

# Finance and Resources Committee

10.00am, Thursday, 5 March 2020

## Leith Fort Gatehouse, North Fort Street, Edinburgh- Proposed New Lease

|                     |            |
|---------------------|------------|
| Executive/routine   | Routine    |
| Wards               | 13 - Leith |
| Council Commitments | <u>2</u>   |

### 1. Recommendations

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1.1 That Committee:

- 1.1.1 Approves a 20-year lease, with an option to purchase, to Port of Leith Housing Association of the former gatehouse premises at North Fort Street, Edinburgh, on the terms outlined in this 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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Property and Facilities Management Division, Resources Directorate

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# Report

## Leith Fort Gatehouse, North Fort Street, Edinburgh- Proposed New Lease

### 2. Executive Summary

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- 2.1 A listed former gatehouse at the Leith Fort affordable housing development remains vacant. Port of Leith Housing Association has approached the Council to acquire the building for refurbishment to a community use. The report seeks approval to grant a new lease, with an option to purchase, to Port of Leith Housing Association on the terms and conditions outlined in the report.

### 3. Background

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- 3.1 The Council, through 21<sup>st</sup> Century Homes, jointly developed the Leith Forth site with Port of Leith Housing Association (POLHA) delivering 94 affordable homes for rent. Two Grade B listed gatehouses did not form part of the development.
- 3.2 One of the gatehouses is held under a long lease to Scottish Power. The other remains vacant and would require considerable investment to bring back onto beneficial use. The gatehouse is held on Housing Revenue Account.
- 3.3 POLHA has approached the Council with a request to purchase the remaining gatehouse with the intention to develop the property for community use. The gatehouse extends to approximately 139 sq m (1,500 sq ft) as shown outlined in red on the attached plan.
- 3.4 A building survey, instructed by POLHA, reported a cost of £210,000 to refurbish the property to a condition to allow occupation. Further costs would be required to create the proposed community use.
- 3.5 POLHA sought to purchase the property for minimal consideration citing the required level of expenditure. Valuations instructed by both parties produced differing figures with POLHA receiving a figure of £100,000 and the Council £160,000. Both valuations were provided on the assumption that limited repairs were required to the property.

- 3.6 The parties have sought to agree a compromise position whereby the Council receive an element of income for the property which in turn will allow POLHA to make the investment required and proceed with the refurbishment.

## **4. Main report**

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- 4.1 To reflect the condition of the building, the level of expenditure required to refurbish the building for community use and to ensure that the proposed use is delivered it has been agreed that POLHA will lease the property for a period of 20 years with an option to purchase thereafter.
- 4.2 The following terms have been provisionally agreed:
- Subjects: Leith Fort Gatehouse, North Fort Street, Edinburgh;
  - Tenant: Port of Leith Housing Association;
  - Term: 20 years;
  - Rent: £3,500 per annum;
  - Use: The refurbishment of the building to bring it back into community use (commercial uses will not be permitted without prior written consent of the Council) ;
  - Repair: Full repairing and maintaining obligation;
  - Costs: The tenant shall be responsible for all Council and Legal costs;
  - Other terms: As contained in a standard lease.
- 4.3 At the end of the lease, POLHA will have an option to purchase the property for £1. This option would be dependent on the terms of the lease being fulfilled and the property being utilised for continued community 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 conclude the legal documentation.

## **6. Financial impact**

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- 6.1 The Housing Revenue Account will receive a rent of £3,500 per annum for a period of 20 years.

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

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- 7.1 Ward elected members have been made aware of the recommendations of the report.
- 7.2 The building has been declared surplus to operational requirements by the Executive Director of Place.

