

# THE COCKBURN ASSOCIATION

## THE EDINBURGH CIVIC TRUST

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05 April 2013

Dear Barbara

**APPLICATION REF: 12/04007/LBC; Napier University Craighouse Campus Craighouse Road**

Proposed change of use and conversion of existing listed buildings at New Craig, Queen's Craig, East Craig, Bevan Villa, South Craig, Craighouse Lodge, Old Craighouse to form to form residential properties including extension at South Craig and Bevan Villa.

The Association has studied the plans for the above proposal and wishes to make the following comment of objection:

The Cockburn Association has considered the application for additional housing as enabling development at the Craighouse site at some length. The Association would normally be minded to support measures to increase housing provision at high density within the city boundary so as to relieve pressure on Green Belt development, however in this case we are thoroughly opposed to the additional development which will harm the setting of these Category A listed buildings irrevocably.

We are pleased to note that CEC is using the excellent English Heritage guidance on Enabling Development in lieu of any similar guidance from Historic Scotland. It is evident that this document was written with the benefit of hindsight and the experience of seeing many historic country houses ruined by inappropriate development which failed to deliver the anticipated profits needed for restoration. The experience of developers going bust or selling the diminished asset, with the development which was meant to offer financial security becoming an eyesore which then puts off potential restoring owners and increases the risk of losing the heritage is a painful one not easily forgotten. We therefore read the EH document as one which urges extreme caution and which is opposed to enabling development except as a last resort, a position which we fully endorse.

We note that the English Heritage guidance considers the granting of planning permission for enabling development in these circumstances as a form of public subsidy, again a position with which we concur. It is in this context that the financial appraisal of the proposal needs to be available for full scrutiny by the public, just like any other form of public subsidy. To date this information has been unavailable to the public and therefore in our view the application cannot be determined. It is not an application which can be determined 'in camera' and at the same time be adhering to the principles of open government which the present Scottish Government claims to support. This matter is considered further in the EH document paragraphs 3.5 on Transparency and Accountability in Decision-making, 3.6 on Financial Information, 3.7 on Critical Assessment and 3.8 on Confidentiality. The document here advises that

*"if applicants are unwilling to supply the very information that is the foundation of their case for overriding normal planning policies, refusal becomes all but inevitable. If the case goes to appeal, all relevant information will become public; **no evidence can be treated on a confidential basis.**"*

The applicant gives as justification for confidentiality the scenario that potential contractors for the restoration will read the financial figures and use it as a 'bottom line' for their tenders and that the applicant would suffer financial loss accordingly. This is nonsense. We are in the midst of a long and deep recession in the construction industry and no matter what the figures in the financial appraisal say a competitively tendering contractor will do whatever he can to undercut his competitors. That is the basis of competitive tendering. It is unthinkable that the works would be by negotiated contract with a single tenderer, nor is there any reason for that to be so. There are numerous specialists in the field able to bid for the work and the works are of a size and duration to be of widespread interest with non-local contractors competing. We therefore find the non-disclosure of financial information to the general public unwarranted and would strongly suggest that this alone is a basis for refusing to grant permission so that the case can go to appeal (should the applicant wish) where it can be examined in public properly.

A sizeable proportion of the documents referred to are already in the public domain, things like Zoopla data for the locality, price trends and so on. There is no need for these to remain confidential and it is paramount that the way they are being interpreted is made public. For example, tender prices on £1m+ developments have dropped by 22% since 2008 whilst the building cost index and Retail Price Index have both risen by 15% over the same period (Davis Langdon Reports) meaning that despite a drop in house price end-values development is as profitable as it was before the recession. Any figures the developers come up with need to be seen in this context and open to expert scrutiny. Paragraph 3.7 of the EH document refers to a council's duty in this regard

