

North Lanarkshire Council Report

Housing and Regeneration Committee

approval noting

Ref

Date 24/11/21

CPO of private properties at Millcroft Road, Cumbernauld and construction of new homes

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Executive Summary

The purpose of this report is to seek Committee approval for a revised strategy for the council to deliver the proposed acquisition and demolition of privately owned properties at Millcroft Road, Cumbernauld, including approval for the council to promote a Compulsory Purchase Order (CPO), and thereafter redevelop the site to deliver new homes for social rent.

Recommendations

It is recommended that the Committee: -

- 1) Approve the strategy for the council to progress the acquisition, demolition and new build housing at Millcroft Road
- 2) Approve the making of a Compulsory Purchase Order for the land and houses shown outlined in red and shaded pink on the plans annexed to this Report at Appendix 1 for the purpose of the provision of housing accommodation.
- 3) Gives Authority for the Head of Legal and Democratic Solutions to prepare all Compulsory Purchase Order documentation and to take all necessary steps including publication of all statutory notices to secure Confirmation of the Order by the Scottish Ministers and the Vesting of the land and houses in the Council.
- 4) Gives authority to progress voluntary acquisitions for owner occupiers in tandem with promotion of the CPO as set out in section 2.9 of this report

The Plan for North Lanarkshire

Priority Improve economic opportunities and outcomes

Ambition statement (1) Ensure a housing mix that supports social inclusion and economic growth

1. Background

- 1.1 The Project at Millcroft Road (1–103 and 2–204B), Cumbernauld relates to blocks of houses comprising 169 flatted properties located in 3 separate blocks, as well as approximately 57 lock up garages. The flats are in Private Ownership, with the exception of 1 flat which is owned by North Lanarkshire Council. It is currently understood that only approximately 40 (24%) of the properties across the blocks are occupied by resident owners with the balance either rented out by registered landlords or vacant.
- 1.2 A collective lack of maintenance by owners over many years has resulted in the general condition of the blocks, both internally and externally, failing The Tolerable Standard, creating poor living conditions for residents. Anticipated costs of refurbishment of around £25,000 per property are above the average estimated valuation for each flat. There is not an effective factoring arrangement in place for these flats, largely due to the title conditions which effectively mean that owners of flats 1-103 Millcroft Rd (57 properties) share responsibility for all common repairs as do owners at 2-204B Millcroft Rd (112 properties)
- 1.3 The council has worked with owners over many years to try to support the maintenance and repair of the blocks. In November 2011, using Maintenance Order powers, the council carried out essential works to common areas at 2-204B Millcroft Road at a cost of approximately £4,000 per flat. However, the condition of the flats has continued to deteriorate.
- 1.4 Continuous fly-tipping and vandalism has also resulted in these privately owned blocks having a negative impact on the whole surrounding area and, along with high levels of anti social behaviour, presents on-going challenges and costs for the council.
- 1.5 The Scottish Fire and Rescue Service (SFRS) has also raised its concerns regarding the fire risk at these flats, particularly due to the ongoing problems of fly tipping and dumping of rubbish both inside and outside the closes. Although the council has, at its own expense, sealed up bin chutes and bin stores, and increased the regularity of uplifts, the dumping of rubbish continues to pose an ongoing fire risk at these flats. Since April 2018, there have been 38 separate fire incidents at the properties in question. Adding to this risk, is the prevalence of criminal activity and the requirement for police intervention at a local level, with 408 incidents in the past year alone (data since August 2020), 95 of which being recorded as crimes.
- 1.6 Following an options appraisal in 2017 it was identified that the best long-term solution was to promote a CPO for the blocks in order to facilitate the demolition of the flats and construction of new high quality social housing on the site. This approach was supported at the time by the majority of owners who responded to a survey.
- 1.7 It was agreed that Sanctuary Housing Association would deliver the project due to their recent experience with the re-provisioning of all 12 mixed tenure multi storey blocks in Cumbernauld and their ability to offer owner occupiers a new flat on the Burns Road re-provisioning site. The Scottish Government agreed to provide grant funding towards the project and Sanctuary also agreed to contribute to the project. On that basis in November 2017 the Enterprise and Housing Committee agreed to progress a Compulsory Purchase Order to facilitate the delivery of the project.

