

SPRING 2021 BUDGET

NORTHERN HOUSING CONSORTIUM'S REPRESENTATION

Introduction

I am delighted to present the Northern Housing Consortium's representation ahead of the Spring 2021 Budget.

This budget comes at a critical time for the North. The new Government was elected in December 2019 on the back of ambitious – and welcome – pledges to level-up our country. None of us could have guessed quite how much more challenging that task would become thanks to the economic downturn precipitated by the Covid-19 pandemic.

We urge the Government to double-down on levelling-up. There is an opportunity to create an economic recovery which delivers on Government's clear priorities on levelling-up and net zero. Our Budget Representation sets out proposals to rebuild, level-up and invest in places.

With the right support, councils, housing associations and ALMOs across the North can deliver a green recovery plan, contributing to levelling-up by decarbonising the North's homes. We can drive tangible improvements in housing supply and quality at pace, if we invest in the capacity within local government to coordinate this. And we can make a visible difference to left-behind neighbourhoods if we choose to invest in places, removing arbitrary spending formulae, and creating a housing quality investment fund.

The Northern Housing Consortium represents over 140 councils, housing associations, ALMOs and combined authorities across the North. We are the voice of the North and our members stand ready to deliver.

Tracy Harrison
Chief Executive

Summary of Proposals

1. **Rebuild:** a green recovery plan to contribute to levelling-up by decarbonising homes in the North
2. **Level-up:** rebuilding capacity in local government in the North, to drive improvements in housing supply and quality
3. **Invest in places:** making a visible difference by investing in neighbourhoods to support quality housing of all tenures.

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Part 1. Rebuild: a green recovery plan to contribute to levelling-up by decarbonising homes in the North

Policy proposal

A home improvement programme for the North which would require commitment to a 10-year programme of targeted investment in decarbonising the North's social housing stock, with Government investment matched by social landlords.

As well as contributing to net-zero ambitions, decarbonising the North's existing housing, starting with social housing, can help restart the recovery and provide a plan for economic intervention that contributes to the Government's much-needed agenda of 'levelling up'.

Policy rationale

Social housing providers have demonstrable historic capacity to deliver home improvement projects at scale, driving supply chain development in the process. The catalytic role of social housing could unlock decarbonisation for housing of other tenures by driving supply chain growth, pushing down costs, and driving up skills development over time.

Focusing this work on the North of England helps the region recover from the impact of Covid-19 (independent estimates suggest the three Northern regions will struggle the most to recover from the impacts of Covid-19 over the longer term¹); and contributes to levelling-up. The North faces additional challenges in reaching Net Zero as our homes are older than the English average: one in four homes in the North were built before 1919².

The process, choices and cost of transitioning to a low carbon domestic heat source is likely to be higher for early adopters. Social housing providers can lead the way on decarbonisation of homes with the co-benefits optimised, and the negative impacts reduced, but for this to happen, a range of different initiatives will need to be trialled and fully evaluated.

The social housing decarbonisation fund demonstrator³ will play an important role. But the opportunity exists to lever the sector's significant scale to establish supply chains for new technologies and thereby driving down the cost of net zero compliance across all tenures. This vanguard role has been recognised by the Business, Energy and Industrial Strategy Select Committee, which called for Government to set out plans for the social housing sector to 'lead the way in terms of energy efficiency'.⁴

¹ See Alldritt, C. et al (2020) Avoiding a lost generation. Centre for Progressive Policy: London

² 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/>

³ SHDF demonstrator: A £50 million programme which aims to support social landlords to adopt new approaches to improving homes for higher energy efficiency, reduced carbon emissions and lower household bills (BEIS 2020e).

⁴ House of Commons BEIS Select Committee (2019) Energy efficiency: building towards net zero : 21st Report of Session 2017-2019. London: House of Commons. Available at: <https://publications.parliament.uk/pa/cm201719/cmselect/cmbeis/1730/1730.pdf>

We believe the demonstrator projects and the commitment of a further £60 million to retrofit social housing made at SR20,5 should therefore be the lead in to a larger 10-year home improvement programme.

