

Finance and Resources Committee

10.00am, Thursday, 12 August 2021

Comiston Farmhouse, 83 Pentland View – Proposed Disposal

Executive/routine	Routine
Wards	Ward 8 – Colinton/Fairmilehead
Council Commitments	<u>2</u>

1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee:
- 1.1.1 approves Burgh Developments Limited as preferred bidder for the disposal of the Former Close Support Unit, 83 Pentland View on the terms and conditions as outlined in this report and on other terms and conditions to be agreed by the Executive Director of Place.

Paul Lawrence

Executive Director of Place

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Report

Comiston Farmhouse, 83 Pentland View – Proposed Disposal

2. Executive Summary

- 2.1 Comiston Farmhouse (Pentland View Close Support Unit) closed in January 2015 and has been marketed on two previous occasions with the transactions failing to complete. A further recent marketing exercise produced 14 bids at the closing date. This report seeks Committee approval to appoint Burgh Developments Limited as the preferred bidder on the terms and conditions outlined in the report.

3. Background

- 3.1 The property comprises a 19th century former farmhouse building, and its associated curtilage, located on the western side of Swan Spring Avenue and to the north of Pentland Drive as shown outlined in red on the plan at Appendix 1.
- 3.2 Following a review of the service strategy for children and young people looked after and accommodated by the Council in 2014 the closure and disposal of Pentland View Close Support Unit was approved in December 2014. The proceeds from the sale are ring-fenced within the Council capital strategy for investment at other secure facilities.
- 3.3 There have been two previous attempts to dispose of the property, which ended up being abortive. In 2015, a preferred bidder applied for the demolition of the farmhouse and the development of 37 flats. The application was refused by the Development Management Sub-Committee with the subsequent appeal rejected by the Reporter.
- 3.4 On [11 October 2018](#), Finance and Resources Committee approved the appointment of a preferred bidder with a proposal to convert the farmhouse into 4 apartments and 4 new build properties in the grounds. The Covid 19 pandemic impacted the progress of the developer obtaining planning permission and they subsequently withdrew from the sale.
- 3.5 The property was remarketed in November 2020, with the particulars including guidance from planning officers on the level of acceptable development. This was up to 4 apartments in the original farmhouse building and up to 6 mews style buildings to the rear.

3.6 At the closing date in June 2021, 14 bids were received.

4. Main report

4.1 Each of the bids received were analysed against a number of key criteria:

4.1.1 Price;

4.1.2 Proposed development;

4.1.3 Planning risk – development form and massing; and

4.1.4 Conditionality of the proposals.

4.2 Using the above criteria, each bid was adjusted to arrive at a projected net price. Proposals which suggested a number of units that would be considered over development by planners were adjusted to reflect a number which could be supported through the planning process.

4.3 Each of the bidders were asked to demonstrate that they had suitable finance in place to undertake their respective proposed developments.

4.4 Following analysis of the bids, the proposal received from Burgh Developments Limited is considered to offer the greatest benefit to the Council in terms of the criteria outlined at paragraph 4.1.

4.5 The top 5 bids received in terms of gross price are set out below:

Bid	Gross Price
Burgh Developments Limited	£1,350,000
Bid 2	£1,300,000
Bid 3	£1,200,000
Bid 4	£1,075,000
Bid 5	£1,001,001

4.6 Burgh Developments propose to retain the main farmhouse building and convert it into 3 flats. In addition, 6 mews style properties will be developed in the grounds to the rear. An indicative layout of the proposed development is attached as Appendix 2.

4.7 The majority of the bids were subject to a degree of conditionality. The preferred proposal is subject to satisfactory surveys and obtaining planning permission for the proposed development, which are normal in a transaction of this nature. The bid also confirms that there will be no deductions to the price offered for abnormal costs with the Council's legal and corporate property costs paid in addition, which could

be up to £50,000. Each of the other bids in the above table would potentially require some deduction to the gross price offered for either S75 or abnormal costs.

