NORTHERN HOUSING CONSORTIUM
VOICE OF THE NORTH

NORTHERN GROWTH STRATEGY: NEXT STEPS

RESPONSE TO INVITATION FOR VIEWS FROM THE NORTHERN HOUSING CONSORTIUM

ABOUT US

The Northern Housing Consortium (NHC) is a membership organisation based in the North of England. We are the 'Voice of the North' working with councils, social housing providers and Mayoral Strategic Authorities to develop insight, influence and solutions to create better homes and places.

Northern Housing Consortium members provide the vast majority of social housing across the north, and we bring them together to access better value in procurement, share good practice and collaborate through Housing Partnerships. The NHC provides strategic and secretariat support to seven of the eight northern housing partnerships across the Mayoral Strategic Authorities to attract investment, co-ordinate delivery and deliver more for the regions' residents.

INTRODUCTORY COMMENTS

We welcome the publication of the **Northern Growth Strategy: Next Steps**, particularly its recognition of housing-led growth as a driver of productivity in northern towns and cities, and its commitment to deeper devolution that empowers local leaders to shape and deliver growth.

The Next Steps document is timely as it coincides with the NHC's **RENEW** inquiry which is demonstrating the transformative potential of housing-led regeneration to deliver long-term economic and social change.

The Renew Report places the quality of homes and places at the heart of regeneration, viewing it as essential for health, wellbeing, and economic growth. We believe that with targeted investment and policy support, housing-led regeneration could unlock at least **500,000 high-quality homes across the North of England**, creating thriving communities while supporting wider growth and productivity.

Our evidence shows there are three distinct opportunities:

- **Densification -** town and city centre housing-led regeneration opportunities will deliver another 100,000 homes in well-connected, mixed-use neighbourhoods
- **Brownfield Land -** the North's brownfield land has identified capacity for a further 320,000 new homes
- **Social Homes -** between 84,000 and 112,000 social homes are approaching the end of their serviceable life and identified as in need of renewal or replacement.

Our report is based on evidence from organisations responsible for around 1 million of the North's 1.4 million social homes. Insights from more than 160 regeneration schemes have informed the findings.

The evidence of the opportunity and barriers regarding densification corresponds with many of the proposed projects represented in the Northern Growth pipeline of over 127,000 well-connected new homes in the Northern Growth prospectus.

Investment in higher-density development around rail hubs will increase footfall, support local businesses, reduce car dependency and strengthen labour markets by connecting residents more easily to employment opportunities. However, restricting funding to rail hub locations risks leaving behind other neighbourhoods that also contain significant brownfield land, vacant buildings and communities in need of renewal.

Our evidence supports regeneration funding supporting a broader portfolio of sites, including those beyond station catchments, to tackle deprivation, unlock housing delivery, improve public spaces and create inclusive growth across entire urban areas. By investing both around transport hubs and in wider city-centre regeneration opportunities, cities can ensure the benefits of growth are shared more evenly and that no neighbourhood is left behind.

As an example, Liverpool North represents the opportunity to transform the north Liverpool to Bootle corridor which is already seeing an unprecedented volume of new development. The scale of change is only achievable because of the strong partnership in place across local authorities, housing providers, landowners and community organisations. The area has the capacity, ambition and strategic importance to support substantial growth, particularly when aligned with wider regeneration in North Liverpool.

> **CASE STUDY: Liverpool North's – Plans to Deliver 10,000 homes as part of Whole-Place Transformation**
>
> The Liverpool North New Town immediately to the east, whilst not selected for the official New Town shortlist, presents a strong vision for housing-led, place-based regeneration. Liverpool City Council, Sefton Council, and partners, are embarking on an ambitious journey to deliver regionally and nationally significant economic growth and housing delivery, setting the tone for our city's future prosperity for decades to come.
>
> Liverpool North, which spans an area of 5km from the town of Bootle to the Liverpool city fringe, could see the delivery of over 10,000 new homes, significantly increasing the supply of quality homes across all tenures. The area has a strategic position as part of an ambitious city-region, with an established pipeline of brownfield sites, significant registered provider stock, and strong foundation of existing strategic infrastructure to build upon.
>
> Past regeneration efforts in the area have been too fragmented and too limited in scale to sustain positive outcomes for the community. Without intervention, entrenched challenges will continue to limit opportunity and prosperity for residents, curtail wider growth of the city region and consequentially lead to a high economic cost of inaction, adding significant pressure to public services in the long-term.
>
> Liverpool North is being driven by a coalition of willing partners, founded on the involvement of Liverpool City Council, Sefton Council, Liverpool City Region Combined Authority, and Homes England, and including the community, landlords and anchor institutions, and investors and landowners. Key tasks moving forward include assembling upfront funding to de-risk delivery and build investor confidence to both deliver high-quality homes and address issues with existing homes that blight the area; investing in wider public transport connectivity building on existing assets and working to ensure everyone benefits from growth in the area.

