

SUBJECT: Crick Road – Proposed disposal to Melin Homes

MEETING: Cabinet

DATE: 8th June 2016

DIVISION/WARDS AFFECTED: All

1. PURPOSE:

To consider an in principle decision for 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 the Council entering into discussions with Melin Homes on the proposed sale of Crick Road in order to develop a Business Plan that will subsequently be presented to Cabinet. The costs incurred by Melin in developing this plan will be underwritten by this Council in the event that we choose not to proceed with the disposal.
- 2.2** That the outcome of these discussions will be reported back to Cabinet for a decision on whether to proceed with the sale.

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** The Council and Melin Homes have been in discussions about embarking on a development that would support the creation of a cohesive community that has regard to its place and its local context. This would require a departure from the traditional transactional approach to land sales and instead require the landowner and developer to embark on an approach that seeks to equalise the importance of social value with financial value, whilst observing the legal requirements that bind the Council when disposing of assets

3.3 It is proposed that the Council enter into detailed discussions with Melin on an open book approach where they jointly design the site layout based on its aspirations to develop a community. Clearly decisions made will have cost implications and therefore the receipt payable to the Council, therefore the open book approach will enable both parties to make informed decisions. Melin Homes are proposing to construct a residential mix with 25% affordable and the remainder open market sales which will be constructed by their commercial arm, Now Your Home.

3.4 Melin Homes have been appointed as the nominated Registered Landlord for this site by the Councils Housing Department. Following this nomination they approached the Council regarding the opportunities of adopting a collaborative development approach for the whole of the site, highlighting both social and financial opportunities. Their development model requires a lower developers profit than that of a commercial developer which results in a higher capital receipt to the authority, they will have a long term relationship with the site due to the affordable housing and they have experience of achieving social value working with the local community, e.g. Y Prentis. Legal advice has been sought over the proposed arrangements and subject to the external verification of the agreed valuation that market price has been achieved the proposal is compliant with legislative requirements.

3.5 The discussions to date have been undertaken on the basis of a collaborative approach with both parties absorbing their own costs and undertaking the discussions on an “at risk” basis. Should Cabinet be minded to enable more detailed discussions to be commenced significant costs will be incurred in design and site survey fees. Melin have requested that in the event that this Council withdraws from the discussions with no fault attributable to Melin that their reasonable costs are underwritten on the basis that the Intellectual Property Rights are transferred to this Council. We would have no objections to this in principle on the basis that any surveys or work undertaken would be jointly commissioned and that the Council would be able to utilise the reports in developing the site.

4. REASONS:

4.1 The development of large residential sites with little regard to its context within its local community can result in disenfranchised communities creating increased demand on local services. 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, 3 A clear outcome of this arrangement is the development of a long term collaborative relationship which will extend beyond the design and development stage and be maintained as the new community evolves. Melin Homes will have a long term commitment to this site which be maintained beyond the sale phase.
- 4.4 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. In the event that this approach is successful we will develop this as a model that can be replicated on other sites.

5. RESOURCE IMPLICATIONS:

- 5.1 The Council is intending to achieve best consideration for this site. The detailed discussion will establish the costs of abnormals, planning obligations and any other costs associated with design considerations.
- 5.2 The proposal does commit the authority to the potential underwriting of costs in the event that the Council chooses not to progress with this model. An indicative cost for this work would be in the region of £75,000, however the reports and surveys produced will be available to the Council and will be used to inform any subsequent disposal. Funding is already allocated to the disposal of this site, so no additional resources are required.
- 5.3 The MTFP currently forecasts a capital receipt within the current financial year, this proposal would result in a delay in this being realised as the discussions need to be undertaken and reported back to Cabinet. To proceed with the sale to a commercial developer may realise the receipt earlier, but this would be at a reduced level.

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.

