

Subsidy Advice Unit Report on the proposed subsidy to 2020 Developments (Luton) Limited

Referred by Homes England

25 February 2026

Subsidy Advice Unit

Part of the Competition and Markets Authority



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1. The Referral

- 1.1 On 9 January 2026, Homes England requested a report from the Subsidy Advice Unit (the SAU)¹ in relation to the proposed subsidy to 2020 Developments (Luton) Limited (2020 Developments) under section 52 of the Subsidy Control Act 2022 (the Act).²
- 1.2 This report evaluates Homes England’s assessment of compliance (the Assessment) of the Subsidy with the requirements of Chapters 1 and 2 of Part 2 of the Act.³ It is based on the information and evidence included in the Assessment.
- 1.3 This report is provided as non-binding advice to Homes England. It does not consider whether the Subsidy should be given, or directly assess whether it complies with the subsidy control requirements.

Summary

- 1.4 The Assessment uses the four-step structure described in the Statutory Guidance for the United Kingdom Subsidy Control Regime (the [Statutory Guidance](#)) and as reflected in the SAU’s Guidance on the operation of the subsidy control functions of the Subsidy Advice Unit (the [SAU Guidance](#)).
- 1.5 In our view, Homes England has considered the compliance of the Subsidy with the subsidy control principles. In particular, the Assessment:
- (a) demonstrates that Homes England has considered other ways of achieving its policy objective and clearly explains and evidences why a subsidy was the most appropriate option (Principle E);
 - (b) demonstrates and evidences how design features of the Subsidy contribute to minimising any negative effects of the Scheme on competition and investment within the United Kingdom (Principle F); and
 - (c) clearly sets out the positive effects of the Subsidy in relation to the policy objectives, its geographic impacts, as well as potential negative impacts, and conducts a balancing exercise between them in line with the Statutory Guidance (Principle G).

¹ The SAU is part of the Competition and Markets Authority

² [Referral of the proposed subsidy to 2020 Developments \(Luton\) Limited by Homes England - GOV.UK](#)

³ Chapter 1 of Part 2 of the Act requires a public authority to consider the subsidy control principles and energy and environment principles before deciding to give a subsidy. The public authority must not award the subsidy unless it is of the view that it is consistent with those principles. Chapter 2 of Part 2 of the Act prohibits the giving of certain kinds of subsidies and, in relation to certain other categories of subsidy creates a number of requirements with which public authorities must comply.

- 1.6 However, we have identified the following areas for improvement. The Assessment should:
- (a) explain how the Subsidy will remedy market failures, over and above what would have happened in the counterfactual scenario (Principle A);
 - (b) explain in more detail why the Project's returns were considered sufficient to bring about the change in economic behaviour while remaining limited to what is necessary (Principle D); and
 - (c) explain in more detail how the subsidy amount of £29.5 million was determined and why Homes England considers this to be an appropriate and proportionate level of support (Principle B).
- 1.7 We discuss these areas below, along with other issues, for consideration by Homes England in finalising its assessment.

The referred subsidy

- 1.8 Homes England proposes to award a subsidy of £29.5 million to 2020 Developments⁴ to take forward a development project known as the Power Court Project (the Project) in central Luton. 2020 Developments is the property and development company of its 'sister company' Luton Town Football Club 2020 Limited (LTFC). 2020 Developments owns the site (and other property investments in Luton) and is responsible for delivering the Project.
- 1.9 The Project involves the redevelopment of a derelict, circa 7-hectare former power station site which 2020 Developments acquired in 2014. 2020 Developments aim to develop a new football stadium (for LTFC) on the site, as well as a residential and commercial area. The Subsidy will fund activity related to the infrastructure works necessary for the servicing of the housing and commercial/mixed-use development plots on the site only. It will not fund activity related to stadium infrastructure, which will be fully funded by LTFC.
- 1.10 Under the terms and conditions of the Subsidy to 2020 Developments, funding will be used for land remediation, the diversion of the culverted river Lea and de-culverting works, diversion of existing utilities, relocation of the existing St Mary's substation, provision of new utility capacity, public realm, highways works and other costs arising from compliance with obligations under the planning permission, along with associated technical and ancillary fees and costs. The Subsidy is expected to unlock serviced development plots for not less than 780

⁴ 2020 Developments is described as a 'subsidiary of 2020 Holdings (England) Limited and a sister company of Luton Town Football Club 2020 Limited'

residential units and not less than 43,000 square feet of mixed-use employment floor space.⁵