KEY ASKS TO UNLOCK REGENERATION

We believe the case for housing-led regeneration in the North is compelling. Our engagement with our members has consistently highlighted barriers to regeneration in the North. These are:

- **Funding and finance** – addressing the structural viability gap that impacts the north and the absence of a dedicate long term regeneration funding programme
- **Leadership and Oversight –** establishing the national commitment, institutional architecture and local empowerment needed to sustain delivery.
- **Capacity and knowledge – rebuilding the specialist expertise that regeneration programmes require**
- **Planning, land and site assembly –** giving public bodies the tools and capacity to assemble land and bring sites forward at pace and scale
- **Engagement and accountability –** ensuring regeneration builds trust, is accountable to communities and delivers lasting benefit for residents
- **Delivering in the North's private rented sector** – tackling poor conditions, removing a key barrier to regeneration and ensuring value for public money.

Addressing these barriers will be critical if housing-led regeneration is to realise its full potential as a driver of economic growth, place renewal and improved housing outcomes across the North.

QUESTION 4. INCREASING EFFECTIVE CITY SIZE, DENSITY AND TOWN REGENERATION

We welcome the commitment from government to work with mayors and also the drive from the mayors for city densification and housing through Local Growth Plans. It is refreshing that the Strategy recognises that different places will need different approaches: major cities need support to densify and expand, while towns need better connections and targeted investment.

Densification should be prioritised and supported where markets can sustain it, but it cannot substitute for renewal and replacement in areas where they cannot.

Towns as Regeneration Priorities - our research identifies urban centre regeneration, including towns, as one of three main regeneration challenges and opportunities in the North (alongside brownfield and estate regeneration). Towns are key locations for housing-led regeneration because they often have underused land and declining retail cores that can be revitalised by bringing people back to live in these areas. As an example, Borough Yard in Birkenhead will deliver up to 1,600 homes, although funding and viability challenges continue and for this site identifies a £50+ million viability gap remains (see case study below).

> **CASE STUDY: Borough Yard, Birkenhead, Brownfield Regeneration Creating a Low-Carbon Neighbourhood and Reconnecting the Town Centre – Liverpool City Region Combined Authority**
>
> At Borough Yard, Birkenhead, Wirral Council and its partners, supported by Liverpool City Region Combined Authority and Homes England, are aiming to turn 10.9 hectares of long derelict former gasworks and railway land into a walkable, low carbon neighbourhood. The area has suffered from decades of vacancy and contamination, poor connectivity caused by tunnel flyovers and the gyratory road system, high recorded crime and antisocial behaviour, and deep deprivation.
>
> Borough Yard will deliver up to 1,600 homes alongside complementary uses, new infrastructure and extensive public realm. Key barriers to delivery include site contamination, poor connectivity and deep social-economic challenges. These are compounded by significant funding and viability challenges associated with complex brownfield, multiphase projects in lower value markets. The Full Business Case identifies a £50+ million viability gap for enabling works.

The scheme relies on a blended funding model with substantial public investment focused on enabling infrastructure and site preparation including utilities diversion, site clearance, and transport improvements which represent a significant proportion of the overall development cost. A joint business case secured £29 million from Homes England and £22 million from the Liverpool City Region Combined Authority (approved in principle) to support early phases of delivery.

By addressing these upfront infrastructure constraints, public investment plays a catalytic role in unlocking schemes of this nature and enabling the delivery of new homes that would not otherwise be viable. Without this intervention, the scheme would be unlikely to proceed, given the scale of abnormal costs associated with the site.[1]

Place-Sensitive Approach – our evidence demonstrates the need for a place-sensitive approach to regeneration, recognising that towns have different market conditions and needs compared to larger cities.

CASE STUDY: Beech Hill, Halifax Regeneration project where 106 new affordable homes replaced three tower blocks which no longer met modern standards. In phase two, 70 mixed-tenure homes in the surrounding area were repaired and made more energy efficient. This reinvigorated the area which was becoming neglected and isolated.

