

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 during 2020/21 and sets out what is proposed during 2021/22.

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.
3. During the Covid pandemic work has been allowed to continue on construction sites, although there have been some delays due to the need for social distancing on site and when construction staff have needed to isolate. In addition the availability of materials has been more difficult.

4. A number of development schemes were underway during 2020/21 and these will continue to be progressed during 2021/22. In addition there are a number of schemes that were completed in earlier years and have been retained to provide income.

Housing

5. The housing market has remained resilient over the last year, helped by the temporary stamp duty holiday where the Government introduced a nil rate band for all properties below £500k, which is in place until 30th June and will then reduce to £250k until 30th September. After that date it will revert to £125k. There has been a good level of interest in our new build housing schemes over the last few months, but it is unclear whether that will reduce when the stamp duty holiday ends.
6. Work has completed on the Clitheroe Road, Brierfield (**Foxhills**) scheme which includes the development of 35 houses and bungalows. Calico have bought 10 of the properties for people with disabilities. The remaining properties have all been sold on the open market.
7. 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**) consists 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. The showhome is now open and 3 properties have sold with a further 7 under offer.
8. Construction work is also continuing on the housing development at the Oak Mill, Colne site (known as **Langroyd Place**). Of the 32 properties, 14 have sold and a further 6 are under offer.
9. The 12 apartments that are being constructed for the Peter Birtwistle Trust at the former **Colne Health Centre** site are due to complete in June.

Retail

10. The Colne Health Centre scheme also includes upto 4 retail units on the ground floor. Despite concerns about the future of town centres following the pandemic there is good interest in these units and terms have been agreed for one unit. These will be available for occupation in July.
11. All the retail space that was refurbished in earlier years at **Hartley Square** and **Shackleton Hall Arcade** in Colne is currently let.

Offices

12. There has been some turnover of office space at the ACE Centre over the last year, but occupancy is still low with only around a third of the units let and the office market remains challenging. The future of this space is being considered along with the arts and cultural space on the lower floors of the building.

Brierfield Mill

13. It was previously reported to 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. Unfortunately it was not possible to reach agreement on lease terms with the call centre operator within the tight timescales required to ensure the funding was spent

by March 2021. It was therefore agreed with the LEP that £500k of this additional Growth Deal funding could be used towards the creation of workspace in this part of the building, which would be developed and managed by PEARL. The remaining £2m was reallocated to projects outside of Pendle.

14. This additional funding increased the total Growth Deal grant funding to £5.45m. All of the funding had to be spent by 31st March 2021 and this was achieved. It has been agreed with Lancashire County Council that some £0.5m of their £2.15m match funding can be re-profiled into the current financial year.
15. The first phase of the residential scheme, involving the creation of 40 apartments in the main mill, has completed. All of the apartments are for sale on the open market and there have been 18 sales with a further 11 under offer. The second phase of a further 45 apartments is now under construction.
16. The business space in the northern half of the main mill has been completed for Business First and this is providing offices ranging from 150 to 1,000 sqft as well as meeting rooms and co-working space (<https://businessfirst.co.uk/office-suites/northlight-offices>). There is good take up of the space with around 75% now let. Business First have also acquired space in the southern half of the main mill and are considering how best to fit this out.
17. The infrastructure works continued during 2020/21 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 but the timetable for this has not been confirmed.
18. There will be some residual space fronting onto the central spine road which provides opportunities for small scale retail uses to serve the people who are living, working or visiting the site. It is important that any retail on the site does not affect the viability of Brierfield Town Centre and a public realm scheme will be undertaken by Pendle Council (jointly funded by the Council and Lancashire County Council) on Bridge Street to encourage people from the mill to use the town centre.

Lomeshaye Phase 1

19. Policy & Resources Committee have previously agreed that PEARL2 will be the developer for the majority of Lomeshaye Industrial Estate Extension Phase 1. The land vested with Pendle in August 2019 following a successful CPO and Pendle and putting in the road and services infrastructure before the site is sold to PEARL under a Development Agreement. PEARL are currently working with a potential occupier for the site and a planning application has been submitted for the scheme.