- 1.11 Delivery of the housing and employment floorspace is expected to take place over a period of approximately 10 years. The Subsidy will be available against agreed infrastructure costs incurred between July 2023 and March 2029. LTFC have an ambition to have the new stadium operational by the start of the 2028/29 football season. To meet this deadline, 2020 Developments proceeded with infrastructure works essential for the delivery of the new stadium in 2024 and 2025. A portion of these works are attributable to the Project and costs incurred to date on these works will be reimbursed through the Subsidy.
- 1.12 The Subsidy will be provided through Homes England's Brownfield Infrastructure and Land Fund (BIL fund)⁶ which aims to support both the public and private sectors to unlock strategic housing sites including housing-led, mixed-use opportunities where projects face delivery and/or viability challenges. Applications to the BIL fund need to meet a series of eligibility criteria to receive funding.
- 1.13 Homes England explained that the Subsidy is a Subsidy of Particular Interest because it exceeds £25 million in value.

⁵ Whilst the Project does not require affordable housing provision on the site as a planning obligation, 2020 Developments, Luton Borough Council and Homes England are collaborating with the ambition of delivering around 20% affordable housing on the site. Delivering this ambition is dependent on the receipt of additional grant funding.

⁶ [Brownfield, Infrastructure and Land Fund - GOV.UK](#)

2. The SAU's Evaluation

2.1 This section sets out our evaluation of the Assessment, following the four-step structure used by Homes England.

Step 1: Identifying the policy objective, ensuring it addresses a market failure or equity concern, and determining whether a subsidy is the right tool to use

2.2 Under Step 1, public authorities should consider compliance of a subsidy with:

- (a) Principle A: Subsidies should pursue a specific policy objective in order to remedy an identified market failure or address an equity rationale (such as local or regional disadvantage, social difficulties or distributional concerns); and
- (b) Principle E: Subsidies should be an appropriate policy instrument for achieving their specific policy objective and that objective cannot be achieved through other, less distortive, means.⁷

Policy objectives

2.3 The Assessment states that the policy objective of the Subsidy is to support the increase of housing supply by regenerating brownfield land in Luton and secondly, to support economic growth via making land available for the development of employment floorspace.

2.4 The Assessment also outlines the policy objectives of subsidies awarded through the BIL fund which are: the development of brownfield land to ease pressure on greenfield land and to bring under-used land back into productive use; the meeting of local housing and infrastructure needs specifically unlocking the delivery of homes in the current parliamentary period;⁸ and the unlocking of economic growth through supporting sites for the provision of new employment floorspace.

2.5 In our view, the Assessment clearly describes and evidences the specific policy objective of the Subsidy.

⁷ See [Statutory Guidance](#), paragraphs 3.33–3.59 and the [SAU Guidance](#), paragraphs 3.6–3.10 for further detail.

⁸ ie by Summer 2029.

Market failure

- 2.6 Market failures arise where market forces alone do not produce an efficient outcome. When this arises, businesses may make investments that are financially rational for themselves, but not socially desirable.⁹
- 2.7 The Assessment first discusses the national housing market and explains that while measures have been taken by government to address the UK's housing shortage, demand remains greater than supply. It then describes challenges relating to the supply of housing in Luton, explaining that 'delivery of new housing in Luton is challenging due to its comparatively low house prices and the recent increases in construction costs'. The Assessment provides statistics demonstrating that Luton has high levels of deprivation compared to other areas of Great Britain and a rising population, stating that Luton 'is a deprived area with unmet housing need, where investment is badly required, despite the relative affordability'.
- 2.8 The Assessment explains that the underlying market failures the Subsidy seeks to address 'relate to a combination of public goods provision and externalities that prevent the development from coming forward without public support'. It states that the project will deliver positive externalities such as site remediation, highway works, pedestrian crossings, and other benefits to the wider community arising from obligations under the site's planning permission. The Assessment further states that the brownfield land has been a 'blight' on neighbouring sites for many years, and that its remediation will deliver benefits to them. Additionally, the Assessment outlines how work relating to the diversion of the culverted River Lea will have 'public realm' benefits by enhancing biodiversity and creating attractive public spaces.
- 2.9 The Assessment explains that the development of housing on the site will provide benefits to end users and the wider community. However, it outlines that the cost of these benefits cannot be fully recovered by 2020 Developments. The Assessment states that without the Subsidy, the 'externalities and public goods' result in substantial abnormal development costs for the project. It outlines that these costs materially reduce the viability of the development and, consequently, a subsidy is required to remedy the identified market failure.
- 2.10 In our view, the Assessment provides a credible description of market failures the Subsidy seeks to address. However, as remediation of the site is also expected to occur in the counterfactual scenario if the Subsidy is not awarded (see paragraph 2.17), the Assessment should explain how the Subsidy will remedy market failures, over and above what would have happened anyway.

