

## **Report to the Cabinet**

**Report reference:** C-066-2010/11

**Date of meeting:** 7 March 2011



**Epping Forest  
District Council**

**Portfolio:** Housing.

**Subject:** Leader Lodge, North Weald – Planning for Real Exercise.

**Responsible Officer:** Alan Hall (01992 564004).

**Democratic Services Officer:** Gary Woodhall (01992 564470).

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

(1) That Hastoe Housing Association undertakes a “Planning for Real” exercise in relation to the Council-owned building and associated land at Leader Lodge, North Weald, in order to consider a range of options for the future use of the site, and to help determine an appropriate and viable approach for the future;

(2) That residents in the vicinity of Leader Lodge, ward members and representatives of North Weald Parish Council be invited to take part in the Planning for Real Exercise;

(3) That the outcome of the Planning for Real exercise be reported to a future meeting of the Cabinet to determine the future use of the land including, if appropriate, the detailed arrangements for any development, including: the mix, tenure, rent levels, land transfer arrangements (e.g. terms of any freehold/leasehold transfers), residual land value of the scheme (on an “open book” basis) and the use of any resultant capital receipt; and

(4) That a commitment be given to Hastoe Housing Association, in advance of them undertaking the Planning for Real exercise, that if the outcome of the exercise results in a proposal for the development of the site for affordable housing, the land will be transferred to Hastoe HA - at a sum to be agreed by the Cabinet when it receives its further report – to undertake the proposed development, at its own risk.

### **Executive Summary:**

Various attempts to convert and/or redevelop the Council-owned building and associated land at Leader Lodge, North Weald have been unsuccessful. The building is in a very poor state of repair and an agreed way forward for the future use of the site needs to be established.

Hastoe Housing Association has offered to undertake a “Planning for Real” Exercise with the local community, at its own cost, in order to consider options for future use of the site, and to help determine an appropriate approach for the future.

The outcome of the Planning for Real exercise will be reported to a future meeting of the Cabinet to determine the future use of the land.

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

The building is in a poor state of repair and an agreed way forward for the future use of the site needs to be established.

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

- Not to undertake a Planning for Real Exercise;
- Not to develop the site, or to develop the site for an alternative use;
- To work with another housing association to develop the site; or
- To sell the land on the open market.

### **Background:**

1. Leader Lodge was originally a detached house, within extensive grounds, purchased by the Council under Housing Act powers and converted into 2 two-bedroom flats (on the ground and first floor). The site area is around 0.19 Hectares. Until 2002, the flats provided tied accommodation for the Manager and Deputy Manager of nearby Norway House, the Council's Homeless Persons Hostel, until it was decided, for operational reasons, that it was no longer appropriate for the hostel management staff to live "on-site".

2. Following the vacation of the hostel management staff, a proposal to demolish Leader Lodge and redevelop the site to provide 10 new self-contained flats was formulated. An alternate proposal was also identified, retaining and converting the structure of the existing building to provide four flats and providing a small annexe of two new flats, linked with a communal entrance/stairway. In March 2004, the then Housing Portfolio Holder considered the issue and agreed to the submission of an outline planning application on the basis of the former option.

3. However, in June 2006, despite a planning officer recommendation for approval, the outline planning application was refused by the Area Plans Sub-Committee. This was because the Sub-Committee felt that "the proposals would result in a form of development out of character in this area of predominantly single-family dwellings and detrimental to the street scene" and "would result in an intensification of use out of character with the surrounding properties and likely to result in activity causing disturbance to the occupiers of adjacent properties".

4. It was therefore necessary to consider the future use of the site. Accordingly, in June 2007, the Cabinet agreed to seek the improvement and conversion of Leader Lodge into four self contained flats, together with the development of a new annexe comprising at least two self contained flats within the grounds, in partnership with one of the Council's Preferred Housing Association Partners, with the freehold sold to the selected housing association for its tendered sum. The Cabinet also agreed that all of the new and converted flats should be sold on a shared-ownership basis.

5. A tendering exercise was held in July 2008, resulting in the Housing Portfolio Holder accepting the highest tender, from East Thames, with the tender from London & Quadrant (L&Q) as a reserve. However, East Thames subsequently withdrew its tender due to the falling property market and uncertainty at that time. L&Q, the reserve tenderer, also withdrew its tender for the same reason.

6. In view of these market difficulties, at its meeting on 9<sup>th</sup> March 2009, the Cabinet agreed that a further tendering exercise should be undertaken, allowing the properties to be provided through a "Rent Now – Buy Later Scheme", instead of through conventional shared

ownership, if the selected housing association had difficulties in selling the shared ownership properties. Sometimes referred to as “Rent to Mortgage”, this approach would enable an applicant to fully rent a newly-built or converted property at an “intermediate rent” (with levels set at around 80% of market rents for the local area) on the basis that they are able to purchase an equity in the property at a later date (eg. 20% - 50%).