To retrofit all of the North's social housing stock (18 per cent of housing in the North is social housing, some 1.27 million homes), would pump prime the wider economy for a larger programme across all housing tenures.

Outcome

A social housing home improvement retrofit programme with a 10-year commitment would:

- a) Upgrade the North's social housing stock to an EPC rating of C by 2030 in line with Government clean growth targets.
- b) Develop the supply chain for all tenures while the Green Homes Grant is available.
- c) Scale up the market for heat pumps as a critical technology for decarbonising space heating, while maintaining quality.
- d) By improving more than 5 million homes, we estimate this will create around 77,000 direct and supporting 111,000 indirect jobs with an investment of £143.07 billion required.⁶
- e) Deliver a significant set of wider benefits in terms of improved comfort and health, particularly for fuel poor households. The current estimated cost to the NHS from poor quality housing is £1.4-2 billion per year, in England alone.⁷
- f) Success in the social housing sector is expected to lead to significant uptake in training programmes boosting labour supply, and the development of supply chains in the North, accelerating uptake in other tenures of energy efficiency retrofit and decarbonised heat.
- g) Make a visible difference to communities across the North, providing tangible evidence of the Government's commitment to levelling-up.

What this work involves

The pathway we propose is based on a combination of conventional retrofit measures (insulation, draught-proofing etc) and low carbon heat transition. It supports the use of heat pumps as the main source of domestic heating – with heat networks where household density makes that feasible. This is the principal assumption of the plan and impact analysis. This is consistent with the measures to be set out in the Government's 10-point plan for a green industrial revolution to install 600,000 heat pumps every year by 20288 and with the expected intention of the forthcoming Heat and Buildings Strategy.

To deliver this programme, we recommend that the investment should be targeted first at the social housing sector. Work by IPPR North, supported by the NHC,

⁵ [HM Treasury Spending Review 2020](#)

⁶ IPPR North Northern Powerhomes: A Green Recovery Plan to Decarbonise Homes in the North 2020

⁷ Nicol S. et al. (2015), The cost of poor housing to the NHS.

⁸ [Ten point plan for green industrial revolution](#)

estimated that 1.03 million social homes need to be upgraded under a home improvement programme for the North.

The sector has the scale, institutional memory, and geographic spread around the region to develop, roll out, and evaluate a large-scale decarbonisation programme in partnership with combined and local authorities. The social sector has demonstrated its ability to manage large-scale projects effectively, such as delivering improvements for 1.4 million homes at a cost of £37 billion under the decent homes programme from 2001-2011, around half of which was Government funding (Smith Institute 2018). Building momentum in social housing, could in turn help drive market demand and skills adoption which could in time, lower costs and encourage take up by other tenures.

Costs and benefits

In light of the need for an economic stimulus for the North, we argue for the North's social housing sector to be a pilot for home improvement with a 10-year programme from 2020 to 2030. This would require a total investment of £2.36 billion a year over a 10-year period, half of which £1.18 billion should be committed by government in grant funding.

This could be part-funded by bringing forward the remainder of the £3.8bn earmarked for the Social Housing Decarbonisation Fund to assist economic recovery in Northern regions. It is important to note that Government investment would be matched by social housing providers' contributions through their existing resources or raising private finance. We note that IPPR has previously recommended that the Bank of England work with financial institutions to reduce the risk profile of decarbonisation activity to reflect the environmental benefits, thus reducing borrowing costs, and indeed the housing sector is moving quickly to adopt ESG principles enabling this.⁹

We believe our regional estimates are in line with latest analysis through the Sixth Carbon Budget for the UK, "Our analysis identifies an additional investment requirement in buildings energy efficiency and low-carbon heating of around £9 billion each year from the late 2020s through to 2050 to fully decarbonise the existing housing stock. This averages at under £10,000 investment per existing home. This additional investment delivers an operating cost saving of around £1.5 billion a year."¹⁰

Using the social housing sector to pump-prime supply chains and encourage the skills system could result in reduced costs for the private sector, which – alongside Government support for private housing stock through the Green Homes Grant and subsequent initiatives, could drive the full programme required to decarbonising the North's housing.

