



NET ZERO AND NEW HOMES: HOUSING'S ROLE IN THE NORTH'S RECOVERY



About housing in the North

The Northern Housing Consortium (NHC) is a not-for-profit membership organisation encompassing 96% of local authorities, housing associations and arms-length management organisations in the North of England.

The NHC's 140 full members are involved in all aspects of the North's housing markets – from strategy to delivery of new homes; and of course, in the ownership, management and maintenance of many of our existing homes. Our work supports economic output of over £10bn and we support over 100,000 jobs across the North¹.

As anchor institutions within their communities, our members have a long and successful history of supporting their tenants and residents into skills development and employment opportunities. They do this because they are socially-purposed organisations *and* because it makes sound economic sense for them to do so.

About this document

This document has emerged from a consultation process with the NHC's 140 members across the North. It sets out how housing in the North can contribute to economic and social recovery from Covid-19; and how Government could help us do so in a way that contributes to Government priorities on levelling-up and net zero.



The NHC supports the national *Homes at the Heart* campaign led by the National Housing Federation. Our proposals on building and improving homes in the North are consistent with that campaign's focus on putting social housing at the heart of economic and social recovery.

Northern Powerhouse Partner

The NHC is proud to be an official partner of the Government's Northern Powerhouse initiative.



Photo acknowledgments

Photo credit: Freelance photographer Gareth Jones has been raising funds for the NHS with a project documenting people's experiences of staying at home during the coronavirus pandemic. Photos in this document (except images on pages 17 and 20) were commissioned by Together Housing and feature their tenants.

www.togetherhousing.co.uk

¹ Wilson, I. et al (2013) *The economic impact of housing organisations on the North*. Sheffield: Centre for Regional Economic and Social Research. Available at: <https://www.northern-consortium.org.uk/services/policy/economy-and-enterprise/housing-and-the-northern-economic-study/>

Contents

Foreword	4
Executive summary	5
Why the North needs a Covid-19 recovery stimulus	8
Advance towards net zero by investing in the North's existing homes	11
Recommendations	11
Jobs	11
Economic Impact	12
Delivery Mechanism	13
Tests	14
The Case for the North	15
An investment in the North's health	16
Case study: Broadacres	17
New homes to meet the needs of a levelled-up region	18
Supporting the affordable housing sector to provide counter-cyclical stimulus	19
Case study: Incommunities	20
An opportunity to support innovation	21
Building tomorrow's infrastructure today	21
Tests	22
Why the North needs more homes	23

Foreword

The housing sector's response to the Covid-19 health crisis has been strong but it's contribution to the country's economic recovery will be stronger.

Councils and housing associations across the North have played an important role in responding to the immediate public health crisis of Covid-19. The North now faces an economic and social challenge on a scale that could set-back efforts to level-up, ruining some of the fantastic work already done. As organisations rooted in communities, our members are keen to play their part in responding to that challenge.

Our existing activity will continue to create a significant economic impact. But there is an opportunity to go further and faster: and to do so in a way that will create jobs whilst continuing to advance Government priorities on levelling-up, reaching net-zero and delivering new homes.

This document sets out how to make that happen through an immediate stimulus package which will bring forward work to decarbonise the North's existing homes, invest in a new generation of affordable homes to rent and buy; and build the infrastructure the North needs to support future housing growth.

As official partners of the Government's Northern Powerhouse initiative, the Northern Housing Consortium seeks to play a constructive role, working with Government and our members to make the North an even greater place to live.

There is a real opportunity to recover from Covid-19 in a way that creates jobs, cuts carbon and builds homes and lives. We urge the Government to grasp it.

Tracy Harrison
Chief Executive.

Executive summary

The North needs a Covid-19 recovery stimulus. The Covid-19 public health crisis will have deep social and economic consequences. Forecasts suggest the effects of the recession we all expect will be particularly strongly felt in the North. This will make efforts to level-up harder.

