

# Economy Committee

10am, Tuesday, 19 November 2013

## 21st Century Homes – Land at Leith Fort

Item number	8.1.1
Report number	
Wards	13 - Leith

### Links

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Coalition pledges	<a href="#">P8</a> , <a href="#">P9</a> , <a href="#">P11</a> , <a href="#">P17</a> and <a href="#">P29</a>
Council outcomes	<a href="#">CO8</a> , <a href="#">CO9</a> , <a href="#">CO16</a> and <a href="#">CO19</a>
Single Outcome Agreement	<a href="#">SO1</a> and <a href="#">SO4</a>

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# Executive summary

## 21st Century Homes – Land at Leith Fort

### Summary

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The project at Leith Fort is part of the 21<sup>st</sup> Century Homes programme and aims to deliver 94 affordable homes in order to regenerate the former Fort House site and create a vibrant, inclusive new community. Planning Permission is in place for a modern, colonies style housing development. A co-operative approach has been taken to work in partnership with Port of Leith Housing Association (POLHA) to develop the site for affordable housing. The Council will procure a contractor to build 32 homes for Council rent and 62 homes for mid-market rent for Port of Leith Housing Association (POLHA).

This report asks Committee to note that part of the site has been declared surplus to the operational requirements of the Housing Revenue Account by the Director of Services for Communities. Committee is requested to approve the sale of the site at market value to POLHA for the purpose of building mid-market rent homes. Approval is sought to commence the procurement process for a contractor to build housing for both parties. The capital receipt received from POLHA will be used to support the development of Council housing on the site. The project is expected to deliver a range of benefits including jobs and support for local businesses. It will make a significant contribution to the delivery of Capital Coalition Pledges 8 and 9.

### Recommendations

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It is recommended that Economy Committee agrees to:

1. Note that part of the site has been declared surplus to the operational requirements of the Housing Revenue Account by the Director of Services for Communities and is available for disposal to POLHA for the sum of £900,000, subject to consent from the Scottish Ministers to dispose of Housing Revenue Account land under Section 12 of the Housing (Scotland) Act 1987.
2. Grant delegated authority to the Director of Services for Communities to negotiate and conclude the disposal, including authority to instruct the Head of Legal, Risk and Compliance to settle the Conveyancing formalities associated therein.
3. Commence the procurement for a development contractor to build affordable housing for the Council and POLHA.
4. Notes that approval to award the contract will be required from Finance and Resources Committee.

5. Refer this report to Finance and Resources Committee for ratification.

## Measures of success

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The delivery of 94 affordable homes on the Leith Fort site, including 32 Council homes and 62 POLHA built homes for mid-market rent.

The realisation of a capital receipt for the sale of the site to POLHA which will be used to support the development of housing for social rent.

A Community Benefits clause will be included in the tender documents and opportunities for community enterprise and co-operative approaches at Leith Fort will be explored in partnership with POLHA.

The co-operative approach taken to work in partnership with POLHA will result in the development of a site for affordable housing.

## Financial impact

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POLHA have agreed to pay the Council a capital receipt of £900,000 for the title to five parcels of land in order to build 62 homes for mid-market rent. The Council will receive Market Value for the land. The capital receipt will support the development of Council homes on the site.

The Council has secured £960,000 of Scottish Government grant funding for the construction of 32 homes for social rent, at £30,000 per unit. The remainder of the cost of developing Council homes on the site will be funded from prudential borrowing. Costs will be contained within the 21<sup>st</sup> Century Homes budget.

POLHA will meet the costs of building housing for mid-market rent on the site from private borrowing and Scottish Government grant.

## Equalities impact

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Delivery of new, energy efficient homes at Leith Fort will contribute to the three key 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 tenants or owners of the homes.

A full Equality Impact Assessment was carried out on the City Housing Strategy in 2011 and reported to the Health, Social Care and Housing Committee in December 2011. The assessment showed that the City Housing Strategy would have a positive impact on equalities by helping people to access suitable, affordable housing. A separate Equalities and Rights Impact Assessment is not required for the Leith Fort project.

## Sustainability impact

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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

greenbelt. The contractor will deliver housing which is compliant with Building Regulations and will use materials chosen on the basis of an appropriate lifespan and low maintenance requirements, thus minimising the environmental impact.

