

CABINET

Date of Meeting	Tuesday, 19 th June 2018
Report Subject	Approval of Costs for Maes Gwern, Mold, Strategic Housing and Regeneration Programme (SHARP) Scheme
Cabinet Member	Deputy Leader of the Council and Cabinet Member for Housing
Report Author	Chief Officer (Housing & Assets)
Type of Report	Strategic

EXECUTIVE SUMMARY

This report seeks Cabinet approval to progress the next key stages of the Council's Strategic Housing And Regeneration Programme (SHARP) and sets out proposals to develop 48 new social, affordable rent and shared equity homes at Maes Gwern, Mold.

The development of the site is a strategic priority for the Council and is pre-agreed for inclusion within the SHARP. This will bring the total number of properties completed approved in principle or approved by the Council to 293.

This report provides detailed information on the proposed scheme, including location, proposed property types, design and layout and projected build costs.

The report also identifies the preferred funding options and details the Development Scheme Assumptions against which the viability of the scheme will be measured and assessed.

RECOMMENDATIONS

1	That Cabinet approve the development of 48 new social, affordable rent and shared equity schemes at Maes Gwern, Mold.
2	Approve funding through Prudential Borrowing to the value of £0.431m (subject to final approval and verification) is used to fund the proposed development of the new Council homes.

3	Approve the use of shared equity reserves of £0.270m for the affordable element of this scheme.
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REPORT DETAILS

1.00	BACKGROUND			
1.01	At Cabinet in June 2015, approval was given to appoint Wates Residential North as the Council's development partner for five years with the aim of developing 500 homes, (200 Social Rented and 300 Affordable), at a range of sites across the County, alongside commissioning a range of linked regeneration initiatives and community benefits.			
1.02	The Walks scheme at Flint with the construction of 92 new homes, was completed at the beginning of May 2018. Thirty of these new homes will be managed by the Council through the Housing Revenue Account (HRA). The remaining 62 Affordable properties will be managed by NEW Homes, the Council's wholly-owned housing company.			
1.03	In addition, the construction of a further 49 new Council properties on five sites at Connah's Quay, Mold and Leeswood have now been completed and the properties let.			
1.04	Construction work on at the former Dairy site, Mold Road Connah's Quay commenced in November 2017, whilst the re-development of the former Melrose Centre, Shotton is scheduled to begin in March 2018. In total, these schemes will see the delivery of 15 new homes.			
1.05	At the Cabinet meeting in March 2018 approval was given for a further 92 social and affordable rent properties at Nant y Gro, Gronant, Former Council Depot, Dobshell and Llys Dewi, Penyffordd, Holywell.			
1.06	The table below details the number of Council Social Rent and Affordable units completed, approved in principle or approved by Cabinet to date.			
	Scheme	Council Units	Affordable Units	Status
	Custom House, Connah's Quay	12	0	Completed
	The Walks, Flint	30 (24 completed)	62 (44 completed)	Completed
	Redhall, St Mark's Connah's Quay	5	0	Completed
	Heol y Goron, Leeswood	5	0	Completed

	Maes y Meilion, Leeswood	8	0	Completed
	Ysgol Delyn, Mold	16	0	Completed
	Former Dairy, Connah's Quay	6	0	On-site.
	Former Melrose Centre, Shotton	9	0	On-site.
	Maes Gwern, Mold	4	44	Cabinet June 2018
	Nant y Gro, Gronant	37	4	Cabinet approval March 2018
	Former Council Depot, Dobshell	15	9	Cabinet approval March 2018
	Llys Dewi, Penyffordd, Nr Holywell	23	4	Cabinet approval March 2018
	Sub Total	170	123	
	Total	293		
1.07	Scheme Design and Layout			
1.08	<p>Cabinet approval was given in July 2017 for the sale of land at Maes Gwern, Mold to Wates Residential at the agreed independent open market valuation. The proposed scheme, detailed at Appendix 1, will see the development of 160 new residential dwellings as houses, apartments and bungalows. This will be a mixed scheme comprising of 112 properties (70%) sold for open market sales, alongside a 48 (30%) affordable housing provision which will consist of Council, Affordable Rent and Affordable purchase properties in accordance with the Council's affordable planning policies and guidelines.</p>			

