

WEST DUNBARTONSHIRE COUNCIL

Report by Director of Housing, Regeneration and Environmental Services

Social Justice Committee: 14 June 2006

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 reletting 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

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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