- 1.8 Since then, despite the best efforts of all concerned, it has not been possible to reach final agreement with Sanctuary regarding their lead role in the delivery of the project, and an alternative strategy is now required. It has however been agreed with Sanctuary that they will continue to assist the council with delivery of the project through the offer of accommodation to eligible owner occupiers at the Burns Road new build development, and through the normal Common Housing Register allocation process.
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2. Report

- 2.1 As previously outlined, long term lack of maintenance of the blocks has resulted in extremely poor living conditions for the residents. Continuous fly-tipping and vandalism results in the blocks having a negative impact on the whole surrounding area. There have also been serious concerns raised by Strathclyde Fire and Rescue about fire safety due to the dumping of rubbish and household items within the closes, which resulted in the council sealing off bin chutes and undertaking more frequent waste uplifts from the blocks. There are also ongoing problems of anti social behaviour and crime.
- 2.2 Officers from the council's environmental health service carried out external inspections of the properties during 2011 to establish the condition of the blocks against a 'Reasonable Standard Assessment' set out by the council. The results of the survey showed that the blocks were not being maintained to a reasonable standard with individual closes showing evidence of failing The Tolerable Standard as defined in the Housing (Scotland) Act 1987. The council's private sector team have worked with owners of the flats, and the Greenrigg and Millcroft Flats Residents Association, over many years to try and improve the condition of the blocks and put in place effective maintenance arrangements. However, this has not resulted in satisfactory solutions and the blocks have continued to deteriorate, despite the use of maintenance orders being instructed on the blocks of by the council in 2014 under the Housing (Scotland) Act 2006. A recent condition survey of the blocks carried out in 2019 on behalf of the council found high concentration of defects on the properties, especially in relation to roof condition, brickwork, stair wells and entrance security, further demonstrating a continued decline in conditions.
- 2.3 Following consultation with owners and residents in 2017 the majority of owners who responded to a 'test of opinion' survey agreed that the best course of action was to progress a demolition and New Build proposal. At the Enterprise and Housing Committee on 2 November 2017 the council agreed to support this approach, to be delivered by Sanctuary Housing Association, and to progress a Compulsory Purchase Order to facilitate the acquisition of the flats.
- 2.4 Unfortunately Sanctuary Housing Association are no longer in a position to deliver the project and it is now proposed that the council should progress delivery of the entire project including the acquisition of the properties through the promotion of a CPO, demolition of the flats and re-development of the site to deliver around 72 new council homes for rent. The Scottish Government has confirmed that grant funding will be available to support the acquisition of the properties and contribute towards the cost of the new build development.
- 2.5 Without the project, the blocks at Millcroft Road will continue to have a significant adverse effect on the local environment and provide poor living conditions for residents that fail the tolerable standards. This proposal provides the opportunity to re-house existing residents, and provide 72 new high quality units of much needed social housing

in Cumbernauld within an existing residential area as well as addressing the identified shortfall in available housing stock for those on the Common Housing Register.

- 2.6 Given the number of ownership interests within the blocks, it would be impossible or impracticable for the Council to acquire all of the interests on a voluntary basis. A Compulsory Purchase order is therefore necessary in order to deliver the Scheme.
- 2.7 The Council has carefully considered the balance to be struck between individual rights and the wider public interest. The Council considers that there is a compelling case in the public interest for confirmation of the Order. The compulsory purchase of the blocks is considered necessary and proportionate in the circumstances having due regard to the interest of the affected parties and is therefore justified.
- 2.8 There is a robust re-housing strategy in place for residents living in the blocks. Particularly important is the provision of suitable alternative accommodation for the owner occupiers. Given the average value of the flats is estimated to be under £20,000, it is unlikely that many owner occupiers will be able to secure alternative housing to purchase on the open market. However, the new development at Burns Road is due to be completed by Sanctuary in November 2022 and Sanctuary have confirmed they will make flats there available for the eligible Millcroft owner occupiers. This will therefore provide these owner occupiers with the opportunity to be rehoused in new, high quality accommodation as early as possible. The Scottish Government has also confirmed that it will provide the necessary funding to enable a shared equity option to be made available to qualifying owners.
- 2.9 Given the timescale for completion of the properties at Burns Road, this option would also require the council to voluntarily acquire the owner occupiers' properties in advance of the CPO being confirmed to enable owner occupiers who wish to take up the offer of a new property at Burns Road the opportunity to do so.
- 2.10 Owner occupiers, landlords and tenants will be contacted by the council to discuss their individual circumstances, including potential compensation entitlement and re-housing assistance. Only owner occupiers (those that have lived in their Millcroft home for over 12 months) will be given the option of a new build flat (shared equity or rent) in Burns Road, while tenants of private landlords will be given advice regarding re-housing through the Common Housing Register depending on each individual's points allocation for rehousing, including additional points for demolition.
- 2.11 It is proposed that the District Valuer will be appointed to act on the council's behalf in undertaking surveys and producing market valuation reports for each property. These valuations will be provided by the DV in relation to attempted voluntary acquisitions, and in relation to those properties which will be acquired by way of CPO. The owners will have the opportunity to accept the offer made on the basis of these valuations, but also to appoint their own valuer to act on their behalf in agreeing a figure satisfactory to both parties. The DV will act on the council's behalf in relation to all such negotiations.
- 2.12 The justification for the CPO is to address serious stock condition and facilitate the provision of new housing accommodation. It is anticipated that there will be around 72 new high-quality homes for social rent constructed on the site which will be built to meet modern, energy efficient and Housing for Varying Needs (HfVN) standards with lift access provided. The current design proposal comprises a mix of 1 and 2-bedroom flatted properties which incorporates Placemaking principles. A design team (Coltart Earley) has been appointed to undertake design development of the proposed new homes and this work is now well underway with a Planning application submission anticipated in December 2021.