- 4.8 Bid 5 on the table at para. 4.5 was submitted as a formal Community Asset Transfer (CAT) request from CHOISS - Cohousing in Southern Scotland (CHOISS). For clarity, section 84 (12) A of the Community Empowerment (S) Act 2015 states that section 84 (2) does not apply in relation to the land to which the request relates if that land has been advertised or otherwise exposed for sale or lease. Whilst such a request is valid, there is no prohibition on the Council continuing with the disposal of the property. Notwithstanding the legal position on the CAT, the Council can still consider the offer on its own merits when benchmarked against the other offers received.
- 4.9 The CHOISS proposal is to develop an affordable and environmentally sensitive cohousing development through a Mutual Home Ownership Society (MHOS). Through this society members, in return for their investment, receive equity shares and the use of one of the homes. Similar to traditional home ownership, households' investment can comprise capital and a mortgage. In the case of MHOS, the society takes out a collective mortgage with the costs shared among the households.
- 4.10 It is proposed that the Farmhouse will be developed into communal accommodation consisting of living/dining areas, kitchen and visitors' bedrooms. To the rear a main accommodation block would be developed in a range of accommodation and sizes with around ten dwellings envisaged.
- 4.11 Funding for the purchase of the property and subsequent redevelopment will be met from a mix of existing cash reserves, sales of the prospective occupiers' current homes and debt finance.
- 4.12 CHOISS have summarised benefits arising from their proposal pertinent to the residents of the development, local community, the wider community in Edinburgh, Scotland and the Council. As their bid is already a public document, a link to it has been added in Section 8.
- 4.13 The offer submitted by CHOISS is subject to a number of conditions, including potential deductions for adverse ground conditions, including if a culvert needs relocated (£150,000) and the condition of the farmhouse. In addition, the offer is subject to funding. The offer is therefore subject to a degree of risk whereby the headline price could be reduced further as the conditions are purified. These risks are greater when compared to Bid 1, which does not propose deductions for abnormal costs nor is it subject to funding.
- 4.14 The community benefits of the CHOISS development have been stated in general terms and there has been no specific monetary value attributed to each of them. However, to accept Bid 5 would place, at least, a value of £350k (£400k if fees are included) on these aspects with a risk for further deduction. This would represent a reduction of approx. 26% on market value.

- 4.15 The return to the Council from the sale is part of the Council Capital Investment Strategy which, as previously reported, has a funding gap of £172m excluding a list of unfunded priorities. In this context and given the level of reduction in market value and risks associated with bid 5, it is recommended that preferred bidder status is awarded to Bid 1 from Burgh Development Limited.

5. Next Steps

- 5.1 Following Committee approval, the Council Solicitor will be instructed to progress the conditional offer for the disposal of the property.

6. Financial impact

- 6.1 A capital receipt in the region of £1.35m will be received by the Council either late in the current financial year or early in 2022/2023.

