NORTHERN HOUSING CONSORTIUM

VOICE OF THE NORTH

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THE NORTHERN HOUSING MONITOR 2021

The analysis you need, in one place

Acknowledgements

I would like to thank, Robin Van Wonderen for all his data wrangling and map making and the arc4 Managing Directors Helen Brzozowski and Michael Bullock for their contributions to the Monitor and Lynne Shaw for her administrative support.

In addition, I would also like to express my gratitude to Karen Brown and Brian Robson from the Northern Housing Consortium who oversaw the project thoughtfully and, of course, our patient, reference group of Alison Leech, Incommunities Group; Lucy Dixon Karbon Homes; Tim Jago Liverpool City Region Combined Authority; Kathryn Whittle, Thirteen; Alistair McDonald, Ward Hadaway; John Murray, Ward Hadaway; and Luke Fairburn, Hull City Council.

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The Northern Housing Monitor is produced with the support of Ward Hadaway, one of the UK's Top 100 law firms, serving social housing clients across the north and beyond from their offices in Leeds, Manchester and Newcastle.

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Long D (2021) The Northern Housing Monitor 2021, commissioned by the Northern Housing Consortium.

Welcome!

Welcome to the Northern Housing Monitor.

The Monitor is an analysis of Northern housing data, commissioned by the Northern Housing Consortium with the generous assistance of our supporter member, Ward Hadaway. It is our account of the state of the housing market in the North of England in 2021 highlighting emerging trends and identifying the developments having the most significant impacts on people, homes and neighbourhoods in the North.

The Monitor uses high-quality datasets, often collected nationally for use in government publications, and presents this data at a regional level to create a consistent and reliable reference document for everyone with an interest in housing in the North.

The Northern Housing Monitor is accompanied by an interactive geographic look-up tool – the Databank. For NHC members, this provides another level of analysis and works to build responsiveness to housing needs at a local level, to support developing targeted strategies that respond to the differing needs of local areas.

The big story emerging from this edition of the Monitor is on housing and energy efficiency. The Monitor sets out the scale of the challenge we face to ready the North's homes for net zero. This shows that to bring homes in the North up to Band C requires improvement to 270,000 homes every year between now and 2035.

But it's a challenge that comes with huge opportunities. In a Covid-recovery context, green home upgrades present a real opportunity for Government to deliver on net zero and levelling-up ambitions. There is potential for 77,000 good green jobs across the North by the 2030s if we get this right – the Spending Review expected in the Autumn will be a key moment.

Other chapters in the Monitor cover issues that matter to the North, with analysis on levelling-up, the quality of existing housing, private renting, supply, affordability and investment in Northern housing.

The Monitor is part of the NHC's commitment to building an evidence base on the issues that matter to our members. We hope you find the Monitor a useful, instructive and unique source of Northern housing data – something that will sit on your (virtual!) desktop all-year-round.

Tracy Harrison
Chief Executive,
Northern Housing Consortium

John Murray
Partner,
Ward Hadaway

PS. Do let us have your feedback on the Monitor – we'd love to hear how you use it and what other analysis would be useful in future.

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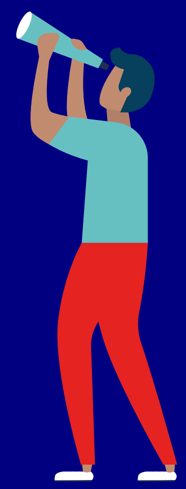

INTRODUCTION

Arc4, the housing and data consultancy, was commissioned by the Consortium to produce a Monitor that would be a useful companion for senior leaders of housing providers and local authorities, stakeholders and politicians in their task of increasing and improving the housing available across the North.

Each chapter focuses upon a key element of Northern housing. Inevitably, we have to be selective in the data we have examined. This year, it is the challenges of energy efficiency and the state of private renting.

The chapters are structured in the same way, with:

- context setting opening quotations
- a few key takeaway points
- a detailed discussion of the data
- occasionally a Stat Alert! discussion of challenges with the data or arguments used
- a Big Picture conclusion – formatted like the one at the right of this page.

For those interested in the data, a companion Northern Housing Databank has been prepared and will be made available with training to Northern Housing Consortium members in the Autumn. The links are highlighted as follows in the text.

For local data on some indicators in this chapter go to **www.northern-consortium.org.uk/Northern-Housing-Databank** in the Northern Housing Databank on the Consortium's website.

The 2020 English Housing Survey's detailed chapters were released beyond the Monitor's editorial deadline. However, we have tried to incorporate as many of the findings as possible.

Obviously, all the data covered in the Monitor cannot be included in the databank. However, the source references should lead to the place where the data originates. The data is the best available and is usually drawn from public sources or dependable organisations. Inevitably, as the data comes from a range of sources there will be differences in methodologies, timescales and totals.

The Monitor and Databank are both very much works in progress. If you have any questions or suggestions for future editions, please do not hesitate to get in touch.

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The Big Picture Conclusion

The Northern Housing Monitor is a reference work. We anticipate it will be most useful on your computer desktop. We hope it will prompt new thinking and promote fresh policy making. Used to inform reports, presentations, speeches and leadership awaydays and strategy making, the point is to help improve housing across the North.

NORTHERN HOUSING BY THE NUMBERS

(NB Totals may vary due to different sources, methodologies and timescales)

Table 1: Number of homes and proportion of England and North's totals

	Homes	% England total	% of North total
North East	1,305,810	5.3%	18.4%
North West	3,333,545	13.5%	47.0%
Yorkshire & The Humber	2,460,706	10.0%	34.7%
NORTH	7,100,061	28.8%	
ENGLAND	**24,657,900**		

Source MHCLG LT 100 (2020)

Table 2: Number of homes by provider and proportions of regional and England totals

	Local Authority	Private Registered Provider	Other public sector	Private sector (owned and rented)	All tenures
North East	96,921	186,933	101	1,021,855	1,305,810
North West	82,652	505,691	1,232	2,743,970	3,333,545
Yorkshire & The Humber	225,942	198,112	3,555	2,033,097	2,460,706
NORTH	405,515	890,736	4,888	5,798,922	7,100,061
ENGLAND	**1,583,068**	**2,583,208**	**32,274**	**20,459,350**	**24,657,900**
Table 2a: Sectors' stock as a proportion of each region's total					
North East	7.4%	14.3%	0.0%	78.3%	
North West	2.5%	15.2%	0.0%	82.3%	
Yorkshire & The Humber	9.2%	8.1%	0.1%	82.6%	
NORTH	5.7%	12.5%	0.1%	81.7%	
ENGLAND	**6.4%**	**10.5%**	**0.1%**	**83.0%**	
Table 2b: Northern regions' stock as a proportion of England's total					
North East	6.1%	7.2%	0.3%	5.0%	5.3%
North West	5.2%	19.6%	3.8%	13.4%	13.5%
Yorkshire & The Humber	14.3%	7.7%	11.0%	9.9%	10.0%
NORTH	25.6%	34.5%	15.1%	28.3%	28.8%

Source MHCLG LT 100 (2020)

Table 3: Number of homes in the North by tenure and percentage change over the period

	2019/20 (,000s)	% of total	% change 2011/12 to 2019/20
All Owner occupancy	4,344	64.2%	2.6%
of which Owned outright	2,372	35.0%	20.4%
of which Mortgaged	1,971	29.1%	-13.0%
Private rent	1,202	17.8%	22.3%
Social rent	1,224	18.1%	0.8%
NORTH All tenures	**6,770**		**5.2%**

Source English Housing Survey Annex Table 1.2: Tenure, by region, 2003-04 to 2019-20

Table 4: Additions to the Dwelling Stock by region

Region	Percentage new homes built 2017/18 to 2019/20
North East	2.3%
North West	2.7%
Yorkshire & The Humber	2.4%
NORTH	**2.5%**

Sources Housing Delivery Test and Table 1

Table 5: The distribution of Pre-1919 Stock

	Units built before 1919	% of relevant total
North East	237,020	19.0%
North West	794,220	24.0%
Yorkshire & The Humber	500,860	21.7%
NORTH	1,532,100	22.3%
ENGLAND	**4,906,000**	**20.1%**

Source: Valuation Office Agency

For local data on some indicators in this chapter go to www.northern-consortium.org.uk/Northern-Housing-Databank in the Northern Housing Databank on the Consortium's website.

THE STATE OF HOUSING IN THE NORTH

This section provides a short consideration of how the North's housing is broadly faring and what are the important challenges Local Authorities and Registered Providers need to factor into their strategy-making. Much more detail is to be found in each chapter.

We will feel the policy changes in the pipeline for a long time

The Government's emerging policies e.g. on Planning, Renter Reform, Building Safety, First Homes and new model shared ownership and not forgetting how it chooses to manage its debt, will have a big impact on local authorities and Registered Providers agendas across the rest of the decade. A replacement for Section 106 is a particular obstacle to negotiate as the North already only achieves 31% of affordable units via planning gain compared with 47% nationally. The Comprehensive Spending Review later this year will be an important moment. A tight settlement over rents and benefits would squeeze social and private tenants and their landlords' capacity to invest in new and existing homes.

The Carbon Challenge is enormous (Chapter 1)

To reach the lower slopes of decarbonisation, 270,000 Northern homes will need to be retrofitted a year to 2035. That's one home every two minutes. At a cost estimated at £143 billion, decarbonisation in the North requires a huge reorientation of resources. This is made no easier as we are still building homes below target and much of the existing housing stock is pre-1919 and may only be capable of limited upgrading.

More homes can be achieved (Chapter 2)

Two thirds of the top 10% of the highest performing housing delivery authorities are in the North. Yet 2015/16 to 2019/20, the affordable housing completions were 45% or over 8,550 homes below target each year. The housing brownfield capacity across the North is over 300,000 homes. Remediating brownfield housing land could cost £3.8 billion.

Will the Homelessness Dam hold? (Chapter 3)

The Everyone In initiative is potentially a step change over rough sleeping numbers. The slow down on evictions has been particularly strong in the North. However, those owed a homelessness duty by Northern local authorities rose nine times above the national 0.4% increase in 2020/21 and there are other signs of pressure building up in different ways in each region.

Affordability – a challenge returning? (Chapter 4)

The pressure of homelessness will not be helped by Northern markets experiencing a twelve-month house price boom of over 13% is in early 2021. Sales affordability in the North West and Yorkshire & The Humber has declined for both the lower quartile and median price/earnings ratios but has improved in the North East. However, on lower quartile earnings, it could take up to 11 years to save for a 10% deposit. Living in market rented housing does not help as private rents are at their least affordable since, at least 2016. A housing market version of 'stagflation' seems very possible: where rising sale prices and rents co-exist with depressed demand driven by constrained and uncertain incomes, limited mortgage lending and declining town centre real estate values.

The return of unaffordable Private Rents (Chapter 5)

Despite the short term increase in Local Housing Allowance (LHA) rates, the relationship between housing benefits and rents remains problematic. In 2019, 83% (234,000) of properties were advertised at rents above their LHA rate. this proportion having increased every year since at least 2016. Given the current boom in sales prices, the decision to peg LHA rates in cash terms will generate increasing pressure on households, reduce their housing choices and could further disincentivise private rental supply. Alongside this, Northern local authorities share of the Discretionary Housing Payment allocations is 12% (£5.2 million) below its share of the nation's occupied homes.

Levelling uphill? (Chapter 6)

The revision of the Green Book rules and the success of many Northern towns in securing town regeneration deals offer encouraging signs for economic levelling-up at the margin. However, a cautionary note has to be sounded over the implications of the public debt. In times of expenditure restraint, the tendency to fall back on competition scored by market growth indicators fits poorly with 54 of the North's 72 local authorities having higher deprivation rankings in 2019 than 2015.

Northern Housing - A high value/ under-invested asset class (Chapter 7)

Despite Northern housing now being worth over £1.1 trillion, almost 100,000 homes (and rising) are long term vacant, with almost 19% of homes being non-decent. Only in the North East is the proportion of decent homes better (and substantially so) than the England average. 4,500 units a year are identified as having the worst Category 1 Hazards. Achieving decent homes is estimated by English Housing Survey to cost £8.7 billion - or just 0.8% of the asset value.

Solving the Private Renting Paradox (Chapter 8)

Peak private renting appeared to have been passed pre-pandemic, driven by tax and benefit changes earlier in mid-decade. This is a paradox in the face of the North East's average rent growing by 5.5% YOY to Q1 2021 (the largest UK rise) and Yorkshire & The Humber and North West rents exceeding inflation (despite the Leeds and Manchester rental markets falling back). For local authorities, ensuring what our modelling suggests is well in excess of 500,000 private landlords to improve on the low quality housing and energy inefficient housing is a major challenge for local authority enforcement teams.

And finally (Epilogue)

The SARS-CoV-2 pandemic and its sequelae quite simply present the largest and most wide ranging operational challenge many of us will encounter in our careers. The necessary focus on the here-and-now tasks have tended to obscure the immensity of the strategic changes that are now in process. (The last chapter of this Monitor provides a broad framework for the phases we face.)

For sure, the pandemic has left a more subtle mark than the First and Second World Wars. But the consequences of the pandemic will be discernible in shaping pressing political and organisational decisions well into the 2040s. The design and location of our homes; how we relate to our towns and cities; how our economies are organised locally; and indeed globally; even the way we pay for goods and services are all heading on new trajectories that we haven't planned for.

Just as housing played a key role after 1945, in re-shaping our towns and cities and making them more healthy places, so our local authorities and housing providers have a unique opportunity to contribute to a better future for our citizens.

The North has delivered before.
It can again.

CHAPTER 1: HOUSING AND ENERGY EFFICIENCY

Solving the climate crisis is the greatest, most complex challenge that Homo sapiens have ever faced. The main solution is so simple that even a small child can understand it. We have to stop the emission of greenhouse gases.

Greta Thunberg; Our House is on Fire; speech at the World Economic Forum, Davos; (2019)

A major upgrade of the energy performance of the UK's entire building stock will be a fundamental pillar of any credible strategy to reach net zero emissions, to address fuel poverty and cut energy bills.

House of Commons Business, Energy and Industrial Strategy Committee; Energy efficiency: building towards net zero; (2019)

1.1 Context

Climate change is the defining challenge of age: greater even than the task of overcoming the SARS-CoV-2 pandemic. There is a broad scientific consensus that the world needs to function in new ways that avoid an irreversible species-extinguishing process.

The UN Climate Change Conference (COP26) to be hosted by the UK in November 2021 aims to accelerate action towards the goals of the Paris Agreement and the UN Framework Convention on Climate Change. Across the North, many local authorities have declared a climate emergency and are working towards a goal of carbon neutrality within two decades.

A number of climate change deadlines are beginning to become pressing. Beneath the 'net-zero-carbon' challenge by 2050, the Clean Growth Strategy sets a target to upgrade as many houses as possible to Energy Performance Certificates (EPCs)[1] Band C by 2035. This is mitigated "where practical, cost-effective and affordable". All fuel poor households, and as many rented homes as possible, need to reach the same standard by 2030. This is the effective target for social housing, with all private lets currently mandated to reach Band E and likely to have to attain an EPC Band C by 2028 following a government consultation last year. It should be noted that EPC C is a step on the route to net-zero. It is not a net-zero standard and has been described as "generally not a very high performance bar (at the lower SAP 69 end anyway)[2]".

The Sustainable Warmth Strategy (the updated Fuel Poverty Strategy for England) was published in February 2021 replacing the Low Income High Costs (LIHC) definition with Low Income Low Energy Efficiency (LILEE). This redefines fuel poverty in terms of households with a residual income below the poverty line (after accounting for required fuel costs) living in homes with an energy efficiency rating below Band C. The strategy includes an initial investment of £60 million to demonstrate retrofit in social housing; and highlighted actions in train such as the review of the Decent Homes Standard and the £2 billion Green Homes Grant targeted towards lower income households. To meet net zero, the building stock needs to be nearly completely decarbonised by 2050. As only 8% of the 2050 housing stock will be built between 2025 and 2050[3], this is primarily an exercise in retrofitting existing stock. Given the differential regional building rates, retrofitting will be even more significant in the North.

Improving energy efficiency is a complex topic with too much material to be covered satisfactorily in one chapter. This chapter focuses on recent data about the speed of progress and the contributions housing could make to achieve Carbon Neutrality in the North.

[1] An EPC is required for selling or letting homes. It reports how energy-efficient a property is and assigns a Band A to G, with A being very efficient. The EPC estimates energy costs and includes recommendations to improve energy-efficiency, along with estimated costs and savings of the improvements. Read more: https://www.which.co.uk/money/mortgages-and-property/home-movers/selling-a-house/epcs-explained-a6nmp1q099fb - Which?
[2] Colin Farrell (2020) Rising to the EPC C challenge; National Housing Federation's website
[3] National Grid and ESO; (2020) Future Energy Scenarios

Key points

Two thirds of the North's homes are below Band C – the minimum target where practical, cost-effective and affordable by 2035.

To bring homes in the North up to Band C requires retrofitting 270,000 homes each year to 2035. This is over 700 homes for every day of the year or, an astonishing one home every 2 minutes.

New Builds are adding to the problem. Whilst 94% of homes built from 2016 attained Band C or better, almost 1 in every 17 newly built homes are below Band C. This proportion has risen every year since 2017.

As only 8% of the 2050 housing stock will be built between 2025 and 2050, the task of Carbon Neutrality is primarily and especially in the North, an exercise in retrofitting.

The EPC Inspections tell two stories of gradual improvement above Band D for homes brought to market, but much slower improvement at Band E and below suggesting a pool of marginal stock that is not improving.

At the average rate of improvement 2017-2020, it will take 17 years for E or poorer Band housing to disappear from EPC results.

Decarbonising the North's homes by 2035 could generate 77,000 direct jobs in the North and 111,000 indirect jobs across the UK.

The North accommodates 33% of England's fuel poor households. The Fuel Poverty gap is £207 million a year or £200 per fuel poor household.

The scale of the challenge: homes requiring upgrade before 2035

Number of homes below Band C

	North East	North West	Yorkshire & the Humber	England	North
Number of homes below Band C	668,983	1,881,172	1,487,467	13,638,971	4,037,622
%	58.1%	61%	65.3%	59.6%	62%
Each year 2020 to 2035	44,599	125,411	99,164	909,265	269,175
Homes per day	122.2	343.6	271.7	2491.1	737.5
Homes per hour	5.1	14.3	11.3	103.8	30.7
Minutes for each home	11.8	4.2	5.3	0.6	2.0

Source: English Housing Survey 2020

1.2 The scale of the task – the clock is ticking

On the English Housing Survey estimates, the number of current homes that would need to be brought up to Band C by 2035 would be as set out in Table 6.

With two thirds of the North's stock still to be brought up to Band C, this is an enormous challenge. A rate of 270,000 homes a year for 15 years will be required. This works out at over 700 homes for every day of the year or an astonishing home every 2 minutes.

The economic benefits of a green economy are widely recognised. The valuable 2020 IPPR North report Northern Powerhomes[4] calculated reducing carbon emissions from the North's homes by 2035 would generate 77,000 direct jobs in the North and 111,000 indirect jobs across the UK.

The IPPR report calculates a lifetime investment programme of £143 billion whose employment would generate £3.85 billion Gross Value Added (GVA) direct in the North and an additional £5.61 billion indirect GVA in supply chains around the country.

For local data on some indicators in this chapter go to www.northern-consortium.org.uk/Northern-Housing-Databank in the Northern Housing Databank on the Consortium's website.

[4] IPPR (2020) Northern Powerhomes – A Green Recovery Plan To Decarbonise Homes In The North

1.3 Northern Homes' Carbon Emissions

The North's domestic emissions account for just over a quarter (26%) of total emissions[5].

1.4 Energy efficiency of all tenures

The latest regional data on stock energy efficiency was published in the English Housing Survey in 2020. With over 12,000 inspections a year, the Survey constitutes the largest annual national sampling of housing stock conditions undertaken in a common assessment framework. Its coverage differs from the Energy Performance Certificates in that it includes homes not being brought to the market. However, the energy efficiency assessments are only released periodically. The Bands A - G and the rankings are set out in Table 8.

The three regions are distributed across the range of the nine English regions. The rankings have slipped slightly since the 2019 edition (i.e. using the 2018 data), but these may just be sampling issues. Only the North East has been consistently above the England average for A to C bands.

The proportions of F and G Bands for the North were only significantly below the national average in the North East. The English Housing Survey records an underlying progress 2009-2019 that has slowed in the North especially in comparison with London.

Progress in delivering Band C or above appear to be slower than the rest of England with all three regions improving by less than the average 6.1% since 2018, though obviously these are sampled from an enormous population of homes.

Table 7: Proportions of Carbon Emissions due to domestic sector

	Domestic (inc. electricity)	
	Mt CO2	% of territory's total emissions
North East	4.1	26.8%
North West	11.0	27.9%
Yorkshire & The Humber	8.5	23.7%
NORTH	23.6	26.0%
ENGLAND	**80.8**	**28.4%**

Source BEIS UK local authority carbon dioxide emissions estimates 2017 Table 1

Table 8: A - G Bands for all stock

	% A – C	Rank of 9	D	E	F/G
North East	41.9	3	50.3	6.1	1.7
North West	39.0	6	50.0	8.2	2.8
Yorkshire and The Humber	34.7	9	51.1	10.9	3.3
ENGLAND	**40.4**		**46.9**	**9.6**	**3.2**

Source English Housing Survey 2020 Proportion of A to G rated dwellings, by region

Table 9: Progress in achieving Bands A – C for all stock

	2019 % A – C	2018 % A – C	Net change % A – C
North East	41.9	37.6	4.3
North West	39.0	34.0	5.0
Yorkshire and The Humber	34.7	30.2	4.5
ENGLAND	**40.4**	**34.3**	**6.1**

Source English Housing Annex Table 1.3: Energy efficiency rating bands, by region, 2009 and 2019

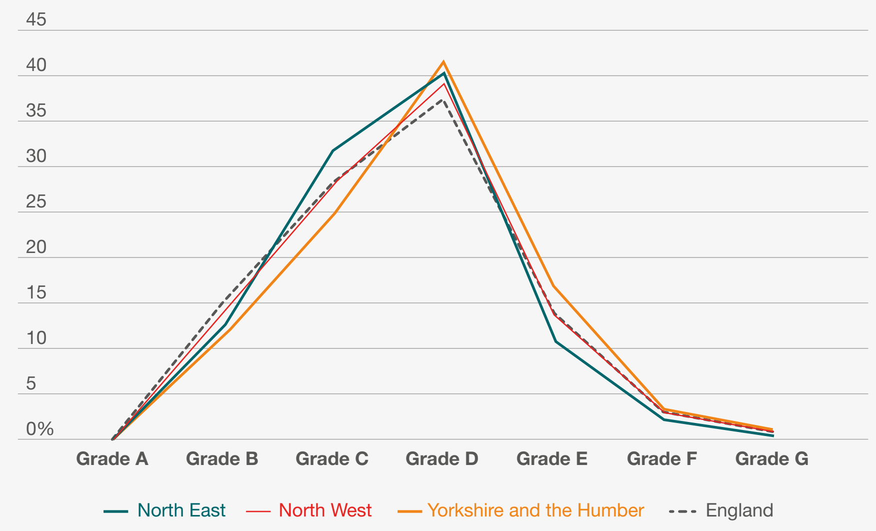
1.5 Energy efficiency for homes to be rented or bought

In contrast to the English Housing Survey, Energy Performance Certificates (EPCs) are the only continuous sampling of housing energy efficiency. Notwithstanding some weaknesses, the EPC gradings are useful as they give an at least once every ten years' assessment of the quality of new and existing homes brought to the market (i.e. homes offered for sale or rent at a point that they are most likely to have had energy improvements completed). This means EPCs will under-count under-invested housing which is under less pressure to be attractive in the market. Just over 50% of homes nationally have been assessed since EPCs were introduced in 2007.