CASE STUDY: Cleadon Park in South Shields, demonstrates the long-term impact of sustained investment and strong partnership working. Once one of the most deprived areas in the country, the estate has been transformed by replacing more than 500 outdated homes with around 750 new properties. A strong focus on community engagement has been central to this success, helping to improve well-being, opportunity and pride in the area.

4 a) OTHER THAN VIABILITY GAPS, WHAT DO YOU SEE AS THE MAIN BARRIERS TO ACCELERATING DENSIFICATION AND DEVELOPMENT IN THE NORTH?

The fundamental barrier to housing-led regeneration in the North is not a shortage of ambition or need, it is viability. Viability is a widespread and structural barrier across the North. Lower land values and high remediation costs for brownfield sites make many schemes unviable without Government support. Lower rents but similar costs for northern social housing providers means investment in refurbishing and replacing homes often comes at the cost of building new homes.

In too many of the places where regeneration is most needed the economics of development do not stack up without significant public subsidy, especially given the high costs associated with delivering regeneration and in the current environment of significant build cost inflation.

In many northern towns and cities, development values are fundamentally incapable of supporting the costs of delivery, particularly on brownfield and former industrial land. The consequence is that places with the greatest regeneration need are often those least able to attract development without public intervention.

The key challenges to housing-led regeneration beyond viability are:

- **Land Assembly and Compulsory Purchase Order (CPO) Complexity -** assembling land for regeneration is often difficult due to fragmented ownership, multiple tenures (including absentee landlords and Right to Buy leaseholders), and the need for compulsory purchase in

[1] Renew Report Pg 32 Case Study Borough Yard, Birkenhead

some cases. The CPO process is lengthy, expensive, legally complex, and underused due to lack of local authority capacity and expertise. Since 2020, only 21 CPOs have been confirmed in the North, delivered by just 13 local authorities, indicating a structural capacity problem rather than a lack of need.

- **Local authority planning and capacity pressures -** Local authority planning departments have faced major funding cuts. Between 2010/11 and 2024/25, local authority expenditure on planning fell by 51% in the North, compared to 43% across England. This contributes to slower decision-making and reduced capacity for pre-application engagement. Planning uncertainty also deters private investment.

  There is also a shortage of in-house skills and expertise in regeneration within local authorities and housing providers, due to years of underinvestment and programme instability. This leads to over-reliance on external consultants, which adds cost and reduces continuity. For example, spending on 'housing strategy, advice and enabling' has fallen by 71% in the North since 2010/11.

- **Infrastructure Delivery** - regeneration schemes requiring substantial investment in new or upgraded infrastructure (roads, utilities, bridges) is costly and time-consuming. There is no single mechanism to secure infrastructure commitments, and the process involves navigating a fragmented landscape of network operators and statutory undertakers. For example, the York Central scheme required over £135 million in public investment for enabling infrastructure and took more than eight years to reach development stage.

- **Policy and Funding Focus Misalignment -** national policy and funding frameworks have prioritised net additionality (new supply) over renewal and replacement of existing stock. This creates a disincentive to replace obsolete housing, especially in low-value markets where demolition is counted as a negative metric.

- **Long-Term Funding Uncertainty** - the absence of long-term funding certainty for regeneration schemes increases risk for local authorities and providers, discouraging pre-development investment and thinning the pipeline of deliverable projects. Existing finance products are often not suited to the long timescales and higher risks of regeneration in weaker markets. The Growth Strategy prospectus identifies **Leeds South Bank** as representing one of the largest urban regeneration opportunities with the potential for 20,000 new homes. Our evidence for this site shows there to be uncertainty with funding over the long term (see case study below). The programme has the potential to attract considerable private investment but requires flexible grant funding to unlock delivery, particularly if the ambition for 40% affordable housing is to be achieved.[2]

  CASE STUDY: LEEDS TRANSFORMATIONAL REGENERATION PARTNERSHIP (& NEW TOWN)

  The South Bank area of Leeds has the potential to deliver more than 20,000 new homes over the next decade alongside significant new economic and commercial activity creating growth and jobs. The area has been designated as a New Town area reflecting the scale of the regeneration opportunity.

[2] Renew Report Pg 36 Case Study Leeds South Bank

Progress has been constrained by a lack of clarity around funding availability for the New Town programme, delays caused by multiple extended Government processes, and the need for grant funding to support infrastructure and viability.

The programme has the potential to attract considerable private investment but requires flexible grant funding to unlock delivery, particularly if the ambition for 40% affordable housing is to be achieved. This affordable housing target adds further pressure to existing viability constraints, and where Local Plan requirements are currently set at 7% delivery. Despite the national political priority given to New Towns, long-term funding arrangements remain unclear. For any New Town to be delivered it must remain a priority across political cycles and needs committing to on such a basis.

