

Finance and Resources Committee

10.00am, Thursday, 23 March 2017

Strategy - Accelerating Housing Delivery and Brownfield Regeneration

Item number	7.12
Report number	
Executive/routine	Executive
Wards	All

Executive Summary

This report seeks Committee approval to accelerate the delivery of around 1,500 new homes through the development of 14 brown-field sites in Council ownership.

The inclusion of these sites in the housing and regeneration programme will allow the Council to accelerate the delivery of key objectives including affordable and low cost market housing, the development of brown-field sites, sustainable energy, green space, community facilities and planning policy.

The report recommends transferring these sites to the Housing Revenue Account (HRA) for a value of £23.24m. The HRA will transfer a combination of cash, through debt transfer, and transferring commercial income generating assets to the General Fund (GF) in return.

Links

Coalition Pledges	P8, P9, P17, P28
Council Priorities	CP2, CP4, CP10, CP12
Single Outcome Agreement	SO1, SO2, SO4

Strategy - Accelerating Housing Delivery and Brownfield Regeneration

1. Recommendations

- 1.1 It is recommended that the Finance and Resources Committee agrees that 14 brown-field sites are transferred to the Housing Revenue Account (HRA) at a value of £23.24m which will be paid for by a transfer of assets and debt.

2. Background

- 2.1 On [27 January 2016](#), Council agreed a plan to accelerate the Council led house building programme from around 3,000 homes to 8,000 homes over ten years. A subsequent commitment from the city's leading housing associations to match the Council's commitment expanded this programme to nearly 16,000 homes over the same period.
- 2.2 High and increasing housing costs coupled with falling incomes are undermining the ability of low and middle income households to benefit from economic growth in the city. Average rents in the private market are now over £1,000 a month. According to CACI figures, the incomes of those in the lowest income groups have fallen by up to 30% in real terms since 2008.

3. Main report

- 3.1 Despite an acute shortage of affordable housing in the city the development of brown-field sites has not, in the past, kept pace with meeting the demand for new homes. Increasingly the Council and its housing association partners are accelerating the development of brown-field sites through acquisition, transfer and partnerships with house-builders.
- 3.2 Around 4,000 affordable and low cost homes are under construction in the city. However, with up to 4,600, mostly affordable and low cost, new homes needed each year much more needs to be done to deliver more homes and make the best possible use of land and assets in the city to ensure the quality of the urban environment is enhanced.
- 3.3 The Council controls 14 sites that are no longer required for their existing operational purpose but would assist in delivering the Council's housing and brown-field regeneration strategies. The sites are set out in Appendix 1 and are valued at £23.24m. Development of these sites could be delivered over the next five years if

they were included in the pipeline for the house-building programme. It also unlocks further Scottish Government investment and support for Edinburgh's housing strategy

- 3.4 The transfer will take place in two tranches. The transfer of the second tranche of six sites will only take place once the sites become surplus and their operational use is at an end but, approval of the transfer proposal, will allow consultants to be appointed to commence housing design works in order to enable redevelopment to commence as soon as possible after the sites are vacated.
- 3.5 It is proposed to transfer non housing assets currently held on the HRA to the General Fund (GF). These assets are mainly shops and land valued at £10.615m. The rental income from these properties is approximately £725,000 per annum. A further £12.625m in cash will be transferred from the HRA to the general fund to bring the total asset and cash value to £23.24m to equate to the value of the site being transferred.
- 3.6 The assets transferring from the HRA are shown in Appendix 2. There is no operational or strategic reason why the properties should continue to be held on the HRA and aligning them with the existing GF commercial rental portfolio is considered a more logical organisational fit and is in line with the approved Asset Management Investment Strategy that promotes the acquisition of revenue producing assets.

4. Measures of success

- 4.1 Accelerated development of brown-field sites and delivery of the Council's housing strategy.
- 4.2 Support for the local economy through creating opportunities for local businesses and supporting jobs in construction and housing related services.
- 4.3 Financial certainty for the GF capital programme with potential to generate long term returns through management of non housing assets.

5. Financial impact

- 5.1 Transfer of the GF sites to the HRA will result in a resource transfer of £12.625m to the GF which will be carried out by way of a debt transfer. The GF will also benefit from a transfer of revenue generating non-Housing assets to the value of £10.615m, which forms part of the Asset Management Strategy budget savings profile.
- 5.2 The site values are based on Property and Facilities Management's assessment of capital receipts that could be achieved if land was sold on the open market with no extraordinary costs associated with developing the sites. However, in order to mitigate the risk to the GF and HRA these values will be independently verified. In addition, due to the subsequent identification of poor ground conditions

necessitating extensive remediation works, values may be adjusted based on site investigations resulting in additional cost of ground stabilisation and decontamination works.

- 5.3 Funding is available within the HRA for site acquisitions. Scottish Government grant funding is available to support the development of new affordable homes. The costs of developing new build homes will be contained within the approved HRA budget. Committee approvals will be sought for housing development proposals and award of contracts to house-builders.

