

North Lanarkshire Council

Report

Enterprise and Housing Committee

Agenda item 5 approval noting Ref RH/PH Date 02/11/17

1-103 and 2-204B Millcroft Road, Cumbernauld

From Pamela Humphries, Joint Acting Head of Housing Solutions
Email HumphriesP@northlan.gov.uk **Telephone** Pamela Humphries,
01698 274174

Executive Summary

This report provides an update on the recent consultation exercise carried out with owners of the properties at 1-103 Millcroft Road and 2-204B Millcroft Road, Cumbernauld. The condition of the properties has deteriorated over recent years with owners failing to undertake essential repairs and maintenance. The Housing & Social Work Services Committee of 2nd February 2017 granted approval to consult with owners on the way forward for the flats, including the option of re-provisioning which was considered to provide the best long term solution and was identified as the preferred option. This report therefore provides an update on the outcome of the consultation exercise with owners and residents of the properties, and recommends that the re-provisioning option should be progressed by Sanctuary Scotland Housing Association ("Sanctuary"), supported by the promotion of a Compulsory Purchase Order (CPO) by the council.

Recommendations

It is recommended that the Committee:

- i. Note the contents of this report including the outcome of the consultation with owners regarding the demolition proposals.
- ii. Approve the making of a CPO in respect of the property interests required, noting that Sanctuary will also commence a negotiated acquisition process with owners. A plan of the area is shown on the attached plan.
- iii. Approve the acquisition of the property interests by General Vesting Declaration, in the event that the CPO is confirmed by the Scottish Government;
- iv. Approve completion of all statutory procedures required to acquire the property interests;
- v. Approve the subsequent transfer of all property interests acquired through the CPO process to Sanctuary for no consideration other than the reimbursement of compensation as noted below.

- vi. Approve the finalisation of a Minute of Agreement with Sanctuary by the Head of Business for Legal and Democratic Solutions regulating the requirements on Sanctuary in relation to the proposed CPO process including a requirement to reimburse the Council for all compensation payments incurred in relation to the CPO and, in the event that the CPO is confirmed by the Scottish Government, governing the transfer to Sanctuary of the property interests acquired in terms of the CPO
-

Supporting Documents

Council business plan to 2020 The re-provisioning proposals contribute to meeting the council's Business Plan Priority Outcome of Improving Economic Outcomes and Opportunities by supporting the provision of access to high quality housing.

Appendix 1 Site Plan

Appendix 2 CPO Justification

1. Background

- 1.1. The Housing and Social Work Services committee on 2nd February 2017 approved a report which highlighted the issues of poor maintenance and disrepair of the properties at 1-103 Millcroft Road and 2-204B Millcroft Road, and recommended that consultation should take place with owners and other stakeholders regarding the proposal to acquire and demolish the flats and build new, high quality housing for rent on the cleared site by Sanctuary Scotland Housing Association.
- 1.2. There are 169 properties in total within 3 blocks of flats at Millcroft Road, approximately 68% of which are owned by private landlords. There are many factors affecting the condition of the blocks including complex title conditions, high level of absentee landlords and building design. These issues have contributed to a lack of maintenance being carried out as there has been no effective factoring arrangement in place for a number of years.
- 1.3. In addition to the flats there are 59 lock ups associated with these blocks, some of which are linked to the titles of the flatted properties and some which have been sold off separately and are used by owners who live out with the flats.
- 1.4. The council has tried to encourage owners to maintain the blocks for many years using all powers at its disposal, including use of Maintenance Orders; provision of grant assistance towards the cost of repairs, and the undertaking of some essential works in default at 2-204B Millcroft Rd in 2011. The cost of this work was £3,800 per flat, with £500 grant contribution made to owners towards these costs by the council. Around £3,500 was secured against non paying owners' title deeds, which includes administration fees and Register of Scotland fees incurred by the council in registering these charges. Despite these efforts, the condition of the block has continued to deteriorate as owners have been unable or unwilling to undertake repairs. There is now increasing evidence that a large number of the flats are lying empty and there are on-going issues of anti social behaviour,

vandalism and fly tipping, all of which are detrimental to the wider Carbrain community as well as the residents of the flats.

