



The NHC Commission for Housing in the North

Interim Report

“ Housing is now the embodiment of the economic differences between the North and South. Improving the housing supply in the North presents a great opportunity to help address this imbalance ”

Lord Richard Best

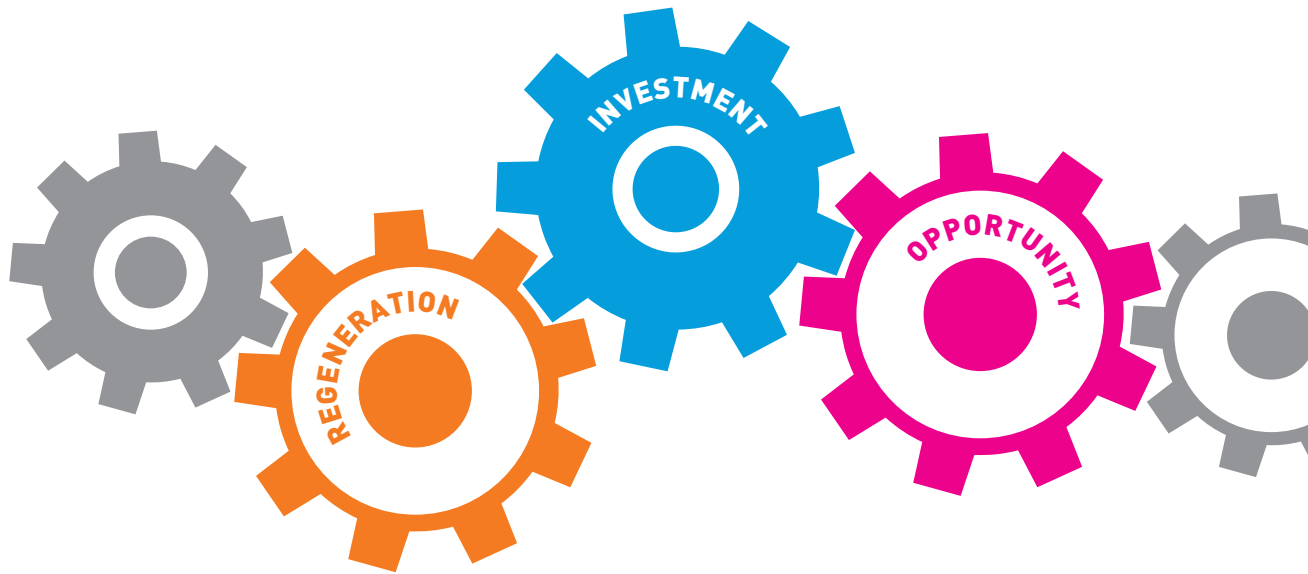
The Commission has found that with strong land availability, pro-development local leadership and excellent value for money, the potential for lots and better homes of all types to meet aspiration and affordability is immense – with some changes in approach.



“ Housing acts as an important enabler for productivity and industries as a whole and continuously ranks as a key business issue amongst our members. As such the housing needs in every region, including the North should be analysed to include a wide mix of tenures, including affordable rental accommodation and the private rental sector as well as homeownership. This will ensure that the right housing offers are made to support economic growth in every region ”

Rhian Kelly, CBI

The Commission has heard from business leaders of the importance they now place on Northern regeneration and housing growth and of the opportunities they see rising from this. Forging new partnerships will be key to realising this potential.



“ Where investment is delivering a strong housing offer in the North this is making a vital contribution to local growth and well-being. Conversely however, where the housing offer is wrong, this is acting as a powerful economic break and drain on resources ”

Professor Duncan Maclennan

The Commission has seen evidence of the great progress made across the North such as the centres of our great cities being transformed by high-quality homes to create vibrant neighbourhoods. Yet at the same time, there remain too many sites and housing projects holding back, which stems from the North’s industrial legacy. New approaches are needed to transform these areas into places people once again want to live and work.



A Cause for Optimism?

