

***Report to the Asset Management and
Economic Development Cabinet
Committee***



**Epping Forest
District Council**

***Report reference: AMED-012-2013/14
Date of meeting: 13 February 2014***

Portfolio: Asset Management & Economic Development

Subject: Progress with Developments at The Broadway, Loughton

Responsible Officer: Alan Hall, Director of Housing (01992 564004)

Democratic Services Officer: Jackie Leither (01992 564756)

Recommendations:

That the current position with regard to developments at The Broadway, Loughton be noted.

Executive Summary:

At its last meeting, the Cabinet Committee requested a report to this meeting on the current situation and progress with regard to potential developments around The Broadway, Loughton, by the Council and third parties.

Reasons for Proposed Decision:

The Cabinet Committee requested a report to this meeting.

Other Options for Action:

The report is only for noting.

Introduction

1. In August 2008, the Cabinet agreed a Design and Development Brief for Debden Town Centre and The Broadway, Loughton ("the Design Brief") following extensive consultation by planning consultants appointed by the Council. The area of land covered by the Design Brief contains land owned both by the District Council and other parties. Much of the land owned by the Council is not under the control of the District Council, since the Council has granted leases to other parties in the past, which have a number of years to run.
2. At its last meeting, the Cabinet Committee requested a report to this meeting on the current situation and progress with regard to potential developments around The Broadway by the Council and third parties.
3. The Council's Management Board has previously asked the Director of Housing to chair a small corporate Officer Working Party, also comprising the Asst Director (Development Control), Asst Director (Facilities Management and Emergency Planning) and Chief Estates Officer to monitor and, where possible, facilitate developments at The Broadway by third parties in accordance with the Design Brief, and to oversee the delivery of developments by the Council in respect of land and assets under the control of the Council.

Progress

5. At its meeting on 5th September 2012, the then North Weald Airfield and Asset Management Cabinet Committee agreed a Broadway Regeneration Action Plan, which provides a “road map” for the delivery of the different sites.

6. Within the Design Brief, there are “site specific policies” for each “opportunity site” at The Broadway, with each site designated a site number. The remainder of this report provides information on the current position with regard to each of the 8 “opportunity sites” within the Design Brief. Appendix 1 provides an extract from the Design Brief, showing a plan with each of the Opportunity Sites identified.

SITES NOT UNDER THE CONTROL OF THE COUNCIL

Site 1 – Sir Winston Churchill Public House

7. At its meeting on 9 September 2013, the Cabinet agreed proposed Heads of Terms for a Development Agreement between the District Council (as freeholder) and a developer for the Sir Winston Churchill PH site, which had been negotiated by consultants appointed by the Director of Corporate Support Services. The Asset Management and Economic Development Portfolio Holder was also authorised, in consultation with the Director of Corporate Support Services, to agree minor amendments to the documentation and it was agreed that external solicitors be instructed to prepare and negotiate the Development Agreement, subject to the proposed development receiving planning permission. In order to instruct the external solicitors to prepare and negotiate the Development Agreement for the site, the Cabinet also agreed to recommend to the Council a supplementary capital estimate of £75,000 for 2013/14, which was subsequently agreed by the Council.

8. Subsequently, the developer for the site sought planning permission for the demolition of the public house and the Council-owned the garages on adjacent land (see Site 4 – Vere Road (North) below) and the development of a mixed use development, comprising retail and food and drink units on the ground floor and 64 residential properties at upper floor levels (1st – 6th floors), together with 62 car parking spaces, service yard, access and car parking.

9. The application was determined by the District Development Control Committee on 11 December 2013, when planning permission was granted, subject to Section 106 legal agreements being completed by the 31 March 2014 - unless the applicant, prior to this date, agrees an extension of time and date with planning officers - to secure the following contributions:

- £192,016 towards the provision of local primary and secondary education facilities; and
- £14,400 towards the provision of health care services within the locality.

10. No requirement was made to provide any affordable housing as part of the development.

11. The current position with regard to the production of the Development Agreement is that, following a competitive exercise, Sharpe Pritchard has been appointed as the Council's external solicitors, with effect from 2nd January 2014, to draft and negotiate the Development Agreement, which is currently in progress.

