

Report to the Cabinet

Report reference: C/106/2006-7.
Date of meeting: 5 February 2007.



**Epping Forest
District Council**

Portfolio: Housing.

**Subject: Development of Council Housing Sites and Land to the Rear of 30-36
Poundfield Road, Loughton.**

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

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

Recommendations/Decisions Required:

- (1) That the two areas of Council-owned land adjacent to the Pyrles Lane shops and opposite 33/37 Oakley Court, Loughton be leased to Estuary Housing Association, in advance of the transfer of the remaining Council sites being pursued for development by Estuary, on the same terms as previously agreed by the Cabinet;**
- (2) That social housing grant of £732,000 be provided to Estuary Housing Association, from the £1m allocated to Estuary within the Housing Capital Programme, to develop 13 affordable properties for rent on these two sites;**
- (3) That the land to the rear of 30-36 Poundfield Road, Loughton be declared surplus to housing requirements and offered for sale freehold on the open market by the Head of Legal Administration and Estates, subject to;**
 - (a) an overage clause being included in the terms of sale requiring the purchaser to pay the Council 35% of the difference between the purchase price and any subsequent increased land value due to planning permission for residential development, or any other use, being received within the following 10 years;**
 - (b) any valuations associated with the overage clause being agreed between the parties, but in the event of disagreement, the valuations being determined by the District Valuer; and**
 - (c) the Head of Legal Administration and Estates being authorised to agree the detailed terms and particulars of the sale;**
- (4) That residents neighbouring the land to the rear of 30-36 Poundfield Road be notified of the proposed sale, so that they may submit a tender at the appropriate time to purchase the whole land between them if they wish;**
- (5) That any capital receipt arising from the sale of the land to the rear of 30-36 Poundfield Road - plus any further capital receipt from overage payments – be recycled to provide additional social housing grant to Estuary Housing Association and used to “convert” 1 or more properties on the other sites, that would otherwise be sold on the open market, into affordable housing for rent; and**
- (6) That the final terms of the grant and conversion arrangements set out in Recommendation (5) be agreed by the Housing Portfolio Holder.**

Background:

1. The Council is working with Estuary Housing Association to seek the development of 8 Council-owned housing sites across the District. Prior to Estuary's involvement with the project, the Council formulated development proposals (which subsequently received outline planning permission) for a total of 30 properties to be provided on the 8 sites. However, when Estuary became involved, they re-appraised the feasibilities for each site and, following consultation with the Council's planning officers, produced proposals that, in principle, increased the proposed number of properties by 90% - to 57 properties. It was concluded that if 18 of these properties were sold on the open market, it would generate sufficient cross subsidy (together with the provision of £1m social housing grant from the Council), to provide 39 affordable homes for rent.

2. However, when agreeing this proposal, the Cabinet accepted that the eventual number of properties (and/or the property mix) provided on some of the sites may have to change through the detailed planning process, which would then affect the required ratio of sale:affordable properties. Therefore, the Head of Housing Services was given delegated authority to vary the proposed numbers, mix and tenure across the sites as necessary.

3. Over the past few months, Estuary has submitted detailed planning applications for each of the sites, with mixed success. At the time of writing:

- 5 sites have received planning permission for the development of 26 properties (3 less than the 29 properties originally planned, as well as some slight changes to the property mix).
- A planning application for two properties to the rear of Poundfield Road, Loughton was refused. Despite planning officers' recommendation for approval and receipt of outline planning permission in the past, the current Area Plans Sub-Committee decided that the proposal would introduce backland development and represented an overdevelopment of the site, which would be out of keeping with the character of the surrounding area.
- A planning application for three houses at Homefield, Waltham Abbey was refused. A revised planning application to address the concerns of the Area Plans Sub Committee will be submitted shortly.
- A planning application for Acres Avenue, Ongar is in progress. A planning application for 22 properties was submitted, but was subsequently withdrawn by Estuary on the advice of planning officers. Estuary is currently revising the proposals for a reduced number of properties.