2. Report

- 2.1. Following the decision of the Housing & Social Work Services Committee to consult on the re-provisioning option, an information bulletin was issued to all owners and residents to inform them of the options being considered, and provide answers to commonly asked questions.
- 2.2. A door to door survey of all residents was carried out by Research Resource, an independent market research company, to gather information regarding the housing circumstances and future preferences of residents currently living in the flats. Despite a number of attempts to interview every household, only 40 interviews could be completed (24% of flats). During this exercise, Research Resource estimated that around 75 flats (44%) were actually empty.
- 2.3. All owners were issued with a postal survey to establish their initial views on the proposals and preferences. Responses were received from owners of 75 flats, including 9 landlords. Of the total responses received almost three quarters (72%) stated their favoured option would be the re-provisioning of the flats. Only 15% said their preference would be for repairs to be carried out. The remaining respondents either had no preference or wanted no action taken.
- 2.4. Two open day events were also held in the local area on 5th July and 15th August. In total 37 owners and residents attended and spoke to staff from the council and Sanctuary regarding the future proposals for the flats and what their options would be. Owners were given a further opportunity at the events to complete the survey form to confirm their preferred option. These responses are included in the findings outlined in 2.3 above.
- 2.5. A further bulletin has been issued to owners and residents to update on the outcome of the consultation and to answer some further questions raised during the consultation exercise. Owners have also been issued with a further survey form to provide a final opportunity for them to confirm if they support the demolition and re-provisioning option. As at 24 October, 54 responses had been received with 76% in favour of the re-provisioning option. It is not anticipated this will change by the end of the consultation period on 27 October.
- 2.6. On the basis that the majority of owners are supportive of the re-provisioning option it is proposed that the following steps are taken to progress with the project.
- 2.7. It is proposed that Sanctuary commence negotiation with the resident owners of the flats initially to attempt to buy back their properties. As part of the re-provisioning of the multi storey flats within Cumbernauld, the housing association will have a number of new build properties which would be available early in 2018 to re-house eligible owner occupiers from Millcroft Road. Eligible owners could then become secure tenants of Sanctuary or may be able to purchase a flat on a shared equity basis.

- 2.8. Sanctuary would then commence negotiations with other owners to seek to acquire their properties on a voluntary basis. At the same time the council and Sanctuary will start to visit all tenants to offer advice and assistance regarding their future housing options. Tenants in the flats who wish to apply for a tenancy from Sanctuary or the council through the Common Housing Register will be eligible for 150 'demolition' points, at the appropriate time.
 - 2.9. As it is highly unlikely that all owners would agree to sell by negotiation, and in order to avert any delay to the proposals to demolish the flats it is proposed to seek a Compulsory Purchase Order under the provisions of the Housing (Scotland) Act 1987, to acquire by compulsory means all flats within the blocks at 1-103 Millcroft Road (odd numbers) and 2-204B Millcroft Road (even numbers). Further to confirmation of a CPO the council would transfer the flats to Sanctuary Scotland Housing Association for demolition allowing new social rented properties to be developed on the cleared site.
 - 2.10. The powers available in the Housing (Scotland) Act 1987 allow the council to acquire property compulsorily. The justification for use of a CPO is set out in more detail in Appendix 2.
 - 2.11. Acquisition of the properties and transfer of the land to Sanctuary Scotland would allow the properties to be demolished. Sanctuary have had initial discussions with the council's Planning Services in relation to the future development of the cleared site to deliver 30 houses and 32 flats on the site for social rent. A formal planning application would require to be submitted and considered through the statutory planning process.
 - 2.12. It is proposed to enter into a minute of agreement with Sanctuary in relation to the proposed CPO process to regulate the reimbursement to the council of the costs of compensation in relation to the CPO and, in the event that the CPO is confirmed by the Scottish Government, governing the transfer to Sanctuary of the property interests acquired in terms of the CPO. Other costs incurred by the council in relation to the CPO process, including the costs of any public local inquiry, will be met by the council.
-

3. Implications

3.1 Financial Impact

- 3.1.1 The funding for the project would be provided by Sanctuary Scotland Housing Association with grant contribution made from the Scottish Government's Affordable Housing Supply Programme funding. The grant funding required for this project has been included within the Council's Strategic Housing Investment Plan 2018-2023 which is subject to a separate report to this committee.
- 3.1.2 The costs associated with the promotion of a CPO will be funded by the council from the non HRA private sector housing budget.

3.2 HR/Policy/Legislative Impact

- 3.2.1 The council would seek a Compulsory Purchase Order under the provisions of the Housing (Scotland) Act 1987 to acquire the properties from owners.

3.2.2 The proposals address the identified action in the Local Housing Strategy 2016-2021 to explore long term sustainable solutions to address poor maintenance/disrepair within large scale private sector blocks.

3.3 Environmental Impact

Any new homes build on the cleared site will be built to modern standards and as a result be more energy efficient, contributing to a reduction in CO2 emissions.

