

Spending Review 2025 – Phase 2: A representation from Homes for the North

This submission to the Treasury's Spending Review 2025 represents Homes for the North's vision for the future of housing and regeneration in the North of England. It comprises two key proposals aimed at unlocking the potential for greater housing delivery and economic growth across the region. The first highlights the critical role of housing regeneration, recommending strategic policy and funding reforms to support sustainable, high-quality development in key Northern areas. The second explores the alignment between housing delivery and infrastructure development, offering practical steps for long-term planning and investment to ensure that regeneration and housing development go hand-in-hand with essential infrastructure improvements. Together, these papers advocate for a coordinated approach to addressing the housing needs of the North, supporting the Government's wider economic and social goals.

About Homes for the North

Homes for the North is an alliance of 17 housing associations who want to deliver more and better homes across the North of England. Collectively we already provide homes for over one million people in the North of England and we want to do more.

Homes for the North work with a range of organisations to help raise public awareness of housing policy challenges and solutions. We commission research and share our expertise and best practice to inform policy makers regionally and nationally on creating the conditions for more homes, improving the quality of social and affordable homes, extending home ownership in the North and making the North of England a more attractive place for businesses to invest.

Proposal One - Delivering More and Better Homes in the North: The Role of Regeneration

In this Spending Review representation, Homes for the North seeks to demonstrate how a more effective housing regeneration policy backed by appropriate investment can deliver economic growth and increase housing volumes across the North of England. This can be done by:

- **Making moderate changes to current housing investment rules.**
- **Prioritising the regeneration of key Northern locations.**
- **Introducing greater flexibilities around the use of funding.**

Crucially, our recommendations can be taken without the need for legislation while delivering value for money for Government departments, including the Exchequer. They can also deliver economic growth and wider macroeconomic benefits by supporting employment, greater private sector investment in key urban areas, and tackling socio-economic challenges.

We believe that urban and rural regeneration has an integral role to play in delivering the Government's housing and economic growth missions. Our members have an ambitious home building and regeneration pipeline which, with the right policy environment and investment in place, has the potential to deliver over 40,000 new homes in 80 places across the North of England over the next decade and generate £4 billion of investment. One third of these regeneration projects are in local authorities that rank amongst the 10% most deprived in England.

Our representation is supported by research commissioned by Homes for the North, undertaken by Savills, that seeks to identify the policy levers and funding mechanisms to enable effective regeneration of housing and deliver economic growth.

The need for better homes in the North

Housing associations manage a substantial number of aging, low-quality homes that require ongoing maintenance and investment. However, despite these efforts, many of these properties will become uninhabitable or unsuitable for social housing over the next 10-15 years regardless of this investment and maintenance (see case study at Annex A).

In many cases it would cost more to bring these old, poor-quality homes up to standard than it would to demolish and rebuild them. Expensive refurbishment is not a cost-effective option for housing associations and misses the mark when new housing delivery and regeneration should be the focus. Furthermore, even with investment, the homes may remain costly to heat and unsuitable for tenants on low incomes. The consequence is that the need to prioritise investment in existing homes can result in homes that are still not suitable for tenants on low incomes while diverting resources from building new homes.

Additionally, the role of regeneration of Northern communities is imperative to the Government's housing agenda. Research commissioned by Homes for the North for this Spending Review submission has found that redevelopment has the potential to make a substantial contribution to the land supply requirement to deliver the Government's 1.5 million homes.

Redevelopment and regeneration of social housing provides the opportunity to make best use of land, often allowing for densification of housing on the site. Savills have identified all housing association owned land in the North of England and estimated the residential capacity of that land, assuming the existing homes on it were redeveloped to provide housing at a density in line with the upper decile for towns and cities of a similar size. In this, they have only included sites where the number of homes could at least double in number, and only sites where the existing homes are predominantly flats. **This suggests that 325,000 additional homes could be provided through the redevelopment of existing housing land in the North of England. In theory, therefore, this redevelopment could provide 45% of the land supply to fulfil the additional homes requirement over the next 10 years.**¹

How regeneration brings the need for new and better homes together

Regeneration delivers a bespoke solution combining new build, demolition and reinvestment that addresses issues of both quality and supply whilst generating economic growth.

Out of a total social housing stock in the North of around 1.3 million homes, the number that may require replacement or major upgrades in the short to medium term is in excess of 100,000.² Many of these regeneration projects require the demolition and replacement of housing that is either no longer fit for purpose or is approaching the end of its life. Replacement homes in these regeneration schemes will significantly improve quality of life for residents and could accelerate economic growth in areas of greatest need.