12. The current position with regard to the required Section 106 Planning Agreement is that a Section 106 Unilateral Undertaking has been drafted by EFDC Legal Services (which is now considered to be more appropriate than a Section 106 Agreement, in the circumstances of the Council being both the landowner and the Local Planning Authority), which has been approved in principle by both planning officers and the County Council (in respect of the required education contribution), and was sent to Sharpe Pritchard for their comments on

14th January 2014, which are awaited. The draft legal documentation will then be sent to the developers for their comments.

Site 2 – Sainsbury Supermarket, Shopping Precinct and BP Petrol Station

13. The original Design and Development Brief proposed the provision of a new supermarket on this site, the freehold of which is owned by the Council, which currently comprises three separate sites - namely, the Sainsbury Supermarket, the shopping precinct in front of the supermarket and the adjacent BP petrol station on The Broadway.

14. With regard to the BP petrol station, the original 25 year lease expired in September 2011 and the leaseholder is holding over on existing terms. BP has confirmed that it wishes to enter into a new lease, which it is entitled to do under the Landlord and Tenant Act 1954. The Council has appointed agents to act on its behalf, and the terms of the proposed new lease are currently being negotiated.

15. With regard to the site of the Sainsbury Supermarket and the shopping precinct in front (2-18 Torrington Drive), Stobart Properties hold a 125 year head lease for the site, from 31 May 1988. However, at its meeting on 2 December 2013, the Cabinet agreed to purchase the head lease for £3.35 million. This was in view of the benefits to the Council of acquiring the asset, which were set-out within the Cabinet report.

16. Subsequently, the Council entered into a conditional legal agreement with Stobart Properties on 23 December 2013, which requires Stobart Properties to surrender the premises at 2-18 Torrington Drive (and the separate land to the south of Burton Road – see reference to Sites 6 and 7 below). Before the surrender can take place, Sainsbury must carry out works at the site, surrender its current sub-lease comprising the sites in Torrington Road and Burton Road and be granted a new sub-lease of the Torrington Road site only. Licences were granted to sublet and carry out the works on 7 January 2014.

17. Sainsburys has planning permission for the proposed works and is currently undertaking the improvements to its store, which include the demolition of the small parade of vacant shops at the front of the store, replaced with the provision of additional car parking. The store is currently closed and due to re-open in the Spring

18. It is a requirement of the legal agreement that the surrender and grant of the new sub-lease must take place within 21 days of the date of practical completion of the works.

Sites 3 and 8 – Debden Station and Station Car Park

19. This site is within the ownership of Transport for London (TfL). The Design and Development Brief proposes the provision of commercial, small retail and residential uses on the site, together with a bus interchange - to be planned to allow for bus lay-overs, whilst separating bus and other vehicular movements – together with a new link to Torrington Drive for buses only.

20. In October 2011, representatives from TfL provided initial indicative proposals for the development of its whole site to the Council. Following the presentation of the initial proposals, in November 2011, the Director of Planning and Economic Development provided TfL with the initial views of officers on the proposals.

21. A further meeting was held in March 2012, when TfL provided some revised initial proposals, taking on board a number of the comments made by officers. On 30 January 2013, the Director of Planning and Economic Development wrote to TfL again, seeking information from them on their progress with the proposed development. However, no further contact has been received from TfL to date, and it is understood that their Project Manager for the proposed development has now left the organisation.

22. In view of the lack of response from TfL, the Director of Planning and Economic Development will be seeking to establish from TfL, once again, the current position and confirmation of whether or not they intend to move forward with their development proposals.

SITES UNDER THE CONTROL OF THE COUNCIL

Site 4 – Vere Road (North)

23. This site currently comprises 36 difficult-to-let Council owned garages, with high void rates (in excess of 70%) and no waiting list.

24. The Design and Development Brief proposed the development of the part of the site fronting Vere Road as residential development, with an archway through to existing Council-owned garages to the rear, which would be retained.

