

Finance and Resources Committee

10.00 a.m, Thursday, 27 August 2015

Proposed Sale of Baird House, 12 Newtoft Street, Edinburgh

Item number	8.6
Report number	
Executive/routine	Routine
Wards	16 Liberton / Gilmerton

Executive summary

Baird House is a vacant two storey property previously used by Edinburgh Befriending Consortium, to provide an advice service to children and young adults. It was declared surplus on 9 December 2014, and the property was marketed for sale in March 2015 with a closing date of 23 June 2015.

At the closing date 10 bids were received from seven parties.

This report summarises the outcome of the bidding process and seeks Committee authority to sell the property at Baird House to Abbey Properties Ltd on the terms and conditions as outlined in the report.

Links

Coalition pledges	P17
Council outcomes	CO7
Single Outcome Agreement	SO4

Proposed sale of Baird House, 12 Newtoft Street, Edinburgh

Recommendations

That Committee:-

- 1.1 Authorises the sale of Baird House, on the terms and conditions highlighted in this report, and on other terms and conditions to be agreed by the Director of Services for Communities.

Background

- 2.1 Baird House, as shown outlined red on the attached plan, is a vacant two storey property previously used by Edinburgh Befriending Consortium to provide a counselling service to children and young adults. It was declared surplus on 9 December 2014.

Main report

- 3.1 The property was placed on the open market for sale on 9 March 2015 and a closing date set for 23 June, when 10 bids were received. The bids were evaluated against a number of key criteria as follows:
 - Price, including any overage provision;
 - Proposed Use;
 - Conditions attached to the bid;
 - Planning Risk;
 - Adherence to Affordable Housing Policy;
 - Certainty of Net Receipt – Treatment of abnormal costs/Guaranteed Minimum Price etc; and
 - Deliverability – Funding and timescale for concluding missive, planning process, net capital receipt.
- 3.2 Using this criteria, the bids were analysed to calculate an (i) adjusted net price allowing for known deductions such as section 75 obligations and abnormal costs, and as a further check, (ii) weighted net price, allowing for planning risk. This enabled the bids to be compared on a like for like basis.
- 3.3 The majority of the bidders provided financial information with their proposals to demonstrate that they were of the appropriate financial standing to undertake their respective development proposals.

- 3.4 Following the analysis of the bids, the offer received from Abbey Property Partnership Limited is considered to provide the best offer to the Council in terms of the criteria outlined in paragraph 3.1.
- 3.5 The offer from Abbey Property Partnership is as follows:
- Price: £288,500 comprising a net price of £201,500 for the current premises plus an additional payment of £87,000 subject to planning for six dwellings in the grounds;
 - Use: Nine residential apartments comprising one, two and three bedrooms;
 - Conditions: Planning, Title, Site Investigation;
 - Costs: The Council's reasonable legal and professional fees are to be paid in addition to the price.
- 3.6 In terms of capital receipt, the Abbey Property Partnership bid contained the highest gross price, the highest net price and the highest weighted price, when adjusted for planning risk.
- 3.7 All bids were for residential conversion, however, an offer to lease the property at a peppercorn rent was received from 'Edinburgh Palette'. There was limited information with the bid, however, the proposed use was to provide a community facility for use as a musicians' studio and rehearsal space. The bid is significantly lower than the proposed preferred bidder and is a proposal to lease the property rather than to purchase, as marketed. As such, it is not a compliant bid and is not recommended for acceptance.

Measures of success

- 4.1 The construction of much needed housing, addressing the undersupply across the city.
- 4.2 A capital receipt to the Council of up to £288,500 subject to the receipt of planning consent for conversion to residential use.

Financial impact

- 5.1 A capital receipt of £201,500 (subject to planning) to be received in financial year 2016/2017, with a further potential top up of £87,000 based on the granting of planning permission for additional units in the grounds.

Risk, policy, compliance and governance impact

- 6.1 There is a risk the purchaser does not receive planning permission for the development proposals.

Equalities impact

- 7.1 The disposal will lead to the redevelopment of a prominent vacant property. This will enhance the feeling of security for neighbouring residents.

Sustainability impact

- 8.1 The development will meet current standards of sustainable construction. There are no on site environmental issues to report.

Consultation and engagement

- 9.1 A full consultation exercise will be undertaken as part of the planning application for the proposed development.