1.09	<p>The proposed scheme has been designed to reflect a “<i>garden village</i>” theme, with emphasis on the interaction between public and private space and with excellent pedestrian and cycle connectivity to Mold Town Centre. The proposed pedestrian and cycle routes through the site have been developed following detailed lengthy consultation with local stakeholder interest groups, and have been considered on the basis of where people will be moving to and from within and through the development.</p>																																							
1.10	<p>There are areas of public open space proposed within the development which totals 0.86 acres. It is also proposed that approximately 4.72 acres of public open space will be provided outside the development boundary within the land ownership boundary to the south (as outlined on the site plan in blue). This area will be subject to clearing and restoration of the landscape as it has become overgrown and unusable.</p>																																							
1.11	<p>Proposed Housing Mix</p>																																							
1.12	<p>The proposed scheme will deliver 48 new Council, Affordable Rent and Shared Equity homes on the scheme. The breakdown of the proposed housing mix for the scheme is as follows:</p> <table border="1" data-bbox="344 909 1334 1877"> <thead> <tr> <th data-bbox="344 909 676 981">Tenure</th> <th data-bbox="676 909 1066 981">Type</th> <th data-bbox="1066 909 1334 981">No.</th> </tr> </thead> <tbody> <tr> <td data-bbox="344 981 676 1052">Council</td> <td data-bbox="676 981 1066 1052">2 Bed Bungalows</td> <td data-bbox="1066 981 1334 1052">2</td> </tr> <tr> <td data-bbox="344 1052 676 1124">Council</td> <td data-bbox="676 1052 1066 1124">1 Bed Apartment</td> <td data-bbox="1066 1052 1334 1124">2</td> </tr> <tr> <td data-bbox="344 1124 676 1196">Affordable Rent</td> <td data-bbox="676 1124 1066 1196">1 Bed Apartment</td> <td data-bbox="1066 1124 1334 1196">4</td> </tr> <tr> <td data-bbox="344 1196 676 1267">Affordable Rent</td> <td data-bbox="676 1196 1066 1267">2 Bed House</td> <td data-bbox="1066 1196 1334 1267">14</td> </tr> <tr> <td data-bbox="344 1267 676 1339">Affordable Rent</td> <td data-bbox="676 1267 1066 1339">3 Bed House</td> <td data-bbox="1066 1267 1334 1339">4</td> </tr> <tr> <td data-bbox="344 1339 676 1411">Shared Equity</td> <td data-bbox="676 1339 1066 1411">2 Bed House</td> <td data-bbox="1066 1339 1334 1411">10</td> </tr> <tr> <td data-bbox="344 1411 676 1482">Shared Equity</td> <td data-bbox="676 1411 1066 1482">3 Bed House</td> <td data-bbox="1066 1411 1334 1482">12</td> </tr> <tr> <td data-bbox="344 1482 676 1554">Open Market Sales</td> <td data-bbox="676 1482 1066 1554">2 Bed House</td> <td data-bbox="1066 1482 1334 1554">19</td> </tr> <tr> <td data-bbox="344 1554 676 1626">Open Market Sales</td> <td data-bbox="676 1554 1066 1626">2 Bed Apartment</td> <td data-bbox="1066 1554 1334 1626">18</td> </tr> <tr> <td data-bbox="344 1626 676 1697">Open Market Sales</td> <td data-bbox="676 1626 1066 1697">3 Bed House</td> <td data-bbox="1066 1626 1334 1697">38</td> </tr> <tr> <td data-bbox="344 1697 676 1769">Open Market Sales</td> <td data-bbox="676 1697 1066 1769">4 Bed House</td> <td data-bbox="1066 1697 1334 1769">37</td> </tr> <tr> <td data-bbox="344 1769 676 1877">Total</td> <td data-bbox="676 1769 1066 1877"></td> <td data-bbox="1066 1769 1334 1877">160</td> </tr> </tbody> </table>	Tenure	Type	No.	Council	2 Bed Bungalows	2	Council	1 Bed Apartment	2	Affordable Rent	1 Bed Apartment	4	Affordable Rent	2 Bed House	14	Affordable Rent	3 Bed House	4	Shared Equity	2 Bed House	10	Shared Equity	3 Bed House	12	Open Market Sales	2 Bed House	19	Open Market Sales	2 Bed Apartment	18	Open Market Sales	3 Bed House	38	Open Market Sales	4 Bed House	37	Total		160
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1.13	<p>Council Properties</p>																																							