25. However, following concerns raised by officers regarding the practicalities of this proposed approach (which was shared by members), at its meeting on 5 September 2012, the then North Weald Airfield and Asset Management Cabinet Committee agreed to seek the redevelopment of the site, either for residential accommodation or the incorporation of the site within any development undertaken on the Sir Winston Churchill PH site (see Site 1 above).

26. As explained above, at its meeting on 9 September 2013, the Cabinet agreed the Heads of Terms for the development of the Sir Winston Churchill PH site, which included the development of this garage site to provide 35 car parking spaces for residents of the proposed Sir Winston Churchill PH site development, with the income from the car parking spaces being received by the Council.

27. However, although the Director of Corporate Support Services' consultants had had discussions with one of the Council's Preferred Housing Association Partners (Moat Housing) - who had expressed an interest in providing some affordable housing on the garage site, above the required parking spaces for the Sir Winston Churchill PH development - no reference is included within the draft Heads of Terms to provide any affordable housing on the Council's garage site.

28. Although Moat Housing was expecting the developer of the Sir Winston Churchill PH site to include the provision of affordable housing on the Council's site within the planning application, this was not the case. Subsequently, the Director of Housing has met with Moat Housing to discuss the potential for the provision of affordable housing on the Council's site, and Moat Housing is currently undertaking a feasibility study and associated financial appraisal for the Council's consideration. However, Moat Housing has explained that the Council's original expectations with regard to the capital receipt that could be provided for the affordable housing land cannot now be met, since the affordable housing development was not incorporated within the planning application for the Sir Winston Churchill PH site.

29. Once the Feasibility Study and Financial Appraisal have been completed, a report will be submitted to the Cabinet recommending a way forward in respect of affordable housing provision on the site. Consideration will also need to be given at that time to the mechanics of providing both affordable housing and car parking on the site, involving 3 separate parties, which is likely to be quite complicated.

Site 4 – Vere Road (South)

30. The main part of this site currently comprises surface car parking and 42 garages in two separate blocks, predominantly let by the Housing Directorate on weekly tenancies to residents that can be terminated with 1 week's notice. Three garages have been leased by EFDC's Estates Division to shopkeepers, but do not form part of their shop leases and can be determined with short notice. The garages are not particularly difficult to let.

31. The Design Brief proposed the provision of a “mews-style” development, with individual garages on the ground floor (approximately 1 apartment above every 3 garages), with the development continuing to allow service access to the rear of the Broadway shops. However, it was officers’ subsequent view that the proposals within the Design Brief may not be the most practical or desirable to the Council or the local community. Officers had concerns about the proposed removal of surface car parking and, although there are only a few empty garages, questioned the need for garage parking within this location. Officers were of the view that the combination of residential accommodation, with unassociated garage parking beneath, would be unattractive, cause management problems and not be acceptable to private developers or housing associations.

32. Accordingly, when the then North Weald Airfield and Asset Cabinet Committee considered its Action Plan for the regeneration of The Broadway in September 2012, it agreed that the Chief Estates Officer should submit a report to the Cabinet recommending that consultants be appointed to:

- a) Submit an outline planning application for the site, on the basis that;
 - (i) the residential accommodation is clearly separated from the “re-located” parking provision; and
 - (ii) at least 40% of the residential accommodation is provided as affordable housing; and
- b) Subsequently sell on the open market that part of the site designated for residential accommodation.

33. Due to other projects and priorities, the Estates Division has not been able to progress this matter any further to date. However, the Cabinet has now made budget provision for the appointment of consultants to take forward the development of a number of the Council’s landholdings and it is therefore intended that work can commence on this proposal during 2014.

Site 6 and 7 – Burton Road (South) and Burton Road (East)

34. This combined site comprises the former Council Depot (which until recently accommodated the Council’s former car parking contractor), two large blocks of garages (one of which is particularly difficult to let), a large area of greensward and a small area of land that is currently included within the sub-lease with Sainsbury, but will revert to the Council on completion of works at the Sainsbury store (as explained in relation to Site 2 above).

35. The Design Brief for this site proposed that it mainly be developed for residential accommodation, although it also proposed some additional car parking. However, both officers and members subsequently concluded that additional car parking was not required in this location and that the whole site should be considered for residential accommodation.

