

Finance and Resources Committee

10.00am, Thursday, 12 May 2016

Proposed Disposal of 0.22 Ha at Edinburgh Capital Hotel, 187 Clermiston Road

Item number	8.3
Report number	
Executive/routine	Routine
Wards	3 – Drum Brae/Gyle

Executive summary

Hotel Property Fund (Syndicate 1) Limited (HPF) owns and operates the Edinburgh Capital Hotel, 187 Clermiston Road, Edinburgh.

The Hotel's car park is only partly owned by the Hotel with a section held on the Housing Revenue Account (HRA), and leased to the Hotel via a 99 year ground lease.

The owner has approached the Council seeking to acquire the leased section of the car park, in order to consolidate its ownership of the hotel grounds.

This report seeks authority to sell the land to HPF at market value on the main terms outlined in the report.

Links

Coalition pledges	P17
Council outcomes	CO7 , CO8
Single Outcome Agreement	SO1 , SO4

Proposed Disposal of 0.22 Ha at Edinburgh Capital Hotel, 187 Clermiston Road

Recommendations

That Committee:

- 1.1 Approves the disposal of the HRA land at 187 Clermiston Road, extending to 0.22 Ha (0.54 acres) or thereby, to the adjacent proprietor, Hotel Property Fund (Syndicate 1) Limited, trading as Edinburgh Capital Hotel, on the terms and conditions outlined in this report, and on such terms and conditions to be agreed by the Acting Executive Director of Resources.

Background

- 2.1 The Edinburgh Capital Hotel is shown edged red on the attached plan with the car park section to be sold, shown hatched red, extending to 0.22 Ha (0.54 acres) or thereby. The land is currently leased to HPF on a 99 year lease expiring in May 2074. The rent is £1pa, with the hotel operator having paid a capital payment of £145,000 to the Council when it assigned the lease from the previous ground tenant, Capital International Hotels Ltd, in 2004.
- 2.2 Hotel Property Fund (HPF) has approached the Council to purchase the land, currently held by HPF, as ground tenant under a ground lease, to consolidate its ownership of the hotel grounds.

Main report

- 3.1 Negotiations have taken place with the Hotel and provisional agreement has been reached with the land being sold subject to the following main terms and conditions:
 - Purchaser: Hotel Property Fund (Syndicate 1) Limited;
 - Subjects: 0.22 Ha (0.54 acres) or thereby of land at 187 Clermiston Road;
 - Purchase price: £180,000 (market value);
 - Use: Open space/car park;
 - Clawback: 50% of net uplift on future sale; and

- Council Fees: The purchaser will meet the Council's reasonably incurred legal fees and surveyors fees.
- 3.2 The purchase price reflects the existing use as open space & car parking for the hotel, and the fact it is leased until May 2074 at £1 per annum. Should the land be sold a Clawback Agreement will protect the Council's position, if a higher price is subsequently realised.

Measures of success

- 4.1 A piece of ground that is unlikely to have any future economic or alternative use for the Council will be sold for a capital receipt.
- 4.2 The sale of the area of land will realise Best Value for an HRA asset with no operational value.

Financial impact

- 5.1 A net capital receipt of £180,000 will be received in the financial year 2016/17.
- 5.2 The disposal will remove a potential future maintenance liability.

Risk, policy, compliance and governance impact

- 6.1 There is a risk that the sale does not complete. This is the same for any offer of purchase.

Equalities impact

- 7.1 The proposed sale will facilitate clean Title for the Hotel and thereby enhance the right to Legal Security.
- 7.2 Post acquisition, this will allow re-design of the car park and open space enhancing the rights to standard of living and individual, family and social life.
- 7.3 The sale of the area of land will lead to improved landscaping in the area. This will enhance the rights to health and physical security by improving the area for nearby residents.

Sustainability impact

- 8.1 There are no sustainability issues arising from the recommendations of this report.

Consultation and engagement

- 9.1 Consultation took place with surrounding residents receiving hand delivered letters with elected members and Drumbrae Community Council receiving email notification.
- 9.2 The West Neighbourhood Management Team supports the application.
- 9.3 No objections have been received regarding this proposed land transaction.

