



# Maximising Housing Impact on Renewal and Levelling Up

*A Metro Dynamics Report with Homes for the North*

*December 2020*

**Metro — Dynamics**

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### ***About Homes for the North***

*Homes for the North (H4N) is an alliance of 17 of the North's largest housing associations. We have come together to undertake research and make policy recommendations which demonstrate the critical importance of good housing to the growth of the Northern economy, the wellbeing of its people and how that impact can be maximised – enabling 'levelling-up'.*

*H4N works with a range of organisations to help raise public awareness of housing policy challenges and solutions. We commission research and share expertise and best practice to inform policy makers regionally and nationally on creating the conditions for more and better homes, extending home ownership in the North and making the North of England a more attractive place for businesses to invest.*

# 1 Executive Summary

Metro Dynamics was commissioned by Homes for the North to work on a collaborative research project designed to identify how the impact of housing on the Government's levelling up and wider inclusive growth agenda could be maximised. This report is therefore based on Metro Dynamics' independent analysis of data on our impact together with joint work to identify ways to increase that impact. We have also drawn on, and are very grateful for, the work of other independent researchers into specific aspects of housing and planning policy.

The majority of this report and all the research was carried out prior to the November 2020 Spending Review announcement. In November, the Chancellor announced a collection of relatively small discrete pots of funding, delivered largely by central Government on a national competitive basis. Government also announced changes to the Green Book, which essentially amount to strengthening its emphasis on the strategic case for place-based investment. This change is welcome, but to a significant extent it passes the problem back to local places without committing central Government to any real long term shift to focus towards left behind places. Whilst the £4bn funding announced is welcome, it is clearly not enough to correct long term lack of investment. The centralised and competitive nature of the funding, together with its focus on "shovel ready" schemes, risks favouring short term popular projects over long term change. To be effective, levelling up has to involve a sustained policy and funding response to deep seated structural issues. This report looks in more detail at what that might involve in the context of affordable housing investment. Ultimately there is still a significant gap between the Government's rhetoric on levelling up the places in which we work and the actions it is actually taking on funding and policy.

Housing is fundamental to the life of our people and communities, vital to our health, wealth and a more sustainable future. Housebuilding invests skills and value in local supply chains made up of small businesses. Housing is an important driver for growth in the North's different economies and places. Providing new homes attracts higher-value jobs, and higher-skilled people to move into our towns and cities, increasing economic growth and productivity.<sup>1</sup> Affordable and social housing is even more important – to those who are starting out or people who can't afford to rent or buy a home on the open market, or require a particular type of housing to live independently in our communities. High-quality affordable homes close to jobs, public services and green space are vital for good lives for people in the communities Homes for the North members serve.

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<sup>1</sup> The importance of housing in the Northern Powerhouse is explored in: CEBR/Quod research for Homes for the North, 'The Role of Housing in the Northern Powerhouse', July 2019.

The Government has said that it will prioritise 'levelling up' economic opportunity and growth, to help communities that have been left behind by recent growth. Many of these places have now also been the hardest hit by the economic impacts of Covid-19.

We work in some of the most deprived communities in the country, and these are the places that are already feeling the most pronounced impact of Covid-19, with levels of poverty and need that are greater than for many many years. Housing Associations have a front line role in this economic emergency, including, for some, providing food for tenants. Our Anchor Institution role is not a theoretical one – but involves the daily needs of large numbers of people, providing and maintaining decent homes and neighbourhoods, investing in resilient communities, and supporting people with finances, employment and training.

