



All Party Parliamentary Group
Housing in the North

Non-Verbatim Minutes
Tuesday 20 February 2018
4.30pm – 6.00pm

Committee Room 18, House of Commons, Westminster

Present

MPs and Peers: Lord Shipley, Melanie Onn MP, Rosie Winterton MP, Rachael Maskell MP, Lord Best, Baroness Gardner of Parkes, Liz Twist MP, Andy McDonald MP, Mary Glendon MP, Clive Betts MP, Lord Stunell

Also Present: Mervyn Jones, Chief Executive, Yorkshire Housing; Sir Robin Wales, Mayor of Newham; Paul Beardsmore, Director of Housing and Residential Growth, Manchester City Council

Secretariat: Jo Boaden, Chief Executive, Northern Housing Consortium (NHC); Tracy Harrison, Deputy Chief Executive, NHC; Kate Maughan, Head of Member Engagement, NHC; Liam Gregson, Member Engagement Officer, NHC

Apologies

MPs and Peers: Ian Mearns MP, Sir Graham Brady MP, Lord Thurlow, John Healey MP, Frank Field MP, George Howarth MP, Angela Rayner MP, Rachel Reeves MP, Lucy Powell MP, Mark Menzies MP, Baron Rogers of Riverside, Jake Berry MP, Robert Goodwill MP, Baroness Golding, Baroness Hamwee, Jenny Chapman MP, Derek Twigg MP, Kevin Hollinrake MP

In the Chair: Lord Shipley

Chair's Welcome

Lord Shipley explained to those in attendance that due to pressing business elsewhere, he would act as Chair in the absence of Ian Mearns MP and APPG Vice Chairs.

Homes for the North - Update

Lord Shipley first introduced Mervyn Jones (MJ), Chief Executive of Yorkshire Housing, to give an update on the work of Homes for the North (HFN) including the recent publication *Future Housing Requirements for the North* and the focus of upcoming projects.

HFN is made up of 19 of the largest housing associations in the North of England. As a group, HFN employs approximately 30,000 people and is responsible for the development of around 6000 homes a year.

The group works with a range of partners to promote social and economic investment in the region through influencing policy, conducting research, and sharing best practice. Overall, HFN wants to see more and better homes built and looks to represent the role of housing associations in addressing the housing crisis.

Published in September 2017, *Future Housing Requirements for the North* presented an assessment of regional housing need underpinned by research conducted by Lichfields on behalf of HFN. The document put forward that the North of England required a total of 500,000 new homes over a 10 year period.

HFN feels that 500,000 over 10 years is robust figure as it considers two alternative scenarios:

- An interventionist scenario where housing need was driven by devolution, an increased local funding structure, and investment in transport, and;
- An organic scenario, where the drivers of housing need centred around a greater retention of young people (especially graduates), a rise in flexible working patterns, and the southern experience continuing to revolve around growing house prices and reducing real wages.

MJ noted in the first instance that this figure was larger than the 'objectively assessed need' proposed by the recent government consultation *Planning for the Right Homes in the Right Places*.

MJ stated HFN generally welcomed the questions put forward in the consultation but was concerned that assessed housing need for the North did not take into account aspirations to grow the region's economy. HFN research conducted in 2016 concluded that a strong housing offer was integral factor in allowing the North to both attract and retain talent and skills.

MJ concluded by informing the APPG of the areas HFN will be focussing on in 2018. This included collaboration with Transport for the North and exploring how collective buying power can make modular housing more accessible to Housing Associations.

Questions and Answers

In response to Lord Shipley, MJ confirmed that the target of 500,000 homes was a net, and not a gross figure. It was also confirmed that Local Authorities were to decide what proportion of new homes in their areas would be affordable homes and which would be sold at market prices.

Melanie Onn MP (Great Grimsby) asked how HFN communicated with Local Authorities and also questioned whether HFN felt its proposed expansive housebuilding programme would be affected by a shortage of capacity and skills in the construction industry.

MJ explained that it was not the role of HFN to communicate as an organisation with Local Authorities; it was rather for its individual Housing Association members to liaise with their relevant authorities. In relation to construction, MJ felt that the focus on modular build was in part due to its potential role in addressing capacity issues.

Baroness Gardner of Parkes asked for MJ's views on two topics – the value of HS2 to the north, and whether the recent project seen in Liverpool of selling empty homes for £1 could be considered a success.

MJ felt that HS3 will prove to be more valuable to the region. In relation to the £1 empty homes; this project highlighted the condition of the northern housing market where some areas remained strong whilst others were left to become almost destitute and required a dramatic intervention.

Paul Beardmore, Director of Housing and Residential Growth at Manchester City Council (PB), noted that similar projects had been seen previously in Newcastle and Stoke with relative success. The programme in Liverpool however was a different case as it was a small number of houses being sold in a certain area.

Andy McDonald MP (Middlesbrough), raised the issue of transport asking whether consideration had been given to the role of public transport in connecting housing developments to their wider surroundings.