¹ Savills and Homes for the North, Policy Changes to Drive Regeneration in the North (2025)

² Savills and Homes for the North, Improving Housing Quality and Boosting Delivery in the North (2022)

Delivering this vision requires an approach to regeneration from Government, alongside its current policy agenda, which would help to meet Government priorities including unlocking delivery of thousands of new homes near existing infrastructure and securing long term economic growth.

Why is this a particular problem for the North?

The North of England faces regeneration challenges due to the unique nature of its housing stock. Research has consistently found that the current HM Treasury Green Book appraisal methodology is skewed towards investment in higher value areas leading to growth predominantly in already productive areas. This exacerbates regional disparities across the country. In addition, Northern land and rental values are typically lower than those in the South East, and this weighs against the North when funding is being allocated.³

There has been very little funding for redevelopment of existing homes since 2010, with funding streams aimed at delivering or unlocking additional homes. This means that if housing associations want to replace homes as part of a regeneration scheme, they are required to pay for these replacements exclusively from their own resource, without any of the support that grant funding could provide.

The exceptions to this have been for **‘moribund’ housing** in rare circumstances and the more recent **relaxation of the net additionality rule in the 2021-26 Affordable Homes Programme**, allowing grant funding to fund replacement homes where they are being delivered alongside net additional homes. The former is ill defined, but experience in the sector is that this has been applied very restrictively, whilst the latter has been too small and short term to make any real and lasting impact.⁴

A permanent change is needed to drive the regeneration that Homes for the North is aspiring to achieve and enable us to support Government to meet its ambitions on delivering new and better quality homes.

The net additionality rule: a barrier to regeneration

The net additionality rule built into the Affordable Homes Programme (AHP) and other programmes is a barrier to delivering regeneration that the North of England needs. The rule dictates that grant funding can only be used to build new homes that are net additions to the total number of homes in England.

In practice this means that grant funding from the AHP could not be used to replace a block of 100 old, poor-quality flats with 100 modern, high quality, energy efficient affordable homes – entirely because these would not count as ‘net additions’ to the total number of homes in England. In addition, the HM Treasury Green Book appraisal methodology tends to view housing as having a fixed value, rather than one that diminishes over time, which is the case.

When is demolition necessary for regeneration?

Homes for the North believes that a decision on whether to demolish stock should hinge on two considerations:

³ Savills and Homes for the North, Improving Housing Quality and Boosting Delivery in the North (2022)

⁴ Savills and Homes for the North, Policy Changes to Drive Regeneration in the North (2025)

- Where the wider economic case for regeneration is clear – benefitting the area and generating economic growth.
- Where spend on reinvestment (to reduce carbon and bring up to modern standards) outweighs the property value and does not provide value for money for either the resident or the landlord.

Of course, where refurbishment remains a viable option, any programme of upgrades should continue to take place and, in many cases, will form part of a combination of measures that together will regenerate an area.

Our members also consider the impact of embodied carbon when undertaking regeneration, giving due consideration to assessing and limiting the operational and embodied emissions of development including through the retrofit, demolition and rebuild processes. Demolition is always the last resort and only undertaken following a thorough assessment of holistic outcomes.

Lessons from previous approaches: stock transfer programme

Regeneration is not a new thing. There are many examples of successful regeneration across the country, notably in the stock transfer programme.

Since its introduction in 1988, there have been over 300 large-scale transfers of housing stock by over 200 local authorities, collectively transferring over a million properties to housing associations. These transfers have meant that housing associations have been able to tackle backlogs of stock improvements and deliver wholesale regeneration, supported by additional private sector investment.

Ultimately, stock transfers have enabled housing associations to draw upon their skills and experience in developing and delivering complex regeneration projects which improve the lives of the whole community. Homes for the North members are experienced at convening and working in partnership to deliver results and stand ready to scale-up delivery this Parliament given a policy platform in place to support this as outlined below.

Our recommendations

We need a joined-up approach from Government which will allow housing associations to make the best possible use of grant funding to deliver the More and Better Homes that the country needs.

