MIPIM – Waterfront Cities Network Workshop

10:00 on Thursday 15th March 2018

Edinburgh

Background

- Edinburgh's Waterfront has historically been underutilised due to the historical development of the city which largely "turned its back" on the Waterfront.
- Development at the Waterfront has historically been funded by private capital. Following the mid-2000s financial crisis, developers are finding it increasingly challenging to secure funding, with lenders having stricter lending requirements and requiring more equity. This has resulted in development largely stagnating with a slow recovery. The peripheral location of the Waterfront, high abnormal costs and low property values have made it less attractive to developers.
- Development during the pre-recession boom period was led by many boutique developers. These have now largely been replaced by national firms capable of bringing economies of scale to bear.

Development Approach

- The Council itself is moving into development in the Edinburgh Waterfront as part of a general expansion of its housebuilding program to address the housing shortage and, particularly, the shortage of affordable homes. The Council's Housing Revenue Account has a £1.2 billion investment strategy with £800 million of this in new housebuilding, with the aim of delivering 20,000 new affordable homes over 10 years. This will be funded via prudential borrowing against revenue streams from existing rental properties (along with supplementary funding sources such as commuted sums from developers via the Affordable Housing Policy and grants), with reserves used to address any cash-flow gaps. This will be used to leverage private investment into the regeneration of the area.
- At Granton Waterfront, the Council has 28 hectares of brownfield land with significant development potential and is currently concluding the purchase of a further 26 hectares from National Grid. In addition the Council owns a further 200 hectares of greenfield land with some development potential for recreational purposes.
- The land available is capable of delivering 4,000 houses with a gross development value of £700m.
- Cultural and creative industries along with retail and commercial development will also be supported.
- The Council along with partners has recently secured a City Region Deal and on the back of this will be working with the Scottish Government on delivery mechanisms.
- The approach will involve land assembly (well advanced) and forward funding of land and infrastructure, followed by the procurement of development partners for individual plots.
- In addition to its own housebuilding programme, the Council also works closely with housing associations and private housebuilders to support their development programmes.