
Title: Brownfield Housing Fund – Extension of Programme (2025/26)
Report of: Phil Witcherley, Director of Economic Growth & Innovation
Portfolio: A North East We Are Proud to Call Home

Report Summary

The purpose of this report is to provide details of an additional Brownfield Housing Fund (BHF) allocation from the Ministry for Housing, Communities and Local Government (MHCLG) and to seek approval of a proposed pipeline of sites to be brought forward with this additional resource. Details were provided and the proposed pipeline of sites subsequently endorsed by Finance and Investment Board (F&IB) on Monday 7 July 2025.

Recommendations

The Chief Executive is asked to:

- i. Approve by delegated authority, the proposed pipeline of Brownfield Housing Fund sites as set out in section 3.1.

A. Summary of Investment Proposal (Context)

Key Project Information

Project Outline	
Funding Source	Brownfield Housing Fund
Proposal Name	Extension of Programme (2025/26)
Lead Organisation	North East CA
Delivery Areas	LA7

1. Background

- 1.1 The North East CA currently manages £49.2m Brownfield Housing Fund programme, which is intended to unlock 3,234 homes by March 2026. Investment to date has supported 19 schemes to help address market failure and unlock stuck brownfield sites. Resources have funded remediation works, demolition of derelict buildings and enabling infrastructure to bring forward 73.24 ha brownfield land across a range of sites, housing types and tenures. Housing construction is underway on the vast majority of sites and helping to support wider place-based regeneration opportunities and economic growth.
- 1.2 In February 2025, an EOI process was undertaken to consider propositions for an underspend within the existing programme (that could deliver 180 homes, the current target shortfall). Three schemes were shortlisted (total request of £2.39m to unlock 113 homes) with individual investments currently being considered in line with the Single Assurance Framework. These schemes will need to be contracted in 2026, with housing starts on site by the same timescale. Approval of these schemes would result in the existing programme being £302,193 over programmed.
- 1.3 MHCLG have confirmed that due to the strong performance of the current North East BHF programme a further £17.6m capital allocation has been awarded to the region to unlock brownfield land that could enable circa 705 homes. This funding must be contracted by March 2026, with housing starts to commence in 2028/29. As with the current programme the extension to the fund is focused on site development and schemes will need to meet the existing essential criteria.
- 1.4 On 10 June 2025, Cabinet agreed to accept and allocate the additional brownfield resources for 2025/26. Delegated authority to the Chief Executive, in consultation with the Mayor and Portfolio

Holder, was agreed to progress pipeline development, subsequent business case development and investment decisions in accordance with thresholds set out in the Single Assurance Framework.

2. Pipeline Development

- 2.1 To consider the best options to meet the funding criteria and deliverability of potential schemes, the Combined Authority has worked with Local Authority partners to consider potential schemes that are deliverable, show evidence of market failure and align with housing priorities set out in the Local Growth Plan.
- 2.2 In May 2025, Expressions of Interest were sought via Local Authorities who could also consider area-based options with Registered Housing Providers or the private sector. There was significant interest in the programme extension with 28 Expressions of Interest received, for a total funding ask of £76,011,310, forecasted to deliver a total of 2748 units.
- 2.3 During June 2025, submissions were subjected to an evaluation process against deliverability, strategic alignment (including the drive for more social and affordable homes) and value for money criteria. The results of that evaluation process and a proposed pipeline of schemes to take forward to the next stage are provided in Section 3 of this report.
- 2.4 It is proposed that following the evaluation process shortlisted schemes are invited to develop and submit business cases that demonstrate a case for investment. These will be appraised and considered in line with the Single Assurance Framework processes. Further details are provided in Section 5 of this report on the expected timeframes.

3. Proposed Pipeline

- 3.1 The proposed pipeline of 12 sites is provided below for consideration.

Site	Local Authority	Units (Total)	Units (Affordable)	BHF Funding (£)
Sheepfolds Plot 2	Sunderland	89	13	£5,120,437
Newcastle East End – Walker Sites	Newcastle	473	143	£4,810,755
Gateshead Old Town Hall Quarter	Gateshead	250	TBC	£3,420,000
Former Stobswood Brickworks	Northumberland	101	10	£2,987,126
Newcastle North – Garage Sites	Newcastle	109	109	£2,500,000
Windmill Grove, Blyth	Northumberland	31	31	£1,243,937
Former Coulson Park School Site	Northumberland	57	57	£1,105,459
Former Easington School Site	Durham	26	26	£630,632
Lanercost Park, Cramlington	Northumberland	16	16	£489,179
Netherton Lane	Northumberland	13	13	£250,000
Derwentwater Court	Gateshead	10	10	£170,000
Marden Residents Association	North Tyneside	15	15	£131,750
Total		1190	443	£22,859,275

