

Housing, Homelessness and Fair Work Committee

10.00am, Thursday, 14 January 2021

Land Strategy to Support Delivery of Affordable Housing and Brownfield Regeneration

Item number	
Executive/routine	Executive
Wards	All
Council Commitments	1, 2, 6, 10, 13, 15, 32

1. Recommendations

- 1.1 It is recommended that Housing, Homelessness and Fair Work Committee notes:
- 1.1.1 the intention to complete the purchase of the former Liberton hospital site for a Council led housing development by the end of the financial year;
 - 1.1.2 that officers will continue to pursue opportunities to acquire private sector land where this will support wider land assembly and delivery of regeneration outcomes;
 - 1.1.3 the need for continuing commitment from public sector partners to realise the delivery of Council and Scottish Government's objectives; including building resilient and sustainable places, and transition to net zero carbon; and
 - 1.1.4 that new investment models and partnerships with the private sector are needed to accelerate development of private sector land.

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Report

Land Strategy to Support Delivery of Affordable Housing and Brownfield Regeneration

2. Executive Summary

- 2.1 The report updates on the progress with the implementation of the land strategy for Council led housing developments. Land supply continues to be one of the main risks to the delivery of brownfield sites and affordable housing. Whilst good progress is being made, further land acquisition by the Council and new investment models and partnerships with the private sector will be required to get private and public sector sites developed. This approach aligns with the preferred option for urban area development contained within [Choices for Cityplan 2030](#) which also promotes public sector partners working closer together.
- 2.2 An update is provided on the Place Based Opportunities (PBO) Board which provides a collaborative forum for public sector partners to work together to promote better use of assets. The PBO is supporting the joint working between the NHS and the Council to progress the purchase of the former Liberton hospital site. The purchase of this site as a Council led development will allow delivery of a development designed to accommodate a range of housing needs and support the delivery of Health and Social Care objectives.
- 2.3 The strategy set out in this report will support the delivery of place based area regeneration in partnership with local communities; with the Council acting as enabling developer; de-risking Planning and infrastructure requirements. Private and public sector partnerships are identified as key mechanisms for securing investment and developing sites that cannot be acquired and developed by the Council.

3. Background

- 3.1 Edinburgh needs more homes of all tenures, with greatest demand being for affordable homes. The latest Housing Need and Demand Assessment (HNDA2) states there is demand for between 38,000 and 46,000 new homes in Edinburgh over ten years; over 60% of these homes need to be affordable. Lack of affordable housing is impacting on the ability of the city to address homelessness and is also a barrier to economic growth.

- 3.2 A report was presented to the then Housing and Economy Committee in March 2018 on [Delivering Land for Affordable Housing](#). This report set out a series of actions that should be taken to secure land and increase control over the pace of housing development. The actions include increased engagement with private land owners, exploring the potential for re-provisioning industrial estates, a review of the Affordable Housing Policy (AHP) and establishing a public sector land and property group.
- 3.3 The Strategic Housing Investment Plan (SHIP) is reported annually to this Committee. Previous reports and this year's report highlight the main risk to the delivery of the plan is that affordable housing developers need greater control of sites in order to accelerate development of affordable housing. The report also highlights a £151.66m shortfall in grant funding over the SHIP period and the important role that non-grant funded models play in delivering affordable homes and brownfield regeneration.