Viability gaps remain a major challenge, particularly where regeneration sites face high abnormal costs that existing Government funds do not support. This is particularly the case when there is a site such as Temple Works which effectively blights wider development occurring, yet no single fund is necessarily applicable to solve the problem. The desire for increased affordable housing also creates additional costs above existing market viability gaps which risk being unfunded. There are also concerns that Government preference for "one size fits all" processes is creating delays when delivery could otherwise be progressing.

Densification in city centres requires significant upfront investment to de-risk sites, fund infrastructure, and bridge viability gaps. It also needs to be flexible enough to support densification. This is why we are proposing a 10-year place-based regeneration fund of £500m per year devolved to Established Mayoral Strategic Authorities.

Bradford City Village (see case study below) demonstrates how regeneration can deliver new homes, but the scheme requires a long-term regeneration approach that combines the leveraging of private investment, the closing of viability gaps, and sufficient development capacity to manage delivery. More streamlined procedures agreed between public funding bodies and more flexible grant processes would help support delivery.[3]

CASE STUDY: CITY CENTRE SCHEME REPLACING DECLINING RETAIL WITH NEW 'VILLAGE' OF 1,000 HOMES

Bradford City Village is a major regeneration scheme focused on the former retail heart of Bradford City Centre. The project aims to deliver 1,000 new homes, supporting residential densification of the city centre core.

The scheme requires a long-term regeneration approach that combines the leveraging of private investment, the closing of viability gaps, and sufficient development capacity to manage delivery. These challenges are compounded by the financial constraints facing the Council.

Significant upfront costs have been required to bring the scheme to development stage, including the acquisition of shopping centres, planning costs and wider preparatory work. The programme has combined long-term investment capital leveraged through ECF alongside grant funding from Homes England (£30 million) and WYCA (£13 million) to support viability and delivery.

[3] Renew Report Pg 8 Case Study Bradford City Village

As a large and complex long-term regeneration scheme requiring significant commercial input, there remains a need for a commercially led approach capable of leveraging private capital investment. These delivery capabilities remain in relatively short supply. The blending of grant funding between WYCA and Homes England, both operating through different funding processes, has also presented challenges. Simple procedures agreed between public funding bodies and more flexible grant processes would help support delivery.

- **Putting into practice the new Green Book framework, including place-based business cases –** we welcome HM Treasury's Green Book review which allows for a broader understanding of place-based business cases. We expect this to be beneficial for spending proposals from the North, allowing for a more nuanced appraisal of regeneration projects that considers local context and long-term benefits.

  The MHCLG Appraisal Guide Book 2026 is helpful, with place-based analysis and assessment of external impacts separate from land value uplift.

  The guide explicitly allows appraisal of wider area impacts for supply-side housing interventions with clear placemaking and regeneration objectives, i.e. not relying exclusively on benefits within the site itself. Those impacts can be included where housing is identified as a driver of regeneration, the project is urban, significant in scale, and linked to a robust regeneration rationale. The wider benefits of regeneration can be reflected in the improving conditions for both existing households and the wider neighbourhood and rising nearby house prices, which indicate improvements in local wellbeing and place quality.

  Appraisal of investment in social housing should therefore now account for potential health-care savings, improved employment mobility, and improved educational outcomes. The revised guidance should provide a clear route to capture neighbourhood effects beyond the site boundary and can finally make business cases as place-based social value cases.

  While this is welcome, our members inform us that there is still a challenge in realising these changes by activating them through funding mechanisms. There is little evidence yet that the revisions are influencing decision making on proposals.

  Developing the evidence base which ensures the assessment of social value is accounted for in decision taking will be a challenge, but it is vital that we can activate the revised provisions in the Green Book.

  CASE STUDY: Manchester Mayfield Park - Economic evaluation of urban regeneration schemes in the investment context

  Before regeneration, the site was described as poorly connected, unattractive for walking and cycling, and a barrier to movement. The Mayfield Park case study concludes that urban regeneration can produce substantial positive health benefits. As a City Centre site, the area falls under ambitions to develop brownfield land for high density housing in the next phase. It demonstrates that regeneration which prioritises green infrastructure, active travel, safety and climate resilience can deliver major health improvements and reduce health inequalities, with benefits extending well beyond the regeneration site's boundaries.

The barriers outlined above are deeply interconnected and often compound each other, especially in the places with the greatest regeneration need. Addressing them requires a coordinated, long-term, and locally tailored policy and funding response.

