

REPORT OF: HOUSING, HEALTH AND ENGINEERING SERVICES
MANAGER

TO: POLICY AND RESOURCES COMMITTEE

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**PEARL JOINT VENTURE COMPANIES
DEVELOPMENT ACTIVITY**

PURPOSE OF REPORT

To provide an update on development activity being carried out by the PEARL companies.

RECOMMENDATION

To note the ongoing and planned development activity of the PEARL Companies.

REASON FOR RECOMMENDATION

To keep the Committee informed of progress with the PEARL companies.

ISSUE

1. This report gives an update to the Committee on the development activity of our four PEARL Joint Venture Companies over the past 12 months and sets out what is proposed over the next 12 months. It also provides a summary of all development undertaken by the PEARL companies since they were established.

PEARL/PEARL2/PEARL (Brierfield Mill)

2. Our three Joint Venture companies with Barnfield Investment Properties are well established and are continuing to deliver a range of housing and mixed use schemes across the Borough.

Housing

3. As a result of the Covid pandemic the housing market was suspended for several months but has now started up again. There currently seems to be a good level of interest for our new build schemes.
4. Work is continuing on the second phase of the Carry Lane housing site in Colne, adjoining the Peter Birtwistle Trust bungalows. This scheme (known as **Greenfields View**) will consist of 21 houses for sale on the open market. The development was delayed due to significant groundworks requirements and some redesign work to increase the number of 4 bed properties to better reflect current demand. It is anticipated that a showhome will be ready by the end of August 2020 and 3 reservations have been taken so far.
5. Work has almost completed on the Clitheroe Road, Brierfield (**Foxhills**) scheme which includes the development of 35 houses and bungalows. Initially it was intended that the scheme would all be for open market sales but we received an approach from Calico wishing to buy 10 of the properties for people with disabilities. Some of the properties have needed significant changes to make them suitable for the tenants so this has delayed completion of the scheme, but it is due to complete in September 2020. All the private houses except one have been sold and the majority are now occupied.
6. Construction work is well underway on the development of 32 houses at the Oak Mill, Colne site (known as **Langroyd Place**). Sales are proceeding on 6 of these properties. The showhome has recently sold so a new property will be fitted out as a showhome.
7. Construction has started on a mixed use scheme on the former **Colne Health Centre** site, which includes 12 apartments for Peter Birtwistle Trust. The apartments are due to complete in March 2021.

Retail

8. The Colne Health Centre scheme also includes up to 4 retail units on the ground floor. It is unclear how well retail will perform over the coming months with uncertainty about how willing people will be to return to the high street. However, we are already getting good interest in these units.
9. All the retail space previously refurbished at Hartley Square (the former Colne Shopping Centre) and Shackleton Hall Arcade in Colne is currently let.

Offices

10. There has been some turnover of office space at the Ace Centre over the year but occupancy is still low with 12 out of 33 units let and the office market remains challenging.

Brierfield Mill

11. All of the £4.95m Growth Deal funding needs to be spent by March 2021. We are on track to achieve this by some re-profiling of other funding into the next financial year.
12. Work has continued on the creation of 40 apartments in the main mill, all for sale on the open market. Completion of the first units is due in August 2020 and sales have been agreed on 18 of these units.
13. The business space that is being created in the main mill is also nearing completion. This is being done for a private company Business First who will provide 30 offices

ranging from 100 to 1,000 sqft (<https://businessfirst.co.uk/office-suites/northlight-offices>). They are receiving a good level of interest for this space.