- 2.13 In summary, it is proposed that the council will assume responsibility for progressing the delivery of the Millcroft Road Project including communication and liaison with owners, residents and other stakeholders (including lenders); promoting the CPO; development and delivery of the re-housing strategy in partnership with Sanctuary Housing Association; demolition of the flats and re-development of the site as part of the council's new supply programme. The associated implications of this proposed approach are set out in more detail in Section 4 of this report.
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3. Public Sector Equality Duty and Fairer Scotland Duty

3.1 Fairer Scotland Duty

This scheme will entail the removal of homes that are in very poor condition and fail the *Tolerable Standard* and do not provide living conditions that are conducive to promoting safety, well-being and equality of opportunity. The new homes that will be built to replace the current properties will include measures that will help to reduce inequalities of outcome through certain design features including:

- Housing for Varying Needs to make homes as accessible as possible;
- Secure By Design principles and components are being used as far as practically possible, for example a door entry system is included for residents;
- Providing energy efficient homes to reduce the incidence of fuel poverty;

3.2 Equality Impact Assessment

An Equality Impact Assessment has been conducted for the Delivery of additional housing stock via the New Supply Team and the contribution to Local Housing Strategy, Strategic Housing Outcomes. A separate Equality Impact Assessment has been conducted for the CPO and rehousing element of the project. The CPO process is designed to ensure that individual's rights are protected, and the council will provide support, such as translation services and housing advice to property owners and tenants as required.

4. Impact

4.1 Financial Impact

The total estimated cost of the project is estimated at £21.2m, which includes acquisition; homeloss and disturbance payments; owners' legal costs; DV fees; demolition and new build costs.

The Scottish Government has confirmed that it will provide grant funding to support the acquisition of the properties, and construction of new build development. The final level of grant funding cannot yet be confirmed but it is estimated that minimum grant funding of £8m will be available. The balance of required funding can be met from the Housing Revenue Account New Supply Programme budget over financial years 2024-2026.

4.2 HR/Policy/Legislative Impact

The CPO Process is governed by the appropriate legislation as per Scottish Government guidance. The powers available in the Housing (Scotland) Act 1987 allow the council to acquire property compulsorily. Justification for the CPO will be laid out in

the Statement of Reasons which will be submitted to the Scottish Government. This submission can only take place following Committee Approval to proceed. A Technical Appraisal for the CPO will be requested from the Scottish Government (approximate 6 week determination period), prior to the CPO being made and the first notices being served (estimated January 2022). If the CPO is Confirmed by the Scottish Government then it usually takes approximately 12 months from the date of service of the first CPO notices until the Vesting Date, however, this is subject to potential objections and subsequent appeals.

4.3 Technology / Digital impact

The scope of the new homes includes for Cat5e cabling to support home networking and Fibre to the Premises (FTTP) for digital connectivity as part of the 'future-proofing' of North Lanarkshire Council's new housing stock.

4.4 Environmental Impact

The project will result in the demolition of 169 flats which fail to meet The Tolerable Standard and are energy inefficient. The new homes will be built to Housing For Varying Needs standard, incorporating a number of environmentally sustainable measures for enhanced energy efficiency standards. These will help to reduce carbon emissions from the properties in the future.

4.5 Communications impact

A communication strategy to inform Millcroft residents and stakeholders will be developed and coordinated through the establishment of a Liaison Group involving representatives from all relevant services and partners, to support delivery of the project due to the likely challenges involved, including the potential vulnerability of a number of tenants.

4.6 Risk Impact

A risk register has been developed to capture and help mitigate potential risks in accordance with Project Management Guidelines. There are a number of risks to the Council, including those associated with the confirmation, or otherwise, of the CPO; financial risks in terms of project costs, and the re-housing of owner occupiers and tenants.

A strategy for managing and mitigating these risks is being developed and will involve input from a number of services and agencies.

5. Measures of success

5.1 The successful delivery of the Millcroft Road CPO process to allow 169 properties (3 blocks) which fail The Tolerable Standard to be vacated and demolished to then be replaced by modern, high quality homes.

5.2 The Project is a unique opportunity to drastically improve the living conditions of existing residents and improve the amenity of the Carbrain area. The owner occupiers will be given the opportunity to be rehoused in higher quality new homes at Burns Road or other suitable locations through the Common Housing Register process.