However, by working together, we can mitigate this and play a key role in the nation's economic recovery. The North's housing sector already supports the economic impact of £10bn and over 100,000 jobs across the North. This paper presents our case for a stimulus package based on net zero and new homes. With the right support, we can deliver a stimulus that:

- ✓ Is large enough to inject confidence into the economy
- ✓ Puts money in people's pockets, creating localised real-world demand
- ✓ Builds for the long term by advancing existing national and regional strategies
- ✓ Supports the places impacted most
- ✓ Includes training and re-employment support for individuals
- ✓ Is compatible with social distancing requirements and existing health guidance

Here's how:

Advancing towards net zero by investing in the North's existing homes

A quarter of the North's carbon emissions come from our existing homes. Retrofitting these homes will be necessary to deliver on net zero, and in the social sector there is a readily available delivery mechanism. Improving the North's homes even at a steady rate could **create 20,000 jobs at pace** providing a direct and positive impact on local supply chains. It will put money back in people's pockets through energy bill savings, and **reduce pressure on the NHS**.

To create this net zero stimulus, we recommend that Government:

- Confirm their 2019 manifesto commitments to a Social Housing Decarbonisation Fund and Home Upgrade Grants
- Bring forward the £3.8bn Social Housing Decarbonisation Fund with immediate effect, enabling councils and housing associations to invest at scale and pace

New homes to meet the needs of a levelled-up region

The North needs a housing offer to meet the needs of its current and future population – around 50,000 new homes every year. Building new affordable homes, and readying sites for future housing growth of all tenures will provide an **immediate, tried-and-tested boost to the Northern economy**. It will contribute to Government's ambition to boost housing supply across the country.

To create this new home stimulus, we recommend that Government:

- Immediately open the £12bn Affordable Homes Programme announced at Budget 2020, with flexibilities on tenure and delivery
- Bring forward the Single Housing Infrastructure Fund announced at Budget 2020, opening the whole fund to the whole country.





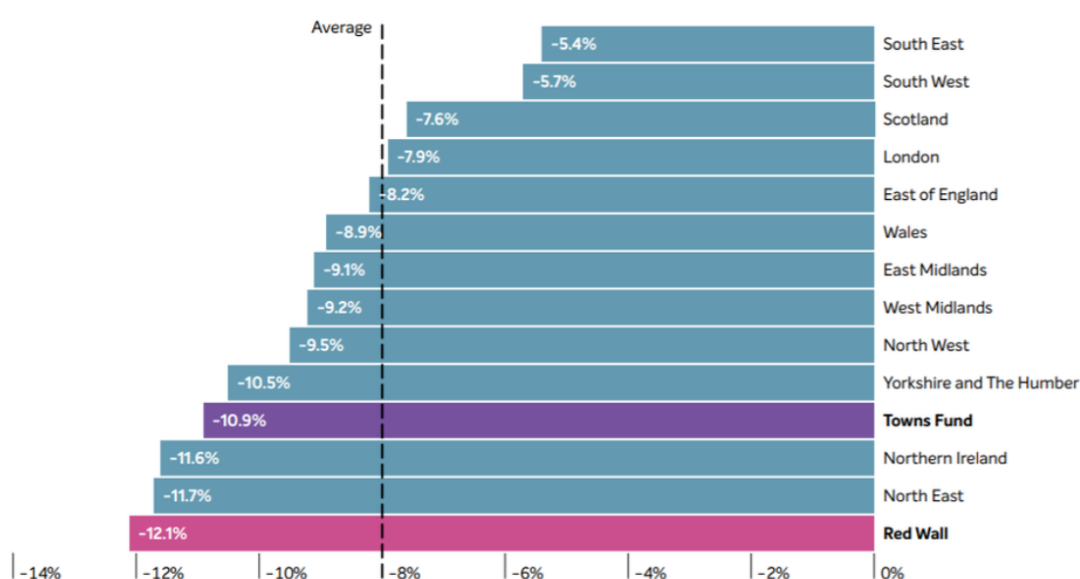
Why the North needs a Covid-19 recovery stimulus

Coronavirus is a public health emergency that will have deep and long-lasting economic consequences. The Chancellor has warned us to expect a *“A severe recession the likes of which we have not seen.”*²

The short-term economic impact has been felt right across the UK. Social distancing restrictions will be with us for an extended period and while the ongoing opening-up is allowing the re-establishment of economic activity, business failures and remaining restrictions will diminish future spending power. This reduction in demand will lead to secondary impacts on other elements of the economy that are not locked down.

