

# Finance and Resources Committee

10.00am, Thursday, 5 March 2020

## 65 Niddrie Mains Terrace, Edinburgh – Proposed Disposal

<b>Executive/routine</b>	Routine
<b>Wards</b>	17 – Portobello/Craigmillar
<b>Council Commitments</b>	<a href="#">1, 2, 10, 11</a>

### 1. Recommendations

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1.1 That Committee:

- 1.1.1 Approves the disposal of 65 Niddrie Mains Terrace to LAR Housing Trust on the terms and conditions as outlined in the report and on other terms and conditions to be agreed by the Executive Director of Resources.

**Stephen S. Moir**

Executive Director of Resources

Contact: Graeme McGartland, Investments Senior Manager.

Property and Facilities Management Division, Resources Directorate

E-mail: [graeme.mcgartland@edinburgh.gov.uk](mailto:graeme.mcgartland@edinburgh.gov.uk) | Tel: 0131 529 5956

## 65 Niddrie Mains Terrace, Edinburgh – Proposed Disposal

### 2. Executive Summary

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- 2.1 The property at 65 Niddrie Mains Terrace is surplus to the requirements of the service in its current state and disposal to LAR Housing Trust would create an opportunity to deliver quality homes and support for people with learning disabilities. The report seeks approval to dispose of the property to LAR Housing Trust.

### 3. Background

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- 3.1 The property at 65 Niddrie Mains Terrace is a detached block consisting of 5 flats and an office, formally used as a Day Service Hub. It was vacated several years ago and needs complete renovation to bring it back into use. The property, which is held on the Housing Revenue Account (HRA), is shown outlined in red on the attached plan.
- 3.2 There is constant and increasing demand for accommodation to support people with learning disability in the community. The property has been identified by Health and Social Care as an opportunity to create 6 apartments to assist with meeting this demand.
- 3.3 LAR Housing Trust (LAR) is a charity that was established in 2015 to provide mid-market rental opportunities across Scotland. Since becoming operational it has built or purchased almost 500 homes, 87 of which are within Edinburgh.
- 3.4 The LAR business model primarily focuses on the development and management of properties for mid-market rent, but the organisation has indicated that it would be willing to enter into a long lease with the Health & Social Care Partnership to provide accommodation for people with learning disabilities. LAR does not provide care and support services but is committed to working with partners in the charitable and public sector to provide properties for other organisations to deliver these services.
- 3.5 LAR has been in discussion with Council officers to identify projects which would provide the charity with additional homes in Edinburgh. Working with officers in

Housing and Health and Social Care Partnership, the opportunity for the purchase of the property at Niddrie Mains Terrace has emerged.

## **4. Main report**

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- 4.1 The property is in very poor condition and requires complete renovation to make it habitable. A condition report has estimated the cost at approximately £300,000.
- 4.2 LAR has submitted a business case to purchase the property from the Housing Revenue Account and undertake a refurbishment programme to create 6 x 2-bedroom flats suitable for affordable rent. LAR's intention is to work with officers in Health and Social Care to ensure that the proposed specification will meet the needs of adults with learning difficulties.
- 4.4 LAR, using the condition report as a baseline, estimate that the works to undertake this will be £458,020 and on completion consider the market value to be in the region £105,000 to £110,000 per flat (with a discount of 5% for bulk purchase). Based on these figures LAR have offered to purchase the property for £144,000.
- 4.5 The units are relatively small with larger 2 bed apartments in the area achieving slightly higher values. Therefore, the parties that have agreed that once the works are complete an independent valuation will be undertaken with LAR prepared to pay an overage to the Council (on a 70:30 basis) of any value in excess of £110,000 per apartment.
- 4.6 Once the works are complete the intention is for the Council, through Health and Social Care, to take a 10-year lease of the flats with LAR, as landlord, responsible for all repairs to the building (other than damage attributable to residents).
- 4.7 If this lease progresses, the terms will be brought to a future committee for approval. Should a lease not be agreed, LAR will rent the flats on a mid-market rent basis.
- 4.8 Disposal of the property to LAR Housing Trust will support the delivery of Council objectives; including increasing the supply of affordable homes, delivering better health and social care outcomes and bringing empty properties back into use.

## **5. Next Steps**

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- 5.1 Following approval of the terms by Finance and Resources Committee, solicitors will be instructed to complete the legal documentation for the disposal of the property to LAR Housing Trust.

