

Finance and Resources Committee

10.00am, Tuesday, 27 March 2018

Land to rear of 80 Niddrie Mains Road – Proposed Disposal

Item number	8.2
Report number	
Executive/routine	Routine
Wards	17 – Portobello/Craigmillar
Council Commitments	C1,C2,C10,

Executive Summary

On 5 September 2017, the Finance and Resources Committee approved the award of two contracts to CCG (Scotland) Ltd for the development of new affordable homes in Craigmillar, including plots within Craigmillar town centre.

In close proximity to the town centre plots, the developer has also acquired the former Lidl site and has secured a legal position on the adjoining former motor trade site. The Council retain ownership of a former access which extends into part of the site from Niddrie Mains Road and an approach has been made by CCG (Scotland) Ltd for the purchase of this land as an adjoining landowner.

The report seeks approval to dispose of the land to CCG (Scotland) Ltd on the terms and conditions outlined in the report.

Land to rear of 80 Niddrie Mains Road – Proposed Disposal

1. Recommendations

1.1 That Committee:

- 1.1.1 Approves the sale of 0.14 hectares (0.34 acres) of land to the rear of 80 Niddrie Mains Road to CCG (Scotland) Ltd on the terms and conditions as outlined in this report and on other terms and conditions to be agreed by the Executive Director of Resources.

2. Background

- 2.1 The Council and its housing association partners have delivered more than 700 homes in Craigmillar with plans at an advanced stage for a further 600 more. The £89m already invested in new homes has transformed the area, creating jobs and supporting the local economy.
- 2.2 On 21 January 2016, the Council approved plans to expand the 21st Century Homes housebuilding programme to 8,000 homes over the next 10 years.
- 2.3 On 5 September 2017, the Finance and Resources Committee approved the award of two contracts to CCG (Scotland) Ltd (CCG) to deliver 269 new homes in Craigmillar through the Housing Revenue Account. The new homes are to be built on two Council owned sites at Greendykes (plot G) and Craigmillar town centre (plots 12 -15). These sites form part of the approved masterplan for the area.
- 2.4 To the south of plots 12 - 15, within Craigmillar town centre, CCG has acquired the former Lidl store and is in a contract to purchase a former motor trade site to the east. These areas are shown shaded blue on the plan attached at Appendix 1.
- 2.5 While the former motor trade site has access rights, the Council retain the ownership of the access road into the land, extending to 0.14 hectares (0.34 acres), as shown shaded yellow at Appendix 1. CCG has approached the Council with an offer to purchase this area of land, as an adjoining proprietor, so that it can be included within the wider residential development.

3. Main report

- 3.1 CCG are proposing to develop 134 affordable residential units across the assembled site in conjunction with Places for People. This development is in keeping with, and will contribute to, the Council's wider aspirations for the regeneration of Craigmillar.
- 3.2 Provisional terms have been agreed with CCG as follows:
- Subjects: 0.14 hectares (0.34 acres) at the rear of 80 Niddrie Mains Road;
 - Purchaser: CCG (Scotland) Limited;
 - Purchase Price: £120,000;
 - Conditions: Site investigation, utility capacity and suitable drainage connection; and
 - Costs: CCG will pay the Council's reasonably incurred costs to a maximum of £2,500.
- 3.3 The proposed purchase price has been calculated on a pro rata basis of the purchase price that CCG are paying for the former motor trade site. On a gross basis this equates to a rate of circa £350,000 per acre. This is considered to represent market value as the land, in isolation, has no alternative development value.
- 3.4 The Council and CCG are also exploring a second phase of the development which could result in the delivery of additional affordable housing units and retail accommodation fronting on to Niddrie Mains Road. Any subsequent proposed transaction would be the subject of a separate report to the Committee.

4. Measures of success

- 4.1 The sale of the land to CCG will allow the assembly of a residential development site that will deliver 134 affordable units of mixed tenure which will further enhance the regeneration of Craigmillar.
- 4.2 A narrow strip of land which is of little use to the Council will be brought into economic use.

5. Financial impact

- 5.1 A capital receipt of £120,000 will be received by the General Fund in financial year 2018/19, subject to the conditions of the offer being purified.

6. Risk, policy, compliance and governance impact

- 6.1 Due to the historic use of the property on either side of the Council owned land for the motor trade there is a risk that the ground investigation report will result in the purchaser seeking a deduction from the purchase price for abnormal costs. This would be negotiated by Estates Officers to ensure best value for the Council prior to any disposal being finalised.
- 6.2 By undertaking a direct disposal of the site to CCG, other developers would be prevented from making a bid for the site. Such a disposal is justified as the configuration of the site dictates that there is little economic benefit to the Council. In addition, it is also not capable of being developed in isolation of the surrounding site.

7. Equalities impact

- 7.1 By agreeing to an off market disposal of the properties, potential purchasers will be prevented from submitting a bid. However, any disposal will be at market value and the site is not capable of being developed in isolation.
- 7.2 The direct disposal will result in a development of a mix of housing types to meet a range of housing needs.
- 7.3 Developing new affordable housing has a positive impact on poverty and inequality targets by increasing access to housing for people with low incomes.
- 7.4 Development works following the disposal of the land will cause disturbance to neighbouring residents. Guidelines for any construction works in terms of recognising the proximity of adjoining properties will form part of the conditions attached to any planning permission.