36. Notwithstanding this, the Director of Housing has been having lengthy discussions with the development representative for the Bishop of Barking about the possibility of some of the land in Burton Road being conveyed to the Church - to provide a small Church with associated community facilities - in return for the provision of Church land elsewhere in Loughton to the Council for the development of affordable housing.

37. However, the Director of Housing has only recently been advised that, following further discussions between the Anglican Parish of Loughton and the Methodist Church in Loughton (which has a Local Ecumenical Partnership), the Partnership has been unable to agree

amongst its membership to such a proposal. Therefore, this proposal is no longer being pursued.

38. At its meeting on 3 February 2014, the Council Housebuilding Cabinet Committee is due to consider Development and Financial Appraisals, and an accompanying proposal, to develop most of the Council's land at Sites 6 and 7 to provide 25 new affordable rented homes, as Year 2 of Council's Housebuilding Programme. The estimated development costs are in the region of £4.1million (for works and fees) and a subsidy of around £1 million will be required in order to achieve a payback period of 30 years on the development costs from the rental income, as required by the Council's Development Strategy. This subsidy would mainly be provided through the use of capital receipts from additional Right to Buy (RTB) sales, arising as a result of Government increasing the maximum RTB discount - for which the Council has entered into a legal agreement with the DCLG, and which allows the Council to retain all such capital receipts, provided they are used solely for the provision of replacement affordable housing (after certain deductions).

39. An indicative layout for the proposed 25 homes (comprising 7 x 3 bed houses, 6 x 2 bed flats, 12 x 1 bedroom flats and 42 parking spaces) is attached as Appendix 2.

40. Now that it is known the Local Ecumenical Partnership is no longer interested in pursuing the provision of a Church and community facilities at Burton Road, the Council Housebuilding Cabinet Committee will also need to consider whether or not to include the additional land to the south-west of Burton Road (which, to date, has been excluded from any development proposals - on the basis that it may be needed for the Church provision) within the Council Housebuilding Programme.

41. An oral up-date will be provided at the meeting by the Director of Housing on the outcome of the Council Housebuilding Cabinet Committee's deliberations.

Site 5 – Burton Road, (North) – Rear of shops

42. The Design Brief identified and referred to 3 separate proposed new blocks within this site, including the possible provision of a Council One Stop Shop.

43. At its meeting in September 2012, the then North Weald Airfield and Asset Management Cabinet Committee agreed that the site of one of the three proposed blocks should be retained in the Council's ownership for the time being, for the possible provision of a One Stop Shop at some time in the future, and that the associated revenue costs and savings of providing a One Stop Shop at The Broadway should be assessed. The Cabinet Committee also agreed that the site on which the remaining two blocks could be located should be retained for the time being, pending an upturn in the commercial market, for consideration of its future use at a later date.

44. As requested, the revenue costs and savings of providing a One Stop Shop at The Broadway were assessed, and following subsequent informal discussions between the Council's Management Board and Cabinet Members, it was agreed not to pursue the provision of a One Stop Shop at The Broadway for the time being, pending the possible implementation of a customer transformation programme by the Council, following the introduction and bedding-down of the Council's Senior Management Restructure.

Conclusion

45. As can be seen, there has been very good progress made on most of the sites that are included within the Design Brief, both within the control of the Council and outside the Council's control. As further progress is made, reports will come forward to members as appropriate, to take forward the remaining development proposals.

Resource Implications:

None at this stage – The report is just for noting.

Legal and Governance Implications:

All of the land in the Council's ownership at The Broadway is held under Housing Act powers and accounted for within the Housing Revenue Account (HRA). Disposals and use of HRA land are covered by the Housing Act 1985.

Safer, Cleaner and Greener Implications:

Once the individual developments and the overall proposed regeneration scheme has been undertaken, it should result in a safer, cleaner and greener environment.

Consultation Undertaken:

Significant consultation was undertaken by the Council and its consultants in the formulation of the Design and Development Brief, including key stakeholders and representatives of the local community. Consultation was also undertaken as part of the determination of the planning application for the Sir Winston Churchill PH Site. Similarly, planning consultation will be undertaken on any planning application brought forward for the proposed development south of Burton Road.

