

**Report to the Council Housebuilding
Cabinet Committee**



Report reference: CHB-016-2013/14
Date of meeting: 17 April 2014

**Epping Forest
District Council**

Portfolio: Housing

Subject: Package (Year) Two Feasibility Report – Council Housebuilding Programme

Responsible Officer: Paul Pledger, Asst. Director (Housing Property and Development) (01992 564248)

Democratic Services Officer: Jackie Leither (01992 564756)

Recommendations:

(1) That the Committee consider the two alternative development feasibility options for the Burton Road Site, Loughton and approve either of the 42-home scheme or the 56-home scheme to progress to detailed planning stage, and if planning permission is received the invitation of tenders as Phase Two of the Council's Housebuilding Programme;

(2) That it be noted that the estimated capital investment required to deliver either a scheme consisting of 42 or 56 new affordable rented Council properties in Phase Two, is around £7.1m or £8.9m respectively, including fees and works;

(3) That an estimated subsidy of £1.638m for a 42-home scheme or £1.512m for a 56-home scheme be set aside for Phase Two in order to achieve a pay-back of 30 years with a positive Net Present Value (NPV) as required by the Council's Development Strategy;

(4) That consideration be given to whether or not a financial contribution to Essex County Council and the NHS to fund education and / or healthcare should be included as part of the resultant planning permission and if so, that the Housing Portfolio Holder be delegated authority to negotiate with Essex County Council and the NHS over an appropriate level of contribution for education and health for inclusion in any Unilateral Undertaking;

(5) That, subject to Secretary of State consent, the former garage site and associated amenity land at Burton Road, identified for the development of Council Housebuilding, be appropriated for planning purposes under provisions laid out in the Local Government Act 1972 and Town and Country Planning Act 1990 on the grounds that the land is no longer required for the purposes for which it is currently held in the Housing Revenue Account; and

(6) That the Housing Portfolio Holder be authorised to submit a detailed planning application for the Burton Road development site.

Executive Summary:

The feasibility studies presented incorporate two separate schemes that could deliver either a 42-home scheme with 100% parking allocation or a 56-home scheme with 100% parking for the houses and ground-floor flats where they meet lifetime homes standards. Each scheme takes account of the Council's Development Strategy, Design Standards and Employers Requirements. Financial viability assessments have also been undertaken for each of the two options. In total, this single site could deliver either 42 or 56 affordable Council dwellings for rent at a total estimated cost of around £7.1m or £8.9m respectively, using £1.638m or £1.512m subsidy to achieve a 30-year pay-back and a positive NPV.

Reasons for Proposed Decision:

At its last meeting, the Cabinet Committee considered a feasibility study for a 31-home scheme at Burton Road, Loughton as Phase Two of the Council's Council Housebuilding Programme. However, it was resolved that an alternative scheme be developed for the site, which increased the density of the housing and reduced the parking allocation by taking advantage of the sites town centre location, good local shopping facilities and public transport infrastructure. Appropriating the land will override any third party access claims which may frustrate the Council's objectives for redevelopment.

Other Options for Action:

1. Not to progress with either of the schemes presented in this report and revert to the 31-home scheme considered by the Cabinet Committee in February 2014.
2. To develop the site with a different number of homes, or with an alternative mix of property types or parking allocation.
3. Not to progress with any of the three schemes for this site and consider alternative sites to make up Phase Two.
4. Not to appropriate the land and take the risk that a third party will not try to prevent the development by laying claim to a long established right of access across the land.