6. Risk, policy, compliance and governance impact

- 6.1 Subject to the approval of Committee to proceed with the transfer of sites, further consideration will be given to risk, policy and compliance matters for individual sites as development progresses and business cases are developed for development of housing.

7. Equalities Impact

- 7.1 A range of positive impacts has been identified against the areas of rights and protected characteristics. These include:
- 7.1.1 More accessible homes that are suitable for people who have mobility difficulties;
 - 7.1.2 More affordable homes to enable people to have a good standard of living;
 - 7.1.3 More people able to access housing which enhances rights in relation to privacy and family life; and
 - 7.1.4 Community benefits secured through housing contracts can enhance rights to education and learning through development of links with schools.

8. Sustainability impact

- 8.1 New homes will be built to Silver standard. This is an improved/higher level of sustainability than currently required under the current building regulations. A renewable energy strategy including potential for district heating will be explored as part of the development appraisal for each site.

9. Consultation and engagement

- 9.1 Consultation has taken place with Council tenants regarding their priorities for HRA investment. Development of new build affordable housing has been identified by tenants as a high priority. Consultation will take place with local communities as housing proposals are developed for sites.

10. Background reading/external references

10.1 [HRA Budget Strategy, Report to The City of Edinburgh Council, 21 January 2016](#)

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Links

Coalition Pledges

P8 Make sure the city's people are well-housed, including encouraging developers to build residential communities, starting with brownfield sites

P9 Work in partnership with Scottish Government to release more funds for Council homes to rent

P17 Continue efforts to develop the city's gap sites and encourage regeneration

P28 Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city

Council Priorities

CP2 Improved health and wellbeing: reduced inequalities

CP4 Safe and empowered communities

CP10 A range of quality housing options

CP12 A built environment to match our ambition

Single Outcome Agreement

SO1 Edinburgh's economy delivers increased investment, jobs and opportunities for all

SO2 Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health

SO4 Edinburgh's communities are safer and have improved physical and social fabric

Appendices

Appendix 1 –List of proposed sites for transfer to HRA

Appendix 2 – List of proposed sites for transfer to GF

Appendix 3 –Map of proposed sites for transfer

Appendix 1 – List of proposed sites for transfer from GF to HRA

PHASE 1			
	Site	Site Area	Projected housing units
1	Bingham Avenue		36
2	Silverlea		137
3	Peffer Place (blindcraft site)		148
4	Gate 55 site		35
5	West Shore Road Granton		350
6	Gilmerton Dykes Street		20
7	West Granton Road		39
8*	Muirhouse Shopping Centre		160
Sub Total			
PHASE 2			
9	Parkview		39
10	Balgreen Road (Pansy Road)		20
11	Cowan's Close		42
12	Clovenstone		128
13	Powderhall		263
14	Leith Walk Tram Depot		76
Sub Total			
TOTAL			1493

* The transfer of this site was approved by Council on 27 October 2016 with the corresponding debt transfer to be considered as part of this overall land transfer package.

