



Engines of Prosperity:
new uses for old mills
Executive Summary



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Introduction

Securing active and sustainable futures for West Yorkshire's vacant and underused textile mills is critical to sustaining the character of these important symbols of the County's industrial heritage. However, their regeneration can also have wider benefits through:

- Acting as a catalyst for the revitalisation of the surrounding area
- Acting as a focal point for local communities
- Creating jobs, investment, new homes and generating additional local tax revenues.

Historic England has engaged Cushman & Wakefield and Lathams Architects to produce a study to review and develop best practice in the regeneration of West Yorkshire's textile mills. The study has focused on assessing a combination of recently refurbished and currently disused mills across West Yorkshire. The work has highlighted the scale of the opportunity and the wide range of best practice precedents from recent mill conversion projects. It also underlines that there are a number of positive emerging trends which are creating a renewed impetus for regenerating these important assets:

- Market improvement across the residential and commercial sectors, which is generating increased occupier and purchaser demand for all asset classes including heritage assets;
- Growing developer and investor appetite;
- The devolution agenda which is encouraging local authorities and Local Enterprise Partnerships (LEPs) to invest in regeneration and growth projects and to implement innovative measures (such as simplified planning, direct delivery and intervention) to unlock the delivery of difficult sites and buildings.

The opportunity

The West Riding of Yorkshire has a rich heritage in the textile industry with many of its towns and villages once based around a textile mill. As a consequence there are a large number of textile mills across the County, some of which remain in use for industrial purposes, some have been brought back into use for either commercial or residential occupancy, and a great many remain vacant or underused. These buildings generally offer large open spaces which make them physically capable of being brought back into alternative use.

The scale of the opportunity is vast. There are over 1,500 remaining textile mills in the West Riding of Yorkshire, of which around 150 have been converted and are in use. Therefore there are approximately 1,350 that are either underused or vacant. Bringing a vacant or under used mill of 2,500 sq m (Gross Internal Area) back into productive use could generate a significant benefit for the local area. Applying standard densities to this floor area indicates it could generate:

- 115 net additional jobs (equivalent to £4.7million of Gross Value Added per annum), or
- 20 new homes

Assuming a mill of 2,500 sq m Gross Internal Area to be representative of the average mill size across the West Riding of Yorkshire and scaling-up the above benefits by the total number of remaining mills (1,365) suggests there is capacity for these mills to generate approximately:

- 150,000 jobs (equivalent to £6.4bn Gross Value Added), or
- 27,000 homes

In view of the quantity of mills the scale of the potential benefits from repurposing mills for new jobs or homes is considerable. These statistics underline the importance that partners collaborate to drive forward the regeneration process putting textile mills at the heart of the “Northern Powerhouse” agenda.

Key challenges facing West Riding of Yorkshire's Textile Mills

Securing the economic functionality and purpose of textile mills is critical to ensuring their conservation. However, many heritage assets, particularly those that are listed, face a number of challenges as a result of high running and maintenance costs and constraints affecting the feasibility and cost of modernisation. Add to this the fact that many such mills are located in traditionally weak market locations where occupier and investor demand is subdued, and it is easy to see why such properties can be viewed as more of a liability, rather than an asset.

Textile mills that are not sufficiently cared for and maintained can quickly fall into disrepair and can lower the environmental quality of an area. Such “dead landmarks” can reduce the attractiveness of an area resulting in a lack of inward investment and growth. Recent experience shows that conversely, integrating historic buildings with regeneration schemes can create popular, vibrant urban quarters which can act as a catalyst for investment.

The key challenges affecting mill regeneration projects are:

- Occupier demand
Some textile mills are located in areas of weak occupier demand. As a consequence rental and capital values are modest restricting the viability of mill redevelopment projects
- Structural condition
Some buildings have been disused for a prolonged period of time which has resulted in deterioration of the fabric and structure of the buildings
- Site constraints
Many sites experience a number of constraints including asbestos, difficult topography and flooding issues
- Cost of adaptation
As a result of the above, the costs of adapting mill buildings and sites are often higher than that of the average building renovation
- Risk profile
Because of uncertainties relating to cost, timing, planning and occupier demand, mill regeneration projects are viewed as high risk ventures by developers and funders.