It is these longer-term impacts that we are particularly concerned about. Early signs are concerning. The largest increases in unemployment-related benefit claims (as opposed to those who have been temporarily furloughed) have been seen in the North East, North West and Northern Ireland. The Resolution Foundation note that *“The claimant count rise is strongly correlated with the pre-coronavirus claimant level and the strength of local labour markets.”*³

The Centre for Progressive Policy have examined the potential long-run economic impact of the coming recession on places. They conclude that **the recession will make levelling up harder**, estimating that the three Northern regions will struggle the most over the longer term.



Average GVA loss vs trend after 5 years in local authorities by region and for local authorities in the Red Wall and covered by the Towns Fund

4

² Chancellor's evidence to the Lords Economic Affairs Committee, 19/5/20

³ McCurdy, C. (2020) *Local Differences : Responding to the local economic impact of coronavirus*. London: Resolution Foundation.

⁴ Chart adapted from Alldritt, C. et al (2020) *Avoiding a lost generation*. Centre for Progressive Policy: London.

Given the momentum developed in the North of England in recent years, and the Government's commitment to levelling-up and unleashing the potential of the whole country, such an economic setback would be a disastrous outcome, and must be avoided.

The negative recessionary effect can be mitigated, both in terms of length and depth, with the right stimulus package. We suggest such a package needs to have six key features. It must:

- ✓ Be of a scale large enough to inject confidence into the economy
- ✓ Put money in people's pockets, creating localised real-world demand
- ✓ Build for the long term by advancing existing national and regional strategies
- ✓ Support the places impacted most
- ✓ Include training and re-employment support for individuals
- ✓ Be compatible with any social distancing requirements and existing health guidance

Housing in the North can offer such a stimulus through a focus on net-zero and new homes.



Advance towards net zero by investing in the North's existing homes

The Government has made a strong commitment to reaching net zero through investment in clean energy and green infrastructure.

That means investing in our existing homes, 85% of which will still be standing in 2050⁵. A quarter of all carbon emissions across the North are from our existing homes⁶ - upgrading these homes to make them fit for the future will be essential if we're to reach net zero.

The previous Clean Growth Strategy⁷ set out an ambition to upgrade all homes to Energy Performance Certificate (EPC) Band C by 2035 (where 'practical, cost-effective and affordable') with an ambition to reach this standard five years earlier for those living in fuel poverty or in the rented sector.

At present, 70% of our homes do not meet the EPC Band C standard⁸. Work to upgrade these homes will need to take place over the next ten to fifteen years. Bringing this activity forward would provide an immediate economic stimulus, and skilled jobs with good prospects for some of those left without work as a result of the Covid-19 crisis.

Recommendations

- Government should confirm their 2019 manifesto commitments to a Social Housing Decarbonisation Fund and Home Upgrade Grants
- The £3.8bn Social Housing Decarbonisation Fund should be brought forward with immediate effect, enabling councils and housing associations to invest at scale and pace.

Jobs

Upgrading our homes towards net zero can **create a significant number of new jobs**. As the Committee on Climate Change have noted in their advice to the Prime Minister, retrofit is by its nature a labour-intensive activity⁹.

New modelling by the Energy Efficiency Infrastructure Group, 2030 suggests that improving all homes in the North to EPC C by 2030 would require a total of **38,100**

⁵ Kilip, G. (2008) *Transforming the UK's existing Housing Stock*. Oxford: Environmental Change Institute. Available at:

<https://www.ciob.org/sites/default/files/FMB%20Building%20A%20Greener%20Britain.pdf>

⁶ BEIS (2017) Local Authority CO2 emissions estimates within the scope of influence of Local Authorities 2005-2017. London: BEIS.

⁷ See <https://www.gov.uk/government/publications/clean-growth-strategy>

⁸ MHCLG (2019) English Housing Survey Headline Report, Section Two Annex Table 2.7

⁹ CCC (2020) *Letter to Prime Minister on Covid-19 Recovery*. London: CCC.

full-time equivalent jobs¹⁰. Previous modelling has suggested that – even at a steadier rate of implementation – improving homes to EPC C could create an **additional 20,000 jobs per year in the North**¹¹.