4 b) IDENTIFY HOW LOCAL AND CENTRAL GOVERNMENT LEVERS CAN WORK MOST EFFECTIVELY TOGETHER TO DENSIFY CITY CENTRES.

Our proposals are designed to enable government to unlock and accelerate the delivery of higher-density, mixed-use housing in city centres, supporting economic growth, sustainability, and community renewal.

- **Long-Term, Flexible, Place-Based Regeneration Funding –** densification in city centres often requires significant upfront investment to de-risk sites, fund infrastructure, and bridge viability gaps that the private sector cannot absorb alone. We propose new long-term devolved Place-Based Regeneration Fund with £500m per year lasting until at least 2036, devolved to Established Mayoral Strategic Authorities. This fund should:
    - Support a broad range of interventions, including acquisition, refurbishment, replacement of homes, and plugging viability gaps.
    - Be flexible enough to support densification where appropriate and viable.
    - Allow up to 20% of funding for pre-development work, resident engagement, and stewardship.

- **Patient Capital and Regeneration Finance Facility –** Densification projects are complex, multi-phase, and require finance products with a higher risk appetite and longer repayment horizons than standard housing delivery. We propose creating a dedicated regeneration finance facility via the National Housing Bank, offering long-term, patient capital (subsidised loans, equity, guarantees) tailored to the risks and timescales of large-scale city centre regeneration.

- **Planning and Land Assembly Reforms -** assembling land in fragmented city centre sites is a major barrier. Streamlining CPO and planning processes will accelerate delivery and reduce costs. We propose:
    - Extend powers for mayors to confirm Compulsory Purchase Orders (CPOs) for regeneration schemes, making land assembly faster and more credible.
    - Issue clearer national guidance on using Section 14A directions to remove 'hope value' from compensation calculations, reducing inflated land acquisition costs.
    - Introduce a statutory presumption in favour of regeneration schemes within Spatial Development Strategies, supporting densification in city centres.

- **Capacity Building and Knowledge Sharing** - delivering densification at scale requires specialist skills in master-planning, viability, land assembly, and community engagement, which have been eroded in recent years. We propose:
    - Provide capacity funding for local and strategic authorities to rebuild specialist regeneration expertise.
    - Establish a National Centre for Regeneration (based in the North) to lead learning, share best practice, and support innovation in high-density urban regeneration.

- **Opportunity for greater devolution** - Integrated Settlements give mayors the flexibility to direct funding across these areas in response to local need, rather than being constrained by the siloed funding streams and national eligibility criteria that have historically limited area-based programmes. Spatial Development Strategies provide a further opportunity, enabling regeneration to be planned at the scale of functional economic areas, and aligned to wider investments across transport, housing and other area.

4c) IN WHAT WAYS ARE THE MAIN BARRIERS TO ACCELERATING DENSIFICATION AND DEVELOPMENT IN THE NORTH DISTINCT FROM WIDER NATIONAL CHALLENGES AND HOW CAN THEY BE TACKLED?

The Renew report makes clear that the North's regeneration challenges are of fundamentally different market conditions, housing stock, and social context. National policy frameworks, when designed for higher-value, higher-demand areas, do not fit the North's needs. The report calls for place-sensitive, long-term, and flexible policy and funding solutions tailored to the North's unique context.

- **Structural Viability Gap** - the North faces a persistent and structural viability gap in housing-led regeneration. Development costs (including remediation, infrastructure, and build costs) often exceed the end value of completed schemes, especially in weaker markets. This is due to lower house prices, lower rents, and lower land values compared to the South and other parts of England.

  In higher-value markets private investment can often absorb these costs, and public subsidy is less critical. In the North, public intervention is essential to bridge the viability gap, or schemes simply do not proceed.

  Our research finds that the average residential land value in the North is £2.34 million per hectare, 46% lower than the English average. In some areas, even high-density development reduces land value (e.g., Leeds), unlike in Manchester where it increases value.

- **Scale and Nature of Regeneration -** the North has a higher concentration of ageing, obsolete social housing stock, much of it built in the post-war period or pre-1919, and a greater prevalence of non-traditional construction types. Many homes are approaching or have exceeded their serviceable life, creating a backlog of properties in need of renewal or replacement. While ageing stock exists elsewhere, the scale and concentration in the North is much greater, and the financial pressures on providers are more acute due to lower rents and asset values. Our research shows that between 84,000 and 112,000 social homes in the North will need regeneration in the next ten years, and repairs/maintenance absorb 37% of rental income in the North (vs. 31% nationally).