Housing in the North is different and diverse. With headlines and attention focused on the challenges facing London and the South East, the reality of modern Northern markets and the opportunities they present are not widely understood.

With newly vibrant urban centres and areas of outstanding natural countryside, the three Regions hold some of the most attractive housing stock in the country. Yet alongside them lie deprived neighbourhoods, in both urban and rural areas, where local housing markets are vulnerable to economic uncertainty and industry changes.

This variety distinguishes the housing context of the North and needs to be considered in today's operating environment as we move toward greater devolved decision making. We have a nuanced set of local housing challenges that are inextricably linked to the strengths and weaknesses of our economies. We know that by meeting these challenges, we can increase

supply, boost investment into these economies, improve the resilience of local communities and make a real difference to the housing opportunities presented to families across the North. To date, however, we have not looked to develop a comprehensive, strategic approach to realising this in a way that matches the intent or the ambition of the Northern Powerhouse.

The Commission was established to identify and assess the successes and challenges of housing in the North, then to consider best practice and potential solutions and finally to make practical recommendations for changes needed.

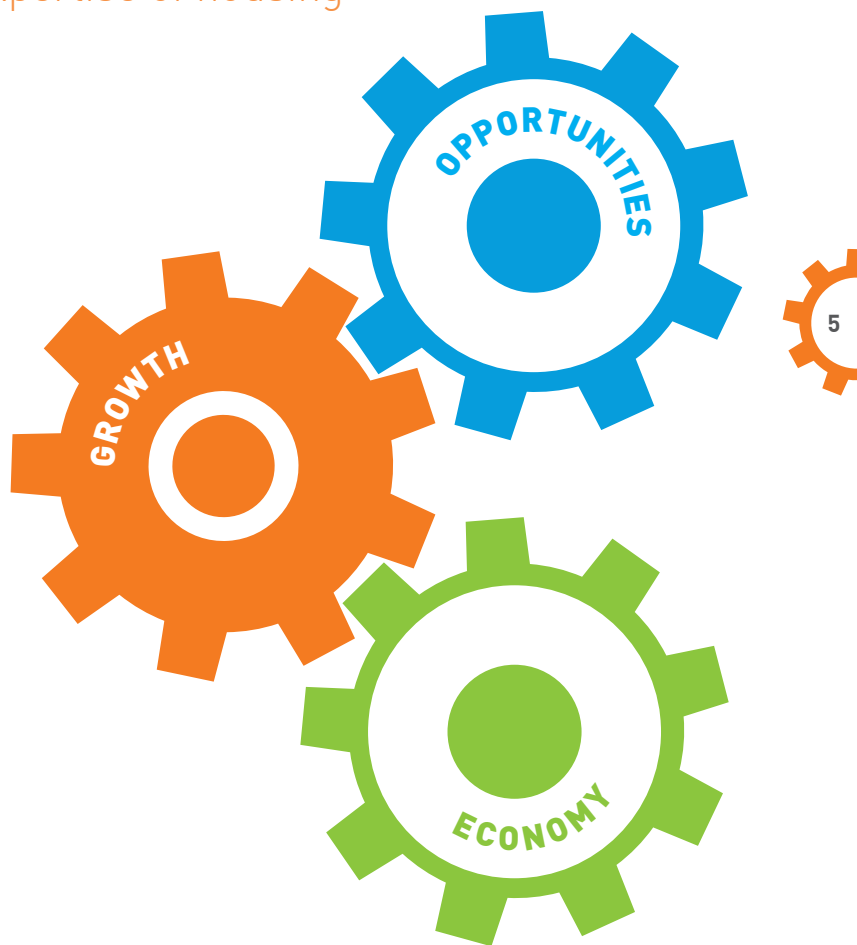
Purpose of the Interim Report

Since its first meeting in September 2015, the Commission has taken comprehensive evidence from a series of stakeholders and investors, all with in-depth and up-to-date knowledge and expertise of housing particularly in Northern markets.

This unique process, which included consulting more than 70 member organisations, has uncovered a number of powerful common messages that, even in its early stages, has given the Commission cause for optimism that the opportunities are there for the North to provide more and better homes and so help underpin wider growth and economic well-being.