6. Supporting documents

6.1 Appendix 1 - 2 plans showing Land and houses to be compulsorily acquired outlined in red and shaded pink

Appendix 1 Block C, Nos 1 to 103 Millcroft Road

Appendix 2 Blocks D & E, Nos 2 to 204B Millcroft Road



Pamela Humphries
Head of Planning & Regeneration

Appendix 1

46349 - 1A

RD

LOCATION PLAN - For Information Only

Title: Millcroft Road CPO
Block C, Nos 1 to 103 Millcroft Road

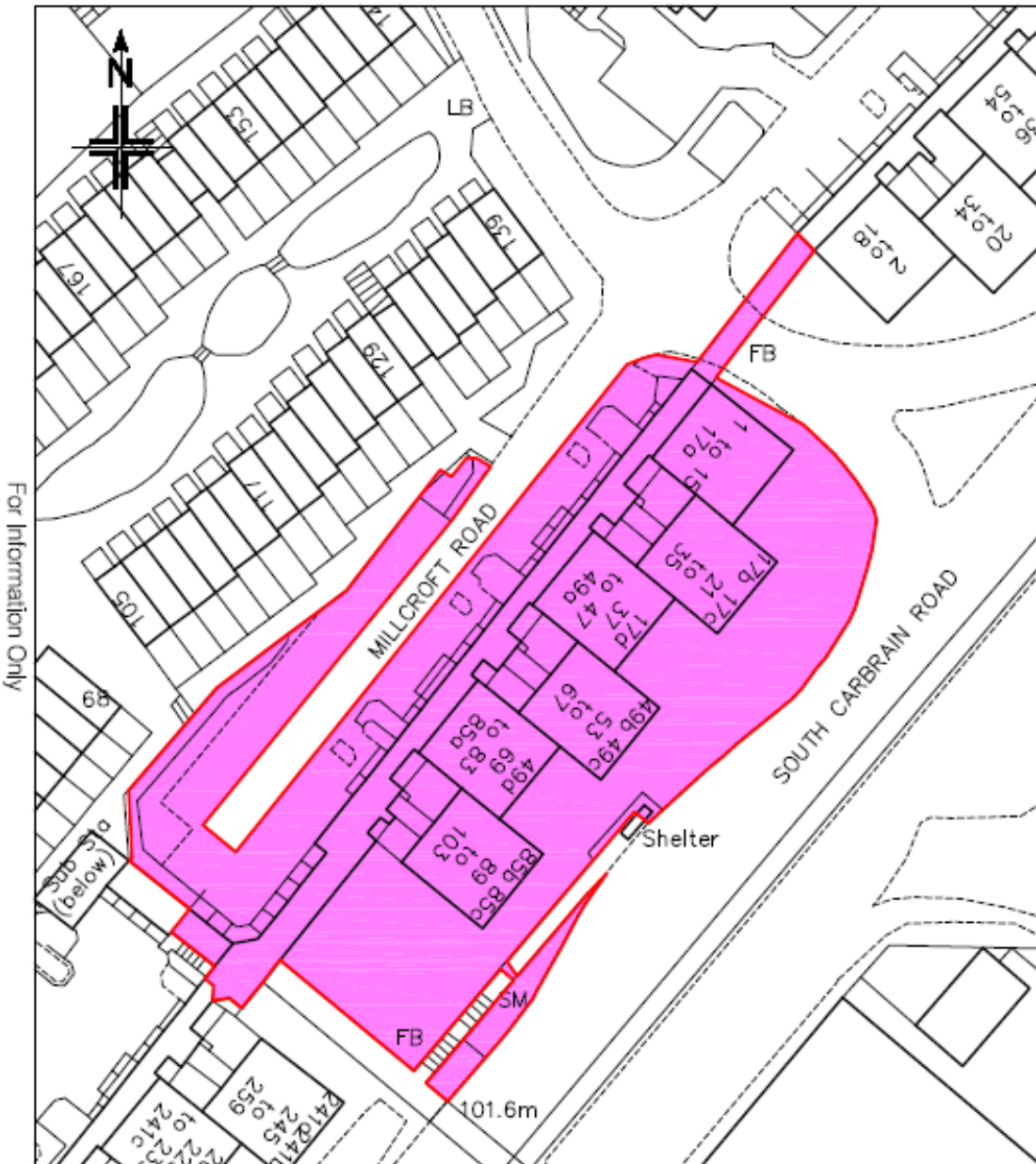
Scale 1:NTS



Town: Cumbernauld

Date: 5/10/2021

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Appendix 2

46349 - 1B

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LOCATION PLAN - For Information Only

Title: Millcroft Road CPO
Blocks D & E
Nos. 2 to 204B Millcroft Road
Town: Cumbernauld

Scale 1:NTS

Date: 05/10/2021



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