8. Sustainability impact

- 8.1 CCG are committed to the development of homes to a high standard in terms of energy efficiency and sustainability.

9. Consultation and engagement

- 9.1 Ward elected members have been made aware of the recommendations of the report.

10. Background reading/external references

- 10.1 Report to Finance and Resources Committee, 5 September 2017 – Craigmillar Regeneration – Award of Contracts
[http://www.edinburgh.gov.uk/download/meetings/id/54653/item_720 -
_craigmillar_regeneration_-_award_of_contracts](http://www.edinburgh.gov.uk/download/meetings/id/54653/item_720_-_craigmillar_regeneration_-_award_of_contracts)

Stephen S. Moir

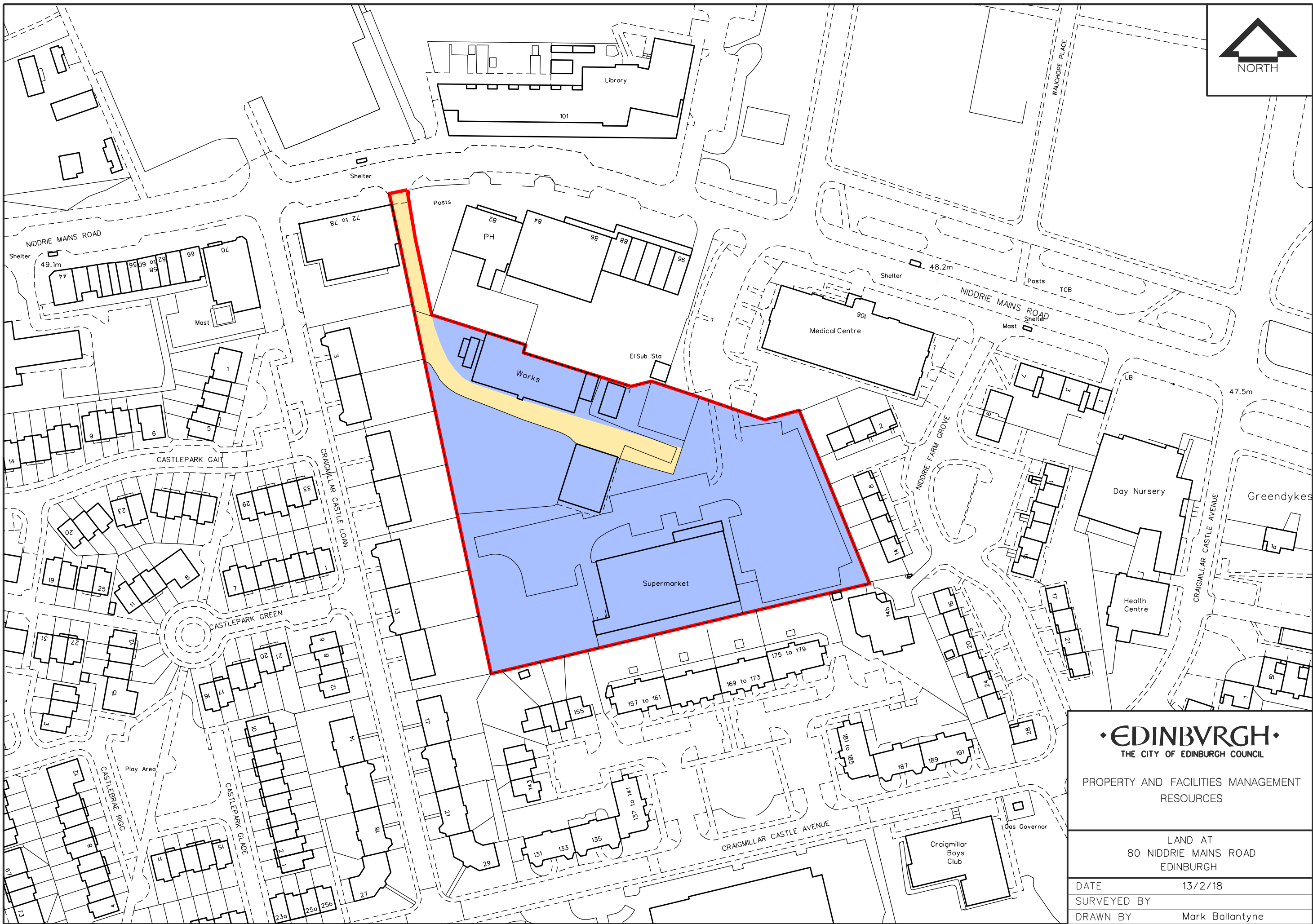
Executive Director of Resources

Contact: Graeme McGartland, Investments Senior Manager

E-mail: graeme.mcgartland@edinburgh.gov.uk | Tel: 0131 529 5956

11. Appendices

Appendix 1 – Location Plan



• EDINBURGH •
THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANAGEMENT
RESOURCES

LAND AT
80 NIDDRIE MAINS ROAD
EDINBURGH

DATE	13/2/18
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	N.T.S.
NEG. NO.	A3/1911

SITE PLAN

PHOTOGRAPHICALLY REDUCED NOT TO SCALE