  Our members told us that improving the quality of homes is not just about better buildings, but about transforming entire communities and their prospects. Quality is measured not only by the physical standards of homes (such as energy efficiency, accessibility, and safety) but also by improvements to the public realm, green spaces, and community facilities. The example of poor-quality private rented housing creates both a need for regeneration and practical barriers to delivery with local authorities lacking the capacity to enforce standards at scale.

- **End of life stock** - dealing with end-of-life stock is not just about maintaining existing homes but is a critical enabler for building more new supply, improving financial viability for providers, and delivering better outcomes for communities.

  The North has significant numbers of this type of stock. We estimate between 84,000 and 112,000 social homes in the North are approaching the end of their serviceable life and are identified as in need of renewal or replacement. Replacing and refurbishing this stock not only preserves much-needed social housing but also creates opportunities to increase the overall supply, especially through densification.

Maintaining homes at the end of their life is costly, especially with new regulatory requirements. As maintenance liabilities grow, providers' financial headroom for new projects shrinks. These costs absorb a large share of housing providers' resources, limiting their ability to invest in new development. Every pound spent on maintaining ageing stock is a pound not available for new supply.

By replacing obsolete homes and developing, often at higher densities, regeneration directly increases the number of good quality homes available.

Sale West in Trafford is an example where phased demolition and renewal of end-of-life stock led to the delivery of 263 new homes and improvements to 1,100 existing homes, demonstrating how regeneration can simultaneously address obsolete stock and increase supply. [4]

Support is needed through regeneration investment to enable providers to replace or renew their most problematic homes, and restore the financial headroom needed to build more new homes.

This is why we recommend a dedicated, long-term regeneration fund of £500m per year over 10 years to support the renewal and replacement of existing stock, which would enable providers to both address end-of-life homes and ramp up new supply. Without intervention, the number of homes needing regeneration will continue to grow, and the backlog will take decades to address at current rates. This would further constrain providers' ability to deliver new homes and risk a net loss of social housing.

- **Brownfield and Urban Centre Regeneration Complexity -** the North has an abundance of brownfield land, often heavily contaminated from industrial use, requiring significant remediation and infrastructure investment. Areas of the North, and especially the North East, have suffered more than most from the effects of de-industrialisation. Suppressed land and property values means that public investment can unlock more land[5] but abnormal costs and low-end values mean schemes are often unviable and this adds an extra layer of complexity (see Sunderland case study below).

  CASE STUDY: Riverside, Sunderland City Centre Scheme replacing declining retail with New Mixed-Use Neighbourhood

  One of the UK's most ambitious city centre regeneration schemes, creating a new urban quarter at the heart of Sunderland. The vision for the site is to create a new mixed-use community delivering around 1,000 homes and 1 million sq. ft of commercial space, helping to reconnect the area with Sunderland city centre and support wider economic growth.

  The historic heavy industrial use of the site has created significant abnormal development costs to deliver extensive remediation and enabling works. There was a need for major infrastructure and connectivity improvements, including a 250m long new pedestrian/cycle bridge, to allow development to progress.

[4] Renew Report Pg 16 Case Study Sale West, Trafford

[5] Our research shows the same £10 million of public investment delivers capacity for 2,115 homes in Newcastle but only 183 in Milton Keynes, but remediation costs can erase this advantage.

With over £650m invested to date, the scheme required substantial upfront investment to remediate the site and prepare it for delivery. Grant funding from MHCLG, the North East Strategic Mayoral Authority, and Homes England, alongside the Council's own capital, has supported the delivery of infrastructure and enabling works, and the Council also acted as developer on the initial office and residential developments to stimulate market interest. This leveraged significant private sector investment to bring the site forward for commercial and residential development.

The heavy industrial use of the site has created significant abnormal development costs to deliver extensive remediation and enabling works. There was a need for major infrastructure and connectivity improvements. The homes and wider regeneration would not come forward without significant public grant investment for enabling works, site remediation and infrastructure.

The current funding system that 'buys' housing units is not well suited to the scale of upfront investment required for complex brownfield regeneration and whilst Homes England has been a committed funding partner, its cumbersome processes are not aligned with the complexity of delivering large-scale brownfield regeneration schemes or progressing at scale and pace.[6]

- **Diversity of Market Conditions and Place-Sensitive Needs - t**he North's housing markets are highly diverse. Some urban centres (Manchester, Salford, Sheffield, Liverpool, Stockport) can support high-density development, but many areas cannot. Applying a one-size-fits-all national policy (e.g., universal densification targets) risks blocking delivery in weaker markets. National policy often assumes higher density is always desirable and deliverable, but in many northern areas, higher density actually reduces viability. Our research shows in Leeds, moving to high-density development reduces land value by 47%, while in Manchester it increases by 63%.

