

Finance and Resources Committee

2.00 pm, Tuesday, 13 May 2015

21st Century Homes – Development of the Site at North Sighthill – referral from the Health, Social Care and Housing Committee

Item number	7.18
Report number	
Wards	Sighthill/Gorgie

Executive summary

The Health, Social Care and Housing Committee on 21 April 2015 considered a report on proposals on the development of the North Sighthill site and requested Committee sought approval to invite tenders for the development of the site from the Finance and Resources Committee. A mixed tenure housing development was proposed for the site. Committee was therefore asked to agree that part of the site was declared surplus to the requirements of the Housing Revenue Account (HRA) and made available for disposal for development of private housing.

Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report
Appendices	See attached report

Terms of Referral

21st Century Homes – Development of the Site at North Sighthill

Terms of referral

- 1.1 On 21 April 2015 the Health, Social Care and Housing Committee considered an update report by the Acting Director of Services for Communities on proposals for the development of the North Sighthill site and requested Committee sought approval to invite tenders for the development of the site from the Finance and Resources Committee.
- 1.2 A mixed tenure housing development was proposed for the site. Committee was therefore asked to agree that part of the site be declared surplus to the requirements of the Housing Revenue Account (HRA) and made available for disposal for development of private housing. The Committee was advised that following discussions it had been agreed that the matter no longer required to be referred to the Economy Committee for consideration
- 1.3 The following vote took place:

Motion

- 1) To proceed with housing development at the North Sighthill site, within the context of the Planning Permission in Principle dated 25 October 2013.
- 2) To declare part of the site surplus to the operational requirements of the Housing Revenue Account (HRA) and available for disposal for development of private housing.
- 3) To adopt a “fabric first” approach to energy efficiency across the site, with heating provided through high efficiency, individual gas boilers.
- 4) To refer the report to Finance and Resources Committee for approval to make land available for disposal and to invite tenders for the development of Council homes and private housing.

- moved by Councillor Ricky Henderson, seconded by Councillor Day

Amendment

- 1) To proceed with housing development at the North Sighthill site, within the context of the Planning Permission in Principle dated 25 October 2013.

- 2) To declare part of the site surplus to the operational requirements of the Housing Revenue Account (HRA) and available for disposal for development of private housing.
- 3) To request further information on energy provision at North Sighthill including comparative projected costs of energy bills and CO2 emissions from gas boilers, district heating and passivhaus technology.
- 4) To refer the report to Finance and Resources Committee for approval to make land available for disposal and to invite tenders for the development of Council homes and private housing.

- moved by Councillor Booth, seconded by Councillor Chapman.

Voting

The voting was as follows:

For the motion	-	11 votes
For Amendment	-	2 votes

Decision

To approve the motion by Councillor Ricky Henderson.

For Decision/Action

- 2.1 The Finance and Resources Committee is asked to make the land available for disposal and to invite tenders for the development of Council homes and private housing.

Background reading / external references

Health, Social Care and Housing Committee 21 April 2015.

Carol Campbell

Head of Legal, Risk and Compliance

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Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report
Appendices	See attached report

Health, Social Care & Housing Committee

10.00am, Tuesday, 21 April 2015

21st Century Homes - development of site at North Sighthill

Item number	7.5
Report number	
Executive/routine	Executive
Wards	Sighthill/Gorgie

Executive summary

This report sets out the proposals for the development of the North Sighthill site and asks Committee to agree to seek approval to invite tenders for the development of the site from Economy and Finance & Resources committees. A mixed tenure housing development is proposed for the site. Committee is therefore asked to agree that part of the site is declared surplus to the requirements of the Housing Revenue Account (HRA) and is made available for disposal for development of private housing.

Housing development at North Sighthill will continue to create opportunities for community engagement, with co-operative approaches proposed for the management of new Council homes. Designs are currently being developed for Council homes to enable an Approval of Matters specified by Condition (AMC) application to be submitted to the Planning Service by July 2015. An Official Journal of the European Union (OJEU) notice was placed on 30 March 2015 and tenders will be invited for the project if the AMC is granted and committee approval given to go out to tender. It is anticipated that works will commence on site in early 2017, once the procurement process is complete and the developer has completed design work and secured statutory consents.

Housing regeneration at North Sighthill will assist the Council to meet a number of social and economic outcomes. It will make a significant contribution to the delivery of Capital Coalition Pledges 8 and 9.

