

Report to the Cabinet

Report reference: C-053-2011/12
Date of meeting: 30 January 2012



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).

Recommendations/Decisions Required:

- (1) That the Cabinet’s previous decision (Minute 129 – 7.3.11) to develop the land to the rear/side of the Roundhills Shops, Waltham Abbey (shown delineated in black on the attached Appendix) for affordable rented housing in partnership with one of the Council’s Preferred Housing Association Partners, be rescinded;**
- (2) That the land now be developed for affordable rented housing by the Council itself, as part of its new Housebuilding Programme;**
- (3) That, once appointed, the Council’s Development Agent and its Development Team recommend to the Housing Portfolio Holder the most appropriate form and mix of residential development for the site, and that planning permission be sought accordingly;**
- (4) That, subject to the receipt of planning permission, the Development Appraisal be signed-off by the Cabinet, in accordance with the arrangements for the Housebuilding Programme previously agreed by the Cabinet;**
- (5) That the Director of Housing be authorised to enter into a Deed of Variation with UK Power Networks to vary the position of the Right of Way across the Council’s land, granted to the former Eastern Electricity Board by the Urban District Council of Waltham Holy Cross in 1969; and**
- (6) That the Director of Housing be authorised to enter into a Funding Agreement with Harlow District Council (on behalf of the London–Stansted-Harlow Programme of Development Partnership Board) to receive £90,000 grant funding towards the cost of development, on terms agreed by the Director of Housing in consultation with the Director of Corporate Support Services.**

Executive Summary:

The Cabinet has previously agreed that the Council-owned land to the rear/side of the Roundhills shops, Waltham Abbey should be developed for affordable rented housing by a housing association.

However, in light of the Cabinet’s more recent decision to undertake its own Housebuilding

Programme of Council-owned sites, it is proposed that the site now be developed by the Council itself.

A successful bid by the Council to the London–Stansted-Harlow Programme of Development Partnership Board has resulted in grant funding of £90,000 towards the cost of works for the proposed development, for which the Council must enter into a Funding Agreement with Harlow District Council.

Reasons for Proposed Decision:

The Council will retain the land asset and develop the properties as additional Council assets. The Council will also receive the rental income from the properties.

Other Options for Action:

- (a) To continue with the previous decision to lease the land to a housing association to undertake the development
- (b) Not to enter into a Funding Agreement with Harlow District Council – however, this would result in the Council not receiving the £90,000 grant funding offered.

Report:

1. At its meeting on 7th March 2011, the Cabinet agreed that:

(a) the Council-owned land comprising approximately 0.19 Ha to the rear/side of Roundhills Shops, Waltham Abbey (shown delineated in black on the attached Appendix) should be developed for the provision of affordable rented housing by one of the Council's Preferred Housing Association Partners;

(b) The Housing Portfolio Holder should be authorised to select the Housing Association Partner to undertake the development following a competitive tender process, based on the indicative provision of 4 X 3 bedroomed houses and 3 x 1 bedroomed flats at affordable rents;

(c) The selected Housing Association should be required to evaluate the indicative property mix and assess whether or not more affordable properties could be provided on the site;

(d) The selected housing association should be granted a 125 year lease for the land, for the tendered sum (if any);

(e) If a capital receipt arose from the transfer, it should 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.

2. The site comprises land previously leased to the Red Cross for the provision of a hall, seven Council-owned garages and associated vacant land. The locality also includes a service road to the small estate-based Roundhills shops.

3. 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 (see below) meeting the requirements of the Environment Agency.

4. The report to Cabinet in March 2011 set out a number of issues relating to the site, but explained that most of these should be able to be overcome. However, one issue that still needs to be resolved relates to 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 UK Power Networks with a vehicular right of way through the Council's garage courtyard, which needs to be removed or relocated, otherwise the development will not be able to go ahead.

5. UK Power Networks has confirmed that it does wish to retain a right of way to its adjoining land, in case it wishes to provide a sub-station in the future. However, although it has taken some time, it appears that the Director of Housing has reached an agreement in principle with UK Power Networks to re-position the right of way across the Council's land in a way that would minimise the impact on the proposed development, at no cost to the Council (other than meeting the company's reasonable legal costs). A Deed of Variation has been drafted and discussions on the draft Deed are currently taking place.

Proposed Alternative Approach to the Development

6. Although the Cabinet made its decision in March 2011 to transfer the land to a housing association, in order for the housing association to undertake the development, the Cabinet has since agreed (on 5th December 2011) that the Council should undertake its own Council Housebuilding Programme, utilising financial resources that have become available through the self-financing arrangements for the Housing Revenue Account (HRA). It was agreed that the Housebuilding Programme should comprise small areas Council-owned land, predominantly (but not exclusively) difficult-to-let garage sites.