⁹ Webb J, Emden J and Murphy L (2020) All hands to the pump: A home improvement plan for England, IPPR. <https://www.ippr.org/research/publications/all-hands-to-the-pump>

¹⁰ [The Sixth Carbon Budget](#). The UK's Path to Net Zero

TABLE 1. Total for our Home Improvement Plan for the North, the Social Housing Sector would see an investment of £23.57 billion.

Central Government funding of half through a grant programme, with social housing providers contributing the rest, from 2020 to 2030 to fully decarbonise social housing stock in the North

	Total cost (£bn)	Average cost under the programme per property (£)	Annually over a 10-year period (£bn)	Minimum government grant funding annually over 10 years (£bn)
Retrofit measures	15.08	16,500	1.51	0.75
District heat	0.98	5,000	0.10	0.5
Heat pump	7.50	9,000	0.75	0.38
Total	23.57		2.36	1.18

Source IPPR North Northern Powerhomes

The improvement of homes in terms of retrofit and energy efficiency, heat pumps and heat networks require a range of skills and professions. Analysis by IPPR North, estimates that the North could see direct demand for approximately 77,000 jobs by 2035. Meeting a 10-year target demands most retrofit jobs to be created very early in the programme. Estimates suggest that the majority of the 53,000 retrofit related jobs would be created by 2030 while jobs in installing decarbonised heating systems would peak at a later date, approximately around 2035. Subsequently, the sooner that we begin the programme of decarbonisation, the more jobs can be created, and the more impactful the economic impact could potentially be for the north of England (see Table 2).

Table 2. The North could gain 77,000 Direct Jobs by Decarbonising its housing stock

Potential jobs	North	North East	North West	Yorkshire and The Humber
Retrofits	53,000	9,000	26,000	18,000
Heat pumps	13,000	4,000	6,000	3,000
Heat networks	11,000	2,000	5,000	4,000
Total	77,000	15,000	37,000	25,000

Source IPPR North Northern Powerhomes

These jobs could generate around £3.85 billion direct GVA per annum in the North and an additional £5.61 indirect GVA per annum across the UK. There would be further economic benefits, including induced impacts from spending of employees supported by this stimulus programme in local economies, benefits in terms of business expansion, and new start-ups seeking to play a role in supply chains.

Deliverability

Coordinated investment in social sector homes by Government and housing organisations is a proven model.

The social housing sector in England expects to invest £2.2 billion on capitalised repairs and maintenance of existing homes in this financial year.¹¹ During the last recession, the Decent Homes programme (a coordinated investment of £37 billion over a decade) delivered significant economic stimulus.¹²

Councils and housing associations are skilled asset managers, and many organisations have in-house repairs and maintenance functions. Previous research for the NHC¹³ 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 net zero investment.

The sector has the scale, institutional memory, and geographic spread around the region to develop, roll out, and evaluate a large-scale decarbonisation programme in partnership with combined and local authorities. Building momentum in social housing, could in turn help drive market demand and skills adoption which could in time, lower costs and encourage take up by other tenures.

Conclusion, Part 1

The Prime Minister has set out a Ten Point Plan for Britain to lead a Green Industrial Revolution. With Britain holding the G7 presidency and hosting COP26 this year, there is no better time to demonstrate policy ambition on net zero. An immediate programme of retrofit for social housing would boost supply chains for decarbonisation of housing stock across all tenures. A pump-priming investment in social housing decarbonisation in the North would deliver significant economic benefits, contributing to economic recovery and levelling-up as well as Net Zero.

This is a natural complement to the Green Home Grant funding already available, and has potential to reduce the costs of upgrades in all sectors; as well as improving health, reducing fuel poverty and boosting quality of life for residents. Delivering such a programme would lay strong ground for an integrated housing quality investment programme across all tenures.