Economic impact

The scale of the retrofit opportunity is huge. It is estimated that over the next ten years, £27.47bn will need to be invested (from all sources, public and private) to upgrade all the North's homes to EPC C by 2030¹². **Stimulating and accelerating this investment now – at a time when interest rates are at record lows, and labour availability is high – makes good sense.**

In considering Covid-19 fiscal recovery, the University of Oxford's Smith School have identified building efficiency retrofits as one of five policies with high potential both on economic multiplier and climate impact metrics¹³.

The Cost Benefit Ratio (Value for Money) indicator for a programme of housing retrofit is estimated at 2.27:1 which classifies the programme as "high" Value for Money.

The returns to GDP are estimated at £3.20 per £1 invested by Government¹⁴.

Upgrading homes will produce ongoing energy bill savings – cash in the pockets of those living in the homes concerned. These savings are estimated at £270 per household per year, or £1.79bn per year across the North if all homes were brought up to EPC C¹⁵.

¹⁰ EEIG (2020) *Energy efficiency's offer for a net zero compatible stimulus and recovery*. London: EEIG.

¹¹ Washan, P et al (2014) *Building the future : economic and fiscal impacts of making homes energy efficient*. Verco/Cambridge Econometrics. Available at: <https://www.sustainableenergyassociation.com/wp-content/uploads/2014/10/Building-the-Future-The-Economic-and-Fiscal-impacts-of-making-homes-energy-efficient.pdf>

¹² EEIG (2020) *Energy efficiency's offer for a net zero compatible stimulus and recovery*. London: EEIG.

¹³ Hepburn, C., O'Callaghan, B., Stern, N., Stiglitz, J., and Zenghelis, D. (2020), 'Will COVID-19 fiscal recovery packages accelerate or retard progress on climate change?', Smith School Working Paper 20-02.

¹⁴ Washan, P et al (2014) *Building the future : economic and fiscal impacts of making homes energy efficient*. Verco/Cambridge Econometrics. Available at: <https://www.sustainableenergyassociation.com/wp-content/uploads/2014/10/Building-the-Future-The-Economic-and-Fiscal-impacts-of-making-homes-energy-efficient.pdf>

¹⁵ EEIG (2020) *Energy efficiency's offer for a net zero compatible stimulus and recovery*. London: EEIG.

Delivery mechanism

The social housing sector in England expects to invest £2.2bn¹⁶ on capitalised repairs and maintenance of existing homes in this financial year. Councils and housing associations are skilled asset managers, and many organisations have in-house repairs and maintenance functions. Previous research for the NHC¹⁷ has shown that $\frac{3}{4}$ of expenditure by housing organisations in the North is with suppliers based within the North, supporting local jobs and supply chains. This combination of factors makes housing organisations the ideal delivery mechanism for an initial wave of net zero compatible investment.

The opportunity exists to use the Social Housing Decarbonisation Fund (SHDF) to invest at scale and pace. A priority should be an intensive programme of fabric-first improvements like additional insulation. Given the concentrations of ownership in the social sector, this can be delivered efficiently and effectively on a neighbourhood basis.

The SHDF could also be used to bridge the additional costs of net zero: for example meeting the higher costs of switching to low-carbon heat sources (like heat pumps) rather than replacing gas boilers like-for-like. Using the fund in this way would enable the establishment of reliable supply chains and ramp up demand, lowering the cost of these components in the longer run for the social and private sectors.

Coordinated investment in social sector homes by government and housing organisations is a proven model. During the last recession, the Decent Homes programme (a coordinated investment of £37bn over a decade¹⁸) delivered significant economic stimulus.

The Government has also committed to Home Upgrade Grants for the owner-occupied and private rented sectors. These grants could also be brought forward and should be focused on low-income households, with delivery coordinated with the existing ECO scheme in local authority-led programmes to ensure support for local jobs and supply chains.