Chart 1 illustrates the cumulative grades, any data points to the left of the dashed line are better than the national average. This is true for the North East, especially for Band C and Band E. Yorkshire & The Humber is generally recording less energy efficient properties, especially for Bands B, C and Band E. The North West is almost identical with the national performance.

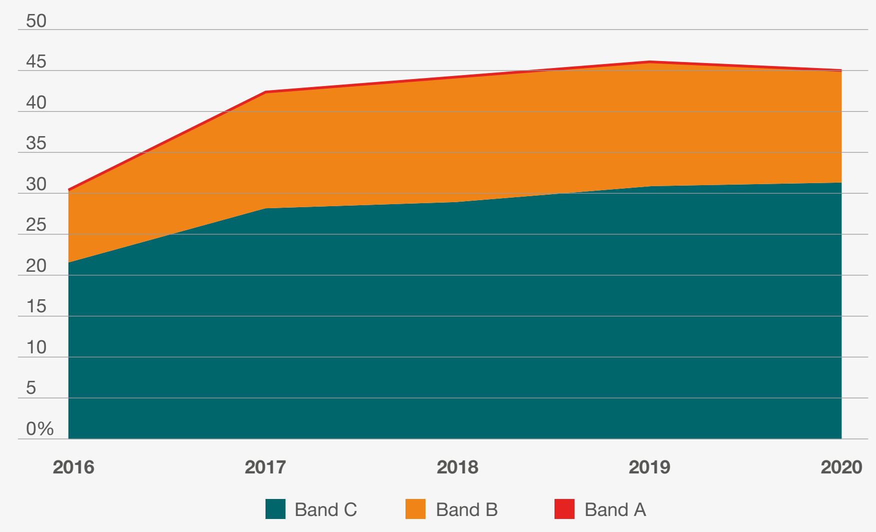
Chart 2 sets out Bands A to C properties as a proportion of the total registered over the past five years. The increase in Band C was particularly strong. The reduction in Band Es (not shown) was also marked. The proportion of Band A grades (red line) is 0.2% at best. To mid-2020, the pandemic does not appear to have materially affected the gradings. However, a significant amount of inspection data will be outstanding for the year. During 2020, the proportion of homes in Band A and Band B fell slightly.

Chart 1: Cumulative total of EPC Bands for the period 2016 to 2020 by region



Source: Table LA1 - Domestic Properties in each Local Authority - Number of Energy Performance Certificates lodged on the Register - in each Year/Quarter to 30/06/2020.

Chart 2: Time series % Bands A to C achieved each year 2016 to 2020



[5] BEIS (2019) UK local authority carbon dioxide emissions estimates 2017; Table 1

1.6 The energy efficiency of new built homes

The energy efficiency of new built homes in the North is patchy.

On the positive side, 94% of homes built from 2016 have attained Energy Performance Certificate Band C or above: four fifths of the total achieving Band B. The concentration towards the bottom right of Table 10 highlights a trend for below Band C housing that will require future interventions. Almost 1 in every 17 newly built homes was in this category during the period. Admittedly, the pandemic may have skewed construction away from larger developers, the proportion of sub-C new homes has risen every year since 2017. This is a worrying trend.

Whilst the rise is apparent in all three regions, Yorkshire & The Humber has by far the largest proportion of sub-C new builds reaching one in every eight homes in the past two years.

Table 10: EPC Bands attained for New Build housing in the North 2016 – 2020

	New builds	A	B	C	D	E	F	G	Below C
2016	47,089	0.9%	76.1%	18.3%	3.7%	1.0%	0.1%	0.0%	4.8%
2017	52,260	1.1%	81.2%	13.7%	3.1%	0.7%	0.2%	0.1%	4.0%
2018	57,928	0.8%	80.1%	13.7%	4.3%	1.0%	0.1%	0.0%	5.4%
2019	63,684	1.1%	80.9%	10.3%	4.2%	2.6%	0.6%	0.2%	7.6%
2020	22,659	0.7%	77.7%	13.8%	4.2%	1.6%	1.8%	0.2%	7.8%
NORTH	**243,620**	**0.9%**	**79.6%**	**13.7%**	**3.9%**	**1.4%**	**0.4%**	**0.1%**	**5.8%**

Source EPC data.

1.7 Energy efficiency by tenure

Table 11 sets out the total and percentage for each EPC Band attained in the North over the past five years.

The table highlights significant differences between public and private housing. As might be expected for a regulated sector, more than 53% of social housing units submitted for inspection reached Band A to C. Only 30% of privately owned housing achieved those Band. NB 12% of registrations had no tenure identified. The low numbers show the distance that has to be covered by 2035.

Table 11: EPC Bands attained by tenure 2016-2020

	A	B	C	D	E	F	G	Row Total
Owner occupied	773	57,037	188,457	397,441	156,766	37,572	12,396	850,442
Private rented	59	10,816	107,958	159,215	73,128	12,322	4,536	368,034
Social rented	392	9,736	168,527	136,261	18,047	3,112	633	336,708
Unknown	1,997	152,590	28,915	17,895	7,363	1,682	994	211,436
Total	3,221	230,179	493,857	710,812	255,304	54,688	18,559	1,766,620
Owner occupied	0.1%	6.7%	22.2%	46.7%	18.4%	4.4%	1.5%	
Private rented	0.0%	2.9%	29.3%	43.3%	19.9%	3.3%	1.2%	
Social rented	0.1%	2.9%	50.1%	40.5%	5.4%	0.9%	0.2%	
Unknown	0.9%	72.2%	13.7%	8.5%	3.5%	0.8%	0.5%	
Total	0.2%	13.0%	28.0%	40.2%	14.5%	3.1%	1.1%	

Stat Alert!

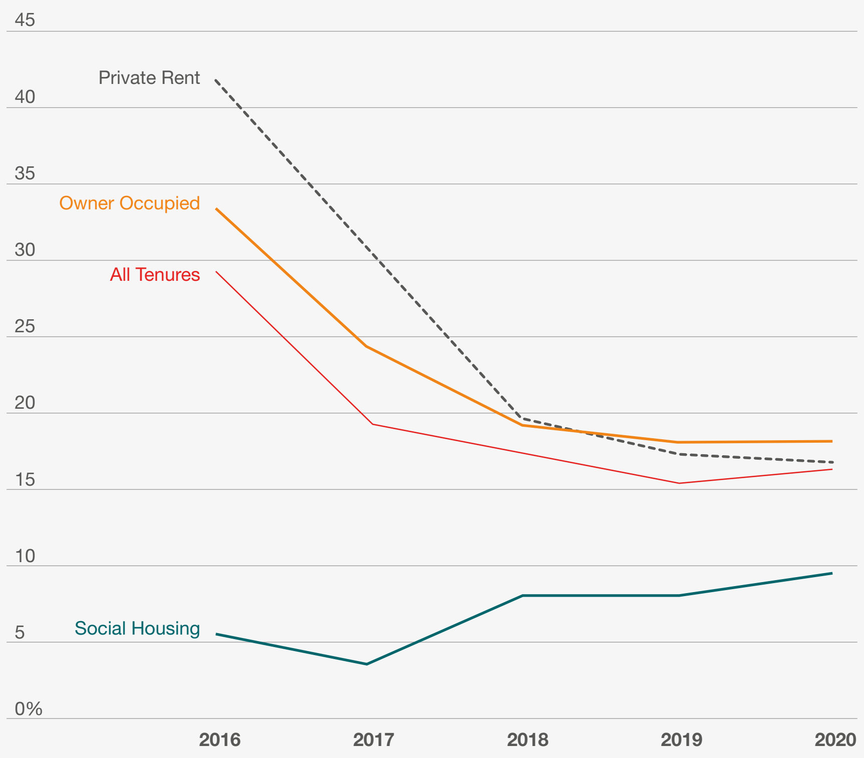
Care needs to be taken when interpreting trends for tenures from EPC data. Inspections are periodic sampling of the wider stock undertaken for a range of reasons and are subject to different mixes of new and existing units each year. In the case of social landlords, inspection may be associated with focusing on poorer performing stock as precursor to an investment strategy. Poorly managed private rented stock may be let unlawfully without a valid inspection. Also, it is important to note that the six months data for 2020 is 58% smaller than the 2019 annual total.

Sampling issues aside, it is reasonable to assume that progress towards better energy efficiency would show up in a gradual decline in the amount of poorly performing stock. However, the next chart marks a sharp drop in 2017, which then rapidly decelerates. If anything, progress in the owner occupied and social housing sectors has stagnated.

The significance of this stagnation is that achieving Band E for private letting is mandatory and is likely to change to Band C by 2028. This will mean that a further 43% of private rented homes inspected (159,000 homes over the past five years and the largest group in the sector) will need to be improved in the next seven years.

At the average rate of improvement 2017-2020, it will take the North 17 years to remove E or lower banded housing from the inspections. The owner occupied sector would take almost nine years and the private rented sector probably a similar time – but its average progress time is skewed by the sharp drop the sector achieved in 2018.

Chart 3: Proportions of E or worse EPC Bands by tenure for the North



1.8 Main sources of energy inefficiencies

The weakest aspects reported by the inspections continue to be the windows and the walls. Whilst there is some variation, there is a sense that window quality might be improving slowly. As window units are purchased pre-fabricated, presumably there is a cost issue that is precluding the installation of above average glazing. Given that glass manufacturing has been a Northern specialism, improving the quality of glazing would appear to be economic enlightened self-interest.

Table 12: Percentage assessed as "average or below" for windows

	Windows: average or below: (% all inspections)				
	2016	2017	2018	2019	2020
North East	61.5%	58.3%	59.5%	59.4%	60.1%
North West	68.3%	59.8%	57.6%	57.0%	57.2%
Yorkshire & The Humber	71.2%	64.2%	62.3%	57.1%	64.1%

The trend for wall Bands appears adverse. This appears to be less tractable and in part probably reflects the extent of pre-1919 housing. This would be a concern as fuel poor households are currently more likely to be found in pre-1919 stock[6].

Table 13: Percentage average or below grading for walls

	Walls: average or below: (% all inspections)				
	2016	2017	2018	2019	2020
North East	32.7%	27.8%	60.6%	59.7%	61.8%
North West	44.8%	39.2%	59.6%	56.5%	57.2%
Yorkshire & The Humber	52.2%	42.0%	61.2%	62.7%	59.8%

The origin of the step change in 2018 is not clear. However, that year coincided with a revision of the Standard Assessment Procedure (SAP) ratings. It was associated with a sharp rise in "Average" ratings, whilst the proportion of below average properties has remained steady at just below 30%.

[6] Fuel Poverty Statistics, 2021: Detailed Tables (2019 data) Table 8

1.9 Homes with Smart Meters

Despite only one third of homes having smart meters nationally, the Northern regions comfortably exceed the national average.

Table 14: Households with a smart meter (gas, electricity, or both)

	Present	Rank of 9
North East	42.0	1
North West	39.3	3
Yorkshire and the Humber	36.8	4
ENGLAND	**33.6**	

Source English Housing Survey Chapter 2 Annex Table 2.9: Whether households had a smart meter

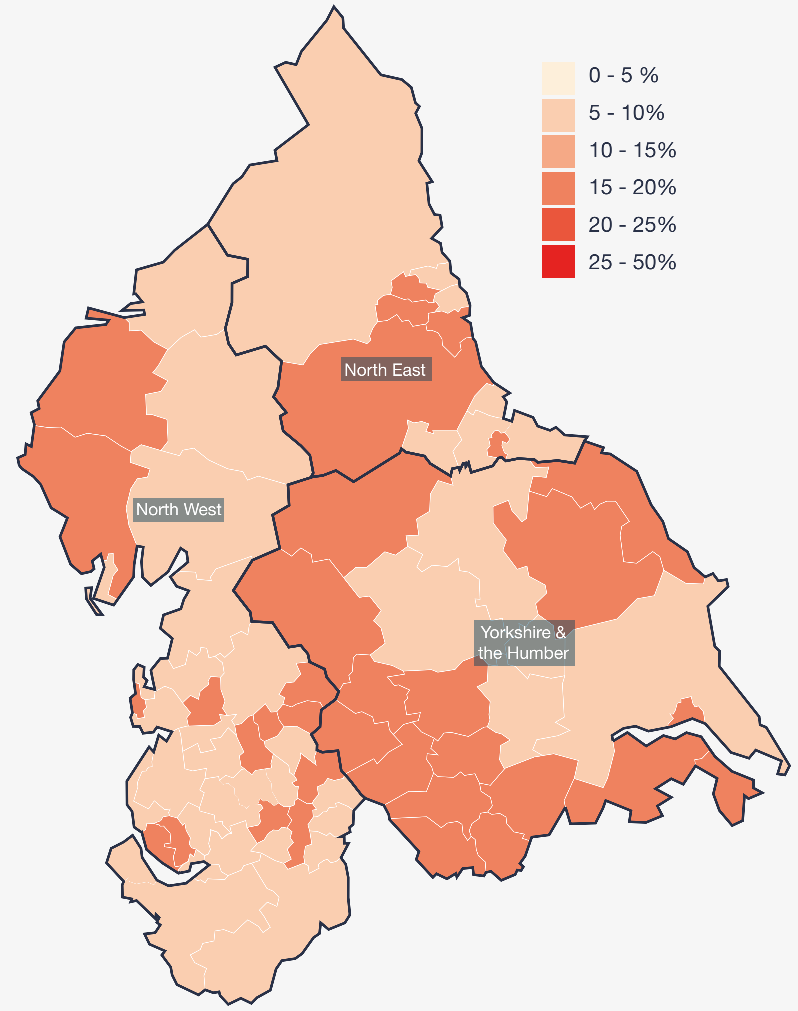
1.10 Fuel poverty

Fuel poverty is an extensive problem across the North – especially in rural areas. The Government's statutory fuel poverty target for England is to ensure that as many fuel poor households as reasonably practicable achieve a minimum energy efficiency rating of Band C by 2030, with a D target by 2025. This is why energy efficiency is a social challenge as well as simply a climate challenge.

By government calculations, the percentage of households in the North experiencing fuel poverty in each local authority lies in the range of 10% to 20%. This is higher than most local authorities in southern England. However, it is below the spikes in urban authorities like central London or Stoke.

The regional data is set out in Table 15. The North accommodates 33% of the nation's fuel poor households. The Fuel Poverty gap is £207 million a year or £200 per fuel poor household. All three regions are above the England average with Yorkshire & The Humber having the second highest proportion of fuel poverty after the West Midlands.

Figure 1: Percentage Households with Fuel Poverty by local authority 2019



Source: Adapted from BEIS Energy map

Table 15: Fuel poverty statistics 2019 data (published in 2021)

	Number of households (,000s)	% of households in area	% of England's fuel poor households	Aggregate fuel poverty gap (£m)	Average fuel poverty gap (£)
North East	177	14.8	5.6	30	171
North West	461	14.5	14.5	99	215
Yorkshire and the Humber	397	16.8	12.5	78	196
NORTH	1,035	15.4	32.6	207	200
ENGLAND	**3,176**	**13.4**	**100.0**	**687**	**216**

Source BEIS (2021) Fuel Poverty Statistics, England: Detailed Tables

1.11 Progress with improving Energy Efficiency

The North is well above the England performance for installation of Energy Company Obligation (ECO) measures. To March 2021, the North West had the highest coverage of 19% (573,400) of ECO measures.

The measures targeting low income or vulnerable households (who often will be in social housing) have also been more effective than across England (although this in part, simply reflects greater deprivation.)

The Renewable Heat Incentive take up is set out in Table 17. It has mainly been adopted in rural authorities. The limited number of authorities in the North in the top decile are rural ones such as Eden, South Lakeland in the North Yorkshire sub-region.

Regionally, social landlords contribute an above average 30% of the North East's installations whereas North West and Yorkshire & The Humber are slightly below the national average of 21.5%. The Domestic Renewable Heat Incentive (DRHI) Scheme will end in March 2022. Subsequent arrangements will emerge from the consideration of the future support for low carbon heat consultation.

Table 16: Energy Company Obligation installation progress

	% of homes with ECO measures installed	ECO measures per 1,000 households	Affordable Warmth and Carbon saving Community Obligation*	ECO measures per 1,000 households
North East	16.0%	160.4	9.6%	90.1
North West	18.6%	185.9	10.5%	102.9
Yorkshire and the Humber	17.3%	172.7	11.1%	108.2
ENGLAND	**11.3%**	**112.7**	**5.9%**	**56.9**

* some duplication in this percentage
Source: BEIS (2021) Household Energy Efficiency Statistics workbook

Table 17: Take up of Renewable Heat Incentive

	% homes with RHI	Private (Owner Occupied and Rented)	Social Landlord	Total
North East	0.21%	1,649	724	2,373
North West	0.16%	3,910	929	4,839
Yorkshire and the Humber	0.34%	6,082	1,610	7,692
ENGLAND	**0.27%**	**49,124**	**13,468**	**62,592**

The Big Picture Conclusion

Domestic emissions account for around a quarter of the North's total emissions. It has contributed substantially to the country's progress in reducing carbon emissions. With the focus turning to retrofitting, central government resources will be necessary to deliver significant progress towards carbon neutrality. However, achieving the Clean Growth Strategy target of Band C by 2035 will require a national effort on a heroic scale to mobilise both the necessary resources and public engagement.

CHAPTER 2: THE SUPPLY CHALLENGE

“”

our target of 300,000 homes a year by the mid-2020s … will see us build at least a million more homes, of all tenures, over the next Parliament – in the areas that really need them.…

The Conservative and Unionist Party Manifesto 2019

Annual net supply would need to increase by around another 23% by the mid-2020s to meet the government’s target, and by another 39% to reach the 340,000 per year called for by Crisis and the NHF.

House of Commons Library Briefing; Tackling the under-supply of housing in England 2021

Key points

2015/16 to 2019/20, the average shortfall of affordable housing completions was 45% or over 8,550 homes a year

The affordable housing programme has almost doubled since 2015/16

There has been a large shift from delivering affordable rent towards home ownership

An additional 38,013 Social housing units were added to the stock 2015/16 to 2019/20. However, social rent has almost halved to less than a tenth of the total programme

Two thirds of the top 10% of the highest performing housing delivery authorities are in the North

The housing brownfield capacity in the North is over 300,000 homes which is slightly more than a city the size of Leeds

As the North only achieves 31% of its affordable homes from Section 106 planning agreements (two thirds of the national average rate), the White Paper reforms will be unhelpful if they reflect more vibrant market conditions in parts of the South

£3.8 billion is a conservative estimate for the cost developers have to find for remediating brownfield housing land in the North

2.1 Introduction

Despite the repeated inquiries and interventions into the planning system, land supply, the building industry skills practices, etc. the last fifty years of house building can be characterised as decades of under-supply. The North has faced particular challenges for the construction of new housing. The affordability pressures in London, the South East, South West and the East regions attracts more resources than the Northern regions where housing pressure is relatively much lighter. The recent reorientation of government spending towards levelling-up and a better balanced Green Book process will help further foster new build housing across both high and low value areas of the North

This chapter is divided into two parts: the first relating to how many new homes are delivered and the second describing issues impacting on how housing and especially affordable housing is achieved.

2.2 Starts and Completions recover well

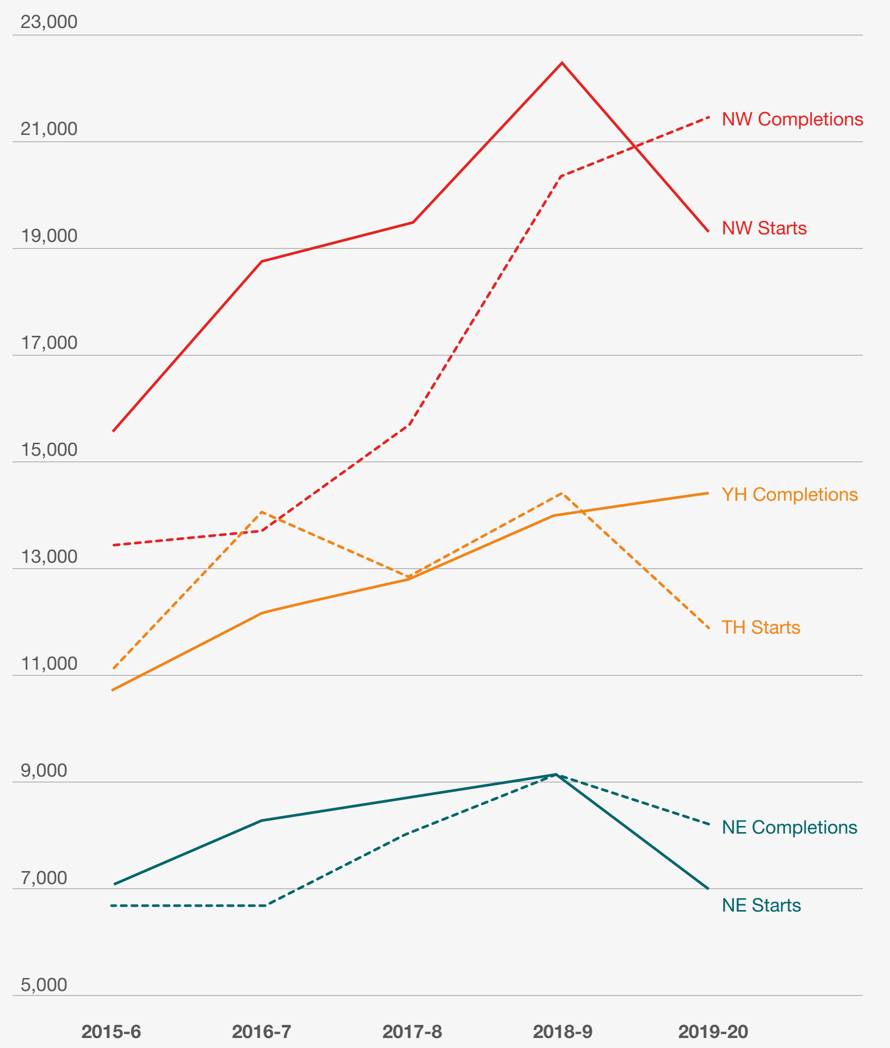
The house building industry has recovered well. Confirmed 2020 data for the regions is not yet available. However, MCHLG provisional national 2020 data[7] tracks a sharp decline in Quarter 2 before a strong recovery once the national lockdown was lifted. The net position for both Starts and Completions is a 16% reduction over the calendar year. To put this into context, it is in the ballpark of the fall in Starts between 2018 and 2019.

The effect of the pandemic in Q1 2020 is evident with the downturn in Starts dropping them well below Completions for the first time in the past five years.

The composition of Starts and Completions fluctuate annually. On average since 2015/16, 87% of completions are generated in the North East and North West by private development and 88% in Yorkshire & The Humber. The proportion of private development Starts are generally around 2% higher than registered provider Starts. Private development generally constitutes a slightly greater proportion of Starts than Completions in the North. Transfers to social sector and unfinished starts will contribute to this differential.

In the year ending October 2020, Northern local authorities also brought 11,400 empty homes back into use which was 27% of the England total[8].

Chart 4: Starts and Completions by Northern region



Source: MHCLG Table 253 Housebuilding: permanent dwellings started and completed, by tenure

2.3 Housing Delivery Test – a strong Northern performance

The Northern regions and local authorities have generally performed well in delivering new housing against the Government's Housing Delivery Test[9]. Despite some major continuing challenges, the three regions all comfortably outperformed the aggregate target for 2017/18 to 2019/20.

