

Report to the Cabinet

Report reference: C-038-2014/15
Date of meeting: 3 November 2014



**Epping Forest
District Council**

Portfolio: Housing

Subject: Proposed Affordable Housing Development at Vere Road, Loughton

Responsible Officer: Alan Hall (01992 564004).

Democratic Services: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) That, in accordance with the Cabinet's previous decision in principle and subject to the receipt of planning permission, sufficient land at the difficult-to-let Council-owned garage site at Garages 110-145 Vere Road – located between 34-46 Barrington Green and 29-33 Barrington Road, Loughton - (as shown on the location plan attached as an Appendix) be leased to Moat Housing (one of the Council's Preferred Housing Association Partners) for 999 years for the sum of £425,000 to develop an affordable rented housing scheme comprising 15 one and two bedroom flats and associated parking;**
- (2) That the Council receives nomination rights to at least the level set out in the District-wide Nominations Agreement with Moat Housing;**
- (3) That, subject to planning permission, the Council provides Moat Housing with a licence to construct an additional 14 car parking spaces on the remainder of the site, for the Council to lease at a commercial rate to the management company responsible for providing leasehold services for the new development being constructed on the adjacent site of the former Sir Winston Churchill Public House; and**
- (4) That the capital receipt be shared as follows:**
 - (a) 50% to be ring-fenced to help fund the Council's own Housebuilding Programme; and**
 - (b) 50% to be utilised for other Council regeneration schemes.**

Executive Summary:

This report proposes the development by Moat Housing of the Council-owned garage site between 34-46 Barrington Green and 29-33 Barrington Road, Loughton - which comprises 36 difficult-to-let garages and which the Cabinet has previously agreed in principle to develop – to provide 15 new flats at affordable rents, which will be let to applicants on the Council's Housing Register.

In addition, under the Development Agreement with the developer of the adjacent site of the

former Sir Winston Churchill Public House site, the Council has agreed to provide land for the required car parking for new development. The proposed development on the Vere Road garage site will therefore also provide 14 car parking spaces that can be leased to residents of the development on the adjacent site, for which the Council will receive an annual rent.

Moat Housing is able to provide the Council with a capital receipt in the sum of £425,000 for the provision of a 999-year lease for the land on which the affordable housing development will be built, due to them providing a subsidy of £885,000 for the development from its own resources.

Since the garage site was originally acquired under Housing Act powers by the former Greater London Council (GLC) and is held in this Council's Housing Revenue Account (HRA), the capital receipt must be used for affordable housing or regeneration purposes in order to avoid having to pass 50% of the capital receipt to the Government. It is proposed that 50% of the capital receipt be utilised to help fund the Council's Housebuilding Programme and 50% be utilised to help fund other Council regeneration schemes.

Reasons for Proposed Decision:

To enable the Council's difficult-to-let garage site to be developed for affordable rented housing and to provide some of the required car parking for the adjacent private development on the site of the former Sir Winston Churchill Public House.

Other Options for Action:

- (a) Not to develop the site, or to develop the site for an alternative use;
- (b) To delay the proposed development until such time as there is sufficient capacity and financial resources to develop the site as part of the Council's own Housebuilding Programme;
- (c) To work with another housing association to develop the site;
- (d) To sell the land on the open market;
- (e) To lease the land for a different period, or to sell the freehold;
- (f) Not to include any car parking spaces for the adjacent private development, and provide additional affordable housing on the site;
- (g) To utilise 50% of resultant capital receipt for any Council purpose and pass on the other 50% to the Government in accordance with the Government's pooling arrangements for non-Right to Buy capital receipts
- (h) To utilise the capital receipt for affordable housing and/or regeneration purposes in a different way to that proposed.

Report:

1. This report relates to the proposed development of the Council-owned garage site, acquired under Housing Act powers and held within the Housing Revenue Account, between 34-46 Barrington Green and 29-33 Barrington Road, Loughton (as shown on the location plan attached as an Appendix). The site comprises 36 garages, which are difficult-to-let. There are currently 20 vacant garages (55%).

