuccessful in identifying a suitable purchaser an alternative use of the property could be to provide Temporary Accommodation (TA) to house a family. Levels of homelessness continue to be a major concern for the Council, and the Accommodation Team have confirmed they could utilise the property on a temporary basis. The Council continues to see several families at risk of homelessness and there is always demand for suitable, self-contained accommodation for families.
- 3.6 The LCHO and Home Finder Loan were historic schemes that provided an equity share loan to support households to access home ownership. A charge was placed on the properties meaning the loan must be repaid when the property is sold. There is £321,731.92 available within these budgets. Financial modelling is included in **Appendix Two**
- 3.7 The sale of 21 Castlewood has recently completed. Prior to the sale, while the Council was in full ownership, property checks undertaken during the conveyancing process identified a serious issue with the boiler. Following professional advice, it was agreed that a replacement boiler was required to ensure the property met the necessary standards and could achieve the maximum sales value. As these works were necessary and directly attributable to the sale of the property, it is proposed that the cost of £3,050 is reimbursed from the sale proceeds of the property.
4. **EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING)**
- 4.1 The following is an overview of the evaluation, a more detailed breakdown can be found at **Appendix Three**: There financial implications associated with the proposal, but there

are significant positive impacts especially around health and wellbeing goals by contributing to a “healthier Wales” and a “more equal Wales”. The proposal meets the sustainability goal by its contribution to the following principles “Balancing short term need with long term and planning for the future”.

5. OPTIONS APPRAISAL

5.1 An options appraisal has been undertaken – see Table 1.

Table 1: Options Appraisal

Option	Benefit	Risk	Comment
Option 1: The <u>recommended option</u> is to agree to re-purchase the property and market it for sale again in 2026. If interest to purchase The property remains low, then the property could be used as temporary accommodation in the interim period before marketing for sale at a future date.	The Council will retain control of the future use of this property. The property can be re sold on as LCHO in the future as the demand arises. The property will continue to provide an affordable home in Usk. If used as temporary accommodation, the property will generate a rental income.	There will be an impact on staff resources required to manage The accommodation including dealing with Repairs and maintenance and Any anti-social behaviour. If used as temporary accommodation, it does not meet the principles of the scheme, however this use would be on a temporary basis. The Council would be liable for the cost of the re-purchase of the property including purchase costs e.g. Land Transaction Tax, Land Registryetc. These can be funded Through the LCHO capital budget.	There is a high demand for Affordable accommodation throughout Monmouthshire, this allows a unit of affordable accommodation to remain within the Council's control. If used a temporary accommodation, this would be on a temporary basis before the property is remarketed for sale.
Option 2: To allow the owner to sell on the open market	There is no financial or Resource risk to the Council. The Council would be repaid the full value of the 50% equity loan.	The Council would lose the control of this property and would have no influence over future sales of the property.	This does not meet the policy & procedure.

6. REASONS

- 6.1 The Council is required to comply with the Castlewood Policy and Procedure updated May 2013 (see **Appendix One**).
- 6.2 The proposal supports the delivery of affordable accommodation by acquiring a property which will continue to be available as affordable accommodation. This may be through LCHO or use as temporary accommodation.

7. RESOURCE IMPLICATIONS

- 7.1 There will be an initial cost in terms of the capital required to re-purchase the property and carry out improvement works. These costs can be met through the existing LCHO Capital Budget. Once purchased, should the property remain empty there will be annual costs linked to council tax, utilities and any required repairs or maintenance. It is estimates that these costs would be in the region of £5,000 per annum.
- 7.2 Cost modelling has been provided in **Appendix Two**, this shows that the LCHO budget holds sufficient funds to enable the purchase and repairs required.
- 7.3 The Accommodation Team would manage the property if used a temporary accommodation.

8 CONSULTEES: Housing & Communities Manager, Finance Manager, Legal Assistant, Head of Landlord and Commerical Services, Head of Finance, Communities and Place DMT.

9 BACKGROUND PAPERS: Castlewood Updated Policy and Procedure Document May 2013

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APPENDIX 1

Low Cost Home Ownership Policy and Procedure



Appendix 1 - Castle
Wood, Usk Policy and

APPENDIX 2

Cost Modelling - Castlewood

Initial Cost	
Purchase Price	£125,000.00
Purchase costs (surveys, land registry)	£1,150.00
Land Transaction Tax	£6,250.00
Initial Refurb Costs	£15,000.00
LCHO Budget	-£321,731.92
Net Cost:	-£174,331.92

Annual Cost	
Mortgage/Borrowing Costs	N/A
Management & Maintenance	1,000
Void Rent Loss	
Arrears	
Utilities, CT and Legal	4,000
Safety - Gas, Electric, EPC	
Safety - Fire Testing	N/A
Furniture	N/A
Total	5,000
Rental Income	
Service Charge Income	N/A
Client Recharge	N/A
Total	0
Grant Total	5,000