The quality of the performance can be gauged by the fact that two thirds of the top decile of the highest performing local authorities are in the North. Only 17 of the 72 authorities achieved less than their targets. Obviously, issues such as size and type mix need to be taken into account. However, given many of the markets were not as buoyant as in other regions, this indicates the region can deliver homes at volume.

Table 18: Region's performance against an aggregated (3-year) housing delivery test

	Target	Delivered	% Achieved
North East	18,178	30,212	166%
North West	59,131	90,576	153%
Yorkshire and The Humber	46,758	60,565	130%
NORTH	124,067	181,354	146%
ENGLAND	**659,195**	**777,927**	**118%**

2.4 New Affordable Housing – a changing portfolio

The amount of affordable housing completed over the period almost doubled since 2015/16.

Table 19: Affordable housing completions (all types) 2015/16 to 2019/20

	2015-16	2016-17	2017-18	2018-19	2019-20	% change
North East	2,960	4,896	4,330	5,531	5,502	**85.9%**
North West	7,133	11,110	12,195	12,583	13,269	**86.0%**
Yorkshire and The Humber	3,826	6,440	6,016	7,680	7,577	**98.0%**
NORTH	13,919	22,446	22,541	25,794	26,348	**89.3%**

Source: MHCLG, Affordable Housing Supply open data.

[7] MHCLG; (2021) Table 253 Housebuilding: permanent dwellings started and completed, by tenure
[8] MHCLG (2021) New Homes Bonus final allocations 2021 to 2022 https://www.gov.uk/government/publications/new-homes-bonus-final-allocations-2021-to-2022

[9] The Housing Delivery Test is an annual measurement of housing delivery averaged over three years for plan-making local authorities. It is a base number below which delivery should not fall rather than a minimum target.

In the five years to 2019/20, 41 northern local authorities delivered 12,432 affordable homes with over half being provided by Hull, Newcastle upon Tyne, Sheffield, Leeds, Wigan, East Riding of Yorkshire and Doncaster. 76% of the units were for Affordable Rent and 17% for Social Rent. Hull and Newcastle were the third and fourth largest council builders in the country.

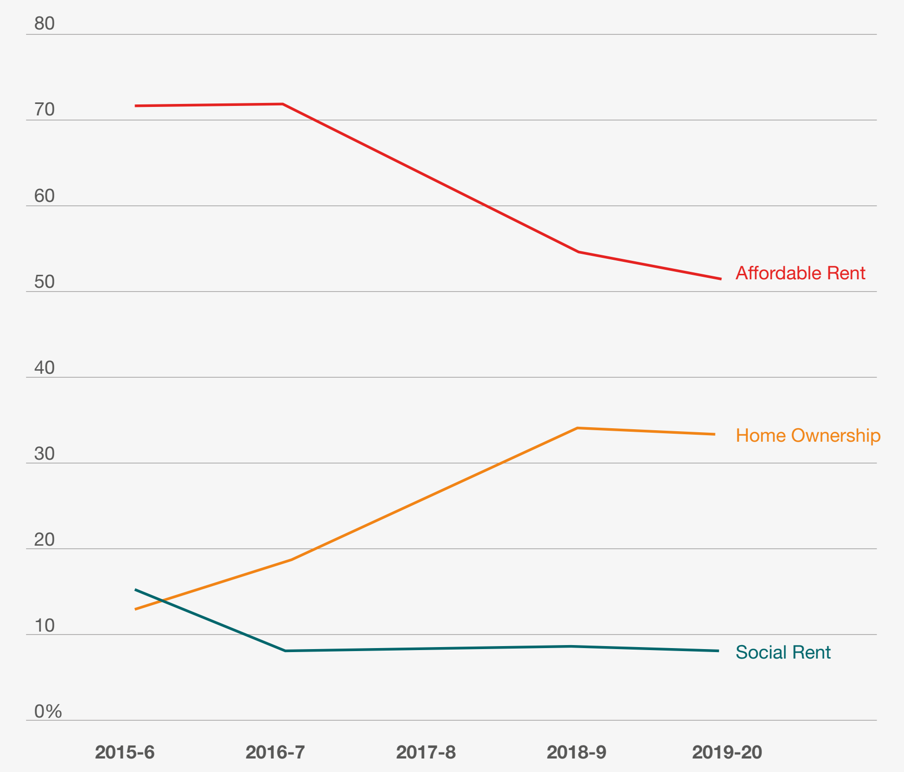
For local data on some indicators in this chapter go to www.northern-consortium.org.uk/Northern-Housing-Databank in the Northern Housing Databank on the Consortium's website.

The composition of the affordable housing delivery has changed dramatically due to government priorities. Chart 5 shows how the affordable housing stock has changed dramatically over the past five years. The balance has shifted from rent to sale, with home ownership rising to a third of the programme in 2019/20 and affordable rent falling from three quarters of the units to half the programme.

The proportion of new social rent has halved, despite a growing programme. The drop has been particularly marked in the North East where social rent's proportion has fallen more than fivefold.

Local authorities have acquired an average 396 homes a year 2015/16 to 2019/20. Over 80% were by Yorkshire & The Humber authorities. The acquisitions are 0.1% of total stockholdings, which have decreased by over 3% since 2015/16.

Chart 5: New Affordable Housing by Tenure in the North



2.5 Affordable Housing Supply against estimates of need

Professor Glen Bramley's Housing supply requirements across Great Britain[10] estimated that the North needs to generate over 18,000 affordable homes a year to meet need.

The outcome for the North against the Bramley targets is disaggregated in Table 20.

Chart 6 shows the distribution of the annual 45% shortfall in affordable home completions.

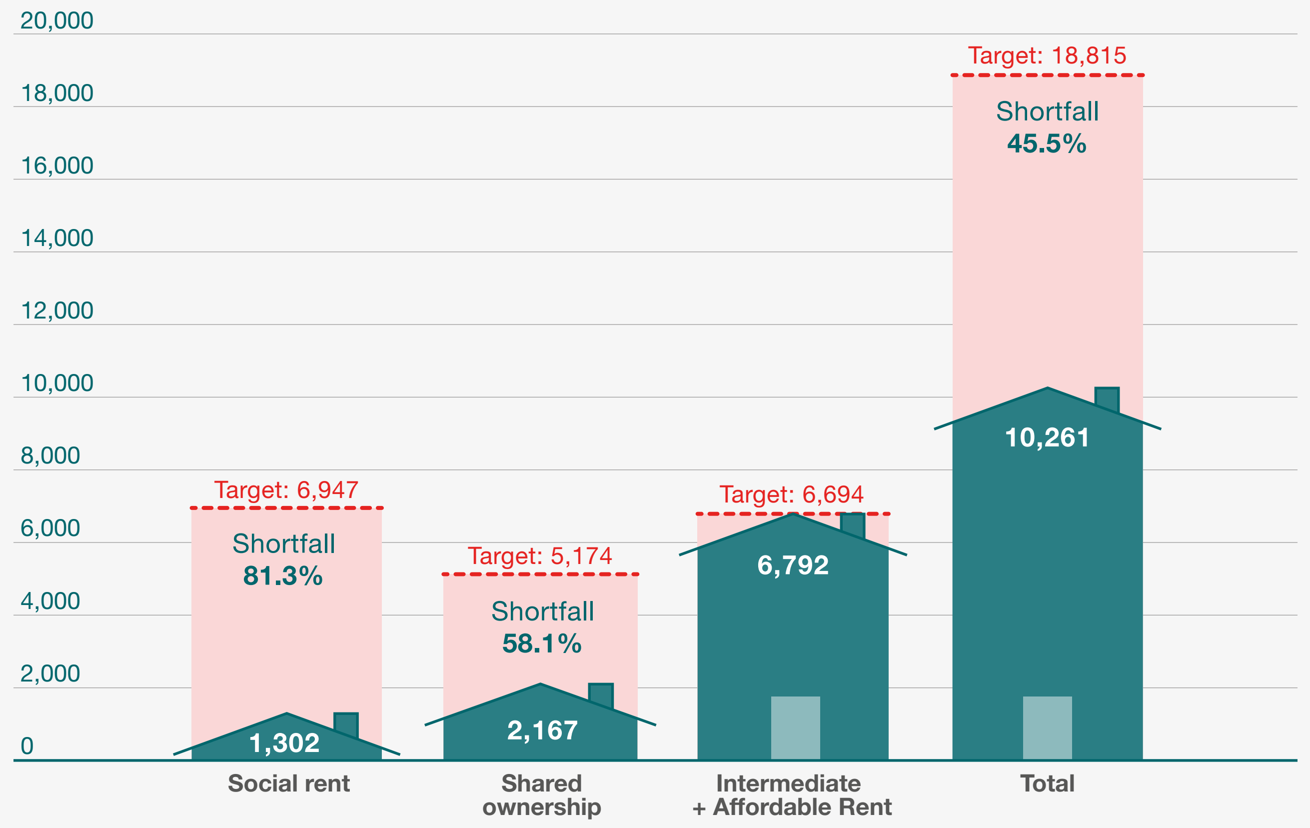
The average shortfall in construction rounds to over 8,550 homes a year.

Table 20: Annual Average of completed affordable homes against identified need 2015/16 to 2019/20

	Target	Average Delivery	% Shortfall
Social rent	6,947	1,302	-81.3%
Shared ownership	5,174	2,167	-58.1%
Intermediate & Affordable Rent	6,694	6,792	1.5%
Total	**18,815**	**10,261**	**-45.5%**

Source MHCLG Affordable housing supply statistics 2019-20 Table 1006aC etc.

Chart 6: Comparison of Average Annual Completed Affordable Homes and Target Total



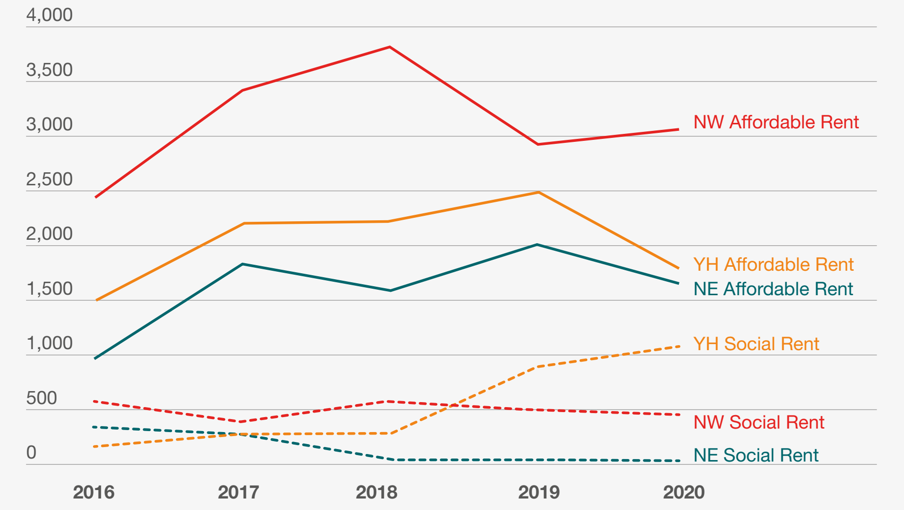
Source MHCLG Affordable housing supply statistics 2019-20 Table 1006aC etc.

[10] Bramley (2018) Housing supply requirements across Great Britain National Housing Federation and Crisis

2.6 Additions to social housing sub-market rented stock

This includes Affordable Rent, Social Rent and a small number of Intermediate units. Chart 7 shows how Affordable and Intermediate Rent is around five times the provision of new Social Rent, with the latter comprising only 19% of the total rental units generated in the past five years. Rental products, of the units with a defined tenure, constituted 75% of the total affordable housing programme in the North. The proportion was falling following the Government's promotion of shared ownership.

Chart 7: Rental additions to Social Housing Stock



Source MHCLG Live table 1011C Affordable Tenure Stock Completions

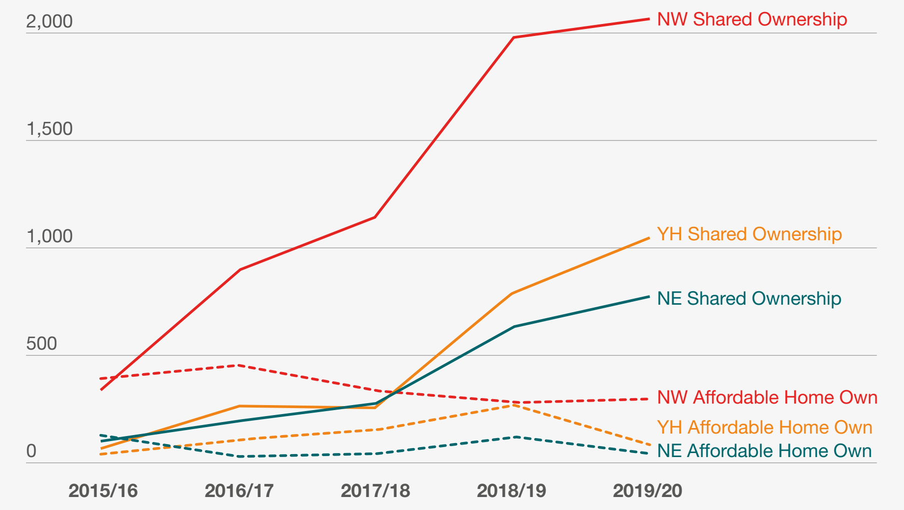
2.7 Additions to social housing sub-market home ownership stock

This grouping includes Shared Ownership and a small amount of Affordable Home ownership units.

Chart 8 shows how shared ownership re-emerged as the driver of affordable home ownership products. The combination of other Affordable Home Ownership products constituted a fairly consistent fifth of the home ownership programme until a dip in 2019/20. Home ownership products, of the units with a defined tenure, constituted 25% of the total affordable housing programme in the North. Obviously, the proportions and types of product will vary in the coming five years as planning reform and First Homes begin to impact provision.

The remainder of this chapter examines issues relating to how new construction is facilitated.

Chart 8: Home ownership additions to Social and Affordable Housing Stock



2.8 Funding Sources of additions to the social housing stock

Table 21 sets out the sources of funding for additions to the social housing stock in the North. The completions built up over the period of the programme.

Of critical importance, given the proposed planning reforms is the degree the programme is dependent on Section 106 units. In the North, 31% (16,639) of all units completed since 2015/16 were achieved effectively from affordable housing contributions. Nationally, the proportion is more than half as greater at 47%. On one level, the smaller proportion would mean the North is less exposed to changes. However, Section 106 units are often key to scheme grant viability and the difficulty in gaining Section 106 in challenging markets often means more flexibility is necessary to achieve them. Loss of that flexibility could be problematic.

Table 21: Proportion of total units by funding source for the North

	2015/16	2016/17	2017/18	2018/19	2019/20	Row %
PRPs funded by Homes England	25.1%	33.6%	53.7%	49.4%	52.7%	44.4%
LAs funded by Homes England	5.0%	7.7%	7.9%	7.8%	5.9%	7.0%
PRPs funded by Other	5.3%	3.5%	1.7%	3.0%	1.7%	2.9%
LAs funded by Other	8.9%	5.6%	1.2%	3.2%	4.2%	4.3%
S106 (nil and part grants)	25.5%	29.0%	32.2%	31.0%	33.9%	30.7%
Affordable Homes Guarantees	28.8%	17.7%	1.5%	3.3%	0.3%	8.8%
Other	1.4%	2.8%	1.7%	2.3%	1.2%	1.9%
Total Units	**7,888**	**10,625**	**10,945**	**12,684**	**12,066**	**54,208**

*Part grant units were only 1.0% of total S106 contributions

2.9 New Homes Bonus

The New Homes Bonus is in its 11th year marking a welcome rise in share for Northern local authorities for all new homes. The pandemic will be a factor. However, the increase still leaves the North's share below the 29% of the nation's homes the North provides.

The Government's response to The Future of the New Homes Bonus consultation will be critical for Northern authorities. Whilst there are inevitably winners and losers, analysis by Lichfields suggests that, unless the pot is increased, upward revisions in the percentage delivery thresholds for payments will have the effect of translating existing New Homes Bonus resources away from the North.

Table 22: Payments for total New Homes Bonus North as a proportion the England total

Type	2016/17	2017/18	2018/19	2019/20	2020/21
All homes	21%	19%	19%	21%	26%
Affordable Homes	22%	24%	22%	24%	20%

Source: MHCLG and adapted from Lichfields' analysis for Northern Housing Consortium and Homes for the North

2.10 The challenge of securing affordable housing through the Planning system

MHCLG's recent study into the outputs from the planning system[10] underscores the limitations of a national approach for obtaining affordable housing driven largely by market factors. Table 23 shows how relatively limited the yield for affordable housing is in the North. Only 14% of England's total of 44,500 units realised by the planning system in 2018/19 were in the North. By value this was almost 12%.

In terms of products, a high proportion of unknown units, probably reflecting market uncertainty, makes conclusions difficult. However, Yorkshire & The Humber appears to achieve more social rent than average.

Planning authorities surveyed for the report emphasised the importance of the flexibility of Section 106 agreements. The Government's proposed planning reforms look to standardise planning obligations. Unless the generation of affordable housing units is underwritten, this could further lock in lower affordable housing gains for Northern planning authorities. In these circumstances, the Affordable Homes Programme would become even more significant. However, this too is driven towards higher value areas, compounding the challenge for many authorities.

Table 23: Affordable Housing gains from the Planning System

	All units	% of England total	Value £s Million	% of England total	Value per 0,000 population £s estimate
North East	777	1.7%	119	2.5%	447,000
North West	2,963	6.7%	282	6.0%	385,000
Yorkshire and the Humber	2,459	5.5%	158	3.4%	287,000
NORTH	5,422	12.2%	559	9.4%	361,000
ENGLAND	**44,500**		**4675**		**830,000**

Source: calculated using MHCLG report The Incidence, Value and Delivery of Planning Obligations

Table 24: Affordable Housing products yielded from the Planning System

	Social Rent	Affordable Rent	Intermediate Rent	Affordable Ownership	Shared Ownership	Starter Homes	Unknown
North East	0.3%	28.8%	1.8%	2.7%	2.3%	0.0%	64.1%
North West	1.9%	33.6%	1.2%	9.4%	19.1%	0.0%	34.7%
Yorkshire and the Humber	19.3%	23.9%	26.8%	1.5%	16.4%	4.3%	7.8%
ENGLAND	**12.8%**	**40.7%**	**6.1%**	**2.7%**	**24.3%**	**0.4%**	**13.0%**

Source: calculated from MHCLG report The Incidence, Value and Delivery of Planning Obligations

[11] MHCLG (2020) The Incidence, Value and Delivery of Planning Obligations and Community Infrastructure Levy in England in 2018-19

2.11 Brownfield sites – the cost of unlocking a key resource

Brownfield land is a major challenge and opportunity in the North. It is recognised that volume developers will often favour greenfield sites for reasons of cost and offer. However, the environmental potential for reducing commuting, sustaining the embodied energy of existing public and private assets, could accrue greater financial and social benefits.

The latest Northern brownfield registers give a total of 5,158 sites of 7,571 hectares which could generate 305,845 homes (slightly more than a city the size of Leeds).

Whilst each site needing remediation is in a class of its own, the HCA Land Remediation cost guidance[12] suggests costs of £205,000 to £1,405,000 per hectare for housing on sites needing the middling two grades of remediation. Assuming an average price of £500,000 per hectare i.e. 36% of the highest figure, this generates a £3.8 billion remediation cost housing developments will have to find. The total is comprised of £1.5 billion in Yorkshire & The Humber, £1.6 billion in the North West and over £0.6 billion for the North East.

The 2020 £400m Brownfield Housing Fund allocates £276 million to the North. In December, the Government launched an additional £100m Brownfield Land Release fund to support brownfield development on public sector land and encourage the bringing forward of self and custom-build serviced plots The additional £100 million will be open to local authorities not part of Mayoral Combined Authorities that already benefiting from the £400m fund. A return to national brownfield funding is obviously very welcome. However, on these estimates this level of funding would take nearly 14 years to convert the potential housing land.

2.12 The 2017 Housing Infrastructure Fund

The 2017 Housing Infrastructure Fund has allocated £3.9 billion through competition to local authorities for infrastructure to unlock housing. It will help to unlock up to 320,000 new homes by helping to fund much needed (physical infrastructure such as roads, community facilities and utilities) in "areas of greatest housing need".

The North received approval for 30 of the 128 successful schemes. The HIF allocation preceded the proposed revision of the Green Book appraisal process which disadvantaged the North. The value of the Northern allocations is £518 million which is 13% of the total sum. One ring road extension scheme constitutes 26% of the North's allocation[13].

The Big Picture Conclusion

In terms of housing delivery numbers, the North is a good place to do business. However, the national market-driven system for incentivising construction does not favour the North as a whole and the supply of new affordable housing is well below the estimates of need.

[12] HCA (2015) HCA Remediation Cost Guidance 2015.pdf
[13] Calculation from HIF allocations data https://www.gov.uk/government/publications/housing-infrastructure-fund/marginal-viability-funding-projects-in-contract-accessible-version

CHAPTER 3: A SHORT NOTE ON HOMELESSNESS AND WAITING LISTS

the response is reactive “crisis management”, and still does nothing to address the underlying structural problems surrounding social housing and the access to the welfare system

Housing historian, Professor Nicholas Crowson commenting on the 2018 Rough Sleepers Strategy; BBC History Extra blog 2018

Key points

Data on homelessness and its precursor states appears quite volatile

Significant short run changes have appeared in the stages of homelessness in the North

These are not fully in synchrony with national changes and so there might be some policy tensions in the post-pandemic phase

Those owed a duty on Homelessness in the North rose 4% over the year, households threatened with homelessness increased by 11%

Section 21 notices[14] have increased by 60% over 2019/20 (75% in Yorkshire & The Humber) when the advice on evictions is lifted, Registered Providers may have less capacity to respond

The North’s total number of households waiting for housing grew by 3% or just over 11,000 applicants

Exactly 50% of Northern Local authorities have experienced increased waiting lists over 2015/16 totals.

3.1 Introduction

Everyone In, the necessary and welcome government response to the pandemic’s public health challenge is a good example of successful “crisis management”. However, the fundamental challenges of the English housing system have been at best untouched by the SARS-CoV-2 virus. If permanent, the current rise in house prices may point to the challenges getting worse.

At present, it is difficult to draw long term conclusions about homelessness in the midst of the pandemic when so many of the key aspects of the phenomenon are subject to temporary interventions e.g. Everyone In, the stay on evictions, and provider activity patterns distorted by lockdown, etc. So the Monitor’s consideration will be limited to a short note in this edition in anticipation of a clearer picture in 2022 when the new normal is emerging and Census 2021 material is available e.g. on overcrowding.

[14] Colloquially, an eviction notice, a Section 21 Notice is a legal process to end an assured shorthold tenancy and provides a date for the tenant to leave their rented home.

3.2 Homelessness and the Regions

Table 25 compares the 2019/20 financial year with the most available data i.e. calendar year 2020. The latter data is still provisional. However, it is worth noting that the pandemic appears to have resulted in some significant changes in the proportions of key aspects of addressing homelessness in the Northern regions. These changes are not fully in step with the national picture. This may generate tensions with national policies as we move into the post-pandemic phase.

From provisional MHCLG data, those owed a relief duty rose in 2020 by 3.7% in the North compared with only 0.4% across England. Homelessness owed a duty rose by 17% in Yorkshire & The Humber and 10% in the North East, whilst in the North West it fell by 7%. The latter reduction is the product of sharp rises in those threatened (22%) and subject to a Section 21 notice (61%).