Links

Coalition pledges	P8, P9, P17,
Council outcomes	CO7, CO13, CO16
Single Outcome Agreement	SO4

21st Century Homes - development of site at North Sighthill

Recommendations

It is recommended that Health, Social Care & Housing Committee:

- 1.1 Agrees to proceed with housing development at the North Sighthill site, within the context of the Planning Permission in Principle dated 25 October 2013.
- 1.2 Agrees to declare part of the site surplus to the operational requirements of the Housing Revenue Account (HRA) and available for disposal for development of private housing.
- 1.3 Agrees to adopt a “fabric first” approach to energy efficiency across the site, with heating provided through high efficiency, individual gas boilers.
- 1.4 Agrees to refer this report to Economy Committee for approval to make land available for disposal and to invite tenders for the development of Council homes and private housing, subject to ratification by the Finance and Resources Committee.

Background

- 2.1 Development of the North Sighthill site was included in the 21st Century Homes business case approved by Health, Social Care and Housing Committee on 3 March 2009.
- 2.2 Between November 2006 and March 2013, a total of 451 households at North Sighthill were re-housed and a community centre and library re-provisioned to create a site for a new build housing development. There has been significant public consultation leading to the development of a Masterplan and a housing and public realm Design Guide. These were developed in consultation with the North Sighthill Development Group (which includes representatives from the North Sighthill Residents Association, the Community Council, Napier University, Edinburgh College, Edinburgh Tenants Federation, the Sighthill medical centre, fire station and Parks).
- 2.3 On 12 August 2010, Planning Permission in Principle (PPiP) was secured for the development of 320 Council and private homes on the site, with ancillary community facilities. The consent was renewed on 25 October 2013. A location plan is included at Appendix 1 and the approved Masterplan is included at Appendix 2.

- 2.4 On 27 January 2014, Napier University presented a proposal to councillors to acquire the site and develop it for academic use. This interest was considered and consultation undertaken with local members and the Council leadership.
- 2.5 An appraisal of the options was undertaken, including an Economic Impact Assessment. The results were considered by the Council's Corporate Management Team, in consultation with the council Leadership and local ward members. In June 2014, it was decided by Corporate Management Team and the Council leadership that the preference was to proceed with the housing proposal which had outline planning consent and funding in place and met the aspirations of the local community for the site.
- 2.6 In an attempt to meet the ambition of Napier for an access road a feasibility study was undertaken to investigate the possibility of developing a new access road from Broomhouse Road. The feasibility study was funded by Napier University. The proposal was that the road would serve the university and the new housing development. Between November 2014 and January 2015, consultation took place with the North Sighthill Development Group, the Community Council and ward Councillors regarding the access route. On 13 January 2015, the university advised officials that it did not wish to proceed with this option.

Main report

- 3.1 The delivery of the 21st Century Homes Programme is well advanced, with affordable housing completed at Gracemount, Greendykes and West Pilton Crescent. Over 700 homes are in development at Pennywell and tenders received for new Council homes at Leith Fort. The programme will deliver over 1,400 new homes, over 700 of which will be affordable. The programme has been a catalyst for wider regeneration and has brought the Council recognition as a successful house builder, which has been evidenced through awards.
- 3.2 North Sighthill is the only remaining site within the original 21st Century Homes programme that has not progressed. Work to develop housing designs and developer procurement was delayed whilst options put forward by Napier University were considered by the Council.
- 3.3 The Masterplan made provision for up to 320 homes and ancillary community facilities based on a mixed tenure model of around 50% affordable housing and 50% private housing. Following soft market testing with developers, the original proposals for the site were revised in order to respond better to need and demand for affordable and private housing in the area. The proposals also required to be amended in order to comply with current planning guidance which requires more parking for mid-rent housing.
- 3.4 The housing mix proposed in the Masterplan was heavily weighted towards the provision of flats (80% flats to 20% houses). Soft market testing of the Masterplan proposals with private developers has indicated that market demand in the area is for family houses with, wherever possible, in-curtilage car parking.