Background

1. Attached at appendix 1 and 2 are two separate feasibility studies, which consider the redevelopment of the Council's former Depot, garages and amenity sites in Burton Road, Loughton, which has previously been identified as a potential housing redevelopment in the Broadway Redevelopment Master Plan and, at its last meeting, the Cabinet Committee agreed should be included within the Council Housebuilding Programme. These two feasibility studies have been developed to reflect the Cabinet Committee's instruction to revisit the design presented and to increase the housing density on the site to take advantage of this sustainable town centre location with good public transport infrastructure and easy access to a range of local shops and supermarkets. One feasibility study is based on a 42-home scheme, and the other a 56-home scheme. The proposal from the Project Team to the last meeting was for 31-33 homes
2. Also attached at Appendix 3 is an Investment Report for the two development options for Phase Two of the works.
3. The Cabinet Committee's attention is drawn to the following outcomes contained within the Investment Report, and from pre-application advice received from the Council's Planning Officers:

a. 42-home scheme

- The Total Scheme Costs for a 42-home scheme is £7.1m, made up of £6.3m works costs and £800,000 fees.
- The scheme is made up of 9 houses (2 and 3 storey) and 33 flats (3 storey blocks) all to be let at affordable rents.
- This scheme incorporates 100% parking (42 spaces) i.e. 1 parking space per property.
- The total area of amenity space for the flats incorporated in the design equates to 750m², equivalent to 23m² per flat.
- The financial target of loan repayment in Year 30 can be achieved providing it receives subsidy of £1.638m.
- The main comments from the Planning Officers as part of the Pre-Application Process are:
 - There is an over-dominance associated with the parking i.e. the parking is grouped in two main large parking areas which dominates the design and is not integrated into the layout. However, no highway safety issues are foreseen with the parking as shown.
 - The level of parking provision (100%) is considered unnecessary for such a sustainable location.
 - The layout does not reflect the strong architectural features found locally, particularly with the “sweeping crescent” effect seen along The Broadway. This comment was particularly in relation to the frontage to the flats which does not follow the same building line of the houses. This can easily be resolved through a revised layout.
 - The amount and location of private amenity space is acceptable. The maintenance and improvement of the public footpath through the site is an important component of the scheme, which integrates with the residential area to the south. Approval will be needed from Essex County Council to vary the alignment of the footpath.
 - A contribution towards education and healthcare will normally be required for such a development in this location and density and that a Unilateral Undertaking on this issue would be required as part of any application.
 - Subject to a revised layout, and the outcome of consultation, a planning application on this basis could be recommended for approval.

b. 56-home Scheme

- The Total Scheme Costs for a 56-home scheme is £8.9m, made up of £7.9m works costs and £1m fees.
- The scheme is made up of 18 houses (2 and 3 storey) and 38 flats (3 and 4 storey blocks) all to be let at affordable rents.
- This scheme incorporates 100% parking for the houses and 100% parking for the ground-floor flats only, which meet Lifetime Homes Standards. There is no parking for flats at first-floor and above. The total parking provision is 28 spaces (50% for the scheme overall)
- The total area of amenity space incorporated in the design equates to 880m², equivalent to 23m² per flat.
- The financial target of loan repayment can be achieved in Year 30, providing it receives subsidy of £1.512m.
- Comments from the Planning Officers as part of the Pre-Application Process are:

- This scheme overcomes the dominance of the parking areas incorporated in the 42-home schemes by eliminating the large areas of parking and integrating the parking throughout the design.
 - The level of parking provision is considered by the Planning Officers to be more appropriate for such a sustainable location.
 - No highway safety issues are foreseen.
 - The amount and location of private amenity space is acceptable. The maintenance and improvement of the public footpath through the site is an important component of the scheme, which integrates with the residential area to the south. Approval will be needed from Essex County Council to vary the alignment of the footpath.
 - The layout is a much improved townscape to the 42-home scheme with a more robust frontage to Burton Road. It provides much better definition of space.
 - A contribution towards education and healthcare will normally be required for such a development in this location and density and that a Unilateral Undertaking on this issue would be required as part of any application.
 - The distances between buildings are acceptable, but there is potential for excessive overlooking of adjacent gardens. However, this could be overcome with more detailed designs, which would need to be assessed further once more detailed drawings become available.
 - Subject to the outcome of consultation, a planning application on this basis could be recommended for approval.
4. It should be noted that as a comparison, there is no parking allocation for existing residents within the flats above the shops along The Broadway, and residents are eligible to apply for and purchase resident parking permits. This approach would apply to residents of the new properties in Burton Road when built.
 5. At its last meeting in February 2014 the Cabinet Committee agreed that the Burton Road site be developed as package two. However, the Cabinet Committee instructed Officers to revisit the design and to increase the housing density on the site to take advantage of this sustainable town centre location. Based on the two designs and accompanying financial appraisals presented with this report, the Cabinet Committee is now asked to decide which scheme should be developed and submitted for detailed planning application.
 6. Subject to which scheme is approved, it is recommended that the appropriate level of subsidy requirement be allocated to Phase Two in order to achieve a 30-year loan repayment period, being either £1.638m for the 42-home scheme or £1.512m for the 56-home scheme.

