

SUBJECT: Crick Road – Proposed disposal to Melin Homes

MEETING: Cabinet

DATE: 1st November 2017

DIVISION/WARDS AFFECTED: All

1. PURPOSE:

To consider the proposed disposal of the Crick Road site to Melin Homes in order to maximise social and capital value.

2. RECOMMENDATIONS:

- 2.1** That Cabinet agrees to dispose of the land at Crick Road, as illustrated on the attached plan and the financial detail included in the exempt appendix, to Melin Homes.
- 2.2** That Cabinet agrees to the acquisition of 2.29 acres of the Crick Road site from the third party land owner to enable the construction of a residential care facility, if the Business Case is subsequently approved by Cabinet.
- 2.3** The Head of Commercial and Integrated Landlord Services be authorised to conclude the negotiations in consultation with the Cabinet Member, Resources and the Chief Officer, Resources.
- 2.4** The Cabinet agrees to rely on the powers of the General Disposal Consent Order (2003), should it be determined by an independent valuation that the value obtained is less than could have been realised if the design principles of financial and social parity had not been applied and a transactional approach to disposal had been adopted

3. KEY ISSUES:

- 3.1** Crick Road is a 10.95 ha site allocated within the Local Development Plan as a strategic development site. The site is owned by this Council (shown in red) and a third party (shown in blue) as illustrated on the plan in Appendix 1.
- 3.2** Cabinet gave approval in June 2016 to enter into discussions with Melin Homes for the sale of this site on the basis that the development would

support the creation of a cohesive community that has regard to its place and local context. It was acknowledged that this approach required a departure from the traditional transactional approach to land sales and instead requires the landowner and developer to embark on an approach that seeks to equalise the importance of social and financial value, whilst observing the legal requirements that bind the Council when disposing of assets.

- 3.3** Since this report Council Officers and Melin Homes have been working collaboratively to design a scheme that has regard to its rural context, applies Poundbury principles, creates a sense of community and belonging and is underpinned by dementia friendly principles. The outcome is a design that will provide 285 homes, 71 of which will be affordable, embodies green infrastructure principles and has a mix of residential designs and scale. The houses for sale will be developed by Melin's trading arm, Now Your Home with the remainder being retained and managed by Melin Homes.
- 3.4** Surveys have been commissioned to establish development constraints and abnormal development costs so that the residual land value could be calculated. To date abnormal development costs have been identified in the region of £3,000,000 which relate to drainage, utilities, ground conditions and ecological issues. It is intended that as these costs are finalised the parties will share in any savings on an equal basis.
- 3.5** Discussions are underway with the owners of the third party land on the basis of an equalisation agreement. This will reflect the net value of the site, less costs and the benefit then apportioned on the basis of the size of the land holding.
- 3.6** There is a Service need to re provision a new dementia friendly residential care facility and this site has been identified as the preferred location. A separate report is being presented to consider the business case for this proposal, however it is worth noting that the design prepared has allocated 2.3 acres to the care facility. In the event that this does not proceed we would expect the land to be incorporated within the residential scheme, subject to the necessary planning consents.
- 3.7** Provisional heads of terms have now been agreed which will be the subject of an independent valuation to determine the bid demonstrates value for money. The agreed terms also provides social benefits which include a guarantee that the 71 affordable house will be constructed, with no subsequent reduction for viability reasons and apprenticeship opportunities will be created during the construction phase which will be managed by Y Prentis. The long term partnership approach enables the residents of the site to benefit from

initiatives post development which include, Melinworks, Melin Digital Academy, a handy man service, volunteer initiatives and general support and advice.

4. REASONS:

- 4.1 The purpose of this approach is to create a long term relationship between the parties and for the design to consider and where possible mitigate legacy issues that can arise from a development that does not consider context, local environment and place shaping principles. This proposal seeks to move away from the traditional transactional approach where financial considerations have precedence over social value and instead give them parity in our development and decision process.
- 4.2 The design proposed seeks to maximise the financial opportunities, without compromising its social outcomes and is an illustration of the benefits of a collaborative approach to development. Melin Homes will have a long term commitment to this site which be maintained beyond the sale phase and the partnership approach will continue as the community evolves, this will be particularly important if the Council chooses to proceed with the proposed development of a residential facility on this site.
- 4.5 This approach marks a shift away from the traditional contractual model and provides both parties with the opportunity to work collaboratively to maximise the benefits. This has already been evident in the development of the site design and financial case as all of the due diligence and negotiations have been undertaken in an open and transparent manner underpinned by a shared purpose and clarity of outcomes. In the event that this approach is successful we will develop this as a model that can be replicated on other sites.
- 4.6 The General Disposals Consent Order, 2003 enables Council's to sell land at less than best price in the event that they can demonstrate that the transaction will result in economic, social or environmental benefits to the community. The terms agreed have provided us with certainty that the affordable houses will be developed, avoiding the possibility of a subsequent viability case being argued which seeks to reduce this developer burden. This combined with Y Prentis opportunities and the bespoke advice and opportunities that a Registered Social Landlord can provide can if necessary evidence the social and economic benefits that will accrue to the local community.

