

## **APPG on Coalfield Communities**

### **Inquiry: Levelling up the Coalfields**

## **Response 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, housing associations and ALMOs to develop insight, influence and solutions to create better homes and places.

### **Introductory Comments**

We very much welcome the APPGs focus on the regeneration of the former coalfields.

Coalfield areas in the North, where our member organisations work, include Durham and Northumberland in the North East, Lancashire and Cumbria in the North West, and Yorkshire. This includes the larger coalfield communities characterised by high levels of deprivation such as those in the coastal communities of County Durham.

For our member organisations, problems are most evident in the negative effects of poor-quality housing and the persistent low value, obsolete, empty or unfit stock, and standards at the bottom end of the private-rented market.

Colliery villages grew around a core of densely packed terraced housing which can still be seen, leaving a legacy of poor quality older terraced housing with a lasting public health impact. The lack of access to good quality housing is accepted to be a contributing factor to inequalities in health, educational attainment, and disposable income.

Yet, these areas often sit adjacent to strongly performing areas and physically highlight economic disconnect and divisions. Research estimates that 3.3 million people in the North live in areas where there is a high risk of transport related social exclusion.<sup>1</sup> These areas are widely distributed across the North, but are particularly concentrated in mining legacy areas, and in coastal communities.

The Government's Levelling Up Programme provides opportunities through new funding streams such as the Levelling Up Fund and Towns Fund for the regeneration of smaller places and we would like to see interventions levelling up within regions as well as between regions.

The Levelling Up Programme recognises that reversing inequity will require places to unlock the potential of delivering more and better housing, growing local economies, and becoming greener and more sustainable. This latter ambition lends itself to innovative approaches offering opportunities arising from an area's legacy such as for renewable energy projects using the naturally hot water found in flooded coal mines to provide heat for homes.

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<sup>1</sup> [Transport related social exclusion in the north of England](#) Transport for the North

## Summary of Key Points

1. Improving poor quality homes is a key challenge and opportunity. Positive, tangible housing regeneration could boost community confidence with quality, affordable housing for existing communities, first time buyers or for older households looking to downsize.
2. A good quality housing offer promoted alongside economic development activity would provide former coalfield areas a diverse range of settlements for new workers looking for housing.
3. It is important that Government proposals to regulate the private rented sector (PRS) are prioritised. There will be significant benefits to raising standards in the PRS for local neighbourhoods leading to mixed, balanced, and sustainable communities.
4. Green home retrofits provide economic opportunities in local areas with local supply chains supporting local growth. There is plenty of work to be done. Our assessment in the North is that approximately 360,000 private rental properties are below decent standard (just under 38% PRS non-decency in Yorkshire). If the biggest improvements in quality are to be made in the worst-performing areas, it will require spatial focus on areas like Yorkshire which include high number of older, terraced housing.
5. Levelling Up Funds must be targeted towards areas in most need of regeneration. Former industrial regions in the North West and North East received a total of 20% of the first round of the Levelling Up Fund and there were local authorities with high levels of deprivation placed outside the top priority group.
6. It is crucial that the Government's levelling up programme drives regeneration in coalfield areas. Housing's role in regeneration is crucial and this requires bringing forward stalled brownfield sites to demonstrate visible progress on levelling up.
7. A review of national planning policy and the planning system could enable developments that contribute to the levelling up missions and ways to develop close-knit neighbourhoods to raise not just pride in place, but wellbeing and even health outcomes.

Our detailed response to the Inquiry is below.

### Housing Type and Quality

There are pockets of residential areas where the most pressing concerns are not about a shortage of supply or affordability. The legacy of the coal industry has left some areas with an over-supply of pavement-terraced housing, much of it over a hundred years old and not fit for modern lifestyles.

Local housing associations and local authorities have been active in either renovating or regenerating in these areas, but the bottom end of the private rented sector market still has too many properties in poor condition, offering insecure homes often paid for through housing benefit. Even with comparatively low house prices, there is limited owner occupation in the coalfields because of income levels, the nature of prevailing types of employment and access to deposits. The dominance of poor-quality private rentals in some areas can contribute to neighbourhood decline leading to wider housing market failure and can virtually eliminate owner occupation as a significant tenure.

There are examples of large-scale acquisition of poor-quality properties either by local authorities or by registered housing providers, but these are not widespread, as it is hugely resource-intensive relative to the number of properties that can be improved.

Without significant targeted investment through a range of levelling up funding streams, local housing providers have neither the capacity, the workforce, or the infrastructure to purchase properties at scale and to provide ongoing management and maintenance.

There is a case for additional support for regeneration interventions which allow collaborative, partnership working and a cross-tenure approach at a local level to stimulate a supply chain activity through raising the quality of existing housing.

### Retrofitting existing housing

A robust approach is needed for the housing stock in coalfield areas where poorly performing homes are one of the biggest carbon emitters.

The age of a property is the most significant factor associated with poor energy efficiency, ahead of fuel type and property type. Across County Durham, for example, over 18% of homes were built before 1919, higher than the England average of 15%.<sup>2</sup> This means there is a higher proportion of the housing stock which is older, thermally inefficient and in need of repair or refurbishment.