Best practice solutions

There are a considerable number of best practice precedents of mill regeneration projects across the county that demonstrate what can be achieved.

Occupier solutions

- Alignment of assets with occupiers who 'like' heritage assets, such as creative industries
- Link to area based strategy for occupier growth
- Utilise public sector machinery to incentivise occupiers (e.g. business rate or council tax discount)
- Promote mixed use on large sites
- Encourage a phased transition from textile production to multi tenanted and mixed use
- Alignment of heritage assets with public sector accommodation requirements
- Create certainty through better planning and historic building guidance.

Design and adaptation solutions

- Enable greater flexibility in the adaptation of buildings including partial demolition and new build on site
- Masterplanning of mill sites
- Promote potential for conversion of mill buildings to houses (as an alternative to flats).

Cost solutions

- Smart cost management
- Early identification / determination of strategy (prior to closure of mill) to avoid period of vacancy and abandonment
- Phasing of site renewal costs
- Utilisation of tax concessions such as Enhanced Capital Allowances
- Off-setting abnormal costs through enabling development.

Business model solutions

- Develop public / private partnering mechanisms to enable conventional 'developer' model to work better on mill sites
- Encourage investors to establish funds targeted at mill assets in locations where uplift is expected over time
- Bespoke help for landlords in terms of finance, guidance and advice
- Provision of clear planning / listed building guidance on what will be acceptable
- Pooling of public sector resources
- Use of 'dowry' to enable transfer of assets to public or third sector groups
- Marketing of opportunities to high net worth individuals.

Funding solutions

- Alignment of Local Growth Fund, European Union funds and Heritage Enterprise to maximise funding availability and impact
- Utilisation of LEP and Homes and Communities Agency (HCA) investment programmes to create greater flexibility than commercial debt / equity
- Use of Tax Increment Financing (TIF) by local authorities utilising business rate income (for commercial occupiers) and New Homes Bonus (for residential uses)

- Consideration of innovative leasing structures whereby the strength of the public sector's covenant can be used to generate capital
- Use of public sector's capacity for borrowing to improve the availability of funds for projects and specifically to equip the public sector with the necessary resources to implement speculative projects.

Recommendations

Taking account of our findings we consider there to be a number of action areas for key stakeholder groups to address in promoting a programme of change and facilitating the regeneration process.

Historic England

- Rigorously apply 'Constructive Conservation' principles to adaptation solutions
- Proactive strategy and action plan for mills at risk in collaboration with the promoters of mill buildings (e.g. developers and property owners) and other key stakeholders
- Create certainty by working with senior officers within local authorities including conservation officers to provide clarification of what is needed
- The Enterprise and Regulatory Reform Act 2013 aims to make it easier to undertake works that do not affect the special architectural or historic character of listed buildings. Historic England can create certainty by working with local authority conservation officers to provide clarification of what is needed utilising planning frameworks / briefs, Local Listed Building Consent and Local Development Orders and Certificates of Immunity / Certificates of Lawfulness where appropriate.

Public sector

- Create West Yorkshire textile mill investment funds through Local Enterprise Partnership co-financed from Local Growth Fund, Historic England, European Structural and Investment Fund
- Local Authorities to consider financing options to address viability gap on priority assets, with seed funding provided by above West Yorkshire fund to limit borrowing risk exposure (potential to merge together with the proposed funds)
- Local authorities to take a more hands-on role in promoting and facilitating regeneration process using resources at its disposal – planning, CPO, borrowing, skills, local tax revenues
- Consider aligning public sector accommodation requirements with heritage assets.

Investors, developers and occupiers

- Work collaboratively with public sector partners to enable constraints to be overcome through funding, planning and other innovative solutions
- Recognise long term investment potential of textile mills and devise bespoke funds to target high rental/capital growth locations
- Look at long term opportunities in areas that will be up and coming – align with regeneration strategies.