7. SAFEGUARDING AND CORPORATE PARENTING IMPLICATIONS

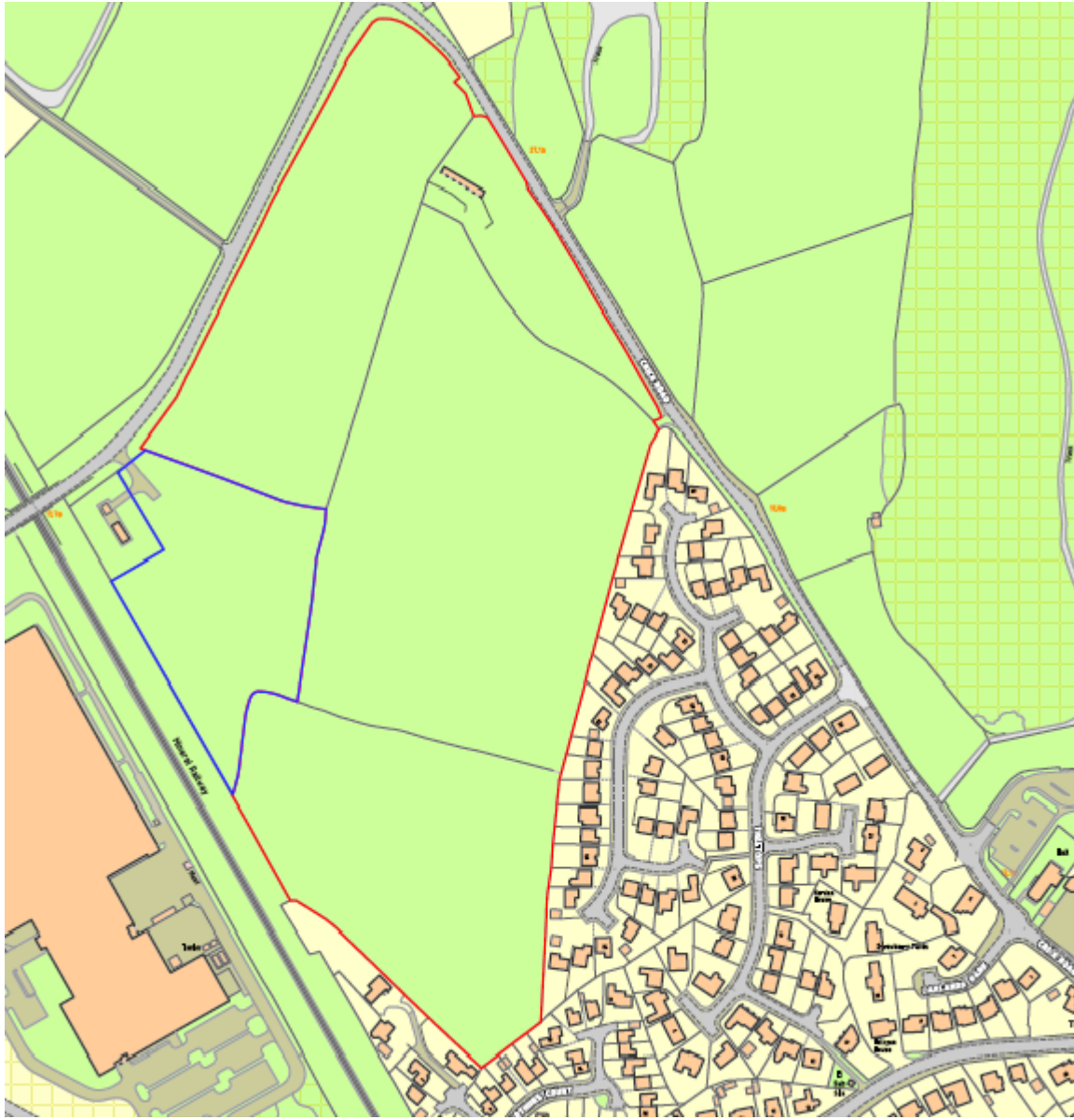
None


8. BACKGROUND PAPERS:

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Appendix 1 – Location Plan



	Details Monmouthshire County Council		Rev No.	© Crown copyright. All rights reserved www.5L.2000
	Drawn by Attwood.L	Scale 1:3500	Date 13/03/2013	Innovation House Po Box 106 NP25 5AN Caldicot
	File Pathname / Project / Drawing No.			www.easypilot.com