

Levelling up

*How can boosting housing opportunity in
the North support the national recovery?*



Summary report of an Onward and
Homes for the North partnership

ONWARD 

Homes
for
the North 

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About Homes for the North

Working to deliver more homes across the North of England, Homes for the North is an alliance of 17 housing associations. They collectively provide homes for almost one million people and advocate for better quality homes as the bedrock of economies and thriving communities. You can find out more about Homes for the North by visiting our website www.homesforthenorth.co.uk and following us on Twitter @homesfornorth.

About this report

This summary report is a record of a roundtable event held in September 2020, hosted by Onward and supported by Homes for the North. The event was held under the Chatham House Rule.

For more information, or to explore how you might partner with Onward in future, please contact office@ukonward.com.

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Foreword

Levelling up can at times suffer from meaning many things to many people. But what is clear in every case is that if it is to be successful it will need to bring more than just growth back to lagging parts of the country. It will need to revive a sense of pride of place and belonging that has been slowly falling away in much of the North and Midlands since the decline of the manufacturing economy.

There are different ways of approaching this problem, but all of them involve housing and planning. It is critical that, as we seek to grow the economies of the North and the Midlands, we are boosting the towns, villages and cities in those regions as places to live, work, and put down roots. That will require investment in the lived environment as well as support for the jobs of the future. As this discussion showed, housing provides both.

It is only by building beautiful homes and thriving communities that people want to live in, or nearby, that lagging parts of the country will succeed in attracting talent and business. Meanwhile new technologies, or what was once called MMC, offer the opportunity to bring back stable, skilled jobs to places where they have been lacking for some time. The North has ample land to build the factories needed for this potential growth industry.

As the Government considers embarking on the most ambitious plans for housing and planning policy for several generations, it should consider not just how to build more homes, but how doing so can support their wider objective of levelling up.



Will Tanner

Director of Onward

Introduction

Ambitious policies are needed if the Government is to support levelling-up the North and move from rhetoric to delivery. Housing has a crucial role to play in enabling economic growth and closing spatial inequalities between the North and the rest of the country. Our research indicates that up to 65,000 new homes are needed every year to support ambitions for transformational growth in the North, in addition to a renewed focus on sustaining what we already have, and ensuring it is fit for a low carbon future.

Homes for the North's members stand ready to do more to support the Government's mission and are already planning to build 24,000 more homes over the next three years.

But this will only happen if the climate is right to encourage and reward ambition. Action must be taken to ensure that the North has the tools to deliver the homes required to rebalance the UK economy and revitalise left behind communities. Change is needed in three key areas:

- Firstly, the Government should work with Mayors, local authorities and housing providers to establish a clear strategy and targets for Northern growth, establishing the key enabling role that housing has to play. This could be in the form of a refreshed Northern Powerhouse Strategy.
- Secondly, the Government must create a new investment framework, reversing the current approach which sees as little as 10% of housing infrastructure investment flowing to the North which houses over a quarter of the country's households. This has become so critical that we believe a bespoke Levelling Up Housing Infrastructure Fund is now needed, backed by reform to the Green Book, which would boost supply and speed up the delivery of the homes required to support transformational growth.
- Thirdly, the role of the planning system can play in supporting levelling-up must be recognised. The Standard Method for establishing housing requirements should match the ambition for economic growth and the jobs that will accompany it. As it stands, the proposed new Standard Method would do the opposite, dialling down the North's contribution to the national housebuilding effort and delivering fewer homes than now. A fundamental rethink is needed.

The discussion recorded in this summary echoes these themes and demonstrates the consensus that is building to put homes at the heart of Northern recovery and growth.



Nigel Wilson

Chair of Homes for the North

Summary of the discussion

- **There is a time limited opportunity to make levelling up work in practice.** There was considerable support for the Government's commitment to level up regional opportunity. But there was also realism that the focus may shift and cynicism after successive governments have talked about regional growth with limited policy action to deliver it. There was a call to arms among participants to work with policymakers to move from intention to implementation. The landscape of levelling up is unapologetically hectic, however it is important that talk and research become real policy reform to deliver long term change.
- **Housing is essential to delivering on levelling up.** There was widespread consensus that housing could support the Government's efforts to reduce regional disparities and bring opportunity and growth to parts of the country that have not had either for too long. While not a silver bullet, it was noted that housing could not only deliver new homes, but also create construction and manufacturing jobs, attract high skilled people into lagging areas, and foster thriving new communities.
- **Infrastructure and affordable housing are part of the solution.** There was acknowledgement that in previous funding programmes, government spending on infrastructure and affordable housing has been directed strongly towards areas of greatest demand, particularly London and the South East. There was consensus that there was a need to rebalance housing infrastructure funding and affordable housing funding towards other regions, to avoid the assumption that future growth will follow past patterns and reduce the tendency for self-fulfilling development funding.
- **There is a strong case for supporting the creation of regional jobs through new technologies.** The new technologies formerly known as Modern Methods of Construction were seen as approaching a tipping point where they could start to offer the scale of output to both unleash considerable supply and create large numbers of jobs, especially in regional economies in need of high quality manufacturing. There was seen to be a strong role for government in facilitating and pump-priming this sector through funding and policy.

