
NORTH AYRSHIRE COUNCIL

23 August 2022

Cabinet

Title:	Blair Road, Kilwinning (site of former Hazeldene Centre)
Purpose:	To provide an update on an options appraisal carried out on potential development options for the vacant site at 1 Blair Road, Kilwinning, and to seek approval for a feasibility study to be undertaken to assess the viability of entering into a partnership to establish an Eco Village development on the site.
Recommendation:	<p>That Cabinet:</p> <ul style="list-style-type: none">i. notes the details of the options appraisal carried out;ii. agrees that a feasibility study be undertaken to establish the viability of entering into a partnership to develop an Eco Village on the site;iii. notes that the feasibility study will review potential partnership arrangements, specialist partner interest, most effective financial model, likely timescales and outcomes that will be achieved; andiv. agrees to receive a further update report on the findings of the feasibility study at a future meeting.

1. Executive Summary

- 1.1 The site at 1 Blair Road, Kilwinning is located on the edge of Kilwinning town and extends to 1.05 hectares / 2.60 acres (or thereby). The site is located within the Kilwinning general urban area and would be suitable for housing in accordance with the revised Local Development Plan (LDP).
- 1.2 A Cabinet decision was made in June 2021 to reject six offers to purchase the site, received following a marketing campaign. It was further agreed that officers would undertake an options appraisal to determine the most appropriate route to develop the site in a way that aligns with the Council's climate change and community wealth building aspirations.
- 1.3 An options appraisal has identified eight potential future uses for the site, including serviced self-build plots, shared ownership homes, Council housing, privately owned housing, a partnership with Private Specialists to develop an innovative Eco Village and the development of the site for community garden/allotments. Details of the options appraisal together with a brief outline of each option has been provided as an appendix to this report (appendix 2).
- 1.4 The preferred option is the creation of an Eco Village, through a partnership arrangement with a private sector specialist. This would create a limited number of eco-friendly houses incorporating the latest low energy and sustainability technology with the aim of creating

attractive and modern net-zero carbon houses for the future. A partnership would enable the Council to benefit from the specialist knowledge of a private sector partner. The feasibility of entering a partnership for the creation of an Eco Village will however require to be tested. It is recommended that officers now commission a feasibility study to determine the viability of the Council entering into a partnership with a private sector specialist to develop an innovative Eco Village.

2. Background

- 2.1 The site at 1 Blair Road, Kilwinning is located on the edge of Kilwinning town and extends to 1.05 hectares / 2.60 acres (or thereby). The site is located within the Kilwinning general urban area and would be suitable for housing in accordance with the revised Local Development Plan (LDP). A site plan is attached as Appendix 1.
- 2.2 Following the relocation of the HSCP Community Based Services provision from Hazeldene Interlink in Kilwinning to the Trindlemoss development in Irvine, the building and site became surplus to Council requirements.
- 2.3 In 2019, Property Management and Investment assessed the site with Housing Services to establish any requirement for social housing and concluded the existing demand for social housing in Kilwinning was being met by the sites already committed and programmed in the Strategic Housing Investment Plan (SHIP). The Local Housing Strategy informed this assessment whilst also taking into consideration the residential character of the surrounding area.
- 2.4 The rationalisation of property assets is a key element within the Council's Transformation Programme and links to the Council's Estate Strategy and Property Asset Management Plan.
- 2.5 At Cabinet on 26 November 2019, the building was deemed surplus, and approval granted to progress with demolition. After delays due to COVID-19, the building was demolished in April 2021. The site was marketed and generated strong interest. A closing date was set for 12 May 2021 which resulted in six offers being received.
- 2.6 The offers were presented to Cabinet in June 2021. A Cabinet decision was made to reject all offers and have the site remain within Council Ownership. It was further agreed that officers would undertake an options appraisal to determine the most appropriate route to develop the site in a way the aligns with the Council's climate change and community wealth building aspirations.
- 2.7 An options appraisal has now been carried out which considered eight potential future uses for the site, including serviced self-build plots, shared ownership homes, Council housing, privately owned housing, partnership with private sector specialists to develop an innovative Eco Village and the development of the site for community garden/allotments. The options appraisal is detailed at Appendix 2.
- 2.8 Some initial work has also been carried out to review and assess any potential site constraints, including access, vulnerability to flooding, ground conditions and Scottish Water connections. A summary commentary of this is attached at Appendix 3.
- 2.9 At present the cleared site remains vacant. Fencing has been erected to secure the area and discourage antisocial behaviour.