Across the North East 48% of all housing stock is above EPC Band C, however, in some of the coalfield areas the energy efficiency of the housing stock is much lower.<sup>3</sup> In Blackhall Colliery only 19% of housing is above EPC Band C and other County Durham former coalfield areas have EPC Bands below the North East average.<sup>4</sup>

Home retrofits provide economic opportunities in local areas with local supply chains supporting local growth. Previous research for the NHC has shown that three quarters of expenditure by housing organisations in the North is with suppliers based within the North, supporting local jobs and supply chains.<sup>5</sup>

The Government's attitude to green retrofit is shifting with greater recognition of the job-creation potential of retrofitting existing housing. Retrofitting existing homes is fast, labour intensive and can contribute to levelling-up local economies.

We have heard of some powerful examples that demonstrate how improving the quality of the housing offer is making better use of existing assets and can provide an early platform for sustainable growth.

**Case Study: Durham County Council's Towns and Villages.** The Council is improving the energy efficiency of more than 1,000 homes across the county as part of its commitment to work with partners and communities to achieve a carbon neutral County Durham by 2045. External wall insulation improvements have been carried out at 500 homes in Chilton, New Kyo, South Moor, Coundon Grange and Dean Bank, and a further 500 new renewable heating systems and other measures have been installed across County Durham. The project reflects a commitment to place-based regeneration with good quality, energy efficient homes play a crucial role in eliminating fuel poverty and ensuring the vibrancy of communities.

Social housing is ahead of other tenures in retrofitting for warm, efficient homes. Investment has been boosted by a £50m allocation for Social Housing Decarbonisation Fund (SHDF) which is expected to support up to 1,400 jobs and could retrofit around 2,500 homes in the social sector.

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<sup>2</sup> County Durham Housing Strategy 2019

<sup>3</sup> NHC Northern Housing Monitor 2022

<sup>4</sup> ONS LSOA EPC Scores 2019

<sup>5</sup>The economic impact of housing organisations on the North. Sheffield CRESR 2013

If the largest improvements are to be made in the worst-performing areas which include many coalfield communities, that means tackling non-decency in the North's housing.

Private rented sector homes lag behind the social rented sector on energy efficiency. 30% of the North's private rented homes do not meet the current Decent Homes Standard, with particularly high rates of failure in Yorkshire and the Humber (37.6% - the highest of any region in England). The North also has a disproportionate 42% of England's homes with hazards, with Yorkshire having a fifth of all England's private rented homes with hazards.<sup>6</sup>

In the private rented sector this requires a twin approach of tighter regulation and landlord investment, and in some cases the possible acquisition of sub-standard stock. Funding support could facilitate the purchase of stock and transfer into the social rented sector, as the Joseph Rowntree Foundation have recently suggested.<sup>7</sup>

### Regeneration and land remediation for new housing

Regeneration is a key factor to levelling up coalfield areas. The Levelling Up White Paper aligns housing with the regeneration of town centres, the viability of brownfield sites, tackling empty properties plus the refocusing of Homes England towards regeneration and the extension of CPO powers for local authorities – these are all positive proposals. The package of measures enables the reclaiming of sites for new housing development, and this makes the most of an areas industrial past such as Mine Water Heat Schemes.

**Case Study: Seaham.** Seaham is located within the former East Durham Coalfield. Efforts have been made over several decades to regenerate the area with over £400 million being invested. Two of the former colliery sites in Seaham were reclaimed for large scale housing developments. Improvements have also been made to the existing housing stock, with Investment targeted at Dawdon and Deneside wards and a programme of selective demolition and replacement in the Parkside area, improvements to Local Authority stock in Deneside and group repair to private housing in Dawdon. More recently Seaham Garden Village is one of the largest projects to be heated with Mine Water with 750 homes to use water extracted from the closed mine. The use of the geothermally heated water in abandoned coal mines, is not a new technology, but it is one with the potential to deliver job creation to the local area.

Grant funding for housing regeneration has not always supported the places most in need as those places are deemed to provide affordable housing. Appraisal tools in the Treasury's Green Book have previously led to most funding benefiting high value areas and has generally made it more difficult to demonstrate the benefit of funding schemes in lower value areas. It is encouraging that we have seen a shift with new sources of funding refocused away from a high affordability ratio (Levelling Up Fund, Towns Fund, Brownfield Land Fund), and a review of the Green Book, indicating a move away from prioritising high value : high affordability, to investing in more left behind areas.

