

Housing, Communities and Local Government (HCLG) Committee

Long-term Delivery of Social and Affordable Rented Housing

Supplementary Evidence - Response from the Northern Housing Consortium

About the Northern Housing Consortium

The Northern Housing Consortium (NHC) is a membership organisation based in the North of England. We are the 'Voice of Housing in the North' working with local authorities housing associations and ALMOs. Our membership covers over 90% of all social housing providers in the North. The NHC's vision is to use our collective voice to have unrivalled influence in achieving housing policy that works for the North and provide outstanding services that support our members to create great places to live.

Our interest in the Inquiry

The NHC's members facilitate and deliver social and affordable rented housing across the North of England. We submitted written evidence to the Committee's original call and provided oral evidence at your hearing on 21st October 2019¹.

Summary of Key Messages

- 1) Investment in Affordable Housing** – The Budget's recommitment to the Affordable Homes Programme is welcome but a funding package of £12.2 billion over five years falls short of the £12.8 billion *per year* investment called for by national housing sector bodies. Confirmation is also required that the Programme remains a national one.
- 2) Geographic Targeting of Key Housing Funds** – New funding streams and allocations from existing programmes have been made available to northern areas. However, confirmation in the Budget that a new Single Housing Infrastructure Fund to be announced at the Comprehensive Spending Review will maintain a focus on 'high affordability pressure' means many northern markets will continue to be locked out of essential investment.
- 3) Local Authority Housing and Planning Capacity** – The forthcoming Planning White Paper will correctly aim to 'improve the capacity, capability and performance of LPAs to accelerate the development process'. New research from the NHC highlights that local authority housing and planning services in the North of England have been disproportionately impacted by reductions in capacity over the last decade and makes recommendations as to how this capacity can be returned.

¹ <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/housing-communities-and-local-government-committee/longterm-delivery-of-social-and-affordable-rented-housing/oral/106615.html>

1) Investment in Affordable Housing

- 1.1 The national Shared Ownership and Affordable Homes Programme (AHP) has been valuable in Northern regions where housing markets have been weaker. Government intervention through this grant makes development viable in markets where the balance between build costs and sales values would otherwise preclude it.
- 1.2 Currently not restricted to any geographic area, the AHP provides a significant source of funding to Northern housing development in the absence of other dedicated funding restricted by geographic targeting². AHP funding has also fulfilled many other roles, providing a more flexible and holistic funding regime. Case studies collected by the NHC show how relatively small investments have made significant differences to communities: whether repurposing existing buildings, bringing empty homes back into use, or making use of redundant sites³.
- 1.3 Through the programme, one in three Homes England affordable completions occur in the North of England⁴. The North therefore makes an important contribution to the success of the national programme, and this contribution to the Government's overall commitment to build at least 1 million new homes by the end of the Parliament, and an average of 300,000 homes a year by the mid-2020s.
- 1.4 Despite the success outlined above, delivery of affordable homes in the North still falls beneath the independently assessed need for such homes, with this shortfall being mirrored at a national level:

	Affordable housing completions 2018/19 ⁵	Independently assessed need for affordable homes per year ⁶
North ⁷ (North East, North West, Yorkshire and the Humber)	9303	19,168
England	40,289	145,000

- 1.5 National housing bodies - National Housing Federation, Shelter, Crisis, Campaign to Protect Rural England, and the Chartered Institute of Housing - are aligned in what is required to build affordable housing at the scale needed: £12.8bn of government investment per year, in real terms, for the first ten years. These housing bodies also agree, critically, that this expanded programme should be available across the country. The NHC supports their calls and stresses the importance of a truly national programme.

² The Housing Infrastructure Fund Forward Fund; Estates Regeneration Fund; the short-term Home Building Fund; Small Sites Fund; and Land Assembly Fund

³ Building #OurNorth – The Vital Role of the Affordable Homes Programme, Northern Housing Consortium (2019). Available at: <https://www.northern-consortium.org.uk/wp-content/uploads/2019/09/The-Vital-Role-of-the-Affordable-Homes-Programme-NHC-Doc.pdf>

⁴ Homes England Housing Statistics. Available at: <https://www.gov.uk/government/collections/housingstatistics>

⁵ National Statistics - Housing Statistics 1 April 2018 to 31 March 2019. Available at:

<https://www.gov.uk/government/statistics/housing-statistics-1-april-2018-to-31-march-2019>

⁶ See Bramley, G. (2018) Housing Supply Requirements Across Great Britain. London: Crisis. Available at: https://www.crisis.org.uk/media/239700/crisis_housing_supply_requirements_across_great_britain_2018.pdf - note that this assessment of need is based on recent trends; and if economic growth ambitions are secured, the requirement for affordable homes in the North could be higher still.