3. Proposals

3.1 It is proposed that a cross service group of officers complete a feasibility study which will include:

- engagement with specialist suppliers to inform the structure of a partnership, this will be carried out with the assistance of the corporate procurement unit and, if required, will see a Prior Information Notice (PIN) issued
- determining the financial model for the proposed development
- establishing a timeline and delivery programme for the proposal
- developing the quality standards and outcomes that will be specified for the partner.

These may include:

- Passivhaus certification of the homes
- Construction to Scottish Government net zero standards
- Active and sustainable travel considerations
- Biodiversity considerations and ecological attributes through informed landscape design.
- Community Wealth Building and Social value outcomes

4. Implications/Socio-economic Duty

Financial

4.1 The development of a partnership will ensure the site can be developed in the optimal way to ensure alignment with the strategic vision of the Council in terms of both climate change and community wealth building. The costs of the feasibility study will be met from existing budgets.

Human Resources

4.2 None

Legal

4.3 Legal Services have commented on the option appraisal document and this feedback has been taken into account in making a recommendation to Cabinet.

4.4 The Structure of any partnership will be developed with Legal Services. It is envisaged this will be a contractual model, as opposed to the creation of a formal Joint Venture Company which would be more costly and complex.

Equality/Socio-economic

4.5 None.

Climate Change and Carbon

4.6 Development of the site as an eco-village will contribute to the Council's commitment to carbon reduction and combating climate change. Development of the site as an eco-village will:

- make a positive contribution to national carbon reduction targets

- contribute to the North Ayrshire Council Climate Emergency declaration commitment to be carbon neutral by 2030

The proposals would also contribute to the delivery of the third North Ayrshire Environmental Sustainability & Climate Change Strategy 2021-2023 (ESCCS 3), particularly to the delivery of the Affordable Warmth workstream, action c '*Seek to prioritise building new properties to a high energy efficiency (e.g. Passivhaus and EnerPHit Standards)*'.

Key Priorities

4.7 Development of the site as an eco-village will support the Council's key priorities of:

- Aspiring Communities – Inclusive, growing and enterprising local economy
- Inspiring Place - Affordable, modern, and well-designed homes that meets residents' needs
- Inspiring Place – A sustainable environment

Community Wealth Building

4.8 Community Wealth Building opportunities formed part of the options appraisal for use of the site.

4.9 Community Wealth Building and Social Value outcomes will be included as deliverables in the feasibility study and will be incorporated into final proposals as appropriate.

5. Consultation

5.1 A number of Services have been consulted in the preparation of this report: Legal Services; Economic Development and Regeneration; Corporate Procurement, and; Energy and Sustainability.

RUSSELL McCUTCHEON
Executive Director (Place)

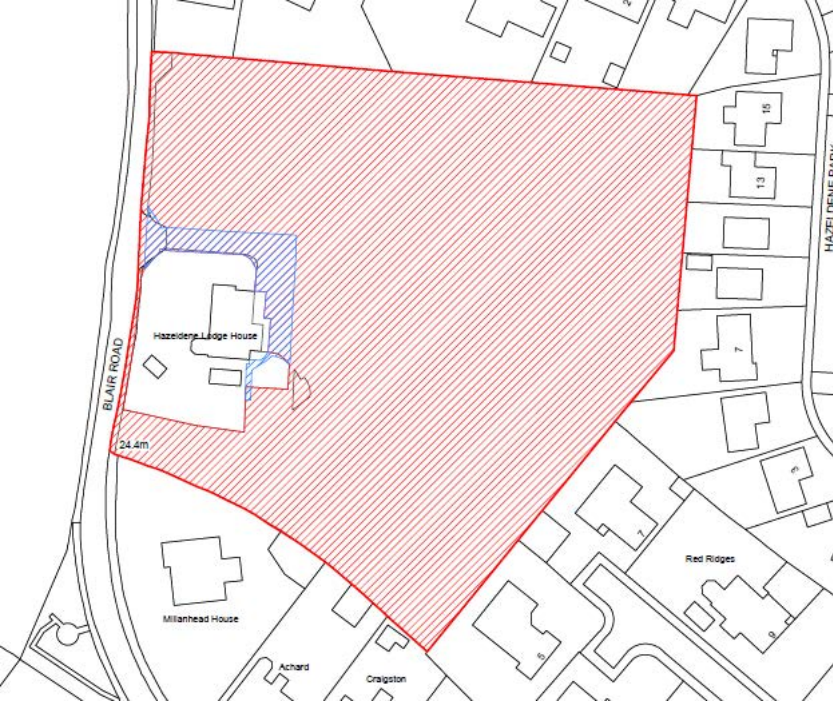
For further information please contact **Laurence Cree, Senior Manager (Property Management and Investment)**, on 01294 324463.