PEARL TOGETHER

20. Our latest Joint Venture with Barnfield and Together Housing, PEARL Together, is now on site with its first scheme and two more are due to start during the year.

Harrison Drive

21. The Harrison Drive scheme involves the construction of 79 homes on the site and these will all be owned and managed by Together Housing for affordable rent. The houses will

include renewable energy technology measures including Photovoltaic (PV) solar panels and Ground Source Heat Pumps.

22. Work has started on the site and completion will be by the middle of 2022.

Further Clough Head

23. Pendle Council obtained outline planning permission in 2017 for 200 units at Further Clough Head. PEARL Together have obtained reserved matters planning approval for the first 98 units on the site. The site is owned by Pendle Council and will be sold to PEARL Together under a Development Agreement

24. Pendle Council have received funding from Homes England under the Accelerated Construction programme to put in the road and services infrastructure and this is on site. Construction of the houses will follow on from the infrastructure works and is due to start in August 2021.

Former O'Hagan Court site

25. The O'Hagan Court site is a cleared site owned by Together Housing. A planning application has been submitted to construct 10 bungalows on the site for affordable rent. Subject to the application being successful work will start on the construction of the properties later this year.

Future Schemes

26. PEARL Together will continue to identify future opportunities for housing led development. It was reported to the Committee on 21st January 2021 that PEARL2 and PEARL (Brierfield Mill) will shortly reach the limit for contracts that can be let to Barnfield under the OJEU procurement that was carried out to establish the PEARL2 JV. A new procurement exercise will be undertaken shortly and we have appointed STAR Procurement to support us in that process.

SUMMARY OF ACTIVITY AND LOAN FUNDING

27. 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.

28. A summary of the loan position for the three Joint Ventures between Pendle and Barnfield is set out below in Table 1. Loans of £2.243m have been made by Pendle and this has drawn in loans of £5.234m from Barnfield.

Loan Investment by Partners to 31st March 2021

	Loan Ratio	Loans made to PEARLs			
		PEARL	PEARL2	PEARL(BM)	Total
		£000	£001	£002	£003
Loan from Pendle	30%	570	1,192	481	2,243
Loan from Barnfield	70%	1,330	2,781	1,122	5,234
Total		1,900	3,973	1,603	7,477

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mainly been for early works such as site investigations and planning applications with the majority of the spend being on the Harrison Drive scheme.

Loan Investment by Partners to 31st March 2021

	Loan Ratio	Total
Loan from Pendle	15%	103
Loan from Barnfield	35%	240
Loan from Together Housing	50%	343
Total		685

30. 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. Appendix 1 summarises the interest and it amounted to £431k upto 31st March 2021.

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

1- Development Activity and Loans

LIST OF BACKGROUND PAPERS

None

Development Activity by PEARL, PEARL2, PEARL(BM) and PEARLTogether

Name of Project	Development	Housing Units	Commercial Floor Space	Council Contribution	Disposal of Land/Property by Council	Loans made to PEARLs			
						PEARL	PEARL2	PEARL(BM)	PEARLTG
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	429	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	141	0	0	0

Name of Project	Development	Housing Units	Commercial Floor Space	Council Contribution	Disposal of Land/Property by Council	PEARL	PEARL2	PEARL(BM)	PEARL G
Carry Lane (East Lemes)	Development of affordable housing for Peter Birtwistle Trust	12	0	Loan	Site acquired by PEARL2 from Third Party				
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	235	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	214	0	0
Brierfield Mill (Northlight)	Refurbishment/development of 380,000 sq ft derelict Mill for leisure, education, arts/culture, residential and commercial uses	84	TBC following selective demolition	Loan	Disposal of Site to PEARL (BM) at an independently assessed value				
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	481	0
Harrison Drive, Colne	Development of 79 new build residential properties	79	0	£122,250 of loan so far across Harrison Drive, Further Clough Head and O'Hagan Ct	Disposal of Site to Together Housing at an independently assessed value	0	0	0	103
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
Former O'Hagan Court site	Development of 10 new build affordable bungalows	10	0	See above	Site owned by Together Housing	0	0	0	0
Total		640				570	1192	481	103

Interest Accrued on Loans to Date

193	201	37	0
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