

Report to the Cabinet

Report reference: C-002-2009/10

Date of meeting: 8 June 2009



**Epping Forest
District Council**

Portfolio: Corporate Support & ICT Services.

Subject: Marketing Exercise - Church Hill Car Park, Loughton

Responsible Officer: Chris Pasterfield (01992 564124).

Democratic Services Officer: Gary Woodhall (01992 564470).

Recommendations:

That the Director of Corporate Support services, in consultation with the Corporate Support Services and ICT Portfolio Holder, be authorised to re-offer the site on the open market either as a freehold sale or as a long lease agreement and to report the outcome of the marketing exercise.

Executive Summary:

There is currently a buoyant market for supermarket sites and the Council could dispose of the site on a long term lease which has the potential to provide a good investment with a substantial income stream.

Affordable housing at least equivalent to the previous residential scheme could be incorporated into the development.

The provision of a small supermarket would provide a useful local facility which is currently lacking in the immediate area and reinforce the valuable service of the petrol filling station.

Reasons for Proposed Decision:

To ensure that the land asset is developed to its optimum potential to achieve best value from either a free hold sale or a long lease agreement.

Other Options for Action:

To continue to hold the site until the residential market improves.

Report:

1. The Cabinet at its meeting on 12 March 2007 declared this site to be surplus to requirements as a car park. Subsequently Bidwells were appointed as agent by the Council to make a planning application which was given approval on 6 February 2008 for eight 1 bed and two 2 bed flats of which a minimum of 40% must be affordable housing.

2. The Cabinet at its meeting on 10 March 2008 decided to withdraw the site from market and keep under review pending an improvement in the residential sales market. Currently the site is fenced off and is derelict.

3. Interest has been received from two major companies for developing the site as a local supermarket either independently or in conjunction with the adjoining Esso petrol station.

4. The market for supermarkets of all sizes is currently very buoyant with record profits being posted by some operators and most operators looking to expand by acquiring new sites.

5. Initial consultation with the Planning Department has ascertained that there is likely to be no objection for a small supermarket of 3,500 – 5,000 sq ft from local residents and users of the petrol station and that the use would therefore be acceptable and there would need to be sufficient car parking. There would still be a requirement to satisfy the provision of affordable housing and that this could be achieved at first floor level above the retail shop. A further planning application would be required in due course.

6. The adjoining petrol station is seen as a valuable local service for the area and the provision of a small adjoining supermarket would reinforce this use. The nearest alternative petrol station is in The Broadway.

7. The disposal of the site could be structured as an outright sale or the Council could retain a long term interest as freeholder and receive a rental income which may be more advantageous. This income would be reviewed periodically and the investment would grow in value accordingly.

Resource Implications:

Finance:

Generation of capital receipt from freehold sale or rental income from leasehold agreement. Previously the Council has followed a strategy of disposing of surplus land and investing capital receipts. However, interest rates are at an historically low level and are unlikely to increase substantially over the medium term. In the current economic climate entering into a long lease is the best way to generate an income stream. Entering into a long lease will still keep open the option of disposing of the site in the future.

Land:

Best use of Council's Asset in accordance with the Asset Management Plan and generation of income stream in accordance with the Capital Strategy.

Legal and Governance Implications:

Use of Assets in accordance with the Councils strategy as set out in the Asset Management Plan 2007-2012.

Safer, Cleaner and Greener Implications:

Development of a currently derelict site.

Consultation Undertaken:

Expert advice sought from external Surveyors.

Background Papers:

None.

Impact Assessments:

The Council could be criticised by both residents and external auditors for allowing land to remain derelict when a development opportunity exists.

There are no equalities issues.