MJ agreed that the link between housing and transport was important and something HFN was keen to see developed. It was noted that transport options was a consistently a question from prospective home owners.

Liz Twist MP (Blaydon), highlighted that, in relation to the Government's proposals on objectively assessed need, that we were yet to see an answer on how to effectively build economic aspirations into housing growth projections.

Mary Glendon MP (North Tyneside) suggested discussions around housing and infrastructure should include Broadband. Good internet connectivity was now a key demand when choosing a home, especially for young people. Also, the number of homes available for young families and first time buyers would be improved if there were more options for older people to downsize. More could be done in development to address the practical needs of housing, with better flexibility in adapting homes for example installing wet rooms.

MJ agreed and noted that housing development usually offers standardised homes which can protect revenue. Housing Associations are better placed to offer flexibility and the ability to adapt homes.

Lord Stunell asked for a clarification on page 5 of the circulated document (*Future Housing Requirements for the North Executive Summary*): given that the base line figure (2014 SNPP/ SNHP) proposed a need of 43,885 new homes a year (over ten years) and HFN was suggesting the need was actually 50,000pa. It would be right to assume that the current shortfall was 7000 new homes being built a year? In response, MJ stated that the baseline figure was not the number of homes currently being delivered, so the actual shortfall would be greater.

Lord Best enquired about the role of larger developers. MJ felt that there would not be much shift away from these organisations and the major housebuilders would still need to be responsible for the majority of homes being built. It would then be for the Housing Associations to make up the difference.

Lord Shipley recommended attendees read the Hansard from Lord Best's House of Lords debate on "the performance of the United Kingdom's major housebuilders". The debate, held 11 January 2018, was an informative read and covered a wide range of issues including housing finance, planning capacity, and the role of smaller developers and housing associations.

(Link: That this House takes note of the performance of the United Kingdom's major housebuilders: <https://hansard.parliament.uk/lords/2018-01-11/debates/5C593D58-0CC2-404C-8C69-32472C5C0C81/Housebuilders>)

Mary Glendon MP stated that whilst there had been much discussion on the role of Housing Associations, the role of Local Authorities should not be forgotten. How can local government be assisted in ameliorating brownfield land and what can be done to allow greater flexibility in raising finance for house building.

Selective Licensing - A Vanguard Local Authority

Lord Shipley welcomed Sir Robin Wales, Mayor of Newham, to the APPG. Whilst the London Borough of Newham could be considered a vanguard of many policies, it was Selective Licensing that Sir Robin would be addressing on this occasion.

The Mayor began by underlining the importance of local flexibility in decision making. The private rented sector (PRS) had grown throughout the country, in London, but also in vastly different areas such as Blackpool. Different areas brought different circumstances, and needed different approaches to ensure tenant safety and security.

Newham Council's Selective Licensing scheme had proved valuable in gaining an understanding of the borough. Nearly 50% of homes fall within the PRS but it was only through the scheme that the council could highlight which homes they were. With 28,000 landlords, it was important to identify those allowing their tenants to live in unsafe conditions and acting in a criminal manner.

In enforcing the scheme, the Newham Council has 40 police officers on its payroll. Through the scheme, around 12,000 landlords had been prosecuted, resulting in numerous arrests.

It was important to remember that whilst many areas had a big focus on employment, people still lived in market conditions which demanded a disproportionately large amount of their income was spent on rent. The debate on building more homes should also take into account how more affordable homes could lower rent prices and allow people to move out of sub-par accommodation.

To this end, Newham Council has established Red Door Ventures (RDV), a commercial residential developer and property management / lettings company. RDV has completed four schemes and in total aims to build 3,000 homes for private rent over 6 years. It is hoped an injection of quality homes into the PRS would lead to unscrupulous landlords being removed from the area, if not the sector.

Sir Robin highlighted aspects of Newham's approach as an example for other Local Authorities to follow and welcomed work from surrounding areas such as Barking and Dagenham. Sir Robin stressed that work should begin now as most successful approaches needed to be implemented over the long term.

Questions and Answers

Lord Shipley raised the London Housing Strategy's assertion that London will be required to build 50,000 new homes each year and asked Sir Robin's views on the split between market rate and affordable rate.

In response, Sir Robin felt that the housebuilding target was correct but another issue was ensuring affordable meant truly affordable. Newham Council were exploring the possibility of proving homes for a rent based on a proportion of income. Around 30% of a person's income should be the ambition.

The discussion moved to enforcement. Sir Robin queried whether current fines were a substantial deterrent to criminal landlords. If these people broke the law in a civil way then their means of income, their properties, should be repossessed.

Rosie Winterton MP (Doncaster Central) asked whether the Newham Council was engaging with other Local Authorities in disseminating best practice. The fear was also expressed that success in other areas of forcing out criminal landlords meant they were being displaced northwards. She noted accounts of landlords being based from well outside her constituency and having never visited the properties they were responsible for.

