

Report to the Cabinet

Report reference: C/107/2005-06.
Date of meeting: 6 February 2006.



Portfolio: Housing.

Subject: Development of Small Council Housing Sites – Phase II.

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Recommendations/Decisions Required:

- (1) That Warden Housing be selected as the Preferred RSL Partner to investigate the development potential and, where possible, undertake the development of the ten Council-owned housing sites listed on the attached schedule;**
- (2) That the general approach to be adopted by Warden Housing be to maximise the amount of affordable housing provided across the sites, cross-subsidised with free land and the sale of some properties on the sites;**
- (3) That the Housing Portfolio Holder be authorised to consider and agree the development proposals for each of the sites, the proposed tenures, the numbers of properties to be sold to provide the cross subsidy, and to approve the submission of planning applications where appropriate;**
- (4) That the Housing Portfolio Holder considers the overall effects different levels of social housing grant would have on the viability of the development proposals and, if considered appropriate, reports to the Cabinet to seek approval to use some, or all, of the Council's unallocated social housing grant in order to increase the viability.**
- (5) That, for those sites that receive planning permission, the associated Council land be:**
 - (a) leased to Warden Housing for 125 years at a peppercorn rent, in return for the Council 100% nomination rights on initial letting and 75% subsequently, in respect of the land for the affordable housing; and**
 - (b) transferred freehold to Warden Housing, free of charge, in respect of the land for the market housing; and**
- (6) That the Housing Portfolio Holder does not consult ward members for their views on the development proposals, in order to avoid them fettering their discretion if/when any subsequent planning applications are considered by the relevant Area Plans Sub Committees.**

Introduction:

1. This report seeks approval for a suggested approach towards the development of up to ten small Council-owned housing sites in different parts of the District ("Phase 2"), in a similar way to the approach taken for the development of other housing sites, that

are much more advanced ("Phase 1") and already approved. This is to ensure that the Cabinet supports the proposed approach from the outset, thereby avoiding the delays that were experienced with progressing Phase 1, due to some concerns being voiced about the approach.

Phase 1:

2. In July 2005, the Cabinet agreed to the Council working with Estuary Housing Association to develop 8 Council-owned housing sites to provide (subject to planning permission) 57 properties, of which 18 will be sold on the open market, to cross subsidise 39 affordable homes. The Council is also providing Social Housing Grant of £1m. Due to concerns about value-for money, the Cabinet requested that a quantity surveyor (QS) be appointed to assess the value for money of Estuary's and their contractor's proposals.
3. Accordingly, the Head of Housing Services appointed a QS, whose conclusion was that cost of the overall project should fall within the range of £5.42m to £6.07m, excluding contingency/risk. The build price agreed between Estuary and their contractor of £5.36m was therefore 1.3% below the QS's lowest parameter and 12.3% below their upper parameter. Therefore, the QS advised that it represented value for money and should be accepted.
4. Estuary is now working up the detailed planning applications, which should be submitted within the next month or so. They have also submitted a bid to the Housing Corporation for funding, in the name of their new development partner, East Thames Housing Group, who are one of the Corporation's strategic development partners (to whom funding can be given). The outcome of the bid will not be known until around March 2006. The Solicitor to the Council has been asked to draft the leases for each of the sites and the over-arching legal agreement.

Phase 2:

5. Over the past couple of years, a number of additional potential development sites on Council-owned land have been identified. A number of these were referred to the Council's Engineering Services Group, who have produced indicative layouts. However, potential sites identified more recently have not yet been considered in detail.
6. Attached is a schedule listing the identified sites, their current use, how many properties may be able to be provided through development, and the current position. It can be seen that, potentially, up to 35 properties may be able to be provided, although it is emphasised that, in the event, some of these may not be able to be developed, for planning or technical reasons. Negotiations with third parties would also be required for some of the sites, to enable the developments to go ahead. The potential numbers should therefore be treated with extreme caution.
7. It is suggested that, generally, a similar approach to Phase 1 should be taken for the potential development of these sites to provide as much affordable housing as possible, but with some changes in the light of experience.
8. Since the approach taken on Phase 1, the Council has introduced its Scheme of RSL Partnering and Joint Commissioning and formed the Epping Forest Strategic Housing Partnership. Under the Scheme, the Council has selected four main Preferred RSL Partners and, when a potential affordable housing scheme is identified, agrees with the Preferred RSL Partners – at the earliest possible stage - which one should undertake the development. This avoids duplication of effort and ensures that a reasonable build price is agreed with the developer, instead of promoting a bidding

war amongst RSL's.