Background Papers

Appendix 1. Blair Road, Kilwinning (Site of the former Hazeldene Centre), site plan.

Appendix 2. Blair Road, Kilwinning (Site of the former Hazeldene Centre), Option Appraisal

Appendix 3. Blair Road, Kilwinning (Site of the former Hazeldene Centre), Site Considerations



BLAIR ROAD

Hazeldean Lodge House

24.4m

Millanhead House

Achard

Craigston

Red Ridges

HAZELDEAN ROAD

Blair Road, Kilwinning (Site of former Hazeldene Centre), Option Appraisal

Following cross service discussions, an option appraisal has identified eight potential future uses for the site. A brief outline of each has been provided below.

Option 1: Serviced Self Build Plots – The development of serviced plots by the Council. Upon completion these serviced plots would be offered to the private sector as self-build plots. This would be similar to the BUILD project in Largs.

Pros:

- i. North Ayrshire Council would receive a capital receipt for the site in the long term.
- ii. Serviced Self Build Plots are limited within the local area and therefore likely to generate a reasonable level of interest.
- iii. Including design concepts within the Planning and Marketing would enable a level of control over the houses being built by the private purchasers.

Cons:

- i. Significant investment is required to install services and create a road system prior to the plots being sold.
- ii. These projects are time consuming for Council officers with design concepts, various works and planning required prior to marketing.
- iii. The BUILD project remains in the early stages with a number of unknowns outstanding including legal and finance aspects. Having yet to complete, there is not enough evidence, to determine if this project will be supported within the community and yield a positive outcome. It could be perceived as irresponsible to commence a similar project elsewhere without certainty of success. Therefore, if this option were to be progressed, it would be recommended it did not commence until a full review of the BUILD project is completed. This would delay any capital receipt to the Council.

Option 2: Shared Ownership – The Council would develop a variety of energy efficient modern homes which upon completion would be offered to the market on a Shared Ownership basis; similar to HOME project ongoing in Largs.

Pros:

- i. Assuming a similar strategy to HOME is adopted, the Council would be providing an opportunity for first time buyers to access modern efficient housing and, an opportunity for older homeowners to downsize or secure modern, energy efficient, level access housing.
- ii. Some level of capital receipt would be obtained in the long term, but this would be reliant on the shared ownership strategy implemented.
- iii. Creation of low energy and high efficiency houses.

Blair Road, Kilwinning (Site of former Hazeldene Centre), Option Appraisal

Cons:

- i. The HOME project is yet to complete. Consequently, there is not enough evidence to determine if this project will be supported within the community and yield a positive outcome. It could be perceived as irresponsible to commence a similar project elsewhere without certainty of success within the pilot scheme. Therefore, if this option were to be progressed, it would be recommended it did not commence until a full review of the HOME project is completed. This would delay any capital receipt to the Council.

Option 3: Council Houses: In 2019, Housing together with Property Management and Investment established that the requirement for social housing in Kilwinning was being met by the sites already committed and programmed in the Strategic Housing Investment Plan (SHIP). Given the period of time that has passed, a further review could be undertaken to confirm if the findings remain relevant. Following the review and if appropriate, the site could be utilised for Council Housing.

Pros:

- i. Additional housing stock will generate an income for the HRA and increase the quality of the stock.
- ii. Creation of low energy and high efficiency houses.

Cons:

- i. It is unlikely a second review would produce differing results to those identified in 2019. Furthermore, the development of the former St Michael's School site is nearing completion. The Council would not wish to flood the market by completing another project nearby.
- ii. Significant capital investment would be required to complete a project of this level.

Option 4: Private Houses - The Council could develop the site for private housing. This option would enable the Council to ensure energy efficient modern homes were being offered to the private sector.

Pros:

- i. Likely to gain the highest capital receipt for the Council.
- ii. The demand for modern private housing in Kilwinning is reasonable.