4. Main report

- 4.1 The recently announced Programme for Government promotes placemaking and creating sustainable communities, and the Scottish Government has committed to supporting the public sector through a number of capital funding streams to deliver on the commitments of low carbon, social and digital inclusion and the design responses needed to the Covid-19 pandemic. The Scottish Government's Draft Infrastructure Investment Plan for the next five years indicated that over £2.8bn would be made available for affordable and social housing. These homes within sustainable places are reliant on an affordable supply of land that is well connected to local services.
- 4.2 The Council's affordable housebuilding programme is a key enabler for the delivery of area regeneration, using a place-based approach with an increasing focus on creation of 20 minute neighbourhoods. It is supporting the delivery of a number of Council commitments specifically those that aim to:
- 4.2.1 deliver a programme to build at least 10,000 social and affordable homes over the next five years, with a plan to build 20,000 by 2027; and
 - 4.2.2 prioritise the use of brownfield sites and work with public sector and private landowners to develop land for affordable housing.
- 4.3 Building on brownfield land maximises the use of existing infrastructure and mitigates the sizeable financial impact on the Council of delivering infrastructure for greenfield development that cannot be reclaimed under developer contributions.
- 4.4 As part of the Housing Contribution statement to the Edinburgh Health and Social Care Partnership Strategic Plan there is a commitment to deliver 4,500 of the 20,000 new homes to support health and social care priorities. A joint working group of Council officers are progressing work on this and homes in design and under construction are already being delivered for specific client groups.

- 4.5 Since 2012 the Council's housebuilding programme has completed over 1,300 affordable and private homes. These include homes for social rent as well as through the Council's housing partnership Edinburgh Living providing a mix of rented tenures. In existing housing estates such as Pennywell for example, this has been created through a gradual programme of demolition and taking a place based approach to a new masterplan. This is providing new homes alongside a regenerated town centre, including new retail and ambitious plans for the areas first culture and learning hub. There are currently just under 700 new Council homes under construction with a further 4,400 at various stages of design development.
- 4.6 A total of 27 sites have been approved for or already transferred from the Council's General Fund to the Housing Revenue Account (HRA) for affordable housing development. This includes former school, care home and depot sites. Appendix 1 provides a breakdown of these sites as well as indicative numbers of homes to be provided. These sites make up a significant proportion of the current and future programme. Sites are at various stages of design development and construction. Five transferred sites have fully completed. In total these sites have the capacity to deliver nearly 3,000 homes. The future pipeline will also look at strategic land assembly in and around Council owned sites. There is an opportunity to bring in further land around the existing Murrayburn depot, including additional public sector and private land. There are also further land assembly opportunities around Craigmillar Town Centre.

Working with public sector partners

- 4.7 Council owned land supply is becoming increasingly limited so there is a need to work with public sector partners to bring forward land to deliver across public sector outcomes. In 2018 the Chief Executive established and currently chairs a grouping of public sector partners called the PBO Board. This brings together senior representation from the Council, NHS Lothian, Police Scotland and Scottish Futures Trust. This has provided a forum for partners to come together to develop a more joined up and place based approach to creating and disposing of assets. The Council is actively seeking to position itself as purchaser of first resort to public bodies in the city.
- 4.8 NHS Lothian is a key partner who can help support the land strategy but it is also vital that we work in partnership across Housing and Health and Social Care sectors to develop innovative solutions to the specific needs identified locally including any role for extra care, step down, amenity or other forms of specialist and digitally enabled homes.
- 4.9 There is an opportunity for the Council to acquire the former Liberton hospital site before the end of the financial year for its housebuilding programme. Heads of Terms are currently being finalised as a result of discussions over a number of years and a commitment from the Council and the Health and Social Care Partnership to work together to deliver a range of accommodation on the site that would support the need for affordable housing as well as specialist supported and older persons housing. There is grant funding available through the Scottish

Government's Affordable Housing Supply Programme (AHSP) to support the acquisition costs.

- 4.10 Following acquisition the Council will engage with local communities and stakeholders to develop a Place Brief and progress this opportunity to develop mixed tenure, net zero carbon homes that are accessible and digitally enabled to prevent the need for admission to hospital and other forms of bed based care. The Partnership's Bed Based Care project, a priority project within their Transformation Programme, will help to inform the strategic shift from hospital to community based care going forward including this area of the city. It is anticipated that approval will be sought to purchase the site from the Council's Finance and Resources Committee in March 2021.
- 4.11 Joint working between the Council and NHS Lothian to use assets to achieve joint outcomes for the Liberton area has the potential to become a pathfinder for other sites such as the Royal Victoria site. A Place Brief will also be developed for the Astley Ainslie site in partnership with the NHS to set the high level principles for future development and to incorporate views and aspirations of the local community.
- 4.12 Council officers also continue to engage with the Defence Infrastructure Organisation (DIO) part of the Ministry of Defence (MOD) in respect of their landholdings. A Place Brief is under development for Redford Barracks which will be informed by studies and a masterplan that is being taken forward by the MOD.