- **Private Rented Sector (PRS) -** the North has a higher proportion of poor-quality PRS housing, tenure fragmentation, and absentee landlords, especially in deprived areas. This creates both a need for regeneration and practical barriers to delivery (e.g., land assembly, enforcement). While poor-quality PRS issues exist elsewhere, the scale and concentration in the North is greater. For example, more than 27% of privately let homes in Yorkshire & Humber fail to meet the Decent Homes Standard. Local authorities often lack the capacity to enforce standards at scale. At the same time, over £1 billion of public money is paid annually to private landlords for non-decent homes in the North.

- **Capacity and Knowledge Gaps -** years of underinvestment and programme instability have eroded in-house regeneration expertise in northern local authorities and housing providers. This leads to over-reliance on consultants and limits the ability to deliver complex, long-term regeneration. The skills gap is more acute in the North due to deeper funding cuts and less access to private sector expertise.

- **Policy and Funding Misalignment** - national policy and funding frameworks have historically prioritised net additionality (new supply) over renewal and replacement, which disadvantages the North where the main challenge is obsolete stock, not just supply. In

[6] Renew Report Pg 34 Case Study Sunderland

higher-value markets, net additionality is more easily achieved and aligns with local needs, but in the North, it can act as a barrier to necessary renewal.

IN CONCLUSION - WHAT IS NEEDED FOR NORTHERN HOUSING GROWTH

Housing-led regeneration can unlock at least 500,000 good quality homes across the North of England according to our research through:

- Densification of town centres with over 100,000, new homes
- Over 300,000 new homes on brownfield land
- Creating modern decent homes by replacing, densifying or refurbishing 100,000 end-of-life social homes that would otherwise be lost.

Our key asks from the report 'Unlocking over 500,000 good quality homes in the North' include:

FUNDING AND FINANCE – long-term, flexible funding to deliver regeneration at scale

A new Place-based Regeneration Fund of £500m per year lasting until at least 2036, devolved to Established Mayoral Strategic Authorities, in line with the Social and Affordable Homes Programme and implementation date for the new Decent Homes Standard.

This should be:

- Devolved to Established Mayoral Strategic Authorities as part of their Integrated Settlements so they can align funding decisions to wider priorities and local need
- Flexible enough so it can support interventions across the broad range of activity that regeneration requires including the acquisition of properties, refurbishment of existing stock, replacement of homes that are beyond economic repair, and the plugging of viability gaps that prevent schemes from proceeding
- Accompanied by an updated outcomes framework for Established Mayoral Strategic Authorities that embeds regeneration targets alongside existing housing supply commitments

Subject to additionality requirements measured across the programme as a whole rather than scheme by scheme, demonstrated through a combination of:

- new homes delivered
- moribund stock removed
- registered provider's business plan capacity unlocked
- wider place-based benefits of regeneration, and
- densification of existing sites where appropriate and viable

- Up to 20% of funding should be able to be converted to revenue and used for predevelopment work, resident engagement and post-intervention stewardship

A new dedicated regeneration finance facility delivered via the National Housing Bank, which:

- Adapts existing National Housing Bank finance products including subsidised loans, equity and guarantees for large strategic regeneration sites specifically
- Adopts a regeneration-specific appraisal framework that captures the full social and economic case for regeneration, with specific risk-appetite and rate of return expectations rather than the same assumptions as for purely new-supply programmes
- Operates on a genuinely long-term investment horizon, recognising the timescales that complex regeneration requires

- Includes equity vehicles that can provide patient capital, taking long-term positions in regeneration schemes, built on assumptions of future uplift in land and property values as schemes mature, learning lessons from the Greater Manchester Good Growth Fund
- Blends seamlessly with grant programmes, other National Housing Bank products, and with other sources of public and private capital

Extended National Housing Delivery Fund to become a ten-year funding programme, aligned to the Social and Affordable Homes Programme and the proposed place-based regeneration grant programme, so it can support the development of the most complex regeneration schemes

LEADERSHIP AND OVERSIGHT – a national framework to support local delivery

Appoint a dedicated Minister for Regeneration who:

- Works across MHCLG and Cabinet Office, directing cross-departmental work across housing, transport, net zero, health, culture, justice, education and skills, across the three regeneration typologies
- Acts as the accountable figure within central government for regeneration delivery, including ensuring all relevant funding programmes actively support regeneration objectives and driving the embedding of reforms to the Green Book and MHCLG appraisal guidance
- Works with HM Treasury to monitor whether guidance changes are leading to changes in funding decisions
- Establishes a regular regeneration forum with mayors, MHCLG senior officials with regeneration responsibilities and regional directors of Homes England
- Regular reporting back to Parliament on progress, including the Housing, Communities and Local Government Select Committee.