- 3.2 Further information is provided in Section 4 below regarding the approach to over programming to mitigate the risk of a scheme in the pipeline withdrawing. Should multiple schemes withdraw, we are proposing that the next highest scoring scheme in the evaluation process (Scotswood Masterplan – Phase 4) would be brought forward for consideration.
- 3.3 In addition to deliverability and strategic fit, value for money was a key consideration when evaluating the schemes to include on a proposed pipeline. To provide some context, the existing £49.2m BHF programme is forecast to unlock 2989 units at an intervention rate of £16.5k per unit. The additional £22.9m proposed pipeline seeks to unlock a further 1190 units at a slightly higher intervention rate of £19.2k per unit. However, MHCLG have made provision for cost increases within the latest funding allocation, with £17.6m provided to unlock a target 705 units at a rate of £25k per unit. Further context for the increased intervention rate is due to additional costs related to bringing forward a higher proportion of affordable homes within the latest allocation (37% of proposed pipeline vs. 22% of existing programme are affordable homes).
- 3.4 For those schemes that are not proposed to be included on the pipeline the use of and fit with the Strategic Place Partnership Technical Capacity Fund could be considered. Where feasible, this could

explore opportunities to strengthen deliverability and gain a better understanding of development costs. This could include proposals which did not meet deliverability criteria due to significant site investigations still being required to finalise the viability position. It is proposed that through joint conversations with Local Authority partners, resource is allocated to those schemes seen as being most strategically important.

4. Budget Implications

- 4.1 Approval of the above pipeline would establish an over programmed position for the overall Brownfield Housing Fund of 8.84%. This is further outlined within the table below.

	Existing Allocation	New Allocation (25/26)	Total Programme
BHF Fund	£49,240,221	£17,600,000	£66,840,221
BHF Pipeline	£49,542,414 ¹	£22,859,275	£72,401,689
Programme Position	-£302,193	-£5,609,275 ²	-£5,911,468

¹ Figure includes the schemes at Amberley & Harrogate Street, New Hartley and Ebenezer Chapel which are currently in approvals.

² Figure includes an additional £350,000 revenue costs to cover business case development support, appraisals costs and an extension to the programme level evaluation.

- 4.2 The above over programming position is proposed due to several factors including the management of risk associated with the early stage of development of schemes. Whilst every effort has been made to evaluate the deliverability of schemes, factors outside of the control of both the CA and applicants have previously had significant impact on the overall position of the programme.
- 4.3 Over the lifespan of the BHF programme in the North East, 15 schemes have withdrawn for a variety of reasons. These include seeking alternative grant funding sources, delays causing schemes to no longer be deliverable in timescales, or schemes finding alternative development options. The total value of funding previously allocated to schemes now withdrawn from the pipeline is in the region of £32.5m (approximately 48% of the total value of the overall programme).
- 4.4 On 18 June 2025, an announcement from MHCLG outlined the potential of future devolved capital resource from April 2026 onwards. A programme of investment including £5 billion grant funding for infrastructure and land from the new National Housing Delivery Fund will complement capital investment from the National Housing Bank. This package will drive growth and transform places, boosting housing supply on otherwise unviable large and complex sites, and support land assembly, remediation and up-front infrastructure delivery such as utilities and schools.
- 4.5 With the above context (including the potential of future devolved funding) in mind, an over programmed position is requested to mitigate the risk of schemes withdrawing from the pipeline and the ability to bring replacements forward at pace within the required MHCLG timeframes, therefore underutilising the funding allocation for the region.
- 4.6 Should all schemes added to the pipeline come forward for funding through approvals and into contracting, an approach to manage commitments related to the 2025/26 BHF allocation will be taken. This could include a request from the Investment Fund, however as time progresses, we will have greater assurance on future devolved funds and/or additional resource from MHCLG. Schemes progressing through approvals late, or with an expected start on site further into the future could be contracted into 2026/27 to manage the over programming position.

5. Timetable for Mobilisation

- 5.1 The below outlines the timetable for mobilisation of the additional allocation of BHF for 2025/26.

Action	Forecast Date
Approval of the proposed pipeline at FIB	July 2025
Scheme business case development	July 2025 – October 2025
Business case appraisals	August 2025 – November 2025

Business case approvals (TOG and FIB)	September 2025 – January 2026
Development of GFAs and contracting	November 2025 – March 2026
BHF delivery and defrayment of grant	January 2026 – March 2029
Housing starts – ongoing project monitoring	Up to March 2029

B. Potential Impact on North East Combined Authority Objectives

The Brownfield Housing Fund programme has clear alignment with housing priorities within the North East CA's Local Growth Plan. This includes the aspiration to build more homes to meet our housing delivery targets; to support regeneration, brownfield land remediation, and to deliver more affordable and social housing.

C. Key risks

A summary of key risks relating to the proposal is included below:

- Due to the early stage of development of schemes on the pipeline, it is possible that external factors will impact on the deliverability or viability of schemes. This has been mitigated to the extent possible through the initial evaluation and due diligence process.
- As evidenced in this report, based on historic data we can expect a proportion of schemes added to the approved pipeline to withdraw from the programme due to a variety of factors. An approach to over programme has been proposed to mitigate the likelihood.
- The mobilisation period for the pipeline is short with contracting required on all schemes by the end of March 2026. A proposed timetable has been developed, and support will be provided to applicants to bring forward business cases within the required period.
- In the situation that all schemes progress through approvals and into contracting, an approach to managing commitments will be taken. This could include an ask of Investment Fund or contracting schemes in 2026/27 and/or making use of further devolved funds once known.

D. Legal implications

None.

E. Equalities implications

The North East CA follows the Public Sector Equality duty and this report has due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010.

F. Appendices

None.

G. Background Papers

[Brownfield Housing Fund Programme Cabinet Report 10 June 2025](#)

H. Contact officers

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I. Consultees

Cabinet Member:	Director/Head of Service:	Director of Finance and Investment:	Monitoring Officer:
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Yes	Yes	Yes	Yes
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