The purpose of this Interim Report is threefold - firstly to convey the main initial findings of the Commission; secondly to present other areas, opportunities or barriers that we believe we need to better understand; and finally to seek your views and input. These will be valuable in informing the content and shaping the recommendations of the final report later in the year.


In this report, you will find an outline of the areas the Commission has reviewed to date and then a series of questions for you to consider around this work and the issues it highlights.





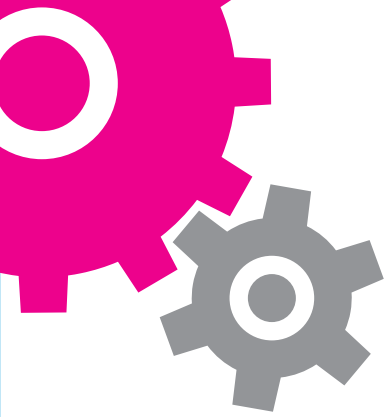
The North Can Deliver More and Better Homes

A clear message that the Commission has repeatedly heard during the initial evidence-gathering stages is that the North is in a strong position to step up the delivery of the new homes that we need and to support more families into the tenure of their choice.



Another important message has been that, in meeting growing demand, there is a central, complementary role for the existing stock. Housing ambitions can also be realised by raising the quality and putting the homes we already have to better use.

The NHC presents here a summary of the evidence presented to the Commission to support these points, presented as headline opportunities and challenges:



The Opportunities

Latent Investment Drivers

The North has a strong supply of developable land, steadily growing demand, interest from institutional and international investors and a pro-development approach from local political leadership.

Excellent returns on public and private investment

Based on powerful evidence of growing market confidence in some key areas, the Commission believes the North can offer excellent returns on public and private investment. Where public investment is targeted at increasing numbers and helping families into ownership, evidence seen by the Commission also shows that the returns to the public purse provide a lot of 'bang' for the North's 'buck'.


Access to ownership

The Commission has consistently heard that the demand and aspiration for home ownership exists and has seen evidence that house price income ratios in many areas could meet this. However, too often this is being constrained by the ability to raise a deposit.

Help to buy has been a useful tool to support home ownership for new homes but we need to ensure the 'second-hand market' is also accessible and that routes to home ownership are created that reflect local circumstances.



The Challenges and Barriers



Creating the right environment for investment

Although the investment drivers are now strengthening, a number of those giving evidence expressed concern that too many development opportunities were missed because of a lack of pace, commercial acumen and capacity or inflexible procurement and public sector investment requirements.

Site viability

In areas of lower value, current short-term, narrow investment incentives do not match, and are not delivering, the wider long-term benefits of developing difficult sites. The need to shape a more equitable long-term risk and reward balance between public and private investment partners was raised on a number of occasions.



Regeneration

There are too many areas in the North, some directly adjacent to areas of significant economic growth potential and often predominantly privately owned, that are no longer desirable places to live and work. These areas are acting as a drag on the potential of the Northern Powerhouse. New approaches are urgently needed to lever in both public and private investment to transform underperforming and unpopular areas to reflect the range of local markets found in the North.

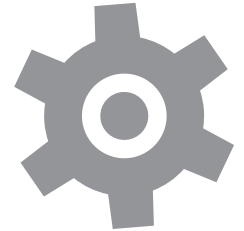
Local solutions

A consistent theme heard during evidence was that localities shared national ambitions of securing more new homes and helping people into ownership. To really step up and make this happen, however, many strongly felt we need to design or shape the investment tools needed to do this in ways that suit their prevailing housing markets.



The Commission has heard powerful evidence on a number of areas where housing could play a greater role as part of stronger local economies and on areas where there are potential threats to future optimum delivery. These will be considered in more detail in the coming months and will be reflected in the Commission's final report – in summary they include:

Areas for future consideration



The contribution Northern housing can make to “UK plc” and to balancing the economy

The Commission heard from both the CBI and Centre for Cities, that the good access to housing that the North can offer could become of growing importance to employers in the future

Drawing on the innovation, resilience and commitment of those delivering housing in the North

One of the areas of potential strength the Commission picked up on is the appetite to work together in new ways and to share learning. There may be a need to refresh the methods and forums that support such collaboration.



