

Report to the Cabinet



**Epping Forest
District Council**

**Report reference: C/071/2006-07.
Date of meeting: 9 November 2006.**

Portfolio: Housing.

Subject: Potential Development for Affordable Housing – Pike Way, North Weald.

Officer contact for further information: Alan Hall (01992 – 564004).

Democratic Services Officer: Gary Woodhall (01992 – 56 4470).

Recommendation:

That the Council-owned land adjacent to 2 Pike Way, North Weald, held under Housing Act powers, not be developed in conjunction with 2 Pike Way to provide 100% affordable housing.

Background

1. The Housing Needs Survey undertaken in 2003 assessed that 665 new affordable properties were required per annum over the following five years to meet both the current and anticipated housing need over that period. However, in the three year period 2003/4 – 2005/6, only 197 new affordable homes were completed (average of 65 homes per annum); only 25 new affordable homes will be completed in the current year. As a result, there are now around 3,870 applicants on the Council's Housing Register seeking affordable housing – an increase of over 160% from the 1,480 applicants registered in March 2002. The Head of Housing Services has therefore been exploring all possibilities to secure more affordable housing within the District, using the very limited land available for new housing.

2. The Council owns around 0.17Ha of land adjacent to 2 Pike Way, North Weald, held under Housing Act powers, which is currently grassed and provides an amenity area to the entrance of Pike Way. The Council sought planning permission to develop the land to provide three houses in 1982, which was refused. Subsequent discussions in 2000 with the Head of Planning and Economic Development re-affirmed that planning permission for the development of the Council's land alone would be unlikely, due to the overlooking of 2 Pike Way. A plan of the site is attached.

3. Discussions have recently been held between the Head of Housing Services, Home Housing Association (one of the Council's Preferred RSL Partners - formerly known as Warden Housing) and the owners of 2 Pike Way on the possibility of developing an affordable housing scheme on a combined site comprising 2 Pike Way (currently a detached house) and the Council's land. Home Housing was identified as the most appropriate housing association to take this proposal forward, in accordance with the Council's Joint Commissioning Scheme. This was because they have recently developed, and now own and manage, a number of affordable homes in Pike Way and adjacent Park Close.

Development Potential:

4. A feasibility exercise has established that, in principle, Home could purchase 2 Pike Way at market value and redevelop the combined site to provide around 24 (100%) affordable flats. However, this is subject to planning permission and, in accordance with its usual practice, the Council providing the land to Home free, in return for nominations rights.

5. Initial discussions with planning officers has established that, in planning terms, a

development of 20-25 flats may be feasible, although detailed consideration would need to be given by planning officers on the number of properties that would be acceptable, if the proposal was pursued.

6. Based on a development of 24 flats, Home has undertaken two financial analyses – one assuming the receipt of social housing grant (£580,000) from the Housing Corporation and one assuming no receipt of grant. This has established that the following mix of affordable housing could be provided:

- (a) Housing Corporation Grant:
 - 11 rented homes; and
 - 13 shared ownership homes (low cost home ownership); or
- (b) No Housing Corporation Grant:
 - 24 shared ownership homes.

The Housing Portfolio Holder's View:

7. The Housing Portfolio Holder has the advantage of also being one of the two ward members for North Weald. He has carefully considered the proposal, in particular the potential benefit of increasing the amount of affordable housing in the District. However, he has balanced this with the environmental impact of the proposal and, as a result, has concluded that the development of the Council's land at this location would be inappropriate as it would remove an attractive grassed amenity area at the entrance to Pike Way and Park Close

8. Accordingly, the Housing Portfolio Holder is recommending that the development potential is not pursued any further.

Statement in support of recommended action:

9. As set out in Paragraph 7 above.

Other Options for Action:

10. The main options are as follows:

(a) Pursue the development potential - It would need to agree to lease the land to Home Housing (or another RSL) for 125 years (or another period) at a peppercorn rent, subject to: Home Housing Association purchasing 2 Pike Way; the Council receiving 100% nominations rights initially and 75% for subsequent re-lets; receipt of planning permission; and compliance with the General Housing Consents 2005 under Section 25 of the Local Government Act 1988 (Local Authority Assistance for Privately Let Housing). The covenant prohibiting the use of 2 Pike Way other than as a private dwelling house for single family occupation would need to be released and consent would need to be given to the erection of additional buildings on the site, in accordance with another covenant. It would also be necessary to authorise the Head of Housing Services to agree the final number and tenure of the affordable housing provided on the combined development site, dependent on the outcome of the planning process and whether social housing grant can be obtained from the Housing Corporation.

(b) Pursue a less dense affordable housing scheme (perhaps houses) with less affordable housing – However, to make it viable, the amount of affordable housing would be significantly less than if around 24 flats were provided.

(c) Sell the land on the open market - The purchaser could then work with the owners of 2 Pike Way to undertake a joint private development on the site, perhaps with a lower density, without any affordable housing. Although the Council would receive a capital receipt, under capital financial regulations, this would have to be used for affordable housing

purposes, or 50% would have to be passed to the Government under the pooling arrangements.