Private sector sites

- 4.13 Officers regularly monitor the market to identify potential acquisition opportunities for the house building programme. Priority is given to those acquisitions that can support wider land assembly and regeneration outcomes. Specific consideration has been given on how best to leverage Council strengths to make competitive bids and demonstrate that Council-led affordable housing can be a viable disposal option for brownfield landowners. The acquisition of the land at Forthquarter has proved hugely significant in the delivery of a vision, masterplan and delivery strategy for Granton.
- 4.15 The potential to acquire sites on the open market is limited and, therefore, officers are exploring alternative models to deliver regeneration and affordable housing on private sector sites. Lease based models provide an opportunity for the Council to work in partnership with landowners and institutional Investors who are interested in long term investment in an area rather than sale of land or homes.
- 4.16 The expansion of the mid market rent (MMR) programme over the past five years has enabled the Council to increase the supply of affordable, energy efficient, professionally managed homes for working households who cannot afford to rent on the open market or purchase a home. A separate report to this committee highlights that Edinburgh Living (established by the Council to acquire homes for MMR and market rent) is acquiring homes developed by the Council through the affordable housebuilding programme. There is potential to grow the Edinburgh Living portfolio in partnership with the private sector. Realising the potential of

MMR and BTR is a means of stabilising the housing market by increasing overall supply and halting the ever-growing demand for social rented housing which cannot be delivered without grant funding. In addition, these delivery models will be key to accelerating housebuilding rates in general and achieving a brownfield first approach as identified in the City Plan 2030 Choices document.

- 4.17 It is anticipated that the Council would require to use defined powers under Planning and Housing legislation to assemble land for the purpose of housing development. The Housing (Scotland) Act 1987 and Town and Country Planning (Scotland) Act 1997 hold provisions for compulsory purchase that enable delivery of housing, planning and regeneration. Compulsory purchase powers can be used in situations where engagement with owners has been exhausted, where sites have stalled for a significant period of time and where their acquisition would lead to or unlock the delivery of homes at scale.
- 4.18 Moving forward it is anticipated that dedicated cross Council team working will be key to delivering coordinated regeneration at scale. A dedicated multi-disciplinary team is already in place for Granton regeneration and this is helping to inform the approach that will be taken to delivery of development and estate based regeneration in both West and South East Edinburgh.
- 4.19 The £2.8 billion planned investment through the HRA over the next ten years, as reported to Committee in the Draft HRA Budget Strategy on [5 November 2020](#)), the Affordable Housing Supply Programme which is delivered with RSLs and the expansion of MMR and new investment models can act as a catalyst for change, leveraging in private sector and institutional investment to deliver regeneration, create better places and support economic recovery.

5. Next Steps

- 5.1 Continued collaboration across public sector partners to release surplus public land for strategic development opportunities and/or seek out joint-ventures for co-location, site assembly and collaborative development opportunities with public and private sector partners.
- 5.2 Market opportunities will continue to be pursued and assessed in the context of the preference to develop brownfield sites and reported to the Finance and Resources Committee as appropriate.
- 5.3 Officers will also continue to explore opportunities for delivering affordable homes in partnership with the private sector.

6. Financial impact

- 6.1 The HRA Business Plan includes £125 million for land acquisition over the next ten years. Funding is available in this year's HRA capital budget to support land

acquisition and should speculative market land opportunities arise there is the ability to accelerate spend within the HRA land allocation set out at 6.1. HRA funding can also be used to support the compulsory purchase of land for affordable housing development. Any proposal of this nature would be considered on a case by case basis and subject to a full business case approval through the Finance and Resources Committee.