Sir Robin felt that one strength of local government was when expertise was built up it was shared around. On the displacement of landlords, it was the case that they were not coming to Newham, and perhaps moving northwards was seen as an option. Cases had been seen where criminal landlords would maintain as little a connection to a property as possible and have a 'head tenant' collect rent on their behalf.

Jo Boaden, Chief Executive of the Northern Housing Consortium, enquired as to what happened to tenants once they had been discovered to be living in horrific conditions. Sir Robin highlighted this as important question, in many cases these people were working and would move on from the property as areas could not be allowed to become ghettos. The underlying issue was of a hidden economy where workers did not receive the minimum wage. London Borough of Newham has for a number of years worked to promote a greater role for Local Authorities in enforcing the national minimum wage.

Private Rented Sector - A Northern Local Authority View

PB began by outlining certain differences between Manchester and the experience in London, most notably that in some areas market rent undercuts social rent.

Manchester had seen the fruits of inward investment paying off in many areas. As part of the city's Housing Strategy there were now a number of developments devoted to PRS which would help drive up standards in that sector.

In many cases there was now a steady supply of good quality homes affordable to those on incomes upwards of £16,000pa. A number of institutional investors were also involved in making housing available for family use.

However, there were still issues with areas made up of terrace housing which had become rooted with the most common negative aspects of the PRS. Here, unprincipled landlords could realistically buy a property for £60,000 and make no effort to improve the home whilst picking up a steady income through rent; like buying an old car with the only intention to run it into the ground.

These areas had become difficult to turn around as it was hard to attract people with long term ambitions for a property. People no longer value a property with potential to renovate or refurbish, and look at wider issues such as 'place'.

Selective Licensing and other behavioural nudges were beginning to turn these areas around. PB emphasised that numerous small changes were combining to make a big difference. For example, landlords registering online were obliged to provide proof of an up to date gas certificate. Additionally, an upturn in standards and the replacement of problem landlords with owner occupiers had seen communities begin to engage with each other.

The next step was to do more to acquire properties and ensure they were sold on to good intentioned buyers. Homes may not necessarily be available for social rent but landlords were ethical in their business practices, ensuring safety and providing security of tenure.

PB suggested that in many instances the PRS was catering for working age households who could be housed by Housing Associations. More could be done in social housing to attract those who currently find themselves in the less regulated PRS. Part of the answer would be to prioritise the building of more one bed social housing.

Questions and Answers

Rosie Winterton MP asked what work was being done to ensure available properties were not falling into the PRS but being made available to young families hoping to become owner-occupiers, and furthermore, what were the conditions of the areas where this was happening; would people want to live there?

PB stated that Manchester City Council had a number of partners helping to refurbish properties as well making use of Section 23 and 24 funding to assist similar work amongst Housing Associations. Grant money offsets refurbishment costs to protect the affordability of a property.

In terms of quality of place, PB noted that people coming into these properties appreciated that an area was 'on the up'. It was an important role of the Council to maintain momentum in raising standards which provided the assurance that communities were not being cut adrift.

Mary Glendon MP asked whether the various projects increasing the supply of affordable homes in Manchester would provide an alternative to Right to Buy, is there any sign that people are choosing to move home rather than buy their current property?

PB responded that there was no sign currently that this was the case. Although the affordability of some housing was providing a good offer, the Right to Buy discount was proving to be a greater pull.

Liz Twist MP enquired as to how Manchester City Council identified the areas in which to introduce Selective Licensing. PB informed attendees that this was achieved through various data sources. The Council was one of the few Local Authorities to buy its Land Registry data. This, cross referenced with Council Tax information, could identify which areas had a high proportion of rented homes. Selective Licensing would not solve every problem but it would certainly help in focussing resources and benchmarking.

PB stated that encouraging poor landlords to sell their properties was more of a case of applying pressure than offering incentives. For the most part it is a case of hassling through enforcement measures whilst simultaneously arranging offers to be made on the property, whether by the council themselves, from Housing Associations, or other partners. There did however remain a risk that the property would again fall into the hands of another sub-standard landlord.

MJ noted stated that some investors were attracted to the North because of high yields, the price of a property may not rise dramatically but it will provide steady revenue in terms of rent. PB added an eventual sale of the property was an added bonus.

PB concluded by reiterating that the housing market in the North was different to the South with many cases of a high supply of housing but low demand. With this, the focus has to be on place and building neighbourhoods up. With investment and a commitment from a range of partners, people can be persuaded that an area is on the up.

Close

Lord Shipley closed the meeting thanking all for attending. It was confirmed that meeting notes would be circulated in due course in addition to confirmation of the next meeting of the APPG Housing in the North.

Next Meeting of the APPG Housing in the North:

Tuesday 15 May 2018, 4.30pm – 6.00pm, Committee Room 19, House of Commons, Westminster