Increasing the number of houses with in-curtilage car parking, together with an increase in parking provision for mid-rent housing to comply with current planning guidance, has resulted in an overall reduction in the number of homes that can be developed on the site, from around 320 to 250 homes. It is anticipated that the number of homes available for sale and mid-rent on the site may reduce but there will be no reduction in the number of homes proposed for social rent. This remains at 96 homes. The detailed design will develop the principles set out in the Masterplan for a tenure-blind development set in a high quality public realm. Other Council developments such as Gracemount and Pennywell also adopt this principle, meaning it should not be possible for an observer to discern property ownership (i.e. Council or private) from the exterior. The purpose is to support mixed, sustainable communities.

- 3.5 Appendix 3 shows the areas identified for private and affordable housing. The area shaded blue has been identified for private housing and is therefore, considered to be surplus to the requirements of the HRA. Committee is requested to agree that this area is surplus to the requirements of the HRA.

Energy Strategy

- 3.6 The Council is committed to tackling fuel poverty and delivering energy efficient homes that are “cheap to heat”. In November 2014, the Programme Board commissioned a review of the energy strategy for the North Sighthill site. The subsequent report indicated that both district heating and high efficiency individual gas boilers could assist the Council to achieve its objectives in relation to energy efficiency, and tackling fuel poverty. The estimated annual energy costs for both options were similar, but the capital costs of district heating were £2 million more. As well as the additional capital costs to the Council, the installation of district heating would increase developer costs in respect of private housing which would likely impact on capital receipts paid to the Council.
- 3.7 The introduction of a district heating proposal, at this stage, could also impact on the ability to deliver a site start by 2017, due to the additional feasibility work that would be required. It is, therefore, proposed to adopt a “fabric first” approach across the site with heating provided through high efficiency, individual gas boilers.
- 3.8 The 21st Century Homes programme has introduced district heating schemes in two developments at West Pilton and Greendykes. Other developments at Fort, Pennywell and Gracemount have adopted a fabric first approach using a high standard of insulation on walls and roofs, along with highly efficient individual gas boilers for heating. The energy strategy is considered on a site by site basis taking into account the most effective balance between the capital cost of the options available, the most efficient form of heating and the wider regeneration outcomes sought for the area. Committee is asked to approve the proposed energy strategy.

Community Facilities

- 3.9 Consultation has taken place with the local community and ward councillors regarding community facilities on the North Sighthill site. Community facilities on the North Sighthill site were successfully re-provisioned to the Gate 55 community hub in 2010. Whilst it is acknowledged that the community would wish to see community facilities replaced at North Sighthill, there is no Council funding available to support this. It is, therefore, proposed to develop the area to the north west of the site, previously identified for ancillary facilities, for affordable housing and retail provision. There is no change proposed in relation to the retail facility of 250 square meters proposed in the Masterplan. This will be developed as a retail shell alongside affordable housing. In the event that a user cannot be found for the facility it could be changed to housing, subject to Planning consent.
- 3.10 Cooperative approaches to the management of new Council homes have been successfully piloted at Gracemount, Greendykes and West Pilton Crescent. It is proposed to build on this approach, with opportunities provided for new residents to be involved in the design of open space and ongoing management and maintenance of the estate, through a residents association.
- 3.11 Detailed designs for the Council housing are being developed to enable an Approval of Matters specified by Condition (AMC) application to be submitted for Council housing by July 2015. Tenders cannot be invited to build homes prior to granting of planning permission but, in order to accelerate the development of the site, an Official Journal of the European Union (OJEU) notice will be placed in March and Pre-Qualification Questionnaires issued and evaluated so that a shortlist of developers is in place for tendering purposes.
- 3.12 Subject to approval of this report, and in line with the Committee Terms of Reference, the Economy Committee will be asked to agree to invite tenders for the development of the site. Tenders will be invited from developers to design and build affordable housing for the Council and develop housing for sale on the open market. Following the completion of the procurement process, approval will be sought from Finance & Resources Committee to enter into a development agreement with the preferred bidder. It is anticipated that it will take the preferred developer around nine months to complete the detailed design work, obtain building warrants and road construction consents and provide the necessary information to achieve other statutory consents, such as water and drainage. A site start is, therefore, anticipated in early 2017.

Measures of success

- 4.1 Development of around 250 new homes for affordable rent and open market sale.
- 4.2 All Council housing will be energy efficient and built to Housing for Varying Needs standard, with 10% of social rented homes suitable for wheelchair users.

- 4.3 Delivery of community benefits, including apprenticeships, construction jobs, work placements, opportunities for community engagement and co-operative approaches to management and maintenance of Council homes.
- 4.4 Development of 250 square metres of retail space.
- 4.5 A capital receipt secured from the sale of land for development of private housing.