Complete devolution across the North, accelerating all areas to Established Mayoral Strategic Authority level as quickly as possible.

This will ensure that:

- All areas have access to the most impactful tools to deliver regeneration, including Mayoral Development Corporations, Spatial Development Strategies, Mayoral Development Orders and Compulsory Purchase Order powers
- Those planning, delivering and funding regeneration programmes across the North can assume consistent powers, governance arrangements and strategic capability in every area

Complete a comprehensive assessment of end-of-life housing stock in the North in partnership with the Regulator of Social Housing, local authorities and the wider housing sector.

This should:

- Establish a consistent definition of end-of-life stock and quantify the scale of need by stock archetype, tenure and geography
- Review the cumulative impact of current and emerging regulatory requirements, including the Decent Homes Standard and Minimum Energy Efficiency Standards, on the financial viability of the most problematic stock

Measure what matters – expand key performance measures and data collection across Government to ensure regeneration is viewed as a priority alongside new supply, including:

- Targets for Homes England for major regeneration schemes funded and, on the renewal, and replacement of end-of-life stock
- The Regulator of Social Housing to collect and publish more information on the long-term financial viability of social housing stock
- Following the establishment of dedicated regeneration funding streams within Integrated Settlements, Established Mayoral Strategic Authority outcomes frameworks expanded to include targets on stock renewal and replacement.

CAPACITY AND KNOWLEDGE - rebuilding expertise in regeneration

Provide capacity funding for Strategic and Local Authorities to increase housing strategy, planning and regeneration capacity and skills

Establish a new National Centre for Regeneration:

- Based in the North as a new subsidiary or core function of Homes England
- Leads learning and development for regeneration, working with Homes England, strategic authorities, local authorities, the private sector, wider housing sector and universities to rebuild sector-wide knowledge and capacity
- Facilitates and leads programmes of placements and knowledge exchange between local government, industry and academia
- Shares resources and best practice across the sector, including design codes, common estate design issues, lessons from past regeneration programmes in the UK and internationally
- Delivers and funds research programmes on regeneration, including programme evaluation and ‘do nothing’ cost analysis
- Supports innovation in new technologies and approaches to regeneration, including the role of Modern Methods of Construction

PLANNING, LAND AND SITE ASSEMBLY – enabling regeneration at pace

Make better use of Compulsory Purchase powers:

- **Extend to Established Mayoral Strategic Authorities the power for the mayor to confirm Compulsory Purchase Orders (CPOs) on identified regeneration schemes within their area,** with the Secretary of State retaining the power to call in orders, including where a scheme is of wider than local significance, or where a potential conflict of interests could arise.
- Issue clearer national guidance on the use of Section 14A directions to remove ‘hope value’ from compensation calculations where regeneration schemes deliver affordable housing and wider regeneration benefits. This should include worked examples of what evidence is deemed sufficient, where Section 14A directions are deemed appropriate and a clearer government position on the role of Section 14A within mixed-use regeneration schemes
- Ensure that CPO powers function as a credible backstop to negotiation, supported by the capacity funding and National Centre for Regeneration recommendations set out above. This will mean that landowners are incentivised to voluntarily engage and reach agreement earlier, and local authorities and MSAs will have the expertise and resource needed to use powers effectively, and in accordance with relevant human rights legislation, where negotiation fails.

Enable mayors to support regeneration in Spatial Development Strategies, through a statutory presumption in favour of regeneration schemes, on identified sites and where

proposals meet defined criteria. This could include supporting regional priorities, such as the replacement of ageing housing stock, brownfield regeneration, estate regeneration and densification.

Our evidence gathering for Northern housing-led regeneration is continuing and the Northern Housing Consortium would be pleased to engage with the Northern Growth Strategy team to discuss our research and how this could help delivering the aims of the strategy.

For further information about this submission, please contact

Patrick Murray
Executive Director (Policy & External Relations)
Northern Housing Consortium
Patrick.murray@northern-consortium.org.uk
www.northern-consortium.org.uk