## **Consultation and Engagement**

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The regeneration of Leith Fort is being taken forward in partnership with the local community. Consultation with local stakeholders took place in the development of the designs for the new development, both prior to submission of the planning application as well as during the demolition process in 2012. Further community engagement will take place during the archaeological investigation required by the Planning Permission and also to promote the history of the site as part of the naming of new streets within the development.

## **Background reading / external references**

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[Report to Health, Wellbeing and Housing Committee on Investing in Edinburgh's Council Housing – Housing Revenue Account Capital Programme 2013/14, 18 June 2013](#)

[1 – 157 North Fort Street \(Fort House\) Edinburgh – Development Management Sub-Committee \(17 April 2013\)](#)

[Report to Finance and Budget Committee on Housing Revenue Account Budget 2013/14, 17 January 2013](#)

[Report to Health, Social Care and Housing Committee, Scottish Government Innovation and Investment Fund, 11 October 2011](#)

[Fort House Update – Health, Social Care and Housing Committee \(24 May 2011\)](#)

[Scottish Government Innovation and Investment – Health, Social Care and Housing Committee \(24 May 2011\)](#)

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

[Fort House Regeneration Update – Health, Social Care and Housing Committee \(06 October 2009\)](#)

[Progressing the City Housing Strategy – City of Edinburgh Council \(23 November 2006\)](#)

## 21st Century Homes – Land at Leith Fort

### 1. Background

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- 1.1 The Council approved the inclusion of the property known as Fort House in the latter stages of the city-wide demolition programme in November 2006. By January 2013, rehousing had been completed and the building demolished.
- 1.2 Port of Leith Housing Association (POLHA) were named within a report to the Health, Social Care and Housing Committee on 6 October 2009 as the preferred Registered Social Landlord (RSL) to develop the site, should RSL development be the preferred investment option.
- 1.3 On 24 May 2011, the Health, Social Care & Housing Committee agreed to submit an application for grant funding to develop social rented housing on the site with POLHA developing housing for mid-market rent.
- 1.4 On confirmation of the successful bid for Scottish Government funding, the newly named Leith Fort project was included within the 21<sup>st</sup> Century Homes programme.

### 2. Main Report

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- 2.1 The 21st Century Homes programme aims to address need and demand for affordable housing in the city, to regenerate brownfield sites, to support jobs and to deliver community benefits. It is anticipated that the programme will deliver more than 1,300 new homes for rent and sale.
- 2.2 The Council has taken forward a single design for the whole Leith Fort site which should result in a tenure blind, colonies style development providing new, energy efficient affordable homes.
- 2.3 The proposals received planning permission in April 2013. Listed Building Consent was also sought and granted on account of proposed changes to the Grade B Listed walls which define the site boundary on three sides.
- 2.4 The Council and POLHA have agreed Heads of Terms (HoTs) that will lead to a Development Agreement that will set out the partnership working agreement, a procurement route that meets European Procurement Regulations and terms for the sale of Council owned land to POLHA.

#### **Disposal of Land**

- 2.5 POLHA require to purchase five parcels of land on the 1.67Ha Leith Fort site in order to develop their homes. These parcels are referred to as 3 – 7 on the site plan at Appendix 1. Committee is asked to note that these parcels of land have

been declared surplus to the operational requirements of the Housing Revenue Account by the Director of Services for Communities and are available for disposal to POLHA.

- 2.6 POLHA has advised that it would not be able to take forward the project in partnership with the Council without purchasing the land on, or shortly after the award of a Building Contract where POLHA is named as a joint employer with the Council.
- 2.7 The site includes two Grade B Listed gatehouses, one of which is under a long lease to Scottish Power. The Council will retain ownership of these buildings. The Gatehouses are not included in the existing planning permission.
- 2.8 Footpaths and carriageways on the development will be retained and adopted by the Council. Landscaped areas and the Grade B Listed walls will be retained by the Council but maintenance costs will be split between the Council and POLHA.
- 2.9 Following the approval by the Finance and Resources Committee of the award of contract and conclusion of the land transfer, it is anticipated that construction will start on site in early 2015, or sooner should project timescales allow.
- 2.10 Approval to dispose of part of the site is, therefore, sought from Committee. Consent from Scottish ministers to dispose of Housing Revenue Account land under Section 12 of the Housing (Scotland) Act 1987 will be sought, in accordance with standard procedure.