## **6. Financial impact**

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- 6.1 A capital receipt of £144,000 and any overage will be received by the Housing Revenue Account. The capital receipt will support the delivery of the Council's investment programme in new and existing homes.

## **7. Stakeholder/Community Impact**

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

## **8. Background reading/external references**

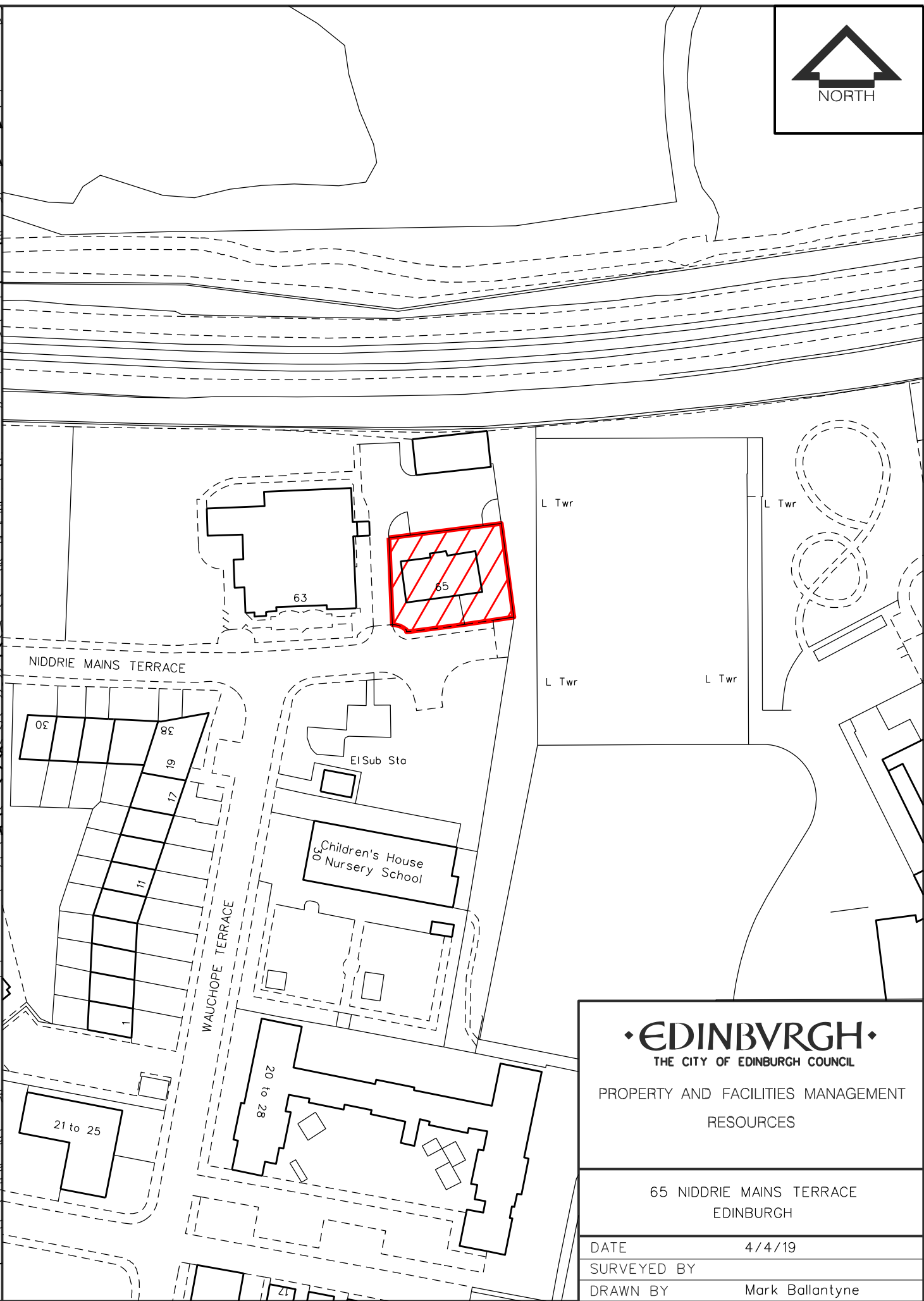