Financial impact

- 5.1 The cost of developing new Council housing at North Sighthill is contained within the HRA Business Plan. On 12 February 2015, the Council agreed the HRA budget which included a provision of £62 million for the 21st Century Homes programme over the next five years.
- 5.2 The North Sighthill development will be funded from HRA capital, developer receipts from the sale of land for private housing and Council Tax Discount Fund (CTDF). The CTDF is money collected from council tax payments on second homes and is ring fenced for affordable housing. The project will benefit from approved Scottish Government grant funding of nearly £2.9 million.
- 5.3 The overall impact of developing new Council homes through the 21st Century Homes is positive. The Programme is projected to deliver a financial return of £80 million to the HRA over thirty years. The projected contribution to the HRA is £12.8 million over the next nine years, with a contribution of £0.3 million anticipated in the current financial year.

Risk, policy, compliance and governance impact

- 6.1 New homes at North Sighthill will be procured in accordance with the OJEU procurement process, with approvals sought from relevant Council committees.
- 6.2 A Programme Board is in place for the 21st Century Homes programme, with representation from Housing and Regeneration, Legal, Finance, Procurement, Planning and the neighbourhood offices.
- 6.3 The 21st Century Homes Programme is monitored by the Corporate Programme Office. An assurance review was carried out in 2013 and the outcome was amber/green. A second assurance review is underway at the time of writing and the outcome of this review will be reported to the Finance and Resources Committee.

Equalities impact

- 7.1 Delivery of new, energy efficient homes at North Sighthill will have a positive impact on the three Public Sector Equality Duties. The homes will contribute to improving the health, physical security, standards of living and the right to an individual, family or social life for the future residents of the homes.
- 7.2 A mix of house types will be developed at North Sighthill to meet a range of housing needs. All Council housing will be accessible and built to Housing for

Varying Needs standard, with 10% of new social rented homes suitable for wheelchair users.

Sustainability impact

- 8.1 The proposals in this report will help achieve a sustainable Edinburgh. The housing will be developed on a brownfield site, which reduces the pressure on Edinburgh's green belt. New housing will be built using materials chosen on the basis of an appropriate lifespan and low maintenance requirements, thus minimising the environmental impact.
- 8.2 New homes are built to a high standard of energy efficiency, reducing the carbon footprint of the development and energy use within the homes.

Consultation and engagement

- 9.1 There was a high level of community engagement in the development of the Masterplan for the site and the design guide for the Council homes. The North Sighthill Development Group and the Community Council have been consulted regarding the proposals for the site outlined in this report. Ward councillors have also been consulted regarding the proposals for the site.
- 9.2 The local community will be kept informed in relation to the development of the housing proposals and the timetable for developing the site. There will be opportunities for new residents to be involved in the management of the new homes and the area through participation in a residents association.

Background reading/external references

[Progressing the City Housing Strategy, City of Edinburgh Council, 29 June 2006](#)

[21st Century Homes for Edinburgh, Health, Social Care & Housing Committee, 12 August 2008](#)

[21st Century Homes for Edinburgh - Business Case, Health Social Care and Housing, 3 March 2009](#)

[21st Century Homes for Edinburgh – Business Case Update, Health, Social Care & Housing Committee, 24 May 2011](#)

John Bury

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Links

Coalition pledges	<p>P8 – Make sure the City’s people are well-housed, including encouraging developers to build residential communities, starting with brownfield sites.</p> <p>P9 – Work in partnership with Scottish Government to release more funds for Council homes for rent.</p> <p>P17 – Continue efforts to develop the city’s gap sites and encourage regeneration.</p>
Council outcomes	<p>CO7 – Edinburgh draws new investment in development and regeneration.</p> <p>CO13 – People are supported to live at home.</p> <p>CO16 – Well-housed – People live in a good quality home that is affordable and meets their needs in a well managed neighbourhood.</p>
Single Outcome Agreement	<p>SO4 – Edinburgh’s communities are safer and have improved physical and social fabric.</p>
Appendices	<p>Appendix 1 – North Sighthill Location Plan</p> <p>Appendix 2 – North Sighthill Master plan</p> <p>Appendix 3 – Areas for Disposal and Retention</p>

Appendix 2 – North Sighthill Master plan



Appendix 3: Areas for Disposal and Retention