- 6.2 Funding is also available to support land acquisition for social housing through the Affordable Housing Supply Programme. In 2019/20 grant funding of £9.6 million was secured for nine sites with around £10 million expected in 2020/21 to support delivery of six sites.
- 6.3 Consent is in place for Council to on-lend up to £248 million to the Edinburgh Living Limited Liability Partnerships to acquire mid-market and market rent housing. This is supporting the delivery of mixed tenure housing on sites developed through the Council's housebuilding programme.

7. Stakeholder / Community Impact

- 7.1 Development on brownfield land will increase access to affordable housing and well designed, safer and cleaner communities. It will contribute to improved health by increasing the supply of good quality homes, reducing fuel poverty and providing homes which are accessible for people with a range of housing needs.
- 7.2 Engagement with local communities is undertaken at all stages of development. Where appropriate this may involve setting up a Sounding Board to involve local stakeholders, alongside key Council representatives and elected members.

8. Background reading / external references

- 8.1 Transfer of General Fund Sites to Housing Revenue Account for Housing Development, Finance and Resources Committee, [19 March 2015](#)
- 8.2 Accelerating Housing Delivery and Brownfield Regeneration, Finance and Resources Committee, [23 March 2017](#)
- 8.3 Accelerating Housing Delivery and Brownfield Regeneration Update Report, Finance and Resources, [23 January 2018](#)
- 8.4 Delivering land for Affordable Housing, Housing and Economy Committee, [22 March 2018](#)

9. Appendices

- 9.1 Appendix 1 – List of sites transferred/to be transferred from the General Fund to the HRA.

APPENDIX 1 - List of site Transferred from the General Fund to the Housing Revenue Account for the New Build Programme

Site Name	Approval Date	Transfer Status	Capacity	Current Status
Clermiston	March 2015	Transferred	44 homes	Complete
Royston	March 2015	Transferred	46 homes	Complete
West Pilton Grove	March 2015	Transferred	29 homes	Complete
Hailesland Place	March 2015	Transferred	32 homes	Complete
Dumbryden (Phase 1)	March 2015	Transferred	49 homes	Complete
Dumbryden (Phase 2/3)	November 2016	Transferred	57 homes	Pre - construction
Muirhouse Shopping Centre/ Pennywell Town Centre	March 2017	Transferred	156 homes	Under Construction
Powderhall	March 2017	Transferred	250 homes	Pre- construction
Bingham Avenue	March 2017	Transferred	40 homes	Under construction
Parkview	March 2017	Transferred	30 homes	Under construction
Silverlea	March 2017	Transferred	140 homes	Pre-construction
Sighthill Crescent	March 2017	Transferred	35 homes	Design Development
West Shore Road, Granton	March 2017	Transferred	350 homes	Early feasibility
West Granton Road	March 2017	Transferred	40 homes	Early feasibility
Gilmerton Dykes Street	March 2017	Transferred	20 homes	Early feasibility
Peffer Place	March 2017	Transferred	Tbc	Early feasibility
Balgreen Road (Pansy Walk)	March 2017	To be transferred	20 homes	Early feasibility
Cowan's Close	March 2017	Transferred	22 homes	Design Development
Clovenstone	March 2017	To be transferred	100 homes	Building still in operation
Leith Walk Tram Depot	March 2017	Transferred	70 homes	Site currently in use by tram project
Murrayburn Gate	January 2018	Transferred	40 homes	Early feasibility
Burdiehouse Crescent	January 2018	Transferred	60 homes	Early feasibility
Meadowbank	March 2016 and March 2020	Transferred	600 homes	Pre -construction
Fountainbridge	December 2019	Transferred	435 homes	Enabling works underway, main site pre- construction
Howdenhall	March 2020	Transferred	80 homes	Early feasibility
Colinton Mains	December 2019	Transferred	20 homes	Early feasibility
Murrayburn Depot	December 2019	Transferred	200 homes	Site still operational, early feasibility underway
			c2,965 homes	