

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide members with an update on Property Development and Estates projects ongoing in the OLI Area.

2.0 RECOMMENDATIONS

- 2.1 That the Area Committee:-

- 2.1.1 Note the content of this update report on property related projects in the OLI area.

2.0 INTRODUCTION

- 2.1 The purpose of this report is to provide members with an update on Property Development and Estates projects ongoing in the OLI Area.

3.0 REVIEW OF SMALL USER SITES AT LOCHAVULLIN, OBAN

- 3.1 The Council owns 39 'small user' industrial and business yards at Mill Lane, Crannog Lane and Millpark in Oban.
- 3.2 As part of the 'One Council' approach focussing on commercialising the Council's approach to property management the Property Development and Estates Team commenced a review of the sites to gather evidence and assess contractual and financial terms. It concluded that in many cases the leases had expired and continued annually through tacit relocation. In other instances, the leases had not expired but rent reviews were overdue, in some cases by a significant period.
- 3.3 A project plan and communications plan was put in place to address and update the position for all of the sites in a systematic way. A series of rent review notices were issued to the Council's tenants where reviews were overdue, and a series of notices to quit are issued to tenants along with proposed new lease terms, where tenancies have expired.
- 3.4 The outcome has been an uplift of rental rates to reflect market circumstances and greater intelligence / interaction with the tenants which will also benefit the long term management of the sites. The Property Development and Estates team are using the lessons and experience of this exercise to utilise in other rent reviews.

4.0 CAR PARK PROJECT – HOTEL & CAR PARK OPPORTUNITIES

- 4.1 The Property Development and Estates (PD&E) Team marketed three operational car parks (Albany Street, Tweeddale Street and the Esplanade) in Oban during 2018. The aim was to assess the market demand for development opportunities and to see if this could be met by maximising the use of existing assets. The key aims of the process were to maximise the economic return to the Council and the wider Oban area while seeking to maintain or enhance the parking provision in the town.
- 4.2 An update report was provided to the OLI Business Day on 13th February 2019 at which time the following position was reported:
- The DMT on 22nd January approved a report to select 4 preferred developers to take forward development on the 3 car parks. Officers will be working with the preferred developers over the coming months to

move towards concluding contractual agreements and then planning submissions as required for the following proposed developments.

- 4.3 Subsequent to this report officers from Property Development and Estates have met with the preferred developers for each of the sites to progress their proposals.
- 4.4 Any development of the Albany Street site is contingent on providing alternative parking and the Tweeddale Street car park is currently being assessed for this purpose. Consideration is currently being given to the Council undertaking the site investigations to confirm if the site is capable of development. Discussions have taken place with the interested parties in regard to the specification of works to ensure this will meet their individual requirements and the procurement process is now being looked at to deliver the ground investigations. This will continue to be pursued in consultation with the PDWG and specifically Roads and Amenity Services
- 4.5 Early discussion have also been undertaken with the prospective developer of the car park at the Esplanade. The developer is currently considering their position to assess whether the project can proceed and we shall advise members further when there is more substantive progress to report.

5.0 OBAN AIRPORT BUSINESS PARK & MILLPARK DEPOT SITE

- 5.1 Oban Airport Business Park was marketed in late 2018 however limited interest was received. Following further feedback it was apparent that there were a number of parties who were interested in the location but they had concerns about the costs of development. This was particularly in relation to the provision of services and the ground conditions at this location.
- 5.2 To progress matters the Property Development and Estates team have progressed an exercise to look at the main constraints in connection with developing the site and to provide proposed layouts together with an assessment of the anticipated costs of providing serviced sites.
- 5.3 This information will allow a decision to be made on whether it is cost effective to proceed with further investment at the site and whether this should be done on a phased basis and only where serious occupier demand can be confirmed. In addition the benefits of using TIF funding require to be clarified as this could influence the timing and level of any investment.
- 5.4 As part of the assessment information was also requested regarding the feasibility of developing the Millpark depot site for small user sites. This proposal will be looked at with other potential viable options but no proposal will be progressed in the short term as the site will be required for the decant of operational staff from Jackson's Quarry while this site is being refurbished as part of the depot rationalisation programme. However there is known demand at this location for this type of premises and the information will be useful as part of the early assessment of this scheme.

6.0 APPIN DEPOT

- 6.1 The Appin roads depot at Portnacroish, Appin has been confirmed as surplus to requirements by Development and Infrastructure Services and is proposed to be marketed for disposal by the Property Development and Estates team.

- 6.2 The depot was purpose built in 1982 by the former Strathclyde Regional Council and extends to an area of 224 sqm on a site of 6,400 sqm. The property is located off the A828 between Oban and Fort William and is accessed via a private road.
- 6.3 While the property has previously been used for industrial purposes it is considered that it may have development potential for residential use primarily as the site has outstanding views towards Castle Stalker on Loch Laich.
- 6.4 Accordingly it is the intention to commence marketing of the site following clarification of the planning and access position. Other potential constraints include ground conditions, demolition costs, Japanese knotweed, flooding and potential conflict with adjacent uses.

7.0 MULL RESIDENTIAL SITES

- 7.1 As part of the review of Council assets and following direct enquiries a number of properties on Mull are being proposed for development:
 - 7.1.1 House plot at Fountainhead, Bunessan – This site suitable for 1-2 houses is currently being marketed.
 - 7.1.2 Former roads depot, Erray Road, Tobermory – Legal Services are currently clarifying title issues in relation to the former depot following which the site will be marketed as a single house plot.
 - 7.1.3 Private housing access at Baliscate, Tobermory – Property Development and Estates are currently negotiating access rights with a private developer to facilitate the development housing at Baliscate.

8.0. CONCLUSIONS

- 8.1 As part of the 'One Council' approach to the management of the Council's property assets a number of projects have been commenced or developed over the previous 12 months. This has demonstrated developer interest particularly around Oban and the next steps are to work with the developers to investigate the constraints of the sites, assess the financial viability of their proposals and if appropriate seek consents and conclude legal terms to allow the developments to proceed.

9.0 IMPLICATIONS

- 9.1 Policy – None.
- 9.2 Financial – The disposal of assets will generate capital receipts however there may be initial expenditure during the marketing and assessment stages to ensure that the properties are marketable.
- 9.3 Legal - The terms and conditions of any sale or joint venture opportunity are intended to be delegated to the Executive Director of Customer Services.
- 9.4 HR – The staff currently officially based at Appin are in the process of being formally relocated to Jackson's Quarry, Oban.
- 9.5 Fairer Scotland Duty

9.5.1 Equalities – Protected characteristics – None.

9.5.2 Socio economic Duty – None

9.5.3 Islands – None

9.6 Risk – Properties being marketed may not be sold or the potential receipts may be reduced by site constraints. There could also be reputational risk from delays in disposals caused by unanticipated factors or from complaints from other parties affected by the developments.

9.7 Customer Service – None.

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