14. Work will start on the apartments in the second half of the mill over the coming year. There will be a need to phase this work based on sales in the first phase.
15. The infrastructure works are continuing including the creation of canalside moorings and improving the appearance of the access route to the site from the M65. The Committee have previously agreed the purchase of the former gasholder site from National Grid with subsequent transfer to PEARL. Unfortunately it has not been possible to reach agreement with National Grid that would be financially acceptable to PEARL. National Grid are still legally required to carry out remediation works at the site.
16. It was reported to the last meeting of the Committee that further Growth Deal funding had become available as a result of Lomeshaye Phase 2 no longer progressing. A business case was put forward for Northlight to secure £2.5m of this funding to convert space in the former northlight weaving shed into a call centre and to provide additional car parking on the site. The Growth Deal Management Board have recommended to the main Lancashire Enterprise (LEP) Board that this funding be approved. This additional funding will also need to be spent by March 2021.

Lomeshaye Phase 1

17. Policy & Resources Committee have previously agreed that PEARL2 will be the developer for Lomeshaye Industrial Estate Extension Phase 1. The land vested with Pendle in August 2019 following a successful CPO and Pendle will put in the initial road infrastructure before the site is sold to PEARL. PEARL are currently working with a potential occupier for a substantial part of the site and a planning application has been submitted for the scheme.
18. Negotiations are underway on the land value with the aim of the sale taking place to PEARL, under a development agreement, by October 2020.

PEARL Together

19. The new Joint Venture had previously identified three sites, all in Pendle Council ownership, to progress. Two of these are due to start on site during this financial year.

Harrison Drive

20. Planning permission has been granted for 79 homes on the site and these will all be owned and managed by Together Housing for affordable rent.
21. To gain access to the site one property, owned by Together Housing, will need to be demolished. Together are currently arranging to relocate the tenant to another suitable property.
22. Negotiations are underway between Pendle and PEARL Together to agree a land value with the aim of starting on site in August 2020.

Further Clough Head

23. Pendle Council obtained outline planning permission in 2017 for 200 units. PEARL Together have obtained reserved matters planning approval for the first 98 units on the site.

24. Pendle Council have received funding from Homes England under the Accelerated Construction programme to put in the road infrastructure. That will be tendered in the next few weeks with the aim of having it completed by the end of the year.
25. Construction of the houses is due to start in January 2020 with the first phase being around 40 units and a mix of affordable rent and open market sales

Summary of Activity

26. In recent months we have received a number of Freedom of Information requests in relation to PEARL schemes and disposal of Pendle sites to PEARL. This information has been reported to various Committees since the establishment of PEARL but we feel that it is helpful to put this all together into one report. Appendix 1 lists all the schemes that have been completed, are underway or are planned including land disposal arrangements and loans provided by the partners.
27. A summary of the loan position for the three Joint Ventures between Pendle and Barnfield is set out below in Table 1. Loans of £2.466m have been made by Pendle and this has drawn in loans of £5.754m from Barnfield.

TABLE 1	Loan Ratio	Loans made to PEARLs			
		PEARL	PEARL2	PEARL (BM)	Total
		£000	£000	£000	£000
Loan from Pendle	30%	570	1,415	481	2,466
Loan from Barnfield	70%	1,330	3,302	1,122	5,754
Total		1,900	4,717	1,603	8,220

28. Our fourth Joint Venture PEARL Together is still at an early stage. The loan ratio for that JV is different and is set out below in Table 2, along with the initial contributions made by the partners for early works such as site investigations and planning applications.

TABLE 2	Loan Ratio	PEARL Together
		£000
Loan from Pendle	15%	51
Loan from Barnfield	35%	119
Loan from Together	50%	170
Total		340

29. Our approach has been to leave our loan funding within the PEARL companies as a way of cashflowing schemes in a cost effective way. The loans are currently accruing interest and will continue to do so until repaid.