The Section 21 notices are building up. (See also the wider table (Table 27) that follows.) They have increased by 60% over 2019/20 (three quarters in Yorkshire & The Humber). Whilst this is slightly below the England rise, it does constitute a wave that will start to sweep through the sector once the government advice on evictions is lifted. The ability for social landlords to absorb displaced households may be slightly reduced due to the housing of former rough sleepers.

For local data on some indicators in this chapter go to www.northern-consortium.org.uk/Northern-Housing-Databank in the Northern Housing Databank on the Consortium's website.

Table 25: Percentage change over 2019/20 Homelessness, threatened and Section 21

	Homelessness Duty[15]	Threatened[16]	Section 21 Notice
North East	9.8%	7.8%	21.2%
North West	17.4%	-1.6%	75.3%
Yorkshire and the Humber	-7.0%	22.4%	61.4%
NORTH	3.7%	10.6%	60.6%
ENGLAND	**0.4%**	**11.2%**	**64.0%**

Source MHCLG Live tables. Data is provisional for much of 2020

3.3 Rough Sleeping[17] Estimates

Rough sleeping is distinguished from the broader definition of 'homelessness'. The 2020 rough sleepers' count coincided both with the Everyone In scheme and with a national lockdown throughout November and tier restrictions in October.

This will have reduced the numbers of rough sleepers identified. However, it is worth noting that, the national 2020 estimate of 2,688 rough sleepers was higher than national estimates for all years between 2010 and 2013 and only slightly below 2014's figures.

In the North, the Rough Sleeping estimates increased from 67 to 72. This is contrary to all other regions. This may be an estimation error. However, region has unlike other regions, experienced a gradual rise in homelessness since 2010. Table 26 sets out the 2019 and 2020 estimates.

Table 26: Rough Sleeper estimates 2020 and 2019

	2019	2020	Difference	% change
North East	67	72	5	7.5%
North West	349	226	-123	-35.2%
Yorkshire and the Humber	242	181	-61	-25.2%
ENGLAND	**4,266**	**2,688**	**-1,578**	**-37.0%**

[15] Local authorities' homelessness duty requires them to relieve homelessness and prevent those threatened with homelessness from becoming homeless
[16] Threatened is defined as it is likely that a person will become homeless within 56 days
[17] Rough sleeping is defined as people sleeping, about to bed down or bedded down in the open air or in buildings or other places not designed for habitation (such as stairwells, barns, sheds, car parks, cars, derelict boats, stations, or 'bashes' which are makeshift shelters, often comprised of cardboard boxes). The estimates are derived annually in the autumn from observation by local authorities.

Table 27: Homelessness, threatened and Section 21 Notice numbers, rates and ranks

2020	Home-lessness	Threatened	Section 21 Notice	Home-lessness	Threatened	Section 21 Notice	Rank Homelessness rate	Rank Threatened rate	Rank Section 21 Notice rate
		Households		per thousand	per thousand	per million		Rank of 9	
North East	8,430	8,010	400	7.16	6.80	0.34	3	2	9
North West	20,260	20,250	2,260	6.41	6.41	0.71	4	4	6
Yorkshire and the Humber	16,030	13,890	1,420	6.87	5.96	0.61	5	3	8
ENGLAND	**148,670**	**139,800**	**18,130**	**6.31**	**5.94**	**0.77**			

2019/20	Home-lessness	Threatened	Section 21 Notice	Home-lessness	Threatened	Section 21 Notice	Rank Homelessness rate	Rank Threatened rate	Rank Section 21 Notice rate
		Households		per thousand	per thousand	per million		Rank of 9	
North East	7,680	7,430	330	6.51	6.30	0.28	4	2	9
North West	21,790	16,550	1,400	6.90	5.24	0.44	2	4	5
Yorkshire and the Humber	13,650	14,120	810	5.86	6.06	0.35	6	3	8
ENGLAND	**148,070**	**125,710**	**11,060**	**6.29**	**5.34**	**0.47**			

Source MHCLG Live tables. Data is provisional for much of 2020

Several urban Northern local authorities have not submitted returns so the numbers of homelessness are therefore likely to be several thousand households higher.

The North East has risen to be third (fractionally below second) in the regional rankings for homelessness per thousand population and remains second for threatened but with the lowest Section 21 rate. The North West's homelessness rank fell from second highest to fourth. Yorkshire & The Humber's homelessness rank rose from sixth to fifth.

3.4 Waiting Lists grow

The complications of the relationship of waiting lists to demand for social housing are well known. Accepting the caveat that they are broad proxies for local need and demand, it is possible to consider the pattern and trajectory of local authorities' lists.

The North's total number of households waiting for housing grew by 3% or just over 11,000 applicants. Beneath this, the regional changes are variable, with the largest increase (of 10%) in Yorkshire & The Humber. This is a recent phenomenon. Both the North West and the North East experienced slight downturns in their totals in 2019/20. The North East's total fell by 9% (just over 5000 applicants).

Exactly 50% of Northern Local Authorities have experienced increased waiting lists over 2015/16 totals.

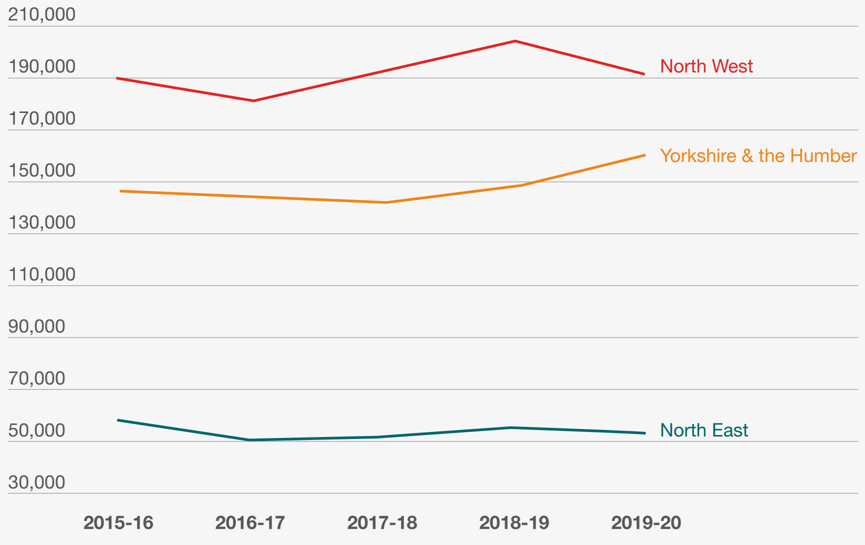
Table 28: Waiting lists by Northern region

	2015/16 Households	2019/20 Households	% change 2015/16 to 2019/20
North East	57,678	52,590	-8.8%
North West	189,501	191,400	1.0%
Yorkshire and The Humber	146,149	160,649	9.9%
NORTH	393,328	404,639	2.9%

Stat Alert!

Waiting lists in any public service need to be treated with caution. Local approaches to quantifying eligibility can emerge over time and changes can be driven by administrative actions to clean up outdated information or identify new clients. For local authorities, the Localism Act introduced significant local discretion. Consequently, where there is change it is worth identifying what is driving that change locally.

Chart 9: Regional Totals of Housing Waiting lists 2015/16 to 2019/20



The Big Picture Conclusion

Whilst the medium term is uncertain, the lifting of the advice on implementing Section 21 notices is likely to produce a significant increase in homeless households. The speed these notices lead to evictions will be crucial. The number of households affected are more than the social housing system is used to absorbing. This is made more challenging by the reduced capacity available as Registered Providers have already accommodated Rough Sleepers and homelessness practitioners have been working at high pressure throughout the pandemic.

CHAPTER 4: AFFORDABILITY AND INVESTMENT

"

...spiralling house prices, combined with the limited availability of social housing and high costs associated with the private rented sector, mean that for many UK families and individuals, these things (safe, secure and affordable housing) remain out of reach.

Resolution Foundation Housing costs and security 2021

Unaffordable housing harms health – it increases homelessness and reduces income available for other essential services and food … increase(s) stress and the risk of suffering from poor mental health

Building Back Fairer in Greater Manchester ("The Marmot Report") Institute of Health Equity 2021

4.1 Policy Context

Affordability became an acute problem in modern economies across the world during the Pre-Credit Crunch boom before 2008. Sub-prime lending was one result.

The world is again experiencing a global housing price boom: this time driven in part by measures introduced to combat the effects of the pandemic. In the UK, average house prices rose in the year to March by £24,000, reaching a record £256,000. At 10.2%, this is the highest annual growth rate since the boom stopped by the Credit Crunch.

Prices are being driven up by inter-related supply push and demand pull factors. The interruption in construction and sales from lockdown is unravelling into emerging cost push inflation arising from labour and material shortages. On the demand side, the historically low interest rates, fanned by the extensions of temporary stamp duty reduction is fuelling a market where the "race for space" is claimed to have altered households' preferences – thereby vitiating the lack of supply in places not geared for a step change in construction. And so on.

Ensuring national policy makers devise solutions that address the North's housing challenges as well as other very different markets will be a major task for the coming years.

4.2 Keeping in touch with national price changes

The recent volatility of house prices has been particularly evident in the past year with prices rising despite an economic recession. The next table demonstrates that much of the increase in average sale prices occurred in the North in the past year. These increases should be regarded with caution. Apart from arising in a time of exceptional market fluidity, the prices are averages which may well have been driven up by an unusual, greater balance of more expensive homes in the total.

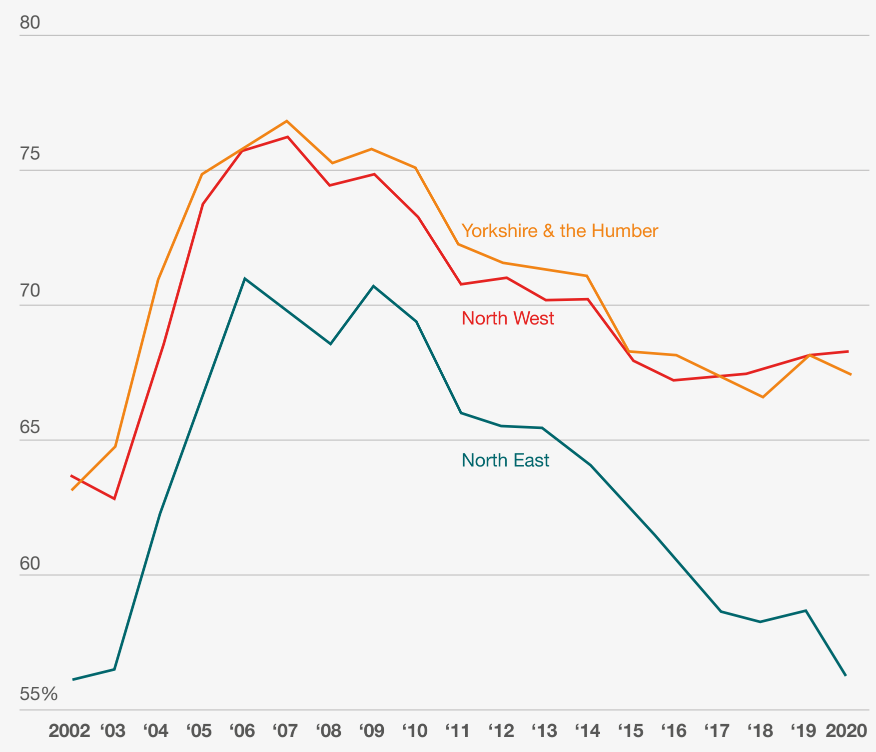
Table 29: Average house price and changes 2016 to 2021 by region

	Average price £	2016-2021	YOY March 2021
North East	145,893	18.8%	13.7%
North West	187,924	32.9%	12.8%
Yorkshire & The Humber	188,575	31.1%	14.0%

Chart 10 relates the median house price in each region to the England median. This relationship is important as it is an indicator of economic mobility – how much of a barrier house prices are for individuals seeking to move around the country for work. The existence of significant price differentials also serve to filter investment decision making into regions where capital growth is the driver and regions where low cost asset acquisition is a priority.

The relationship varies through a market cycle and as London heats up and cools down. At the peak of the pre-Crunch boom in 2007 the gap narrowed as London cooled and investment spread outwards. After 2007 Northern prices recovered more slowly and the gap widened again. However, around 2013 the North East's prices grew even more slowly than Yorkshire & The Humber and North West's prices. If this continues post-pandemic, it will be very important that national decision making accounts for the uneven functioning of the housing market when it comes, for example, to expected gains from a post-Section 106 regime.

Chart 10: Regional Median House Prices as a percentage of the England Median (each September)



4.3 The affordability of home buying

When understanding national allocations of affordable housing resources, it is important to note the North's position in terms of affordability. Though undoubtedly still challenging for residents, affordability for home ownership in the North is relatively easier than in much of the rest of England. At median prices/earnings, affordability is between a quarter and just over a third better in the North and from 21% to 38% better at lower quartile prices/earnings.

Table 30 marks that England's affordability ratio at median prices/ earnings has increased (become less affordable) in the past five years. Whilst there is a marginal (0.1%) improvement at the lower quartile ratio, affordability in the North West and Yorkshire & The Humber has declined for both the lower quartile and median ratios. (A rise in the ratio means less affordability.) Only in the North East has affordability improved. This is a function of slower price growth relative to earnings.

Table 30: Affordability ratio 2020 and percentage change 2016 to 2020

	Median		Lower quartile	
	2020	2016 to 2020	2020	2016 to 2020
North East	5.01	-3.7%	4.43	-5.5%
North West	5.72	1.4%	5.53	1.1%
Yorkshire & The Humber	5.83	0.9%	5.65	0.4%
England	7.84	1.6%	7.15	-0.1%

Source ONS (2021) House price to workplace-based earnings ratio

At the median price/earning affordability ratio, only seven authorities (Trafford, South Lakeland, York, Craven, Harrogate, Richmondshire and Ryedale) have an affordability ratio that is higher (i.e. worse) than the England ratio of 7.84. The same picture emerges for the affordability ratio at lower quartile price/earnings with only the addition of Hambleton to the list of authorities where affordability is poorer than the England ratio.

4.4 Mortgage costs by Region Affordability by region

Table 31 shows that despite lower actual and percentage costs of mortgage payments in the North over one in 25 households with a mortgage are experiencing some difficulty with meeting the payments. Difficulty with mortgage payments is higher in the Yorkshire and Humber than the England average.

Table 31: Mean and median mortgage costs by region and difficulty paying mortgage

	Mean		Median		Difficulty of mortgagors with mortgage
	£ per week	% of income	£ per week	% of income	
North East	114	14.8	98	11.7	3.0
North West	148	15.9	125	13.0	3.2
Yorkshire and the Humber	146	16.9	120	13.2	4.4
ENGLAND	182	17.8	147	14.3	3.8

Source English Housing Survey Home ownership Annex Table 2.8, 2.9 and 2.11 Average proportion of income spent on mortgage, 2019-20
NB All mortgagors excluding shared ownership

4.5 Scaling Deposit Mountain

The housing market underwent a step change during the pre-Crunch house price boom during which lower quartile prices rose more than 50% faster than incomes. The price/earnings ratio has never corrected. This has resulted in hampering many first time buyers who lacked sufficient equity to obtain a mortgage. The subsequent rise in the age of first time buyers has been widely documented. The Government recently acted to encourage lenders to return to 95% loan to value products.

The availability of high loan to value products is essential for many first time buyers. As table 32 indicates, around two thirds of Northern first time buyers' deposits in the past three years were 10% and often much higher than that proportion of the purchase price.

Given the limited availability of the 95% mortgages products, table 33 sets out the length of time it would take a single lower quartile income to accumulate a 10% lower quartile deposit at 5% of gross lower quartile income. 5% has been chosen to reflect first time buyers who usually have housing costs which are assumed at a modest 20% of gross income. Obviously, a couple that had secured two lower quartile earnings would halve the period of saving and so on.

Table 32: Mean and median deposits and deposit size

	mean deposit	median deposit	deposit 0% to 9% of price	deposit 10% to 19% of price	deposit 20% or more of price
	£	£	%	%	%
North East	12,971	10,000	47.5	30.5	no estimate
North West	25,399	14,500	23.9	42.3	33.9
Yorkshire and the Humber	20,859	13,300	35.9	31.9	32.2
ENGLAND 1st time buyers	42,433	23,600	25.3	45.7	29.0

Source English Housing Survey Home ownership Annex Table 3.9 and 3.10

Table 33: Years to save for a 10% lower quartile deposit at 5% of gross lower quartile income

	2016	2017	2018	2019	2020
North East	9.4	9.2	9.5	9.3	8.9
North West	10.9	11.3	11.2	11.2	11.1
Yorkshire & The Humber	11.3	11.5	11.6	11.4	11.3
England	14.3	14.5	14.7	14.5	14.3

Source ONS Ratio of house price to residence-based earnings (lower quartile and median)

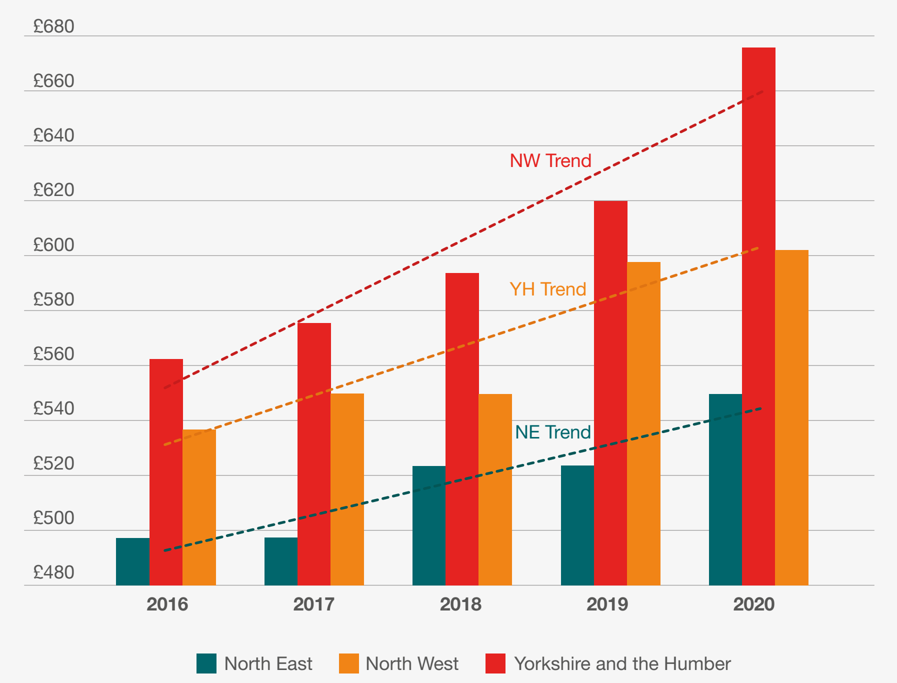
4.6 Where sales lead ... rents follow

Rents are inextricably linked to local sales prices. (Why rent a property when you could secure a better return by selling it?) As can be seen from the trend lines in Chart 11, the median average per calendar month rent rose sharply over the period, especially in the North West. The year on year percentage rises 2020 over 2016 were 10.4% North East, 20.1% in the North West and 12.1% in Yorkshire & The Humber.

The effect has been widespread though not consistent, with 28 of the 72 Northern authorities reporting a rise 2016-2020. The rise is mainly in more urbanised authorities.

For local data on some indicators in this chapter go to www.northern-consortium.org.uk/Northern-Housing-Databank in the Northern Housing Databank on the Consortium's website.

Chart 11: Median average rent and percentage change 2016 to 2020 by region



Stat Alert!

Per calendar month rents tend to be mathematically discrete: e.g. £500, £505, £510. They are not distributed continuously in small increments like height in a population. So, when calculating changes in medians, the difference can often either be volatile or static. For an example, see changes in North East rents.

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The Local Housing Allowance (LHA) remained capped until 2020. So, as private rents rose, the number of properties covered by LHA fell. This will have fostered concentrations of poorer households in lower value areas (with the consequent impact on local spending that erodes local amenities). Post-pandemic, the scarcity of LHA rent properties will drive an increasing risk of homelessness and increasing evictions related to arrears.

The impact on affordability is much starker. Rents as a percentage of an average single gross monthly earnings reached their highest in the period in 2020, with the major rise occurring in 2020. Whilst the pandemic has had a significant impact, it should be noted that the trend was generally rising over the period.

Table 34: Median average rent as a percentage of an average single gross monthly earnings

	2016	2017	2018	2019	2020	% change 2016-2020
North East	23.3%	22.8%	23.9%	22.7%	24.3%	4.6%
North West	25.8%	25.9%	25.9%	26.0%	27.9%	8.1%
Yorkshire & The Humber	24.9%	25.3%	24.4%	25.6%	25.8%	3.7%

Sources ONS, Annual Survey of Hours and Earnings (ASHE) - workplace analysis

4.7 Government Investment

Outside the Affordable Homes Programme and any direct support for private developers, the Government has a strong focus on supporting people (Help to Buy, Stamp Duty Holiday, Mortgage Guarantees). It is more difficult to track the outworkings of these than direct subventions to Registered Providers. However, the following provides a flavour of support which is flowing into the North's housing systems.

4.8 Help to Buy

To date, Northern buyers have received £3.5 billion (18%) of the Help To Buy programme allocations. Given the price differentials, it is also necessary to assess completions and at just over 85,000, the North share of completions 27% equates to its share of the nation's housing stock. (This is only marginally smaller than the share achieved of the discontinued New Buy product.)

Table 35: Help to Buy Completions to 2021

	Completions	% of North	Value £s	% of North
North East	17,866	21.0%	665,412,687	19.1%
North West	38,895	45.7%	1,671,046,890	48.0%
Yorkshire & The Humber	28,394	33.3%	1,145,534,776	32.9%
NORTH	85,155		3,481,994,353	

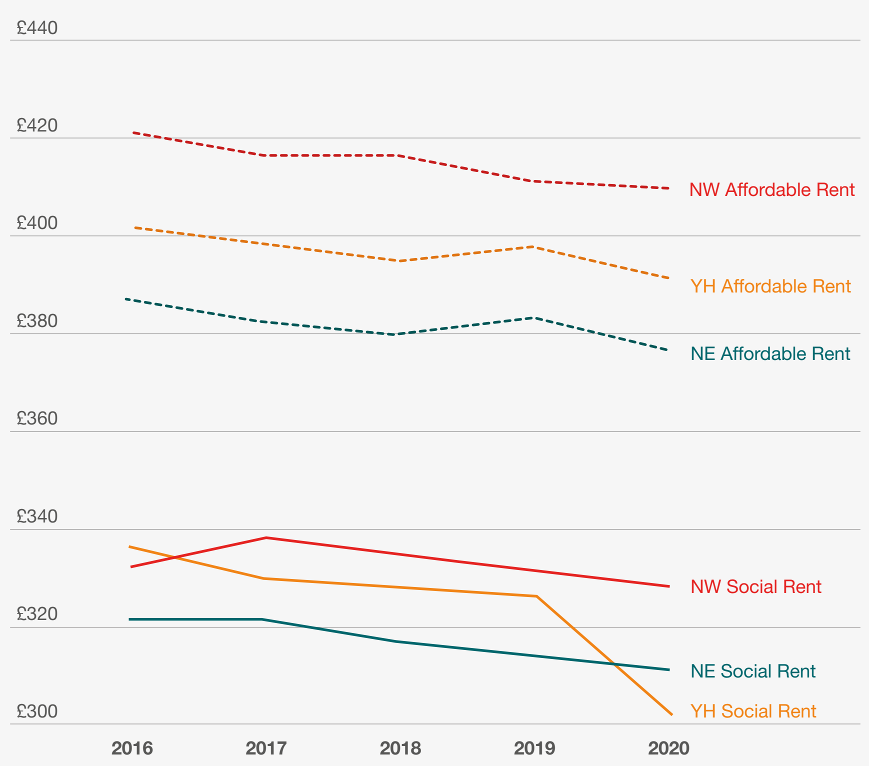
4.9 Social housing rents

Average social housing rents have declined over the period. Contributory factors include the national reduction in the rents and benefit freeze along with the trickle of conversions to Affordable Rents increasing the concentration of longer standing rents. Whilst undoubtedly some help to struggling tenants, the reduction in the core income stream (when added to uncertain fire safety and retrofit costs) clearly diminishes Registered Providers long term capacity to build new homes as that reduction is compounded every year.