3.4 Risk Impact

The Scottish Government are currently reviewing their compulsory purchase procedures and have indicated that they consider local authorities should be more willing to use compulsory purchase powers to drive regeneration throughout Scotland. Despite the justification for the use of a CPO in this case, there is a risk that objections may be received from owners and/or residents of the blocks, and it is possible that the CPO will not be confirmed by the Scottish Government.

4. Measures of success

The measure of success would be the successful acquisition and demolition of the flats which are currently providing poor quality living accommodation and blighting the local community, to be replaced by high quality housing for social rent by Sanctuary.



Joint Acting Head of Housing Solutions

44878

SM

LOCATION PLAN - For Information Only

Title: 1-103 and 2-204B Millcroft Road

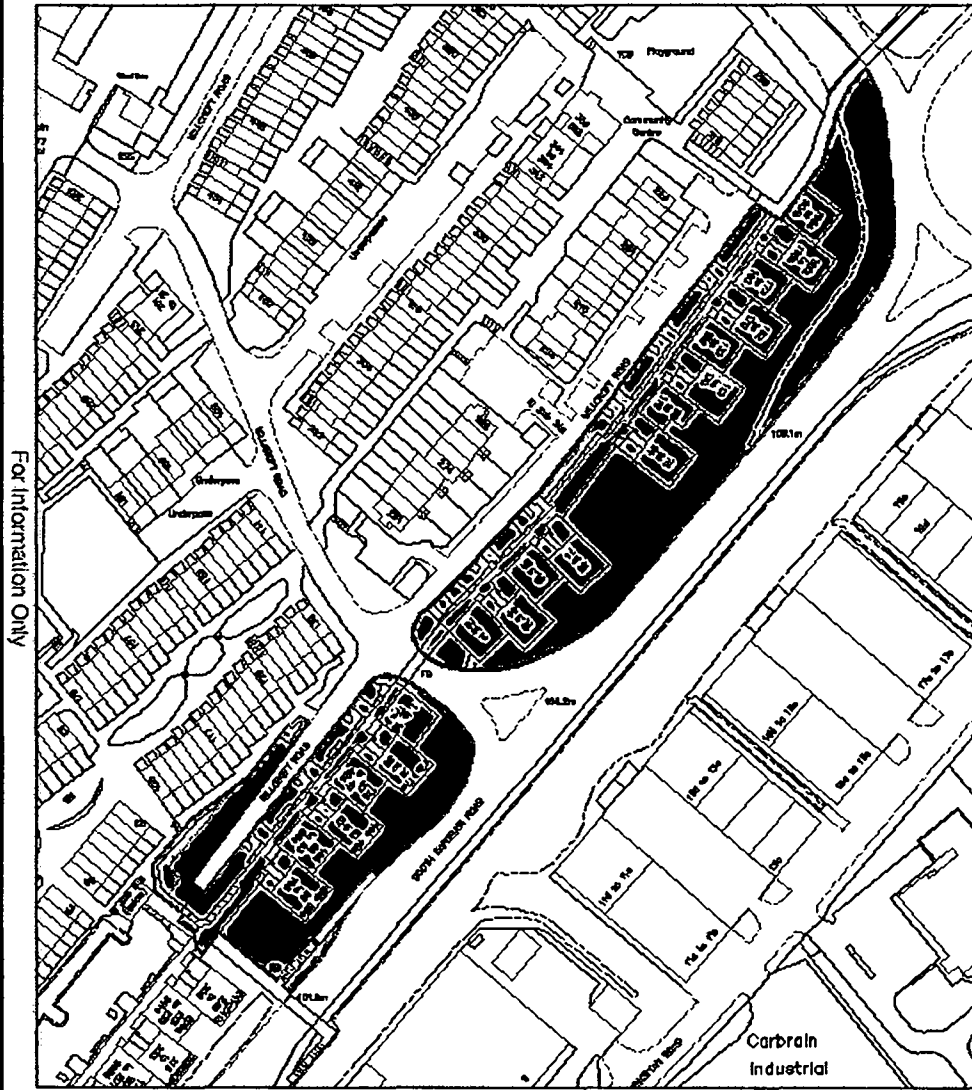
Scale 1:NTS



Town: Cumbernauld

Date: 28/09/2017

INFRASTRUCTURE



CARTOGRAPHIC & MAPPING SERVICES

Reproduced from or based upon Ordnance Survey Mapping with the permission of the Controller of H.M. Stationery Office. Crown Copyright Reserved. Unauthorised reproduction infringes Crown Copyright and may lead to prosecution or civil proceedings. O.S. Licence Number LA 100023395

