

# **Affordable Housing in Edinburgh's Old Town**

## ***Observations on regeneration proposals for the Canongate area***

### **Summary**

Initial plans to regenerate part of Edinburgh's Old Town appear to do little to ease the shortage of affordable and family housing in that part of the city. Revisions requested by the City Council Planning Committee go some way to redressing the balance but a deficit remains. Fuller investigation is needed into the nature and extent of housing need in the area and the extent to which development plans can meet these needs.

### **1. Introduction**

Canongate Community Forum asked me<sup>1</sup> to prepare a brief commentary on the need for affordable housing in the Old Town and to make some assessment of the extent to which current development proposals meet that need. In particular, the Forum asked me to take account of proposals submitted in the Caltongate Masterplan which seeks to set a long term planning context for a significant area of the eastern Old Town.

### **2. Housing need in Edinburgh's Old Town**

The housing market in the Old Town is not a separate system from that of Edinburgh generally. To that extent it is likely to share the same pressures as Edinburgh as a whole – that is, as being the most pressured and least affordable urban housing market in Scotland<sup>2</sup>.

However, a relevant question is whether these pressures are more or less amplified in the Old Town.

It is not easy to answer this question within the scope of this modest commentary. Data on various housing pressures are available at ward level, which have been accessed. The area in question is currently part of the Holyrood ward. However, that ward also includes the nearby neighbourhood of Dumbiedykes, which has quite different housing characteristics from the Old Town and tends to make ward level data unreliable.

In 2005, the Holyrood ward had an average house price of £146,370. The minimum sale price was £69,000 and the maximum £341,000. The lower end of the price scale is likely to be found in Dumbiedykes, in ex-Right to Buy housing stock. Equally, over the last 4 years, the ward has lost 99 council houses, again more likely to be concentrated in Dumbiedykes.

Prices at these levels are neither the highest nor the lowest in the city. Prices are at their highest in the New Town (average £312,000 in 2005) and lowest in Pilton (£88,000). For housing pressure, Holyrood ward is one of a middle group of wards. However, if only the Old Town part of the ward were looked at it is expected that the area in question would show above average levels of pressure.

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<sup>1</sup> My comments are made as a housing campaigner and researcher of twenty years standing. This is informed by previous work as Shelter Scotland's research officer and now Policy Manager. While at Scottish Homes (as it was then) I worked on the first versions of guidance on conducting local housing systems analysis. I have published extensively reports and articles on housing finance, investment, temporary accommodation, rough sleeping, housing supply, land reform and housing allocations. This current note is *informed by* work for these organisations but it is written as an independent commentator.

<sup>2</sup> "Local Housing Need and Affordability for Scotland – Update", Scottish Executive, 2004

Further, it is important to remember that comparing wards within Edinburgh is in the context of the city as a whole showing large and growing problems of access to housing<sup>3</sup>. There are very few areas in Edinburgh which do not face problems of access to affordable housing and which, therefore, would benefit from additional affordable homes.

Of course, high levels of pressure are only really significant if accompanied by high levels of unmet need. The data from the “EH” choice-based letting system suggest that, at the very least, there is a high level of *expressed* need in the area. A search on “Old Town” within the website, shows that properties in the eastern part of the Old Town generally attract 400 bids – a relatively high level of bids. But it would be useful to look in far more detail at these pressures in the area most affected by development. This could be done by means of a household survey in the area, assessing important variables like incomes, housing aspirations, and hidden or displaced households. Although household surveys are relatively intensive the sheer scale of development in the east end of the Old Town means that it would be a worthwhile investment, if the intention is genuinely to make regeneration deliver for local people.

### 3. Regeneration Plans and Affordable Housing

The extent to which the area in question faces housing pressures means that it is reasonable to suppose that regeneration proposals seek to ease these pressures.

How do the plans actually measure up? I have looked at the proposals in two ways

1. The draft “Caltongate Masterplan” as submitted by the developers, Mountgrange Caltongate plc on 9 March 2006.
2. The report by Planning Committee of 15 June 2006 seeking changes to the masterplan<sup>4</sup>.

The pre-consultation draft of the Caltongate Masterplan proposed 38 new units of affordable housing, out of a total ranging from 170 to 250 new housing units, although it may be as high as 292<sup>5</sup>. This comprises 13-22% of total provision. However, the proposals also include plans to demolish 18 properties, 9 of which are affordable rented homes owned by the City Council<sup>6</sup>. This means that net new affordable housing provision could be as little as 10% of the total development. This is lower than even the city-wide average of 16% social housing provision (already regarded as too low).

A related concern is the shortage of family-sized homes (3 bedrooms and above)<sup>7</sup>: in both the general and affordable housing proposals a total of only 19 family sized homes are proposed. It is ironic that these plans are current at the same time as major and controversial proposals for development in West Lothian, much of which is to cope with families displaced out of the Edinburgh market; and that there is concern about the viability of primary schools in Edinburgh, including nearby locations, as a result of falling rolls.