¹⁶ Regulator of Social Housing (2020) *Quarterly Survey for Q4 : January – March 2020*. Leeds: Regulator of Social Housing. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/886406/Quarterly_Survey_for_Q4_2019-20.pdf

¹⁷ Wilson, I. et al (2013) *The economic impact of housing organisations on the North*. Sheffield: Centre for Regional Economic and Social Research. Available at: <https://www.northern-consortium.org.uk/services/policy/economy-and-enterprise/housing-and-the-northern-economic-study/>

¹⁸ NAO (2009) *The Decent Homes Programme*. London: NAO. Available at: <https://www.nao.org.uk/wp-content/uploads/2010/01/0910212.pdf>

Tests

Test	Contribution advancing net zero makes	
Be of a scale large enough to inject confidence into the economy	A £27.47bn project in the North, with the potential for 20,000+ new jobs.	<input checked="" type="checkbox"/>
Put money in people's pockets, creating localised real-world demand	As well as new jobs, upgrading homes will produce ongoing savings on home energy bills, estimated at £270 per year per household.	<input checked="" type="checkbox"/>
Build for the long term by advancing existing national and regional strategies	Advancing net zero in existing homes is aligned with Government commitments to net zero, and emerging local industrial strategies.	<input checked="" type="checkbox"/>
Support the places impacted most	Homes in the North are older and colder and should therefore be prioritised for treatment. The North is expected to be worst-hit by longer-term impacts of a Covid-19 recession.	<input checked="" type="checkbox"/>
Include training and re-employment support for individuals	Housing organisations are well placed to provide this. Given the ongoing requirement for retrofit and use of clean energy solutions, these jobs have good longer-term prospects.	<input checked="" type="checkbox"/>
Be compatible with any social distancing requirements and existing health guidance	NHC members are confident that retrofit activity can be carried out in a manner consistent with social distancing requirements.	<input checked="" type="checkbox"/>

The case for the North

The North's existing homes are older and colder than the English average. One in four of our homes were built pre-1919¹⁹, and 833,000 households across the North live in fuel poverty²⁰.

A quarter of all carbon emissions across the North are from our existing homes²¹. We know that a very significant element of this is down to older private sector homes that are energy inefficient or in disrepair – the average carbon output from our pre-1919 homes is around 7.2 tonnes, compared to around 3.6 tonnes from post-1990 properties²².

Reaching net zero is highly aligned with local strategy. Over 60 of the North's local authorities have now declared climate emergencies. Clean growth is at the heart of the Greater Manchester Industrial Strategy²³ – the North's first – which includes an ambitious net zero target of 2038. Other city regions are adopting similarly ambitious measures²⁴. **Focusing stimulus activity on net zero isn't a short-term expedient – it's about accelerating long-term strategy.**

¹⁹ Smith Institute (2018) *The High Costs of Poor Housing in the North*. London: Smith Institute. Available at: <http://www.smith-institute.org.uk/book/the-hidden-costs-of-poor-quality-housing-in-the-north/>

²⁰ NEA (2018) *Fuel Poverty in the UK*. Available at: <https://www.nea.org.uk/about-nea/fuel-poverty-statistics/>

²¹ BEIS (2017) Local Authority CO2 emissions estimates within the scope of influence of Local Authorities 2005-2017. London: BEIS.

²² DCLG (2014) *English Housing Survey: energy efficiency of English housing*. London: DCLG. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/335756/EHS_Energy_efficiency_of_English_housing_2012.pdf

²³ GM Local Industrial Strategy: <https://www.greatermanchester-ca.gov.uk/media/2132/gm-local-industrial-strategy-web.pdf>

²⁴ Leeds City Region LEP : Local Industrial Strategy Draft Priorities: <https://www.the-lep.com/about-us/local-industrial-strategy/>

An investment in the North's health

The North has 1.3 million homes which do not meet the Government's decent homes standard. Around half the North's non-decent homes are home to someone more vulnerable to Covid-19: e.g. someone aged over 60, or with a long-term illness or disability²⁵. These are precisely the people who will have to live under lockdown or shielding for longer. If Covid-19 has taught us anything, it's that we all need a safe place to retreat to when a crisis like this hits²⁶.

AgeUK estimate that cold homes cost the NHS in England £1.36bn every year in hospital and primary care, due to their impact on older people's health²⁷. Retrofit schemes elsewhere in the UK have been shown to save the NHS 42p for every £1 invested²⁸.

Retrofit is an investment in the North's health – as well as our environment.

²⁵ Analysis for the NHC by the Smith Institute in 2018 showed that 48% of northern households in non-decent housing contained a resident (a 'household reference person') in one of these categories. More recent analysis suggests this has since risen to 51% of households in non-decent housing. We are grateful to the Smith Institute for their assistance with this analysis.

