

Finance and Resources Committee

10.00am, Thursday, 26 January 2023

Dreghorn Estate, Edinburgh – Proposed Acquisition of Surplus Houses

Executive/routine Wards Council Commitments	Routine 8 – Colinton/Fairmilehead
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1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee approves the purchase of 23 surplus homes at Dreghorn Barracks, Edinburgh from the Defence Infrastructure Organisation, Ministry of Defence on the terms and conditions outlined in this report.

Paul Lawrence

Executive Director of Place

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Report

Dreghorn Estate, Edinburgh – Proposed Acquisition of Surplus Houses

2. Executive Summary

- 2.1 On 27 July 2022, the Defence Infrastructure Organisation, Ministry of Defence (DIO) notified the Scottish Government of the intention to dispose of 23 surplus houses within the Dreghorn Estate. The Council noted interest in the acquisition of these properties and this report seeks approval to acquire the houses on the terms and conditions outlined in the report.

3. Background

- 3.1 On [1 December 2022](#), the Housing, Homelessness and Fair Work Committee approved the Housing Land Strategy Report. This set out a revised approach to securing land whereby, for suitable opportunities, the Council would offer to either buy land, completed homes, or work in partnership with landowners and RSL partners to develop sites and additional affordable housing.
- 3.2 In July 2022, the DIO notified the Scottish Government of the intention to dispose of surplus housing units within the Dreghorn Estate using the Scottish Government Trawl process.
- 3.3 The Trawl procedure provides a mechanism for the transfer, at market value, of property held within the Scottish public sector. Where another body, which is party to The Trawl, expresses an interest to acquire the asset, the transfer should be undertaken following the [Guidelines for the Transfer of Property](#) within the Scottish Public Sector. The Council noted interest in the surplus properties.
- 3.4 Dreghorn Estate is largely owned by the DIO and consists of 78 houses and 77 garages. The intention of the DIO is to dispose of the houses, on a phased basis, when they are vacated and become surplus to requirements. The first phase of surplus properties consists of 23 houses, with garages situated across the estate in Dreghorn Drive and Dreghorn Place. The units are shown outlined in red on the plan at Appendix 1 with a list of addresses included at Appendix 2.

3.5 The housing can be summarised as follows (each with a garage in a separate block):

Type	Size
Mid terraced 2 bed	75 sq m
End terraced 2 bed	75 sq m
End terraced 3 bed	86 sq m
Mid terraced 4 bed	105 sq m
End terraced 4 bed	105 sq m

4. Main report

- 4.1 Once it was established that the Council was the only public body to note an interest in the acquisition, work commenced with the DIO to progress the transaction.
- 4.2 The District Valuer (DV) was appointed, on a joint commission basis, to undertake a valuation of the surplus properties. To assist with the valuation, each party was entitled to submit supporting evidence to the DV. Consequently, the Council undertook condition surveys and the DIO submitted Home Reports.
- 4.3 The condition reports showed the properties, overall, to be in reasonable condition with minor works required prior to habitation. The exception was two units where some additional work would be required.
- 4.4 The DV reported a combined valuation figure of £5,723,750 (five million seven hundred and twenty-three thousand seven hundred and fifty pounds). This figure reflects the condition of the properties as per the information provided and an allowance for a bulk purchase by the Council.
- 4.4 As the DIO will retain ownership over most units within the estate, a Deed of Conditions for the maintenance of the common areas, play parks etc will be established to which the Council will contribute a pro rata share.
- 4.5 It is the intention of the DIO to vacate other units in the future and the Council will seek to acquire further tranches as and when they become available. The Deed of Conditions will be managed by the DIO until such time as the Council becomes the majority owner within the estate when the arrangement will reverse.
- 4.6 As part of the due diligence undertaken, a building survey has identified key areas of work to be carried out over the next 10 years. This has been considered while assessing the viability of the purchase and, as such, further improvement works will be carried out as part of the ten-year plan to bring all Council homes up to the Energy Efficiency Standard for Social Housing 2 (EESH2).

5. Next Steps

- 5.1 Following approval of the terms by Committee, Legal Services will be instructed to progress with the completion of the purchase of the properties. The homes will be let by the Council for social rent to people in housing need; including homeless households.

6. Financial impact

- 6.1 The net purchase price of £5,723,750 (plus Land and Buildings Transactions Tax (LBTT) will be funded from the approved 2022/23 Housing Revenue Account (HRA) capital investment programme (£4,049,570) and Scottish Government grant funding from the Affordable Housing Supply Programme (£1,674,180).

