

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Council Housebuilding Cabinet **Date:** Tuesday, 4 February 2014
Committee

Place: Council Chamber, Civic Offices, **Time:** 6.30 - 9.10 pm
High Street, Epping

Members Present: D Stallan (Chairman), W Breare-Hall, Ms S Stavrou, G Waller and C Whitbread

Other Councillors: K Angold-Stephens and Ms J Hart

Apologies: R Bassett and L Girling

Officers Present: A Hall (Director of Housing), P Pledger (Assistant Director (Property)), G Lunnun (Assistant Director (Democratic Services)) and J Leither (Democratic Services Assistant)

Also in attendance: A Gatrell (Head of Development, East Thames Group), and I Collins (Client Lead, Pellings LLP)

13. DECLARATIONS OF INTEREST

The Chairman reminded Members of the guidance issued by the Assistant to the Chief Executive regarding declarations of interest at the relevant planning sub committee regarding Council housebuilding planning applications.

There were no declarations of interest pursuant to the Council's Code of Member Conduct.

14. SUBSTITUTE MEMBERS

The Cabinet Committee noted that Councillor C Whitbread substituted for Councillor R Bassett.

15. MINUTES

RESOLVED:

That the minutes of the meeting held on 10 July 2013 be taken as read and signed by the Chairman as a correct record.

16. PRIORITISATION OF POTENTIAL DEVELOPMENTS

The Director of Housing presented a report to the Cabinet Committee regarding a proposed strategic approach to the prioritisation of locations for potential developments. He advised that the Cabinet had previously agreed a list of potential development sites for which the Council's Development Agent would be asked to undertake detailed development and financial appraisals. Now that the Development Agent had started to undertake development appraisals for each site, there was a

need to agree a strategic approach to the prioritisation of potential sites for development.

A general strategic approach for the prioritisation of potential sites was proposed for adoption, which suggested that locations within the District be grouped together into two Groups, having regard to the Primary List of Sites previously agreed by the Cabinet and whether the locations had the capacity to deliver more or less than 10 new homes, and that development packages/phases be formulated each year, on a rotational basis in an agreed Priority Order, based on the number of applicants living within each location.

Since there were various ways in which the number of potential sites within a location could increase and, as the Development Programme progressed, the number of new homes that could be provided at locations within the groups was likely to reduce – which could have an effect on the Priority Orders within both groups – it was proposed that a review of the priority orders within the two groups be undertaken in three years' time, having regard to the same proposed strategic approach. However, on discussion, the Cabinet Committee concluded that such reviews should be undertaken annually.

The Cabinet Committee requested that, for when the Cabinet considers its recommendations, information about individual housing applicants' areas of preference for rehousing be included in the group information in addition to the number of applicants living in each area.

Recommended:

(1) That the following general strategic approach be adopted for the prioritisation of potential sites taken forward for development under the Council's Housebuilding Programme:

(a) Generally, over a period of time, development sites be spread around the towns/villages where sites are located, on a rotational basis, so that all locations have the benefit of affordable housing being provided in their area;

(b) Priority for the development of potential sites be given to areas in which the highest number of housing applicants live;

(c) Towns/villages with sites that could potentially deliver the greatest number of new properties be prioritised in preference to locations where less properties could be delivered; and

(d) If possible, development packages/phases generally comprise sites within the same town/village, in order to reduce the contractor's site set-up costs;

(2) That, taking account of the strategic approach set out in (1) above, locations be grouped together into the following two Groups and the Priority Orders shown (*Note: applicants can express preferences for more than one area*):

Group A (Capacity for 10 or more new homes)					
Priority Order	Location	No. of Housing Applicants	No. of Sites	Max. No. of Properties	No. of Preferences From Applicants
1	Loughton	478	16 ^(#)	52 ^(#)	1,047
2	Waltham Abbey	472	18	71 ^(*)	676
3	Epping	95	5	12	1,065
4	Buckhurst Hill	80	5	23	832
5	Ongar	76	2	11	404
6	North Weald	48	2	16	456

(*) = Including the Year 1 sites

(#) = Excluding the sites at The Broadway

Group B (Capacity for less than 10 new homes)					
Priority Order	Location	No. of Housing Applicants	No. of Sites	Max. No. of Properties	No. of Preferences From Applicants
1	Theydon Bois	19	2	5	749
2	Nazeing	15	2	7	348
3	Roydon	13	1	3	215
4	Coopersale	10	3	7	152
5	High Ongar	9	1	2	307
6	Matching Green/Tye	7	1	2	193

