

# Finance and Resources Committee

10.00am, Friday, 6 December 2019

## Plots W1-W4 Fountainbridge, Edinburgh – Proposed Transfer to Housing Revenue Account

<b>Executive/routine</b>	Routine
<b>Wards</b>	9 – Fountainbridge / Craiglockhart
<b>Council Commitments</b>	<a href="#">1</a> , <a href="#">2</a> , <a href="#">10</a> , <a href="#">11</a>

### 1. Recommendations

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1.1 That the Committee:

- 1.1.1 Approves the transfer of Plots W1-W4 Fountainbridge, Edinburgh to the Housing Revenue Account (HRA) 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

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## Plots W1-W4 Fountainbridge, Edinburgh – Proposed Transfer to Housing Revenue Account

### 2. Executive Summary

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- 2.1 A procurement process is ongoing to appoint a Development Partner for the delivery of over 400 homes, office and commercial space on the Council's site at Fountainbridge. Two of the four residential plots will be developed for a mix of affordable housing. This report seeks approval to transfer the residential development land to the Housing Revenue Account.

### 3. Background

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- 3.1 The Council had retained ownership of 3.5 hectares (8.65 acres) of development land, Fountainbridge, following the development of the new Boroughmuir High School comprising plots E1–E2 (shaded blue and pink on the attached plan) and plots W1–W4 (shaded orange and yellow on the attached plan). Planning consent was granted in June 2016 for a mixed-use redevelopment of the site (reference: 14/02814/PPP). Detailed planning consent for plots W1-W4, was granted in December 2016 (reference: 16/03321/AMC).
- 3.2 On 27 March 2018, the Finance and Resources Committee (B agenda) approved the disposal of plot E1 to Vastint Hospitality BV for a residential-led development.
- 3.3 On 22 March 2018, the Housing and Economy Committee (B agenda) resolved to take forward a mixed-tenure housing development on plots W1-W4 and take forward an office-led development of plot E2.
- 3.4 On 28 June 2018, the Council agreed an increase in the number and proportion of social rented homes on the site and agreed in principle the proposed approach to the delivery of an office-led development on plot E2.
- 3.5 On 1 November 2018, the Housing and Economy Committee agreed the preferred procurement route was to partner with (or appoint) a single developer (or a single consortium of developers) to work with the Council to deliver development across the whole site rather than procuring partners for individual plots;
- 3.7 On 7 March 2019, the Finance and Resources Committee (B Agenda) approved the outline business case for the Fountainbridge development and agreed to the

initiation of a procurement process to appoint a development partner for the Fountainbridge development.

## **4. Main report**

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- 4.1 The development proposals for the site (excluding plot E1 which, as set out above, has been sold) comprise of at least 436 homes (including 113 social homes and 64 mid-market rent and market rent homes) above 3,021 sqm (gross) of ground floor retail and professional services space and approximately 9,827 sq m of office space above 1,639 sq m of ground-floor commercial space.
- 4.2 The proposed development strategy is that the Council will seek to bring forward the development of the site as a single package in conjunction with a development partner. The development partner would deliver the social homes and mid-market homes to the Council for a construction profit, while the office space, commercial space, and remaining residential units would represent a development opportunity for which the partner would pay the Council a land receipt and seek to realise a development profit.
- 4.3 Plots W1-W4, on which the residential units will be developed currently sits on the General Fund. The completed units to be delivered for the Council will be owned by the HRA. To drawdown the allocated Affordable Housing Supply Programme (AHSP) funding from the Scottish Government for the new affordable homes the land to be developed should sit on the HRA.
- 4.4 To allow for further discussion with the development partner around the delivery of the residential sites, it is proposed to transfer all the development land (W1-W4) to the HRA. The HRA will then be entitled to recoup the costs of the transfer from the land receipt payable for the residential element of the development.
- 4.5 Officers have assessed the valuation of Plots W1-W4, based on the increased level of affordable units that will be provided, at £9.7 million. Should the development partner deliver a receipt relating to the residential plots more than this level, any surplus over the initial transfer value will be allocated to the General Fund.
- 4.6 This report seeks the transfer of plots W1 -W4 from the General Fund to the HRA for £9.7m (inclusive of fees).

## **5. Next Steps**

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- 5.1 Following approval of the terms by Finance and Resources Committee, the site will transfer from the General Fund to the Housing Revenue Account.

## **6. Financial impact**

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- 6.1 A capital receipt of £9.7 million (inclusive of fees) will be received by the General Fund.
- 6.2 The Council purchased the former brewery site at Fountainbridge for £13.75 million in 2012. The purchase price was split on a pro rata basis of £3.5 million for the new Boroughmuir High School site and £10.25million for the remaining development land.
- 6.3 Plot E1 was sold to Vastint for £5.835 million in March 2019. The procurement exercise seeking a development partner has indicated a minimum receipt of £13.2 million for the remaining land (which includes the sites to be transferred to the HRA for £9.7million).
- 6.4 Therefore, the total minimum return from the development land will total £19.035 million.