To achieve this, Homes for the North recommends:

1. **Abolish net additionality** | The net additionality rule should be abolished so that funding from the Affordable Homes Programme can be used to replace low quality homes. This would see the next iteration of the AHP balancing the need for new homes with the regeneration of current estates.
2. **Prioritise regeneration** | The Government should recognise the opportunities of regeneration in a Long-Term Plan for Housing and direct Homes England to facilitate new regeneration schemes. Regeneration could play a key role in helping to deliver Government priorities including the delivery of new housing, decarbonisation of the built environment and the delivery of economic growth.

3. **Provide flexible funding** | Funding available for affordable housing, including funding designed to drive other Government priorities such as decarbonisation and retrofit, should be combined and housing associations should be able to use the funding flexibly to design investment programmes that combine retrofit, demolition and new build to revitalise a place and reduce carbon emissions.

Annex A

Case study: Avenham Tower Blocks, Preston (Homes for the North member, Onward Homes)

Existing properties consist of 3 x 10 storey 1960s tower blocks (totalling 186 rented flats). Originally built in 1964 and refurbished in 2012. The construction method (using concrete panels and steel frames) had meant that the blocks and individual flats were very difficult to reconfigure for refurbishment works. The tower blocks required roof replacement as well as significant capital investment to bring up to Decent Homes standard due to damp, mould and condensation.

Why not retain?

- Retention outcomes were both less beneficial to customers (in the short term) and the housing association, Onward (in the long term) totalling **circa £20 million**.
- On top of this, disruptive works to refurbish would still require temporary decant solutions for many customers (at additional cost).
- Works would require a second insulation solution (at significant cost).
- Blocks would require a new more efficient heating system / solution.
- Ongoing and long-term maintenance costs remain comparatively high against new build replacement option.
- Major component replacements needed on most properties within first few years, if blocks retained.

As a result, the demolition and replacement of the three towers was selected and accepted as the preferred approach

- The total cost of replacement is around £50 million – encompassing costs for rehousing, demolition, and site remediation.
- Onward's board accepted higher initial capital and short-term expense against improved and better long-term impact and return with the 60-year old towers proving increasingly costly to bring up to modern standards each year.
- This option will see the replacement of 186 high rise flats with 180 low rise and medium rise homes.
- This process is expected to kickstart regeneration of the wider area as Onward is set to follow this replacement scheme with the development of a new scheme at Horrocks Mill nearby, comprising 349 new units. Onward is also exploring options for partnership with Homes England and the local council to develop additional sites as well as invest in its Queen Street estate.
- In all, the regeneration of the Avenham Tower Blocks will not only enable Onward to provide a long-term solution to ongoing design and quality issues but will also help to:
 - Address underlying socio-economic challenges in the area.

- Catalyse further regeneration of the area with additional residential and commercial developments to come, attracting additional investment.
- Stimulate the local economy as surrounding area becomes more attractive to businesses, creating job opportunities, and increasing business plans.
- Support the transformation of the surrounding area as a place to live, work and visit with improved quality of life for inhabitants of the area.

Proposal Two: Delivering More and Better Homes – Infrastructure for Homes

1. Executive Summary

In December 2024, the Government promised to align decisions on housing, business growth and housing. This paper sets out the practical steps government can take to align the long-term plan for housing and the infrastructure strategy to create a funding and policy environment that gives long-term certainty and confidence to deliver at the scale required and leverage private investment.

The recommendations are broken down into four sections:

- **Governance** – Strategic responsibility for the long-term housing strategy for new and existing homes sits with Homes England. Strategic responsibility for the long-term infrastructure strategy sits with National Infrastructure and Service Transformation Authority (NISTA). There should be clear formal mechanisms to coordinate the two and accountability to Parliament.
- **Funding** – Investment in social housing should be reclassified as infrastructure spend to provide long term funding and unlock more private investment. This would support the Government’s missions on growth and housing, enabling consistent delivery, larger strategic developments, and better deployment of resources. Grant rates should be increased to reflect the current operating environment, rising costs and the additional expense of building low carbon homes.
- **Regeneration** – It needs to be recognised that outdated and unsuitable homes should be replaced with new homes which meet modern housing needs. Abolishing net additionality (to replace moribund, low-quality homes), prioritising regeneration and providing flexible funding is needed to ensure existing communities don’t get left behind.
- **Spatial Planning** – incorporate a spatial strategy to align infrastructure and housing strategies.

2. Background

The UK's political shift in 2024 is significantly impacting the operating environment, although the practical effects of this will take some time to work through the system. While the focus has been on how the new government recalibrates the direction of travel, this paper highlights the importance of longer-term strategies and frameworks beyond the immediate political environment. It takes a step back to consider what our requirements of these are and how we ensure they support setting up the housing association sector for success in delivering new homes and renewing places.