In Table 36, the proportion of social housing tenants' income spent on rents is below the England average across the Northern regions.

It should be noted that only in the North East do respondents report rental costs slightly above the conventional 25% affordability threshold. Paradoxically, the region also has the lowest proportion of households with payment difficulties (current or previous arrears in 2019/20).

Chart 12: Social Housing Rents 2016 - 2020



Source Regulator of Social Housing Statistical Data Returns (five year summary spreadsheet)

Table 36: Income % spent on social rent and % with payment difficulties in 2019/20

	% income spent on social rent	% with payment difficulties
North East	25.5	17.0
North West	23.3	21.9
Yorkshire and the Humber	24.6	24.8
ENGLAND	31.9	23.0

Source English Housing Survey Social Renter Annex Table 3.21: Proportion of income spent on rent including Housing Benefit, 2019-20

The Big Picture Conclusion

The jump in house prices suggest a housing market version of stagflation[18] is very possible: where rising sale prices and rents co-exist with depressed demand driven by constrained and uncertain incomes, limited mortgage lending and declining town centre real estate values. This is not just a UK problem and it would be surprising if a once-in-a-century pandemic did not put markets out of joint. However, the challenge will be ensuring that measures taken to alleviate overheating in the South do not result in the North catching a cold.

[18] Stagflation emerged in the 1970s. A combination of slow economic growth accompanied by inflation. It was regarded as an economic contradiction in terms. Stagflation proved largely intractable by conventional interventions.

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CHAPTER 5: SUPPORT FOR HOUSING COSTS

> The trade-offs are inescapable. It (addressing the housing benefit bill) will come from fixing the underlying problems — high rents, high house prices, inadequate social housing. The doubling in the housing benefit bill is merely the very expensive canary in the coalmine.
>
> **Paul Johnson, Director of the Institute for Fiscal Studies, Times article, 4th March 2019**

Key points

The size of the cost of welfare support for rents has long been a concern of the Treasury's.

The North East's per capita spend on housing protection payments is slightly above the England average with the North West and Yorkshire & The Humber's well below.

In 2019, 83% of properties (234,000) were advertised at rents above the relevant LHA rate.

Before the pandemic, this proportion had increased every year since at least 2016.

The pegging this year of LHA rates in cash terms will generate increasing pressure on households and reduce their choice and also will disincentivise private rental supply.

The Northern local authorities share of the Discretionary Housing Payment allocations is 12% below its share of the nation's occupied homes. This was worth £5.2 million on 2020/21's allocations.

5.1 Policy Context

The Government restored the Local Housing Allowance (LHA) in the pandemic so that it would cover at least the bottom 30% of rents. Chancellor Sunak's November Budget removed the link between the LHA rates and rental inflation by pegging the rates "in cash terms". This restores systematic downward pressure on rental welfare payments and will result in renters' options becoming increasingly slimmer. Shelter defined the shortfall nationally for those on low, or no, income, to an on average £113 per month[19].

The Government boosted Discretionary Housing Payments funding from £139.5 million to £180 million in 2020/21 in response to the pandemic. In 2021/22 the addition has been removed – a reduction of 22%. This brings the total DHP budget to below 2017/18 or 2018/19 levels.

The policy underscores the wider Government approach to the housing market of promoting home ownership (e.g. compare the continuation of Stamp Duty Land Tax extension to September which will the Treasury estimates will cost £1.3 billion.)

[19] Shelter (2020) Spending Review: a missed opportunity to help those most in need.

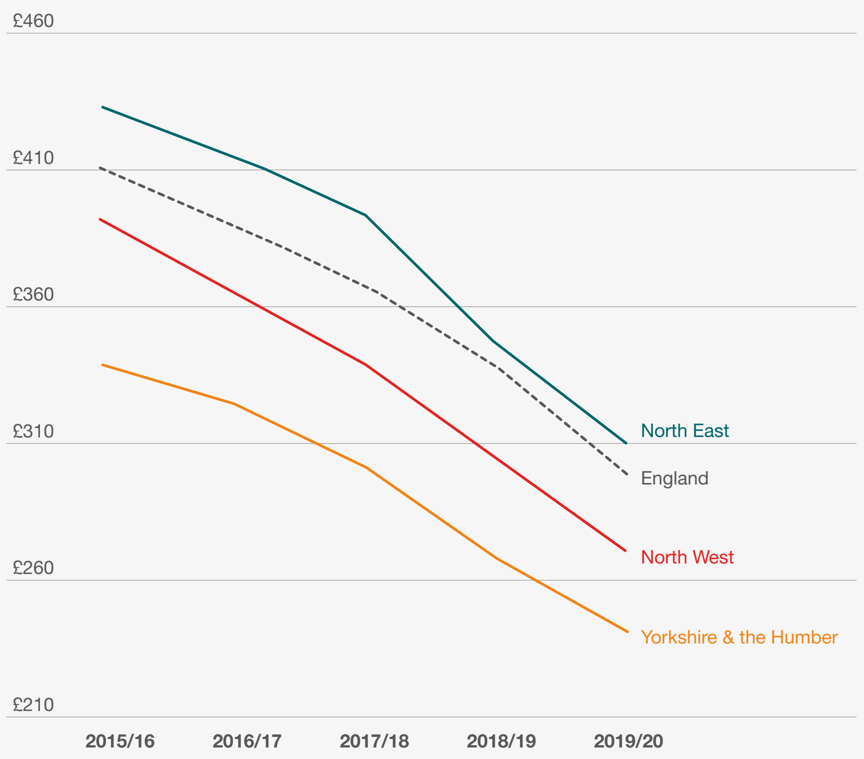
5.2 Housing support payments

Although a transfer payment linked to rises in unemployment, Government has sought to reduce the structural cost of housing support contributions to rents through freezes and tax changes. This has been reflected in the wider housing social security payments account. Consequently, there has been a significant reduction across many regions. Notwithstanding that, the per capita spending in London has risen over the period suggesting public spending is shoring up higher rents in the Capital.

It is recognised that better value for money can be obtained from housing social security payments if it were replaced by long-term investment in more affordable social housing.

Chart 13 shows that, despite low housing prices, the North East has a higher spending per capita in supporting renting than the national average. This indicates that rental prices in the region are not geared to the economic circumstances of the residents.

Chart 13: Housing Social Protection Payment per head of population



5.3 Up to the Pandemic, Private Rents outstripped Local Housing Allowance

The table following records how many homes are being offered at rents above the prevailing Local Housing Allowance (LHA) rate according to the Zoopla database of offered rents. The Zoopla database is very extensive. However, obviously it cannot capture all the activity in the markets, especially where it occurs at the bottom end.

In March 2020, the Government announced an increase in LHA rates, to restore the link back to the 30th percentile of local private-sector rents. This put a temporary stop to the inexorable increase in the proportion of offers above LHA rates. By 2019, the number of offers above the relevant LHA rates in the North had increased 76% since 2016 and reached 234,000 offers above the prevailing LHA rate. This applied to over 83% of all offers.

In 2020, when lets fell by over 40%, the proportion of over LHA offers fell back towards 2017 levels. Post pandemic, the freezing of LHA rates in cash terms and the rising sales prices, suggests that the value of the LHA payment will fall below the 30th percentile of local rents relatively quickly. It will be important to identify for local markets if the levels of offers exceeding LHA rates spring back towards the limited affordability of 2019.

Table 37: Percentage of all properties - offers above the prevailing LHA rate 2016 -2020

	2016	2017	2018	2019	2020	% change 2016-20	% change 2016-19
North East	10,150	9,006	14,371	14,594	12,455	22.7%	43.8%
North West	62,733	52,736	89,107	102,783	68,688	9.5%	63.8%
Yorkshire and the Humber	60,420	50,581	87,880	116,529	75,686	25.3%	92.9%
NORTH	133,303	112,323	191,358	233,906	156,829	17.6%	75.5%
North East	74.3%	74.2%	75.8%	76.6%	74.2%	-0.1%	3.1%
North West	77.7%	79.4%	82.6%	84.9%	80.8%	4.0%	9.3%
Yorkshire and the Humber	76.3%	79.8%	82.0%	84.8%	80.1%	5.0%	11.1%
NORTH	76.5%	78.3%	80.9%	83.3%	79.2%	3.5%	8.9%

Source: Zoopla, VOA Local Housing Allowance rates.

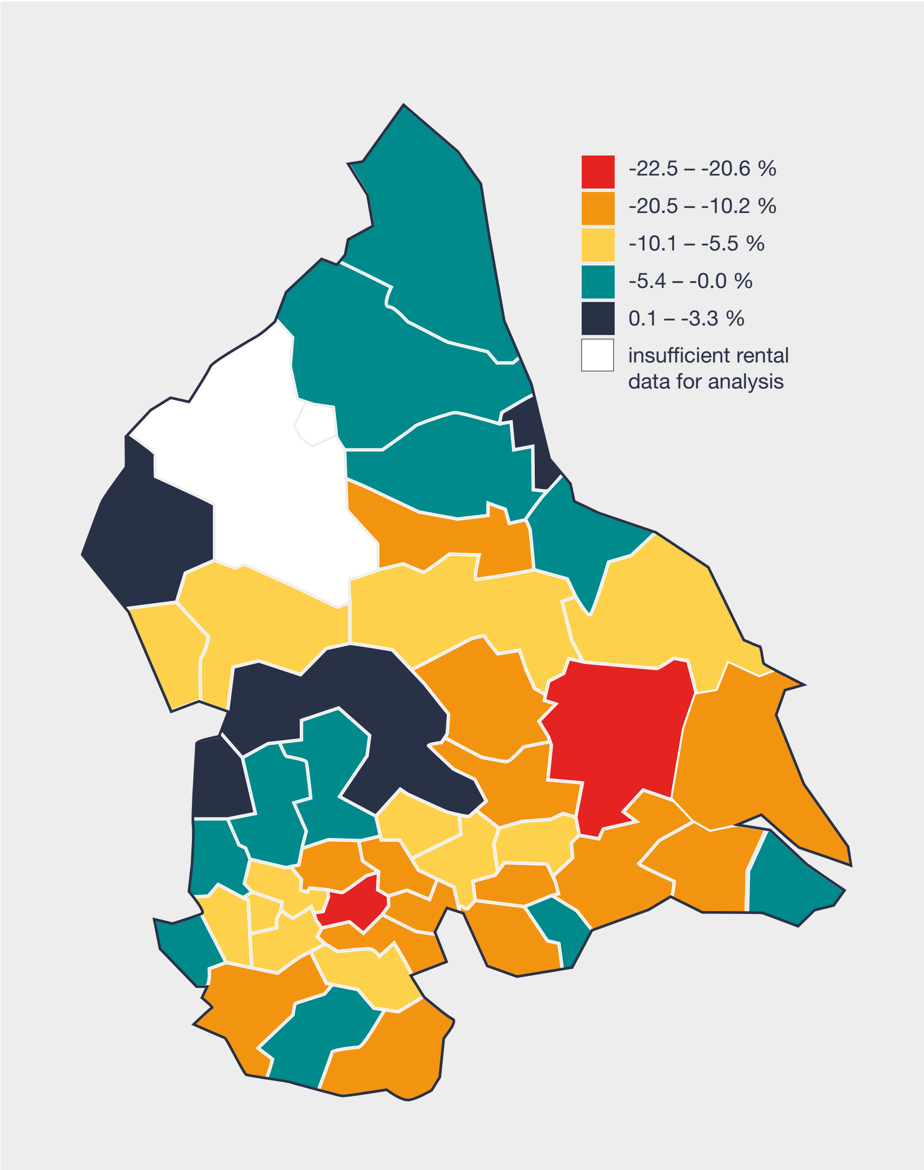
LHA falling short of the market offered rents is very widespread. In 39 of England's 45 Broad Rental Market Areas (BRMAs) market offers exceeded the 2 bed rate in 2019 and a slightly different 39 did for the 3 bed rate. 35 across the range exceeded the rate for 1 beds whilst 7 BRMAs exceeded the less relevant rate for 4 bed or larger homes.

The next map illustrates the average percentage differential from the LHA for 2 bedroom (entry level) properties.

Figure 2 highlights particularly acute areas of LHA rate 2 bed unaffordability for 2 bed homes around Manchester and York. The dark blue shaded BRMA, 2 bed rents are equal to or below the LHA rate.

For local data on some indicators in this chapter go to www.northern-consortium.org.uk/Northern-Housing-Databank in the Northern Housing Databank on the Consortium's website.

Figure 2: Average % LHA shortfall vs rents 2 bedroom properties 2019



NB Minus values constitute rents above LHA rates. 2019 is used to give a sense of the market before the government's pandemic interventions.

5.4 Impact of the pandemic on housing social security claims

The number of households receiving housing-related social security support has risen sharply since 2016 to almost 1.5 million households (22.5% of households in the North). Whilst there has been a significant step change of about 3% of households due to the pandemic, the pre-pandemic levels were still almost one in five of households (over 19%). The proportion of claims rose by 2.6% the year before.

The Northern regions had a different experience in terms of the pandemic. The total of legacy Housing Benefit and Universal Credit Housing eligible claimants jumped by 14.3% in the North. The North East's increase was lower. This might be due to a higher existing level of claimants, a lower background level of claimants due to less expensive housing or a lower impact of the pandemic on employment.

Chart 14 sets out the change in housing-related social security support by month since 2016. After a relatively consistent period, claims had started to rise gradually from March 2019. A year later, the pandemic generated a step change increase. The concern is that, despite the easing of lockdown considerations, the level of claims had slowed, but not stopped increasing. This might suggest a structural economic issue of baked-in unemployment if claims do not decline towards the end of the current acute phase of the pandemic.

Table 38: Proportion of households receiving housing support

	Feb-19	Feb-20	Feb-21
North East	22.1%	22.8%	25.3%
North West	19.5%	19.7%	22.9%
Yorkshire and the Humber	17.2%	17.8%	20.7%
NORTH	19.1%	19.6%	22.5%

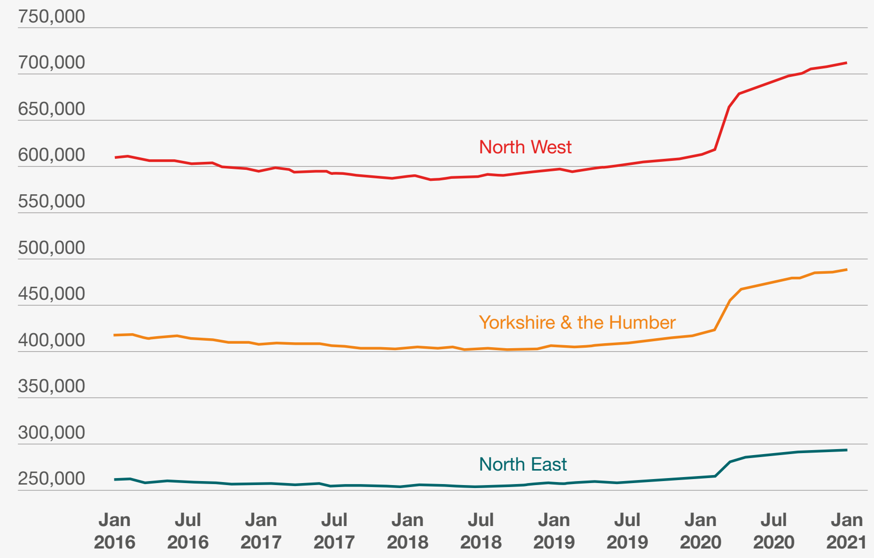
Sources: Department of Work and Pensions, Stat-Xplore and ONS Households by type of household and family 2015 to 2020.

Table 39: Percentage Increase in claimants March 2020 to February 2021

	% increase in claimants
North East	10.7%
North West	15.1%
Yorkshire and the Humber	15.3%
NORTH	14.3%

Source: Department of Work and Pensions, Stat-Xplore

Chart 14: Households receiving housing support



Source: Department of Work and Pensions, Stat-Xplore

Home

5.5 Discretionary Housing Payments

The reduction of the Discretionary Housing Payments (DHPs) allocation in real and absolute terms to below pre-pandemic levels is a challenge for local authorities in the North. Obviously, the costs of supporting the economy during the pandemic will need to be repaid over many years. How the necessary reductions are borne around the country is an important question for social and spatial equity.

DHPs are allocated on a formulaic basis to local authorities. In 2020/21, the North's local authorities received 24.01 % of the national total. This is slightly below the North's 26.89% share of the England and Wales homes. The difference is accounted for by factors such as rental prices difference from LHA rates. However, given the level of deprivation in the North a more proportion closer to the number of homes might have been expected. Whilst a difference of less than 3% of the total budget may not be considered significant, it constitutes a 12% reduction in the Northern local authorities share. – or £5.2 million on 2020/21's allocations.

In 2021/22, the Government has held back £40 million for targeting what it regards as pinch points. It will be important to understand the grounds on which those allocations are made and their spatial implications.

5.6 Mortgage Support and Possessions Orders

The Government's guarantee of 95% loan to value mortgages for homes worth up to £600,000 will increase the quarter of adults identified by the Financial Conduct Authority to have low financial resilience[20].

Since Support for Mortgage Interest was converted into a loan in 2018, the northern proportion of cases in payment or cumulative has remained steadily in the 31%-33% range of England's claims. Over the two years before February 2021, the number of in payment claims fell by 7.8% across the country. However, the North East is out of step with the other two regions (and England) by having the lowest proportionate fall of all the regions at 4.2%. This suggests a potential problem if interest rates rise sharply due to inflation.

Averaging at just over 20,000 Mortgage Possession orders a year in the five calendar years before the pandemic started, the North has retained a disproportionately high and slowly rising percentage of England's total possessions, (averaging over 38% in the period). This started in 2008, the year of the Credit Crunch. It is important to note that the North's proportion and total have fallen sharply since the pandemic's constraints were applied. However, the pre-pandemic trend and its economic implications point to a possible fragility amongst the more marginal home owners when restrictions start to be lifted.

The Big Picture Conclusion

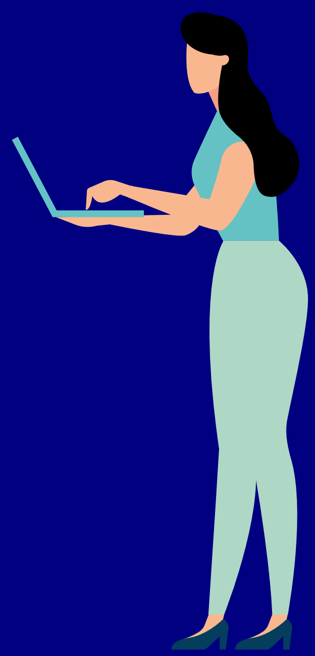
Housing social security payments are less likely to cover rents effectively in the coming years. It will be important that national decisions on housing support do not result in shifting resources in ways that contribute to rental price booms in some places and undercut recoveries in others. Declining affordability in the private rental sector is likely to increase homelessness and underscores the importance of the lower costs of grant funded social housing.

[20] Financial Conduct Authority (2021) Financial Lives 2020 survey: the impact of coronavirus

CHAPTER 6: THE LEVELLING-UP CHALLENGE

> … we level up across Britain, with higher wages, and a higher living wage, and higher productivity, we close the opportunity gap, giving millions of young people the chance to own their own homes…

Boris Johnson's first speech as Prime Minister: 24 July 2019



Key facts

The UK is the most geographically unequal of 26 developed countries comparing the 90% most prosperous sub-region with the 10% most prosperous[21]

OVER HALF of the most deprived 10% of local authorities are in the North

There are NO NORTHERN LOCAL AUTHORITIES in the least deprived 10%

14 northern local authorities ranking for average deprivation improved 2015-2019

54 northern local authorities ranking for average deprivation worsened 2015-2019

Whilst the total spending on housing and community capital expenditure rose sharply since 2015/16 the North's share of England's total has fallen by 0.8%

6.1 Policy Context

The intention to "level up" and not leave areas behind is a key component of the 2021 Queen's Speech. The Government will publish a Levelling-Up White Paper later in 2021. Whilst disparity in productivity and income between regions may have persisted since at least 1901, there is evidence that the deindustrialisation and globalisation of the past half century has accelerated a growing prosperity gap between London and especially, (though not exclusively) the North. Yet, there remains considerable uncertainty about what the levelling-up policy means. The 2021 Comprehensive Spending Review (CSR) has set levelling-up economic opportunity as a priority.

Without wishing to underplay the local significance of these steps, it is important to consider the medium term policy context. In Chancellor Sunak's "tale of two budgets"[22], achieving the objective of borrowing only to invest by 2025-26 will require the highest sustained tax burden in UK history and yet further cuts in unprotected public service spending (of which benefits and MHCLG are two major examples).

Whether a current expenditure balance is accessible by 2025/26 is moot, but the journey towards it means much less Whitehall discretion and much greater competition for scarce funding.

Even with the welcome 2020 reforms of the Green Book, there is a danger in the near future that the Benefit Cost Ratio hurdles will rise and lean again more heavily on inherent benefits of stronger parts of the UK economy. Unless the economy recovers quickly, the private investment necessary to lever public investment into town centre renewal may be harder to access. The Comprehensive Spending Review (CSR) has set levelling-up economic opportunity as a priority. It will be essential that the CSR results in investment choices that address aspects of decline across the North.

Stat Alert!

The standard counter-argument against regional economic levelling is to focus on the disparities within rather than between regions. Statistically, this is unhelpful. It is comparing differences between totals of multiple local authorities with differences between some local authorities. Given economic activity differs significantly between urban and rural areas, it is almost inevitable that the differences within a region will always exceed the differences between regions.

[21] Institute for Fiscal Studies, Figure 7.1 in Chapter 7, https://www.ifs.org.uk/publications/15055
[22] Paul Johnson, Reaction to the Budget 2021; Institute for Fiscal Studies; https://ifs.org.uk/budget-2021

6.2 Levelling Downwards[23]

Recent trajectory

Comparing the scoring in the periodic MHCLG Indices of Deprivation is not straight forward as the composition of the indicators can vary between editions. However, it is possible to assess how a local authority is faring relative to its 316 peers.

Figure 3 sets out the rankings for the average deprivation rank for each index of deprivation. It shows a familiar pattern of relative deprivation entrenched in core cities, deindustrialised towns and coastal communities with rural districts faring well below the median.

For local data on some indicators in this chapter go to www.northern-consortium.org.uk/Northern-Housing-Databank on the Northern Housing Databank on the Consortium's website.