The means to strengthen capacity and skills

We have heard evidence of the importance of developing new partnerships between the public and private, of equitably “derisking” sites and of understanding and using the emerging investment environment. The ability to do this and, to use other traditional roles such as site assembly, planning, private sector renewal and CPOs, has been constrained by the significant restructuring of Local Authorities.

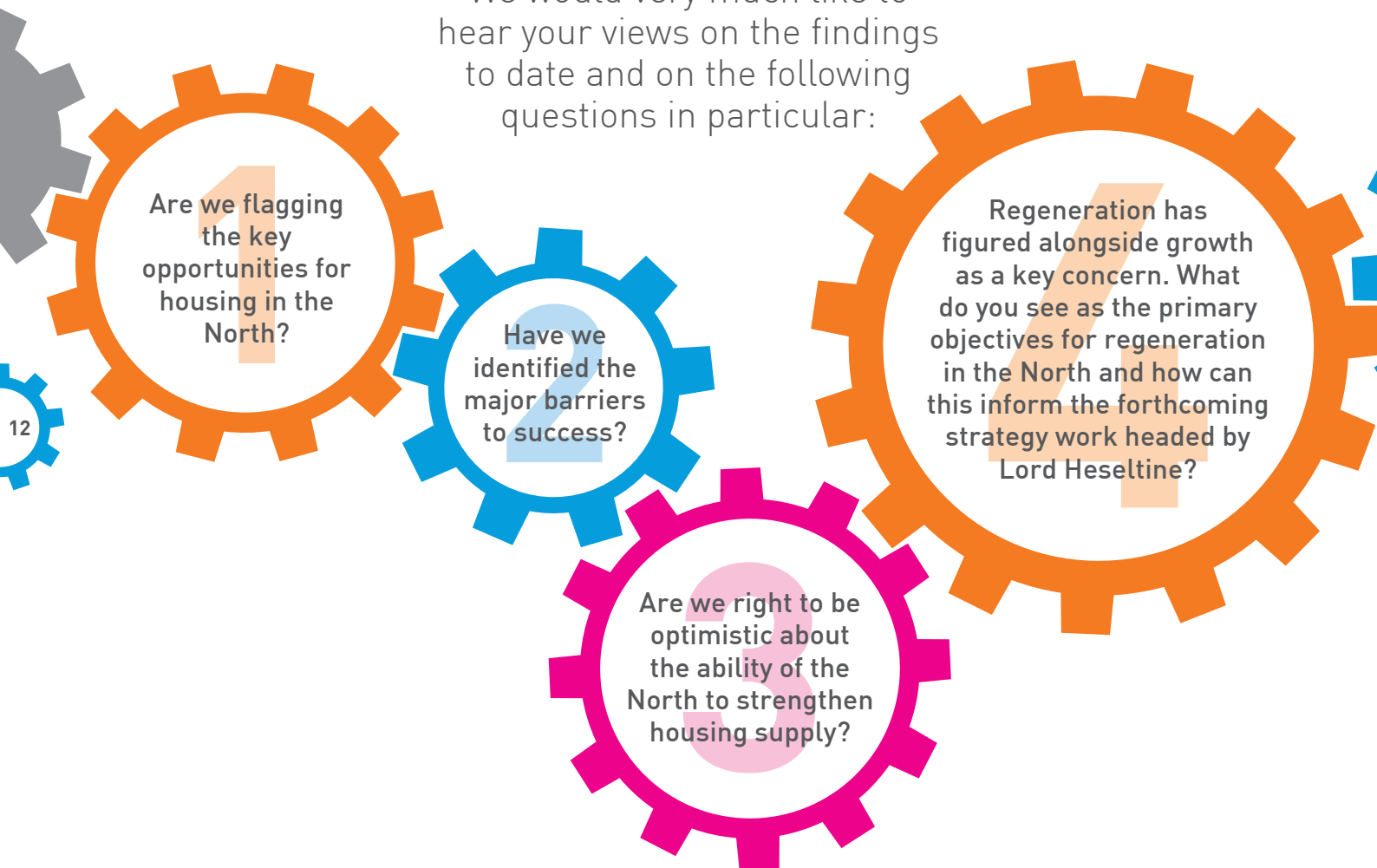
Devolution

Recent devolution deals have been valuable in recognising the potential of Northern cities to deliver housing growth. There is clear potential in practically supporting the delivery of their ambitions and in promoting future work which recognises that local housing market opportunities require local solutions to be fully effective. There also looks to be opportunities for greater collaboration that can better exploit agglomeration benefits and pull together housing strategies which cut across tenures to deliver both national and local objectives.



Questions for you

We would very much like to hear your views on the findings to date and on the following questions in particular:

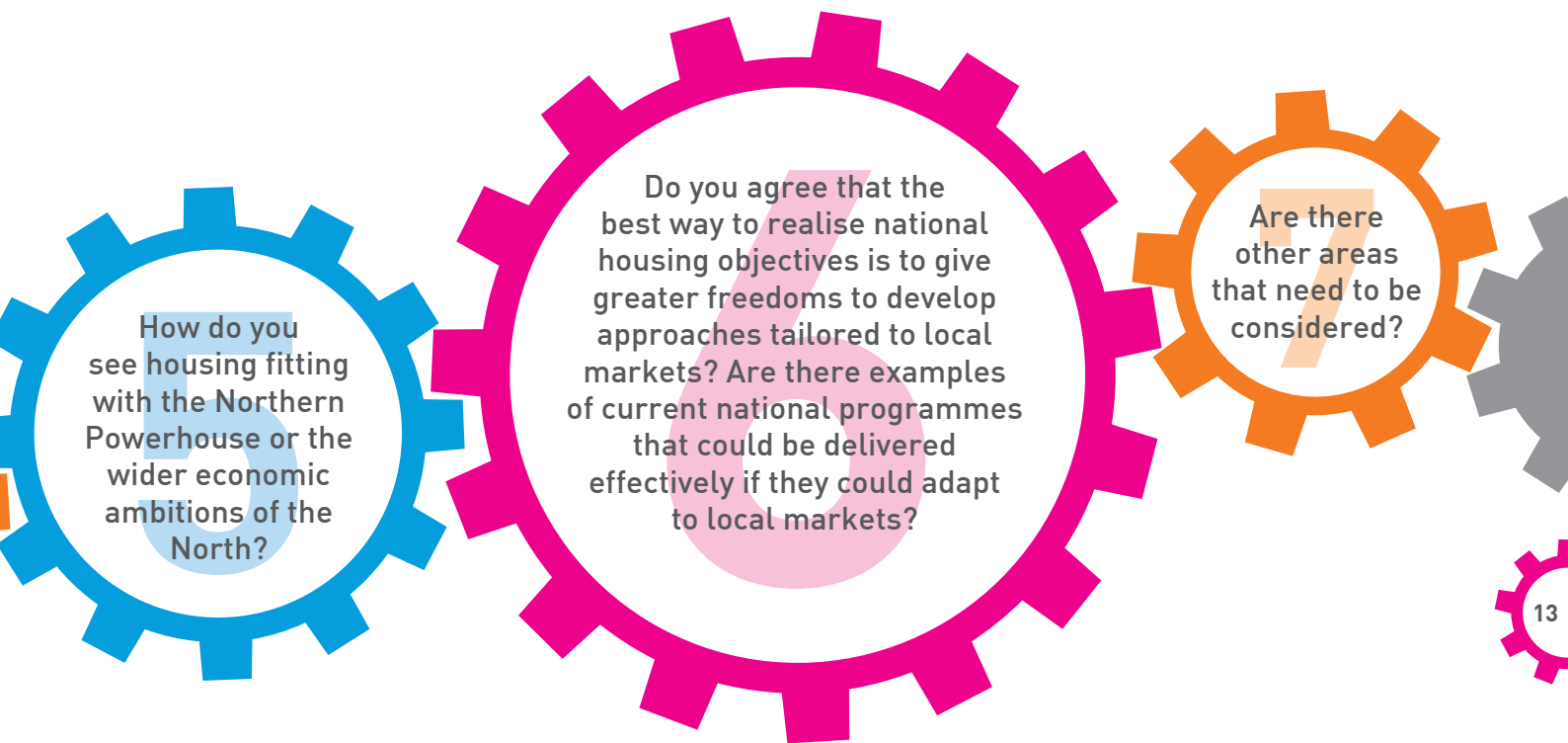


1
Are we flagging the key opportunities for housing in the North?

2
Have we identified the major barriers to success?

3
Are we right to be optimistic about the ability of the North to strengthen housing supply?

4
Regeneration has figured alongside growth as a key concern. What do you see as the primary objectives for regeneration in the North and how can this inform the forthcoming strategy work headed by Lord Heseltine?



How do you see housing fitting with the Northern Powerhouse or the wider economic ambitions of the North?

Do you agree that the best way to realise national housing objectives is to give greater freedoms to develop approaches tailored to local markets? Are there examples of current national programmes that could be delivered effectively if they could adapt to local markets?

Are there other areas that need to be considered?

The Commission is committed to sharing and consulting on findings as widely as possible and hearing your views at this stage is an important element of this. Please do let us know what you think by contacting us by the end of July 2016.

Case Studies