7. Stakeholder/Community Impact

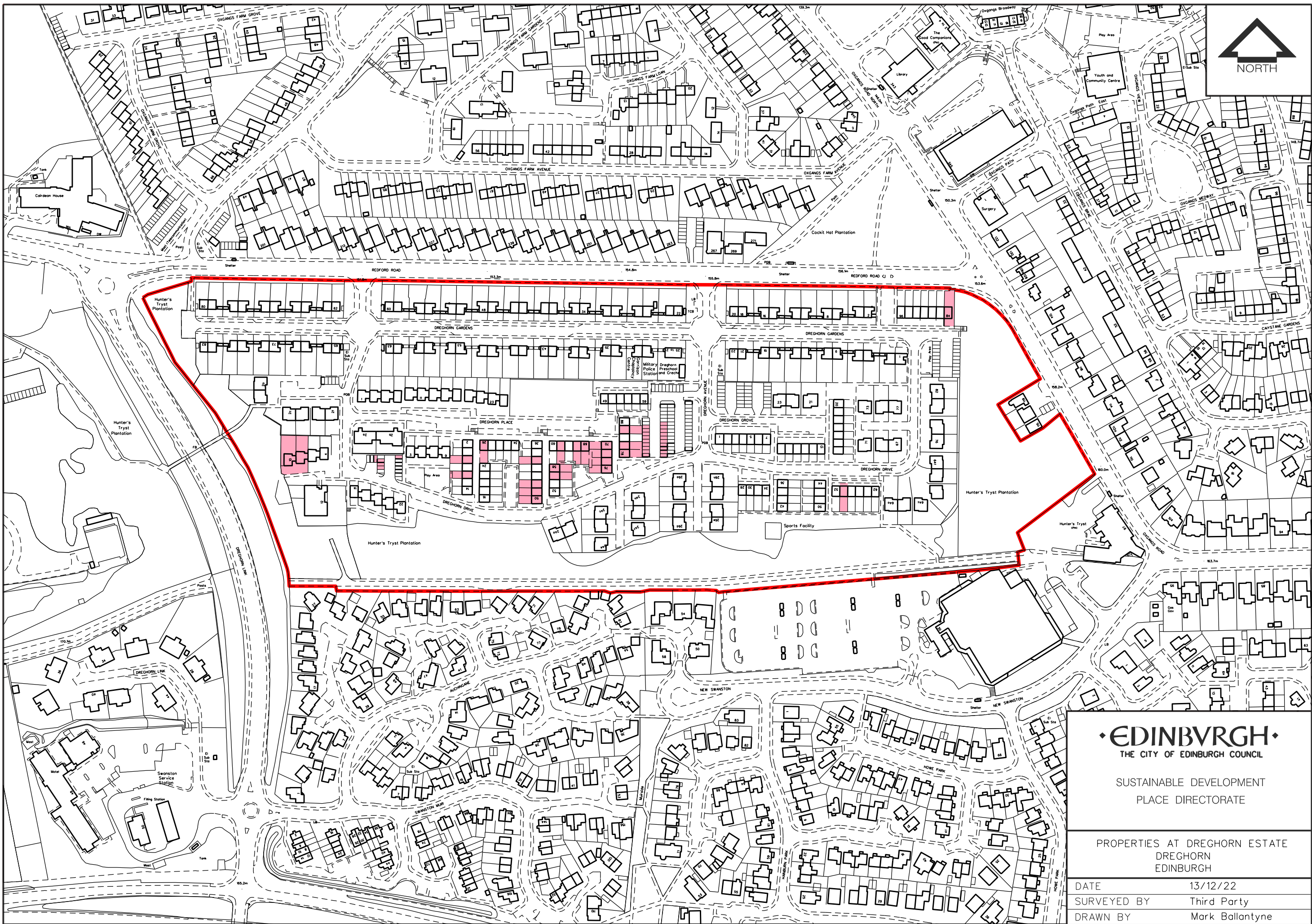
- 7.1 Local members have been made aware of the recommendations of the report.

8. Background reading/external references

- 8.1 [Housing Land Strategy Report](#) – report to Housing Homelessness and Fair Work Committee 1 December 2022.

9. Appendices

- 9.1 Appendix 1 – Location plan.
9.2 Appendix 2 – Property addresses.



EDINBURGH
THE CITY OF EDINBURGH COUNCIL

SUSTAINABLE DEVELOPMENT
PLACE DIRECTORATE

PROPERTIES AT DREGHORN ESTATE
DREGHORN
EDINBURGH

DATE	13/12/22
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	1:2500 @ A3 SIZE
NEG. NO.	A3/2483

LOCATION PLAN

SCALE 1:2500

Dreghorn Estate – Address list of properties to be acquired

8 Dreghorn Drive EH13 9NX
10 Dreghorn Drive EH13 9NX
54 Dreghorn Drive EH13 9PD
84 Dreghorn Drive EH13 9PF
6 Dreghorn Place EH13 9NU
10 Dreghorn Place EH13 9NU
26 Dreghorn Place EH13 9NU
40 Dreghorn Place EH13 9NU
46 Dreghorn Place EH13 9NU
48 Dreghorn Place EH13 9NU
50 Dreghorn Place EH13 9NU
56 Dreghorn Place EH13 9NU
58 Dreghorn Place EH13 9NU
62 Dreghorn Place EH13 9NU
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