

Report to the Council Housebuilding Cabinet Committee



Report reference: CHB-010-2020/21
Date of meeting: 08 December 2020

**Epping Forest
District Council**

Portfolio: Housing and Community Services – Councillor H Whitbread

Subject: Purchase of Land at Mason Way, Waltham Abbey to build up to 10 Units

Responsible Officer: Deborah Fenton (01992 564221)
Service Director HRA

Democratic Services: J Leither (01992 564756)

Recommendations/Decisions Required:

- (1) That approval be given to purchase the land at Mason Way (subject to planning approval) for the purpose of building up to 10 units for affordable rent. At a cost of £800K (land cost) and approval be given to build out the scheme (subject to planning approval) total cost £2,347,671.**

Executive Summary:

The report set's out the opportunity to purchase discounted land which is at present land locked. This report follows on from a Portfolio Holders Report in August 2020 which sought consent to appoint Metaplan to carry out a feasibility study and provide EFDC with an options appraisal. The findings of the appraisal were favourable when proposing a mix of one and mainly 2 bed properties. This will form part of phase 5 of the council house building programme. The report contains the historical context. The cost of the land will come from the HRA account however the build costs (estimated at £2,347,671) will be part funded by a grant either from Homes England or from RTB receipts

Reasons for Proposed Decision:

Set out in its Terms of Reference, the Council House Building Cabinet Committee is to monitor and report to the Council on an annual basis progress and expenditure concerning the Council House Building Programme.

Other Options for Action:

Not to purchase the land, and build out, subject to planning. This would mean the council would miss out on the opportunity to provide 10 much needed units for affordable rent.

Report:

Historical Context

A number of years ago, the former Greater London Council (GLC) entered into a 999-year lease with George Wimpey & Co (now Taylor Wimpey - or their subsidiary Hamme

Construction) for land off of Mason Way, Waltham Abbey. This was to enable the development of private housing at Mason Way by George Wimpey & Co, which was built many years ago. The leased land includes areas that were not developed, but were leased at the time to enable highway rights to be placed on them under the Highways Act 1959 – which was a common approach at the time, before other legal ways of placing highway rights on land were introduced. The freehold of the land was transferred from the GLC to EFDC on the transfer of estates in 1980.

In August 2006, the Council provided a 125-year lease to Ability Housing Association, for a peppercorn, to develop 5 wheelchair bungalows on land off of Mason Way (called Mason Close), which have now been built and let to 5 disabled tenants, with the provision of housing related support by Ability HA. The development by Ability HA was designed in such a way as to allow access to the adjacent land leased to Taylor Wimpey, should that land become available for development in the future.

In October 2015, the Housing Portfolio Holder agreed that the 125-year lease between the Council and Ability Housing Association for land at Mason Close, Waltham Abbey be varied to provide a vehicular and pedestrian right of way to Taylor Wimpey (or successors in title) in order to enable Taylor Wimpey to develop 9 new dwellings on the land adjacent to Mason Close including 4 affordable rented dwellings to be provided by Ability Housing Association and incorporated as part of its existing supported housing scheme at Mason Close for people with disabilities. The Portfolio Holder also agreed that the existing 999-year lease between the Council and Taylor Wimpey be varied to allow flats to be provided on the land.

In early 2018 the proposed scheme fell through; Taylor Wimpey had been unable to agree terms for the purchase of neighbouring land required as part of the development. (This is a ransom strip of land which is owned by a private owner occupier). In 2018 negotiations were undertaken between Taylor Wimpey, the private landowner and EFDC. It was agreed that EFDC would purchase the land off TW and the landowner for 50% of the land value.

Since that time a proposed scheme has been worked up by Metaplan the overall costs being funded by a mix of HRA and grant. The following table gives an overview of the costs and the cashflow will be fed into the capital budget accordingly.

MASON CLOSE OPTION 2	RENT	NOTES
Land Cost	800,000	
Construction	2,197,490	Cost including cost of Community centre
Fees	299,749	Professional fees including client costs
Interest	39,604	Development period interest
TOTAL COST	3,336,843	Total capital costs
Grant	(989,172)	30% As a proportion of land, construction and fees
Loan required	2,347,671	The debt left after subtracting the Grant from the costs
NPV of Rent	(2,363,227)	The present value the rent after subtracting operating costs, over 30 years
Surplus	(15,556)	The capitalised surplus is the required loan less the value of the rent
IRR	3.55%	The IRR is higher than the discount rate therefore the scheme is showing a capital surplus.

Financial Reporting

Officers continue to work with colleagues in the Finance department to develop a more robust reporting system, particularly around cash flow.

Resource Implications:

Metaplan will continue to be the retained consultant for the project

Legal and Governance Implications:

None

Safer, Cleaner and Greener Implications:

The continued delivery of the development housing programme, using Passivhaus will help us work towards becoming Carbon Neutral.

Consultation Undertaken:

Consultation has taken place with the Ward Member.

Background Papers:

PHR – Appointment of Metaplan

Risk Management:

The Risks associated with the delivery of the current housing development programme is identified within the Executive Report attached.

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in consideration of this report. The equality information is provided as an Appendix to this report.