²⁶ The NHC is currently working with the University of Huddersfield on a research project which aims to evidence the experience of life under lockdown for those living in poor quality PRS or owner-occupied accommodation in the North of England.

²⁷ Age UK (2012) *The Cost of Cold*. London: AgeUK. Available at: https://www.ageuk.org.uk/Documents/EN-GB/Campaigns/The_cost_of_cold_2012.pdf?dtrk=true

²⁸ C. Liddell (2008) *Estimating the Impacts of Northern Ireland's Warm Homes Scheme 2000–2008*. University of Ulster and Marmot Review Team

Net Zero case study: Broadacres

Properties have been transformed as part of a refurbishment scheme aimed at improving the energy efficiency of homes in North Yorkshire. The properties in Ashlands Road, Northallerton, have been completely redeveloped by Broadacres Housing Association and let to families in housing need. It follows a partnership between Broadacres, Hambleton District Council, Northallerton Town Council and Homes England to bring homes in the area back into use and improve the energy efficiency of the homes and lower the energy costs for the customer moving into the home. Broadacres subsequently received funding, averaging £40k per home, from Homes England, to put towards the cost of the redevelopment.

Work has included removing the trees, shrubs and weeds and landscaping the garden, installing new high performance double glazed windows, kitchen, bathroom, electrics, roof, cladding and A rated gas combination boilers. The energy efficiency of the homes has been improved thanks to external insulated rendering which replaced uninsulated cladding. The properties have also had internal wall insulation fitted with air tightness improved and cavity wall and loft insulation fitted. The old gas and electricity meters have been replaced with smart meters so the new tenant can keep track of how much energy they are using.

Prior to the works an example property had a SAP rating of 28, categorised as an F rated home, this was improved to 72 and a category C following the refurbishment. The new customers in one of the properties have been regularly updating the Broadacres team on the performance of their new home, they are delighted that their average yearly bill is £534 for both Gas and Electricity. This is compared to an average of £800-950 for neighbouring homes which have not had the energy efficiency measures installed, a saving of £206-£416 per year.

New homes to meet the needs of a levelled-up region

The levelled-up and globally-competitive northern economy we all want to see needs a world-class housing offer. To ensure that people feel the benefits of a flourishing economy in increased living standards, we must avoid a situation where spiraling housing costs absorb the benefits of a rejuvenated northern economy. That requires the right housing mix, including an adequate supply of affordable homes.

The current crisis – in highlighting very vividly the extent of homelessness and insecure housing in our communities – has demonstrated the urgent need for a housing offer that meets the needs of everyone in society. Getting ‘everyone in’ off the streets has been a huge achievement. We now need to get ‘everyone in’ to safe, secure and affordable long-term housing.

Building new affordable homes, and readying sites for future housing growth of all tenures will provide an immediate boost to the Northern economy.

Recommendations

- Government should immediately open the £12bn Affordable Homes Programme announced at Budget 2020, with flexibilities on tenure and delivery
- Government should bring forward the Single Housing Infrastructure Fund announced at Budget 2020, opening up the whole fund to the whole country

Supporting the affordable housing sector to provide counter-cyclical stimulus

At the Budget in March 2020, the Chancellor of the Exchequer announced £12.2bn for the Affordable Homes Programme (AHP). The Prime Minister has since confirmed this funding, but no details have yet emerged on how the programme will operate, or the tenures it will support. As always, every single pound of government funding from this programme will be more than matched with resources from housing organisations : as the Regulator of Social Housing noted last month, the sector remains financially strong with access to sufficient finance²⁹.

In recent years, Government and Homes England have taken welcome steps to provide more long-term certainty for registered providers who benefit from AHP funding. However, the lack of detail on how the new programme will operate, which creates uncertainty in the sector and mitigates against the kind of decisive, long-term action we need at a time like this.

²⁹ Regulator of Social Housing Quarterly Survey for Q 4 Jan to March 2020. Leeds: RSH. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/886406/Quarterly_Survey_for_Q4_2019-20.pdf

Government should open the new programme with immediate effect and do so in a way that maximises its flexibility

For example, giving all registered providers flexibility over the tenure of the homes they build would de-risk development and provide confidence that new homes can be occupied, regardless of the condition of the shared ownership or outright sales market at the point of completion. Forward funding development would similarly de-risk complex and mixed tenure sites.