⁷ Homes England operating areas North West, North East and Yorkshire and the Humber

- 1.6 We **recommend** that the Committee use their Inquiry to seek clarification from Government that the new AHP programme will continue to be truly national in scope, open to all areas of the country, with schemes judged on their individual merits.

2) Geographic Targeting of Key Housing Funds

- 2.1 As stated, geographical targeting means that 80% of five key housing funds are now targeted in areas of 'high affordability pressure'. To date, only four Northern local authorities qualify to access the lions' share of these funds. That means even places like York and the Chancellor's own constituency of Richmondshire – where average house prices run at more than seven times average incomes – are unable to access the vast majority of these key funds.
- 2.2 The Budget allocated £1.1 billion from the existing Housing Infrastructure Fund. The Committee may have noted that allocations included some to areas such as Manchester, South Sunderland and South Lancaster. These allocations are welcome, however, it should be noted that these allocations all count towards the arbitrary cap of 20% of the funds. Evidence suggests that the North receives 17.8% of UK public expenditure on housing despite accounting for 23% of the population. Indeed, in some cases the proportion of certain funds targeted at Northern regions can be as little as 11%⁸. Geographical targeting proves to be a blunt formula that runs contrary to the Government's ambition to 'level-up' the English regions.
- 2.3 The Budget also announced a new £400 million Brownfield Fund aimed at creating more homes on brownfield land. This is a very positive development, which we welcome. It is important that such a fund will, in its design, consider a broad range of economic and social outcomes and, in its implementation, be flexibly deployed to best meet local needs. In particular, we feel such a Brownfield Fund should avoid a too narrow a measure of additionality. There are districts in the North of England which have an extremely positive record of new housing delivery, but where a sensitively designed brownfield fund could accelerate further development on challenging sites. This may involve remediation, site assembly, placement or gap-funding to add to effective housing supply.
- 2.4 The Budget also confirmed that a new Single Housing Infrastructure Fund to be announced at the Comprehensive Spending Review would maintain a focus on 'high affordability pressure'. This would continue to lock out many northern markets where private sector investment has been weakest and continue to receive far less public infrastructure investment. Regional inequality in public infrastructure investment could mean that it becomes more challenging to attract other investment in housing. Investment programmes must be structured to meet the investment needs in all parts of the country.
- 2.5 The NHC would urge reconsideration of the formula for concentrating investment of support for social rent on areas of 'high affordability pressure', defined as areas where average private rents exceed average social rents by £50 or more per week. This virtually eliminates use of social rent funding in Northern areas, despite a stark need for more social housing in these places. This is a blunt tool to direct funding; it

⁸ Nevin, B. & Carey, A. *The Changing Spatial Distribution of Housing Investment 1998 to 2022: Impact and Implications for the North, Arc 4*. Available at: http://www.homesforthenorth.co.uk/wp-content/uploads/2019/09/The-Changing-Spatial-Distribution-of-Housing-Investment-1998-to-2022_30Aug19_High-Res-Screen.pdf

fails to take into account the scale of unmet housing need in the Northern regions. It risks leaving parts of the North without access to much needed investment to meet projected household need, or to meet housing need in other ways such as renewing obsolete housing.

- 2.6 We believe the Government must set a separate target for delivering the requirements for affordable homes and homes for social rent and use the forthcoming Comprehensive Spending Review to set out an investment plan which will enable the delivery of this target.

