

Southend-on-Sea Borough Council

Report of Corporate Director for People
To
Policy and Resources Scrutiny Committee
On
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Agenda
Item No.

7

**Redevelopment of St Stephen's Church and Audleys Close Garage Site
Policy & Resources Scrutiny Committee –
Executive Councillor: Councillor Lesley Salter**

1. Purpose of Report

- 1.1 To update Committee on the proposed redevelopment of St Stephen's Church and adjacent playground site to deliver a new church, up to 36 units of affordable housing and a replacement playground site with new facilities.
- 1.2 To outline the requirement for the Council to supply a small garage site as part of the overall development, on which a new rectory would be built, for a nominal sum. In exchange the Council will receive 100% nomination rights to the affordable housing in perpetuity and the freehold interest in a replacement newly equipped playground site.

2. Recommendation

- 2.1 **The Committee's views are sought on the principles of the St Stephen's Church redevelopment project.**
- 2.3 **To note that the authority to deal with the detailed heads of terms for the transactions would be dealt with under delegated powers in accordance with the Council's constitution; this would cover the proposed exchange of land where the Council would swap its freehold interest in the Audleys Close Garage Site for freehold interest in the new, re-equipped play area off Manners Way which is currently owned by St Stephen's church.**

3. Background

- 3.1 The Council has been working in partnership with St Stephen's Church ("the Church"), located on Alton Gardens in St Laurence Ward (**Appendix 1**), for a number of years. The Church had indicated that as part of their re-provision of a new church building they would like to provide some type of social housing for the community on the remainder of the site.

- 3.3 Previous plans to redevelop the site to include a new church building and housing stalled. However, the Church are now working with Sanctuary Affordable Housing Ltd (“Sanctuary”) to bring this scheme forward with support from the Council.
- 3.4 Initial discussions between Sanctuary, the Church and the appointed architect have resulted in indicative designs being drawn up that include a minimum of 24 and maximum of 36 supported housing independent living units (the exact number of units delivered will be dependent on final planning permission), a single unit of staff accommodation, a landmark church building with associated halls and offices. There is potential for some of the facilities to be used jointly by Sanctuary and the Church as well as the local community.
- 3.5 The Church is a community-based church that works closely with the people in its neighbourhood. The Church has held community events to explore local opinion and the comments made have fed into the development proposal.
- 3.6 In order to maximise the potential of the site and to make the development of the affordable housing units financially viable, the rectory needs to be relocated to an alternative site. As the church and local community wish to retain a play area, the Council has been approached to consider transferring a small local garage site to Sanctuary in order to provide the rectory and in return it will receive nomination rights in perpetuity on the affordable housing together with the freehold of a new and fully equipped play area as part of the scheme.

Audleys Close

- 3.7 The Council owned garage site in Audleys Close (**Appendix 2**) is on Housing Revenue Account land and occupies an area of approximately 556m²/0.13A. At present only 1 garage is let from a total of 14, the remaining 13 garages are disused with no planned refurbishment for the site. The Asset Management Team is of the view that the land value is £35k-£40k.
- 3.8 The garage rental is currently set at £8.10 per week, if all 14 units were let, a potential rental income of £5,897p.a. could be achieved. However, this would require 12 units to be refurbished at an estimated capital cost of at least £34,000 and it is not certain that all of the garages could be let given current demand. The South Essex Homes Garage & Parking Survey 2008 shows that garages are not a priority for local residents.
- 3.9 The existing garage tenant at Audleys Close can be offered an alternative garage licence approximately a third of a mile away at Manners Way Garage Site of which there are four currently available.
- 3.10 Council owned garage sites have recently been developed in this area, and despite initial local opposition, have been welcomed by the local community.

Sanctuary Affordable Housing Ltd

- 3.11 Council officers have worked closely with Sanctuary and the Church regarding the building design and to identify residents for the new units before they are completed. It is anticipated that these units will be let as Affordable Rent level i.e. at no more than 80% of market rent including service charge.

- 3.12 The Council's Supporting People Team have been working closely with Sanctuary and confirm that this scheme will have the potential to replace supported housing units which are no longer fit for purpose as well as for residents living in unsuitable residential accommodation. The team advise that these units, intended for clients with Mental Health needs, aligns with the Supporting People Commissioning Strategy.

Playground

- 3.13 The Council currently leases the existing playground facility at the corner of Manners Way and Alton Gardens from the Church for £400 p.a. and have responsibility for upkeep and maintenance. Under the terms of the lease the Church can give the Council 6 months' notice at any time to terminate the lease.
- 3.14 The Church wishes to put the new church building on the prominent corner of this junction therefore the lease would be determined. However, the proposed transaction includes arrangements for a new facility to be constructed. The replacement facility would be smaller than the existing facility however the freehold of the new, fully equipped facility would be transferred to the Council for £1.
- 3.15 The Church is committed to providing an alternative play area. The final site configuration is still to be decided and Council officers are working with the Church and Sanctuary to ensure that the new area provides a good quality facility for the local community.
- 3.16 New play equipment for public use will be provided and installed by Sanctuary at no cost to the Council. The Council will ensure that equipment complies with requisite standards and will be supplied with all relevant warranties and guarantees.
- 3.17 Officers intend to require that the new play facility is completed and transferred to the Council prior to first occupation of the buildings.