Appropriation of the Site

7. The Council holds property for various statutory purposes in order to provide its various functions. Such land is used only for the purpose of the function for which it was originally acquired, until such time as the land is disposed of or “appropriated” for another use.
8. Appropriation is the procedure under the Local Government Act 1972 and Town and Country Planning Act 1990 to change the purpose for which the land is held for one statutory purpose to another, provided that the land is no longer required for the purpose for which it was held immediately before the appropriation. The consent of the Secretary of State is required to appropriate the land.

9. The Council wishes to see the Burton Road site redeveloped for the specific purpose of residential accommodation on a site which previously was used for garages and grassed amenity land, which in the current usage the former are not fit for that purpose. By appropriating the site for planning purposes, the Council will be able to secure its redevelopment and future use by relying on the statutory provisions relating to the redevelopment and disposal of the land held for planning purposes.
10. There is a risk that the proposed re-development scheme may be frustrated by third party rights, which would in turn frustrate the Council's regeneration objectives for the site. By appropriating land, once planning permission is obtained, the rights of affected third parties can be overridden to the extent that they become an entitlement to compensation rather than a right to obtain an injunction to prevent the scheme.

Resource Implications:

£7.1m or 8.9m (dependant on the option approved by the Committee) from the existing Capital Programme for 2014/15 and 2015/16 inclusive of works and fees, using £1.638m or £1.512m subsidy (again, dependant on the option approved by the Committee) in line with the Council's Development Strategy for the Housebuilding Programme.

Legal and Governance Implications:

Within its Terms of Reference, the Housebuilding Cabinet Committee is expected to consider each site and package of works and approve it to progress to detailed planning stage.

The means by which land is appropriated for the purpose of change of use is laid down in the Local Government Act 1972 and Town and Country Planning Act 1990.

Safer, Cleaner and Greener Implications:

The site being considered currently has garage blocks, rented to garage tenants, but not necessarily adjacent to the blocks. A large proportion of the site contains a former Council depot and garages which are either vacant or not used to park vehicles (Source: ECC Parking Standards) Redeveloping this former depot site, garages and amenity land will add value to and enhance the local environment and streetscape.

Consultation Undertaken:

Local Ward Councillors have been consulted on a previous scheme. They will again be consulted at the meeting on the two alternative schemes being put forward.

Background Papers:

Development Strategy, Policy on Funding the Housebuilding Programme

Impact Assessments:

Risk Management

Within the financial viability assessment, the greatest risks are that the assumptions prove to be incorrect resulting in each phase being un-viable.

These risks are mitigated by the Council being able to either add more subsidy or not to progress the works beyond the planning stage.

In addition, a site specific risk register has been compiled and included within the individual feasibility reports.

There is a risk that the proposed re-development scheme may be frustrated by third party rights, which would in turn frustrate the Council's regeneration objectives for the site. By appropriating land, once planning permission is obtained, the rights of affected third parties can be overridden to the extent that they become an entitlement to compensation rather than a right to obtain an injunction to prevent the scheme.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications?	No
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Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?	N/A
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What equality implications were identified through the Equality Impact Assessment process?

It should be noted that an Equality Impact Assessment has already been formulated for Housing Strategy and Development.

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?

N/A