¹¹ 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

¹² NAO (2009) The Decent Homes Programme. London: NAO. Available at: <https://www.nao.org.uk/wp-content/uploads/2010/01/0910212.pdf>

¹³ 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.northernconsortium.org.uk/services/policy/economy-and-enterprise/housing-and-the-northern-economic-study/>

Part 2: Level-up: local government capacity in the North

Policy proposals

1. A sustained real-terms increase in local government funding;
2. A national centre of specialist housing and planning expertise, located in the North.

Policy rationale

The 2019 Spending Round provided the first real-terms increase in the local government funding package for a decade, which was welcomed by the NHC and our members. However, settlements over one or two years make longer term resource planning very difficult for local authorities. Such an increase needs to be sustained over time to give local government the opportunity and confidence to rebuild the capacity which has been lost in recent years, losses which research for the Northern Housing Consortium shows have disproportionately impacted the North of England over the last decade.¹⁴

The change in average net spend per local authority in the North between 2010/11 and 2018/19 stood at **-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 means that:

- Councils in the North now spend 1.9p of every £1 on housing, compared to 3.7p in the rest of England.
- For planning and development, the figures are 1.4p in every £1 in the North, compared to 1.6p in the rest of England.

These high relative reductions in expenditure, and lagging patterns of expenditure need to be set in a context of the need to level-up housing supply and quality in the North:

- One million owner-occupied homes in the North fail to meet the decent homes standard, in addition to 354,000 privately rented homes, with more private homes falling into disrepair¹⁵
- Independent assessments show that at least 100,000 of the new homes built in this Parliament should be affordable ones here in the North; another 150,000 should be homes for market rent or sale in the North.¹⁶ Both of these figures represent an increase on recent rates of supply and could be higher if economic growth ambitions are realised.

¹⁴ Hincks, S. et al (2020) A view from the North: Understanding Local Authority Housing and Planning Capacity in an Era of Austerity. CaCHE, Sheffield.

¹⁵ Smith Institute (2018) The High Costs of Poor Housing in the North. Sunderland: Northern Housing Consortium. Available at: <https://www.northern-consortium.org.uk/wp-content/uploads/2018/10/The-Hidden-Costs-of-Poor-Quality-Housing-in-the-North.pdf>

¹⁶ 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 Professor Bramley's figures are calculated on a per-annum basis. Figures cited here assume a five-year Parliament.

Researchers concluded that the reductions in spending since 2010 have “*Fundamentally reshaped the capacity of local authorities to deliver services in housing, planning and development*”¹⁷. This loss of capacity not only impacts on councils’ ability to secure local housing and planning ambitions, but as noted above, also undermines the potential of achieving Government’s own housing ambitions.

The NHC recommends a **sustained real-terms increase in local government funding**. 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.

In addition to the need to fund core services, it is clear that reductions in capacity have particularly impacted on northern councils’ 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. We recognise that it may be unrealistic to expect every council to have access to all the skills they require in-house, which is why we propose **a national centre of specialist planning skills and expertise**, located in the North. Such a centre, focused on boosting housing growth and quality, would enable councils to call on expert help for priority projects. Locating it in the North would emphasise that it is open to all areas.

We warmly welcome the pledge in the Planning White Paper to develop a resources and skills strategy for planning. We hope this will incorporate the proposals above. We note the Government’s proposal that a small proportion of developer contributions could be used to fund local authorities’ overall planning costs. The spatial implications of this proposal need careful thought. It is a fact that planning obligations deliver less in the North than elsewhere at present: the North East and North West taken together account for only 5% of the total value of planning obligations in England¹⁸, and many sites in the North are likely to sit beneath the viability threshold the Government proposes, below which the infrastructure levy would not be charged. It is important that the resourcing strategy reflects the needs of places, rather than following land values.

Outcome

These proposals will equip local government in the North of England with the capacity to improve the supply and quality of housing in their areas. This will contribute to Government priorities around levelling up, economic recovery, net zero and public service reform.