2. The Cabinet has previously agreed an Action Plan for the development of various Council-owned sites around The Broadway area of Loughton, following the adoption of a Design and Development Brief for the area in August 2008. The agreed approach to this site, as approved within the agreed Action Plan, is as follows:

- " (a) Due to the high percentage of vacancies on this difficult-to-let garage*

site, seek the redevelopment of the site for either residential accommodation or another purpose associated with (b) below;

(b) Hold the site in abeyance for the time being – or until the future of Site 1 (Sir Winston Churchill PH) is known - in order to consider whether the land can/should be incorporated within any potential development of Site 1; and

(c) If the land is not required for incorporation within any development of Site 1, report to the Cabinet recommending that the site be developed for 100% affordable housing, either by the Council or through the sale of the site to one of the Council's Preferred Housing Association Partners. "

3. At its meeting in September 2013, the Cabinet agreed Heads of Terms for a Development Agreement with the proposed developer of the adjacent Sir Winston Churchill Public House site. The report explained that the garage site in Vere Road would be needed to provide some of the required car parking for the new development and that, since no affordable housing was proposed for the new development, the adjacent garage site in Vere Road could also be developed to provide affordable rented housing to compensate. It also explained that the Council had been working with Moat Housing, one of the Council's Preferred Housing Association Partners, to provide the affordable housing and to construct the required additional car parking spaces on behalf of the Council.

4. Subsequently, in respect of the site of the former Sir Winston Churchill Public House;

- Planning permission has been granted for the provision of 64 private flats;
- The Development Agreement has been entered into with the developer;
- The Council has entered into a new 150-year lease with the developer; and
- Construction works have commenced, with the demolition of the public house.

Proposed Provision of Affordable Housing and Additional Car Parking

5. In consultation with the Director of Communities, Moat Housing has formulated a proposed development scheme for the garage site in Vere Road - which maximises both the provision of car parking on the ground floor and the resultant amount of affordable housing that can be provided above the car parking and the entrance to the site.

6. The proposed scheme provides a total of:

- 15 one and two bedroom flats to be provided at affordable rents; and
- 29 car parking spaces, comprising:
 - 15 parking spaces for the new development; and
 - 14 additional parking spaces for the Council to lease at a commercial rate to the management company responsible for providing leasehold services for the new development on the adjacent site of the former Sir Winston Churchill PH.

7. The Council will need to enter into a licence with Moat Housing for them to construct the additional car parking spaces on land the Council will retain. Existing accesses to garages constructed by local residents, accessed across the existing garage site, have been retained.

8. Following detailed negotiations with Moat Housing, Moat is able to provide the

Council with a capital receipt in the sum of £425,000 for the provision of a 999-year lease for the land on which the affordable housing development will be built, after allowing for the construction costs of both the affordable housing and all the car parking spaces, as well as Moat's future management, maintenance and development loan costs for the affordable housing. This high level of capital receipt for the affordable housing scheme (bearing in mind that the rental yield represents less than 80% of the yield obtainable from market rents, and the need to include the construction costs for the additional parking spaces), has only been possible due to Moat Housing, following negotiation, agreeing to provide a subsidy of £885,000 for the development from its own resources. This is subject to:

- Moat obtaining approval from its Board;
- Planning permission being obtained for the proposed number of affordable homes;
- A satisfactory independent valuation;
- The land offering "good title";
- Vacant possession of the site;
- Satisfactory technical investigations; and
- Approval being given by the Homes and Communities Agency for Moat to fund part of the development costs from its Recycled Capital Grants Fund (RCGF).

9. In addition, the Council will receive £3,500 per annum rent for the additional 14 car parking spaces from the management company that will provide leasehold services for the new private development on the site of the former Sir Winston Churchill PH.