Progressing the Programme:

4. The original intention was to enter into legal agreements with Estuary for both the transfer of the Council's land and the provision of social housing grant, once the outcome of all the planning applications was known. However, since it will still be some time until the outcome of the Acres Avenue planning application is known and the subsequent consent of the Secretary of State to the freehold transfers is received, and because some of the other sites now have planning permission, it is proposed that two of the areas of Council-owned land - adjacent to the Pyrles Lane shops and opposite 33/37 Oakley Court, Loughton - be transferred to Estuary now, funded from £732,000 of the £1m social housing grant included in the Housing Capital Programme, in order to commence the development programme as soon as possible. This will enable 13 affordable properties for rent to be commenced on these two sites.

5. Subsequently, once the outcome of all the planning applications is known, the resultant ratio of affordable:sold properties for the remaining sites will be re-assessed. The remaining land can then be transferred and the outstanding social housing grant of £268,000 paid to Estuary accordingly.

Land to the Rear of 30-36 Poundfield Road, Loughton:

6. As explained above, the planning application for the development of the former garage site to the rear of 30-36 Poundfield Road, Loughton was refused. Therefore, a decision needs to be made on the future of the site. The following main options have been identified:

Option 1 – Appeal against the planning refusal

7. Estuary could appeal against the refusal of planning permission. However, this is considered untenable since, in effect, the Council would be encouraging a partner to appeal against the Council's own planning decision.

Option 2 – Retain the land in the Council's ownership

8. The Council could retain the land in its ownership and either seek an alternative use or submit a further planning application in the future. Bearing in mind that outline planning permission was granted in the past (which has now lapsed), and planning officers recommended approval of the recent planning application, it is possible that a different view about its development potential may be taken by a different Area Plans Sub-Committee in the future. However, it is suggested that this would be unlikely. Moreover, officers have identified no alternative use for the land by the Council and the Council would have to continue to incur the cost of maintaining the land.

Option 3 – Sell the land to neighbouring residents

9. An enquiry has been received from six neighbouring residents expressing an interest in purchasing the land (subject to price) for it to be parcelled-up by them into six separate plots for incorporation within the residents' existing rear gardens. An indicative valuation for the total site, provided by the Council's Estates and Valuation Division, for garden use only is £25,000.

Option 4 – Re-construct garages on the site

10. The site previously comprised 12 Council-garages, which had to be demolished in 2001 due to significant subsidence. At that time, the former Housing Committee considered the option of rebuilding the garages. However, it decided against this option on the grounds of cost; the estimated cost of demolition and rebuild was £115,000 - at current rates (less demolition costs) the cost is estimated at £10,000 per garage. Not only is there no budget provision within the Housing Capital Programme to fund £120,000 of reconstruction costs, with annual rental charges of £330 per garage the "pay-back period" would be around 30 years, not including the ongoing cost of repairs and maintenance.

11. Moreover, the nearest large garage site (approximately 150 metres away in Bushfields), which comprises 20 garages, currently has 2 vacancies and no waiting list. This suggests that there is not a significant demand for garages in the area.

12. Although there is an acknowledged parking problem throughout the District, the Council is attempting to tackle the problem through the provision of off street parking schemes, and has made budget provision within the Capital Programme accordingly. The benefit of this approach is two-fold. Firstly, the cost of provision is far less (also with lower ongoing maintenance costs). Secondly, the parking area is not reserved to one household, which means that it provides greater benefit, since garages are normally un-used for significant periods, whilst the household car is in use. It should be noted that the site at Poundfield Road does not lend itself to an off-street parking scheme, since it is away from the main road and, from past experience, generally, car owners are very reluctant to park in the open in such areas. In any event, there are many other areas in Loughton where parking is a greater problem, which would be prioritised before Poundfield Road.