We have also had a fundamental concern from the outset regarding this project and the price paid for the land. The figures submitted disclose this to be £10m and with the full development including the benefit of enabling development the profit made is expected to be £10m. There is, of course, no absolute justification for the land price. As an asset including listed buildings on which repairs notices could be served at any time it is potentially as much a liability as an asset. The price paid is justified (we are told) by evidence of other bidders having submitted similar or higher offers. As a site without planning permission either for conversion to domestic property and with a presumption against further development this was a risky strategy for all but the value of the site, like any other offered on the market commercially, is the ultimate selling price of the houses minus the cost of development. It may be that development costs are high and thus the value of the land would reflect this; it might only be worth £1. It could even have a negative value where development costs are extremely high and the sellers would need to provide a bond for future works in order to dispose of it. As it is, the value of £10m is clearly wrong if the site cannot be developed without public subsidy. To make a profit of £10m in simplistic terms (a smaller development would have greater Return on Investment so not need such a large profit) the site would only be worth £1.

As the site was bid on the open market fairly recently and when the impact of the present recession in the house-building (or rather, financing) industry was apparent makes any public subsidy almost impossible to justify. **Is the enabling development necessary to justify the high land price?** If so, is that a worthy benefit commensurate with the loss of amenity this development will provoke?

Furthermore, if the permission is granted and where it is a public body, Napier University which is selling, is the subsidy being granted to the university favourably in a way that would not be justified with a commercial seller?

It is this kind of political question which makes it of paramount importance that the financial appraisal and any decision making is conducted in the public arena and open to scrutiny. Until this is done we believe the only appropriate action is to refuse permission for the enabling development.

The financial appraisal submitted portrays one scenario of full development including the enabling development. It does not look at converting the buildings without enabling development, nor does it give any breakdown of the new-build profitability or the costs of restoration and so it does not support an

argument that enabling development is necessary. A smaller development of shorter duration could easily be more profitable.

Conversion and restoration of buildings on this scale is quite different to either new-build or smaller conversions. There are many economies of scale in repetitive work. As existing buildings the foundations and ground works are minimal. Roof repairs, whilst intricate, are spread financially over many storeys of building and unlikely to exceed new costs on a smaller building. Walls will primarily need repointing. The main works are in insulating the walls and windows and sound deafening between apartments, all works which qualify for VAT relief as conversion to domestic works. It is difficult to see how these works exceed the new-build cost on a £577k house, but it is not something which we are able to question as the detail has been withheld.

Granting planning permission for more houses on the site as enabling development does two things;

- first, it lowers the unit cost of the site per house sold which relates to the price paid originally being too high, as already discussed,
- secondly, it gives opportunity for additional houses to generate profit.

However the value of those houses to a buyer is unrelated to their actual cost and is determined by their internal area and finish, their location and their amenity. The costs of building here will be high;

- new building will need to be in stone to be commensurate with the listed properties on the site,
- the site is on a slope which also raises costs,
- and by default the more houses that are created the less exclusive the landscape parkland setting will be to potential buyers, not just the visiting public.

All of these factors lower the profitability and potential contribution of the enabling development.

Furthermore the protracted planning process, the requirement for SUDS drainage systems, the new roads and larger site entrance are all brought about by the enabling development. Although we do not have real figures to consider we anticipate that the contribution from each new dwelling created will be very modest compared to the costs of developing. **Put simply, there is a risk the enabling development could be there to enable enabling development.** It is also not clear if the seller has linked the purchase price to future planning gains, many sellers of such large sites without planning permission do so, in which case the benefits of enabling development pass directly to the seller's purse and not entirely to the restoration as argued.

Expecting the development to support affordable housing when it is itself an emergency measure is also questionable. To raise funds of £1m for affordable housing grant a number of units will need to be built just for this purpose and they then factor into the development costs and profitability. We always prefer affordable housing to be located on site, where it is simply a granting of land rights, not a financial contribution and this does not fit with a model of public subsidy.

We note that the development is targeted at the higher price bracket, with units selling at an average of £577k. This in itself would present difficulties in appealing to only one sector of the market and competing directly with the Quartermile project and other smaller scale windfall developments in the Grange and Morningside areas. Any delay in selling increases borrowing costs and lowers profitability, so it is not clear from the evidence presented if this has been thought through.

As can be seen from above it is not possible for us to provide a detailed critique nor bring our knowledge of development to bear and as stated above we believe that is enough reason to withhold permission for enabling development until a publicly accountable case is made for it.