(3) That development packages/phases be formulated each year, on a rotational basis – in the Priority Order shown in Group A above – until the capacity for the potential number of homes in a location reduces to less than 10, at which point the location be moved into Group B;

(4) That, where less than 20 homes can be provided within a development package/phase in one of the locations within Group A above, one or more sites within Group B also be included within the development package/phase, on a rotational basis – in the Priority Order shown in Group B above – to comprise a package/phase of between 20 and 25 homes; and

(5) That an annual review of the priority orders within Groups A and B in (2) above be undertaken by the Cabinet Committee having regard to the same strategic approach set-out in (1) above.

Reasons for Decision:

To achieve a strategic approach to the prioritisation of potential sites for development.

Other Options Considered and Rejected:

(a) Not to have a strategic approach – this would mean that a high profile, high cost Council Programme would not have a strategic direction; and

(b) To adopt a different approach to the prioritisation of sites.

17. FUTURE USE OF GARAGE SITES UNSUITABLE FOR REDEVELOPMENT

The Assistant Director of Housing (Property) presented a report reminding the Cabinet Committee that the Council's Development Agent was required to undertake feasibility studies for each of the 65 garage sites included on the list of potential development sites approved by the Cabinet. He advised that some garage sites were likely to be considered either unsuitable, financially unviable or would not obtain planning permission and a policy would need to be developed for the future use of such sites. He advised that one site from Phase 1 had already been withdrawn for the time being and envisaged that there would be more as the Programme progressed.

Members requested that the list of possible uses to be presented to a future meeting should include offering sites to the appropriate Town or Parish Council for purchase, for their own uses.

Decision:

That the Cabinet Committee receives a report at a future meeting on the use of difficult-to-let garage sites, and other surplus sites, that are unsuitable for redevelopment.

Reason for Decision:

Where sites are not developable, then their future use must be considered to maximise the Council's benefit of the Asset.

Other Options Considered and Rejected:

Not to have a further report.

18. PHASE 2 FEASIBILITY REPORT

The two local ward members had been invited to attend the Cabinet Committee meeting for this item. However, Councillor Ms J Hart gave apologies for the other ward member, Councillor L Girling advising that he was unable to attend due to work commitments.

The Assistant Director of Housing presented a report following undertaking of a feasibility study by East Thames, and their consultants, Pellings, for the redevelopment of the Council's former depot, garages and amenity land in Burton Road, Loughton.

He advised the Cabinet Committee that at the time of preparing the report, the Director of Housing had been in discussions with a representative of the Bishop of Barking regarding the possibility of land adjacent to the Burton Road development being used to provide a small Church with associated community facilities. In return for this land the Church would provide Church land elsewhere in Loughton for the development of affordable housing.

Members noted that the Director of Housing had recently been advised that, following further discussions between the Anglican Parish of Loughton and the Methodist Church in Loughton (which had a Local Ecumenical Partnership), the Partnership had been unable to agree amongst its membership to such a proposal. Therefore, this proposal was no longer being pursued.

The Cabinet Committee was advised that since the site that was subject to these discussions was in Burton Road and adjacent to the original Phase 2 proposal being considered, East Thames had been asked to consider a feasibility study to extend the development site to incorporate this additional piece of land. As a result, a potential layout for this additional land and a summary financial appraisal had been circulated to all members of the Cabinet Committee and the ward members in advance of the meeting, which showed that the proposed development of 25 affordable Council dwellings could now be increased to a minimum of 31 affordable Council dwellings.

The Cabinet Committee was advised that in accordance with Section 100B(4)(b) of the Local Government Act 1972, together with paragraphs 6 and 25 of the Council Procedure Rules contained in the Constitution, the permission of the Chairman had been obtained, after prior notice to the Chief Executive, to this urgent business not specified in the agenda (including a supplementary agenda of which the statutory period of notice has been given) being transacted.

