

Report to the Council Housebuilding Cabinet Committee



Report reference: CHB-008-2014/15
Date of meeting: 18 November 2014

**Epping Forest
District Council**

Portfolio: Housing – Cllr David Stallan

Subject: Feasibility Reports – Council House-Building Programme

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

(1) That the Cabinet Committee considers the viability of each of the 7 (seven) individual feasibility studies taken from the Cabinet approved list of Primary Sites, as listed below, for consideration for inclusion in a future phase of the Council House-building Programme;

- a) Chester Road, Debden - Garages 654-675
- b) Etheridge Road, Debden - Garages 676-712
- c) Langley Meadows Amenity Area, Loughton - Sites A & B
- d) Pyrles Lane, Loughton (Site A) - Garages 1-12
- e) Pyrles Lane, Loughton (Site B) - Garages 82-109
- f) Hillyfields, Loughton - Garages 13-24
- g) Thatchers Close, Loughton

(2) That the Cabinet Committee considers a revised feasibility study and viability assessment for the site at Hornbeam House, Buckhurst Hill, which takes account of the Cabinet Committees comments made at its October meeting for consideration for inclusion in a future phase of the Council House-building Programme; and

(3) That for any sites not considered viable for Council house-building, alternative uses be agreed based on the following options:

- a. To sell the site for social housing to a Housing Association in return for a capital receipt to fund future Council house-building and to gain nomination rights for Council housing applicants;
- b. To sell the site for private development, either for residential or other use in return for a capital receipt to fund future Council house-building;
- c. To divide up the site and sell the land to local residents to extend their private gardens in return for a capital receipt to fund future Council house-building;
- d. To demolish the garages, re-surface and mark out the land and to leave the site as open car parking for local residents;
- e. To sell the site to a Town or Parish Council for their own purposes (eg. public amenity space) in return for a capital receipt to fund future Council house-building; or
- f. To continue to market and rent the garages to local residents

Executive Summary:

Each of the 8 sites included with this report are presented as individual feasibility studies, which identify the number of units and the mix that achievable for each site, along with the total scheme cost and the subsidy required to deliver the affordable housing on each site. At this stage, Members are to consider the merits of each site and agree which are to progress for inclusion in a future phase of the Council House-building Programme in line with the Policy on Prioritisation of Sites.

Reasons for Proposed Decision:

At its meeting in August 2014, the Cabinet Committee asked that each of the sites on the Primary List of approved sites be progressed to feasibility stage to create a bank of sites for future phases of the House-building Programme. The 8 sites included in this report, made up of one site at Hornbeam House, Buckhurst Hill that is a revised design previously considered by the Cabinet Committee in October 2014 and the last 7 sites from the 22 sites that were completed in Loughton and Buckhurst Hill along with the Burton Road site back in November 2013, albeit not reported at that time. Each site is presented on its own merits at this stage. However, when all of the feasibility studies have been considered, the Cabinet Committee will then be asked to batch the sites in line with the Policy on Prioritisation of Sites.

Other Options for Action:

1. Not to progress with any of the schemes presented in this report.
2. To develop the sites with a different number of homes, or with an alternative mix of property types or parking allocation.

Background

1. At its meeting in July 2012 the Cabinet agreed a list of 65 primary sites for Council house-building and also that the Council's Development Agent (once appointed) prepares feasibility studies on all of those sites.
2. Furthermore, at its meeting in April 2014, the Cabinet Committee agreed to accelerate the House-building Programme by increasing the number of homes per year from 20 to 30 over a 10-year programme as opposed to a 6-year programme that was previously the target. This has resulted in the need to bring forward the feasibility studies for each of the sites at the request of the Cabinet Committee.
3. Attached to this report are 8 individual feasibility studies in Loughton and Buckhurst Hill. Each feasibility study considers the number and mix of units capable of being delivered on each site. It also estimates the total scheme cost for each site along with an estimate of how much subsidy will be required. A summary table, bringing together all of the key information from the feasibility reports can be found at appendix 1.
4. One feasibility study for Hornbeam House, Buckhurst Hill, is being re-presented based on a revised layout to reflect the observations of the Cabinet Committee made at its last meeting in October 2014.
5. The Cabinet Committee are at this stage only expected to make a decision around which sites are considered viable and suitable for development. The ultimate decision on phasing of areas will be undertaken at a future meeting in accordance with the Policy on Prioritisation of sites agreed by the Cabinet Committee as follows:

- a. That locations be grouped together into the following two Groups and the Priority Orders shown:

Group A (Locations with sites that could potentially deliver 10 or more homes):

<u>Priority</u>	<u>Location</u>
1	Loughton
2	Waltham Abbey
3	Epping
4	Buckhurst Hill
5	Ongar
6	North Weald

Group B (Locations with sites that could potentially deliver less than 10 homes):

<u>Priority</u>	<u>Location</u>
1	Theydon Bois
2	Nazeing
3	Roydon
4	Coppersale
5	High Ongar
6	Matching Green/Tye

