

REPORT

To : HOUSING AND TECHNICAL SERVICES COMMITTEE POLICY AND RESOURCES (FINANCE) SUB-COMMITTEE		Subject : PROPERTIES AT CLYDESDALE ROAD/EASTFIELD TERRACE, MOSSEND, BELLSHILL
From : DIRECTOR OF HOUSING & PROPERTY SERVICES		
Date : 12 OCTOBER 2001	Ref : TMcK/IMcM/LR	

1. Introduction

1.1 The purpose of this report is to consider the options for dealing with properties at Clydesdale Road/Eastfield Terrace, Mossend, Bellshill, where there is an outstanding debt to the Council.

2. Background

2.1 Around 1991 the former Motherwell District Council undertook common repairs under statutory powers to various properties within the Mossend, Bellshill No 1 Housing Action Area for Improvement. Recovery of costs was secured in respect of eight flats by the use of Charging Orders. Subsequently, a Minute of Agreement was concluded between the Council and the owner of these flats, the Trustee of Arturo Russo, which provided for the internal upgrading of the flats and the repayment of the outstanding debt to North Lanarkshire Council.

2.2 The Minute of Agreement was signed in January 1998 and, under its provisions, the Trustee would improve two flats at a time, market them, and recycle the balance of the sale proceeds to fund the improvement of a further two flats, and so on. The first two flats were improved in 1989-99, following which one flat was sold and the sum of £16,721 repaid to the Council. Despite prolonged attempts by the selling agent acting on behalf of the Trustee, however, the other flat remains unsold, and this situation has delayed a commencement of work on the other six flats.

2.3 The Trustee has been approached by Lanarkshire Housing Association Ltd, who are in a position to obtain funding from the Empty Homes Initiative to acquire these properties at current market value, improve them to a higher standard than that currently planned and make them available for letting for general needs housing. Arrangements to dispose of these properties require the agreement of the various ordinary creditors, one of whom is North Lanarkshire Council in relation to rates. The difficulty with the proposal to sell to Lanarkshire Housing Association is that there will not be sufficient funds realised by the sale to:

- a) Finalise the payment to the contractor who undertook improvements to the two flats.
- b) Repay the monies due to the Council under the Minute of Agreement to allow the Charging Orders to be discharged, and
- c) Provide a satisfactory financial resolution for the various creditors.

3. Options

3.1 The Council has two main options in this situation. It could, firstly, hold the Trustee to the terms of the Minute of Agreement, requiring him to continue to use all means to market and sell the improved flat and proceed to improve and sell the other six flats. In due course, the full amount still due to the Council, totalling £68,671, may be recovered.

3.2 In view of the difficulties which the Trustee – and other private home owners – have encountered in selling these types of properties in this location, it may be the case that it will

be a very long time, if at all, until the improvements are completed and the Council receives payment in full. Indeed the fact that seven flats in the block are empty and boarded up continues to have a detrimental effect on the whole area, encouraging vandalism and reducing property values generally. Concern has been expressed on a number of occasions owing to repeated break-ins and fire-raising to empty properties, placing neighbouring residents in potentially dangerous situations. It should also be noted that the interest due on the debt was calculated up to November 1995, as agreed by Motherwell District Council, and has not been added to since then, and that any further interest which should accrue to the Council until the flats are all sold would not be recoverable.

- 3.3 The other option is to accept a reduced repayment from the Trustee to allow the Charging Orders to be discharged. The advantages of adopting this approach would include the following:
- a) The flats would be improved to full Housing Association standard, and brought back into use within 6 months
  - b) Empty Homes Initiative funds currently available, although only within 2001/2002, would be utilised
  - c) The Council will receive nomination rights for the seven improved flats
  - d) The appearance of the area will be enhanced, and Lanarkshire Housing Association as majority owner would be better placed to undertake communal maintenance and environmental improvement
  - e) Part of the monies owed to the Council as an ordinary creditor in the Estate of Arturo Russo, would be recovered.
- 3.4 The second option outlined above is dependant on an early decision being reached, as the Empty Homes Initiative funding is only available in the current financial year. To facilitate this, negotiations have been undertaken with the Trustee and it is understood that he would hope to obtain the agreement of the creditors based on figures which would allow the sum of £43,671 to be paid to the Council, viz. the outstanding sum of £68,671 less £25,000

#### 4. **Corporate Consideration**

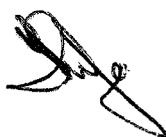
- 4.1 This report has been prepared in full consultation with the Director of Finance and the Head of Legal Services, and they are in agreement with the report's recommendation.

#### 5 **Recommendation**

- 5.1 It is recommended that the Council agrees to accept repayment of £43,671 to allow the Charging Orders at 46C, 46D, 52, 54, 62 and 66 Clydesdale Road and 3J Eastfield Terrace to be discharged and the Minute of Agreement to be terminated, subject to the sale of the properties to Lanarkshire Housing Association for full refurbishment of the properties by 31 March 2002.

#### 6 **Further Information**

Further information is available in the Housing and Property Services and Administration Departments



**Thomas McKenzie**  
**Director of Housing and Property Services**