Option 5 – Sell the land on the open market

13. The land could be offered for sale, unconditionally, on the open market. Although the lack of planning permission would significantly affect the potential purchase price, bearing in mind the

site's recent planning history, it is possible that a speculative developer could purchase the land, with a view to submitting a planning application for residential development and pursuing any subsequent refusal to a planning appeal. For this reason, it is recommended that an overage clause be included in any sale – this is a clause to describe a payment, in addition to the original sale price, which the Council would receive if planning permission for a different use is received. The amount received is linked to the increase in land value. Alternatively, a purchaser may have a different acceptable use for the site – again an overage clause could be used. It is suggested by the Head of Legal Administration and Estates that, through an overage clause, the Council should require receipt of 35% of the difference between the current value (i.e. the purchase price) and any increased value due to planning permission being received for an alternative purpose.

14. The benefit of this approach is that the interested neighbouring residents could also be invited to submit a tender for the purchase of the land for their own purposes at the same time, with the Council selling the land to the highest tenderer.

15 Accordingly, Option 5 is the recommended option.

Treatment of any Capital Receipt from Poundfield Road Land Sale:

16. The original intention was for Estuary to develop and sell two bungalows on this site, which would have generated an estimated £135,000 surplus; this would have been used to contribute towards the required cross-subsidy for the provision of affordable housing on the other sites. Therefore, the effect of this loss in subsidy will be a reduction in the overall number of affordable homes that can be provided across the development sites.

17. In order to mitigate the effect of this subsidy loss, and to increase the number of affordable homes provided overall, it is recommended that any capital receipt from the sale of the land (plus any further capital receipt from any overage payment) is recycled to provide additional social housing grant to Estuary Housing Association and used to “convert” 1 or more properties on the other sites, that would otherwise be sold on the open market, into affordable housing for rent. It is suggested that the Housing Portfolio Holder be authorised to agree the final terms of such an arrangement.

Statement in Support of Recommended Action:

18. The proposal will enable construction to commence on some of the development sites much earlier than if the determination of all the planning applications for the remaining development sites is awaited. The sale of the land at Poundfield Road on the open market (with an overage clause) should maximise the capital receipt, whilst giving neighbouring residents the opportunity to submit a tender to purchase the land; the capital receipt will be used to increase the number of affordable homes that can be provided on another Council development site.

Other Options for Action:

19. As set out above.

Consultation Undertaken:

20. Estuary Housing Association has been consulted, who fully supports the proposed approach. The two ward members for the area around Poundfield Road (Cllrs Law and Farr) have been consulted on the proposals regarding the land to the rear of Nos 30-36. Their comments can be summarised as follows (it should be noted that, at the time of consulting ward members, Option 4 in this report was not one of the identified options. However, in response to the comments made on consultation, it has now been included for consideration):

- Would like to see Option 3 as the favoured option – believes that this would solve the ongoing problem once and for all, without the threat of any other buildings being proposed and the whole process starting again.

- Would have liked one of the options listed to be that of turning the land back to the original use of garages, bearing in mind increasing car usage and parking problems – considers it ironic and hypocritical that the Council are getting rid of garages, replacing them with properties and then finding problems with parking.

Resource implications:

Budget provision: £1m in the Housing Capital Programme for Social Housing Grant.

Personnel: Nil.

Land: As set out in the report.