Figure 3: Rankings for Average Rank Deprivation by decile 2019

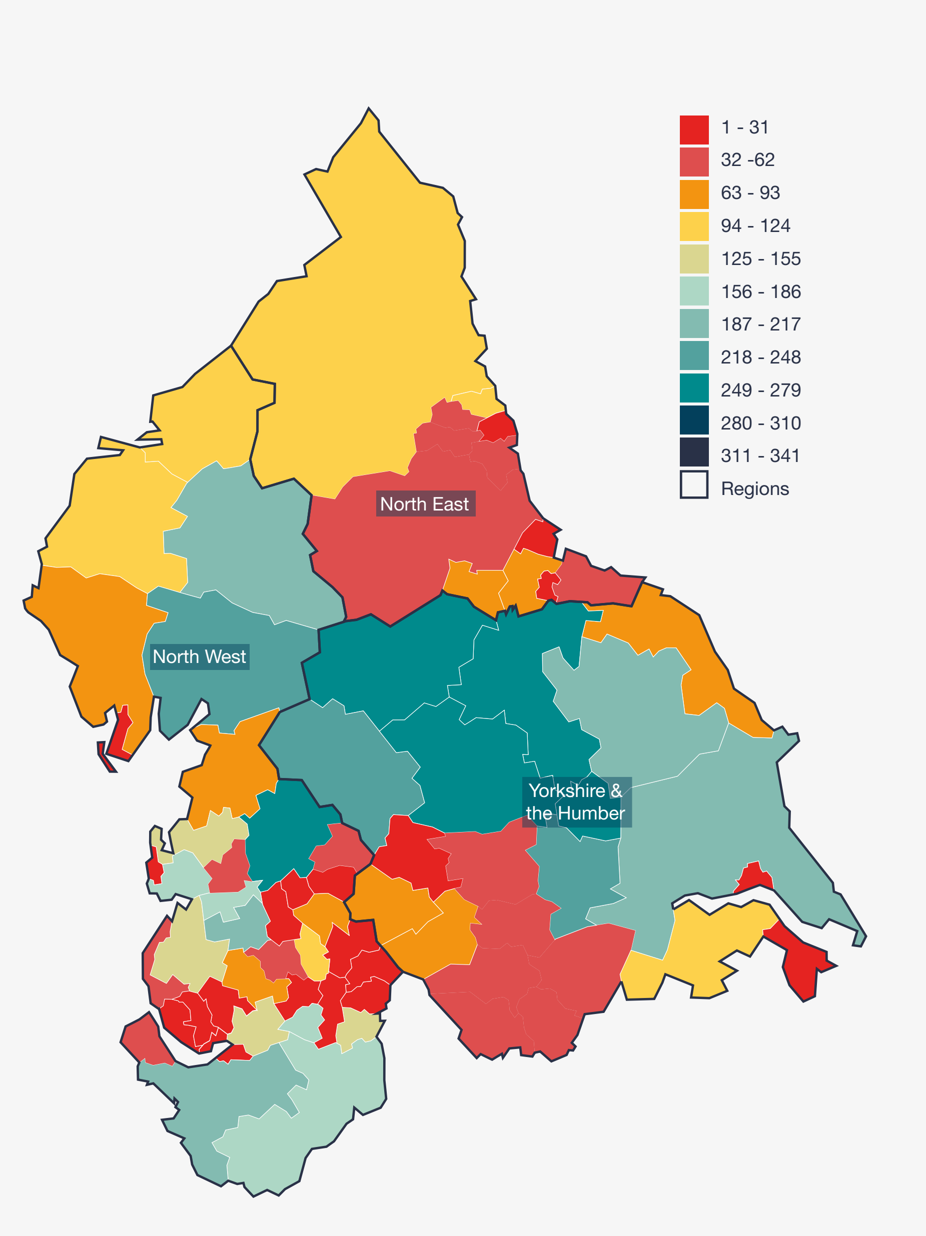


Figure 4 sets out changes in rankings for each local authority for average deprivation, calculated in 2015 and 2019. Red and amber shading indicates the ranking is reducing, that is, drawing closer to the topmost deprived of the 317 district authorities in England.

Whilst it is recognised that government investment has flowed into a number of authorities since 2015, it is important to note that the indicator shows a trajectory that tended to the adverse before the pandemic pressed the Fast Forward button on many transformative changes. The tendency for more challenged places to recover more slowly after the Credit Crunch suggests that the greater challenges of building back a Covid-19 resilient society in the context of Brexit, globalisation and climate change needs to be reflected by different approaches in Westminster and Whitehall.

In the North East, 11 of the 12 local authorities' rankings declined and 0 improved

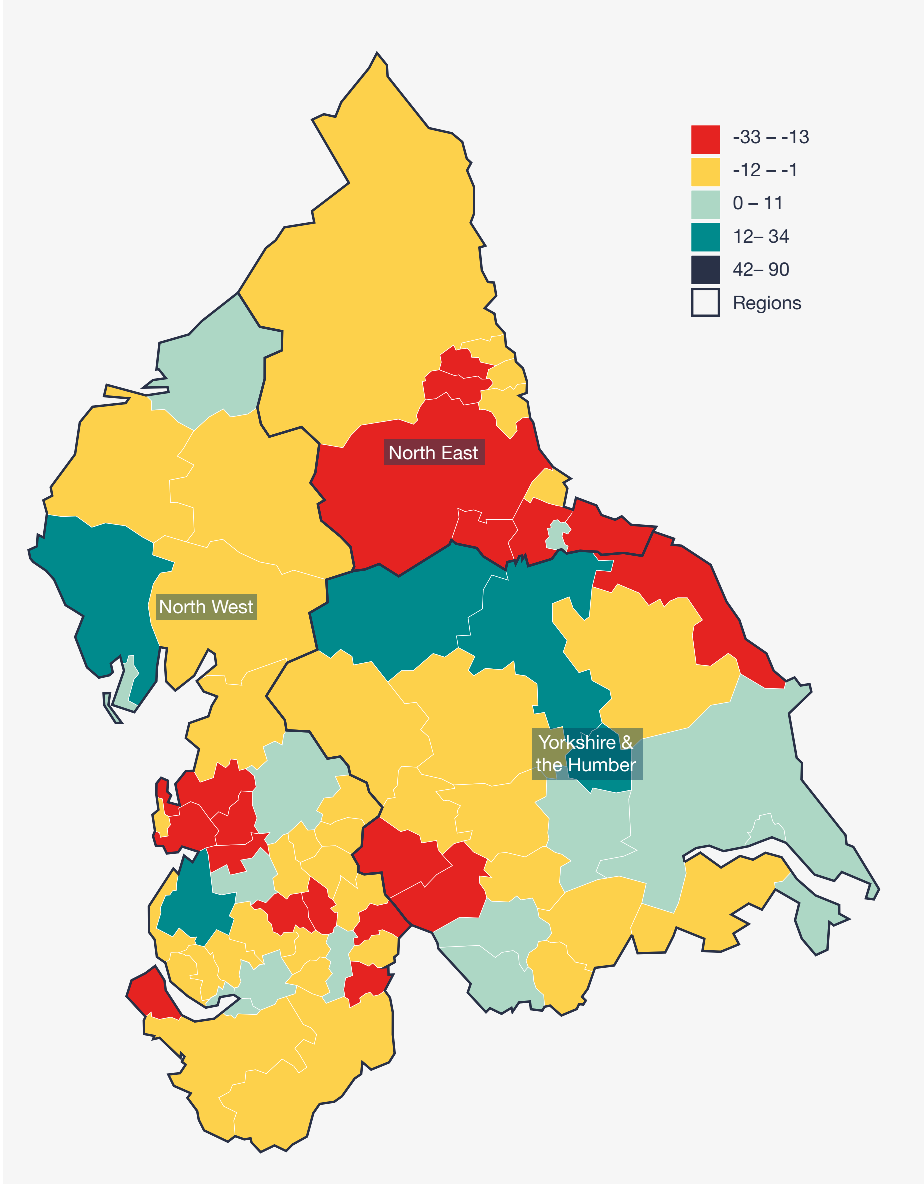
In Yorkshire, 13 of 21 local authorities' rankings declined and 7 improved

In the North West, 30 of 39 local authorities' rankings declined and 7 improved

Generally, ranking decline occurs in larger urban and coastal authorities

For many northern authorities, there is little room for their ranking to fall any further

Figure 4: Changes in LA rankings for Average Rank Deprivation 2015-2019



[23] Data drawn from MHCLG Indices of Deprivation. Rankings adjusted for reduced number of LAs due to amalgamations

6.3 Levelling-up investment through housing and community amenities

It is encouraging that public capital spending on housing and community amenities has risen in the North by 65% since 2015/16[24]. However, almost half of this increase was accounted for by a rise in 2019/20, perhaps linked to the end of the Spending Review period. However, the North's share of England's expenditure on this heading has fallen from 27.7% in 2015/16 to 26.9% in 2019/20.

Variations in capital programmes are understandable. However, when combined with fiscal changes such as the Stamp Duty Land Tax holiday which has a double and paradoxical effect of focusing subsidy on higher (non-Northern) markets at the same time as increasing house prices, this undercuts the ability of the North's housing markets to bounce back as fast post-pandemic.

Table 40: Outturn spending on housing and community amenities[25] 2015/16 to 2019/20

	2015-16 outturn	2016-17 outturn	2017-18 outturn	2018-19 outturn	2019-20 outturn	Net change
North East	8.2%	5.9%	5.4%	5.7%	6.1%	-2.1%
North West	8.6%	9.4%	9.2%	9.9%	9.7%	1.1%
Yorkshire and the Humber	10.9%	13.0%	11.8%	11.5%	11.0%	0.1%
NORTH	27.7%	28.3%	26.4%	27.1%	26.9%	-0.8%

6.5 Positive signs from discretionary government initiatives

Regeneration, albeit under different names, has returned to the Government toolbox after a decade. There is some positive evidence that Northern places are benefiting from recent national initiatives to regenerate and renew. This is particularly the case with the Better Towns and High Streets funding.

- 43 Northern towns out of 100 are in receipt of the Towns Fund support worth £7 million
- 26 Northern high streets are scheduled to receive £315 million 38% of the current High Streets Fund direct allocation[26]

In addition, ad hoc opportunities e.g. the Treasury Campus in Darlington and the Freeports for Liverpool City Region and the Tees Valley will enhance economic activity and thereby improve the potential for residents to rent or own decent housing.

6.6 Comparing the Levelling-Up Fund's priority bands with the Indices of Deprivation

The Chancellor's Levelling-Up Fund applies across the UK. It brings together funding from the Department for Transport, the Ministry for Housing, Communities and Local Government and the Treasury to target £4.8 billion in "high value local infrastructure". This is defined focussing on the

- need for economic recovery and growth;
- need for improved transport connectivity; and,
- need for regeneration.

This focus on infrastructure rather than people may produce a different outcome from customary understanding of how to target deprivation. Comparison with an England only yardstick of the Indices of Deprivation is further complicated by the fact that the authorities in Scotland, Wales and Northern Ireland are more likely to be in the highest Treasury banding. (This may be due to more deprivation in these nations.)

The Treasury Prospectus divides the UK's local authorities into thirds. Comparing the outcome of this banding with the Indices of Deprivation indicates the overlap and departure from expectations.

All things being equal, local authorities in the top third of Indices of Deprivation could be expected to lie in the top third (Priority 1) of the Levelling-Up Fund categories.

Table 41: Comparison of rankings Levelling-Up Fund with Indices of Deprivation

	Levelling-Up Fund	Indices of Deprivation 2019
Top third	40	43
Middle third	22	19
Bottom third	10	10

The relative stability conceals considerable churn with the top third. Relative to the Indices of Deprivation, ten Northern local authorities were demoted and seven were promoted, including one by two categories up and one by two categories down. The churn in the lower thirds was much smaller.

It should be noted that the Levelling-Up Fund is competitive. So, the actual distribution of funds will need to be monitored in coming years.

[24] Country and Regional Analysis (CRA): Table A. 10 Identifiable expenditure on housing and community amenities by country and region, 2015-16 to 2019-20; HM Treasury
[25] Defined as including 'housing development', 'community development', 'water supply' (provision of water to households and businesses but not sewage systems 'street lighting', 'R&D housing and community amenities' and 'housing and community amenities not elsewhere classified' Classification of the Functions of Government (COFOG).
[26] £830 million funding boost for High Streets, MHCLG; https://www.gov.uk/government/news/830-million-funding-boost-for-high-streets

6.7 Local Authority planning and housing capacity

Northern local authorities have been disproportionately impacted by reductions in spending since 2010. This can undermine their capacity to undertake their planning and housing functions. The Northern Housing Consortium assessed the changes in the decade from 2010/11 in the revealing publication of diminished capacity in the A View from the North[27] Understanding Local Authority Housing and Planning Capacity in an Era of Austerity.

Table 42 sets out the changes in functional budget heads for LA spending on Planning and Housing activities (excluding the Housing Revenue Fund). There have been some heading changes in there which may have complicated the comparison since 2010/11 and results in a different approach from the 2020 report. However, the broad picture of immense reductions remains unchanged. Between 2010/11 to 2020/21 the total planning and development spending has fallen in absolute terms by 73%.

Spending on housing functions has fallen by 58% in absolute terms. However, there have been significant changes in functional activity e.g. relating to homelessness during the pandemic.

Table 42: Differences in Northern planning outturn spending 2010/11 to 2020/21[28]

Building control	Development control	Planning policy	Environmental initiatives	Economic develop-ment	Community develop-ment	Total Planning & Develop-ment Services
-11,907	-47,009	-20,175	-27,912	-395,648	-156,645	-666,859
-52%	-76%	-30%	-76%	-80%	-71%	-73%

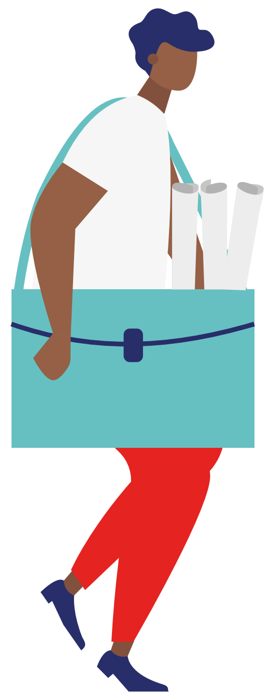
Table 43: Differences in Northern housing outturn spending 2010/11 to 2020/21

Housing strategy, advice, advances, enabling, renewals licensing	Homelessness	Housing benefits: allowances rebates and discretionary payments	Housing Benefit administration	Other council property	Supporting people	Other welfare	Total Housing Services (GFRA only)
-245,229	52,624	22,658	-50,198	-3,900	-314,405	155	-538,295
-84%	81%	252%	-36%	-153%	-77%	2%	-58%

[27] Stephen Hincks et al (2020) A View from the North Understanding Local Authority Housing and Planning Capacity in an Era of Austerity Northern Housing Consortium
[28] The total reduction is marginally overstated by £940,000 by the absence of data from one smaller district local authority. The 73% reduction figure remains unchanged.

The Big Picture Conclusion

The 2021 Comprehensive Spending Review has set levelling-up economic opportunity as a national priority. What that priority actually means is, so far, undefined. The pursuit of a current balance in public expenditure by 2025/26 will entail much less Whitehall discretion and much greater use of competition to ration scarce funding. An increasing dependency on market signals rather than normative components in Whitehall's funding allocations will handicap Northern authorities competing for scarce public and private resources. The North may increasingly be in a foot race with local economies for whom the starter's gun actually fired more than 50 years ago.

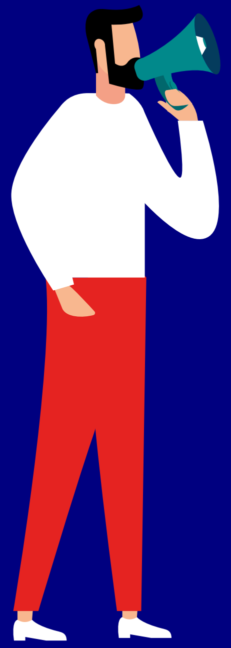


CHAPTER 7: STOCK CONDITION AND NEIGHBOURHOOD SATISFACTION

“”

Far from being ‘safe at home’, too many Northerners spent the 2020 lockdown in homes that harmed their health

Northern Housing Consortium working with the University of Huddersfield and the Nationwide Foundation. Lockdown. Rundown. Breakdown. 2020



Key points

There are over **7.1 MILLION HOMES** in the North – 28.8% of England’s total

Northern housing is an asset worth over **£1.1 TRILLION**

97,667 (1.4%) of homes were long term vacant in 2020. This was rising before the pandemic

The North is generally **ABOVE THE NATIONAL AVERAGE** for Category 1 Hazards

Almost **1 IN 20** social rented households in the North are over-crowded

The North houses above average proportions of older people and individuals with illness or disability in non-decent housing

An estimated **£8 BILLION** would make the North’s housing stock decent

This would be an investment of 0.7% of the current asset value and would generate pay back to the public purse, by reducing NHS and care costs within reasonable time frames

7.1 Policy Context

This chapter focuses on qualitative aspects of the stock, e.g. its tenure and condition and satisfaction with neighbourhood. As a policy area, national Government moved away from focusing on housing quality for existing stock by at least 2010, with the cessation of national grants for private sector improvement. Though the reorientation of priority occurred decades earlier, most approaches seem to focus on standards for new housing. Crucially, this overlooks the issue that less than 10% of housing in 2050 will have been constructed between 2025 and 2050.

7.2 The number and value of homes

There are over 7.1 million occupied homes in the North. They constitute 28.8% of England's housing stock.

The asset value of Northern housing is immense. Savills estimates the value of the North's housing to be well in excess of £1.1 trillion. With a 5.3% (£60 billion) increase, the value of housing in the North grew at its fastest rate since 2006 the height of the Pre-Crunch boom.

The North West accounted for more than half this growth. The increase just exceeded the England growth rate and so marginally increased the 17% share the North has of England's total capital valuation.

Table 44: Number of homes by region and as a proportion of England's total

	Homes	% England total	% of North total
North East	1,305,810	5.3%	18.4%
North West	3,333,545	13.5%	47.0%
Yorkshire and the Humber	2,460,706	10.0%	34.7%
NORTH	7,100,061	28.8%	
ENGLAND	**24,657,900**		

Source MHCLG LT 100 (2020)

Table 45: Asset Value of Northern Housing

	Total value in 2020	% growth in 2020	Value gain in 2020
	£ billions		£ billions
North East	561	6.2%	33
North West	411	5.0%	20
Yorkshire and the Humber	158	4.4%	7
NORTH	1,130	5.3%	60
ENGLAND	**6,802**	**5.2%**	**353**

Calculated from Savills Research release[29]

7.3 Changes in Tenure

Unlike all other regions, the English Housing Survey estimates tenure across the North's three regions. The number of homes in the North was estimated to have grown by 4% by the English Housing Survey. This growth masked some considerable changes between tenures.

Between 2011/12 and 2019/20 the proportion of private rented housing grew sharply by 22.3% to 1.2 million homes. This will fall back as the income tax changes and new model shared ownership work through into the data. Social housing grew by 0.8% to slightly above 1.2 million homes (masking a net shift of around 160,000 units from local authority to housing association sector). Owner occupancy, by far the largest tenure, grew 2.6% to 4.3 million homes.

Limitations in supply resulted in outright home ownership outstripping mortgaged homes in 2013/14. Tables 46 and 47 show how the estimated numbers and proportions of tenures have changed since 2011.

Table 46: Number of homes in the North by tenure

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Owner occupancy	4,235	4,142	4,045	4,068	4,039	4,081	4,206	4,258	4,344
Owned outright	1,970	2,050	2,070	2,128	2,230	2,188	2,184	2,297	2,372
Mortgaged	2,265	2,091	1,975	1,940	1,809	1,893	2,021	1,960	1,971
Private rent	983	1,063	1,157	1,137	1,215	1,251	1,189	1,200	1,202
Social rent	1,214	1,135	1,228	1,222	1,226	1,228	1,228	1,219	1,224
Total Homes ,000	**6,433**	**6,340**	**6,430**	**6,428**	**6,480**	**6,560**	**6,623**	**6,677**	**6,770**

Table 47: Proportions of tenures in the North

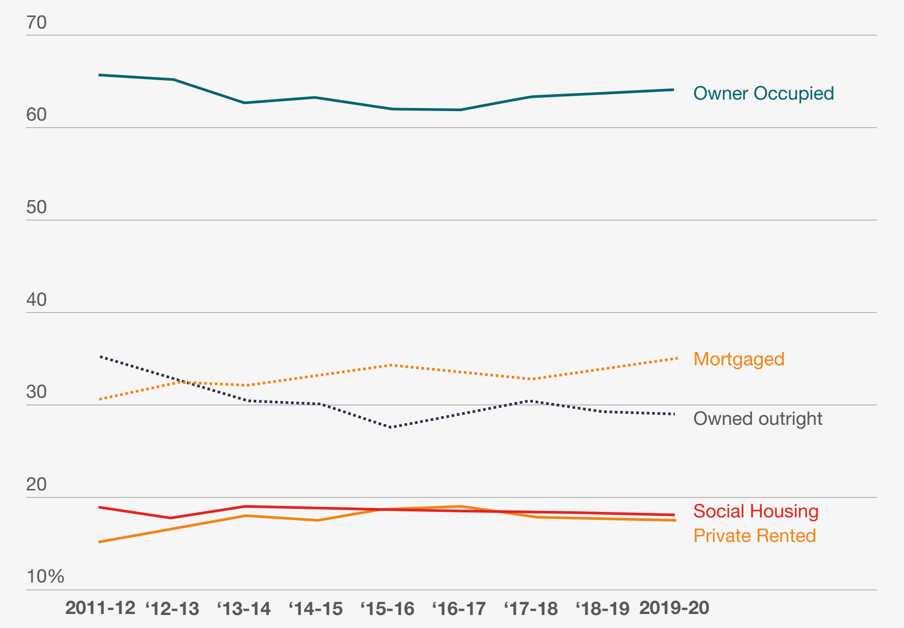
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Owner occupancy	65.8%	65.3%	62.9%	63.3%	62.3%	62.2%	63.5%	63.8%	64.2%
Owned outright	30.6%	32.3%	32.2%	33.1%	34.4%	33.4%	33.0%	34.4%	35.0%
Mortgaged	35.2%	33.0%	30.7%	30.2%	27.9%	28.9%	30.5%	29.4%	29.1%
Private rent	15.3%	16.8%	18.0%	17.7%	18.8%	19.1%	18.0%	18.0%	17.8%
Social rent	18.9%	17.9%	19.1%	19.0%	18.9%	18.7%	18.5%	18.3%	18.1%
Total Homes ,000	**6,433**	**6,340**	**6,430**	**6,428**	**6,480**	**6,560**	**6,623**	**6,677**	**6,770**

Source English Housing Survey Headline Report Table AT1.2 2019/20.

[29] Savills (March 2021) UK housing value hits record £7.56 trillion high

For local data on some indicators in this chapter go to **www.northern-consortium.org.uk/Northern-Housing-Databank** in the Northern Housing Databank on the Consortium's website.