9. Therefore, discussions have been held with the Council's four main Preferred RSL Partners to consider which one would be the most suitable partner to work with the Council to develop these sites. As a result, it has been agreed amongst the members of the Strategic Housing Partnership that Warden Housing is the best positioned and the most interested in undertaking the developments.
10. It is suggested, therefore, that Warden Housing be selected as the RSL the Council works with to develop the sites and that, in the first instance, they be asked to:
 - review the proposals produced by the Engineering Services Group;
 - consider the sites where no feasibilities have been undertaken;
 - consult planning officers; and
 - come forward with development proposals for each of the sites.
11. At the same time, it is suggested that Warden Housing be asked to propose a "self funding scheme", similar to Phase 1, whereby all the Council's land would be provided free of charge and some of the properties would be sold on the open market, with the surpluses used to cross-subsidise, and maximise, the affordable housing. It is not suggested that any significant grant from the Council be assumed at this stage, although it is suggested that Warden Housing be asked to consider the effects on the overall proposals, of different levels of grant provision by the Council, since the Council currently has £210,000 unallocated social housing grant available, which has recently been received from developers as part of the requirement of Section 106 Agreements on other private sites. .
12. Once this feasibility has been undertaken, it is suggested that the Housing Portfolio Holder be authorised to consider and agree the development potential of each of the sites, the number of properties to be sold to provide the cross subsidy, and to authorise the submission of planning applications where appropriate.
13. When Phase 1 was commenced (a number of years ago), the relevant ward members were consulted on the development proposals prior to outline planning permission being sought, and the former Executive Committee took their views into account. However, it is suggested that ward members are not consulted for their views at this stage for Phase 2. This is because it has recently been established that their involvement could fetter their discretion if/when any subsequent planning applications were considered by the Area Plans Sub Committees, and it is considered better for ward members to express their views as part of the planning process.

Statement in support of recommended action:

14. There is a need to increase the amount of affordable housing in the District. Many of these sites are garage blocks that are difficult to let. Most of the sites could be developed for affordable housing, cross-subsidised with income from other sites where the properties would be sold. The Epping Forest Strategic Housing Partnership has agreed that Warden Housing is the best positioned and the most interested in undertaking the developments.

Options for action:

15. The other options considered and rejected were:
 - (a) Not to develop all or some of the sites;
 - (b) Not to work with Warden Housing;

- (c) Not to provide the land free of charge;
- (d) Not to authorise the Housing Portfolio Holder to consider the development proposals when formulated; and
- (e) To consult ward members prior to the submission of the any planning applications.

Consultation undertaken:

16. No external consultation was undertaken.

Resource implications:

Budget provision: Nil at this stage.

Personnel: Nil.

Land: Sale / lease of land to the RSL where planning permission is obtained.

Community Plan/BVPP reference: Meeting Housing Need.

Relevant statutory powers: Housing Act 1985.

Background papers: Preliminary feasibilities by the Council's Engineering Services.

Environmental/Human Rights Act/Crime and Disorder Act Implications: To be assessed at a later stage.

Key Decision Reference (if required): N/A.

Small EFDC Development Sites – Phase 2

Site	Current Use	Potential No. of Props	Comments / Current position
Rear of 4 Whitehills Rd, Loughton	Garage site (27 garages) – Difficult to let (currently 12 (45%) vacant with 0 on the waiting list)	2 X 2 bed bungs	Indicative layout produced by Eng. Services. Consultation undertaken with Ward members in 2002 – Some concerns were expressed at that time and it was agreed to review the position after the effect of offering 50% discounts on garage rents was known.
Between 75 and 81 Chequers Rd, Loughton	Garage site (19 out of total 28 garages) – Difficult to let (currently 9 (32%) vacant with 0 on the waiting list)	3 X 2 bed houses	Indicative layout produced by Eng. Services. Garages users could be located to / given priority for the other garages on the site that would remain. An EEB sub station would need to be relocated.
Rear of 40-62 St Peter's Avenue, Ongar	Garage site (30 garages) – Difficult to let (currently 10 (33%) vacant with 0 on the waiting list)	2 X 3 bed houses 1 X 2 bed bungalow	Indicative layout produced by Eng. Services.
Adjacent to 21-24 Langley Meadow, Loughton	Underused open parking area and drying area	2 X 2 bed flats	Indicative layout produced by Eng Services. May need agreement of leaseholders to vary leases to allow development.
Adjacent to 20 Kirby Close, Loughton	Vacant land and 4 garages	2 – 4 properties	No feasibility undertaken.
Rear of 25-29 Millfield, High Ongar	Overgrown, vacant land.	4 X 3 bed houses	Indicative layout produced by Eng Services. The mouth of existing access road would need to be widened.
Garden of 71 Centre Drive, Epping	Garden of EFDC tenanted property	1 X 4 bed house	Indicative layout produced by Eng Services. The tenant would need to agree to the loss of the garden – for which a payment would be made. Alternatively, the garden could be reduced should the property become void at a later date

Adjacent to 7 Thatchers Close, Loughton	Unused land	1 property	Not yet pursued.
Harveyfields, Waltham Abbey	Two garage sites (51 out of total 91 garages in the vicinity) – Difficult to let (currently 23 (45%) vacant with 0 on the waiting list)	6 – 15 properties	Not yet pursued. Garages users could be located to / given priority for the other 30 garages on the site that would remain, of which 8 are currently vacant and also difficult to let.
Total		24 – 35 properties	