The Letwin Review³⁰ illustrated the limitations of a focus on a single type or tenure of home. There is an absorption rate for home ownership products, and in uncertain economic times, it is likely this absorption rate will slow. The North's housing sector has a track-record of developing a market for shared ownership and rent-to-buy products. At this point in time, it is important to maximise the economic impact of the new Affordable Homes Programme by ensuring the tenure mix is as flexible as possible.

1/3 of Homes England affordable housing completions occur in the North of England³¹. NHC members are keen to do even more. Registered providers have traditionally provided a powerful counter-cyclical stimulus, keeping construction going during downturns, avoiding the permanent loss of capacity and skills. Bringing forward this key fund will enable housing associations and councils in the North to perform this important role and to continue making their valuable contribution to housing supply.

The economic stimulus effect of building new homes is well documented. **For every £1 spent on construction, the UK economy benefits by £2.84³²**. Construction is by its nature a labour-intensive and localised process, with relatively low levels of imports.

This effect is well-proven over previous recessions, with housing construction accounting for 1/3 of the increase in GDP as the UK emerged from the double-dip recession of the early 1930s³³.

Bringing forward the new Affordable Homes Programme, with potential flexibilities on tenure and delivery is a high priority for our members, has also been backed by the Local Government Association and National Housing Federation.

³⁰ The Independent Review of Build-Out : Final Report:

<https://www.gov.uk/government/publications/independent-review-of-build-out-final-report>

³¹ See *Building #OurNorth : The Vital Role of the Affordable Homes Programme*. NHC, Sunderland. Available at: <https://www.northern-consortium.org.uk/influencing/ournorth/affordable-housing-programme/>

³² Lawrence, Evans and Koch Consulting, *Construction in the UK Economy: The Benefits of Investment* (The UK Contractors Group, London), 2009; cited in Shelter (2019) *A vision for social housing*. London: Shelter. Available at: https://england.shelter.org.uk/_data/assets/pdf_file/0005/1642613/Shelter_UK_-_A_vision_for_social_housing_full_interactive_report.pdf

³³ Crafts, N. and Fearon, P. (2013) *The Great Depression of the 1930s: Lessons for Today*. Oxford : University Press.



Affordable Homes Programme case study: Incommunities

This attractive development of 11 homes for sale, shared ownership and rent-to-buy in Shipley, West Yorkshire is one of two former fire station sites redeveloped by Incommunities for affordable housing as part of a land transfer with West Yorkshire Fire and Rescue Service. The other site is in nearby Idle where another 11 family-sized homes have been released for shared ownership and Rent to Buy. Both sites aim to encourage local homehunters onto the housing ladder and make use of two cleared sites for much needed affordable housing - regenerating brownfield sites.

The developments were supported by the Affordable Homes Programme and are part of Incommunities target to deliver over 1000 affordable homes by 2025 and 250 over the next two years. Incommunities are currently redeveloping a number of former housing sites in the Bradford area to deliver new family-sized affordable homes.

An opportunity to support innovation

Many NHC members are looking to adopt precision-manufactured Modern Methods of Construction (MMC) with entire homes, or significant elements of them, constructed off-site. MMC is consistent with the ambitions of the 2017 Housing White Paper and the current Homes England strategic plan, with a focus on increasing construction productivity which will become even more important if social distancing reduces the productivity of traditional build methods further.

The number of large MMC production facilities located in the North, together with a significant proportion of the country's construction product supply chain led to the emerging specialism being recognised by Government in the 'Construction Corridor' initiative launched by the previous Housing Minister³⁴, and endorsed by her successor at a recent NHC webinar. The NHC is working with our members to aggregate demand for MMC to generate supply chain confidence and reduce costs.

Building tomorrow's infrastructure today

The Single Housing Infrastructure Fund (SHIF) is intended to unlock new homes by funding the provision of strategic infrastructure and assemble land for development. The fund is due to be launched at the forthcoming Comprehensive Spending Review. We believe there is a compelling case for Government to bring forward an announcement on this Fund and start allocating it now.

