

Committee: Environment

Agenda Item

Date: 26 September 2006

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Title: **GOLD ENTERPRISE ZONE, ELSENHAM**

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Item for decision

Summary

- 1 This report advises the Committee of the current situation regarding lettings and empty units at the Gold Enterprise Zone, up to 31 August 2006

Recommendations

- 2 That members note the current situation.
- 3 That members agree to the request from Sunrise Organics to break with the lease for unit 4 on the condition that they pay back for the rent free period so that they will have paid for the time they have been there.

Background Papers

- 4 Legal and operational files relating to the Gold Enterprise Zone, Elsenham

Impact

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Communication/Consultation	N/A
Community Safety	Site has CCTV coverage
Equalities	N/A
Finance	Reserves have been approved to cover revenue shortfall
Human Rights	N/A
Legal implications	Council is legally bound until 2009
Ward-specific impacts	Elsenham
Workforce/Workplace	No new resources required

Situation

- 5 At the last meeting of the Committee Members requested regular updates regarding the industrial estate.
- 6 The Council entered into a 25 year lease regarding 18 industrial units in the 1980s. The lease expires in November 2009 when the site reverts back to the owners. The Council at the time was anxious to help small local businesses and help find local people jobs.
- 7 Over the years it has proved difficult to let the units and currently 7 units remain empty. In addition the tenants of unit 1 have confirmed that they will not be renewing their lease which expires on the 19 September. The tenants of unit 12 have also given notice to vacate the unit on 30 November.
- 8 Unit 3 has been offered to the Buffy Bus Association who requested the Council to let one of the units for storage free of rental and service charges to enable the Charity to function efficiently.
- 9 Currently the Council has made provision in the budget to cover the shortfall of income. This will be achieved by the use of reserves where required.

Marketing

- 10 Officers are continuing to work with the Managing Agent, Mullucks, to maximise lettings and therefore income. Since the last Committee meeting the units have been advertised four times and are scheduled to be advertised again in early September. A mail out was undertaken during May and another is planned for mid September. In addition, the brochure and availability schedule are forwarded to all industrial/warehouse enquiries for units of 500-1,000 sq ft in the area as they are received. The units are also advertised on the Managing Agent's web site and there have been 240 web hits.

State of the Market

- 11 The commercial market is currently generally slow, partly due to the summer holiday period. There is a steady, if low, level of enquiry for industrial properties generally.

Special Request

- 12 A request has been received from the tenants of unit 4, Sunrise Organics, to negotiate a break with the lease. If agreed there will be loss of rent for this unit until it can be re-let. As background the lease was granted on 13 December 2004 for 3 years, with a rent free period of 6 months. Therefore they did not start paying rent until 13 June 2005 and so have only really been paying for just over a year. There is no break clause due to the

generous start up terms given. In April 2006 they moved to larger premises elsewhere to enable their business to continue to grow. They have been unable to sub-lease the premises and, due to the extra overhead of having to pay for two lots of rent, are in real danger of losing their business by Christmas. If a break were to be agreed it should take into account the fact that the Company have benefited from a rent free period.

Risk Analysis

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Risk	Likelihood	Impact	Mitigating actions
Units will continue to remain empty	HIGH	HIGH	Council manages revenue shortfall by use of reserves (if necessary)