The North of England has experienced larger comparative reductions in housing and planning capacity since 2010. 80% of local authority capacity in the North is now going into statutory services¹⁹. This chronic lack of capacity is constraining efforts to level-up.

¹⁷ Hincks, S. et al (2020) A view from the North : Understanding Local Authority Housing and Planning Capacity in an Era of Austerity. CaCHE, Sheffield.

¹⁸ Lord et al (2018) The incidence and value of planning obligations. London: MHCLG. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685301/Section_106_and_CIL_research_report.pdf

¹⁹ NHC (2020) Time to level-up: local authority housing and planning capacity in the North of England.

Restarting our housing market will be a key element of economic recovery and is necessary to meet the Government's ambition to deliver 1 million new homes across the country. Equipping local authorities with the resources they need to monitor and drive progress of sites with permission will avoid the stalling of a fragile market.

Declarations of climate emergencies reflect councils' commitment to net zero targets. They have an important role to play in the trajectory towards all housing to reach Band C by 2035 either through enforcement activity, administering grant funding or retrofitting their own stock. This will require fresh capacity and skills.

The Planning White Paper proposed ambitious changes to our planning system. The forthcoming Devolution and Local Growth White Paper is likely to lead to further local government reform. It is clear from NHC research on local government housing and planning capacity in the North that services are now *'operating on a skeleton model'*²⁰. To make a success of the Government's reforms, to deliver the 'rapid progress' Government wishes to see, and to maintain delivery throughout, additional resource will be required.

Costs and benefits

Additional capacity in northern councils will enable the delivery of additional homes, and improvements to the quality of existing homes. Evidence assembled by Sheffield Hallam University²¹ on benefit-cost ratios is clear that these actions lead to positive economic outcomes:

Activity type	Valuation basis	Central valuation	Cautious valuation
New build housing	Consumption (property betterment) and production benefits (GVA)	2.6	1.7
Housing improvement	Consumption benefits - property betterment and social benefits	2.0	1.3
Acquisition, demolition and new build	Consumption benefits - property betterment and visual amenity enhancement	5.5	3.7

According to the costs and benefits associated with various regeneration activities, £1 billion invested could generate £3.47 billion in benefits²².

Deliverability

Over March and April 2020, the Government supported local councils with £3.2 billion of emergency grant funding and over £5 billion of cashflow support to support public services through Covid-19. The heroic response from local authorities

Available at <https://www.northern-consortium.org.uk/wp-content/uploads/2020/02/Time-to-Level-Up-LA-Housing-and-Planning-Capacity-in-the-North.pdf> citing Hincks, S. et al (2020) A view from the North : Understanding Local Authority Housing and Planning Capacity in an Era of Austerity. CaCHE, Sheffield.

²⁰ Ibid

²¹ Dobson, J. et al (2018) Literature review of regeneration scheme evaluations. Sheffield : Centre for Regional Economic and Social Research. Available at: <https://s3.eu-west-1.amazonaws.com/regionaleconomicandresearch.com/2018/08/2018-Literature-review-of-regeneration-scheme-evaluations.pdf>

²² Verco modelling for Cambridge Econometrics - The economic and fiscal impacts of making homes energy efficient

demonstrates what local organisations can achieve when supported to deliver the services needed. We believe that a lack of capacity in public services will be a major issue in local recovery in the regions of the UK. Investment will be needed to grow capacity and develop skills.

The local government finance system offers a ready framework through which a sustained real-terms increase in local government can be delivered.

We suggest that Homes England would be an appropriate agency to oversee our proposed national centre of specialist planning skills and expertise. It is consistent with the Agency's existing objective to 'offer expert support to priority locations'²³.

Conclusion, Part 2

Levelling up housing and planning capacity within local authorities in the North is a vital underpinning for future growth and renewal. It would contribute directly to Government priorities:

- To level-up the UK's cities and regions
- Building at least a million more homes, including hundreds of thousands of affordable homes
- Reaching Net Zero by 2050, reducing carbon emissions and pollution
- Regeneration of our cities and towns.