10. The Council already has a District-wide Nominations Agreement with Moat Housing, which provides the Council with 100% nomination rights on initial letting and 75% for subsequent re-lets. Although, in any event, it is likely that the Council will have 100% nominations to re-lets too, the Director of Communities is in discussion with Moat Housing with a view to confirming that the Council receives 100% nomination rights for all re-lets as well. However, any deviation from the District-wide Nominations Agreement would need to be agreed by Moat's Board.

Use of the Capital Receipt for the Land

11. The garage site in Vere Road was originally acquired under Housing Act powers by the former Greater London Council (GLC), prior to the land being transferred to EFDC on its demise, and is held in the Housing Revenue Account (HRA). Therefore, under the Government's pooling arrangements for non-Right to Buy capital receipts, although the Council could retain 50% of the capital receipt to use for any Council purpose, it would have to pass the other 50% of the capital receipt to the Government, if it is not used by the Council for "affordable housing or regeneration" purposes.

12. For this reason, it is suggested that 50% of the capital receipt be ring-fenced to help fund the Council's own Housebuilding Programme and 50% be utilised for other Council regeneration schemes.

Resource Implications:

999-year lease of Council-owned land.

No budget provision required - Capital receipt of £425,000 for the Council - to be utilised to help fund the Council's own new Housebuilding Programme and other regeneration purposes.

£3,500 per annum rent to the HRA for the additional 14 car parking spaces.

Legal and Governance Implications:

Local Government Act 2003.

Safer, Cleaner and Greener Implications:

The proposed development would improve a local eyesore and minimise the potential for any anti-social behaviour on the site.

Consultation Undertaken:

Moat has been fully consulted on the proposals, and the Cabinet has previously considered and agreed the principle of development.

The two Ward Members, Cllr L. Girling and Cllr C. Pond, have been consulted on the proposals. Their joint comments are as follows, together with the response of the Housing Portfolio Holder (*in italics*):

- We broadly concur with proposals to tidy up this area in line with the Broadway plan approved in 2008.
- We do not dissent from the idea of providing more affordable housing in the area, but much will depend on the design and configuration of the housing, and its effects on the amenity of existing residents. On this, we cannot comment until a plan (whether the full application or some preliminary draft) is forthcoming. (*HPH response: The ward members will be able to make their views known on the final design and configuration as part of the planning process*).
- We think the current proposal is unacceptable without some infrastructure improvements, so we suggest a section 106 to enable ECC to improve the safety of the area where the increased traffic flow from the developments will exit from Vere Rd at the Willingale Rd end. This is a notoriously unsafe junction, especially at school times. There may also be a need to improve the junction at Vere Rd/Broadway and provide pedestrian crossing to connect the Broadway existing parade with the Sir Winston Churchill shops. There will also need to be a sizeable contribution for NHS and education provision, both of which are under great pressure in the vicinity. (*HPH response: Essex County Council Highways will be consulted by planning officers as part of the planning application process, and any highways requirements put forward by the County Council will be met. Any financial contributions made for education of health purposes would also form part of the planning process and discussions held with planning officers and other organisations on required Section 106 contributions*).
- We have concerns about standing arrangements for buses, some routes of which apparently use Vere Rd as a layover point. (*HPH response: I am not aware of any formal bus layover arrangements in Vere Road. The formal bus layover point for The Broadway is in Burton Road. In any event, the access road to the proposed development is in the same location as the access road to the existing garage site. If buses do wait in Vere Road, the bus companies will need to ensure that they do not wait in a dangerous position*).
- We have concerns about the loss of garages and parking space which may occur

from this and other proposals. Implementation of a residents' parking zone for the whole Broadway area, including in the Broadway side of the A1168, must now be revisited. *(HPH response: As will be noted from the report, 55% of the garages on this site are vacant, and there is no waiting list. Furthermore, the County Council's Parking Standards refers to a survey undertaken by their previous highways contractor, Mouchel, which established that, generally, around 80% of Council garages are generally used for purposes other than parking a motor vehicle).*

Background Papers:

None.

Risk Management:

Since the development will be undertaken by Moat Housing, the risks to the Council are limited.