We are keen to hear of examples of schemes or approaches you may be involved in that you feel illustrate the points made in this report. We know that there is lots of good practice and innovation out there as well as lots of challenges that others would be most interested.

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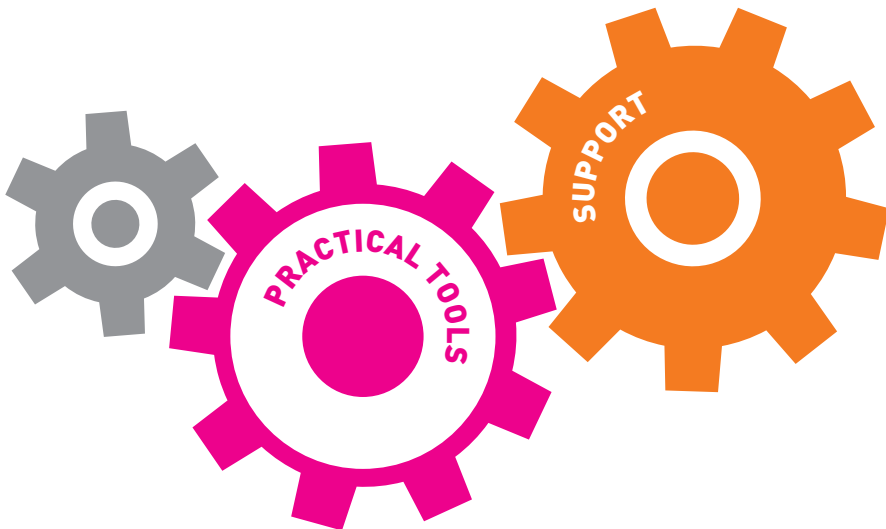
The Next Steps

We will consider the feedback from this Report during early spring and, throughout this period, continue to take evidence and views on the areas referred to above. This work will be consolidated into a final report to be published in time to inform and influence the preparation of the Chancellor's Autumn Statement.



Our aim is to produce a final report that will provide practical tools and support mechanisms for those directly involved in delivering housing in the North. Whilst this report is an important step towards this, its purpose at this stage is to check that we have captured the most important issues.

It is important to note that at the time of writing, the Housing and Planning Bill is currently in the House of Lords but it is likely to receive Royal Assent during May 2016. It is likely that the Bill will have a greater influence on our work as certainty around its measures increases.



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