²³ Homes England (2018) Strategic Plan 2018/19 – 2022/23. London: Homes England. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/752686/Homes_England_Strategic_Plan_AW_REV_150dpi_REV.pdf

Part 3. Invest in places: making a visible difference by investing in neighbourhoods to support quality housing of all tenures.

Policy proposals

1. A long-term commitment to place-based, housing-led regeneration through a Housing Quality Investment Fund.
2. Equitable regional allocation of public investment that recognises the diverse housing needs of different parts of the UK.

Policy Rationale

1. Place-based, housing-led regeneration - we are seeking Treasury support to develop a sustainable housing model in lower demand areas to support delivery of levelling up all areas of the UK. The overarching case for a Housing Quality Investment Fund rests not only on the urgent need to increase the availability of good quality affordable housing, but also the opportunity for a post-Covid stimulus package to introduce good quality, well paid jobs in construction and retrofitting. The aim would be to boost investment for cross-tenure housing improvement in places with concentrations of poor-quality homes.

The £4 billion levelling-up fund is important recognition that some parts of our country have received less investment in recent years and the scale of the Fund means it presents a real opportunity for regeneration in the North. Similarly, the £7.1 billion National Home Building Fund to support the development of new homes will deliver infrastructure investment and land assembly, providing the Fund is not subject to high-affordability restrictions.

The North is currently significantly locked out of five key housing funds due to the geographical targeting of funds on 'high affordability pressure' areas, predominantly located in the South East. Subsequently, there are only 4 local authorities in the North, home to just 3.9% of the North's population, that qualify for access to the lion's share of these funds. This geographic targeting (referred to as '80/20' criteria) must not be replicated in the National Home Building Fund as it is antithetical to levelling-up.

A Housing Quality Investment Fund would be targeted specifically at grant funding for social landlords and alternative housing providers (such as community-led housing organisations) to acquire existing private rented properties and convert them into new social and affordable homes. A major part of the Fund would be targeted at lower demand areas, with grants contingent on improving housing conditions and supporting local economies.

There are good examples of this wider place-based regeneration by registered providers but overall, it is very difficult for either local authorities or registered providers to resource whole neighbourhood improvement initiatives.

A long-term commitment to housing-led regeneration through a Housing Quality Investment Fund would level-up housing quality in the North, support local collaborative, partnership working to drive wider improvements in housing quality across tenures and bring a new focus to raising the standards of the North's existing stock. It would provide tangible evidence of levelling-up, at pace.

Without such a boost to left-behind housing, there is a risk of momentum and investment in declining towns being lost and problems being stored up for the future.

2. Equitable regional allocation of public investment - Government has stated an intention to revise the '80/20 rule', establishing a new principle for future funding from the £7.1 billion National Home Building Fund that better reflects a commitment to levelling up.²⁴

We would make the following points for an equitable regional allocation of future funding:

- a) Rebalancing requires the removal, not just the revision, of the 80/20 funding rule whereby Government allocates 80% of multi-billion funding for housing and infrastructure to areas which have higher property and land values.
- b) We propose the development of a regional strategy upon which investment can be based so that funding streams must consider the differential impacts on different places and the interaction with other relevant strategies demonstrating how to level up left behind places whilst representing value for money in the use of public funds. Criteria for streamlining the process might involve explicit devolution, or simply a more future oriented view of where growth pressures could arise in response to other regional policy and infrastructure plans.
- c) Competitive bidding processes often absorb the very limited local government capacity on unsuccessful submissions²⁵. Capacity constraints at local level in Northern authorities to engage with the full appraisal process further emphasises the connection between local capacity and opportunities to level up.