## **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**

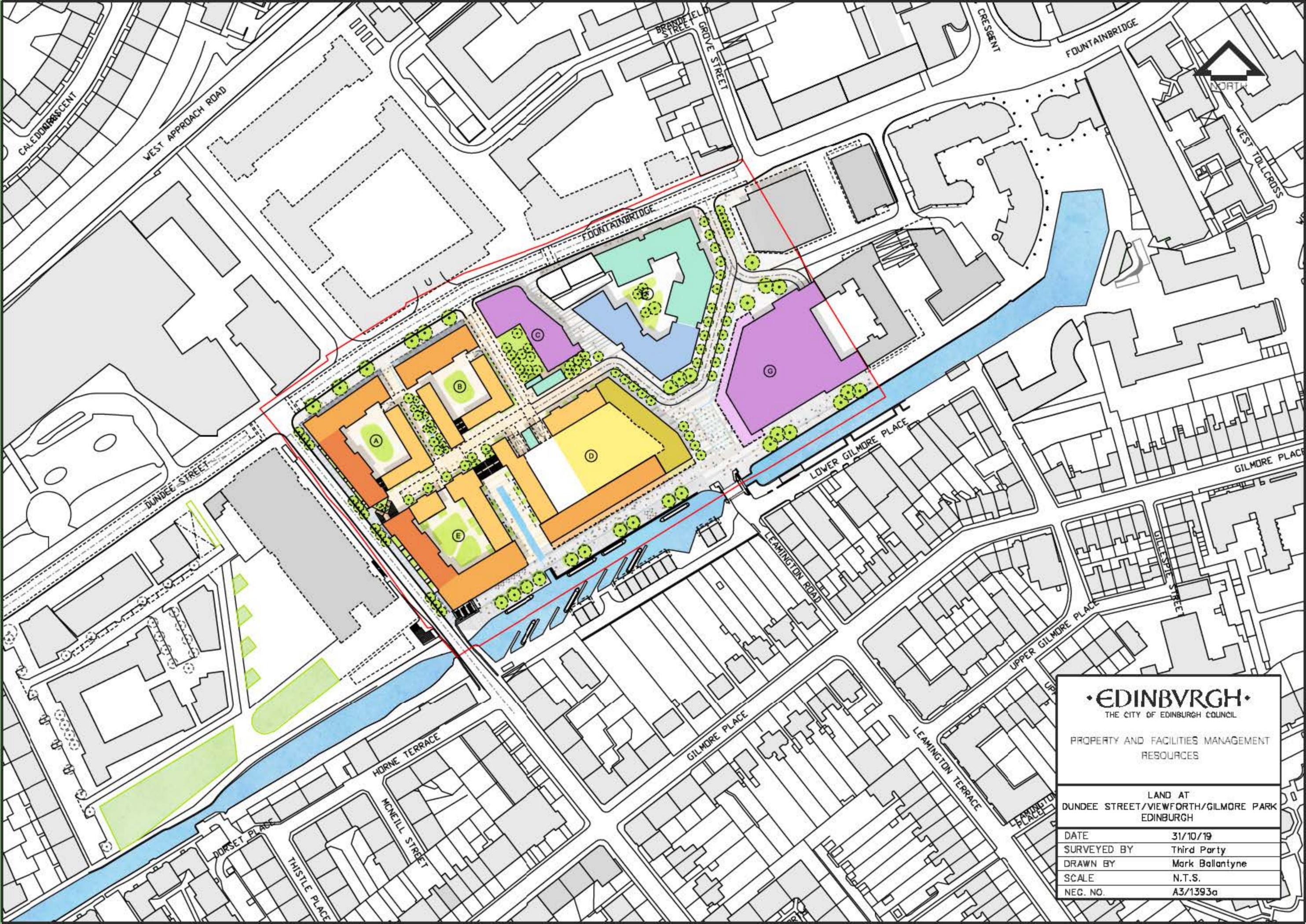
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- 8.1 [India Quay Update - Referral from Housing and Economy Committee to Finance and Resources Committee 28 June 2018](#)
- 8.2 [Fountainbridge - District Heating and Procurement Strategy Report to Housing and Economy Committee 1 November 2018](#)

## **9. Appendices**

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Appendix 1 - Location Plan



**• EDINBURGH •**  
THE CITY OF EDINBURGH COUNCIL

PROPERTY AND FACILITIES MANAGEMENT  
RESOURCES

LAND AT  
DUNDEE STREET/VIEWFORTH/GILMORE PARK  
EDINBURGH

DATE	31/10/19
SURVEYED BY	Third Party
DRAWN BY	Mark Ballantyne
SCALE	N.T.S.
NEG. NO.	A3/1393a