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

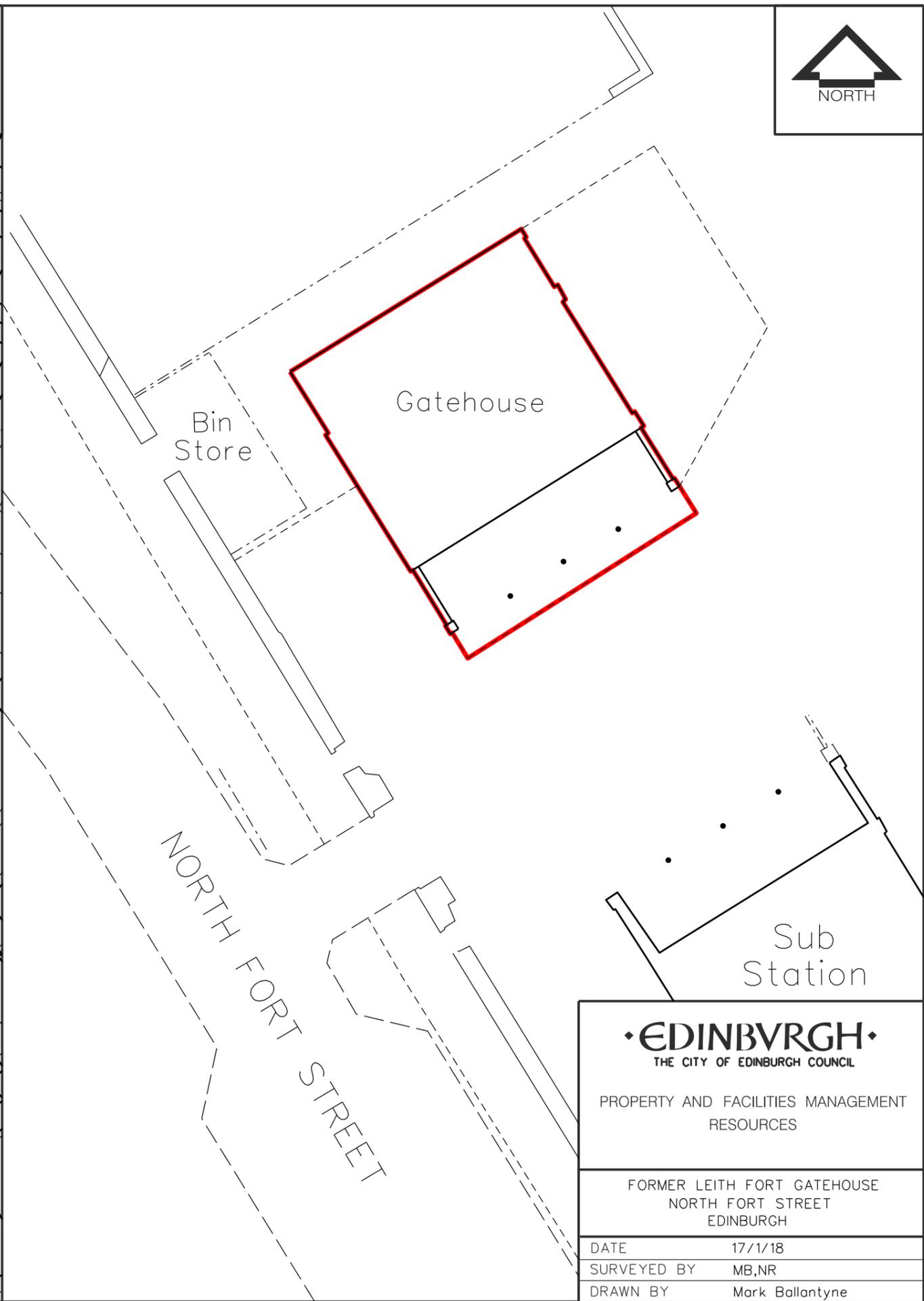
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N/A

## **9. Appendices**

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Appendix 1 - Location Plan



LOCATION PLAN

SCALE 1:1250

SITE PLAN

SCALE 1:200

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|---|-----------------|
| <b>• EDINBURGH •</b><br>THE CITY OF EDINBURGH COUNCIL         |                 |
| PROPERTY AND FACILITIES MANAGEMENT<br>RESOURCES               |                 |
| FORMER LEITH FORT GATEHOUSE<br>NORTH FORT STREET<br>EDINBURGH |                 |
| DATE  | 17/1/18         |
| SURVEYED BY   | MB,NR           |
| DRAWN BY  | Mark Ballantyne |
| SCALE   | 1:200 @ A3 SIZE |
| NEG. NO.  | A3/1888         |