3. Analysis: Housing and Infrastructure

The short-term nature of the Affordable Homes Programme is limiting housing delivery, driving up costs and limiting confidence to invest. A long-term plan needs long term funding certainty. Housing is fundamentally essential and significant infrastructure, and therefore funding should be classified in the same way as other significant national projects such as road, rail, schools, and hospitals.

Reclassifying housing investment as infrastructure spend, alongside recent planning reforms, could enable the delivery of new homes the pace and scale needed to support the Government's target of 1.5m homes. It would drive economic growth, provide the housing supply chain with much needed certainty, and unlock investment across the sector.

The Homes for the North partners are also members of Housing Partnerships across the country. For the first time, a collective representation⁵ to the Comprehensive Spending Review has been made by the six Housing Partnerships in the devolved regions across the South West, Yorkshire, Greater Manchester, and Merseyside. This representation outlines our core financial and policy priorities and provides further detail on the opportunities presented through the reclassification of housing investment.

We welcome the intention to align long term planning on housing and infrastructure and at a high level we should think of both in similar terms, given the importance of:

- Taking a long term, system-wide view of the outcomes we want to achieve.
- Creating a policy and funding environment that gives long term certainty and confidence, in order to deliver at the scale required and leverage in private investment. For every £1 of public grant, housing associations unlock £4 of private investment.⁶

Beneath this there are more practical questions about what this could look like in practice.

- **Ongoing strategic responsibility** - The National Infrastructure Commission (and now its successor NISTA) has clear responsibility for setting out a national infrastructure strategy and tracking progress against it. There is no equivalent for housing. Some have argued that housing should be explicitly incorporated into NISTA⁷. Others that a different body – for example Homes England – should be charged with delivering this⁸.

There are pros and cons to both models but either way there should be a body unambiguously charged with setting out, and tracking progress against, a long-term housing strategy.

- **Long term capital grant programmes** – long term funding certainty is vital to unlocking investment, in both housing and infrastructure. The underlying spending rules are the same for all government capital funding, whether it's going towards infrastructure projects or housing delivery.

⁵ <https://www.yorkshirehousing.co.uk/media/k0jprsj0/comprehensive-spending-review-spring-2025.pdf>

⁶ [National Housing Federation - Social housing renewal: first steps for the new government](#)

⁷ [Housing and the politics of Nationally Strategic Infrastructure Planning in England - ScienceDirect](#)

⁸ [Inside Housing - Comment - The six Rs: a blueprint for tackling the housing crisis](#)

There are good examples of long-term housing funding⁹ – e.g. the ten-year strategic partnerships agreed in the late 2010s, or government’s long-term investment in new communities – just as there are plenty of examples¹⁰ of infrastructure spend being cancelled or withdrawn at short notice.

In other words – the funding mechanisms for long-term capital investment in housing are in place. On this core issue – particularly the next Affordable Homes Programme – the focus should be on continuing to make the case for why long-term housing funding unlocks more than consecutive short-term pots.

- **Other funding models** - Where housing does differ from infrastructure is in some of the models used to fund it, beyond upfront capital funding. For example, some infrastructure is funded via public private partnerships with contractually committed and long-term annual revenue payments from government (or with government granting the right to charge users – e.g. via tolls).

Public revenue funding for social housing is indirect – via housing benefit helping pay tenants’ rents, and government control over these rents has delivered some very short term and destabilising decisions in recent years. Long term certainty over rent policy is a vital contributor to overall certainty and confidence.

- **Aligning housebuilding with infrastructure development** - building the right homes in the right places. At a practical level – large new housing developments and large new infrastructure projects need to be well aligned in order to unlock the greatest benefits.

Devolution should allow for this to happen at a Strategic Authority level, over time, but even this leaves a gap around large national infrastructure which spans boundaries, most notably transport. For example, the TransPennine Route Upgrade part of Northern Powerhouse Rail is being driven by Transport for the North. Have the housing implications of the TransPennine Route Upgrade been considered in the round or is it relying on the individual LA and CA views on housing need?

There is a risk that if housing does not sit at the table when those big picture decisions are happening then the country will fail to deliver the right homes in the right places.

Homes England’s Strategic Plan and the implied strategy of the Standard Method place the onus on new homes to be delivery led and are both lacking in a spatial strategy for the country. Putting this within the context of New Towns or mirroring large scale infrastructure programmes, there is no sense of the grand plan or where the priority for new homes is. Addressing this via the infrastructure and housing strategies will be vital.

