

## **WEST DUNBARTONSHIRE COUNCIL**

### **Report by Director of Housing, Regeneration and Environmental Services**

**Social Justice Committee: 14 June 2006**

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**Subject: Commercial Properties held on the Housing Revenue Account**

#### **1. Purpose**

- 1.1** This report seeks Committee approval to the disposal of 27 commercial properties within West Dunbartonshire as specified in Appendix 1 of this report.

#### **2. Background**

- 2.1** The Estates Section currently manages a portfolio of 57 commercial properties on behalf of Housing Services. A review of these commercial properties in terms of good estate management has been undertaken.

#### **3. Main Issues**

- 3.1** Several of these 27 commercial properties are located in poor secondary locations and, as a result, when the existing tenants leave, the Council will have difficulty in re-letting these premises. This could result in vandalism, repair costs, higher building insurance premiums and a 50% rates burden.
- 3.2** The majority of shops are located on the ground floor of tenements and the general fabric of these buildings, especially the roofs, are in a poor state of repair. This could result in high common repair bills and the commercial tenants normally pay a higher proportionate share of the cost of these common repairs.
- 3.3** Many commercial properties held on the Housing Revenue Account have low rental incomes, high levels of management time and long periods of voids.
- 3.4** The gross rental income from the commercial properties shown on Appendix 1 is £88,535 p.a. The estimated level of total capital receipts from the sale of these 27 properties to the sitting tenants is £750,000.
- 3.5** It is anticipated that the capital receipt of £750,000 would be realised over a two year period.

- 3.6** Sales to sitting tenants, or where vacant on the open market, are subject to the following conditions:-
- a) no tenant shall be permitted to purchase their leased commercial property if rent, rates or building insurance premiums are outstanding;
  - b) the tenant shall pay the Council's surveyors fees of £500 + VAT at commencement of negotiations irrespective of the outcome; and
  - c) the tenant shall pay the Council's legal fees, expenses, outlays and registration dues and stamp duty in connection with the sale of the property.

#### **4. Financial Implications**

- 4.1** Over a two year period the HRA will lose rental income of £88,535 and over the same period the estimated total level of capital receipts is £750,000.

#### **5. Personnel Issues**

- 5.1** None.

#### **6. Recommendations**

- 6.1** That the Director of Housing, Regeneration and Environmental Services be authorised to sell the commercial properties contained within Appendix 1 at the full market value subject to the lease agreements and conditions stated in paragraph 3.6 of this report; and
- 6.2** That the Head of Legal and Administrative Services be authorised to conclude these transactions subject to the legal conditions as are considered appropriate.

**David McMillan**

**Director of Housing, Regeneration and Environmental Services**

**Date: 15 May 2006**

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**Wards Affected:** 2, 3, 11, 15, 16, 18, 20 & 21

**Appendix:** List of Various Commercial Properties within  
Housing Revenue Account

**Background Papers:** Estates Section's File

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