1.14	The proposed Council properties will house applicants from its Single Access Route to Housing (SARTH) Register and managed within the Housing Revenue Account (HRA). These properties will be transferred at nil land value and purchased from Wates Residential at the projected build costs.
1.15	Affordable Rent Properties
1.16	It is also proposed that the Affordable Rent properties will be bought and managed by NEW Homes, the Council's Housing Company from Wates Residential. These properties will be transferred at nil land value and bought at the projected build costs. The terms and conditions relating to the development of 22 NEW Homes properties was agreed in principle at the NEW Homes Board meeting on the 14 th of May 2018 subject to the most profitable mix of properties being put forward subject to further financial modelling.
1.17	Low-cost Home Ownership Properties (Shared Equity)
1.18	The scheme will also provide shared equity properties which are designed to assist local people who wish to purchase a property but are unable to afford it at full market value. Through this scheme properties are sold at 70% of market value with the remaining 30% equity being retained by the Council. The purchaser requires a 5% deposit of the discounted value.
1.19	The developer is obliged through the S106 to work with the Council's Nominated Agent – Grwp Cynefin Housing Association to manage the nominations for the shared equity properties. The properties will also be marketed to people on the Flintshire Affordable Housing Register by Grwp Cynefin HA who are also responsible for assessing people's eligibility, including affordability checks, and nominating eligible people for the shared equity properties within the statutory 16 week period.
1.20	Affordable Housing Need
1.21	The Council utilises housing need data from a number of different sources to ensure that the proposed tenure and property mix accurately reflects housing need within each community. The principle data sources are the following: <ul style="list-style-type: none"> • Single Access Route to Housing (SARTH) - lists the number of applicants for social housing in Flintshire. • Flintshire Affordable Housing Register – list the number of applicants interested in affordable rent and low-cost home ownership schemes; • NEW Homes Housing Register – lists the number of applicants registered with the Council's housing company; • Specialist Housing Register- lists the number of applicants registered with the Council who require adapted or specialist housing.
1.22	In terms of evidence of need the Local Housing Market Assessment (LHMA) for Flintshire identifies an annual shortfall of 246 affordable units. The LHMA has identified a need for primarily 1 bed (14%), 2 bed (31.6%), and 3 bed

	(28.5%), split relatively evenly between Social rented (56.2%) and intermediate (43.8%) tenures.
1.23	In addition to the proposed mix of Council, Affordable Rent and Shared Equity homes at Maes Gwern, the Council is also currently on-site at the former Ysgol Delyn site on Alexandra Road, Mold where 16 new Council properties are being developed. This will ensure there are equal opportunities for people living in Mold to access both Council, Affordable Rent and Shared Equity properties in the town.
1.24	There is demand for both affordable rent and ownership products in Mold on both the Flintshire's Affordable Housing Register and NEW Homes Register. In total, 226 people are registered on both registers for affordable rent, primarily for 2 bed properties; and 73 people registered for 2 and 3 bed affordable home ownership properties.
1.25	Local Lettings Policy
1.26	A Local Lettings Policy will be developed by the Council for each of the proposed schemes.
1.27	Affordable Homes Funding
1.28	Currently NEW Homes is unable to bid for Affordable Housing Grant under the existing Welsh Government funding regime. However, Welsh Government are minded to review this moving forward to enable companies such as NEW Homes to deliver more affordable housing in Flintshire. NEW Homes will work with the Council to assess the borrowing options available to it to develop the proposed homes it will own and manage in Batch 3 of the current SHARP programme. This will include options such as market lending, borrowing from the Council and borrowing against its existing asset base.