Outcomes

1. A Housing Quality Investment Fund would demonstrate a long-term commitment to housing regeneration – across tenures. This would allow for wider improvements in housing quality and bring a new focus to raising the standards of the North's existing housing stock. This offers the opportunity for

²⁴ [Plans to regenerate England's cities](#)

²⁵ Independent research by the think-tank Localis estimates the costs of competitive bidding at tens of thousands of pounds per bid. See http://www.localis.org.uk/wp-content/uploads/2014/07/loc_competitivebidding.pdf

a post-Covid-19 stimulus package to introduce good quality, well paid jobs in construction and retrofitting.

2. The removal of the 80/20 rule would allow Northern regions to integrate housing investment into wider policies centring on economic growth, in keeping with the Northern Powerhouse and levelling up agendas. To date, there has been a historic regional imbalance in infrastructure investment. Rather than being seen as a means of unlocking economic potential, it has been targeted at helping already high productivity areas grow faster²⁶.

Costs and benefits

The NHC is looking to work with Government to co-design a place-based solution such as a Housing Quality Investment Fund which would bring a new focus to raising the standards of the North's existing stock. Options include the pulling together existing disparate funding streams and coupling these with new carbon investment to ensure a targeted, place-based and efficient mechanism for achieving national and local ambitions.

Estimates include, most recently, a £1.3 billion fund for England. Cost benefit analysis by the Affordable Housing Commission concludes that a fund could deliver 42,500 new social and affordable homes, the majority of which would be at social rents (with 35,000 in low demand areas in the North and Midlands – at an average grant of £23,000 each - and 7,500 on stalled sites, at higher grant rates). The Commission's analysis over 30 years shows the net cost to HMT would be £600 million whilst delivering wider economic benefits of around £1.4 billion. There are also other savings from improved housing conditions and distributional benefits, as well as productivity improvement.²⁷

Deliverability

While examples exist of large-scale acquisition of poor-quality properties either by local authorities or by registered providers across the North, these are not widespread, as it is hugely resource-intensive relative to the number of properties that can be improved.

Without significant financial investment, local authorities without their own housing stock have neither the capacity, the workforce, or the infrastructure to purchase properties at scale and to provide ongoing management and maintenance.

Current examples of this in practice are limited in scale and crucially, rarely, linked to cross tenure neighbourhood renewal. Through block renewal and environmental schemes, it is possible to both improve the fabric of the property and to enhance the wider area. This then provides a mechanism to pro-actively support vulnerable households and provide them with the assurances needed to carry out internal

²⁶ Cebr (2020) Levelling up the Green Book Stage I: A Cebr report for Homes for the North. Available at: <http://www.homesforthenorth.co.uk/wp-content/uploads/2020/07/H4N-Levelling-up-the-Green-Book-Stage-1-Full-report.pdf>

²⁷ [A National Housing Conversion Fund](#): buying properties to boost affordable housing supply. Affordable Housing Commission 2020

improvements as well, for example, through Green Homes Grant funding. There is a wealth of experience from NHC member organisations in carrying out this kind of work that could be drawn on to help deliver new schemes.

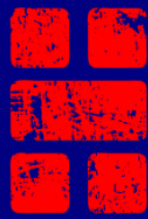
A recent consultation with our member organisations showed that 89% of the housing associations taking part indicated that they would be prepared to explore acting as a delivery agent for upgrades to private rented and owner-occupied homes in their neighbourhoods, providing grant funding was available to provide the required certainty.²⁸

This combination of a place-based, outcome-focused funding package alongside the new Shared Prosperity Fund targeted at more deprived areas would demonstrate a commitment to levelling up through housing quality. This would support capacity-building across local organisations to deliver cross-tenure retrofits of existing homes and provide the economic stimulus to revitalise left-behind places in the North and provide high value economic benefits.

Conclusion, Part 3

Levelling-up means delivering a level playing field in relation to multi-billion national funding streams. It also means developing targeted funding that address the needs of communities which have been left behind for too long. The proposals set out above would demonstrate the Government's commitment to integrating housing into the North's future economic growth, and to turning round communities and improving the quality of life in neighbourhoods across the North.

²⁸ NHC Housing's Role in the North's Recovery 2020



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