- b. That development packages/phases be formulated each year, on a rotational basis - in the Priority Order shown in Group A above - until the capacity for the potential number of homes in a location reduces to less than 10, at which point the location be moved into Group B.
6. For those sites that are, for whatever reason, not considered to be viable or unsuitable for redevelopment as part of the Council's House-building Programme, then the Cabinet Committee is to consider what future use should be investigated based on the following options:
- a. To sell the site for social housing to a Housing Association in return for a capital receipt to fund future Council house-building and to gain nomination rights for Council housing applicants;
 - b. To sell the site for private development, either for residential or other use in return for a capital receipt to fund future Council house-building;
 - c. To divide up the site and sell the land to local residents to extend their private gardens in return for a capital receipt to fund future Council house-building;
 - d. To demolish the garages, re-surface and mark out the land and to leave the site as open car parking for local residents;
 - e. To sell the site to a Town or Parish Council for their own purposes (eg. public amenity space) in return for a capital receipt to fund future Council house-building;
or
 - f. To continue to market and rent the garages to local residents
7. It is important to point out that whilst each of these feasibility reports are for sites that are all based in Loughton and Buckhurst Hill, this is due to the fact these sites had already been prepared in November 2013, prior to the decision being reached on Burton Road forming Phase 2 of the Council's House-building Programme. As a result, these sites were

“parked” at that time ready to bring forward at some time in the future as part of a rolling programme of feasibility studies.

8. Feasibility studies for sites in Epping, Parklands and North Weald will follow at a meeting scheduled for December 2014, with other sites in other parts of the District coming forward in the New Year.

Resource Implications:

£3.72m inclusive of works and fees. However, the actual costs and the year in which it will be expended will be determined at a future date.

Legal and Governance Implications:

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

Safer, Cleaner and Greener Implications:

The sites being considered are currently used as garage blocks, rented to garage tenants. 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 these garages and/or amenity land will add value to and enhance the local environment and streetscape.

Consultation Undertaken:

None

Background Papers:

Development Strategy, along with the following Policies:

- Affordable Rents Policy;
- Funding the House-building Programme;
- Accelerating the House-building Programme;
- Future use of garage sites unsuitable for redevelopment; and
- Prioritisation of sites

Impact Assessments:

Risk Management

Within the financial viability assessment, the greatest risks are that the assumptions prove to be incorrect resulting in each site 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.

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.

Within the Housing Service Strategy, it has been identified that the target groups that are affected by the Council's house building programme are people in need of:

- Affordable Housing,
- Homelessness assistance,
- Supported housing for special needs groups,
- Owners and occupiers of poor condition housing
- Council and housing association tenants.

From that, it was identified that generally, there is an under provision of suitable accommodation for nearly all target groups. This has been reaffirmed in the most recent Strategic Housing Market Assessment.

Decision making is affected by funding and other factors, such as the availability of building land suitable for particular groups e.g. the elderly or young families.

There is no evidence of unlawful discrimination in relation to the provision of affordable housing.

Appendix 1

EFDC House Building Programme Financial Modelling - Proval												
11/4/2014												
	Sites in Loughton	Postcode	Ward	unit mix	unit number	works	Total Scheme Costs (TSC)	subsidy required	subsidy per unit	TSC per unit	NPV	IRR in %
	Hornbeam House, Buckhurst Hill - Garages 1-22	IG9 6JT	Buckhurst Hill East	2 x 2b4p	2	£ 320,000	£ 371,066	£ 84,000	£ 42,000	£ 185,533	£ 114,144	5.34
1	Chester Road, Debden - Garages 654-675	IG10 2LR	Loughton Broadway	3 x 2b4p	3	£ 525,900	£ 605,637	£ 156,000	£ 52,000	£ 201,879	£ 181,409	5.33
2	Etheridge Road, Debden - Garages 676-712	IG10 2HY	Loughton Broadway	1 x 2b4p, 2 x 3b5p	3	£ 624,300	£ 723,543	£ 252,000	£ 84,000	£ 241,181	£ 187,103	5.32
3	Langley Meadows Amenity Area, Loughton - Sites A & B	IG10 2DL	Loughton Broadway	2 x 1b2p	2	£ 229,000	£ 267,659	£ 97,000	£ 97,000	£ 133,830	£ 65,125	5.31
4	Pyrles Lane, Debden - Garages 1-12	IG10 2NH	Loughton Fairmead	2 x 2b4p	2	£ 367,500	£ 425,081	£ 125,000	£ 62,500	£ 212,541	£ 120,616	5.33
5	Pyrles Lan, Loughton - Garages 82-109	IG10 2NV	Loughton Fairmead	3 x 3b5p	3	£ 612,000	£ 710,068	£ 204,000	£ 68,000	£ 236,689	£ 201,718	5.34
6	Hillyfields, Loughton - Garages 13-24	IG10 2JT	Loughton Fairmead	2 x 2b4p	2	£ 330,600	£ 385,379	£ 56,000	£ 28,000	£ 192,690	£ 131,253	5.32
7	Thatchers Close, Loughton	IG10 2JH	Loughton Fairmead	1 x 3b5p	1	£ 195,300	£ 226,573	£ 60,000	£ 60,000	£ 226,573	£ 67,356	5.34
	Totals / Averages				18	£ 3,204,600	£ 3,715,006	£ 1,034,000	£ 61,687.50	£ 203,864.35		
	Notes:											
	Rents = 1bed £119.59, 2 bed £165.58, 3 bed £180											
	Financial target = loan payback in year 30											
	Costs are based on November 2013 rates.											