

TO:	PLANNING & DEVELOPMENT (BUILDINGS AND PROPERTY) SUB-COMMITTEE		SUBJECT: LAND AT HOGG STREET/ GARTLEA ROAD, AIRDRIE UPDATE REPORT
FROM:	DIRECTOR OF PLANNING & DEVELOPMENT		
DATE:	16 FEBRUARY 1999	REF: WP/FF/ R2690156 (PLG418)	

1. PURPOSE OF REPORT

To update the Sub-Committee with regard to various issues concerning the derelict site at Hogg Street/Gartlea Road, Airdrie.

2. BACKGROUND

Two reports have recently been presented in relation to the subject site. The first went to the Planning and Development Committee on 9 December 1998. The second went to this Sub-Committee on 5 January 1999. Both reports dealt with Lanarkshire Development Agency's involvement in relation to the remediation of the site, and its subsequent marketing for residential development. The outcome of these reports was to proceed with a joint venture arrangement involving Lanarkshire Development Agency.

3. PLANNING CONSENT FOR GROUND CONSOLIDATION WORKS

Due to the level of investment in remediating the shallow mine workings below the subject site, planning permission was required for such works. The Property Division lodged a Notice of Intent to Develop with the Central Area Planning Office at the end of December 1998. This application was approved under delegated procedures on 8 February 1999.

4. APPOINTMENT OF MAIN CONTRACTOR

In terms of the Joint Venture Agreement, Lanarkshire Development Agency are to act as the Council's agents in relation to the procurement of design consultants and contractors to be used in the ground consolidation works. As previously reported, Mason Evans were to be appointed as design consultants. After a competitive tender, the main grouting contract has been awarded to Norwest Holst, who tendered the sum of £202,727.

In terms of the Joint Venture Agreement, the Council are only liable for 50% of the VAT payable on this contract. Lanarkshire Development Agency will fund all other costs. The VAT to be paid by the Council would be recoverable from Customs & Excise.

5. ELECTRICITY SUB-STATION: HOGG STREET

Prior to Local Government reorganisation, Scottish Power acquired 40 square metres or thereby from Monklands District Council in the extreme north-west corner of the site with a view to developing a new electricity sub-station thereon. This development never happened and due to operational reasons, Scottish Power sought permission to take another site from the Council along Hogg Street. It was proposed that they simply re-convey the site which they had purchased from Monklands District Council in a straight swap for their preferred site.

Scottish Power received written confirmation that this concept was acceptable in principle but matters were never advanced in any real way. Scottish Power have however gone ahead and developed their new sub-station on their preferred site. Whilst the new sub-station isn't ideally positioned, Planning are keen to see any new development set slightly back from the heel of the footways on both road frontages, therefore it is recommended that the excambion proposal with Scottish Power be approved with no money changing hands. The relative positions of the site which they originally acquired and the new site are highlighted on the accompanying plan.

6. DEVELOPER INTEREST

In order to satisfy Lanarkshire Development Agency that there was developer interest in this site for housing, all mainstream housebuilders received advance notice that this development opportunity may be about to be placed on the open market. A number of positive responses have been received giving reasonable proof that there would be an expectation of receiving offers for the land when it is eventually offered for sale, especially so with the benefit of Lanarkshire Development Agency's investment in ground consolidation.

In addition, Scottish Homes have intimated that they potentially have funding available this fiscal year to acquire the site for a Housing Association. There is however potential snags in dealing with Scottish Homes in respect of this site, primarily due to the likely price expectation and the question of VAT. Scottish Homes do not compete in the open market with private housebuilders for residential land, and their land acquisition expectations are driven by the District Valuer's valuation assessment. Given that the proposed works will not tackle all of the problems associated with Hogg Street/Gartlea Road, there is a distinct possibility that the District Valuer's assessment of value will not realise a sufficiently high figure to cover the relative investments put into the site by Lanarkshire Development Agency and North Lanarkshire Council. This would only be known if Scottish Homes decide to go ahead and instruct the District Valuer to prepare valuation reports, which is a possibility.

In addition, Housing Associations are exempt from Value Added Tax which could present other financial difficulties. Given the investment by Lanarkshire Development Agency, the Council's tax advisers suggest that both Lanarkshire Development Agency and the Council elect to charge VAT on any future sale consideration. Deloitte Touche advise that Customs & Excise may disregard any election to charge VAT on any future land sale if the purchaser is a Housing Association. This means that any VAT paid in connection with the ground improvement works may not be recovered and both Lanarkshire Development Agency and the Council would see their return on sale reduced.