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<sup>3</sup> Lothian Housing Needs and Market report, 2005

<sup>4</sup> At the time of writing a revised masterplan had still to be submitted

<sup>5</sup> The Planning Committee report is confusing here. Paragraph 3.22 suggests that the 38 affordable homes are *in addition* to 170-250 open market homes. However, paragraph 3.30 counts affordable homes as *part of* the total of 170-250.

<sup>6</sup> However, the report to Planning Committee states that the council-owned properties will be replaced in *addition to* the affordable housing requirement. However, it is not clear how these additional units are accounted for. But if this is the case, then the above estimate needs to be revised.

<sup>7</sup> Of particular concern in this context is that a search online for 3 bedroom properties which had become available in the Old Town through the choice-based letting system, showed that none had come up for let. So it appears that there is already a shortage of lets of family housing in the area.

There are also issues about the siting of the affordable homes. The provision of affordable homes is to be at the edge of the development area, in Calton Road, located away from the market housing. This seems regrettable, given the weight of guidance<sup>8</sup> which has been produced in recent years regarding the desirability of mixed tenure developments being genuinely mixed. It also contradicts the City Council's recently-adopted updated affordable housing policy which states "*Social rented housing should be well integrated with housing for sale*".<sup>9</sup>

Further, it is proposed that Calton Road also houses the relocated day centre run by the Ark Trust for homeless people. Although it is recognised that the Ark needs a more modern facility from which to provide its essential service, it is unfortunate that the location re-inforces the sense that there is a special corner of the development for people lower down the economic ladder.

After a period of consultation the City Council Planning Committee reviewed the draft masterplan on 15 June 2006 and recommended revisions as follows:

*"The need to support the social composition of the Old Town through a good mix of type and scale of uses and of house types and sizes and the 25% affordable housing target."*

*In particular the report asked the developers to:*

- *increase the level of family sized housing (3 bed and above) in market housing*
- *Ensure that 25% of homes were affordable*

It noted the physical separation of the affordable homes on Calton Road but concluded that the advantages of early provision outweighed the locational problems.

In principle these are largely welcome recommendations if they are fully adopted by the developer. However, there a number of reasons for believing that they fall well short of what is needed. These are as follows:

1. The 25% target is simply based on a city-wide target for all developments of 12 units and above rather than being based on any assessment of needs of the area. If this part of the Old Town already faces higher than average demand for affordable housing one could reasonably conclude that an affordable housing mix of well over 25% would be justified, especially taking into account planned demolitions. Planning Advice Note 74 makes clear that it is acceptable to exceed target figures for affordable housing, if there is justification for doing so. A housing needs survey, as argued for above, would be ample evidence for or against exceeding the 25% target.
2. There is no clear guidance on what "affordable" will mean. Does it mean housing for rent from a community-based housing provider which has a long term aim to meet the needs of people locked out of the market? Or does it simply refer to housing at a bit below market rate? The consultative draft of Edinburgh's new affordable housing policy provided some clarity by saying that, generally, 70% of any affordable housing requirement would be socially rented. This requirement has, however, been dropped from the final policy. The Planning Committee has left it up to Places for People, the developer's partner for social housing, to come up with a final tenure mix, in discussion with the council's Services for Communities department. It is quite possible that the

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<sup>8</sup> Planning Advice Note 74: paragraph 40.

<sup>9</sup> The policy also says that masterplans can be exempt from this although the rationale for this is not clear.

affordable housing element could comprise largely low cost home ownership options, which, through time could move well out of the reach of people on modest incomes.

3. This leads to the final point: the need for robust mechanisms to ensure that the affordable housing stays affordable. Even rented housing through a registered social landlord would become available for Right to Buy within 5 years and there is no doubt that the homes would be attractive for Right to Buy. The City Council should be seeking, as a matter of some urgency, to ensure that the area is put forward for pressured area status<sup>10</sup> thus suspending Right to Buy for new tenants. In addition, any low cost home ownership schemes should have mechanisms – such as section 75 agreements – to ensure that they remain available at below market rates. In addition, the council could seek, perhaps through CoSLA, to argue for an equivalent to the “rural housing burden”, from the Title Conditions (Scotland) Act 2003, which could secure affordable housing for the future<sup>11</sup>.

#### **4. Conclusion**

There is widespread support for regeneration of the area in question. There is no doubt that the status of the Old Town as a world heritage site makes this one of the flagship development proposals in Scotland. Edinburgh is almost unique in Scotland, in retaining a city centre that supports high levels of residential living, including, still, accommodation for people on modest incomes. However, the general drift of the market has been to push properties in the centre out of the reach of households on low to average incomes.

The development around the Canongate is an opportunity to show that flagship projects can still deliver for people in all sorts of different circumstances; and that a mixed community can still thrive in this world-class setting. However, the plans at the moment suggest that this opportunity will largely be missed.

Gavin Corbett, 9 September 2006

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<sup>10</sup> Under the Housing (Scotland) Act 2001, local authorities can make applications to the Scottish Executive to suspend Right to Buy for new tenancies in pressured areas. Six local authorities have done so to date. It is curious that Edinburgh City Council, as one of the most pressured parts of Scotland, is not yet among them.

<sup>11</sup> A rural housing burden can be applied by an approved rural housing body to establish pre-emption rights of purchase when a property comes up for resale.