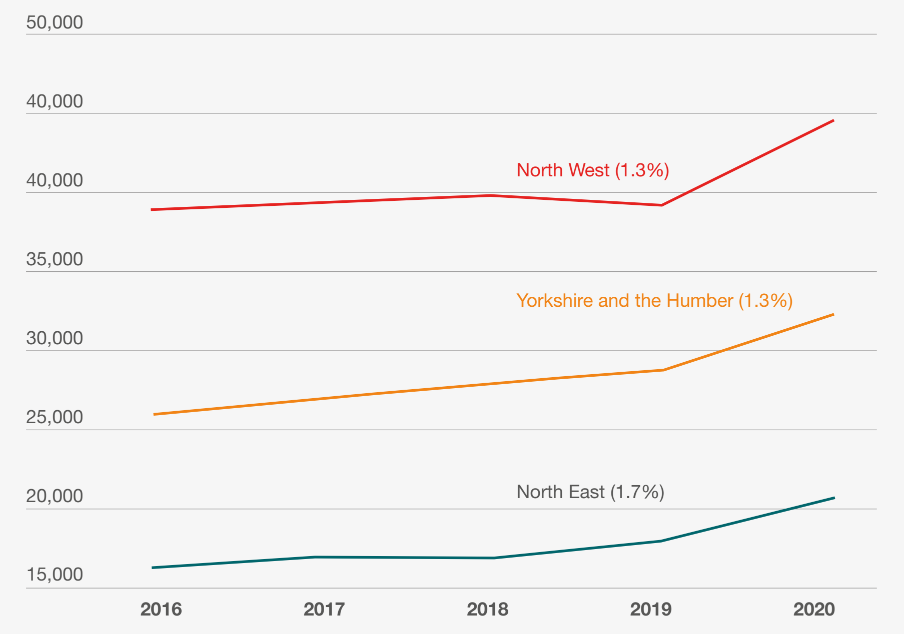
Chart 15: Changes in tenure proportions 2011/12 to 2019/20



7.4 Long Term Vacant Homes

There were 97,667 long term vacant homes recorded in the North in 2020. This is 1.4% of the estimated dwelling stock. Whilst there has been a sharp increase of 11,000 homes which can mostly be attributed to the reduction of short term lets for employment and study associated with lockdown, long term vacants have been rising in England since 2012. There was a pre-pandemic rise of 6% (4854 homes) 2019 over 2015. The North East has a larger proportion of vacants and these have risen more than the other two regions. Whilst there may well be methodological changes accounting for some of the rises in some local authorities, the trend increase is a concern and will require monitoring.

Chart 16: Percentage long term vacant homes by region



7.5 The quality of Northern homes

Consistent data on housing quality is notoriously expensive and therefore difficult to obtain. Without total stock condition surveys, decision makers are often thrown back on periodic sampling, especially by the English Housing Survey. The latest English Housing Survey detailed survey to be published identified that the North East had by far the lowest non-decency rate of all regions.

Non-decency is a key issue as poor housing can impact on a range of aspects of wellbeing e.g. mental and physical health, ability to study. The four relatively modest components of a decent home standard (such as achieving thermal comfort or preventing falls on stairs) are set out in the Table 48.

These standards are currently being reviewed by MHCLG and Sounding Board has been established with the expectation of refreshed Decent Homes Standard being identified in the Summer of 2022.

It is important to note the substantial differences in performance between tenures. The English Housing Survey 2019/20 found that almost one in seven homes (13%) in the private rented sector nationally had a Category 1 hazard. This is two and a half times, the social rented sector (5%) and 28% higher than owner occupied housing.

In addition (and related to the tenure differences), it is important to note that villages and isolated rural areas are often twice as likely to experience Decent Home fails as more urban areas. Also, the most deprived decile of neighbourhoods is more than twice as likely to have Minimum Standards fails as the least deprived decile.

Regional and tenure breakdown is not available on the 2020 edition of the English Housing Survey. However, for the North this is the situation for over a million homes.

Disaggregation was reported for the 2017 edition of the English Housing Survey. It reported that the North had just 29% (1.3 million) of England's non-decent homes. This proportion has fallen faster than the rest of the country since the 2015 English Housing Survey.

Table 48: Percentage fails Decent Homes criteria

2019 data	Percentage fails Decent Homes criteria				
	Non-decent	Minimum standard	Repair	Modern facilities and services	Thermal comfort
NORTH	18.6	12.2	4.1	2.0	4.5

Source English Housing Survey 2020, Table DA3202 (SST3.3)

Table 49: Non-Decent homes and categories of non-decency

	Non-decent	Minimum standard[30]	Repair	Modern facilities & services	Thermal comfort
	,000s	,000s	,000s	,000s	,000s
North East	136	73	43	10	31
North West	638	396	168	85	174
Yorkshire and the Humber	533	383	99	61	116
NORTH	1307	852	310	156	321
ENGLAND	**4,508**	**2,609**	**866**	**551**	**1,572**
North East	11.1%	6.0%	3.5%	0.8%	2.5%
North West	19.5%	12.1%	5.1%	2.6%	5.3%
Yorkshire and the Humber	22.1%	15.9%	4.1%	2.5%	4.8%
NORTH	18.9%	12.3%	4.5%	2.3%	4.6%
ENGLAND	**18.8%**	**10.9%**	**3.6%**	**2.3%**	**6.6%**

Source English Housing Survey 2017 Annex Table 2.3: Non-decent homes, by region
NB Totals may not sum due to fails in more than one column

The Smith Institute report[31] on housing conditions in the North using 2015 data found that overwhelmingly, fails were concentrated in pre-1944 housing. The North East's lower level of non-decency is presumably due to post-War re-development.

Table 50: Regional Distribution of non-decent housing by build date

	Non-decent homes ,000 homes	Non-decent homes %	of which <1919	of which 1919 to 1944
North East	156	13%	25%	31%
North West	759	23%	43%	26%
Yorkshire and the Humber	557	23%	47%	24%
NORTH	1472	22%	46%	22%
ENGLAND	**4724**	**20%**	**38%**	**25%**

Source Smith Institute (2018) The hidden costs of poor quality housing in the North

Table 51: Number and rate of Category 1 Hazards

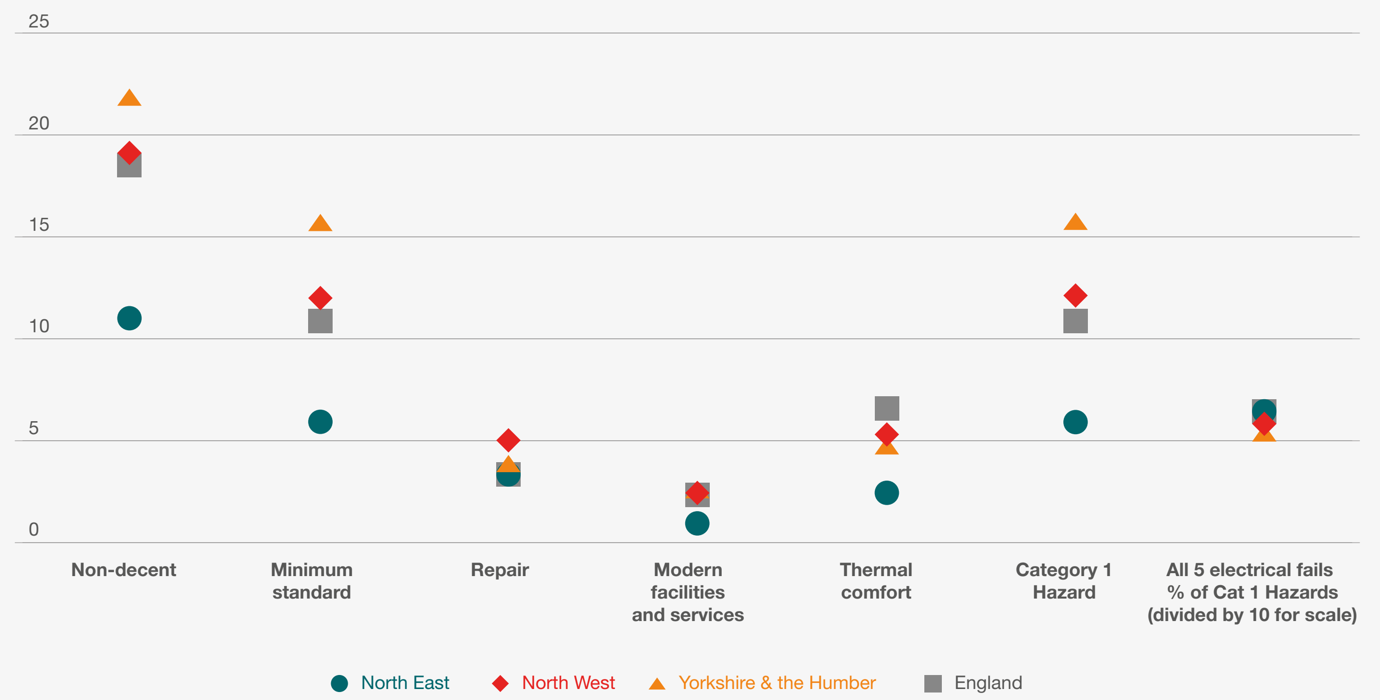
	Total Dwellings with Category 1 Hazards					Category 1 Hazards per 100,000 Dwellings				
	2015 /16	2016 /17*	2017 /18	2018 /19	2019 /20	2016	2017	2018	2019	2020
North East	961	9,367	889	524	344	7.94	76.83	7.23	4.23	2.76
North West	4,620	23,234	3,180	2,254	1,763	14.32	71.49	9.72	6.83	5.3
Yorkshire and the Humber	2,742	2,778	2,512	4,263	2,374	11.52	11.58	10.39	17.49	9.67
NORTH	8,323	35,379	6,581	7,041	4,481	12.21	51.51	9.51	10.09	6.37

Source Local Authority Housing Statistics Data Survey
*Data in this year (italicised cells) is subject to three LAs reporting enormously increased hazards for a single year.

[30] Homes failing the current minimum standard are those posing a Category 1 hazard under the Housing Health and Safety Rating System (HHSRS)
[31] Smith Institute (2018) The hidden costs of poor quality housing in the North

Home

Chart 17: Percentages of Non-Decency and Hazards



Source English Housing Survey 2017, Table AT2.3
NB the last column is divided by 10 to keep a manageable scale for comparisons the chart

As mentioned above, the North East has by far the lowest proportion of non-decent housing of all England's regions. The North West and Yorkshire & The Humber exceed the England average for all issues, except Thermal Comfort and the proportion of Category 1 fails that include the five electrical safety features.

7.5 Damp and use of extractor fans

The English Housing Survey reports that nationally "around 2%" (455,000 dwellings) had serious damp problems. Nationally, social housing (3%) and homes built before 1964 (2%) were more likely to have damp compared with the private sector and newer dwellings. Damp issues were most common in converted flats (5%) compared with semi-detached (2%), small terraced (2%), bungalows (2%) and detached housing (1%). Equally, damp issues were more common in semi-detached (2%) and small terraces (2%) than detached housing (1%)

Northern households are the least likely to report using extractor fans for ventilation. The North West (32%), North East (30%) and Yorkshire and the Humber (27%) all compare unfavourably with 44% in the East.

7.6 Poor quality housing, Older People and Individuals with Long Term Disabilities

Non-decency correlates strongly with older residents. This makes it a social as well as housing investment problem. The Smith Institute report found just over a third of all non-decent homes in the North have someone aged 60 or over. Pro rata to the relevant population this should have been in the order of 25%.

Of the 493,000 in non-decent housing, nearly 60% are in the North West. Pro rata this should be around 46%. The North West has the highest levels of older people in non-decent housing in England. 95,000 more than in London.

The issue also applies to individuals with a long-term illness/disability.

This is a problem in privately owned sectors, where owner occupied housing is towards two thirds of the challenge. Non-decency for this group is almost a quarter. Social rent accounted for 22% of the total.

Table 52: Percentage Long-term illness/disability in non-decent housing by tenures by region

	Long-term illness/ disability in non-decent home	% in non-decent private renting	% in non-decent owner occupancy	% in non-decent social renting
North East	46,000	28%	50%	22%
North West	231,000	23%	57%	19%
Yorkshire and the Humber	162,000	20%	70%	10%
NORTH	438,000	23%	61%	16%
ENGLAND	**1,395,000**	**25%**	**56%**	**19%**

7.7 The cost of achieving Decent Homes for all in the North

To attempt to quantify the ballpark costs of moving towards Decent Homes, estimates have been generated by combining a range of sources.

For example, applying the 2020 English Housing Survey estimates of average costs to national rates of non-decency by tenure and the latest MHCLG cost estimates by tenure provides a ballpark of the costs to improve the North's Housing stock.

NB there would be some overlap in terms of the costs of improving energy efficiency in Chapter 1.

Whilst an £8 billion price tag is substantial; it should be noted that there would be a rapid social payback. BRE in 2015 estimated the annual costs to the NHS of poor housing is £1.4 billion nationally. This implies the social return on that investment in the North would be at a 'break even' point (just from reducing NHS costs) after 25 years. When factoring in social care costs, the break-even will come much quicker. Housing LIN[32] reported that the total cost of fragility fractures in the UK has been estimated at £4.4 billion, which includes £1.1 billion in social care.

Table 53: Broad estimates of costs to make decent by tenure in the North

	Owner occupied	Social Rent	Private Rented	Total
	£ billions	£ billions	£ billions	£ billions
NORTH	£5.0	£0.6	£2.0	£7.6

Sources: Live Table 100 Sub-national estimates of dwellings by tenure 2019, English Housing Survey 2020: Table DA3202: Decent Homes - areas, Annexe Table 4.2 costs to make decent

[32] Housing LIN (2019) Housing disrepair: Improving non-decent homes

7.8 Average Size of Home

The average size of home in the North has fluctuated between 90 and 91 m^2 over the past five years and remains below the current England average of 95 m^2. There is no regional disaggregation in the English Housing Survey Table DA1101 (SST1.1): Stock profile.

7.9 Overcrowding and Under-occupancy

Overcrowding is associated with high demand, urbanised housing markets. Accordingly, the North West at 2.8% of homes is estimated by the English Housing Survey to be the fourth ranked region for overcrowding, Yorkshire & The Humber the seventh ranked and North East comfortably the lowest. All three regions are well below the national average making the North's proportion to around 2.3% of stock.

Almost one in 20 social rented households are over-crowded in the North. Nationally, local authority stock is one and a half times more likely to be overcrowded than housing association stock. The differentials range between 23% in the North West, through 58% in Yorkshire & The Humber to 167% in the North East. However these are estimates drawn by the English Housing Survey from smaller samples.

The low levels of overcrowding do not mean Northern housing is under-occupied. Indeed, a case could be made for the North's closeness of fit between households and home sizes. With 41% under-occupancy in the North West and 37% in the North East and Yorkshire & The Humber, the Northern regions are fifth, seventh and eighth least under-occupied of regions. Only London is less under-occupied

Table 54: Distribution of overcrowded households by tenure

	Owner Occupiers	Private Renters	All Social Renters	Local Authority	Housing Association	All Households
	000s	000s	000s	000s	000s	000s
North East	5	5	6	4	3	16
North West	26	28	33	6	27	88
Yorkshire and the Humber	19	12	19	13	6	50
ENGLAND	183	302	344	167	177	829
	%	%	%	%	%	%
North East	0.7	2.4	2.3	4.0	1.5	1.4
North West	1.3	5.0	5.9	7.0	5.7	2.8
Yorkshire and the Humber	1.2	2.8	4.8	5.7	3.6	2.1
ENGLAND	1.2	6.7	8.7	10.5	7.4	3.5

Source English Housing Survey, Home Ownership report Annex Table 1.19: Overcrowding, by tenure and household characteristics, 2019-20

7.10 Satisfaction with Neighbourhood

Neighbourhood satisfaction is a key determinant of the sustainability of demand for housing and therefore the value of housing assets. The English Housing Survey 2020 recorded important differences in neighbourhood satisfaction across regions and between tenures. Obviously, the greater the disaggregation from a national sample by region and tenure the greater the caution that needs to be taken.

Table 55 indicates that those surveyed were above average national satisfaction levels in the North East and slightly below in the other two Northern regions. The private renting result was particularly high in the North East. By contrast the satisfaction with private tenants was markedly low in the North West and Yorkshire & The Humber. A similar set of differentials, though over a lower range was also apparent for social housing tenants.

Table 55: Percentage of households Very or Fairly satisfied with their neighbourhood

	All tenures	Owner occupied	Private renting	Social housing
North East	87.3	87.7	90.0	84.5
North West	85.6	90.0	77.0	77.7
Yorkshire and the Humber	84.5	88.0	77.5	79.7
ENGLAND	86.7	89.6	83.7	78.6

Source English Housing Survey Social rented sector Annex Table 2.3: Satisfaction with area by region and tenure, 2019-20

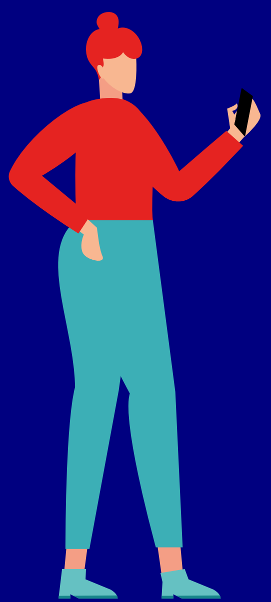
The Big Picture Conclusion

At £8 billion, the price tag for improving our housing stock is high, until it is measured against the public benefits taxpayers would get from reducing accidents and illness. Regarded as an investment in an asset worth collectively £1.1 trillion, the 0.7% of cost is put into a proper perspective.

CHAPTER 8: THE PRIVATE RENTAL SECTOR

> The disgraceful truth is that home ownership levels in this country have plummeted and many are forced to pay through the nose to rent a home they can't truly love or make their own.

Boris Johnson's speech to Conservative Party Conference: 6 October 2020



Key points

9 out of 10
neighbourhoods with the highest concentrations of private renting in England in 2011 were in Northern cities

Whilst the number of rented homes has risen to match the number of social housing units, the private rented sector appeared to have peaked in 2016/17, before the pandemic set in

As set out in the housing quality chapter, nationally, almost
1 in 7
private rented homes had a Category 1 Hazard

More than two thirds of private rented homes are below Band C. This is only slightly better than the lowest performing tenure, owner occupied housing

Pre-pandemic, the size of the sector had declined consistently in the North East over the past decade but appears to be growing in Yorkshire & The Humber

Advertisements reduced by 29.5% between 2019 and 2020. The larger the home the greater the reduction which suggests the "race for space" is not apparent at the regional level

The North East's average rent
grew by 5.5%
YOY to Q1 2021 which was the largest UK rise

Rents rose
3.2% in Yorkshire & The Humber and 2.3% in the North West, despite Leeds and Manchester rents falling

There are well over
500,000
private landlords holding stock in the North

At least 21
of the North's local authorities operate a Selective Licensing scheme and several others are considering it

8.1 Policy Context

The Government intends to publish a White Paper in the Autumn of 2021, addressing topics that were in the frame for its 2019 proposed Renters Reform Bill, such as abolishing Section 21 evictions, scrapping Assured Shorthold Tenancies, defining accommodation standards, introducing a lifetime tenancy deposit and the possibility of a national landlord register

In terms of housing tenure, the Government's intention to transform Generation Rent into Generation Buy represents a notable change in direction over the past twenty years where private rented homes more than doubled to around 23% and exceeded social housing for the first time in decades. The policy drivers are both political and financial. The Conservatives' aspiration for a property-owning democracy (as a counter to state ownership) runs deep back to at least 1923. Concern with the almost tripling of housing welfare payments (to almost 3% of GDP - pre-pandemic) averaging expenditure of over £5,000 per case per year forced a rethink midway through the last decade.

Despite having proportions of private renting below the England average of 17% in 2011, nine of the ten neighbourhoods with the highest concentrations of private renting in England were located in Northern cities. A disproportionate 43% of the top 100 neighbourhoods for private renting were also in the North. The expansion of the sector has both extended the distribution of private renting, but also led to an increasing concentration in lower value areas. When this results in high resident turnover, anti-social behaviour or fly tipping, it becomes a significant strategic challenge for local authorities.

8.2 Number of households in private renting and the number of private landlords

The English Housing Survey estimates the number of households in private renting has increased by 22% in the North since 2011 to 1.2 million or just under 18%. However, the Osborne tax changes late in the last decade perhaps contributed to a decline of almost 7% from its peak value of 19.1% in 2016/17. However, the past decade's changes have not been distributed consistently across the North. Strong, above average growth of the sector in the North West and Yorkshire & The Humber contrasts with a long-term trend reduction in the North East.

There is currently no national register of private landlords. Aggregating arc4's local authority modelling suggests there are still well in excess of 500,000 private landlords across the North.

Table 56: Changes in the private rented sector

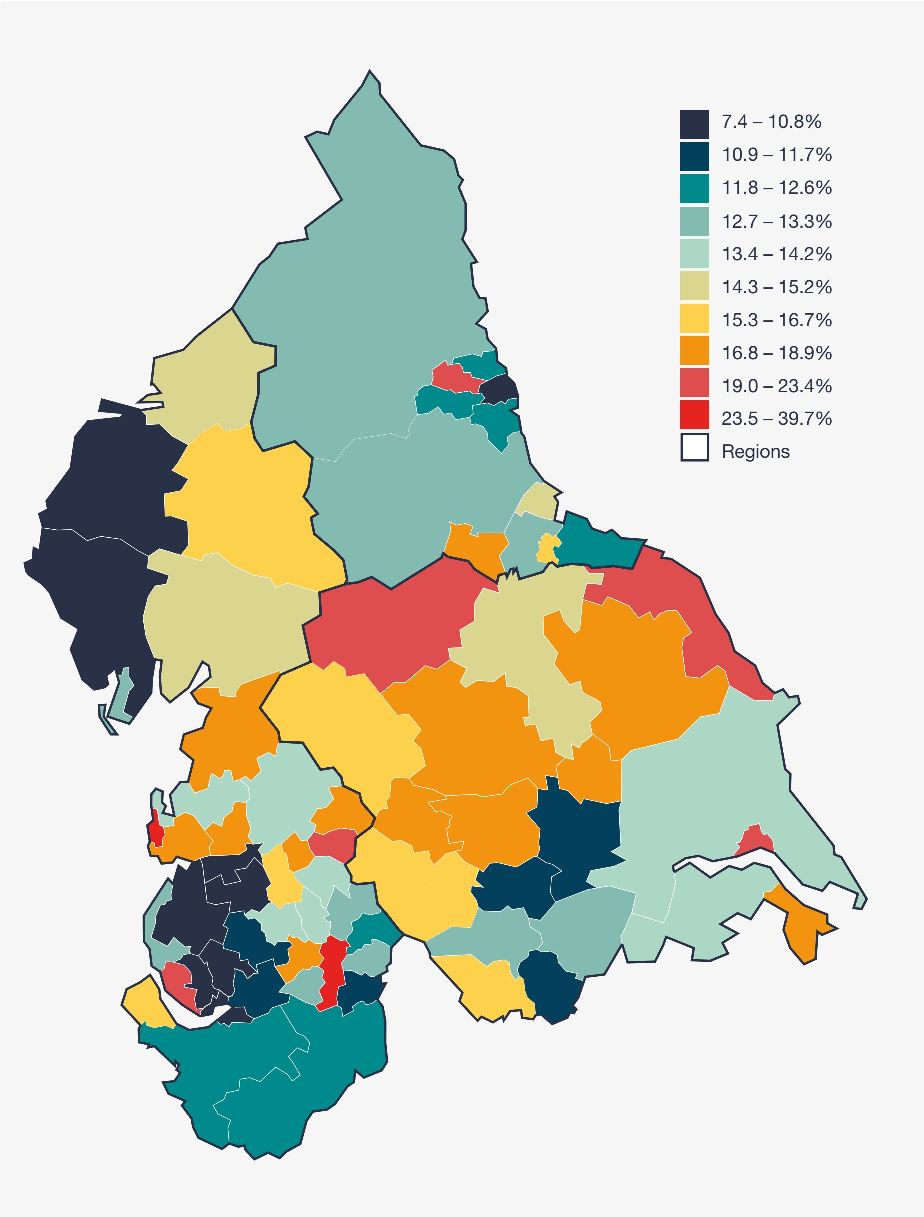
	Private renting households 2019 (,000)	% Private Renting	% change last 5 years	% change last 10 years
North East	177	14.8	-6.0%	-2.9%
North West	555	17.3	-2.8%	31.0%
Yorkshire and the Humber	471	19.8	3.2%	24.7%
ENGLAND	4,438	18.7	-1.1%	22.3%

Source: English Housing Survey 2019/20

8.3 The proportion of private rented housing

The increase in the number of private landlords has been noted in many publications since the last Census. Figure 5 indicates which local authorities that had higher concentrations (red and deep orange shading) of private renting in 2011. Whilst university cities like Manchester, Liverpool, Newcastle and Hull had high proportions of private renting, there are other authorities such as Scarborough, Burnley and Richmondshire where other processes are at work.

