

Affordable, energy-efficient housing at UK coal mine regeneration project



PROJECT:
Waverley community
regeneration



COMPANY:
Hearthstone Investments



LOCATION:
UK

Challenge

Meeting investors' return expectations whilst delivering positive environmental and social impacts is an intricate balancing act.

Hearthstone Investments targets core real estate returns with stable income throughout cycles. Homes acquired require a minimum EPC B rating, with rents being affordable to people on average incomes in each location. Newly built homes and sites need to be compliant with the latest environmental regulations (i.e. insulation, emissions, biodiversity net gain), while meeting our environmental risk and community infrastructure criteria.

Most acquisitions screened fail to meet this range of return and impact criteria. One particular trade-off is assessing the additional cost of improved energy-efficiency against the affordability of resulting rents in light of yield and return targets.

Solution / Approach

Hearthstone Investments has developed proprietary tools to guide location screening and investment decisions. A top-down "hot-spot indicator" ranks UK local authority areas based on socio-economic and housing market factors, while a "social indicator" tool evaluates access to transport, green spaces, and community infrastructure.

This approach identified Waverley, South Yorkshire – formerly a coal mining site – as a high-potential opportunity. The location is undergoing one of the region's largest brownfield regeneration efforts, led by Harworth Group, with plans for nearly 3,900 new homes alongside employment, leisure, and public services. The area's evolving economy, driven by sectors such as aerospace, nuclear fusion research, and automotive, has attracted global firms like Rolls-Royce and McLaren.

Between 2019 and 2021, Hearthstone Investments acquired 31 homes on the site, through negotiations with both national and regional SME housebuilders.



Results

Energy efficiency:

- > Homes acquired are on average 24% more energy efficient than the UK average (based on EPC ratings)
- > Latest acquisitions
 - > 100% with heat pumps, PV panels and EV charging points
 - > One-third of the emissions of comparable gas-heated homes (based on kg CO₂/m²/year)

Affordability:

- > 22% of residents are key workers
- > Median household rent is 25% of income

Outcome

Place-making and community: The regeneration of this new community includes a new primary school (delivered in partnership with Rotherham Borough Council), a medical centre, a bus hub, community and leisure spaces, as well as shops, a gym, restaurants, a supermarket, cafes and office facilities. The developer (Harworth Group) is working with local residents and experts from Sheffield Hallam University to create an 'Active Towns' programme – using social research techniques and a detailed understanding of the land to

better use the site for the benefit of local residents.

Biodiversity: Two large man-made lakes are now home to many bird species including Water Rail and Great Crested Grebes. There are a further 300 acres of green spaces including a new 20-acre formal park under construction.

Developer collaboration: The first acquisitions were made from a national housebuilder with whom Hearthstone Investments has a long-established partnership. Such partnerships tend to accelerate deployment as both teams are familiar with each other's requirements and processes. From a buyer's perspective, there is also an element of reassurance as the site selection has been through the developer's selection process, competing with other opportunities to build across the UK.

Following a positive experience from the initial investment and seeing an opportunity to further our sustainability and impact objectives, Hearthstone started engaging with a regional SME developer on the same site. The developer has an innovative approach combining modern with traditional methods of construction, thereby delivering highly energy and carbon efficient homes that are developed and priced at a level that makes renting affordable to people on average incomes in this location.



The transformation of this former colliery in South Yorkshire into a prosperous new community with affordable homes is an inspiring success story of institutional investment in UK single family housing.

Helen Simons, Investment Director



Hearthstone Investments

Hearthstone Investments is a fund manager focused on affordable private rented housing in the UK. Across a range of funds and mandates, Hearthstone manages capital on behalf of UK Local Government Pension Schemes, as well as other institutional and private investors.

The team oversees an income-generating portfolio of over 1,900 homes across England, Wales and Scotland, aiming to deliver resilient income and capital growth for investors.