Background reading/external references

N/A

John Bury

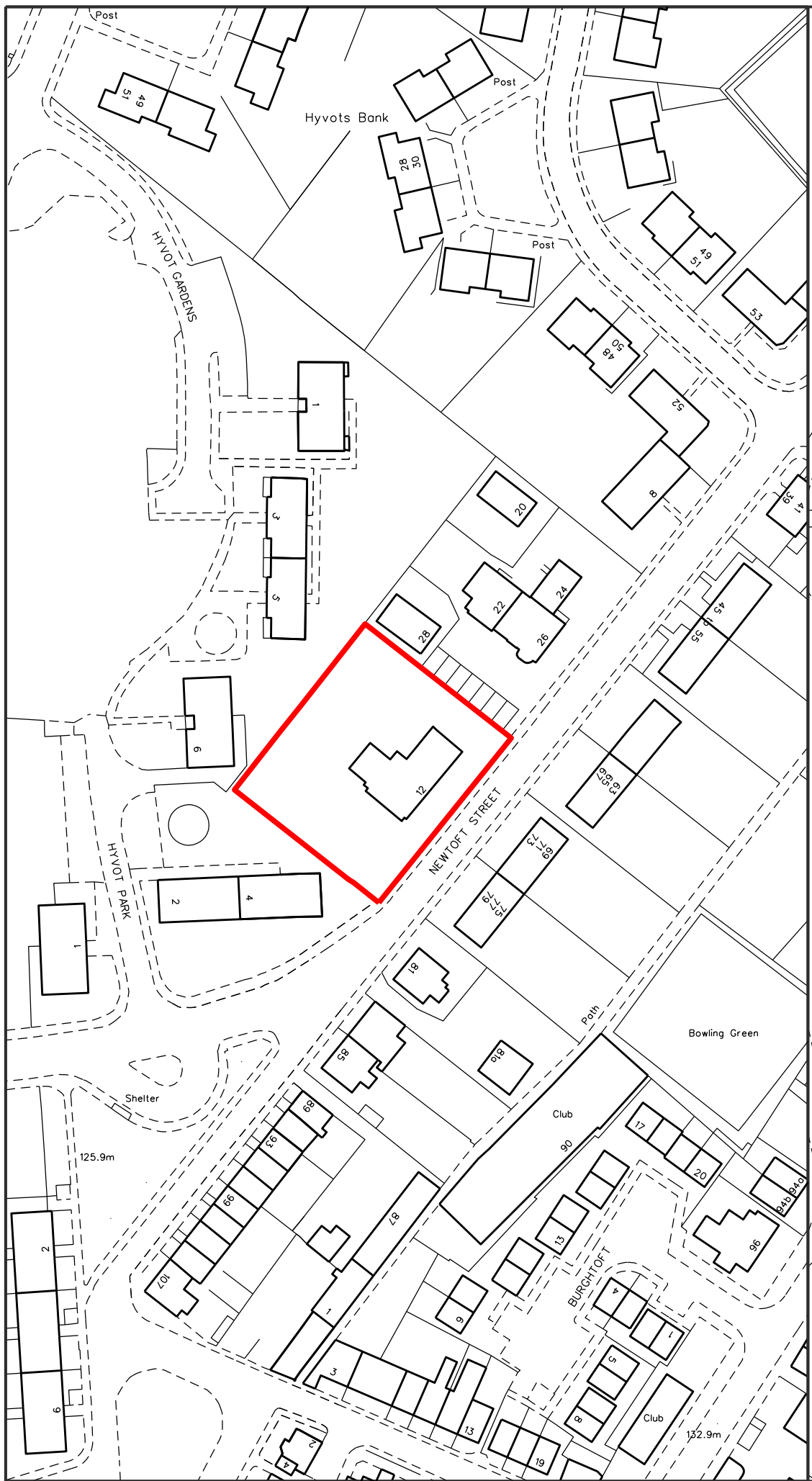
Acting Director of Services for Communities

