

## **Report to the Cabinet**

**Report reference: C-067-2010/11**

**Date of meeting: 7 March 2011**



**Epping Forest  
District Council**

**Portfolio: Housing**

**Subject: Land to the Rear/Side of Roundhills Shops, Waltham Abbey – Affordable Housing Development**

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

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

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

(1) That the Council seeks to develop the land to the rear/side of Roundhills Shops, Waltham Abbey (shown delineated in black on the attached Appendix) - comprising the land previously leased to the Red Cross for the provision of a hall, seven Council-owned garages and associated vacant land – for the provision of affordable rented housing, in partnership with one of the Council's Preferred Housing Association Partners;

(2) That the Housing Portfolio Holder be authorised to select one of the Council's Preferred Housing Association Partners to undertake the development following a tender process, based on the indicative provision of 4 X 3 bedroomed houses and 3 x 1 bedroomed flats at affordable rents and;

(a) the proposed amounts to be paid to the Council by the housing associations; and

(b) any other material considerations considered appropriate by the Housing Portfolio Holder;

(3) That the selected Preferred Housing Association Partner be required to;

(a) Evaluate the indicative proposal and assess whether or not more affordable properties could be provided on the site, subject to the capital receipt received by the Council being no lower than the selected Housing Association's tendered sum; and

(b) Submit a detailed planning application for the proposed scheme at its own cost and risk;

(4) That, subject to the receipt of planning permission and the selected housing association undertaking the approved development, the selected housing association be granted a 125 year lease for the land, for the agreed sum, with the Council receiving nomination rights in accordance with the District-wide Nominations Agreement;

(5) That, if a capital receipt arises from the transfer, it be retained as a usable capital receipt for use in the future, and not be ring-fenced to facilitate the provision of affordable housing on another site; and

**(6) That if the selected tender results in a negative valuation, with grant required to make the proposed development viable;**

**(a) the selected housing association be required to seek grant funding from the Homes and Communities Agency (HCA); and**

**(b) if the HCA does not provide grant funding, a report be submitted to a future meeting of the Cabinet to agree the way forward, including the possible provision of grant by the Council.**

### **Executive Summary:**

The British Red Cross has surrendered its lease with the Council for land at Roundhills, Waltham Abbey and demolished the hall which it had previously constructed on the land. This opens up the possibility of the site being developed. It is proposed that tenders are invited from the Council's Preferred Housing Association Partners for the provision of a long lease from the Council to enable the development of affordable housing for rent.

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

There is a desperate shortage of affordable rented housing in the District and the proposal would result in the provision of additional affordable housing,

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

- Not to develop the land;
- To develop the land for another Council use;
- To sell the land on the open market;
- To select a Preferred Housing Association Partner without going through a competitive process;
- To seek a different mix of properties on the site, or a different tenure mix;
- To lease the land for a different period, or to sell the freehold;
- To utilise any capital receipt for the provision of affordable housing on another site or to provide additional funding for the Open Market Shared Ownership Scheme

### **Introduction and Background:**

1. In 1968, the former Urban District Council of Waltham Holy Cross (a predecessor to EFDC) entered into a 99-year lease with the British Red Cross for an area of land (approximately 0.07 Ha) to the rear of the Roundhills Shops, Waltham Abbey to enable the British Red Cross to provide a community centre on the land, which was duly constructed.

2. However, the British Red Cross closed the centre in 2003 and surrendered its lease in 2006. Under the terms of the lease, it also demolished the building. The land has been vacant (fenced) since 2006.

3. Adjacent to the land is a Council-owned garage site, comprising a block of seven garages, let under weekly tenancies. The site previously comprised another block of garages, which was demolished a number of years ago due to structural problems. The locality also includes a service road to the small estate-based Roundhills shops, and a vacant grassed area to the north-west of the shops.

4. A site plan is attached as an Appendix, with the whole area (comprising approximately

0.19 Ha) de-lineated in black.

#### Proposed Development of the Site

5. The corporate Asset Management Co-ordination Group has considered the future use of this land and has concluded that, since the land was originally acquired under Housing Act powers and is located within a housing estate with a significant number of rented Council homes, it would be appropriate to work with one of the Council's Preferred Housing Association Partners to seek to develop the site for the provision of affordable rented housing.

6. However, the site is located within a designated Zone 2 Flood Risk Area (due to the close proximity of Cobbins Brook), which means that although residential development is possible, the development would need to include mitigation measures to reduce the risk of flooding to an acceptable level, to the satisfaction of the Environment Agency. Prior to the completion of flood alleviation works to Cobbins Brook, the site was within a designated Zone 3 Flood Risk Area, which would have resulted in residential development being almost impossible.

7. Planning officers have confirmed that, at this stage and subject to public consultation, they have no planning objections in principle to the residential development of the site, subject to the required flood mitigation measures meeting the requirements of the Environment Agency.

