Glasgow City Council
Executive Committee

Report by Executive Director of Development and Regeneration Services

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Site at 1500 Edinburgh Road, Glasgow
Disposal to Miss So Lin Lee and Mrs Yuk Heung Li

Purpose of Report:
To seek Committee approval to dispose of the Council’s feuhold interest in the above subjects to Miss So Lin Lee and Mrs Yuk Heung Li.

Recommendations:
That the Committee approve the sale of the Council’s feuhold interest in the above subjects to Miss So Lin Lee and Mrs Yuk Heung Li at a price of £45,000 (Forty Five Thousand Pounds Sterling), and subject to the other terms and conditions outlined in this report.

Ward No(s): 20 Citywide: 
Local member(s) advised: Yes No Consulted: Yes No

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1. HOLDING ACCOUNT

Housing (Other) Subjects

2. DESCRIPTION

The subjects comprise an area of ground extending to 948 square metres (1,134 square yards) or thereby, which fronts onto the south side of Edinburgh Road close to its junction with Springcroft Road as shown on the attached plan.

A single storey building extending to 56 square metres (603 square feet) has been erected on the eastern part of the site. The balance of the site capable of development comprises an area used for car parking and service delivery which is the tenant's responsibility to maintain, and extends to 314 square metres (375 square yards) or thereby. The remainder of the leased area is incapable of development due to the presence of a steeply sloping embankment on the southern boundary which, despite this, is also the tenant's responsibility to maintain in terms of the Lease.

There is an extensive area of grassed open space adjacent to the southern boundary of the leased subjects, which is owned by the Council and maintained by Land and Environmental Services as amenity ground for the residents of nearby Pendeen Road.

3. BACKGROUND

The subjects are leased to sisters, Miss So Lin Lee and Mrs Yuk Heung Li, by virtue of the assignation of a 25 year Lease expiring on 31 March 2012. In accordance with the lease terms the building erected on the leased area is used as a Hot Food Takeaway.

The passing rent for the subjects is £3,900 per annum (£10.50 per square metre, £8.85 per square yard) on a total developable area of 370 square metres/442 square yards agreed at assignation in November 2007 and not subject to further review until the expiry of the Lease.

4. PRESENT POSITION

The current tenants have now requested that they be allowed to acquire the Council’s feuhold interest in the leased subjects, to include an additional strip of ground to the east of the building which is also owned by the Council and extends to 130 square metres (155 square yards) or thereby as shown on the attached plan.

This is in order to secure bank funding to extend the existing building by approximately 71 square metres (764 square feet) and re-surface the carpark, the main purpose of which is to expand the existing business, improve customer parking and create additional storage space.

The tenants obtained Planning Consent (Ref: 09/00727/DC) on 23 April 2009 in respect of their proposed redevelopment works to the subjects.

Provisional agreement has been reached with Miss Lee and Mrs Li on a sale price of £45,000 (£41.75 per square metre, £35.00 per square yard on the total area of sale), this being the current market value of the subjects.
5. **AGREED TERMS**

1. The sale price shall be **£45,000** (Forty Five Thousand Pounds sterling) (exclusive of VAT) in full and final settlement, payable when title transfers to the Purchasers.

2. The existing lease shall remain in place until such time as the sale is completed by means of a formal disposition, subject however to the passing rent being reduced to £1 per quarter (if asked) with effect from 28 May 2009.

3. In the event that the redevelopment works have not been satisfactorily completed within 18 months of the date of concluding Missives, the Council shall reserve the option of re-negotiating the sale price.

4. In the event that the redevelopment works have not been satisfactorily completed within the agreed timescale the lease shall continue and the Purchasers will require to re-pay all rental plus interest due thereon with effect from 28 May 2009, in which case the sum within the joint deposit account will be uplifted by the Purchasers.

5. The formal disposition shall contain all such other terms and conditions as deemed necessary by the Executive Director of Development and Regeneration Services and the Chief Executive.

6. **OBSERVATIONS**

1. The Purchasers do not intend to redevelop the rear embankment, however they have indicated that they will tidy this up and be responsible for future maintenance.

2. Bank funds to allow the redevelopment works to commence are now available to be drawn down by the Purchasers, and owing to the fact that the Purchasers are required to pay interest on the bank loan they are reluctant to continue paying rental to the Council.

3. There are no strategic redevelopment proposals currently affecting the proposed subjects of sale, the grassed area adjacent to the southern boundary of the subjects likely to remain as amenity open space.

4. The subjects are within a residential development policy area in the adopted City Plan and the current use is considered to be in accordance with this, hence there are no general policy impediments in planning terms to retaining the current use or extending this.

5. The site has little development potential other than that being proposed.
7. **SERVICE IMPLICATIONS**

**Financial:** Capital receipt for the Council

**Legal:** Legal Services to be instructed to conclude a formal sale of the Council’s heritable interest.

**Personnel:** N/A

**Service Plan:** Service Objective 5 – Property Optimisation. To optimise the use of the Council’s operational and commercial property assets and through Partnerships and other measures, target and develop other Land and Property holdings within the City (if appropriate) to support the Council’s development and Regeneration agenda.

**Environment:** None

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Development and Regeneration Services  
MS (067-09-D)  
28 May 2009