7. RECOMMENDATION

It is recommended that the Sub-Committee:-

- i Note the appointment of Norwest Holst to carry out the ground consolidation contract.
- ii Approve a land excambion with Scottish Power to regulate the as-built position of their new Sub-Station, all as detailed herein.
- iii Note that Scottish Homes are considering the site for a Housing Association which would necessitate a further report if their interest were to be pursued.


STANLEY COOK
 Director of Planning & Development

LOCATION PLAN - For Information Only

Title: HOGG STREET

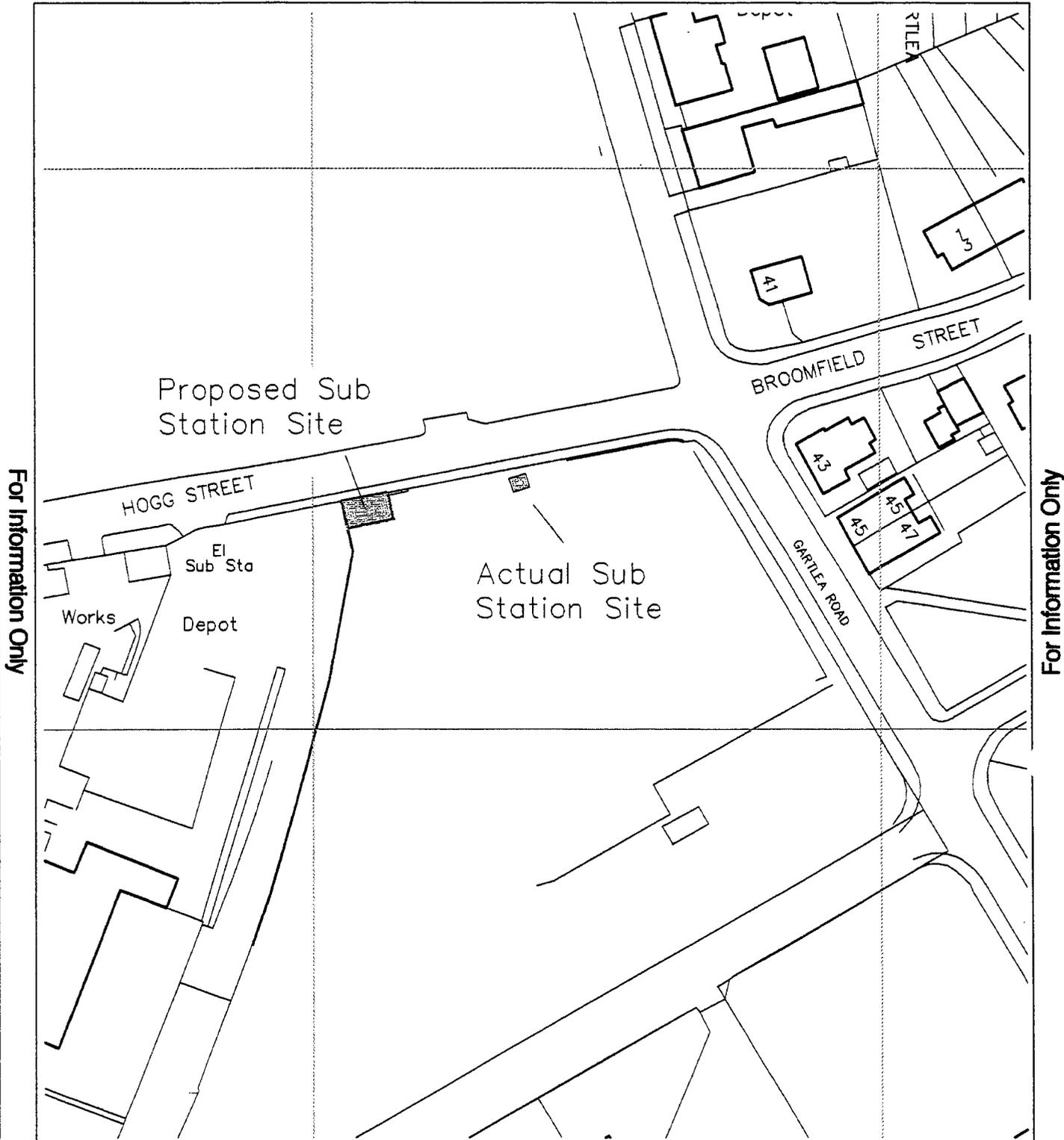
Scale 1:1000

Town: AIRDRIE

Date: 02/02/99



Property Division



DEPARTMENT OF PLANNING & DEVELOPMENT

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