

Report to the Council Housebuilding Cabinet Committee



Report reference: CHB-004-2013/14
Date of meeting: 10 July 2013

**Epping Forest
District Council**

Portfolio: Housing – Cllr David Stallan

Subject: Phase 1 Feasibility Report – Council Housebuilding Programme

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

Democratic Services Officer: Jackie Leither (01992 564756)

Recommendations:

(1) That the Phase 1 development feasibilities, consisting of the site of the former Red Cross Hall and three further garage sites in Roundhills, Waltham Abbey together with the garage site at Harveyfields, Waltham Abbey be considered individually in detail and collectively as a package for works and be approved to progress to detailed planning stage, and if planning permission is received the invitation of tenders;

(2) That in addition to the Phase 1 development sites, the feasibility study for the conversion of the former sheltered accommodation at Marden Close, Chigwell Row be considered in detail and approved to progress to detailed planning stage and if planning permission is received the invitation of tenders;

(3) That it be noted that the estimated combined capital investment required to deliver all 25 new affordable rented Council properties in Phase 1, together with the conversion at Marden Close, creating 10 new self contained 1-bed flats for general needs housing with social rents is around £4,442,285 including fees and works, broken down as £3,948,421 for Phase 1 and £493,864 for the Marden Close;

(4) That an estimated subsidy of £425,000 be set aside for Phase 1 of the works in order to achieve a pay-back of 30 years with a positive Net Present Value (NPV); and

(3) That the Housing Portfolio Holder be authorised to submit the detailed planning applications for each of the Phase 1 development sites and for Marden Close.

Executive Summary:

Taking account of the Draft Development Strategy, Design Standards and Employers Requirements, East Thames have prepared individual feasibility study reports for the former Red Cross Hall site and 3 further garage sites on Roundhills, Waltham Abbey, a garage site in Harveyfields and the former sheltered accommodation units at Marden Close, Chigwell Row. A financial viability assessment has been undertaken for each site individually and collectively as a package. In total, across all 6 sites the package will deliver 25 affordable Council dwellings and a further 10 x 1-bed flats for social rent at a total estimated cost of around £4,442,285, using £425,000 subsidy to achieve a 30-year pay-back and a positive NPV.

Reasons for Proposed Decision:

It is a requirement that the House-Building Cabinet Committee considers and approves the package of feasibility studies and financial viability reports for each phase of works and for Marden Close, taking account 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 for Action:

1. Not to progress with one or more of the schemes and develop a smaller number of sites
2. To amend the property sizes and types on any or all of the schemes.

Background

1. Attached as individual appendices to this report are 3 separate feasibility studies, which consider redevelopment of former garage and amenity sites in Waltham Abbey, and a feasibility study which considers the conversion of the former Sheltered Accommodation at Marden Close, Chigwell Row. Also attached as an appendix to this report is an Investment Report for the development proposals for Phase 1 of the works. Each of these reports need to be read both individually and collectively as a package. These are as follows:

Appendix 1 – Former Red Cross Hall, Roundhills, Waltham Abbey

Appendix 2 – Roundhills, Waltham Abbey (Sites 4, 5, 6 and 7)

Appendix 3 – Harveyfields, Waltham Abbey

Appendix 4 – Marden Close, Chigwell Row

Appendix 5 – Investment Report, Development Proposals for Phase 1.

2. The Cabinet Committee's attention is drawn to the following outcomes contained within the Investment Report:
 - a. The Total Scheme Costs for Phase one is £3,948,421, in detail £1,037,757 for the former Red Cross site, £1,279,671 for Harveyfields and £1,630,993 for the Roundhills sites. Additional Total Scheme Costs of £493,864 are incurred for the Marden Close scheme.
 - b. Overall, Phase one will deliver 25 affordable rented units, and Marden Close will provide a further 10 units for social rent.
 - c. Phase one achieves the financial target of loan repayment in Year 30 with a subsidy requirement of £425,000.
3. It is recommended that all of the sites included in Phase one, together with the conversion of Marden Close be approved to proceed to detailed planning stage and the invitation of tenders.
4. It is further recommended that the Housing Portfolio Holder submits a detailed planning application for each site.
5. It is recommended that the £425,000 subsidy requirement be allocated to Phase one in order to achieve a 30-year loan repayment period.

Resource Implications:

£4,442,285 from the existing Capital Programme for 2013/14 and 2014/15 inclusive of works and fees, using £425,000 subsidy in line with the Council's Policy on Funding the Council House-Building Programme.

Legal and Governance Implications:

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

Safer, Cleaner and Greener Implications:

Each of the sites being considered currently have garage blocks, rented to garage tenants, but not necessarily adjacent to the blocks. A large proportion of these garages are either vacant or not used to park vehicles (Source: ECC Parking Standards) Redeveloping these garage sites will add value to and enhance the local environment and streetscape.

Consultation Undertaken:

East Thames have been consulted.

Background Papers:

None

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.

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
--	----

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?	N/A
--	-----

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
---	-----