IMPLICATIONS

Policy: None directly arising from this report

Financial: Included in the main body of the report

Legal: None directly arising from this report

Risk Management: None directly arising from this report

Health and Safety: None directly arising from this report

Sustainability: None directly arising from this report

Community Safety: None directly arising from this report

Equality and Diversity: None directly arising from this report

APPENDIX

Appendix 1 – Development Activity

LIST OF BACKGROUND PAPERS

None

APPENDIX 1

Development Activity by PEARL, PEARL2, PEARL(BM) and PEARLTogether						Loans made to PEARLs			
Name of Project	Development	Housing Units	New or Refurbished Floor Space (sqm)	Council Contribution	Disposal of Land/Property by Council	PEARL	PEARL2	PEARL (BM)	PEARL TG
Completed projects									
Arts, Culture and Enterprise (ACE) Centre, Nelson	Development of Theatre, Recording Studio, Dance space, Bistro and 38 Offices	0	5,200	Loan notes reflecting the disposal value of surplus property assets	Disposal of Booth Street Offices, Nelson and Silverman Hall, Nelson to PEARL at an independently assessed value	435	0	0	0
Shackleton Hall, Colne	Redevelopment of Shopping Arcade comprising 12 shops and development of offices for Together Housing	0	1,690	Loan	Site acquired by PEARL from Third Party	0	354	0	0
Former Booth Street Library, Nelson	Redevelopment of former Council Offices	0	465	Loan	Site acquired by PEARL (see above)	0	45	0	0
Quaker Heights (Lob Lane Mill)	Refurbishment of mill and development of new build housing for a mix of open market sales and affordable	38	0	Loan	Disposal of Site to PEARL2 at an independently assessed value	0	344	0	0
Spinners View (Holden Road)	Development of new build housing for a mix of open market and affordable housing	12	0	n/a	Disposal of Site to PEARL2	0	0	0	0
Pavilions	Development of pavilions at Bullholme, Edge End and Holt House	0	1,466	n/a	n/a	0	0	0	0
Whitefield	Refurbishment of terraced properties and new build housing for a mix of open market sales and affordable	94	0	n/a	n/a	0	0	0	0
Bunkers Hill Phase 1	Development of affordable housing for Together Housing	12	0	n/a	Disposal of Site to Together Housing at an independently assessed value	0	0	0	0
Hartley Square, Colne	Acquisition of Shopping Centre and external improvements	0	0	Loan	Site acquired by PEARL from Third Party	135	0	0	0
Carry Lane (East Lemes)	Development of affordable housing for Peter Birtwistle Trust	12	0	Loan	Site acquired by PEARL2 from Third Party	0	201	0	0

Name of Project	Development	Housing Units	New or Refurbished Floor Space (sqm)	Council Contribution	Disposal of Land/Property by Council	Loans made to PEARLs			
						PEARL	PEARL2	PEARL (BM)	PEARL TG
Under development/planned									
Foxhills (Clitheroe Road)	Development of new build housing for a mix of open market sales and affordable	35	0	n/a	Disposal of Site to PEARL2 at an independently assessed value	0	0	0	0
Langroyd Place (Oak Mill)	Development of new build housing for open market sales	32	0	Loan	Site acquired by PEARL2 from Third Party	0	270	0	0
Greenfield View (Carry Lane)	Development of new build housing for open market sales	21	0	Loan	Site acquired by PEARL2 from Third Party	0	201	0	0
Brierfield Mill (Northlight)	Refurbishment/revelopment of 380,000 sq ft derelict Mill for leisure, education, arts/culture, residential and commercial uses	76	TBC following selective demolition	Loan	Disposal of Site to PEARL (BM) at an independently assessed value	0	0	481	0
Colne Health Centre	Development of affordable housing for Peter Birtwistle Trust and 4 retail units	11	695	n/a	Disposal of site to PEARL at an independently assessed value	0	0	0	0
Harrison Drive, Colne	Development of 79 new build residential properties	79	0	£51k of loan so far across Harrison Drive, Further Clough Head and Bailey St	Disposal of Site to Together Housing being negotiated	0	0	0	51
Further Clough Head, Nelson	Development of c200 new build residential properties	200	0	See above	Disposal of Site to PEARL Together being negotiated	0	0	0	0
Bailey Street, Earby	Development of 12 new build residential properties	12	0	See above	Disposal will be subject to planning permission being obtained	0	0	0	0
Total		634				570	1415	481	51