

REPORT

SUBJECT:	Land adjacent to Caldicot Comprehensive School – Housing Development Opportunity
MEETING:	Cabinet
DATE:	19th October 2022
DIVISION/WARDS AFFECTED:	Severn

1. PURPOSE:

- 1.1 To seek approval to proceed with the disposal of land at Caldicot Comprehensive School, for the development of 100% affordable housing.

2. RECOMMENDATIONS:

- 2.1 To accept the officer recommendation for development of 100% affordable housing at land at Caldicot Comprehensive School.
- 2.2 To confirm Monmouthshire Housing Association preferred bidder.
- 2.3 To delegate responsibility to the Chief Officer for Resources, in consultation with Cabinet Member for Resources, to agree terms with the preferred bidder.

3. KEY ISSUES:

Context

- 3.1 The Local Housing Market Assessment carried out in 2020 highlighted a growing disparity in the affordability of housing, as well as an increasing demand for the provision of affordable housing across the county. This estimated a shortfall of 468 affordable homes per year between 2020,2025, with the majority to be provided as Social Rented accommodation (68%), followed by Low Cost Home Ownership (25%) and Intermediate Rent (7%). As of September 2022, there were 2,220 households with a recognized housing need registered on the housing waiting list. Of these, 802 have a desire to live in Caldicot, with the majority requiring one bedroom accommodation (54%), followed by two bedroom accommodation (28%). Given increased property prices and the cost of living crisis, social rented affordable housing is expected to remain the greatest proportion of need.

- 3.2 Monmouthshire's housing stock is predominately owner occupier with just under 74% of the market with limited availability of one or two bedroomed properties, which is often the traditional route on to the housing ladder for first time buyers.
- 3.3 Levels of homelessness continue to be a major concern for the Council and Monmouthshire has continued to see a steep increase in the demand for temporary accommodation. As of September 2022, there were 183 households in temporary accommodation, including 98 households in bed and breakfast accommodation. Many of these are single homeless people with support needs but there are also a number of families in temporary accommodation.
- 3.4 The provision of sufficient good quality housing for people's needs, including affordable housing is a cross-cutting theme that will help deliver many of the wellbeing goals of the Future Generations Act, including a more equal Wales, a Wales of cohesive communities, a prosperous Wales and a healthier Wales. The Council's ambition to undertake an interventionist approach to positively contribute to affordable housing remains.

The Site

- 3.5 In December 2020 Cabinet agreed a proposal to investigate the potential for residential development on land adjacent to Caldicot Comprehensive School. The 1.87 acre site is within the development boundary and in close proximity to Caldicot Town Centre. A site plan of the area is outlined in Appendix A.
- 3.6 Following a period of due diligence, a marketing exercise has been undertaken inviting bids for development schemes. Five bids were received for the land proposing a range of uses including residential and retail. Tenders have been evaluated based on a scoring matrix assessing the submission on the quality of social and financial return achievable, and a preferred bidder identified.
- 3.7 The preferred bidder, Monmouthshire Housing Association, has been selected having scored highest on the scoring matrix. The recommended proposal is a 100% affordable housing development, inclusive of a housing mix of 1 bed flats, 2 and 3 bed houses, and bungalows. The capital receipt payable will be subject to design and density achievable.
- 3.8 MCC's Estates and Housing departments will work closely with the preferred bidder through the design and development process, with a view to securing nomination rights over the properties and the delivery of products that might not otherwise be delivered by developers in the market.

3.9 The preferred bidder will work with MCC to deliver high quality, energy-efficient affordable homes that support creation of sustainable and resilient communities. All properties will be designed to EPC Rated 'A', inclusive of energy efficient heating solutions such as ground source heat pumps, solar PV and designed to Welsh Development Quality Requirements and Welsh Housing Quality Standards.

3.10 The site presents an opportunity to deliver affordable housing in Caldicot on surplus land, ahead of the wider planning policy environment (and RLDP) to be established. Due to its proximity, the development will positively contribute towards the town centre generation strategy.

4. OPTIONS APPRAISAL:

In determining how to proceed with the project the following options were considered:

Option	Benefits	Risks
Proceed with disposal of the site for residential development	<ul style="list-style-type: none"> • Housing would be constructed • Facilitate opportunity to intervene in the housing market and provide affordable housing units. • Generate a capital receipt • Provide learning and proof of concept 	<ul style="list-style-type: none"> • The financial return is considerably lower than that of a development inclusive of market housing. In order to demonstrate best value, the sale will be supported by an independent valuation. • Risk that the development partner will be unable to maximise the Council zero carbon aspirations due to viability pressures. The developer will be obligated to deliver this benefit as best achievable in design and viability terms. • Costs and risks volatility in the housing market present a risk to the receipt generated. MCC Estates will work with the developer to minimize consequence to the scheme.
Retain the asset	<ul style="list-style-type: none"> • No financial loss • No risks incurred 	<ul style="list-style-type: none"> • Affordability disparity continues to widen • The number of homeless households continues to grow • Financial gain from housing development is not retained with county

5. REASONS:

5.1 The current market mechanisms are failing to meet demand and indigenous populations are increasingly being forced to re-locate as housing prices and

rental levels become more and more unaffordable. This proposal would enable the Council to deliver a development project, which would provide learning to support the aspirations of higher percentages of affordable housing on MCC land, assist the development of housing ahead of RLDP adoption.

- 5.2 Development of the site for the provision of affordable housing will allow the Council to intervene in the affordable housing market.
- 5.3 The current pandemic has resulted in an increase in homeless referrals and there is insufficient stock to meet these demands. The development of this site would increase the available stock, provide learning, capacity and expertise.
- 5.4 The sale of the land will generate a capital receipt for Monmouthshire County Council.

6. RESOURCE IMPLICATIONS:

- 6.1 The proposal to build a 100% affordable housing site will result in a reduced capital receipt compared to that of a site developed inclusive of market housing, however the sale of the land will generate a capital receipt.

7. EQUALITY AND FUTURE GENERATIONS EVALUATION (INCLUDES SOCIAL JUSTICE, SAFEGUARDING AND CORPORATE PARENTING)

The Equality and Future Generations Evaluation can be found at Appendix B to this report. The proposal fully aligns with the principles of sustainable development and the well-being principles.

8. CONSULTEES:

Cabinet
Strategic Leadership Team
Local Ward Members
Ian Bakewell – Housing & Communities Manager
Sally Meyrick – Strategy and Policy Affordable Housing Officer

9. BACKGROUND PAPERS:

Appendix A – Redline Site Plan
Appendix B – Integrated Impact Assessment

10. AUTHOR:

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11. CONTACT DETAILS:

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