Background Papers:

None.

Impact Assessments:Risk Management

None – since the report is only for noting.

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?

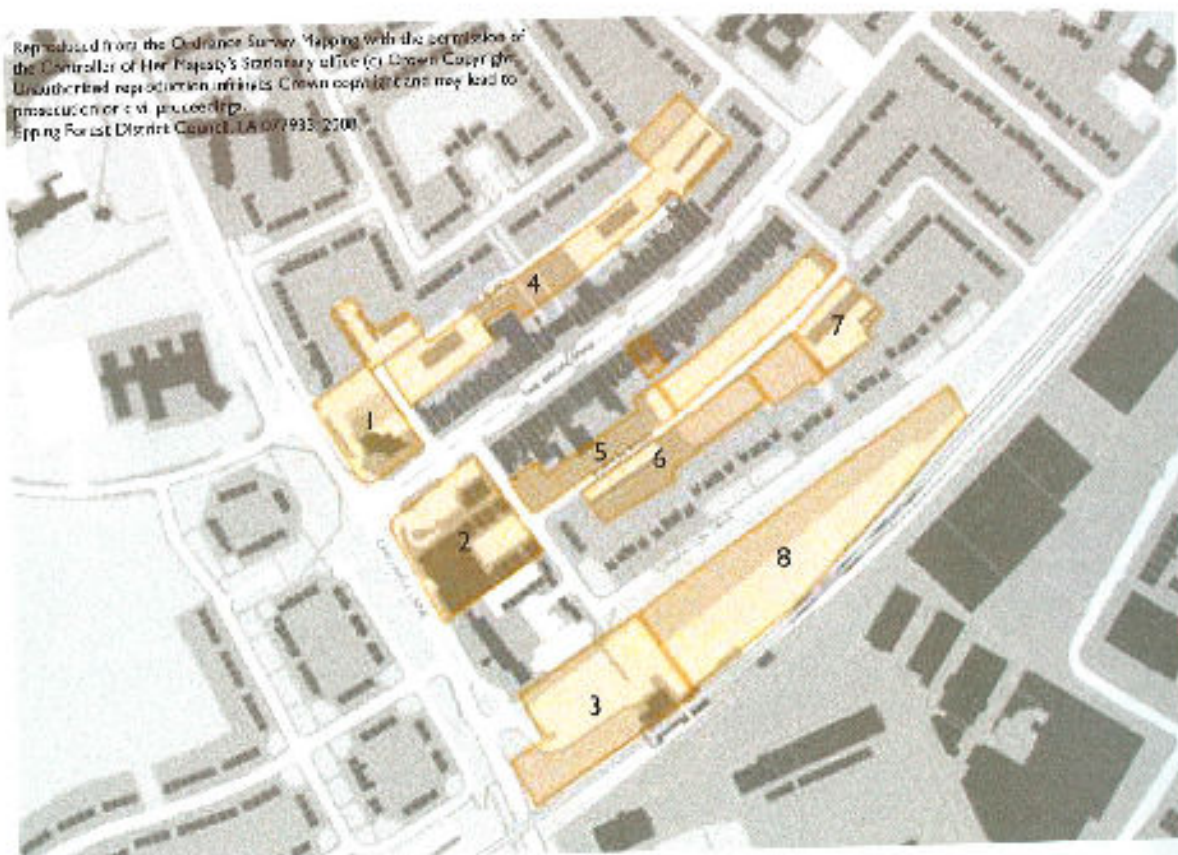
N/A

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

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5.1 The Masterplan



Opportunity Sites

This plan shows Debden Town Centre and The Broadway, as existing with the main opportunity sites identified through the baseline work and consultation highlighted. The numbering refers to the following site specific recommendations which are detailed in this section.

1. Sir Winston Churchill public house
2. Sainsbury's supermarket and BP garage
3. Station
4. Vere Road
5. Burton Road north
6. Burton Road south
7. Burton Road east
8. Station car park