Decision:

- (1) That the Package Two development feasibility, consisting of the former Council Depot, two garage sites and grassed area previously identified for possible housing development in the Broadway Regeneration Masterplan at Burton Road, Loughton and including the area of land to the south west, as shown on the plan attached to the supplementary agenda to provide a minimum of 31 affordable rented homes, be approved to progress to detailed planning stage and, if planning permission is received, the invitation of tenders for Year 2 and part of Year 3 of the Council's Housebuilding Programme, subject to the officers first seeking to increase the number of properties that could be provided on the site;
- (2) That it be noted that the estimated capital investment required to deliver a minimum of 31 new affordable rented Council properties in Package Two, is around £5,118,164 including fees and works;
- (3) That an appropriate level of subsidy be set aside for Package Two for the works and fees in order to achieve a pay-back of 30 years as required by the Council's Development Strategy with a positive Net Present Value (NPV);
- (4) That the Housing Portfolio Holder be authorised to submit the detailed planning application for the Burton Road development site;
- (5) That a report be submitted to the next meeting of the Cabinet Committee regarding options for the funding and programming of this development; and
- (6) That, while noting that the proposed homes at Burton Road, Loughton will be built to Code for Sustainable Homes Level 3 and have been costed on this basis - and not delaying bringing this development to fruition - taking account of the Council's commitment to energy efficiency as well as East Thames's wish to set ambitious targets for delivering the Code for Sustainable Homes at higher levels, a report be submitted to a future meeting of the Cabinet Committee considering the option of achieving a higher code level for future developments in the Programme.

Reasons for Decision:

The Housebuilding Cabinet Committee is required to consider and approve the package of feasibility studies and financial viability reports for each phase of the works, taking account of the views of the local ward members who represent each

site, in order for each phase to progress to planning stage and the invitation of tenders.

Other Options Considered and Rejected:

- (1) Not to progress with the schemes and develop alternative sites.
- (2) To amend the property sizes and types.

19. REVIEW OF RENT CAP - EFDC AFFORDABLE RENT POLICY

The Director of Housing presented a report to the Cabinet Committee regarding the review of the Rent Cap, relating to the maximum rent to be charged for affordable rented properties. He advised that the Rent Cap was due to be reviewed by the Cabinet Committee but that, as the current level had been agreed only just over 6 months previously, it was suggested that it remain at £180 per week for 2014/15.

Decision:

- (1) That the Council's Rent Cap remains at £180 per week for 2014/15;
- (2) That the Council's Affordable Rents Policy be applied to both:
 - (a) Financial Appraisals for potential developments; and
 - (b) To the actual rents charged for properties when they were let;

in relation to market rent levels, Local Housing Allowance (LHA) levels and the Rent Caps applicable at that time;

- (3) That the Council's Rent Cap next be reviewed by the Cabinet Committee towards the end of 2014/15, in time for inclusion within the Rents Strategy Chapter of the HRA Business Plan for 2015/16.

Reason for Decision:

The Cabinet Committee is required under the Council's Affordable Rents Policy to review the level of Rent Cap each year.

Other Options Considered and Rejected:

- (1) To either reduce or increase the level of Rent Cap; or
- (2) To no longer have a Rent Cap.

20. PHASE 1 UPDATE

The Assistant Director of Housing (Property) presented a report updating the Cabinet Committee on Phase 1 of the Council Housebuilding Programme.

The Assistant Director reported that, in July 2013, the Cabinet Committee considered feasibility studies and an investment report for Package One of the Council's Housebuilding Programme. Planning applications had been submitted for all sites in Phase 1 which consisted of five sites in Waltham Abbey. Permission had been granted for the Harveyfields site and the remaining sites would be determined at an Area Plans Sub-Committee meeting on 26 February 2014. One site had been

withdrawn for the time being, for 2 houses on the Roundhills Estate, due to legal issues to be resolved.

Decision:

(1) That the current progress with regard to Package One, consisting of five sites in Waltham Abbey; Harveyfields, the former Red Cross site, and three sites on Roundhills Estate be noted;

(2) That the revised budget position be noted, with total scheme costs of £3,908,324 (works & fees) for which a higher subsidy of £512,000 to that previously reported is required to achieve a 30 year payback as required by the Council's Development Strategy with a positive Net Present Value (NPV); and

(3) That the updated financial information, including the revisions to the housing estimates, be noted and the amendments to the budgets be submitted to Cabinet as part of the HRA Capital Programme and Revenue Account.