Head of Corporate Property, Procurement & Resource Solutions
North Lanarkshire Council
Fleming House
2 Tryst Road, Cumbernauld, G57 1JW

Justification for use of a CPO at 1-103 and 2-204B Millcroft Road

- i. The flats are not being maintained to a reasonable standard with the condition deteriorating and no sustainable arrangements in place to address these issues. Even if a suitable management arrangement was put in place, estimates by the council indicate that the costs to carry out full refurbishment works to the blocks are in the region of £18,000 per property. Sales evidence indicates that the average selling prices for flats is currently £18,250. 55 of the 112 properties at 2-204B Millcroft Road still have repayment charges registered on their titles following the owners' failure to pay for default works carried out by the council to the common area of the blocks after the service of Maintenance Orders in 2011. The repayment charges total £3,542.94 and costs plus interest at 10% per annum will be recovered from owners on the sale of their property.
- ii. In addition to the properties being in a poor condition, the disrepair of the common areas impacts on the health and safety of residents, visitors to the blocks, and the wider community in general. Examples of such include smashed and non secure glazing panels (especially those at high levels), walkways that have been boarded up, loose bricks/unsecure walls at high level walkways, and fire hazards presented both internally and externally caused by rubbish accumulation and fly tipping. These examples are only a small selection of the issues in the area.
- iii. In addition to the health, safety and aesthetic problems with the blocks, Police Scotland report that there are patterns of anti social behaviour including disorder, violence and vandalism, noise complaints, as well as acquisitive crime, and drug related incidents present within the blocks. 148 incidents and 52 crimes were reported to Police Scotland over the period August 2016-August 2017. It is also acknowledged that not all issues are reported and the figures are likely to be much higher than noted.
- iv. The actions taken by the council, Police Scotland and other services cause a substantial drain on public resources. For example the council's Regulatory Services have indicated that the clearance of refuse alone incurs a cost of £1000 per occasion which is being incurred on a repeated ongoing basis and is not sustainable. Over the period 1st January 2015-August 2017 Land Management Services spent £45,000 in addressing 180 fly tipping incidents in the area.
- v. In addition to the public service resources being directed to this area, arrears levels for the area are high and as at September 2017, 99 owners were in Council Tax arrears with overall arrears in the area totalling £166,155.71.
- vi. Previous attempts by the council to have owners undertake responsibility for works failed. It is evidenced that the majority of owners are unable or unwilling to undertake the necessary steps to ensure the properties are maintained and it is likely that if even if refurbishment works were a viable option this would not resolve all the issues with the blocks in the longer term and additional enforcement action would be required in future.

- vii. If the CPO is confirmed, the properties would be transferred to Sanctuary for demolition with the cleared site being used to develop new high quality housing to current building and environmental standards.
- viii. Progressing with the CPO is time critical as there is an opportunity presented by Sanctuary to offer eligible owners the chance to move directly into a new build flat on the site of the former multi storey blocks at Allanfauld Road and Hume Road, Cumbernauld
- ix. Discussions on funding of the project are ongoing between Sanctuary and the Scottish Government. Funding of the project will require to be in place before any negotiated acquisitions commence or a compulsory purchase order served.
- x. Link Homes ("Link") own maisonette blocks which look onto these properties. Feedback from Link indicates that their properties are hard to let and undesirable due to the poor condition of the flatted Millcroft Road blocks. In addition Link has found it difficult to progress estate management issues with residents in these properties when they do not maintain their back gardens as their tenants report they cannot use their back gardens effectively whilst they look onto the dumping site created at the flatted blocks. The demolition of the blocks at Millcroft Road is in the wider public interest as it will contribute to the regeneration of this part of Carbrain and prevent deterioration of surrounding properties.
- xi. Although confirmation of a Compulsory Purchase would result in the acquisition of 169 flats, and there will be financial hardship for some owners, a plan is in place to re-house the residents within the blocks. Resident owners would be entitled to a new property in one of Sanctuary's new developments and private tenants would be eligible for rehousing through the common housing register with 150 additional points applied to their application at the relevant time. The demolition of the Millcroft Road properties will help prevent anti social behaviour in the area along with addressing the issue of high levels of empty properties within these blocks. The quality of life for resident owners will be improved through their rehousing, the quality of life will be improved for residents surrounding the Millcroft Road flats, along with the amenity of the surrounding area being greatly improved.
- xii. Sanctuary have had initial discussions with the council's Planning Services in relation to the development of any cleared site for 30 houses and 32 flats on the site. A formal planning application would require to be submitted and considered through the statutory planning process. Any new homes build on the cleared site will be built to modern standards and as a result be more energy efficient, contributing to a reduction in CO2 emissions.