4. Opportunities

Ambitious, long term and aligned strategies on infrastructure and on housing could:

- Unblock some of the traditional barriers to housing delivery – particularly cost and availability of essential infrastructure (utilities, transport, schools, and GPs), and potentially land assembly and planning. The benefits are probably most significant on large sites.

⁹ [The-Changing-Spatial-Distribution-of-Housing-Investment-1998-to-2022_30Aug19_Low-Res-Screen.pdf](#)

¹⁰ [Project rescoping: Phase Two cancellation - HS2](#)

- Maximise economic impact of new infrastructure and housing delivery by aligning the two. A CEBR and Homes for the North [report](#) made recommendations on how coherently investing in housing and transport can make a major contribution to social, economic and environmental objectives, particularly schemes in economically 'left-behind' parts of the country often struggle to demonstrate land value uplift benefits.
- Provide savings to Treasury – The cost to the public purse of long-term homelessness has been estimated at over £40K per person per year¹¹. Yet, good quality accommodation that reflects housing needs in a locality can have more benefits to the overall wider public purse. Moving one rough sleeper into temporary accommodation brings a social value of £16,448 and a move from temporary accommodation to settled housing brings a social value of £8,019 per individual.¹² For every £1 invested in social housing delivers at least £2.70 of economic benefits. Housing associations save the Government £6bn annually through reduced welfare spending. They save residents £9bn every year compared to if they were living in the private rented sector¹³.
- Set out clear long-term trajectories for how we will decarbonise, upgrade, and regenerate our existing homes and communities (strategic responsibility for this is currently very unclear – with MHCLG, DESNZ and NIC all covering it to some extent).
- Put in place a clear organisational structure for:
 - i) driving delivery and;
 - ii) tracking and reporting on progress across both housing and infrastructure.

This would replace the current confused lines of responsibility with Homes England, MHCLG, NICS, DESNZ and others all assuming some of this.

5. Risks

Unaligned strategies on housing and infrastructure could undermine housing delivery and cause further confusion.

6. Recommendations:

A. Governance

- Homes England takes statutory responsibility for owning and delivering a long-term housing strategy encompassing both existing and new homes.
- NISTA takes statutory responsibility for owning and delivering a long-term infrastructure strategy.
- There are clear and formal mechanisms for ensuring coordination between the two bodies, at both strategic and delivery levels.
- There is clear and aligned accountability to parliament and/or external bodies.

¹¹ [imogen-blood-research-into-the-supported-housing-sectors-impact-on-homelessness-prevention-health-and-wellbeing.pdf](#)

¹² [Wellbeing value of tackling homelessness | Publication | HACT](#)

¹³ [National Housing Federation - Why we need a long-term plan for housing report](#)

B. Funding

- Simplify the current multiple funding streams into two categories – one for investing in existing homes and one for the delivery of new homes.
- Reclassify investment in social housing as infrastructure spend. This will provide the required long-term certainty and enable longer term funding programmes.
- Increase grant rates to reflect local circumstances, rising development costs, and the additional expense of building low-carbon homes.

C. Regeneration

Homes for the North's Plan for More and Better Homes¹⁴ made clear the urgent need for regeneration across the North of England – and underscored the economic and community benefits that could be realised through the delivery of new homes.

As outlined in our CSR submission, regeneration offers an opportunity to unlock more and better homes, delivering a bespoke solution combining new build, demolition and reinvestment that addresses issues of both quality and supply whilst generating economic growth.

As we approach the next spending period, we need a joined-up approach from government which will allow housing associations to make the best possible use of grant funding in order to deliver the homes that the country needs. To achieve this, Homes for the North recommends the following:

1. Abolish net additionality: The net additionality rule should be abolished so that funding from the Affordable Homes Programme can be used to replace moribund low-quality homes. This would see the next iteration of the AHP balancing the need for new homes with the regeneration of current estates¹⁵.

2. Prioritise regeneration: Regeneration could play a key role in helping to deliver government priorities including the delivery of new housing, decarbonisation of the built environment and the delivery of economic growth. The Government should recognise this in the forthcoming Housing Strategy and direct Homes England to facilitate new regeneration schemes.

