

REPORT FROM: HEAD OF ECONOMIC GROWTH

TO: Executive

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BANKHOUSE ROAD SITE

PURPOSE OF REPORT

To provide an update on the progress for the Bankhouse Road site in Bradley Nelson and agree a method to facilitate the future development of the site for housing.

RECOMMENDATIONS

- (1) That the Executive agrees to place the site on the open market, to seek offers for its development for housing.
- (2) That delegated authority be given to the Director of Place to agree any sale.

REASONS FOR RECOMMENDATIONS

- (1) In order to progress the development of land which has been vacant for over 10 years, for a housing scheme to meet the needs of the local community.
- (2) To expediate the decision-making process and bring the development of the vacant site forward.

BACKGROUND

1. The Bankhouse Road site has been the focus of proposals for development for at least the past 10 years. It was originally acquired through the Housing Market Renewal (HMR) programme, and the terraced properties which originally stood on the site were subsequently cleared. Redevelopment did not take place as the government at the time brought the HMR Programme to an earlier than anticipated end, in 2011.

2. In subsequent years the site has been earmarked for redevelopment through Pendle Council's PEARL joint venture partnership, first as an Extra Care Facility, but when this was not financially viable, the option of an affordable housing scheme was taken up, with approval for this option being given by the PEARL Board in January 2024.
3. Originally in 2021 a £200,000 grant was secured by Pendle Borough Council (PBC) from the Brownfield Land Release Fund (BLRF) to support enabling infrastructure work for residential development on the site.
4. Use of the funds were subject to the land being transferred for development within a given timeframe. The initial land release deadline was 31st March 2024, and extended to 30th September 2024. A further extension is currently being negotiated as the land release has not yet taken place.

CURRENT POSITION

5. The project, managed by PBC in partnership with PEARL Together, is in the process of carrying out a financial appraisal to understand the viability of a mixed typology affordable housing offer.
6. The currently proposed 43-unit affordable housing scheme includes a mix of units, but market rents in Nelson are affecting overall profitability of the proposal. The development aims to meet local housing needs while balancing financial viability.
7. Land ownership on the site is a challenge only recently being understood. This is partly due to the original HMR program coming to an unexpected halt 2011, resulting in insufficient resources to acquire the outstanding freeholds at the time and no proposals being developed in the intervening period until very recently.
8. The land titles show a mix of leasehold and freehold ownership along with unknown freeholders of the subsoil.
9. This issue of the land titles adds complexity and financial risk for any developer, as any ownership issues need to be resolved and outstanding land titles need to be acquired, which could by necessity include doing so through a commercial transaction or compensation arrangement, for the transfer of the land in their ownership. This has not been budgeted for and further external funding is required to meet these costs and ensure development of the site can continue.

LAND VALUE AND TESTING THE MARKET

10. At the September 2024 PEARL Together Board meeting it was agreed that the land be put out to market. This will take place between now and the end of the calendar year.
11. As part of the market testing process it was agreed that the only offers to be invited would be those which are unconditional and with no exclusions. Doing so will ensure that PBC has the option to dispose of the asset at market value if the Joint Venture partnership is not able to develop the housing scheme itself, for a similar land value.

12. There are two reasons why this is necessary.

- a. The Local Government Act 1972: gives Local authorities powers to dispose of land, however disposal must be for the best consideration reasonably obtainable. In 2003 the Government introduced the general disposal consent (“the Consent”) that gives Local authorities the power to dispose of land at an undervalue under specific circumstances:

The specified circumstances are:

- 1) the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident or present in its area;
 - i) the promotion or improvement of economic well-being;
 - ii) the promotion or improvement of social well-being;
 - iii) the promotion or improvement of environmental well-being; and
- 2) the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2m.

The Council is required to document and approve where disposal at an undervalue has taken place, therefore prior to disposal the Council is required to ascertain the value of the land. An independent land valuation is to be commissioned by the Property Services team. In addition, by putting the site out to market a secondary valuation can be ascertained through market testing.

- b. There are additional financial challenges to be met by PBC as a result of the land title issue, putting the site out to market will establish whether there are alternative developers willing to take the site on, resulting in potentially better value for money for the Council. In addition. There are profitability concerns for PEARL currently and understanding the land value will give clarity on this.

13. If the market testing results in no better outcome for the council in terms of meeting our aspirations for the site, and the financial return to PBC, then PEARL Together will then have an option to consider the development in light of the updated market information.

14. There is no existing Executive decision to offer the site on the open market as it was envisaged that the Joint Venture partnership would be the first option to consider.

Timescales

- October 2024 – Property services put together an information pack for the Bankhouse Road site and undertake a valuation.
- November 2024 – Marketing the site: Invite interested parties to submit expressions of interest.
- December 2024 – provide a report to the December PEARL Together Board on the findings and outcomes.

15. If no offers, or unsatisfactory offers, are received, then the following options could be considered:

1. Market the site again
2. Consider additional resources to acquire outstanding freehold titles through compulsory purchase orders.
3. Revert back to the original housing scheme with informed land valuation.
4. Do nothing. Hold onto the site until market conditions are more favorable.

IMPLICATIONS

Policy: The development of Bankhouse Road addresses the housing needs in the borough and aligns with Pendle Borough Council's Corporate Plan objectives.

Financial: none as a result of this report.

Risk Management: Successful development of the land would lead to a reduction for the council, in maintenance costs for the site as well as public liability.

Health and Safety: No specific concerns identified at this stage.

Sustainability: The project aims to incorporate sustainable practices, subject to financial feasibility

Community Safety: No specific concerns identified at this stage.

Equality and Diversity: The scheme will adhere to all relevant legislation.

APPENDICES: Bankhouse road site plan

LIST OF BACKGROUND PAPERS: None