Next Steps

- 3.18 Sanctuary have been informed that a final decision may not be made by the Council on the use of the Audleys Close garage site until November 2013 at the earliest. Sanctuary plan to submit final planning application by end of September and start on the main site in February 2014 with the new rectory being started once all other development is completed. Construction work is due to be completed by March 2015.
- 3.19 Following informal discussions with the architects and planners, pre-application process is underway. No major issues regarding the planning application have been raised by officers so far.

4. Other Options

- 4.1 The Council could decide not to transfer the garage site at Audleys Close as the site to construct a new rectory. If the Council decides not to support these proposals the scheme will be unviable, will not proceed and the town will not

benefit from the provision of fit for purpose supporting housing and nomination rights will be lost to the Council.

The Council can continue to rent the playground site from the church at a cost of £400p.a. However, there is a risk that the church could end this agreement at any stage by issuing 6 months notice.

The recommendations therefore ensures that play facilities remain available and this valuable affordable housing is secured all at no cost to the Council other than the land swap (i.e. the swap of the Audleys Close Garage Site for the Freehold of the new Play Area).

5. Reasons for Recommendation

- 5.1 The land swap of the garage site at Audleys Close, with the land for the new play facility, will enable the construction of up to 36 units of affordable supported housing which meet local housing need and to which the Council will retain nomination rights in perpetuity.

6. Corporate Implications

6.1 Contribution to Council's Vision & Corporate Priorities

The recommendations in this paper will assist the Council in realising the following Corporate Priorities:

- Continue to improve outcomes for vulnerable adults and older people.
- Enable well-planned quality housing and developments that meet the needs and expectations of all Southend's residents and businesses.

6.2 Financial Implications

The capital value of the Audleys Close garage site is estimated at £35-40k and is realistically only capable of supporting the development of a single dwelling due to its configuration, access and the presence of a substation on site.

Based on current occupancy rates if the garage site at Audleys Close is redeveloped the Council Housing Revenue Account (HRA) would lose around £420p.a. in revenue receipts.

Officers consider that, as outlined in 6.9 *Value for Money*, the replacement of Specialist Supported Housing and the associated nomination rights will offset the capital and revenue losses in the medium-long term. Even though the land to be received is smaller than the land to be transferred, having regard to the other considerations and to the nomination rights and community benefits, the proposed scheme offers excellent value for money to the Council

6.3 Risk Assessment

Without the additional piece of land for the rectory and the re-provision of the playground this scheme would not come forward as the size of the site does not support sufficient units to make the project financially viable.

The Council only has a lease of the existing play area which could be terminated at any time therefore this risk is mitigated through the proposal by the freehold acquisition of a new, albeit smaller play facility for £1 in exchange for the Audleys Close Garage Site being sold for £1 and perpetual nomination rights to the new units.

6.4 Legal Implications

If agreed, land transfer and nominations agreement documentation will need to be produced and authorised.

Officers will work through all the usual due diligence checks on the title and land searches.

The disposal of HRA land can be progressed under delegations in accordance with the Council's Constitution and in line with s.25 of the Local Government Act 1988 and The General Housing Consents 2005.

The acquisition of the new site can be completed under delegations in accordance with the Council's Constitution.

The current lease of the play area would be surrendered as part of the documentation.

6.5 People Implications

None identified

6.6 Property Implications

As set out in this report.

6.7 Consultation

Initial consultation has taken place and it is planned that further consultation with relevant stakeholders to be undertaken prior to consideration by Cabinet and through formal consultation required as a component of the planning application.

A newsletter to local residents is being distributed and a meeting to provide an overview of the plans with ward members in attendance is scheduled for 3rd October at St Stephen's church.

6.8 Equalities and Diversities Implications

Although this is a disposal to a single faith group, the facilities provided will be available to the whole community and St Stephen's Church already works closely with the local community.

6.9 Value for Money

The project involves the disposal of Council-owned, HRA land at Audleys Close garage site at below market value. The value has been estimated at £35k-£40k.

Whilst the project results in a smaller play facility, the new facility will be owned by the Council and therefore protected in perpetuity. New play equipment will be supplied and installed at no cost to the Council.

The provision of nomination rights in perpetuity on up to 36 units together with the potential reduction in social care costs, where residents are moved from inappropriate residential accommodation, will generate value for money for the Council.

Officers are of the view that the proposed land swap and associated conditions/arrangements provide good value for money to the Council and for the local community.

6.10 Community Safety Implications

The benefit of developing the proposed site is that it will potentially reduce anti-social behaviour and help to regenerate the local neighbourhood. The development of new accommodation on this site will therefore help to improve community safety.

There is a requirement to ensure that the design of the new playground is conducive to promoting community safety and is of a high standard. These issues will be dealt with in more detail during the planning application stage and in the agreement of the detailed terms.

6.11 Environmental Impact

Given the current void rates at the Audleys Close garage site it is believed that the proposed redevelopment would represent a significant environmental improvement to the local area, especially bearing in mind the new albeit smaller play facility which will be provided.

7. Background Papers

None identified

8. Appendices

8.1 Appendix 1 – Plan of proposed redevelopment

8.2 Appendix 2 – Location Map of Audleys Close and St Stephen's church