Figure 5: Concentrations of private renting by local authority Census 2011



8.4 Energy efficiency in the private rented sector

According to Energy Performance Certificate inspections the private rented housing submitted for inspection has improved over the past five years. Originally much worse than the owner occupied sector, privately rented housing results became marginally better for Band E or poorer in 2018 as the result of the revised minimum energy efficiency standards making Band E the minimum for letting in that year. Whilst the direction is encouraging, the sector's performance is patchy in a number of local authorities and is two or three times poorer than the social rented sector.

Table 57: Private Rented EPC Band E or lower 2016 – 2020

	Band E or poorer by Tenure: Private Rented				
	2016	2017	2018	2019	2020
North East	4644	1604	2036	2359	1430
North West	15,065	5,769	6,137	8,073	4,536
Yorkshire and the Humber	13,372	5,250	6,992	7,704	5,015
NORTH	33081	12623	15165	18136	10981
North East	41.7%	26.5%	16.9%	17.1%	14.5%
North West	39.8%	28.1%	17.6%	16.2%	14.9%
Yorkshire and the Humber	44.4%	34.0%	23.3%	19.0%	19.7%
NORTH	41.8%	30.0%	19.7%	17.4%	16.7%

8.5 Selective Licensing Schemes

There are at least 23 of the North's local authorities operating a Selective Licensing scheme for private renting. Several others are considering schemes. This means that there are a number of neighbourhoods where the performance of the private rented sector is associated with ASB, crime or low demand. It is possible that more selective licensing will be reconsidered in the light of new information from the 2021 Census.

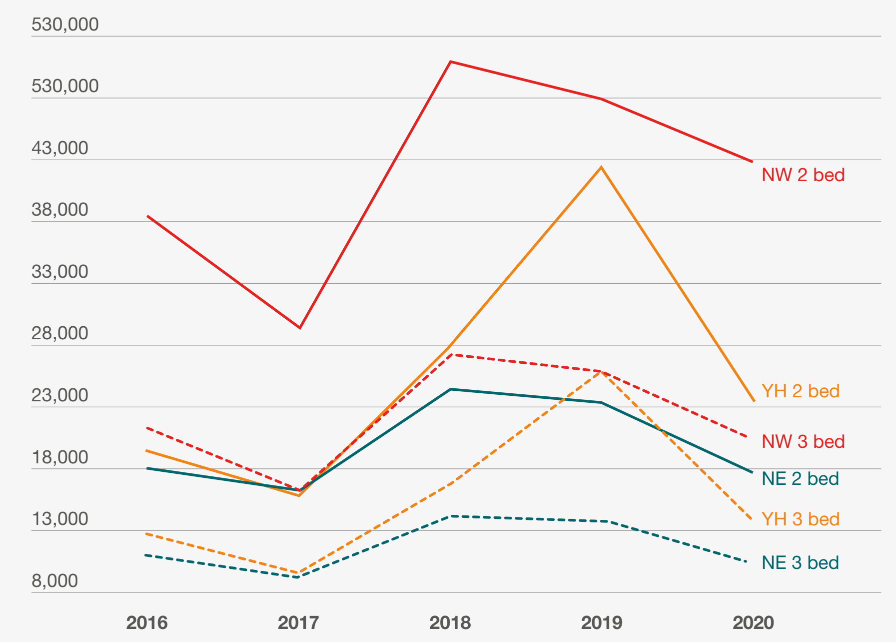
8.6 Homes brought to market for private renting

The number of 2 and 3 bed homes (two thirds of the total) brought to market (advertised) are set out by region in Chart 18. The 2019 peak in Yorkshire & The Humber appears to be a later surge than in the other two regions. The growth was appreciable in most towns and cities with only the most deprived towns and rural areas not showing substantial increases 2019 over 2018. The rises apply to the 4 bed and over category as well.

Table 58 shows how the growth in 1 bed offers has been proportionately robust in the pandemic market. This is also picked up by the 2 bed market. The 4 bed and above market, though small, grew fastest until the pandemic. The disproportionate falls in the 3 and 4 bed and over offers suggests that the pursuit of larger (and therefore less urban) homes may not have occurred.

For local data on some indicators in this chapter go to www.northern-consortium.org.uk/Northern-Housing-Databank on the Northern Housing Databank on the Consortium's website.

Chart 18: Two and Three bed homes brought to market



Source: Zoopla data, arc4 calculation

Table 58: Changes in the number of homes brought to the market

	2019 Homes	2020 Homes	2019-2020 % change	2016-2020 % change	2016-2019 % change
1b total	59720	46509	-22.1%	45.6%	87.0%
2b total	113492	84047	-25.9%	11.0%	49.9%
3b total	65606	44378	-32.4%	-1.3%	45.9%
4b and over total	41953	23009	-45.2%	6.3%	93.8%

8.7 Rental prices and Local Housing Allowance rates

Table 59 sets out the relationship between rents offered via advertisements captured by Zoopla and the Local Housing Allowance prevailing in the Broad Rental Market Areas (BRMA) defined by the Valuation Office Agency.

The drift from higher proportions into low proportions illustrates that the proportion of entry level housing coming onto the private rented market at sub Local Housing Allowance rates dropped steadily pre-pandemic. This suggests a substantially growing affordability challenge and as indicated elsewhere, also presents an emerging challenge of increased homelessness. The partial reversion in 2020 probably reflects lower demand in the conurbations of Leeds and Manchester.

8.8 Yield on lower quartile market renting

Table 60 sets out the yield on private renting. The highest yields are to be found in 2019 and 2020. The North East yield is driven by a falling sales price and moderately higher rents. By contrast, the North West yields are driven by 16% higher rents outstripping a 10% sales price increase. Yorkshire & The Humber.

Whether this will be enough to change supply in the sector will only become clear once the pandemic's restrictions are eased.

In Table 61, the proportion of Northern private tenants' income spent on rents is below the England average except in the North East. Paradoxically, the region also has the lowest proportion of households with payment difficulties (current or previous arrears in 2019/20).

It should be noted that only in Yorkshire & The Humber do respondents report rental costs slightly below the conventional 25% affordability threshold. This suggests significant affordability pressure in the sector across much of the North.

Table 59: Proportion of 2 bed properties advertised below the LHA rate (Calendar year)

	2016	2017	2018	2019	2020
North East	23.5%	23.6%	23.1%	22.0%	24.5%
North West	19.9%	18.3%	14.3%	11.7%	14.8%
Yorkshire and the Humber	21.5%	18.2%	15.5%	11.9%	15.6%
Total	21.2%	19.7%	16.7%	13.9%	17.1%

Source Zoopla data compared with LHA rates for April of the calendar year arc4 calculation

Table 60: Lower Quartile Rental Yields

Region	2016	2017	2018	2019	2020
North East	6.1%	6.1%	6.1%	6.0%	6.8%
North West	5.4%	5.5%	5.5%	5.4%	5.7%
Yorkshire and the Humber	5.1%	5.2%	5.0%	5.2%	5.1%

Source: Zoopla and HM Land Registry

Table 61: Income % spent on rent and % with payment difficulties in 2019/20

	% income spent on rent	% with payment difficulties
North East	33.7	17.0
North West	29.0	21.9
Yorkshire and the Humber	24.4	24.8
ENGLAND	31.9	23.0

Source English Housing Survey Social Renter Annex Table 3.21: Proportion of income spent on rent including Housing Benefit, 2019-20.

8.9 Market conditions and tenant demand

This is an exceptionally volatile period for the housing market. The recovery from the pandemic and subsequent limitations in public spending are likely to be felt for a number of years. A number of effects are currently apparent from the most recent leading commentaries:

- the growth in private renting outside the London market
- a sharp dip in low income renting near to conurbational centres associated with
- a halo effect of a more robust market around rather than within the larger centres
- generally a growth in less urban renting.

Zoopla reports average rents in the North East have grown by 5.5%. This is the largest rise in the UK. Whilst rents rose 3.2% in Yorkshire & The Humber and 2.3% in the North West, the Leeds and Manchester average rents fell by 0.7% and 1% respectively. This and the decrease in advertisements by bedroom numbers may suggest that the halo effect could actually be the result of the fall in the inner-city markets rather than merely a "race for space" transfer of demand for larger homes on the outskirts of cities.

Savills[33] anticipates demand will start to return to the city centres as pandemic restrictions are lifted, especially for lower paid, hospitality and retail workers. It anticipates non-London rents to grow 165 to 2025. This would comprise a sub-inflation rise in 0.5% in 2021, but a 4% spike in 2022 that tails off to 3.3% by 2025.

Table 62: Average rents pcm and year on year change for regions and cities

	Average pcm	% YOY change
North East	559	5.5
North West	639	2.3
Yorkshire and the Humber	621	3.2
Newcastle	649	5.0
Manchester	772	-1.0
Liverpool	639	4.1
Leeds	746	-0.7
Sheffield	643	4.7
UK	923	-1.1

Source Zoopla Rental Market Report Q1 2021. The report quotes a 1 to 4 range of bedrooms for the average

The ability of the sector to bounce back post-pandemic will depend largely on the income of residents who have shared or quit the sector to live with friends and family. For the challenged inner urban areas, this will require a strong town and city centre economic recovery. Obviously, any limitation of Local Housing Allowances or adverse tax changes for landlords would depress the sector.

The lack of sales supply currently pushing up prices may divert demand for family renting in the short term.

[33] Savills; Mainstream Rental Forecasts 19th February 2021 https://pdf.euro.savills.co.uk/uk/spotlight-on/mainstream-rental-forecasts---february-2021.pdf

8.10 Churn in the sector

The private rented sector experiences the highest churn of all tenures. This has been substantially moderated by the pandemic and the stay on evictions. However, the proposed White Paper may propose, both abolishing Section 21 eviction and make repossession processes “more efficient”.

This is of particular significance in the North because private landlords’ legal actions for possession rose 37% between 2016 and 2019. In comparison, social landlords’ actions fell by 13% and accelerated possessions fell by 23%.

Since the pandemic, private landlords’ actions have overtaken social landlords’ actions. The former constituted 43% of all landlord possessions in the first quarter of 2021. The distribution of actions per 100,000 households varies widely and appears to reflect the size of private rented markets.

When the stay on actions is eased, it will be possible to conclude the longer term trajectories on supply and demand for the sector. High sales prices will boost demand. However, the impact on arrears and increased management difficulties may serve to depress the number of properties brought to market.

Table 63: Landlord actions for possession 2016-Q1 2021

	2016	2017	2018	2019	2020	Q1 2021	Row Total	% change 2016-19
Accelerated Landlord	9636	9984	8428	7454	2914	536	38952	-22.6%
Private Landlord	9433	10834	12410	13004	4817	1321	51819	37.9%
Social Landlord	61341	60476	56889	53305	12264	1016	245291	-13.1%
Column Total	**80410**	**81294**	**77727**	**73763**	**19995**	**2873**	**336062**	**-8.3%**

Source: Ministry of Justice, Mortgage and landlord possession statistical data; Quarter 1 2021

The Big Picture Conclusion

The inevitability of Government returning to constrain the cost of welfare benefits and the emphasis on subsidizing sales merely underlines the vulnerability of the sector to rapid policy changes. The proposed White Paper is likely to add short-term uncertainty to this mix.

CHAPTER 9: COVID-19: A SHORT HISTORY OF THE FUTURE

Despite the advances we have made in medicine, sanitation, communication, technology and science, this pandemic is nearly as ruinous as any in the past century.

Dr. Nicholas Christakis
Apollo's Arrow: The Profound and Enduring Impact of Coronavirus on the Way We Live

9.1 Introduction

Most of the data examined in the Monitor was recorded before the SARS-CoV-2 (aka Covid-19) pandemic. Given the uncertainty Councils and housing providers face, we thought it would be helpful to look beyond the historical data to sketch out briefly how aspects of the future might look for housing in the north.

On one level, prediction is, of course, fruitless. As the Monitor was being compiled in June, determining the country's next step on lockdown appeared 50/50. However, this pandemic is not unique. Pandemics and events such as world wars and economic depressions, draw major changes in their wake, so it is possible to reflect on which of the larger changes may happen, if not precisely when in the medium to long term.

9.2 The three phases of the future

Nicholas Christakis's helpful book suggests a plausible three phase recovery:

- A containment phase – until immunity levels and public health measures restrict outbreaks
- An intermediate phase – where the economic, social and psychological impacts of the pandemic will be predominant factors
- A post-pandemic phase – where society relaxes and reacts to the constraints of the previous two phases

Although, written before the widespread immunisation programme began, his conclusions draw on the experience after the Spanish Influenza pandemic of 1919. He suggests the containment phase will end in 2022, the intermediate phase will last a further couple of years before society moves more consistently into a post-pandemic. Obviously, these are contingent upon a successful (global) immunisation process and including management of the SARS-CoV-2 variants. The phases will overlap and governments will be tempted to accelerate to a post-pandemic phase.

9.3 Toothpaste and the Fast Forward Button

In recognising how housing is going to be affected across the phases, it is important to identify two key processes. Pandemics and wars press the Fast Forward button on processes that were already in train. As the Harvard Gazette reported in late 2020[34], our adaptations to the virus "have accelerated already existing trends, like the development of a cashless society, the increase in remote work, and the decline of brick-and-mortar retail".

The extent to which these changes will stick depends on how much they mimic more closely toothpaste squeezed from a tube or a stretched rubber band. Cash handling was already in steep decline before the pandemic. (The number of cash machines fell by almost a quarter 2016 to 2020[35].) Equally, the trend towards homeworking was rising for the nine years before it jumped in 2020[36]. Finance and Estates managers will do well to re-consider their plans accordingly. Other trends are more variable.

[34] The Harvard Gazette (2020) What will the new post-pandemic normal look like?
[35] Machine Merchant; (2021) Countries most reliant on cash https://merchantmachine.co.uk/most-reliant-on-cash/
[36] ONS (2021) Homeworking in the UK: hours, opportunities, and rewards

9.4 Remote working and the impact on Town Centres

The decline in high street retail is a long standing phenomenon familiar not just in Northern towns. However, the implications of the pandemic's effects on town and city centres will depend on how they are distributed into the post-pandemic phase. The University of Nottingham estimate[37] more remote working will impact the centre of major cities, especially where there are higher paid jobs, more dependent on information and communications technology. So, a significant reduction in commuting to cities may redistribute some retail spending back into satellite towns and from towns into more local shopping areas.

If current levels of remote working continue, each of the three Northern regions would be marginally better off[38]. However, within each region this would entail a very substantial churn of, for example, over a million workers in the North West. The consequent impacts on footfall for retail, service and hospitality industries would tend to undermine centre property values which will make land assembly easier for regeneration, but render populating the new offices and houses more challenging. The University's working estimate is currently a 25% reduction of commuting into the heart of a major city (full and partial homeworkers).

Whilst a significant change, it should also be noted that the ONS estimated[39] that for 2020, 64% of workers had never worked remotely. In 2020, the proportion of "mainly" remote workers reached 8% in Yorkshire & The Humber, 7% in North West and only 6% in the North East. Consequently, the impact of remote working will impact the centres of towns and cities where jobs and therefore commuting are most concentrated and have a more distributed positive effect in suburbs and satellite towns.

9.5 The "race for space"

Lenders report a 'race for space' continuing to occur in the housing market. The race is claimed to demonstrate more people looking for a garden or easier access to parks, and a majority of people "looking to move to less urban areas". Again, the distribution appears to be variable, with interest in larger towns or cities falling by about a quarter of under 44s and being replaced by just over 50% in smaller towns or rural locations. Whether this is sustained into the third, post-pandemic phase remains to be seen. Rising prices, constrained incomes and limited new supply is likely to put a cap on how long this can continue for existing homes. However, post-pandemic design codes emphasising more space for home working and more external garden and public space could generate homes that compete strongly with existing stock. It is probable that post-pandemic housing will yield fewer homes per hectare.

[37] Professor Gianni De Fraja (2021) contributing to The Zoomshock Metropolis, Radio 4 Analysis
[38] Zoomshock dashboard (2021); https://www.metrodynamics.co.uk/zoomshockdashboard
[39] ONS (2021) Homeworking in the UK, work from home status

9.6 Will the House Price boom continue?

The recent run on house prices (up nationally almost 11% year on year for May 2021[40]) continues in the North. The earlier, Quarter 1 data for regions recorded the North West's highest rise since 2005 at 8.2% and the other two regions also above the national average at 7%. These rises reflect a pent-up demand for housing restricted by lockdown and an interrupted supply of newly constructed homes (starts fell by 16% nationally in 2020)[41]. The potential shift in demand in the "race for space" may also have accelerated price rises on larger (at least in terms of space) homes where supply is further restricted.

The extent the boom will continue into the intermediate and post-pandemic phases is very questionable. (As we go to press, Halifax have reported a 0.5% drop in prices nationally although "for the North West and Yorkshire" prices are still rising and are the strongest since early 2005.) Every announcement of price rises is accompanied by caveats that the Stamp Duty Land Tax holiday is being phased out; the economy is brittle and still significantly supported by Government; and buyer confidence is limited by job insecurity. Whilst the Bank of England does not believe the rises will continue, it also has implied it will move to increase lending rates to constrain inflation. Consequently, development predicated alone on rising prices will need to be assessed very carefully over the short and medium terms.

9.7 The pandemic's demographic impacts – fewer babies, more and different care needs

So far, there is no official data suggesting the pandemic has resulted in a baby boom (as for example occurred in areas affected by the 1980s' miners' strikes). Indeed, it is probable that the long term declines since 2012 in Total Fertility Rates (the number of children an average woman would have her "child-bearing years") will continue.

UK data is not available for conceptions since the start of the pandemic. However, there is evidence from the US, France, Italy and Spain which suggests a sharp fall in the birth rate. Whether a compensating recovery occurs in the post-pandemic phase is open to the degree to which job insecurity, housing insecurity, and overall uncertainty about when the pandemic will end. Whilst after the Spanish Influenza and World War 1, birth rates increased in the third (relaxing) phase, there is a view that the decline will more closely match the sharp post-Crunch decline. Professor Sarah Harper of the Oxford University Institute of Population Ageing suggests the dip in conceptions "could be the long-term trend". The Brookings Institute concurs and reports that a Total Fertility Rate of less than 2.1 children per woman is below the replacement level. The UK Total Fertility Rate is 1.65 children per woman. The North East's is the country's lowest at 1.52 children per woman. Both require inward migration to sustain the total population and also rebalance the retired /working population ratios. This raises important questions around inward migration policies post-Brexit.

Age standardised pandemic regional deaths per 100,000 population is so far only available from March to July 2020. The North West and North East had the second and third highest rates after London. Yorkshire & The Humber was just above the median figure.

The tendency for mortality to rise with age means that it is possible that long standing communities of social housing may have been more affected than the general population. If so, there are likely to be housing management implications for providers with bereaved older residents or those suffering "long Covid". Property Week[42] has suggested that new care models are emerging with older people seeking new, better quality sheltered accommodation or retirement living facilities. This will be a challenge for providers and commissioners, especially in the second and third phases after the pandemic.

The psychological effects of lockdown were flagged at an early stage. However, commentators are highlighting psycho-social implications. Karestan Koenen, Professor of Psychiatric Epidemiology at the Harvard points to long-lasting effects[43] similar to those arising from economic depression and war. Young adults are particularly exposed, not only to mental or emotional impacts but also the loss of social and economic opportunities.

The English Household Resilience Study[44] found that 14% of private renters and 16% of social renters nationally reported feeling lonely often or always, compared to 5% of outright owners and mortgagors. This increased slightly over Wave 1 in the Summer. It is likely the psychological aspects of the pandemic will play out across providers' interactions with community groups and individual residents.

[40] Nationwide House Price Index
[41] MHCLG, Table 213 House building: permanent dwellings started and completed, by tenure,
[42] https://www.propertyweek.com/insight/time-for-a-new-elderly-care-model/5110460.article
[43] Karestan Koenen (2020) What will the new post-pandemic normal look like? The Harvard Gazette
[44] MHCLG (2021) English Housing Survey Household Resilience Study, Wave 2 November-December 2020

9.8 An uneven future

As with many health challenges, more deprived social housing and private rented housing is likely to be worse affected by the pandemic. This is also true about recovery. As highlighted in the Northern Housing Consortium's Lockdown Rundown Breakdown[45], far from being 'safe at home', too many Northerners spent the 2020 lockdown in homes that harmed their health. In the longer term, we must learn lessons from lockdown and renew our housing stock so that everyone in the North has a decent place to call home. The ONS has reported that adults living in the most deprived areas of England are three times more likely to be hesitant about getting a coronavirus vaccine than those in the least deprived areas. In May, this applied to one in 10 people in the most deprived areas. Any inconsistency in vaccine uptake will mean concentrations of more deprived residents are more likely to become infected as individuals. As with the transmission of Tuberculosis in the 19th and 20th centuries, concentrations of more deprived individuals in more dense housing that is less well designed to reduce virus transmission produced major local SARS-CoV-2 outbreaks. That the individuals in these housing circumstances are also much more likely to avoid vaccination is locking in the certainty of future outbreaks in populations that are often at much greater risk.

This poses major social and organisational challenges for Registered Providers with large estates and local authorities with concentrations of poor privately owned and rented stock.

9.9 The great unwinding – eviction, possession and homelessness

The conventional interactions between the private rented sector and homelessness have been suspended whilst evictions have been limited. Similarly, mortgage possessions have been hugely reduced. When these constraints on the normal workings of these sectors are unwound in the intermediate phase it is probable that pressures will emerge on providers to house many new clients and often in new ways.

9.10 Building back fairer?

The Marmot Report[46] on the impact of the pandemic on Greater Manchester underlines serious concerns about the unequal distribution of SARS-CoV-2 morbidity and mortality between income groups. In echoing long standing conclusions about the relationship between deprived places, poorer housing and poor health, the report sets out a coherent agenda for recovering and restructuring society beyond the pandemic. Whether national government will fund the changes and local government and local stakeholders have the capacity to deliver those changes will be a central question for this decade.

The Big Picture Conclusion

The pandemic has changed the nature of demand for housing and will continue to affect demand well past the middle of this decade. A period of restraint will occur once the pandemic is brought under control. This is likely to be followed by social relaxation and economic expansion. How local authorities and registered providers cope with these changes will depend on how quickly government seeks to repay the borrowing it has incurred and how effectively providers and strategy makers have adjusted to the new normal. Building social equity in our post-pandemic recovery will be an essential aspect of society's management of the virus. Step forward the North's Registered Providers and local authorities!

[45] Lockdown Rundown Breakdown Northern Housing Consortium (2020) with the University of Huddersfield and the Nationwide Foundation
[46] Building Back Fairer in Greater Manchester (2021) Institute of Health Equity

APPENDIX 1 LIST OF FIGURES, CHARTS AND TABLES

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