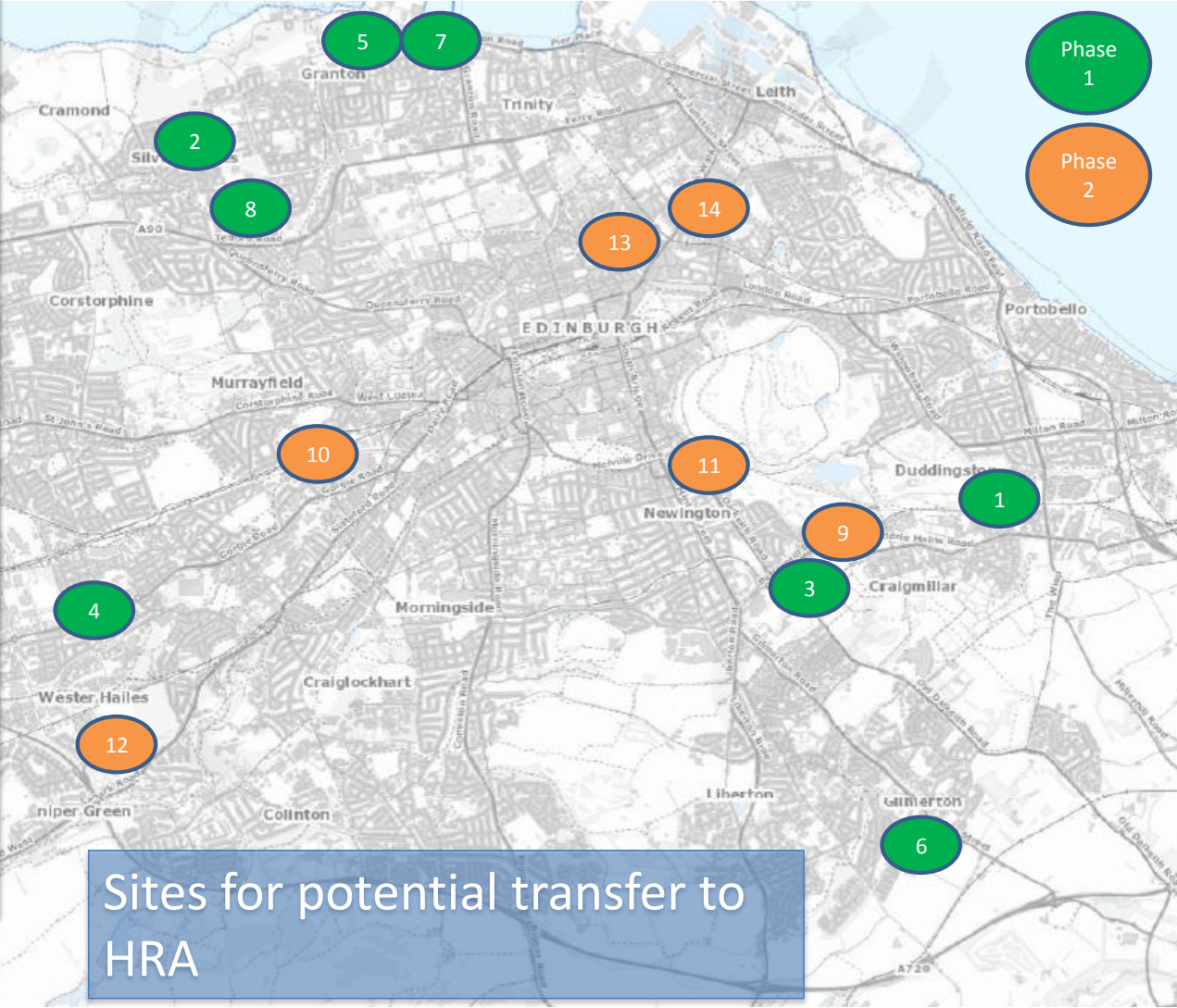
Appendix 2 - List of proposed sites for transfer to General Fund

Property Description	Address
Shop	56 Blackfriar's Street
Shop	52 Blackfriar's Street
Site of Scout Hall	81 Boswall Parkway
Ground Lease	12-16 Broomhouse Road
Shop	56a Candlemaker Row
Gallery and Workshop	43 Candlemaker Row
Shop	244 Canongate
Restaurant	69 Canongate
Public House	67 Canongate
Shop	23-25 Canongate
Shop	307 -309 Cowgate
Shop	319 Cowgate
Shop	301 & 303 Cowgate
Shop	30 High Street
Shop	18-20 High Street
Shop	16 High Street
Shop	7 Hutchison Place
Children's Nursery	1 Lyons Close (215 High Street)
Social Club	25-33 Moredun Park Loan
Supermarket site	49 North Fort Street
Shop	65 Pleasance
Shop	119 Portobello High Street
Shop	103 Portobello High Street
Shop, Office & Meeting Place	53 Prince Regent Street
Café,	77 Shore
Kiosk	11 Westside Plaza
Shop	313 Cowgate
Shop	371 (GF) Cowgate
Shop	15 Grassmarket
Shop	19 Grassmarket
Dental Surgery, three apartment, ground floor	1/2 Hailesland Gardens
Shop	9 Laverockbank Avenue
Office, Shop & Meeting room	207 Pleasance
Shop	115 Portobello High Street
Clubroom	(112) Sleigh Drive
Store	2A Tarvit Street
Shop	102 West Bow
Shop	29 Canongate
Shop	204 Canongate
Shop	97 Canongate
Shop,	101 Canongate
Shop	311 Cowgate

Store No. 1 / Cellar	18(01) Cramond Village
Ground (0.156ha)	107-109 Dundee Street
Ground (0.34ha)	75 Harvesters Way
Shop	328 Lawnmarket
Shop	60 Niddrie House Park
ATM site	47 Pennywell Road
Shop	98 West Bow
Shop	52 West Richmond Street
Café	12 Westside Plaza
Office	54 Blackfriar's Street
Ground (.018ha)	64(02) Longstone Road
Social Club (Basement, Ground & First Floor)	192 Pleasance
Ground -22 acres	3 Sunnybank
Ex Janitor House	5 Lorne Street

Appendix 3—Map of proposed sites for transfer

1. Bingham Avenue
2. Silverlea Care Home, Muirhouse Parkway
3. Former Blindcraft & Council Depot, Peffer Place
4. Car Park at Gate 55 site, Sighthill Road
5. West Shore Road, Granton
6. Gilmerton Dykes Street
7. West Granton Road
8. Muirhouse Shopping Centre
9. Parkview Care Home, Peffermill Road
10. Site Yard, Balgreen Road (Pansy Road)
11. Transport Depot, Cowan's Close
12. Clovenstone Care Home, Clovenstone Gardens
13. Powderhall Waste Depot, Broughton Road
14. Former Tram Depot, Leith Walk



Sites for potential transfer to HRA