7. Therefore, this more recent decision raises the question of whether the proposed development at Roundhills should continue to be pursued in partnership with a housing association, or whether the Council should seek to develop the site itself, as an early scheme within its Housebuilding Programme.

8. Although it would take around 9 months longer for the Council to commence the development itself (due to the need to appoint a Development Agent through the European procurement regulations), it is felt that it would be more beneficial to the Council if the previous decision was rescinded and that the Council now undertakes the development itself, since it would enable the Council to retain the land asset and to develop the properties as additional assets. The Council would also receive the rental income from the properties.

9. Although an initial assessment suggests that 4 X 3 bedroomed houses and 3 x 1 bedroomed flats could be provided on the site, it is proposed that, once appointed, the Council's Development Agent and its Development Team recommend to the Housing Portfolio Holder the most appropriate form and mix of residential development for the site, and that planning permission be sought accordingly. It is also proposed that, subject to the receipt of planning permission, the Development Appraisal be signed-off by the Cabinet, in accordance with the arrangements for the Housebuilding Programme previously agreed by the Cabinet.

10. A report will be brought forward to the Cabinet in the near future, proposing a list of other Council-owned sites for inclusion within the Council's Housebuilding Programme.

Grant Funding from the London – Stansted - Harlow Programme of Development (POD) Partnership

11. 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. Such mitigation measures would increase the cost of the works. 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.

12. The London–Stansted-Harlow Programme of Development (POD) Partnership Board was established a number of years ago to oversee the use of Growth Area Fund (GAF) funding from the Government for the London-Stansted-Harlow area, and the subsequent implementation of projects funded from the GAF. The Board includes officer representatives from Harlow, Uttlesford, Epping Forest, East Herts, Broxbourne, Essex and Herts Councils; Lea Valley Park; British Waterways; and a number of not-for profit organisations.

13. The Director of Housing recently submitted a bid for £90,000 to the POD Partnership Board, as part of a wider bid by the West Essex Housing Forum, to help fund the proposed development - including the additional costs of flood mitigation measures. This bid was successful, as was a further bid for £70,000 to assist with the construction of 4 affordable homes at Millfield, High Onger, from straw bales.

14. In order to obtain this funding, it is necessary for the Council to sign a Funding Agreement with Harlow District Council, which holds the Government funding on behalf of the Partnership Board. Harlow DC has a standard form of agreement, which has been studied by the Director of Housing and the Council's Legal Service, who requested a number of amendments, which have been accepted.

Resource Implications:

(a) It is uncertain whether or not a capital receipt for the lease of land would have resulted from the previously-proposed tender exercise amongst housing associations. However, if it had, it would have been relatively small. Under the current proposal, no capital receipt will be obtained, since the land will remain in the Council's ownership.

(b) The Council will receive grant funding of £90,000 from the POD Partnership Board.

(c) The Council will need to fund the cost of the works and fees itself, which will be financed through the HRA self-financing arrangements, included as part of the Council's HRA Financial Plan. The works will be procured through a competitive tender process by the Council's Development Agent (when appointed).

(d) The Council will retain the land asset and the properties will be developed as additional Council assets.

(e) The Council will receive the rental income from the properties.

Legal and Governance Implications:

Housing Act 1985.

Safer, Cleaner and Greener Implications:

None. The outcome will be the same as the Cabinet's previous decision.

Consultation Undertaken:

Harlow District Council has been consulted on the proposed alternative approach to the development and has no objections in relation to the POD funding.

Background Papers:

Housing Policy File H748

Impact Assessments:

Risk Management

The main risks are those related to the Council undertaking a construction scheme itself, which are summarised below, together with the proposals for mitigation.

Risk	Mitigation
Contractual risks associated with a construction scheme	<ul style="list-style-type: none">• Ensure that the appointment of the contractor is robust, and includes an appropriate element of assessment of the contractor's ability to undertake the role and their quality• Ensure the Evaluation Criteria is comprehensive, with key factors weighted appropriately• Ensure that the Council's risks are minimised through the legal agreements
Significant budgetary overspends for construction works and/or fees	<ul style="list-style-type: none">• Ensure robust consideration of development appraisals in the first instance• Include sufficient provision for contingencies• Ensure effective project management arrangements, to include identification of potential overspends early• Report to Cabinet quarterly on progress (works and costs)
Contractor does not perform to a satisfactory standard	<ul style="list-style-type: none">• Ensure that the appointment of the contractor is robust, and includes an appropriate element of assessment of the contractor's ability to undertake the role and their quality• Include appropriate provisions within the Building Contract to deal with unsatisfactory performance, including the determination of the contract
The scheme does not receive planning	<ul style="list-style-type: none">• Ensure involvement of planning officers