2.00	RESOURCE IMPLICATIONS
2.01	Prudential borrowing of £0.431m required and use of £0.270m shared equity balances.
2.02	All schemes continue to be reviewed in order to achieve best value for the Council and NEW Homes. Detailed Financial Appraisals have been undertaken for both the HRA (Appendix 2a) and Affordable Rent units (Appendix 2b). Please refer to the confidential appendix within this agenda regarding the financial appraisals referred to above.
2.03	Council Tax Yield
2.04	The table below provides a breakdown of the annual Council Tax Yield which the proposed scheme will generate for the Council.

2.05	Tenure	Type	No.	Total Council Tax Yield (per annum)
	Council	Bungalows	2	£2,510
	Council	1 Bed Apartment	2	£2,196
	Affordable Rent	1 Bed Apartment	4	£4,393
	Affordable Rent	2 Bed House	14	£16,318
	Affordable Rent	3 Bed House	4	£7,060
	Shared Equity	2 Bed House	10	£12,552
	Shared Equity	3 Bed House	12	£16,946
	Open Market Sales	2 Bed House	19	£23,850
	Open Market Sales	2 Bed Apartment	18	£22,595
	Open Market Sales	3 Bed House	38	£53,663
	Open Market Sales	4 Bed House	37	£75,473
	Total		160	£237,556

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Each of the schemes have been discussed in depth with planners, highways officers and local elected members which have informed the current proposal.
3.02	The proposed scheme was subject to a further community consultation on Monday 13th February at the Daniel Owen Community Association from 3pm till 7pm. For the event Wates Residential provided 12 information boards on the proposal. The consultation was attended by members of Wates Residential and Halliday Clark Architects. A register was taken with 37 names signed. Consultation comments (in English and Welsh) have been submitted along with the presentation and register as part of the planning application.

4.00	RISK MANAGEMENT
4.01	The Operational Risk Register is in place for the SHARP Housing Programme which is regularly updated in relation to emerging and changing risks. This is in addition to Project specific Risks and Strategic Risks.

4.02	The SHARP team continues to develop a framework for managing risk and opportunities the programme generates. Further work is on-going in order to improve the robustness in risk identification and management as part of the new CAMMS system which will contain Development Framework procedures.
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5.00	APPENDICES
5.01	Appendix 1 - Site Plan Maes Gwern
5.02	Appendix 2a – Financial Appraisal Proposal Housing Revenue Account (HRA) Units (refer to confidential appendix)
5.03	Appendix 2b – Financial Feasibility Proposal Affordable Rent Housing Units (refer to confidential appendix)

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Office: Melville Evans Job Title: Housing Programmes Manager Telephone: 01352 701436 E-mail: melville.evans@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>Strategic Housing And Regeneration Programme (SHARP) – Flintshire County Council House Building Programme which will build 500 new homes (200 Council) and 300 (affordable).</p> <p>Welsh Housing Quality Standard (WHQS) - Flintshire County Council will be spending £111 million over six years on a major refurbishment and maintenance programme of works bring its 7,200 Council homes up to the Welsh Government’s Welsh Housing Quality Standard (WHQS) new properties across the Council during the next five years.</p> <p>Standard Development Scheme Assumptions - agreed allowances for voids; maintenance costs; rental income levels (including CPI etc.) and will be used to assess all potential future development schemes to determine Scheme feasibility and viability.</p> <p>Affordable Housing Grant - The Welsh Government (WG) has made available additional revenue grant funding of approximately £8 million each year, over a 28/29 year period. For this second phase of the funding, delivery partners have now been extended to not only include Registered Social Landlords but also Local Housing Authorities due to the recent exit of the Housing Revenue Account System.</p>