- **Planning and land reform are overdue and necessary to deliver substantial numbers of homes in the places where they are needed.** There was strong support for reforming planning and land rules to encourage greater strategic land assembly and giving local areas greater spatial planning powers to create new developments and better capture the gains from planning. However, there was some doubt that the government's proposed standardised approach to establishing housing need will achieve the right regional numbers needed to support rebalancing.
- **At its heart, this is as much about pride and belonging as the creation of new homes.** There was a strong sense that housing was a key part of levelling up because it gave people and places a sense of identity and rootedness. This was seen as essential to the success of any programme and a core motivation for ministers.

Key themes from the discussion

1. Housing and development are critical to levelling up

- There was widespread agreement that housing can and will play a critical role in supporting the Government's ambition to level up the country. The consensus however was marred by the belief that this political fervour we are witnessing is not permanent and therefore the nettle should be grasped right now, in order to avoid missing a key opportunity.
- It is important that, whilst there feels to be a sense of urgency in the debate, this should not lead to short-term, synthetic responses. Ministers must think long term, in terms of both policy and funding, to drive regional investment in housing, manufacturing and place-based growth. For example, the £5 billion Build Back Better fund announced by the Prime Minister in June could be transformational for the North of England, supporting over £900 million shovel ready projects and the creation of 45,000 new homes and 85,000 jobs, many of which will see a tilt to the North.
- Similarly, under the Affordable Homes Programme, the Government has committed to producing 180,000 new affordable homes between 2021 and 2026, the first of which is on track to be delivered next year. This investment will see £7.5 billion targeted outside London, demonstrating the Government's conviction to put housing policy at the heart of the levelling up agenda.
- This comes following the Spring Budget 2020 where the Chancellor promised £640 billion of public sector investment into future prosperity. So while the resources were seen to be there to start delivering on levelling up, there was discussion about how and where to direct them. Direct investment in housebuilding was seen as one way to boost regional growth, delivering not only new supply in places where ministers want investment, jobs and talent to follow, but also bringing direct employment in the construction sector.
- There was a strong focus on the potential role of SME builders, who contribute 70% of all training in the sector, far more than larger developers. Some attendees suggested that local authorities could foster a stronger relationship with SME builders by focusing on standards and quality of development, including under the

Government's new planning proposals. SME builders are often anchor institutions in communities and are key in delivering innovative and beautiful homes, these organisations should be encouraged to develop in new areas.

- The roundtable briefly considered the Government's planning white paper and the new methodology for allocating housing. There was acknowledgement that the methodology change may better allocate housing to regional areas, and that this could play a key role in supporting levelling up, in addition to the agreement that at present the formula risked increasing supply in places that had experienced growth in the past, not places that ministers want to grow more strongly in future.
 - Politically, this is a key opportunity to solidify the new 'Blue Wall'. The Conservatives have an opportunity to work in communities that they have not previously and are very keen for levelling up to succeed, it is crucial that the right action is taken in the right places. The ability to harness back bench support is finite and so action needs to be prompt. After the NHS, affordable housing is the second most important issue for voting intentions, and is a key opportunity for solidifying party support.
- 2. New technologies, such as MMC, offer the opportunity for skills, jobs and scale**
- New technologies are seen to be a major focus of MHCLG and HM Treasury. There was a view that such technologies could be transformational for places like Tyneside and Old Eldon Square in Newcastle upon Tyne, bringing sustainable and attractive homes to areas that historically have not had the land values to support high levels of investment.
 - In addition, it was argued that new technologies could be a boost for the North and Midlands. Modern Methods of Construction (MMC) can move 60% of work currently done on building sites to factories where they can deliver high skilled jobs for places that have lost manufacturing in recent decades. This would also allow cheaper production, at a higher quality, in a more environmentally friendly way. As it currently stands, workers are not being trained at a sufficient rate to maintain more traditional methods of construction, meaning there is little choice but to adapt in the long run.