Our understanding is that the Fund will replace an array of existing funds managed by Homes England, the most significant of which is the current Housing Infrastructure Fund. As such, there are existing delivery mechanisms which can be quickly adapted to allocate these funds. Doing so now will enable localities to get on with building the infrastructure needed to support tomorrow's housing growth right now – at a time of lower demand for the skills and labour involved.

Accelerating the delivery of SHIF, and enabling the whole of the North to access the SHIF, will require a change in the allocation formula which has been used for predecessor funds. This '80/20' formula restricts access to 80% of available funds to just 50% of local authorities (those deemed to have the highest affordability pressures). This arbitrary restriction means only four local authorities in the North have access to the lion's share of housing infrastructure funds. Indeed, areas like York (where average house prices run at 8.6 times average incomes³⁵) and the Chancellor's own constituency of Richmondshire (house price: income ratio of 7.43) are restricted from accessing the majority of these funds. Research for Homes for the North (a group of 17 housing associations who are also NHC members) indicates

³⁴ MHCLG (2019) *Housing Minister unveils £30m boost for 'Construction Corridor'*. See: <https://www.gov.uk/government/news/housing-minister-unveils-30m-boost-for-construction-corridor>

³⁵ NHC (2019) *Building #OurNorth : The vital role of the affordable homes programme*. NHC: Sunderland. Available at: <https://www.northern-consortium.org.uk/wp-content/uploads/2019/09/The-Vital-Role-of-the-Affordable-Homes-Programme-NHC-Doc.pdf>

that the Northern slice of initial allocations from the existing £5.5 billion Housing Infrastructure Fund is less than 11 per cent³⁶.

The Single Housing Infrastructure Fund should be brought forward, and should be designed to judge schemes on their individual merits, without the crude '80/20' geographical restrictions that have applied to its predecessor funds. This will enable schemes in the North to compete on a level playing field.

Tests

Test	Contribution new homes in the North make	
Be of a scale large enough to inject confidence into the economy	The Affordable Homes Programme and Single Housing Infrastructure Fund represent a £22bn investment.	✓
Put money in people's pockets, creating localised real-world demand	As well as new jobs, building new affordable homes puts money back in people's pockets through lower rents and energy bills.	✓
Build for the long term by advancing existing national and regional strategies	Building new homes in the North contributes to national housing delivery ambitions; and is consistent with local ambitions.	✓
Support the places impacted most	The affordable homes programme supports housing development across the North. The SHIF can do the same if crude geographical restrictions are removed.	✓
Include training and re-employment support for individuals	Housing organisations have a track record of delivering skills development and employment support.	✓
Be compatible with any social distancing requirements and existing health guidance	Construction work compatible with social distancing has restarted on the vast majority of sites already. Modern Methods of Construction offer potential for social distancing-compatible productivity gains.	✓

³⁶ Matthews, C. (2019) *We need fairer investment and supply to level up housing in the North*. Available at: <http://www.homesforthenorth.co.uk/we-need-fairer-investment-and-supply-to-level-up-housing-in-the-north/>

Why the North needs more homes

Delivery of new homes in the North has not kept pace with household growth in recent years, let alone the kind of household growth that might emerge from our future economic growth scenarios, or from a new labour market where home-working means geographical location is more flexible and quality-of-life considerations come to the fore.

Analysis for Homes for the North suggests that delivery needs to be significantly greater than past trends if we are to meet the ambitious economic aspirations identified by councils across the North. Their analysis points to a need for 500,000 new homes in the North over a ten-year period³⁷.

The Government has set out an ambition to raise housing delivery to 300,000 homes per year by the mid-2020s. Progress towards the independently identified Northern requirement of around 50,000 homes per year will contribute to 1/6 of that ambition.

The North's councils have no shortage of ambition around housing growth: in order to align housing growth with their economic ambitions, the North's councils were collectively planning for housing growth 13% in excess of the Government's Standard Method of assessing housing need.

If we are to secure the Government's ambitions around 'levelling up' then we must maintain and expand housing supply in the North. Targeted interventions which maintain delivery and prepare sites for the future will provide a powerful economic stimulus.

³⁷ Lichfields (2019) *Future housing requirements for the North*. Homes for the North. Available at: <http://www.homesforthenorth.co.uk/wp-content/uploads/2019/08/Future-Housing-Requirements-for-the-North-full-research-report.pdf>