7. Stakeholder/Community Impact

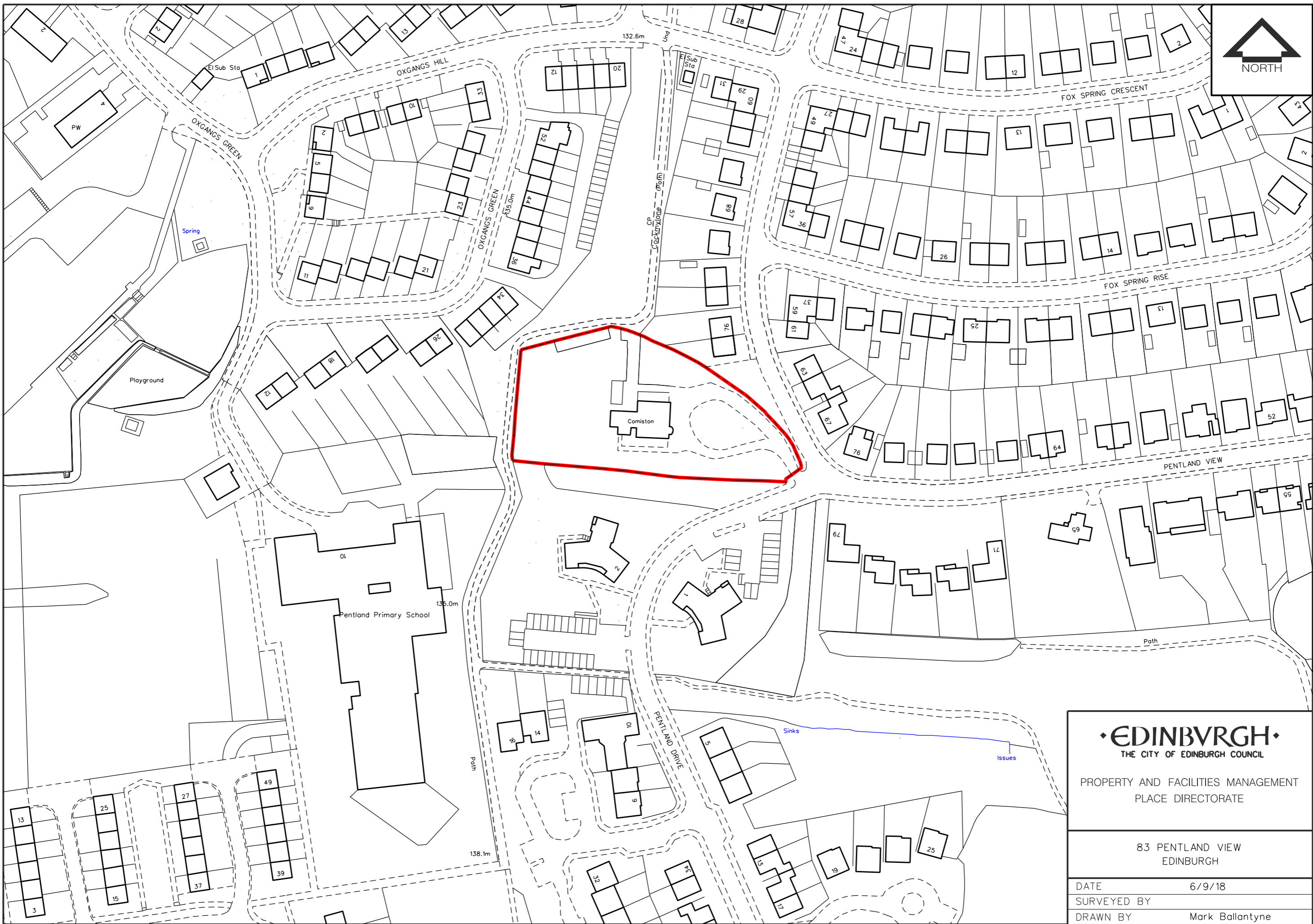
- 7.1 Ward members have been made aware of the recommendations of the report.

8. Background reading/external references

- 8.1 [Disposal of Former Close Support Unit, 83 Pentland View](#) – Report to Finance and Resources Committee 11 October 2018.
- 8.2 [CHOISS CAT Request](#)
<https://www.edinburgh.gov.uk/downloads/download/14853/comiston-farm-house>

9. Appendices

- 9.1 Appendix 1 – Location Plan.
- 9.2 Appendix 2 – Proposed Layout of Development.



SITE PLAN

SCALE 1:1250

• EDINBURGH • THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT PLACE DIRECTORATE	
83 PENTLAND VIEW EDINBURGH	
DATE	6/9/18
SURVEYED BY	
DRAWN BY	Mark Ballantyne
SCALE	1:1250 @ A3 SIZE
NEG. NO.	A3/1632

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