Background reading/external references

N/A

Hugh Dunn

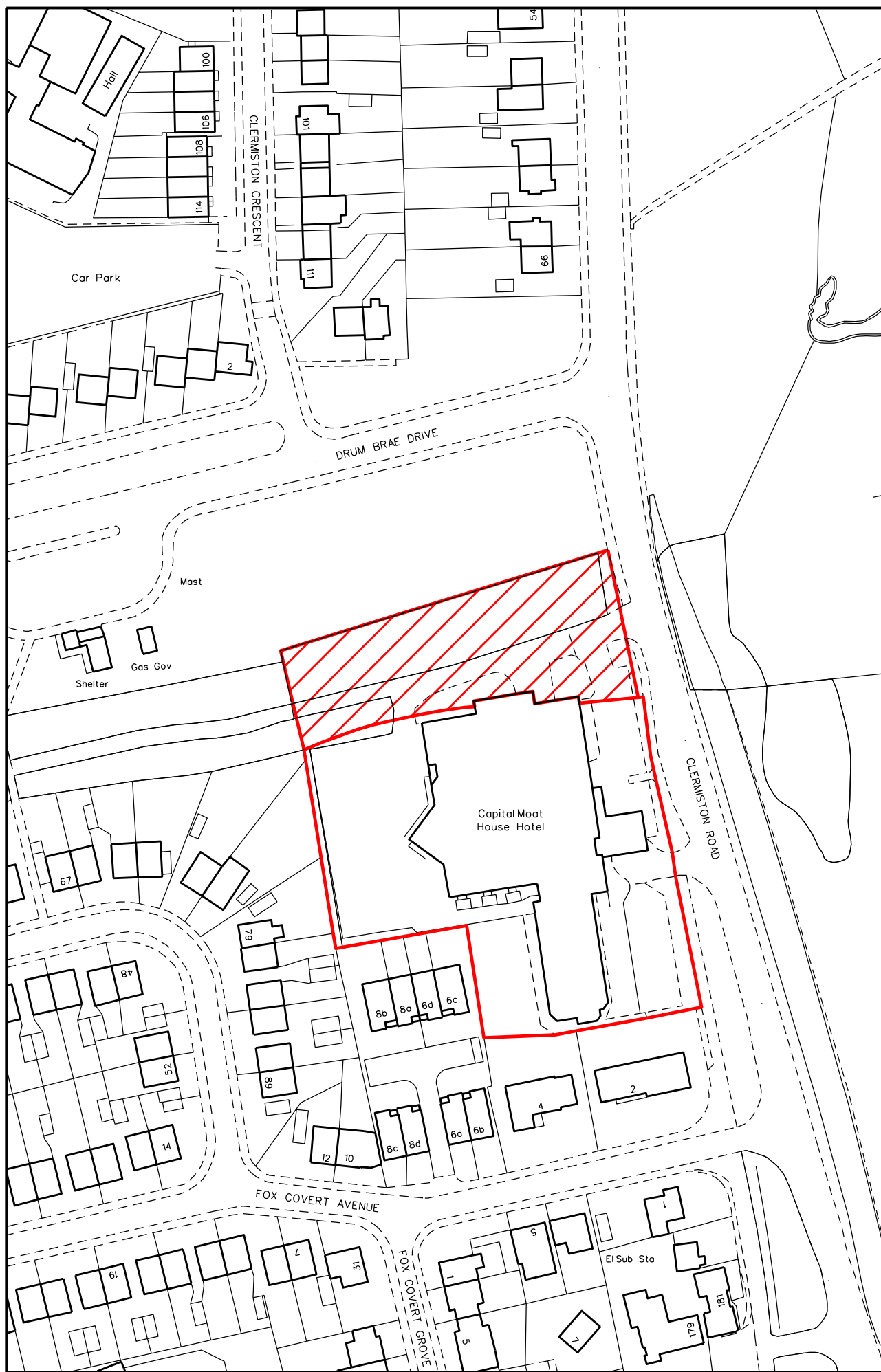
Acting Executive Director of Resources

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Links

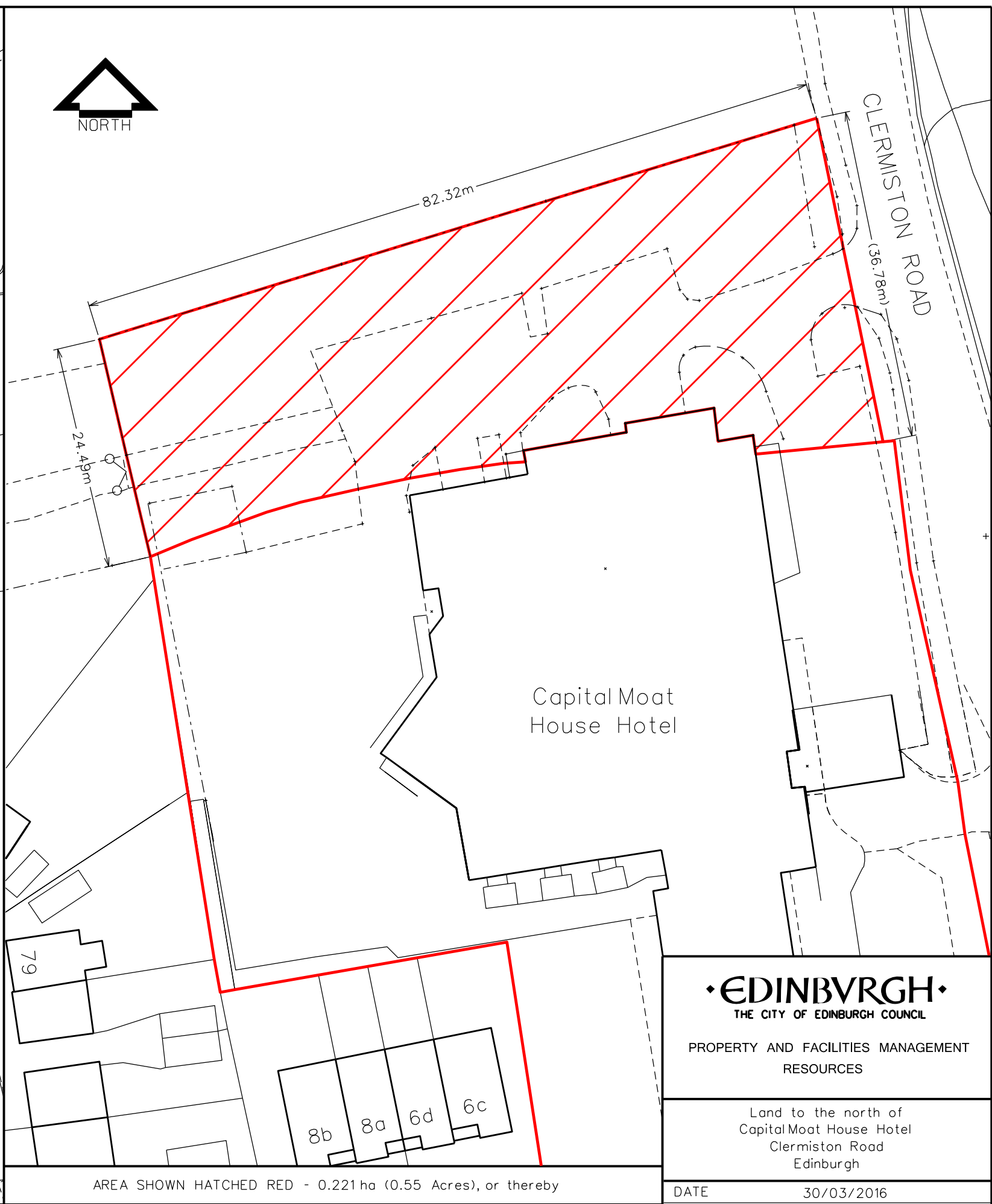
Coalition pledges	P17 – Continue efforts to develop the city's gap sites and encourage regeneration.
Council outcomes	CO7 – Edinburgh draws new investment in development and regeneration. CO8 – Edinburgh's economy creates and sustains job opportunities.
Single Outcome Agreement	SO1 – Edinburgh's Economy Delivers increased investment, jobs and opportunities for all. SO4 – Edinburgh's communities are safer and have improved physical and social fabric.
Appendices	Location plan showing ground lease area.



EXISTING HOTEL BOUNDARY SHOWN DELINEATED RED

LOCATION PLAN

SCALE 1:1250



AREA SHOWN HATCHED RED - 0.221 ha (0.55 Acres), or thereby

DIMENSIONS IN BRACKETS ARE BASED ON THE ORIGINAL TITLE PLAN

SITE PLAN

SCALE 1:500

• EDINBURGH •
THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANAGEMENT
RESOURCES

Land to the north of
Capital Moat House Hotel
Clermiston Road
Edinburgh

DATE 30/03/2016

SURVEYED BY MB/AP

DRAWN BY MB

FILE NO.

NEG. NO. NT2074/A3/706 A