

## **Report to the Cabinet**

**Report reference:** C-042-2019/20

**Date of meeting:** 15 April 2020



**Epping Forest  
District Council**

**Portfolio:** Leader of Council

**Subject:** St John the Baptist Church, Epping – Development Opportunity

**Responsible Officer:** Deborah Fenton (01992 564221).

**Democratic Services:** Adrian Hendry (01992 564246).

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### **Recommendations/Decisions Required:**

(1) Cabinet are asked to approved progression to carry out a full feasibility study on a joint project with St John the Baptist Church, in order to provide a community hall and accommodation for key workers.

### **Executive Summary:**

The Council has been approached by representatives of St John the Baptist Church to enquire as to whether there would be any appetite to undertake a joint project to develop a community hall and accommodation. The Church are keen to ringfence any residential accommodation for key workers. Furthermore, the community hall will be utilized by the Church and other local groups. The full details are subject to negotiation however, a brief report has been prepared by our consultant (Metaplan). This indicates that subject to a mix of affordable and shared ownership housing, the project would provide a healthy return for the Council over the period of the Business Plan. In addition, a much-needed community resource would be created.

### **Reasons for Proposed Decision:**

The development of affordable housing supports the overall aspirations of the Councils Corporate Plan – Stronger Plan, Stronger Communities.

The opportunity to partner with St John the Baptist Church provides both financial and community partnership benefits for the Council.

### **Other Options for Action:**

Not to progress to full feasibility in which case the Church would contract with a private developer.

### **Report:**

#### Historical Context

1. St John the Baptist Church was granted Outline Planning consent in 2015 to construct a two-story community building to the side of the historic church building. The cost of

undertaking the project was found not to be feasible. In early January 2020 the Council was approached by the Church to discuss the appetite for engaging in a joint project to provide both a community facility and residential accommodation.

### Desk top feasibility

2. Metaplan were asked to provide a desk top feasibility study. The scope included a financial analysis around the different types of affordable housing to ascertain whether the project would be viable for the Council in terms of Internal rate of return over 30 years.

3. The table below highlights the viability of affordable housing and for the purpose of the report, accommodation for sale has also been included. The affordable housing both rented and shared ownership assumes grant of 30%. This would be either from Homes England or Right to Buy Receipts. The most sensible approach given the potential viability would be to provide a mix of affordable rented and shared ownership. This would provide an internal rate of return of 2.04% for the affordable rented and 5.59% for the shared ownership. This is modelled over 30 years. The blended percentage would make the scheme financially viable for the Council.

VIABILITY	1 BF SALE	2 BF SALE	1 BF LHA	2 BF LHA	1 BF INT	2 BF INT	1 BF SO	2 BF SO
Units	9	7	9	7	9	7	9	7
Unit Value	310,000	450,000					310,000	450,000
Sales	2,790,000	3,150,000					976,500	1,102,500
Costs	-2,303,970	-2,324,490	-2,262,120	-2,277,240	-2,262,120	-2,277,240	-2,292,416	-2,307,739
Grant (30%)			605,925	609,975	605,925	609,975	605,925	609,975
Profit/Loan(-)	486,030	825,510	-1,656,195	-1,667,265	-1,656,195	-1,667,265	-709,991	-595,264
NPV of rent			1,346,849	1,351,150	1,844,310	1,852,756	931,088	1,051,228
Surplus/Deficit(-)			-309,346	-316,115	188,115	185,491	221,097	455,964
IRR			2.04%	2.03%	4.31%	4.29%	5.59%	8.25%

### Asset and Land Ownership

4. Initial discussions have been undertaken with the Church with regards to asset and land ownership, an option in order to protect the Capital the Council would be committing would be to build out the scheme and then have a 49-year lease on the residential units. This would protect the units from the Right to Buy whilst allowing the Church to remain as the Freeholder. The Council would retain the rights to buy back any shared ownership properties thus maintaining the scheme for key workers.

### **Resource Implications:**

The resource implications for the full feasibility will be funded from the Capital House building Budget. A full cost viability report will be provided as part of the feasibility study.

### **Legal and Governance Implications:**

Any professional consultancy services will be procured in line with the Council procurement rules.

### **Safer, Cleaner and Greener Implications:**

The desk top study assumes nil parking which fits with our declaration of a climate emergency.

**Consultation Undertaken:**

Initially consultation has been undertaken with the Portfolio holder.

**Background Papers:**

NA

**Risk Management:**

There is a risk that after undertaking full feasibility, the scheme would not be viable. This would lead to abortive costs.

**Equality Analysis:**

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided as an Appendix to this report.