<p>permission, or has to be aborted for other reasons, incurring abortive costs</p>	<p>at early stages and ongoing, to receive advice on the planning merits</p> <ul style="list-style-type: none"> • Ensure development feasibility studies are sufficiently detailed and robust to identify potential site problems • Ensure a sufficient revenue budget to cover the cost of abortive work
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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

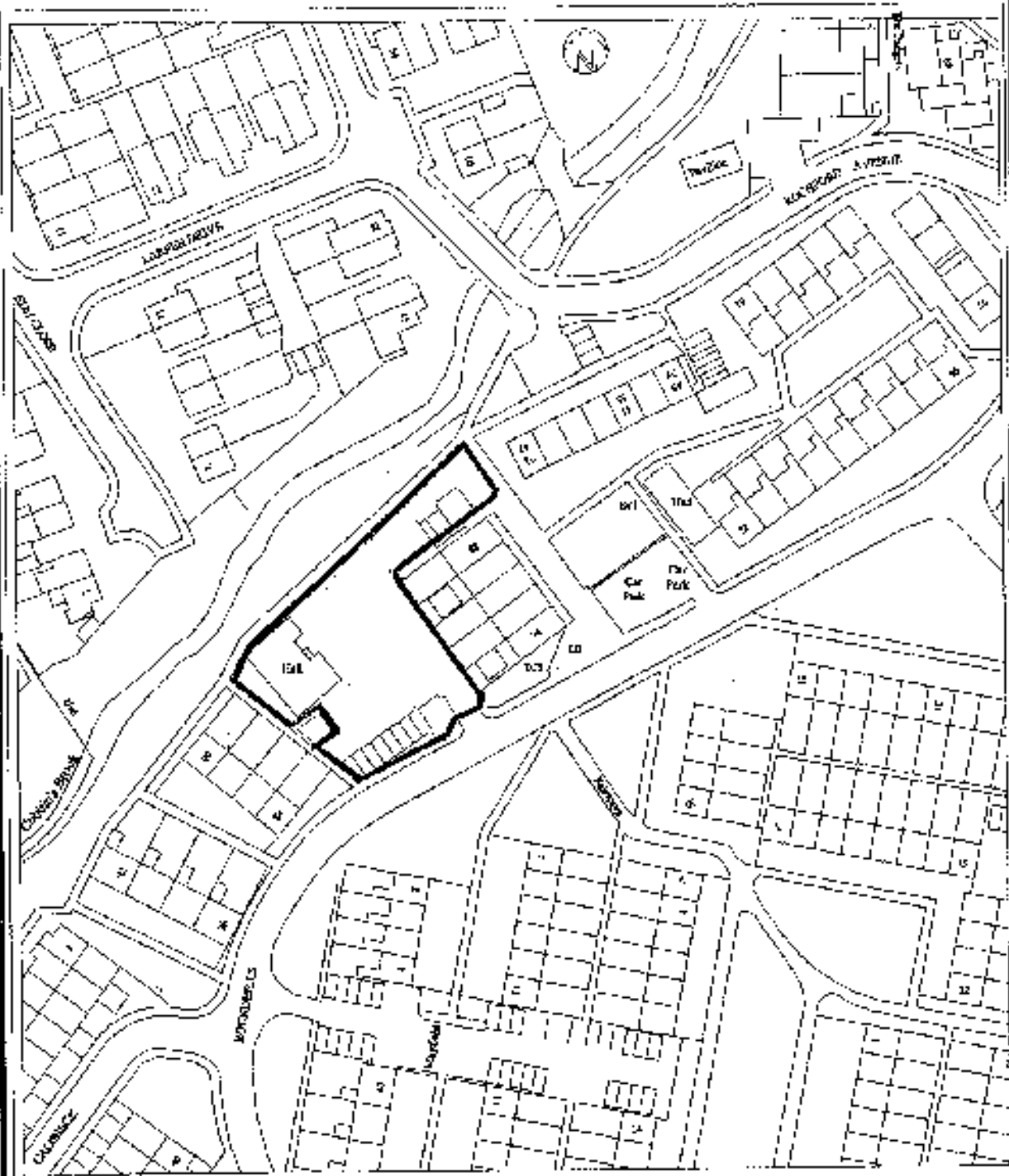
Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A

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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