

# North Lanarkshire Council

## Report

### Finance and Resources Committee

approval  noting

Ref DMcC/TM

Date 24/09/20

### Orrs Building, South Bridge Street, Airdrie

**From** James McKinstry, Head of Asset and Procurement Solutions

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#### Executive Summary

The purpose of this report is seek homologation of the decision taken by the Executive Director of Enterprise and Communities in consultation with the Convener of the Finance and Resources Committee to enter into a conditional missive with Wilson Developments Ltd, the owners of the Orrs building, to acquire 20 completed new build flats and 2 commercial units on the ground floor as part of the new supply programme. This will enable the demolition and redevelopment of the former Orrs department store in Airdrie to proceed.

At the Housing & Communities Committee approval was granted on 13 February 2019 to progress the project subject to this further report to approve the acquisition of completed units. The original report referred to the acquisition of 20 flats, however Housing Solutions were not keen on residential units on the ground floor of a busy street. The developer has altered his layout and the development still retains 20 flats but now includes the acquisition of the two ground floor commercial premises. The council will be purchasing the complete development and the commercial units will be managed by NL Properties.

#### Recommendations

It is recommended that the Finance and Resources Committee:

- i) Consider the content of this report.
- ii) Homologate the decision taken by the Executive Director of Enterprise and Communities in consultation with the Convener of the Finance and Resources Committee to approve the purchase of 20 flats plus ground floor commercial premises, on completion, from Wilson Developments Limited subject to a satisfactory legal agreement being concluded.
- iii) All other terms and conditions to be adjusted by the Head of Asset & Procurement Solutions.

#### 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 regeneration of North Lanarkshire's town centres and their redevelopment as modern high quality, mixed use spaces with a much stronger focus on residential provision is one of the key objectives of North Lanarkshire's Economic Regeneration Delivery Plan.
  - 1.2 The former Orrs building, 68-78 South Bridge Street, Airdrie is in a strategic location within Airdrie town centre and has been lying vacant for a number of years. It was acquired in 2008 by Clyde Valley Housing Association (CVHA) however due to a number of issues, including a funding shortfall mainly associated with the commercial premises the project was unable to progress.
  - 1.3 Since 2017 when the Council had considered the option of acquiring the site, using CPO Powers if required, CVHA have remarketed the site and attracted interest from one potential buyer - EDS (Turnkey) Limited who have established a partnership with Wilson Developments Limited and have now taken ownership of the site. Wilson Developments Limited will carry out the development contract.
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## 2. Report

- 2.1 CVHA have been working with EDS (Turnkey), who own the adjacent property. EDS will acquire the site for a nominal sum from CVHA and transfer ownership of the Orrs building and a portion of land required for access that they own to Wilson Developments who will progress the re-development project. The cost of developing the site equates to £152,500 per residential unit and £150,000 for the commercial space. The market valuations provided by the District Valuer for completed units fall short of the construction costs which makes the site commercially unviable.
- 2.2 The Council will enter into a Conditional Missive with the developer to purchase the units at the full development cost of £3,200,000. The missive will be conditional on the developer securing the necessary Building Warranty and statutory consents for the development. The residential units will be funded from the New Supply programme and the commercial units will be funded from Ambition Capital Funds. The total purchase price can be apportioned as follows:-

Residential Units	£3,050,000
Commercial Units	<u>£ 150,000</u>
Total	<u>£3,200,000</u>

- 2.3 The developer has received planning approval for both the demolition and new build elements of the project. They are now taking forward an application for Building Warrant and consents from Scottish Water and other statutory bodies.
- 2.4 The project will make a significant contribution to the regeneration of Airdrie town centre as well as helping to meet housing needs. It is worth noting that the project will not proceed if the council do not take it forward, as all other options have been exhausted. The only remaining option would be for the council to CPO the building, including the ground required for access, and redevelop the site itself. This is likely to

take much longer and be more expensive than the current option of acquiring the completed units from the developer.

### **3. Equality and Diversity**

#### **3.1 Fairer Scotland Duty**

The new build programme includes measures that will help reduce inequalities of outcome through certain design features including:

- Housing for Varying Needs to make homes as accessible as possible;
- Secure by Design to make homes and the surrounding environment as safe and secure as possible;
- Higher energy efficiency standards to help reduce the incidence of Fuel Poverty;
- Facilitating improved access to high speed internet capabilities including installation of 'fibre to the property';

#### **3.2 Equality Impact Assessment**

An Equality Impact Assessment has been carried out for the council's New Supply Programme.

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### **4. Implications**

#### **4.1 Financial Impact**

The total cost for this development is £3,200,000 equating to £152,500 per residential unit based on 20 residential units plus £150,000 for the commercial units. A full value for money appraisal and comparison with other council new build sites has been carried out and given the level of abnormal issues with the development of the site, costs are considered justifiable.

The Scottish Government has already paid grant funding of £800,000 to Clyde Valley Housing Association for acquisition and fees. Under the current grant benchmark a further £380,000 in grant is available to the Council. The balance of the cost of acquiring the building - £2,820,000 - will be met from the Council's Housing Revenue Account.

#### **4.2 HR/Policy/Legislative Impact**

Legal Services will provide advice and assistance with drawing up the appropriate legal documents for this transaction.

#### **4.3 Environmental Impact**

The environmental impact of this development will be addressed through the statutory consent process.

#### **4.4 Risk Impact**

- 4.4.1 The financial risk to the council is considered to be low as the council will enter into a Conditional Missive with the Developer for a fixed price on completion of all units within

a realistic timescale. The risk is that should the developer not complete the works, then the site could remain undeveloped and a blight on the town centre.

4.4.2 The due diligence which will be conducted will mitigate or minimise potential risk to the council.

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## **5. Measures of success**

5.1 The measure of success will be the redevelopment of a prominent but derelict town centre building in Airdrie and the cost effective delivery of 20 new homes for rent to address housing need in a central location.

- Delivery of projects within budget
  - Quality of housing delivered
  - Contribution to Town Centre regeneration.
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## **6. Supporting documents**

6.1 Appendix 1 – Location Plan

A handwritten signature in black ink, appearing to read 'James McKinstry', with a long horizontal flourish extending to the right.

**JAMES MCKINSTRY**  
Head of Asset and Procurement Solutions

# Appendix 1 – Location Plan

## ENTERPRISE & COMMUNITIES

Asset & Procurement Solutions  
North Lanarkshire Council  
Fleming House  
2 Tryst Road  
Cumbernauld G67 1JW



### Location Plan – For Information Only



Title      68-78 South Bridge Street,  
Airdrie

Date 19 June 2020  
Drawing No.