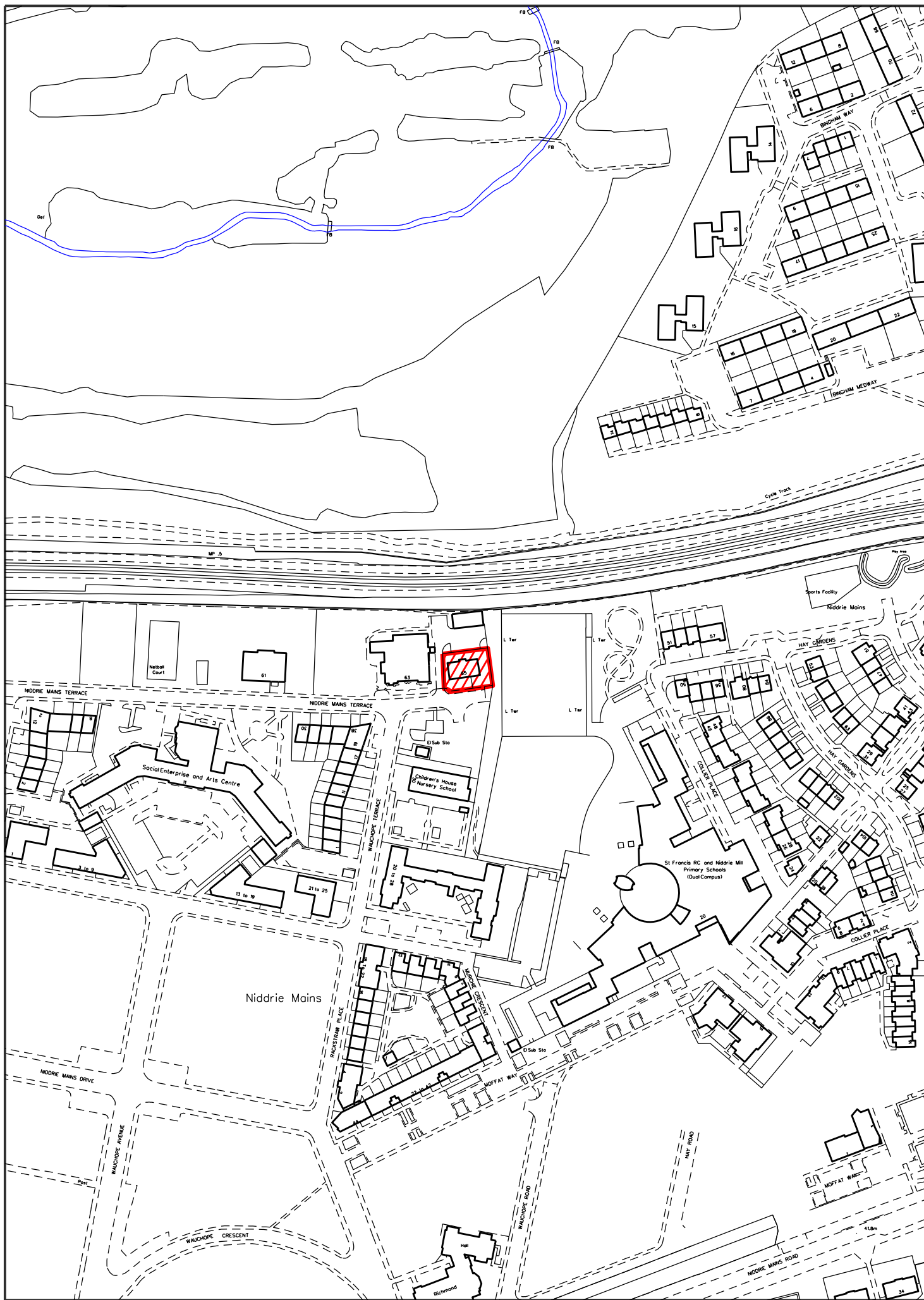
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- 8.1 Not applicable.

## **9. Appendices**

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- 9.1 Appendix 1 - Location Plan



LOCATION PLAN

SCALE 1:2500

SITE PLAN

SCALE 1:500

<b>• EDINBURGH •</b> THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
65 NIDDRIE MAINS TERRACE EDINBURGH	
DATE	4/4/19
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	1:500 @ A3 SIZE
NEG. NO.	A3/2104