

Report to the Cabinet

Report reference: C-031-2008/09
Date of meeting: 1 September 2008



Portfolio: Corporate Support Services and ICT
Subject: Church Hill Car Park, Loughton - Residential Development Land Sale
Responsible Officer: Michael Shorten (01992-564124)
Democratic Services Officer: Gary Woodhall (01992-564470)

Recommendations/Decisions Required:

- (1) That, due to current conditions in the residential development land market, the marketing of the former car park at Church Hill, Loughton be postponed pending an improvement in market conditions; and**
- (2) The Director of Corporate Support Services be authorised to review the position on a quarterly basis with the Corporate Support Services and ICT Portfolio Holder and to proceed with a marketing exercise when appropriate.**

Executive Summary:

The Cabinet has previously agreed that the former public car park at Church Hill, Loughton be declared surplus to requirements and made available for sale on the open market upon the grant of planning permission for residential development. Planning permission was granted on 6 February 2008 for a 2 storey development of 8 one bedroom flats and 2 two bedroom flats with associated car parking.

Since the site was declared surplus to requirements and during the period the planning application was prepared and considered for approval, there has been a significant downturn in the residential development land market. As a consequence, the Cabinet are requested to consider the appropriateness of proceeding with a marketing exercise at present.

Reasons for Proposed Decision:

The proposed course of action will provide flexibility on the timing of a marketing exercise to coincide with an improvement in market conditions, the availability of development finance and purchasers' confidence.

Other Options for Action:

Alternatively, to proceed with a marketing exercise in unsettled market conditions and, possibly, achieve less than the 'best consideration' achievable from a sale of the site in more settled market conditions.

Report:

1. The Cabinet received a report at its meeting on 12 March 2007 concerning the possible development of the former public car park at Church Hill, Loughton. Members resolved:-

“(1)...

(a) That the site be declared surplus to requirements;

(b) Bidwells be commissioned to prepare and submit an outline planning application for residential development on behalf of the Council, incorporating a minimum of 40% affordable housing;

(c) no public car parking provision be included within the proposed development;

(d) subject to the receipt of outline planning permission, the land be offered for sale on the open market, inviting tenders providing the following information:

(i) the maximum amount of shared ownership housing that could be provided by one of the Council's preferred Registered Social Landlord (RSL) Partners if the developer paid the Council £500,000 for the land; and

(ii) the maximum amount that could be paid to the Council if all of the properties were in the form of shared ownership by one of the Council's Preferred RSL Partners;

both with and without any social housing grant from the Housing Corporation;

(e) a further report on the outcome of the competition be considered;

(f) the preferred bidder be requested to investigate the possibility of the development site being enlarged with the inclusion of any adjoining land, including the undertaking of any associated negotiations;

(2) That, in order to fund a planning application, site studies and other associated costs, a revenue DDF supplementary estimate in the sum of £26,000 be recommended to the Council for approval.”

2. The Church Hill car park extends to approximately 0.28 acre/0.11 hectare and lies within a primarily residential area, interspersed with a mix of other uses. The site adjoins an Esso petrol filling station on one side and a public house on the other boundary. It is situated in the position shown by black border on the Ordnance Survey plan attached as Appendix 1.

3. Bidwells, Planning and Development Consultants, submitted a planning application on behalf of the Council for the development of an appropriate scheme. Following the receipt of supporting site studies including an environmental assessment, topographical survey, a transportation study and indicative schemes together with extensive consultation with Planning Officers, planning permission was granted on 6 February 2008 for a 2 storey development comprising 8 one bedroom flats, 2 two bedroom flats and associated car parking.

4. Whilst invitations to suitable Property Consultants to tender for instructions to market the site to prospective purchasers upon the grant of planning permission have been prepared, the residential development land market has been seriously affected by the widely

chronicled 'Credit Crunch' leading to many residential developers suspending new schemes and reviewing their land purchase programmes against a background of declining land values and a depressed sales market for new homes. Press reports have made it clear that many have laid off staff and are not adding to their 'land banks'.

5. The extent to which current market conditions have affected the Church Hill car park site specifically is difficult to gauge with any certainty but given the unsettled nature of the current market and evident restrictions in the availability of development finance, the prospects for achieving 'best consideration', as required of public authorities, are debatable at present. Furthermore, the requirement to submit tenders based on a capital receipt of £500,000 may now be too high to enable developers to deliver a significant number of affordable housing units and a satisfactory return on their investment.

6. Given this situation and to avoid the expense of property consultants fees and advertising costs for a possibly abortive marketing exercise, the Director of Corporate Support Services recommends that a marketing exercise be suspended pending an improvement in land values and more settled market conditions. If this course of action is agreeable to members, it is also recommended that authority be given to the Director of Corporate Support Services to review the position on a quarterly basis with the Corporate Support Services and ICT Portfolio Holder and to proceed with a marketing exercise when appropriate.

7. The Chairman of the Council expresses a contrary view. He believes that the current need for more affordable homes and the prospect of a significant capital receipt justifies proceeding with a marketing campaign to test the level of interest from prospective purchasers and land values. However, a distinction is to be drawn between the value of existing properties which are reported to be relatively stable at present in Loughton and the value of land for development which has suffered during this 'Credit Crunch'.

Resource Implications:

Budget: Subject to review, the site be marketed seeking a capital receipt of £500,000 plus provision of affordable housing units.

Land: Former car park (0.28 acre/0.11 hectare) Church Hill, Loughton

Personnel: Valuation and Estate Management Service

Legal and Governance Implications:

Section 123 Local Government Act 1972 - best consideration for land and property assets.

Safer, Cleaner and Greener Implications:

The proposed development will be subject to planning, environmental and highway standards applicable to new homes.

Consultation Undertaken:

The Cabinet and the Town Centre and Car Parks Task and Finish Scrutiny Panel have considered a report by Bidwells, Planning and Development Consultants, on the development potential of this site.

The planning application for the proposed development has been publicly advertised in accordance with consultation requirements.

Background Papers:

Property file EV/1130 and planning application EPF/2212/07.

Impact Assessments:

Recycling facilities are situated in the site. Otherwise, it is unused and requires routine maintenance in accordance with the planned maintenance programme. The entrance to the site has been blocked to discourage unauthorised access and environmental nuisance.