Reasons for Decision:

The Housebuilding Cabinet Committee receive regular updates on progress and monitored expenditure against the Housebuilding budget as delegated by the Cabinet.

Other Options Considered and Rejected:

None – report for noting only.

21. FINANCIAL REPORTS

The Director of Housing presented a report regarding the proposed format and content of monitoring reports on expenditure and other financial information relating to the Council's Housebuilding Programme. He advised that the data would be updated regularly and explained that Appendix 1 was the main summary. He advised that a suite of financial report templates had been developed and would be reported to each meeting of the Cabinet Committee. He therefore sought views on the proposed format.

Members noted that there were 7 proposed Appendices as follows:

Appendix 1	Main Summary
Appendix 2	RTB Receipts
Appendix 3	S106 Contributions
Appendix 4	Other Funding
Appendix 5	Cashflow Summary
Appendix 6	Payment Schedule
Appendix 7	Marden Close & Faversham Hall Conversion - Financial Summary

Decision:

(1) That the format and production of a suite of Standard Financial Report templates for the Council Housebuilding Programme - to be considered by the Cabinet Committee at each meeting - be approved, subject to a more printer-friendly presentation;

- (2) That the explanation in the report, on the information provided within each Financial Report, be attached as an appendix to future reports to the Cabinet Committee, to provide a helpful background guidance note for members;
- (3) That the current financial position be noted, in respect of:
 - (a) The overall financial summary for the Housebuilding Programme and use of the various subsidies (Appendix 1);
 - (b) The amount and use of additional "Replacement Right to Buy (RTB) Receipts" available for utilisation under the Government's "one-for-one replacement" scheme (Appendix 2);
 - (c) The amount and use of financial contributions available to the Council Housebuilding Programme from Section 106 Agreements, in lieu of the provision of on-site affordable housing on private development sites, (Appendix 3);
 - (d) The amount and use of other sources of funding (e.g. sales of HRA land and non-RTB property, and external funding) (Appendix 4);
 - (e) Payments made to both contractors and East Thames, in respect of works and fees for the Housebuilding Programme (Appendices 5 & 6);
 - (f) Payments made to the contractor and the Development Agent in respect of works and fees for the Marden Close / Faversham Hall Conversion Scheme, and the overall financial summary for the Scheme (Appendix 7);
- (4) That the Cabinet Committee's first draft Annual Report to the Cabinet on the progress made with the Council Housebuilding Programme and the associated expenditure be considered at the Cabinet Committee's next meeting, for submission to the following meeting of the Cabinet; and
- (5) That the Director of Housing in conjunction with the Housing Portfolio Holder be delegated to seek HCA Investment Partner Status for the Council to utilise for future developments.

Reason for Decision:

The Cabinet Committee needed to ensure that budgets, costs and expenditure were properly monitored, to enable corrective action to be taken at the earliest opportunity when necessary.

Other Options Considered and Rejected:

- (1) Not to have regular Financial Reports presented to the Cabinet Committee;
- (2) To have Financial Reports presented at different intervals; and
- (3) To provide different Financial Reports presented to those proposed.

22. RISK REGISTER

The Assistant Director of Housing (Property) presented a report on the Risk Register to the Cabinet Committee. He advised that although East Thames and Pellings LLP

would be regularly updating the Risk Registers for each Phase there was a need for an overall Risk Register to capture all the issues needed to be addressed.

Members considered the current Programme-wide Risk Register.

Decision:

That the current Programme-wide Risk Register for the Council Housebuilding Programme be noted.

Reasons for Decision:

The Council's Housebuilding Programme is a major undertaking, involving significant amounts of money and risks, it was essential that the Officer Project Team and the Cabinet Committee record, monitor and mitigate those risks.

Other Options Considered and Rejected:

- (1) Not to have a Risk Register; and
- (2) To amend the format or content of the Programme-wide Risk Register.

23. PROJECT PLAN

The Assistant Director of Housing (Property) presented the five year Project Plan chart to the Cabinet Committee, which was noted.

24. ANY OTHER BUSINESS

The Cabinet Committee noted that there was no other urgent business for consideration.

25. EXCLUSION OF PUBLIC AND PRESS

The Cabinet Committee noted that there were no items of business on the agenda that necessitated the exclusion of the public and press from the meeting.

CHAIRMAN

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