The Levelling Up White Paper also attempts to address issues of low land values where there is insufficient value to attract new private housing development onto brownfield land and to overcome the kinds of remediation issues typical on post-industrial sites. £1.8bn investment in brownfield land was announced at SR21 through the Brownfield Housing Fund (BHF). This investment has been welcomed in Northern areas, but there have been challenges in developing the BHF programmes. Former industrial sites are, by their nature,

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<sup>6</sup> NHC Northern Housing Monitor 2022

<sup>7</sup> Baxter, D., Elliot, J. and Earwaker, R. (2022) *Making a house a home: why policy must focus on the ownership and distribution of housing*. York: JRF. Available at: <https://www.jrf.org.uk/report/making-house-home-why-policy-must-focus-ownership-and-distribution-housing>

complex with site contamination and complex site preparation requirements. If schemes are at a very early stage of development when the funding is awarded, delivery timescales of 2-3 years would be unlikely to be achieved. Project pipelines for the most difficult sites are developed over 5-10 years.

The latest Northern brownfield land registers give a total of 5,158 sites of 7,571 hectares which could generate 305,845 homes.<sup>8</sup> However, former industrial areas have the highest risk to viability of brownfield sites, largely due to lower house prices. This means that schemes that make sense from a regeneration perspective can stall due to viability challenges.

It is crucial that the levelling up programme drives regeneration. This may require a longer lead in period to develop on brownfield sites with greater flexibility on passing a Green Book appraisal.<sup>9</sup>

### Place and neighbourhood

Physically, places in need of levelling up are characterised by broad economic underperformance which is manifested in a 'broken housing market.'

With growth in the PRS in coalfield communities and indications that the sector will continue to grow, it is necessary to recognise the strategic importance of the PRS and the standard of the housing offer. Raising standards in the PRS will make a significant contribution to the wellbeing of an area.

The most visual representation of this broken housing market may be the number of empty homes. Often linked to a different type of market failure, these properties can have a hugely negative impact on an area. Empty properties in very poor condition are often not viable for purchase and conversion. Local authority empty homes teams work with private sector landlords where there are opportunities for regeneration activity and a mixture of approaches is required to bring empty homes back in to use.

The North East has the highest regional level of long-term empty properties where one in every 72 homes is long-term empty, while the largest regional number of empty homes, (around 40,000) is in the North West.<sup>10</sup> In County Durham, the Horden numbered streets have 121 homes that have been empty for 6 months or longer, which at 18.5% is the highest proportion of long term empty homes in a postcode settlement in the County. Easington has 4% or 189 long term empty homes.<sup>11</sup>

We welcome a review of the powers that already exist to tackle empty homes to make sure they are optimal.

**Case Study: Calico Homes, Burnley** - Calico Homes have successfully demonstrated how the refurbishment of empty homes for affordable rent contributes to not only delivery of housing need within the town but also to their – and their partners – shared strategic ambitions of regenerating urban neighbourhoods, making communities more attractive places to live and encouraging pride in place. There is strong demand for affordable rented houses in traditional well-established communities and by directing funding through housing associations we can improve rented housing across the borough, relieve neighbourhoods of the blight of empty

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<sup>8</sup> NHC Northern Housing Monitor 2022

<sup>9</sup> A BCR calculation of at least 1 is based on the ratio between the Land Value Uplift (LVU) and the public funding required and the added benefits received to the community of the development.

<sup>10</sup> Action on Empty Homes [2019 Data](#)

<sup>11</sup> County Durham Housing Strategy 2019

homes and the burden of ASB and protect communities for current and future generations. The project has enjoyed a 100 percent lettings success rate and has returned a once thriving neighbourhood back into a desirable place to live at affordable cost.

In some ways, the Levelling Up White Paper takes this into account, seeing levelling up as a mission that is “part economic, part social, part moral” and identifying the pivotal role that pride in place needs to take in achieving any of its goals. Yet at the same time, places have been categorised using a relatively blunt set of criteria for funding streams such as the Levelling Up Fund. Over half of the most deprived 10% of local authorities are located in Northern regions yet the former industrial regions in the North West and North East received a total of 20% of the first round of LUF. There were local authorities with high levels of deprivation placed outside the top priority group and it was clear from the methodology, published after the Fund prospectus, that the criteria excluded broader characteristics of deprivation such as those used for the Index of Multiple Deprivation which takes into account income, levels of crime and health.

A clear long term vision is needed and a commitment to raise the quality and quantity of housing in the area as part of the wider planning framework. The current Government consultation on the National Planning Policy Framework (NPPF) seeks ways for national planning policy and the planning system to enable developments that contribute to the levelling up missions and ways to develop close-knit neighbourhoods to raise not just pride in place, but wellbeing and even health outcomes.

Our member organisations have successfully demonstrated how the refurbishment of homes contributes not only to the delivery of housing need but also to regenerating neighbourhoods, making communities more attractive places to live and encouraging pride in place. There is strong demand for affordable rented houses in traditional well-established communities and directing funding through housing associations can protect communities for current and future generations and return neighbourhoods back into a desirable place to live at affordable cost.

In conclusion, the wider focus of levelling up and devolution is on economic growth and jobs creation, and rightly so. But the benefits of economic growth in coalfield areas will be watered down if the lack of the right housing market offer in all segments and price points means that too many people choose to live elsewhere or cannot commute to employment locations.

Achieving this may require funding to be decentralised as far as practical, with decisions taken locally where there is an understanding of the place and neighbourhood.

For further information about this response, please contact

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