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5. RESOURCE IMPLICATIONS:

- 5.1 Officers have agreed heads of terms which we consider reflect a market value for the site based on the development constraints and costs. This will be subject to an independent valuation, however in the event that it is concluded that an open market tender may have generated a higher receipt we will be relying on the General Disposal Consent Order to enable the sale to Melin Homes to proceed.

6. FUTURE GENERATIONS AND EQUALITY IMPLICATIONS:

- 6.1 The concept proposed if agreed and subsequently adopted will provide significant opportunities to plan effectively for the future needs of the new community and provide affordable homes.

7. SAFEGUARDING AND CORPORATE PARENTING IMPLICATIONS

There are none.

8. Consultees

Cabinet, Senior Leadership Team, Head of Legal Services, Economy & Development Scrutiny Committee

8. BACKGROUND PAPERS:

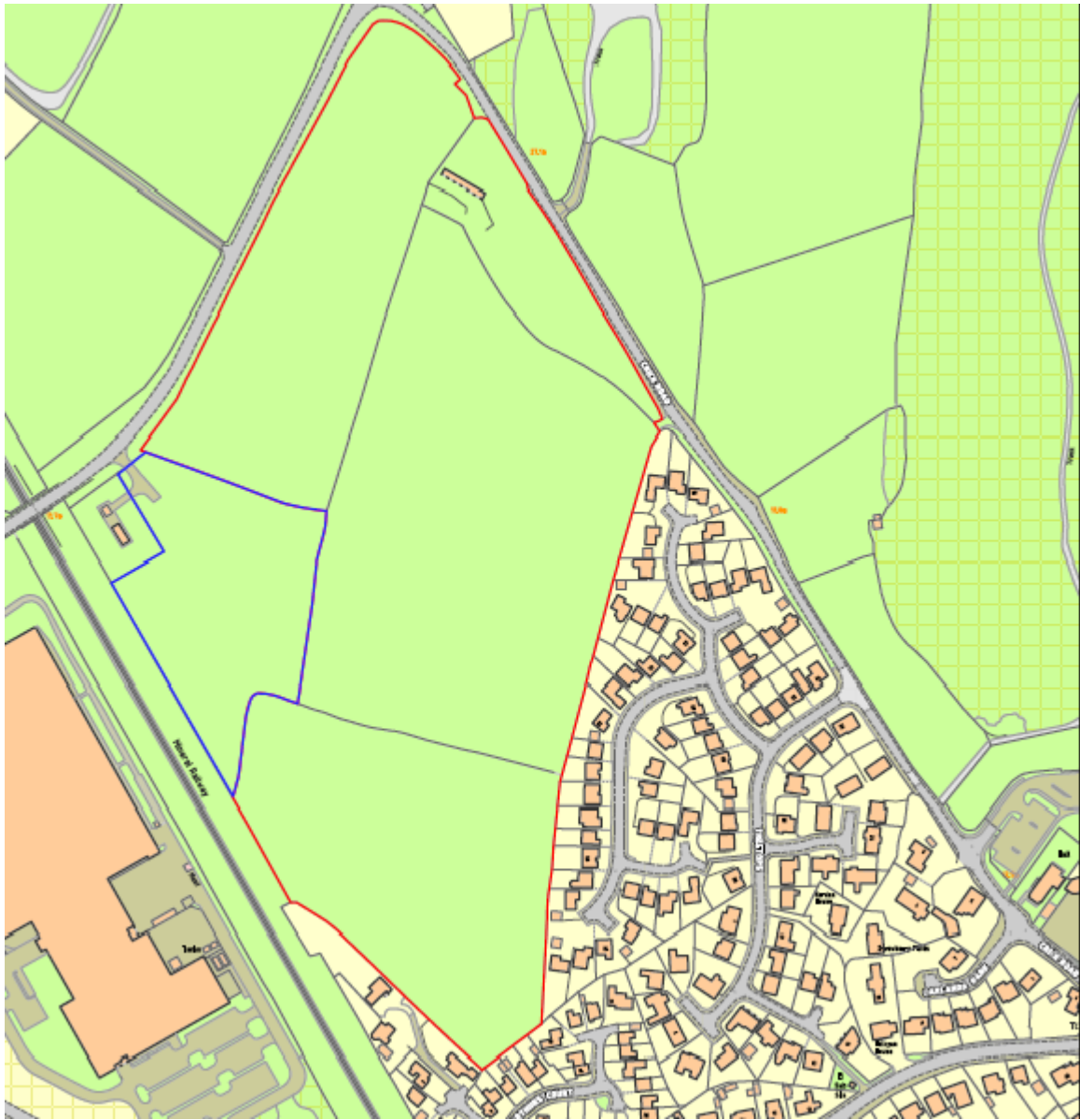
June 2016 Cabinet Report


9. AUTHORS:

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Appendix 1 – Location Plan



	Details		Rev No.		© Crown copyright. All rights reserved www.SL 2000
	Monmouthshire County Council				
	Drawn by Attwood.L	Scale 1:3500	Date 13/03/2013		
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