As set out in our previous letters we are opposed to the enabling development in principle, first because it has an adverse impact on the setting and grouping of the Category A listed buildings and secondly

because we are not convinced (on present evidence) that it is either necessary financially or that it will guarantee the future of the site as a housing community.

The applicant has set out a reasoned justification for the enabling development in planning terms on the basis that the benefits outweigh the disbenefits. We do not agree with this reasoning, in brief, because;

- the site is listed Category A because it is a complete and unique set of hospital buildings all built to the highest standard of the day, designed as a coherent group and by the distinguished hand of one architect and conceived and set out in a landscape setting, albeit a differently planted one to that pertaining today.
- We do not agree that Old Craig relates to this grouping other than as a slight anomaly and whilst it is important that is listed and retained, it is not accurate to say that the relationship between the 17<sup>th</sup> Century and 19<sup>th</sup> Century buildings is analogous to the potential relationship between the 19<sup>th</sup> Century buildings and 21<sup>st</sup> Century ones. They will intrude simply by being there and inevitably diminish the key point of how the group at present reads coherently. We find no evidence to suggest that this will not be the case.
- There will be considerable change to the site brought about by conversion of the existing buildings to domestic use, particularly at weekends when the present lack of occupation will be lost. Introducing more domestic users will exacerbate this. It is claimed that only 3.5% of the parkland setting will be lost to new building, suggesting minimal impacts. However, a more accurate interpretation is that approximately 60% of the site will be within the curtilage of a domestic building which will lead to a fundamental loss of the openness and tranquillity associated with the present parkland setting. We find that arguing otherwise is disingenuous and unsupported by the evidence.
- We believe that too much emphasis has been made of the landscape condition. Trees, as living things are in a constant state of growth and transition. Whilst a landscape may be unkempt that in itself does not mean it has lower value either to walkers or as habitat for wildlife. It is an attractive proposition that the landscape might be 'improved' but it is not essential nor is it a key factor in determining the type of development which should take place here. Landscapes can be improved and landscape policies introduced at minimum cost, the important thing is that the place exists as a sanctuary away from other buildings and domestic users so that its appeal as an urban 'escape' from the city is not lost. Before arguing for improvements it is important that the qualities of the existing place are understood and not mistakenly replaced for different ones which are ultimately no 'better' in value. Who owns the land and how access is granted is much less important than that it is actually there as open landscape.
- We have some concerns about the detail of various aspects of the new design such as the courtyard housing on the lower north-facing slopes of Craiglockhart Hill and how the scale of this relates to the terraces and plinth setting of the main buildings, the tall glass 'outlook' tower near the apex of the hill and how prominent this will be when lit at night, the terrace form in the parkland on the eastern boundary and how this brings the form of the terraced suburbs to the East into the site and the scale, relationship and impact of the new apartment blocks between the existing tall Victorian buildings. We do not believe that an appropriate urban design or aesthetic has been found which is capable of introducing such large scale development without adversely affecting the existing listed grouping of buildings. To say that there is no adverse impact because the Victorian buildings are still there and largely unaltered is quite plainly wrong in urban design terms and the illustrations submitted with the Design Statement bear this out.

We also have a number of issues with how the evidence justifying the benefits and disbenefits of the development are set out but key amongst these is the use of wide angle photography to illustrate key views. By nature the distant objects are falsely diminished in this technique which we understood was explained in the city's Skyline Strategy. We would therefore like to take this opportunity to discredit this evidence.

Planning permission lasts several years and can survive various changes in economic circumstances. If permission is granted for approximately eighty houses as enabling development we believe the process would have to be carefully controlled to ensure that:-

- enabling development did not precede restoration of the existing buildings
- profitability was carefully monitored according to selling price and time scale to ensure that only development which was necessary was permitted; a scenario where the number of units permitted decreased as sale price and profitability increased should be devised

We are very concerned that permission should be granted for enabling development on the scant evidence provided. We wish to maintain our strong objection to this part of the application.

Yours sincerely

Euan Leitch  
Assistant Director