⁹ [Statutory Guidance](#), paragraphs 3.36–3.51.

- 2.11 In addition, the Assessment could also consider the extent to which the housing market itself is subject to market failures and, if so, whether the Subsidy helps address these.

Appropriateness

- 2.12 Public authorities must determine whether a subsidy is the most appropriate instrument for achieving the policy objective. As part of this, they should consider other ways of addressing the market failure or equity issue.¹⁰
- 2.13 The Assessment sets out several options Homes England considered, but discounted, including the following:
- (a) **Brokering:** The Assessment notes that this approach has already been taken to a degree by Luton Borough Council's Planning Team, which resulted in updated planning obligations that removed any affordable housing obligations. However, it concludes that this would not address the market failures as the viability gap requires capital investment.
 - (b) **Loans:** The Assessment explains that due to the viability gap, neither Homes England nor other commercial lenders would be willing to provide a commercial loan for the Project, while Homes England do not currently provide subsidised loans.
 - (c) **Acquisition by Homes England:** The Assessment discounts this option because it would expose Homes England to unnecessary financial risks.
 - (d) **Alternative uses of the Power Court site or housing delivery on alternative sites:** The Assessment explores regenerating the Power Court site via alternative commercial uses but discounts this option as it would not achieve the policy objective. It also considers the provision of a smaller subsidy towards alternative housing sites in Luton but concludes that there are no sites which will deliver a similar amount of housing as the Power Court site and which would result in housing completions within the parliament.
 - (e) **Further alternatives:** The Assessment discusses further alternatives including reliance on planning polices, primary legislation and direct development by Homes England but explains that these are not viable options as Homes England does not have any relevant planning powers or the power to make primary legislation and it does not hold any land interests in the site.

¹⁰ [Statutory Guidance](#), paragraphs 3.57–3.59.

2.14 In our view, the Assessment demonstrates that Homes England has considered other ways of achieving its policy objective and clearly explains and evidences why a subsidy was the most appropriate option.

Step 2: Ensuring that the subsidy is designed to create the right incentives for the beneficiary and bring about a change

2.15 Under Step 2, public authorities should consider compliance of a subsidy with:

- (a) Principle C: Subsidies should be designed to bring about a change of economic behaviour of the beneficiary. That change should be something that would not happen without the subsidy and be conducive to achieving its specific policy objective; and
- (b) Principle D: Subsidies should not normally compensate for the costs the beneficiary would have funded in the absence of any subsidy.¹¹

Counterfactual

2.16 In assessing the counterfactual, public authorities should consider what would likely happen in the future – over both the long and short term – if no subsidy were awarded (the ‘do nothing’ scenario).¹²

2.17 The Assessment refers to the Statutory Guidance¹³ to emphasise that although £16.3 million has already been committed to infrastructure works, Homes England is satisfied that the project would not proceed in a similar form, manner or timeframe without the Subsidy.

- (a) The Assessment specifically sets out a counterfactual scenario in which, if the Subsidy is not provided, 2020 Developments will not proceed with the planned residential-led mixed-use development, and instead pivot to an alternative development plan.
- (b) In this scenario, the Assessment explains that 2020 Developments will shift its focus away from brownfield regeneration to stadium development and repurpose the surrounding land for lower-cost uses, such as parking and retail outlets, to recoup investments, including the £16.3 million already contractually committed to residential/mixed-use plots of which £12.7 million has already been spent.
- (c) Accordingly, the Assessment acknowledges that the Statutory Guidance states that a ‘project that has already been started by a potential beneficiary’

¹¹ See [Statutory Guidance](#), paragraphs 3.60–3.74 and the [SAU Guidance](#), paragraphs 3.11–3.13 for further detail.

¹² [Statutory Guidance](#), paragraphs 3.63–3.65.

¹³ [Statutory Guidance](#), paragraphs 3.68.

would likely 'struggle' to meet the requirement that subsidies should not be used to finance a project or activity that the beneficiary would have undertaken in a similar form, manner and timeframe without the subsidy.¹⁴

- (d) However, the Assessment notes that the Statutory Guidance does not state this is impossible and makes clear that Homes England is satisfied that the Subsidy will change the behaviour of 2020 Developments in a way that is conducive to achieving the policy objective.