Consultation undertaken:

11. In accordance with the clarification of responsibilities for major/property development proposals affecting the Council's property portfolios agreed at the last meeting of the Cabinet, since this is an issue affecting the Council's property portfolio valued below £1 million, the Leader of the Council has been consulted on whether she wishes to be involved or take responsibility for dealing with the matter. She has confirmed that she is happy for the Housing Portfolio Holder to take responsibility.

12. Councillor Mrs Grigg, the other ward member, has not been formally consulted on this proposal. This is because, had the Portfolio Holder concluded - and the Cabinet agreed - that the development should be pursued, this could fetter her discretion to comment on the development at any future Area Plans Sub-Committee meeting.

13. The owners of 2 Pike Way have been consulted by Home and, subject to acceptable terms being agreed with Home, they are agreeable to the proposal.

Resource implications:

Budget Provision: Nil.

Personnel: Nil

Land: Lease of 0.17Ha of Council land free, in return for nomination rights. The open market valuation of the Council's land has been estimated at £320,000.

Community Plan/BVPP: Meeting Housing Need

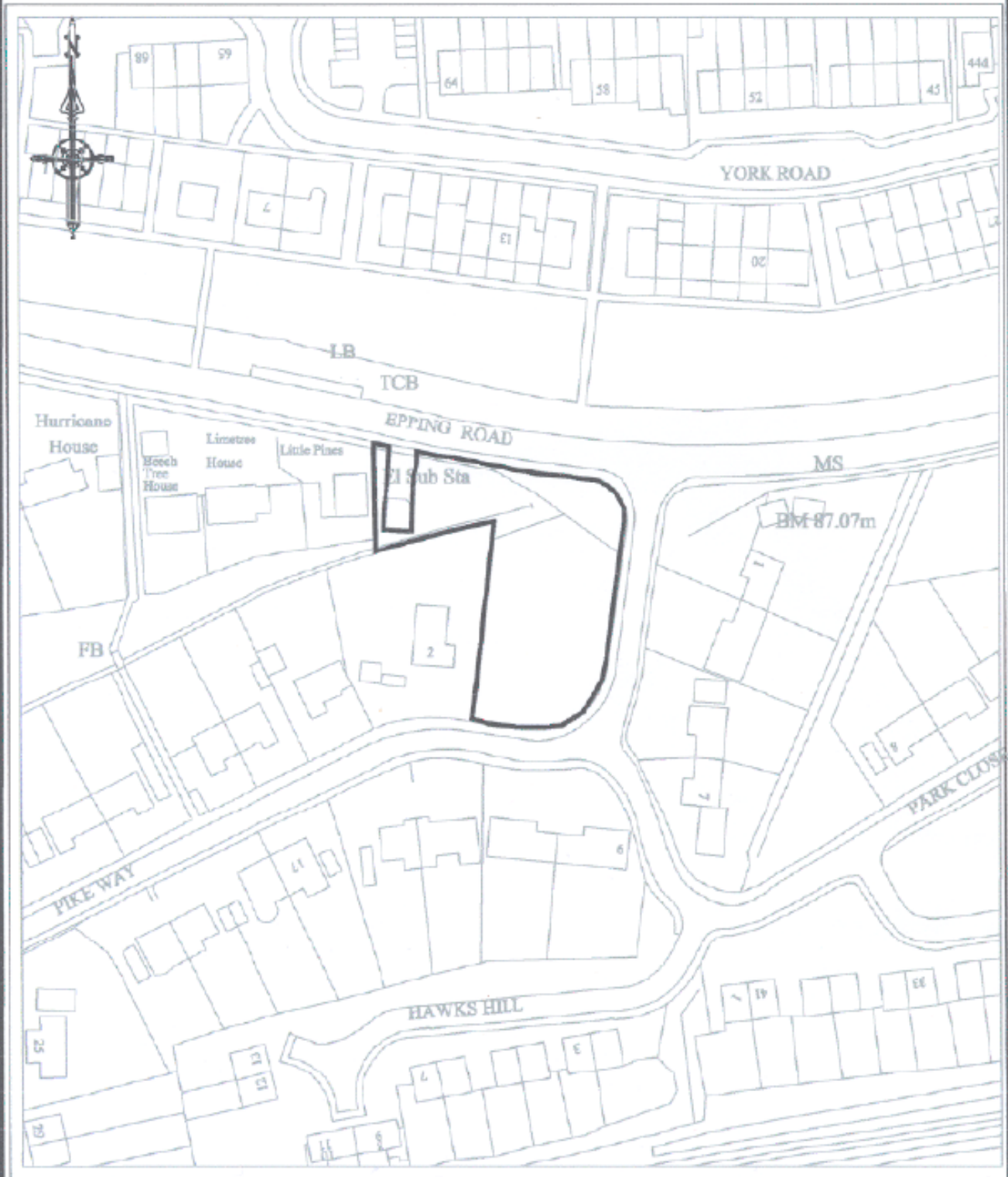
Relevant statutory powers: Housing Act 1985

Background papers: Nil

Environmental/Human Rights Act/Crime and Disorder Act Implications: Loss of grassed amenity area.

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

EPPING FOREST DISTRICT COUNCIL



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