Provided that the capital receipt is used for affordable housing or regeneration purposes, there are no material risks arising from the proposed recommendation. However, if the capital receipt was not used for affordable housing or regeneration purposes, the Council would lose £212,500 (50%) of the capital receipt to the Government, under its pooling arrangements for non-Right to Buy capital receipts.

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

Consideration has been given to the Council's Equality Impact Assessment for Housing Strategy.

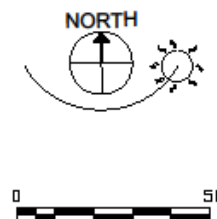
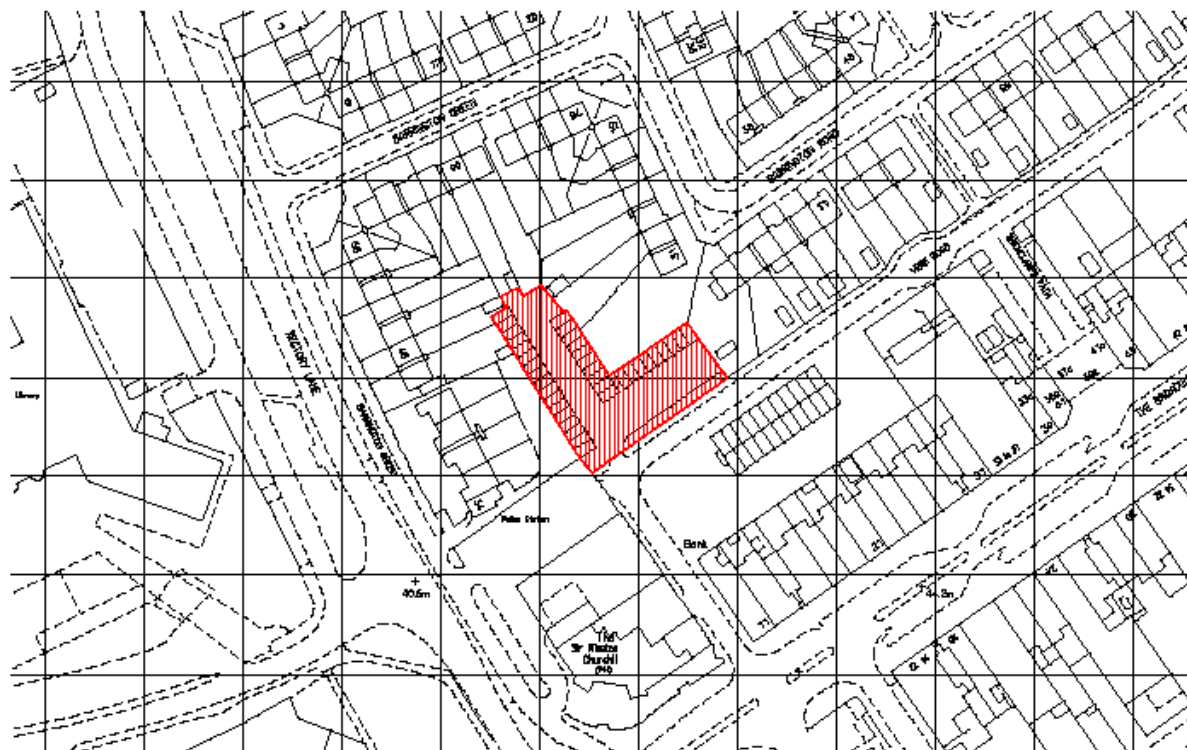
The accommodation will be available for housing applicants covering all the protected characteristic classes, although some applicants with disabilities may be unable to access the proposed accommodation on the first and second floors since it is not cost-effective to provide a lift.

Applicants for the accommodation will be considered in accordance with the Council's Housing Allocations Scheme, for which a separate Equality Impact Assessment was produced and considered by the Cabinet at the time of adoption.

A3 SHEET

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Project
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Title

Location plan
Scale Date Drawn By Checked By Project No: Drawing No: Revision
1:1250@A3 24-02-14 hjl js K14-0118 100

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