2.18 The Assessment explains that 'the alternative (counterfactual) strategy is deliverable but would not achieve the key policy objective of the subsidy'. It outlines that in this scenario, there is no guarantee that housing at the required scale will be developed on the site and to the extent that housing is developed, it would result in the delivery of only around 100-200 homes, with no prospect of affordable housing. The Assessment also explains that, absent the Subsidy, this housing would be delivered over 7-10 years, rather than 4-7 years if the Subsidy were awarded.

2.19 In our view, the Assessment presents a logical counterfactual scenario, outlining actions 2020 Developments would likely take in the absence of the Subsidy. However, the Assessment could explain in more detail the expected profitability levels or financial outcomes in this counterfactual scenario, to more clearly demonstrate why 2020 Developments would take this course of action in the absence of the Subsidy, and to provide a baseline for the consideration of additionality and proportionality later in the Assessment.

Changes in economic behaviour of the beneficiary and additionality

2.20 Subsidies must bring about something that would not have occurred without the subsidy.¹⁵ They should not be used to finance a project or activity that the beneficiary would have undertaken in a similar form, manner, and timeframe without the subsidy ('additionality').¹⁶

2.21 The Assessment explains that Subsidy enables 2020 Developments to pursue the Project rather than the alternative plan (see paragraph 2.17). It outlines that the core mechanism to incentivise this change in economic behaviour and ensure additionality is the closure of a viability gap.

2.22 The Assessment outlines that without the Subsidy, the Project has 'substantial (unfunded) abnormal development costs', resulting in a viability gap. It outlines that the total abnormal costs are £35.77 million, and that these are specific to the site and include essential infrastructure, remediation, and planning obligations

¹⁴ [Statutory Guidance](#), paragraphs 3.68.

¹⁵ [Statutory Guidance](#), paragraph 3.67.

¹⁶ [Statutory Guidance](#), paragraphs 3.66–3.70.

required for the residential-led mixed-use development. The Assessment explains that due to relatively lower house prices in Luton relative to high construction costs (particularly for the high-rise and 'high risk buildings' proposed for the site) and affordability pressures, such as higher house price-to-earnings ratios than the national average, these abnormal development costs cannot be recovered through housing sales revenues. It outlines that while 2020 Developments has committed to funding £6.3 million towards abnormal costs the remaining £29.5 million (ie the unfunded portion) must be addressed to make the Project financially viable.

- 2.23 The Assessment draws on due diligence reports provided by external consultants to evidence the viability gap. It explains that the option of delivering a housing scheme with 1,155 units was initially examined but found to be unviable, even with a £29.5 million subsidy, due to higher housebuilding costs for high-rise apartment blocks and additional infrastructure costs. The Assessment then explains that the updated analysis found that a £29.5 million subsidy would address the abnormal costs for a 750-unit housing scheme. However, it outlines that additional equity investment (which 2020 Developments has agreed to invest in the project) and/or reductions in construction costs or increased sales revenue would be required to cover the costs entirely. The Assessment explains that this analysis informed the finalisation of the Project and uses it to showcase the Project's financial viability and deliverability, suggesting that the Subsidy enables 2020 Developments to achieve a higher financial return than in the absence the Subsidy. It uses the reports from external consultants to outline the range of financial returns expected for similar projects.
- 2.24 In our view, the Assessment explains and partially evidences how the Subsidy would change 2020 Development's economic behaviour and that the Subsidy brings about changes that would not have occurred absent the Subsidy. However, the Assessment should explain in more detail why the Project's returns were considered sufficient to bring about the change in economic behaviour while remaining limited to what is necessary. To do this, it could draw on the findings of due diligence reports and other supporting evidence to explain how the level of financial returns aligns with or differs from the range of financial returns expected for similar projects. In addition, the Assessment should also consider the additionality of the Project relative to the counterfactual scenario (see paragraph 2.19)

Step 3: Considering the distortive impacts that the subsidy may have and keeping them as low as possible

- 2.25 Under Step 3, public authorities should consider compliance of a subsidy with:
- (a) Principle B: Subsidies should be proportionate to their specific policy objective and limited to what is necessary to achieve it; and

- (b) Principle F: Subsidies should be designed to achieve their specific policy objective while minimising any negative effects on competition or investment within the United Kingdom.¹⁷