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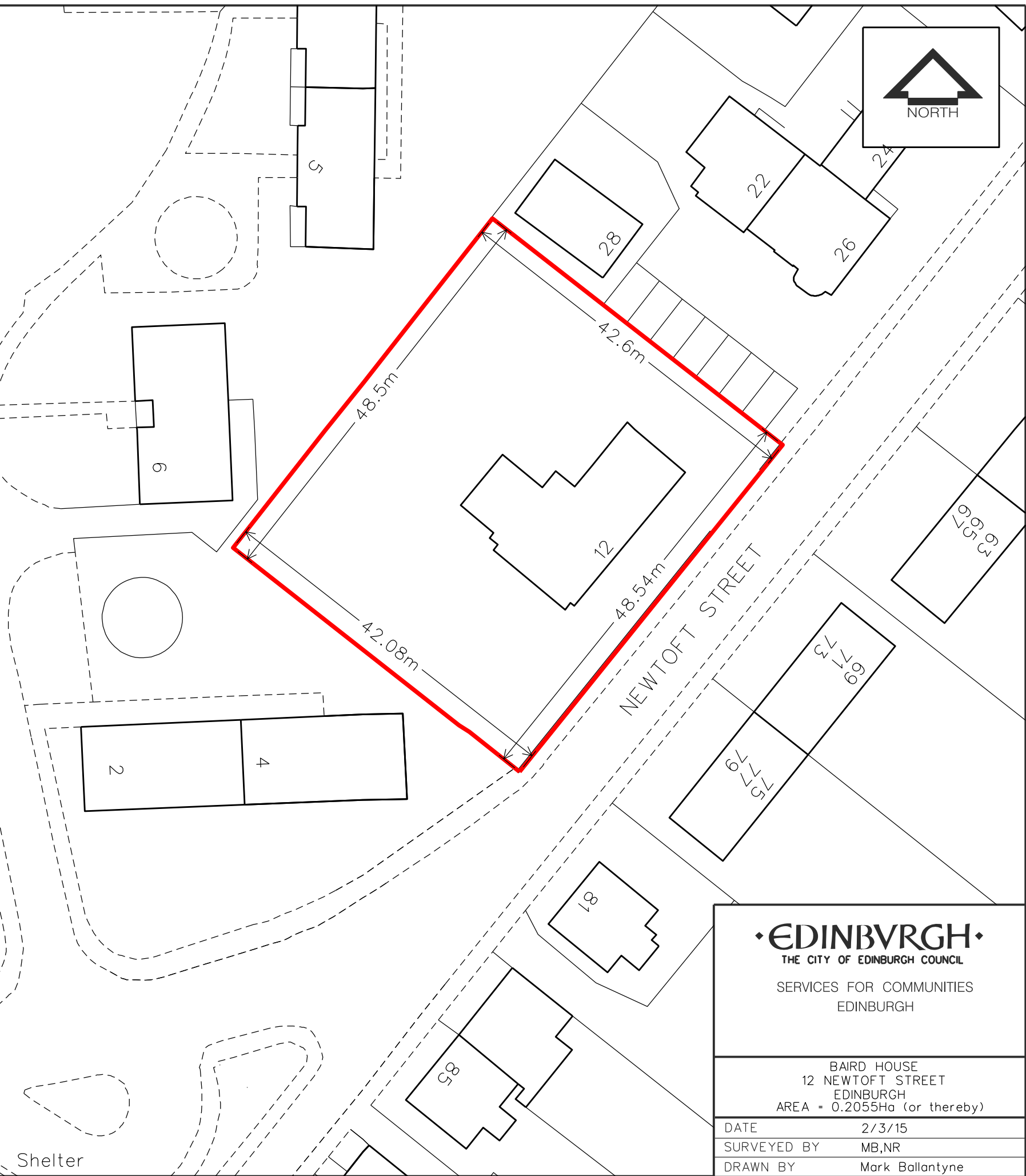
Links

Coalition pledges	P17 – Continue efforts to develop the city’s gap sites and encourage regeneration.
Council outcomes	CO7 – Edinburgh draws new investment in development and regeneration.
Single Outcome Agreement	SO4 - Edinburgh's communities are safer and have improved physical and social fabric.
Appendices	Location Plan.



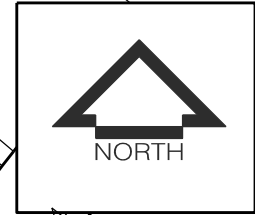
LOCATION PLAN

SCALE 1:1250



SITE PLAN

SCALE 1:500



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BAIRD HOUSE 12 NEWTOFT STREET EDINBURGH AREA = 0.2055Ha (or thereby)	
DATE	2/3/15
SURVEYED BY	MB,NR
DRAWN BY	Mark Ballantyne
SCALE	1:500 @ A3 SIZE
NEG. NO.	A3/1559