3) Local Authority Housing and Planning Capacity

- 3.1 A key determinant of the nation's ability to deliver social and affordable housing is the extent to which Local Planning Authorities (LPAs) can facilitate such development. A forthcoming consultation on the terms of the Public Works Loan Board to ensure investment in 'housing, infrastructure and front-line services' will go some way towards ensuring local authorities can maximise their direct contribution to housing supply. As will the announced cut to interest rates for the investment in social housing by 1 percentage point, as was raised by the NHC in giving oral evidence to the HCLG Committee in October 2019.
- 3.2 Local authorities' role goes far beyond direct delivery. They facilitate the delivery of homes by others, including housing associations. Through the Budget, the Government correctly identified the need for reforms that will 'improve the capacity, capability and performance of LPAs to accelerate the development process'. Research commissioned by the NHC highlights how local authority housing and planning services in the North of England have been disproportionately impacted by reductions in capacity over the last decade⁹. The forthcoming Planning White Paper should consider the findings of this research, as well as embrace its recommendations.
- 3.2 Produced by the Collaborative Centre for Housing Evidence, our research shows the change in average net spend per local authority in the North between 2010/11 and 2018/19: -54% for housing services; and -65% for planning and development services. Comparatively, across the rest of England, this difference stood at -34% for housing services and -50% for planning and development services. This has several implications: Councils in the North now spend 1.9p of every £1 on housing, compared to 3.7p in the rest of England; and for planning and development, the figures are 1.4p in every £1 in the North, compared to 1.6p in the rest of England¹⁰.
- 3.3 Housing services include housing strategy, private sector housing renewal, homelessness and housing advice, and housing-related support services. This includes important work done by councils to enable new homes for rent and sale to be built. Planning and development services include the development of local plans, planning policy, development and building control, environmental initiatives, and business, economic and community development activity.

⁹ Hincks, S. et al *A view from the North : Understanding Local Authority Housing and Planning Capacity in an Era of Austerity*. CaCHE, Sheffield. Available at: <https://www.northern-consortium.org.uk/wp-content/uploads/2020/02/A-view-from-the-North-Main-Report.pdf>

¹⁰ *ibid*

3.4 Our research stressed the commitment from local authorities to take on greater responsibilities, but additional capacity is necessary to ensure successful delivery. The challenges of land viability and delivering new build (as well as wider housing renewal) in the North requires skills and properly resourced housing and planning departments. The NHC has developed a three-point plan to set a new course for housing and planning services in the North, enabling local places to realise their own ambitions, and to deliver on government priorities on housing, climate change and rebalancing the regions:

1. A sustained real-terms increase in local government funding.

3.5 The 2019 Spending Round provided the first real-terms increase in the local government funding package for a decade. Whilst welcome, such an increase needs to be sustained over a longer period time to give local government the opportunity and confidence to rebuild capacity. There is an opportunity at the forthcoming Comprehensive Spending Review to set out a package that provides a sustained real-terms increase in local government funding.

3.6 Councils may choose to invest additional funding in services like social care, but additional funding for these statutory services may enable local government to stem or slow the rate of reduction in other services like housing and planning.

2. A national centre of specialist expertise, located in the North, and open to all.

3.7 NHC Members are clear that reductions in capacity had particularly impacted on their access to specialist skills. As capacity has focused on core functions, expertise on large-scale regeneration or housing growth, or specialist skills like ecology, have been lost.

3.8 In considering planning and housing resourcing, the Planning White Paper should build on encouraging suggestions from the Ministry of Housing, Communities and Local Government around a shared resource / 'planning A-team' who could support councils with these specialist skills¹¹.

3.9 It is clear from our research that the North has taken a disproportionate share of reductions in planning and housing capacity. As such, the NHC recommends that Government announce a truly national centre of specialist housing and planning expertise, instituted in the North, and open to all.

3. Place-based outcome-focused deals that rebuild local capacity.

3.10 To secure the long-term delivery of social and affordable rented housing, all capacity must be harnessed. Some of our housing association members tell us that they would be willing to invest in capacity. There are private sector organisations who

¹¹Smyth, C. (2019) Esther McVey will send in A-Team to help councils build homes. London: The Times. See <https://www.thetimes.co.uk/article/esther-mcvey-will-send-in-a-team-to-help-councils-build-homes5dh9gszt>.

Wilding, M. (2019), *Government considering senior staff-sharing to boost councils' planning skills gap, says Malthouse*. Planning Resource. See: <https://www.planningresource.co.uk/article/1578951/government-considering-senior-staff-sharing-boost-councils-planning-skills-gap-says-malthouse>

would do the same. But they need to be given the long-term certainty about the outcomes that investment would lead to.

- 3.11 Government is best placed to facilitate this certainty which is why the NHC recommends that at the Budget, the new Government instigate a series of place-based, long-term deals with Northern councils, based on shared outcomes we all want to see; and agree how we will collaborate to create the capacity to deliver those outcomes.

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