8. A brief appraisal by the Council's Senior Architectural Assistant has established that it may be possible for 4 X 3 bedroomed houses and 3 x 1 bedroomed flats to be provided on the site. Therefore, it is proposed that a tender exercise be undertaken amongst the Council's five Preferred Housing Association Partners, with each housing association asked to provide a tender on the amount of premium it could pay the Council for the land, on the basis of this indicative mix for rented housing, with affordable rents – with appropriate flood mitigation measures - in order to ensure a "level playing field". As at January 2011, there were over 5,300 applicants on the Council's Housing Register seeking affordable rented housing from the Council or a housing association.

9. The Government has recently announced that it intends to, effectively, require housing associations to provide fixed term tenancies, with "affordable rents", for all new developments in the future. Affordable rents will be up to 80% of private market rents for the local area (including service charges). One of the drivers for the Government's new affordable rent "product" is for these higher rents to generate additional revenue to either reduce or obviate the need for social housing grant from the HCA.

10. It is further proposed that the Housing Portfolio Holder be authorised to select the housing association to undertake the development, having regard to the proposed amounts to be paid to the Council and any other material considerations considered appropriate.

11. Since the Council's indicative mix has not been formulated following a detailed site appraisal it is proposed that, once a housing association has been selected, the housing association be asked to evaluate the Council's indicative proposal and assess whether or not it considers that more affordable properties could be provided on the site, subject to the capital receipt received by the Council being no lower (and preferably more) than the housing association's tendered sum. The housing association would then be required to submit a detailed planning application for the proposed scheme at its own cost and risk. It should be noted that that the number and mix of properties may need to change through the planning process in any event.

12. If planning permission is received it is proposed that, as usual, the selected housing association be granted a 125 year lease for the land, for the agreed sum, with the Council receiving nomination rights in accordance with the District-wide Nominations Agreement.

### Issues

13. The Council's Legal Service has undertaken detailed research on the land's title, which has raised a number of issues which could affect the proposed form of development and/or the final amount that the Council receives from the housing association. The main issues are summarised below:

(a) The proposed development site includes seven Council-owned garages let on weekly tenancies, of which 2 are currently vacant. These will need to be vacated before the land is leased to the selected housing association; the garage tenancies can be terminated with just one weeks notice. When it is known that the development can go ahead, the existing garage tenants will be offered alternative Council garages as close as possible to their home. In the meantime, no further lettings will be made.

(b) There is a small area of land adjacent to the proposed development site that is in the ownership of UK Power Networks, which was originally sold to the former Eastern Electricity Board (EEB) by the Urban District Council of Waltham Holy Cross in 1969 on which to locate an electricity sub-station. However, there is no sub-station located on the land, which is just a grassed area. Despite this, the 1969 conveyance provides the EEB with a vehicular right of way through the Council's garage courtyard. If these rights are not removed, it will significantly affect the development potential of the site. The Director of Housing has therefore written to UK Power Networks to ascertain whether or not it requires the land for a sub-station in the future and, if not, whether or not it would be prepared to sell the land to the selected housing association or give up its right of way across the Council's land. Alternatively, if a site may be required for a sub-station in the future, whether or not a land-swap arrangement can be agreed with the Council.

(c) The service road to the rear of the Council-owned parade of shops at Roundhills needs to be retained, not least because the shop leases provide rights of way over the Council's land. It will also need to be kept accessible for the duration of the proposed construction works.

(d) There are a number of "private" sewers situated under the land, some of which will need to be diverted to allow development to go ahead.

(e) There is a small communal refuse area located within the proposed development land. Ideally, this would be re-located elsewhere on the site by the developing housing association as part of the construction works. Although this may be possible, two Council flats in the vicinity have been leased under the right to buy, and the leaseholders have the right to use the refuse facilities in the current location. Experience elsewhere has established that it can be difficult to negotiate deeds of variation with leaseholders, which may result in it being easier for the refuse area to be retained in situ. However, this can be investigated further by the selected housing association as part of its evaluation of the Council's indicative proposal/mix.

14. It is not yet known, in view of the number of site specific costs involved with the development, if the development will result in a capital receipt for the Council. If it does, it is proposed that it be retained for use in the future, and not ring-fenced to facilitate the provision of affordable housing on another site.

15. It is quite possible that the selected tender will result in a negative valuation, with

grant required to make the proposed development viable. If this is the case, it is proposed that the selected housing association be required to seek grant funding from the Homes and Communities Agency (HCA). If the HCA does not provide grant funding, it is suggested that a report be submitted to a future meeting of the Cabinet to agree the way forward, including the possible provision of grant by the Council.

### **Resource Implications:**

Proposed lease of land to a housing association.  
Possible capital receipt to the Council for the lease  
The open market value of the land has been assessed by the Council's Estates & Valuations Division at £250,000

### **Legal and Governance Implications:**

Housing Act 1985.