7. A further tendering exercise was undertaken, which resulted in two housing associations declining to tender, since they were of the view that the proposed development was not viable. The tender from Moat (in the sum of £150,000 without grant from the Homes and Communities Agency, and £210,000 with grant) was accepted by the Housing Portfolio Holder in January 2010. However, since the other two tenders would not result in any capital receipt for the Council, the Housing Portfolio Holder also agreed that, in the event of Moat withdrawing, no housing association be selected as a reserve partner, and that a further tender exercise be undertaken amongst the Council’s Preferred Housing Association Partners, only when the housing market improves.

8. In the event, Moat did withdraw its tender, for three main reasons:

(i) They had concluded that the proposed scheme did not make the best use of the site and restricted the overall income that could be raised, affecting the overall viability of the scheme;

(ii) They were of the view that 1 bedroom flats are no longer sufficiently desirable to the shared ownership market; and

(iii) Since North Weald is now within a Designated Protected Area (DPA), shared owners can only purchase equity up to a maximum of 80%, which could cause problems with their re-sale, which would make it necessary for Moat to provide a guaranteed buy-back arrangement. Moat had made a corporate decision not to develop shared ownership properties in DPAs until it had assessed the impact of this new legislation.

9. A decision therefore needs to be made on the best way forward for the site. The Director of Housing is of the view that the current building does not make the best use of the land and that the site has good development potential, yet the Council’s planning application for the development of 10 flats was refused by the Area Plans Sub Committee against the planning officer’s recommendation. Two tendering exercises have been undertaken to convert the property into four flats and to provide a small annexe, which cannot be taken forward due to the proposal being unviable. In the meantime, Leader Lodge continues to be boarded up, is in a very poor state of repair, and is totally uninhabitable. It would also be uneconomic for the Council to refurbish the two flats.

#### “Planning for Real” Approach

10. In view of the need to find an appropriate way forward, one of the Council’s Preferred Housing Association Partners, Hastoe Housing Association, has offered to undertake a “Planning for Real” exercise in relation to Leader Lodge and the associated land. Planning for Real is an established tool for working with the local community in order to consider options for future uses of sites, and to help determine an appropriate approach for the future. The model is usually adopted for larger areas, but in view of the inability to achieve an appropriate way forward for the site, it is felt that this approach would be good to use for Leader Lodge.

11. The process would use a simple model as a focus for people to put forward and prioritise ideas on how the area can best be developed. It is a visible, hands-on community development and empowerment tool, which people of all abilities and backgrounds find easy

and are able to engage in. The process results in the establishment of an action plan which is then taken forward. It is proposed that residents in the vicinity of Leader Lodge take part in the exercise, as well as ward members and representatives of the Parish Council. Options to be explored would include the retention of the existing building (with or without additional buildings), redevelopment of the site, sale of the site on the open market, or no development at all.

12. It is proposed that the outcome of the Planning for Real exercise is reported to a future meeting of the Cabinet to determine the future use of the land including, if appropriate, the detailed arrangements for any development, including: the mix, tenure, rent levels, land transfer arrangements (e.g. terms of any freehold/leasehold transfers), residual land value of the scheme on an “open book” basis (i.e. any positive difference between the anticipated costs and income, which would be provided to the Council as a capital receipt for the transfer of land), and the use of any resultant capital receipt.

13. In view of the resources that Hastoe will need to put into the exercise at their own cost (including the services of an architect), the fact that they are one of the Council’s Preferred Housing Association Partners, and that the other Housing Association Partners have not been able to put forward viable proposals, it is proposed that if the outcome of the exercise results in a proposal for the development of the site for affordable housing, that Hastoe HA undertakes the proposed development. Hastoe has agreed to take all of the risk in relation to any abortive costs it may incur.

**Resource Implications:**

No budget provision required.

**Legal and Governance Implications:**

Housing Act 1085.

**Safer, Cleaner and Greener Implications:**

The existing building has become a local eyesore, and it is hoped that the Planning for Real Exercise would result in an improved local environment.

**Consultation Undertaken:**

Hastoe Housing Association has been consulted, following its proposal.

**Background Papers:**

Housing Policy File H758.

**Impact Assessments:**

Risk Management

Since the Planning for Real exercise would be undertaken by Hastoe Housing Association, at its own cost and risk, the risks to the Council are limited. If a development proposal emerges from the exercise, the main risk would be that the development results in a nil or negative residual value, the latter of which may result in a request from Hastoe for some capital grant from the Council. However, the proposed further report to the Cabinet would set out the detailed arrangements for any scheme.

Equality and Diversity:

*Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications?* No

*Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?* N/A

*What equality implications were identified through the Equality Impact Assessment process?*  
N/A.

*How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?*  
N/A.