- Attendees argued that the housing industry is of benefit to the economy outside of the homes it provides. Particularly in the North, the housing industry has an opportunity to be a valued source of employment and economic growth, with considerable spillover effects. Several attendees suggested that it is important that the Green Book more accurately reflects this contribution.
- 3. We need to build homes but also a sense of community and belonging**
- There was consensus that we need to create communities, not just build homes. That means putting place making in the hands of communities and local authorities. Not only was this seen as key for housing delivery but also for addressing affordability challenges directly. Working with local government enables housebuilders to address the needs of the area. There was strong support for the Government expanding their work with metro mayors and local authorities, who were perceived to have a deep understanding of the needs of areas. Attendees pointed to the West Midlands as an example of success.
 - Encouraging pride and belonging in areas was seen as crucial. There was a view that housing is delivered through a framework of “building beautiful housing in beautiful places”. Good quality housing can act as a catalyst for restoring pride in places where it has been lacking. It is also important that the quality can be maintained, to ensure that homes are appealing for years to come. This could be encouraged by supporting SMEs, who were seen as often providing higher quality products than larger firms. People saw affordability as key to this agenda, to ensure people are able to live where they’d like and need to.
 - The group agreed that improvements to transport infrastructure need to go hand in hand with housing developments to enable increased choice. There was also a debate about whether poor quality housing can be driven by permitted development, a desire to improve profit margins, and a lack of supply, meaning landlords and sellers are not motivated to improve housing quality.
- 4. Land and planning reform is crucial to success**
- A number of attendees saw brownfield sites as key. Often brownfield sites already have the local infrastructure needed for communities, whilst also protecting the green belt from too much development. Changes to planning around brownfield sites was seen as crucial, in order to make the most of currently vacant properties. This could be a key opportunity to revive historic high streets and encourage

businesses and residents to return. It is also important to recognise that this is often not the cheapest option, and that moving to mixed use can be expensive.

- There was general consensus that change is needed. Problems with the current planning system can mean that projects fail to be delivered at the scale and pace necessary to meet our housing needs. The *Planning for the Future* white paper was broadly welcomed, but there were concerns that it could take several years for local councils to submit their plans and by this time improving housing supply in the North may no longer be a top priority.
- Attendees argued that changes to housing need to come as part of wider infrastructure reform. It is crucial that the wider environment of new housing developments is considered, with amenities close by in order to encourage community development. This is particularly the case if there is to be a move towards more factory-led housing. There was discussion of the idea that land for housing should not have intrinsic financial value but rather land owners should receive a proportion of the uplift in value from the development.
- Attendees agreed that more needed to be done to unlock land for development. Many organisations, such as the Ministry of Defence and Network Rail have considerable land assets, some of which could be used for housing. However, this information is largely not accessible.
- There was also a view that greater imagination is required to build support from local people. The group agreed that often resistance comes from proposals to build large amounts of low quality housing on greenfield sites. However, there are opportunities to develop small pockets of land to a high quality, often in areas with developed infrastructure, which may elicit less resistance. In general, attendees believed that there needs to be a stronger emphasis on the link between housing and real benefits for communities.

5. Housing associations and developers in the North stand ready to help

- Unsurprisingly, there was strong support for higher levels of house building in the North. The attendees pointed out that land and housing is less expensive in the North of England, which both makes development more affordable and less commercially attractive to investors.
- There was a view that more could be done to encourage development in the North as an investment which is good for growth, for example by supporting higher levels of education or infrastructure investment.

One idea was to use the low land prices and high land availability in the North to build an exemplar set of show homes through new technologies, to showcase what is possible.

- Housing stock renewal tends to be focused more on the Midlands and North. The group agreed that there also needs to be a focus on providing new options in these areas. This could be through expansion of existing urban areas on brownfield sites or through the development of new sites.

Conclusion

This roundtable discussion presented an opportunity to bring together key stakeholders from the housing sector and policymakers, including representatives from the Government, housing associations, developers, local government and skills sector.

There was a strong degree of consensus around the table that housing was crucial to levelling up and that more could be done to use development to galvanise innovation and growth in parts of the country which have lagged behind in the past. In particular, there appear to be clear opportunities to develop the use of new technologies, bringing jobs and capital as well as affordable housing to areas that need it.

At Onward, we hope to play a full part in this debate as it develops and are grateful to Homes for the North for partnering with us on what was a terrific roundtable.

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