### **Procurement Process**

- 2.11 A single Official Journal of the European Union (OJEU) notice will be issued seeking a single development contractor for construction of 94 homes for affordable housing and associated infrastructure works. The OJEU notice will be issued by the Council on behalf of both the Council and POLHA.
- 2.12 The preference for one contractor for all elements of the project is to reduce the risk of claims from one contractor relating to the work of another, to ensure the tenure blind nature of the development across a relatively small site and to make potential savings on site set-up and preliminaries.
- 2.13 Taking a partnership approach, Council officers and POLHA staff will both sit on an evaluation panel to assess Pre-Qualification Questionnaires to be returned following the issue of an OJEU notice and tender returns following the subsequent issue of the Invitation to Tender (ITT).
- 2.14 Approval will be sought from the Finance and Resources Committee to award a contract following conclusion of the procurement process. Additionally, POLHA will require approval from their Board to enter into a contract with the approved contractor.

## **Project Governance**

- 2.15 The project will be run using a robust project management approach developed in line with existing 21<sup>st</sup> Century Homes governance arrangements. This is a major project within the 21<sup>st</sup> Century Homes programme and is monitored by the Corporate Programme Office.
- 2.16 A cross-partnership Project Board will be put in place to allow the project managers from POLHA and the Council to report to their respective Boards.
- 2.17 Project progress will be reported to the Affordable Housing Political Sounding Board.

## **Economic Impact**

- 2.18 Bidders will be required to identify specific, measurable community benefits and delivery of these benefits will be monitored and reported to the 21<sup>st</sup> Century Homes Programme Board through the Project Board.
- 2.19 Significant community benefits are already being delivered through 21<sup>st</sup> Century Homes contracts, for example, at Gracemount where opportunities have been provided for 42 local Small and Medium Enterprises. Opportunities for community enterprise and co-operative approaches at Leith Fort will be explored in partnership with POLHA.
- 2.20 The construction, by POLHA, of 62 mid-market homes on this site will provide access to affordable housing for working households on low to medium incomes with no priority for social rent.

## **3. Recommendations**

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- 3.1 It is recommended that Economy Committee agrees to:
  - 1. Note that part of the site has been declared surplus to the operational requirements of the Housing Revenue Account by the Director of Services for Communities and is available for disposal to POLHA for the sum of £900,000, subject to consent from the Scottish Ministers to dispose of Housing Revenue Account land under Section 12 of the Housing (Scotland) Act 1987.
  - 2. Grant delegated authority to the Director of Services for Communities to negotiate and conclude the disposal, including authority to instruct the Head of Legal, Risk and Compliance to settle the Conveyancing formalities associated therein.
  - 3. Commence the procurement for a development contractor to build affordable housing for the Council and POLHA.
  - 4. Note that approval to award the contract will be required from Finance and Resources Committee.

5. Refer this report to Finance and Resources Committee for ratification.

## Mark Turley

Director of Services for Communities

## Links

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<b>Coalition pledges</b>	<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>P11- Encourage the development of co-operative housing arrangements</p> <p>P17 - Continue efforts to develop the city's gap sites and encourage regeneration</p> <p>P29 - Ensure the Council continues to take on apprentices and steps up efforts to prepare young people for work</p>
<b>Council outcomes</b>	<p>CO8 - Edinburgh's economy creates and sustains job opportunities</p> <p>CO9 - Edinburgh residents are able to access job opportunities</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> <p>CO19 - Attractive Places and Well Maintained – Edinburgh remains an attractive city through the development of high quality buildings and places and the delivery of high standards and maintenance of infrastructure and public realm</p>
<b>Single Outcome Agreement</b>	<p>SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all</p> <p>SO4 - Edinburgh's communities are safer and have improved physical and social fabric</p>
<b>Appendices</b>	<p>Appendix 1 – Leith Fort Site Plan.</p>

# Appendix 1 – Leith Fort Site Plan

Please note the boundaries indicated below are for illustrative purposes only.

APPENDIX 1 – Land at Leith Fort