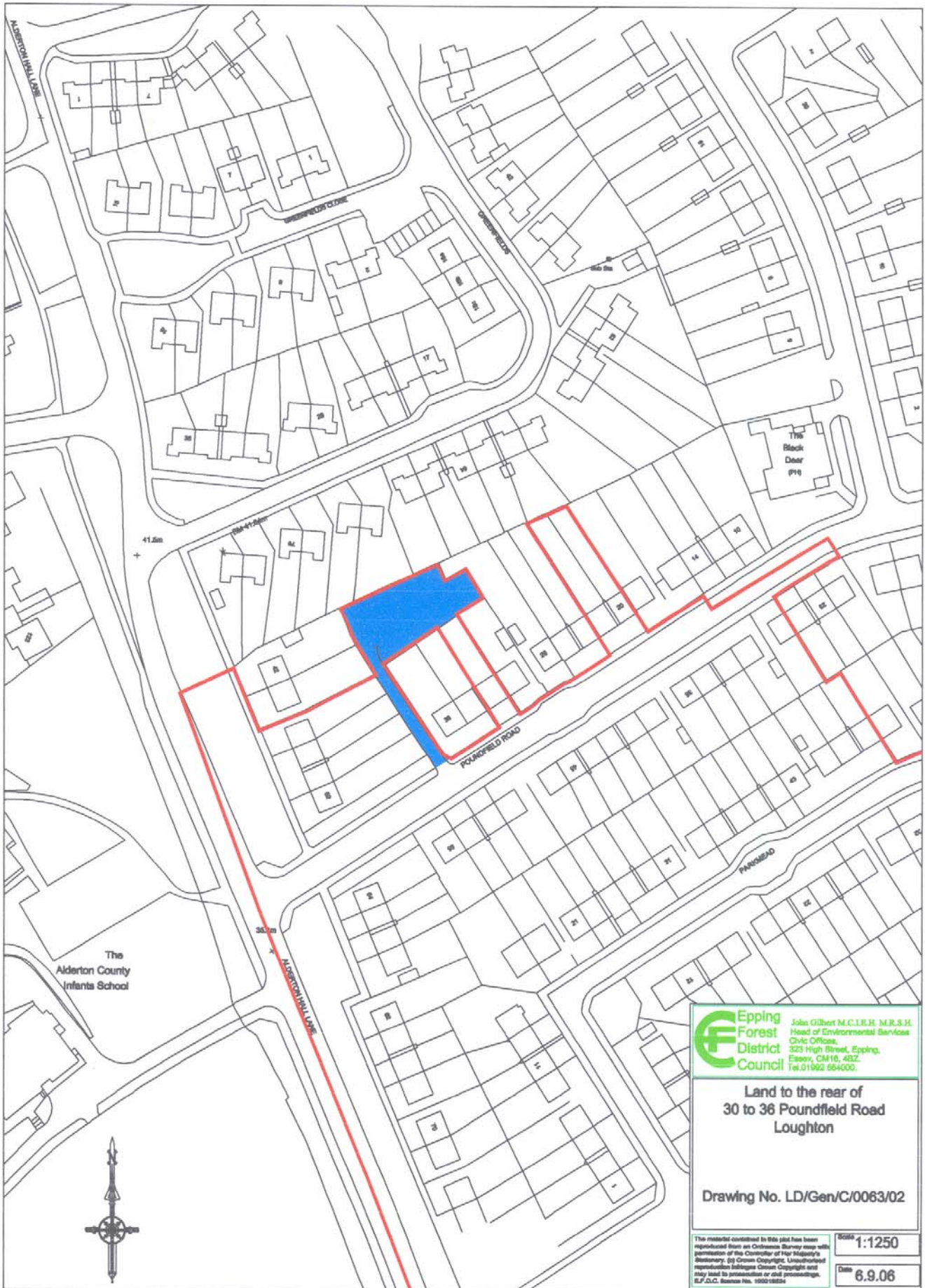
Council Plan/BVPP reference: Meeting Housing Need.

Relevant statutory powers: Housing Act 1985.

Background papers: Housing Policy File – “Poundfield Road Development”.

Environmental/Crime and Disorder/Human Rights Act Implications: None.

Key Decision Reference (if required): None.



Epping Forest District Council
 John Gilbert M.C.I.E.H. M.R.S.H.
 Head of Environmental Services
 Civic Offices,
 323 High Street, Epping,
 Essex, CM16 4BZ.
 Tel. 01992 664000.

**Land to the rear of
 30 to 36 Poundfield Road
 Loughton**

Drawing No. LD/Gen/C/0063/02

The material contained in this plan has been reproduced from an Ordnance Survey map with permission of the Controller of Her Majesty's Stationery. © Crown Copyright. Unauthorised reproduction infringes Crown Copyright and may lead to prosecution or civil proceedings. E.F./D.C. Section No. 100210004

Scale **1:1250**

Date **6.9.06**