### **Safer, Cleaner and Greener Implications:**

The land previously leased to the British Red Cross is overgrown and unsightly. The proposed development would improve the appearance of the area.

### **Consultation Undertaken:**

The Council's Preferred Housing Association Partners have been consulted on the proposed development and a draft of this report, and their comments have been taken into account.

### **Background Papers:**

Housing Policy File H748

### **Impact Assessments:**

#### Risk Management

Since the development would be undertaken by a housing association, at risk, the risk to the Council is minimal. The main risk to the Council would be if the highest tender requires a capital grant from the Council, due to a negative residual land value. However, if this is the case, the Cabinet would need to consider the issues and agree a way forward.

#### 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

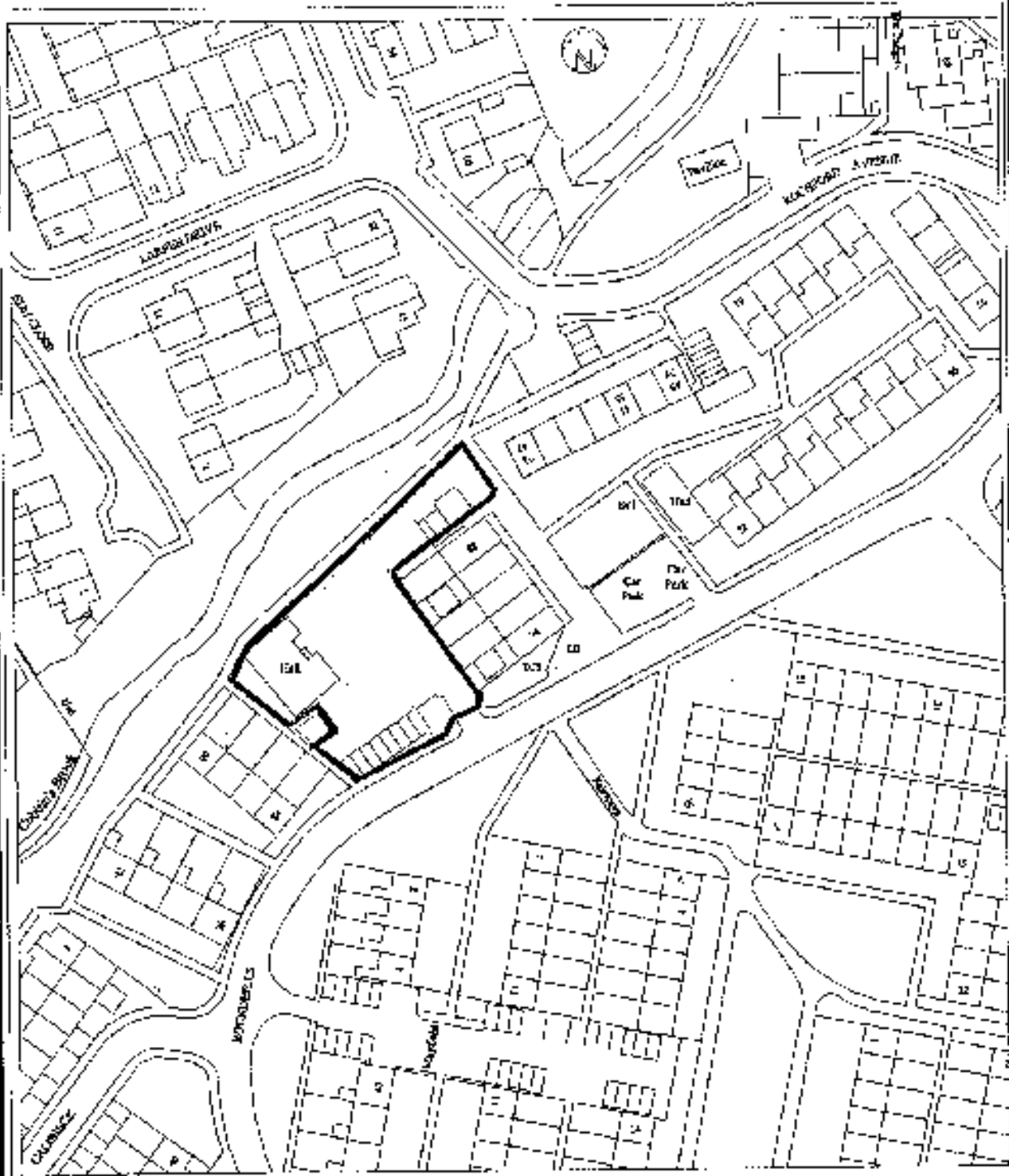
*Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?* N/A

*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



# EPPING FOREST DISTRICT COUNCIL



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			Project No. <b>0005</b>
Date <b>21.6.05</b>	Scale <b>1:1250</b>	Drawing No. <b>LD/23/C/0005/04a</b>	