Proportionality

- 2.26 The Assessment states that while the proposed Subsidy represents a significant proportion of the infrastructure works (£29.5 million out of £35.8 million, or 82%), it represents approximately 12.6% of the total costs of delivering the residential and commercial development (£234 million). The Assessment also notes that the subsidy per housing unit (£37,820) sits within BIL programme benchmarks and that costings and the viability gap were independently appraised by an external consultant.
- 2.27 The Assessment outlines several features that contribute to keeping the Subsidy to the minimum necessary and proportionate to the policy objective including the following:
- (a) The profit benchmarks underpinning the viability appraisal, which the Assessment explains are ‘within the normal market range for this type of scheme, subject to development risks’.
 - (b) The £6.3 million contribution by 2020 Developments (see paragraph 2.22) limits the Subsidy to what is necessary to meet the unfunded abnormal development costs.
 - (c) The Subsidy is subject to open-book verification of actual development costs and revenues by Homes England or an independent monitoring surveyor, with claims limited to eligible, pre-defined infrastructure costs expenditure.
 - (d) There is a profit-sharing mechanism whereby surplus profit above agreed thresholds is shared 50/50 with Homes England. The Assessment states that this ensures that the Subsidy value reduces if market conditions improve or costs are lower than anticipated, while maintaining incentives for 2020 Developments to manage costs and optimise sales values.
 - (e) A clawback mechanism requires repayment on a per-unit basis (£37,820 per undelivered dwelling) if agreed targets are not met, intended to ensure that the subsidy supports full delivery of the outputs.
 - (f) 2020 Developments must meet any cost overruns and provide a performance and financial guarantee.

¹⁷ See [Statutory Guidance](#) paragraphs 3.75–3.112 and the [SAU Guidance](#), paragraphs 3.14–3.18 for further detail.

2.28 In our view, the Assessment sets out aspects of the subsidy design which help limit the Subsidy to the minimum necessary to achieve its specific policy objective, in line with the Statutory Guidance. However, the Assessment should explain in more detail how the subsidy amount of £29.5 million was determined and why Homes England considers this to be an appropriate and proportionate level of support.¹⁸ It should set out how 2020 Developments' own contribution of £6.3 million was determined and explain why the developer is unable to fund a greater share of the abnormal development costs from its own resources. Where relevant, the Assessment could also describe any negotiations that took place regarding the size of the subsidy and the outcome of those discussions.

Design of subsidy to minimise negative effects on competition and investment

2.29 The Assessment sets out several aspects of the Subsidy's design which it considers are relevant to minimising distortive impacts.

2.30 In relation to the nature of the instrument, the Assessment explains that the policy objective could not be met with a less intrusive form of subsidy. It explains that a loan option with subsidised interest rates was rejected due to the effect a repayment obligation would have on the viability gap, and that subsidised equity investment was unlikely to attract sufficient private investment to the project. The Assessment also notes that Homes England considered alternative grant design, including whether a higher density housing scheme could be delivered with the Subsidy and whether the policy objective could be achieved by awarding grants direct to plot developers, but that these options were ruled out as unviable. Regarding the breadth of beneficiaries, the Assessment notes that the BIL fund is accessible to UK and international developers, with applications assessed against eligibility criteria. The Assessment explains that the Subsidy was allocated to 2020 Developments following a Homes England assessment process that included value for money and deliverability tests.

2.31 The Assessment also outlines terms and conditions of the Subsidy that contribute to minimising distortions. It explains that plot disposal or internal development must occur at market value, verified through independent valuation, thus limiting opportunities for the developer to gain competitive advantage through the Subsidy.

2.32 The Assessment also explains that the Subsidy is time limited and available only until 31 March 2029 and that the grant funding agreement provides Homes England with substantial monitoring and audit powers, as well as provisions to withhold or recover funds in case of non-compliance.

2.33 In relation to the ringfencing of costs, the Assessment outlines that the grant funding agreement restricts the funding to specific capital infrastructure items, with

¹⁸ See [Statutory Guidance](#), paragraph 17.16 for further detail.

costs separately apportioned between subsidised works and the stadium infrastructure works, which are ineligible for BIL funding, and that claims are verified at claim stage by Homes England or an independent monitoring surveyor.

- 2.34 Other aspects of subsidy design that are discussed at paragraph 2.27, including the surplus-profit sharing mechanism and clawback provisions, are also relevant to this principle.
- 2.35 In our view, the Assessment demonstrates and evidences how design features of the Subsidy contribute to minimising any negative effects of the Subsidy on competition and investment within the United Kingdom.