3. Provide flexible funding: Funding available for affordable housing, including funding designed to drive other government priorities such as decarbonisation and retrofit, should be combined and housing associations should be able to use the funding flexibly to design investment programmes that combine retrofit, demolition and new build to revitalise a place and reduce carbon emissions.

D. Spatial Planning

Ensure that the infrastructure strategy and long-term plan for housing is aligned by incorporating a spatial strategy. Appendix 1 is a practical example of how the Government can align new infrastructure projects and housing need to unlock the greatest benefits.

The TransPennine Route Upgrade provides an opportunity to unblock stalled housing sites with a shift to longer-term certainty. Other examples include Northern Powerhouse Rail¹⁶ and

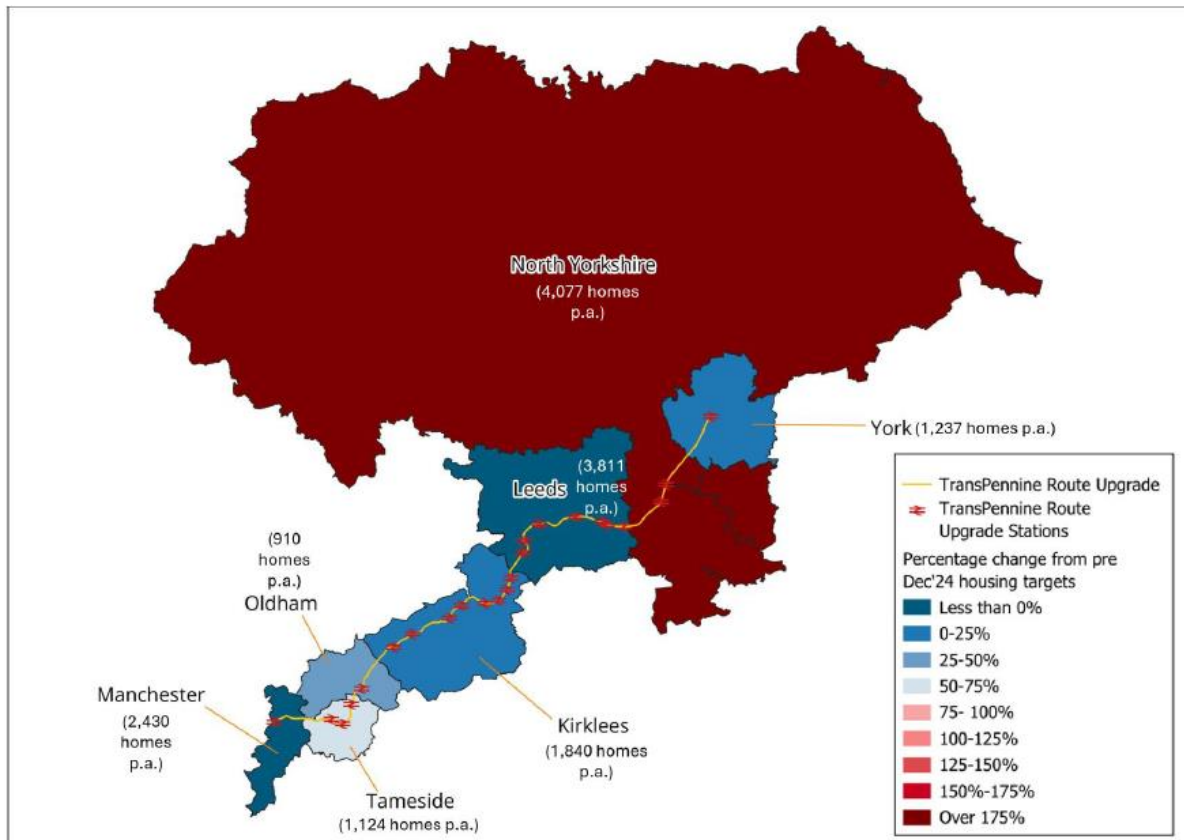
¹⁴ moreandbetterhomes.co.uk/wp-content/uploads/2024/06/H4N-doc-ONLINE-1-July-24.pdf

¹⁵ [App-1-Additionality-Savills-2022.pdf](#)

¹⁶ [Northern Powerhouse Rail | Transport for the North - Transport for the North](#)

Russell Curtis Review of Housing around Rural Stations¹⁷ which mapped every railway station in England and found 777 of them had development potential.

Appendix 1. Trans Pennine Route Upgrade Mapping



¹⁷ [Housing around Rural Stations – An examination of the potential for rural stations to help alleviate the housing crisis](#)