Cons:

- i. Significant financial investment would be required to complete the development.

- ii. Given the demand for private housing within Kilwinning and nearby private sector developments, the Council would likely be unable to provide suitable evidence to prove market failure to enable private house development by a local authority.

Option 5: Partnership to develop an innovative Eco Village – The intention would be to undertake a partnership development with a private sector specialist to create a limited number of eco-friendly houses incorporating the latest low energy and sustainability guidance with the aim of creating attractive and modern net zero carbon houses for the future. This process would enable the Council to create creative and sustainable criteria for development by a private sector partner to ensure a fully sustainable village is created. A partnership would enable the Council to benefit from the specialist knowledge of a private sector partner and limit risk levels.

Pros:

- i. Creation of low carbon energy efficient sustainable housing
- ii. Houses would be developed in accordance with innovative standards (for example, the PassivHaus Standard) to ensure quality, comfort and energy efficiency
- iii. Innovative project to help incentivise the private sector into creating homes for the future.
- iv. Utilise some of the principles established during the development of the homes at Dickson Court
- v. Undertaking a partners with private sector specialist, increasing risk avoidance.

Cons:

- i. The level of interest from private sector is currently unknown and would need explored further.
- ii. Unlikely to generate a substantial capital receipt for the Council.

Option 6: Remarket the site – Given the strong interest in the site during the original marketing campaign, we would anticipate an equally strong level of interest if the site was to be remarketed. Following the results of the external review in relation the site access, the site could be offered to the market with this additional information.

Pros:

- i. Likely to generate a high level of interest from private housing developers
- ii. Likely to produce a strong capital receipt.
- iii. Likely to be the quickest way of disposing of the site and reducing the Council's liability

Cons:

Blair Road, Kilwinning (Site of former Hazeldene Centre), Option Appraisal

- i. Would not realise potential climate emergency and Community Wealth Building opportunities.

Option 7: Community Garden /Allotments - Working in partnership with local communities, a community garden and allotments to be utilised by local residents, could be developed.

Pros:

- i. Community gardens and allotments are very popular with local residents and align with a number of the Council's Community Wealth Building objectives
- ii. We would anticipate a strong level of interest from local community group to operate the facility removing the day to day obligation from the Council

Cons:

- i. The Council will not gain a capital receipt.
- ii. The Council are likely to remain liable for ground maintenance etc.
- iii. Investment to create community garden and allotment would be required.

Option 8: Retain the site – The Council are under no obligation to do anything with the site. We could retain the site until a more suitable option is determined.

Pros:

- i. Nil

Cons:

- i. The Council will not gain a capital receipt.
- ii. The Council would remain liable for ground maintenance etc.
- iii. Likely to prove unpopular with local residents
- iv. May encourage antisocial behaviour.
- v. The asset would be an insurance liability.

1.0 Access

- 1.1 The existing footpath and road access to the south of the site is limited and North Ayrshire Council Roads have confirmed it will require to be upgraded to adequately serve any proposed housing development. An external consultant has been appointed to carry out a feasibility study to explore the accessibility improvements that will be associated with a proposed housing development. A number of options have been considered and two feasible options have been identified. Further detailed design and costing will be explored in order to identify a preferred option.

2.0 Site Investigations

- 2.1 In 2018 concerns were raised about the possibility of a smallpox hospital and burial sites being located on the site. External experts were instructed to undertake Phase 1 Desktop Ground Investigation. Experts advised that there was no evidence to support the existence of a smallpox hospital or burial site. Furthermore, the smallpox virus breaks down after the victim's death and does not pose a health risk thereafter. Therefore, although due caution and sensitivity should be taken during any further ground investigations due to potential natural gases, there appears to be low risk of contamination on the site.
- 2.2 This report also found that the site was at low risk of coastal, river or surface water flooding.
- 2.3 Following instruction in 2022, Scottish Water have carried out a capacity review for the site and have confirmed that, on the basis of a foul connection, there are no issues currently identified within their waste and wastewater network that would adversely affect the demands of our development. Current Scottish Water policy is not to accept surface water flows from new developments into combined sewer networks. Their response has, therefore, been issued on the basis that the surface water from the development will be drained to a watercourse. Due to the proximity of the site to the River Garnock, surface water will require to be treated, stored and attenuated prior to discharge to the river. An outfall will require to be installed across the privately owned land to the west of the site.

Feedback from Scottish Water has been attached for further consideration if required.