Assessment of effects on competition or investment

- 2.36 The Assessment identifies a number of relevant markets where competition may be impacted by the Subsidy including housebuilding, development land promotion, master development (affordable housing and commercial uses) and the wider construction sector. It states that potential distortive impacts on local or national markets are likely to be limited as the Subsidy is intended to bridge a specific viability gap only rather than improve the commercial position of the developer. The Assessment explains that the near 'break-even residual land value' reduces the scope for competitive advantage as a result of the Subsidy.
- 2.37 The Assessment also explains that the fact that plot disposal or internal development must occur at market value, verified through independent valuation, limits the risk of cross-subsidisation affecting downstream housebuilding competition. Additionally, it explains that infrastructure procurement must follow competitive tendering, ensuring contractors are paid market rates and receive no competitive advantage from the Subsidy.
- 2.38 The Assessment also discusses how the relative size of the Subsidy is small compared to both the size of the UK construction market (estimated to be £139 billion) and the UK housebuilding market (estimated to be £53 billion), and that there is strong competition in these markets. The Assessment characterises 2020 Developments as an 'SME developer' and notes that the Subsidy impact is limited because of this. However, it does acknowledge that 2020 Developments is likely to partner with a major contractor or volume housebuilder given the Project's complexity and delivery obligations.
- 2.39 In relation to the local effects of the Subsidy, the Assessment acknowledges that competitive effects may be greater but outlines that this effect is likely to be limited given there is an ongoing shortfall in affordable housing supply in Luton. It explains that market analysis undertaken by an external consultancy was satisfied that completion of the proposed development posed no risk of oversupply affecting take-up or pricing in the local area.

2.40 In our view, the Assessment explains and evidences the potential effects of the Subsidy on competition and investment, in line with Annex 3 of the Statutory Guidance. However, given that 2020 Developments operates as part of a wider corporate group, the Assessment could also consider the extent to which the Subsidy may affect competition and investment in the range of markets in which that group operates.

Step 4: Carrying out the balancing exercise

- 2.41 Under Step 4 (Principle G), public authorities should establish that the benefits of the subsidy (in relation to the specific policy objective) outweigh its negative effects, in particular negative effects on competition or investment within the United Kingdom and on international trade or investment.¹⁹
- 2.42 The Assessment explains that the Subsidy, by enabling the project, provides significant benefits in terms of meeting established housing need in the Luton area. It also explains that the Subsidy brings wider benefits to the local economic community through unlocked housing delivery of both market sale and affordable housing, provision of construction and permanent jobs, creation of community space and provision of publicly accessible space.
- 2.43 The Assessment also states that Homes England considers that the delivery of the Project would result in a number of public policy related benefits, including the regeneration of a brownfield site which has been derelict and vacant for a number of years, which is expected to act as a catalyst for the regeneration of the local area. It also discusses how the Subsidy will operate to maximise private finance as the Subsidy will enable the project to proceed and unlock further private sector investment.
- 2.44 The Assessment then considers the potential negative effects of the Subsidy. It explains that given 2020 Development's full control of the site any competitive effects are limited by the fact that a competitor would not be able to deliver the project. The Assessment also then considers whether the Subsidy could reduce 2020 Development's incentive to be innovative and invest, but states that without the Subsidy the policy objective would not be achieved.
- 2.45 The Assessment also considers the distortive potential impact of the Subsidy on SME housebuilders, as it explains that due to government priorities and the nature of the work required, government funding for the remediation of brownfield sites tends to favour large housebuilders. However, it explains why Homes England consider the Subsidy will have a limited negative impact on SMEs, and that these

¹⁹ See [Statutory Guidance](#), paragraphs 3.113–3.121 and the [SAU Guidance](#), paragraphs 3.19–3.21 for further detail.

impacts are outweighed by the benefits of delivery at scale on a 'difficult' brownfield site.

- 2.46 The Assessment concludes that given the substantial benefits that will accrue from the Subsidy and the absence of substantive negative consequences, Homes England consider that the balance is strongly positive.
- 2.47 In our view, the Assessment clearly sets out the positive effects of the Subsidy in relation to the policy objectives, its geographic impacts, as well as potential negative impacts, and conducts a balancing exercise between them in line with the Statutory Guidance.

Other Requirements of the Act

- 2.48 Homes England confirmed that no other requirements or prohibitions set out in Chapter 2 of Part 2 of the Act apply to the Subsidy.

25 February 2026