Future housing investment will be crucial to renewal and long-term levelling up:

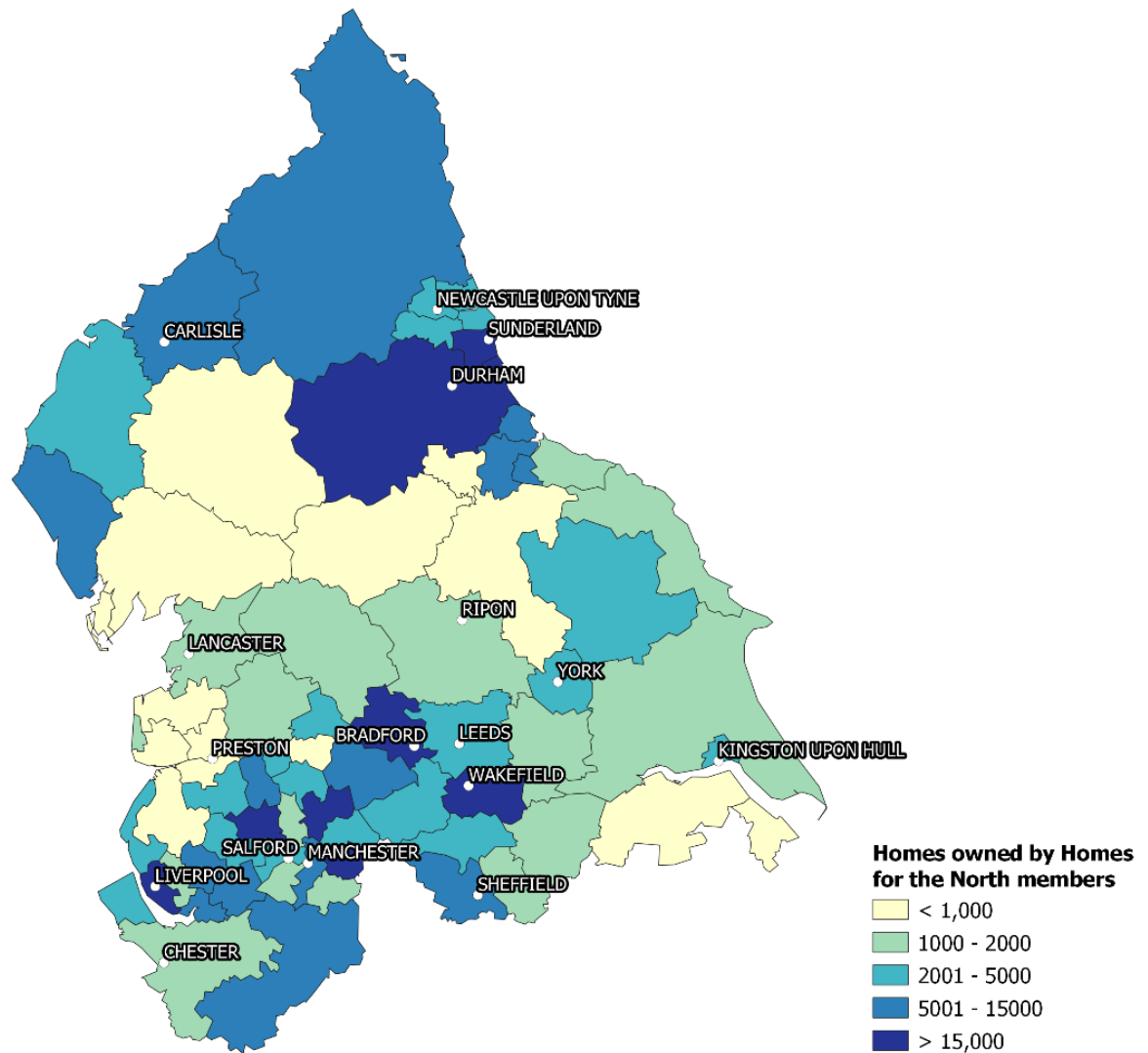
- **Creating affordable and social housing** in our communities: high-quality affordable homes close to jobs, public services and green space are vital.
- **New market homes will attract and retain high-skilled people**, increasing economic growth and productivity.
- **Reducing carbon emissions** and driving more sustainable, modern, construction methods.
- **Delivering skilled jobs for local people** in construction firms and supply chains.

Many Northern housing markets face a different set of drivers and pressures than other parts of the country. Affordability and viability issues are, of course, prevalent in some parts of the North, as in other parts of the country, but in many more Northern communities, quality of housing is the issue, alongside the infrastructure needed to unlock future housing growth.

But it is increasingly clear that current policy and funding actively prevents Northern communities receiving the support and investment that is needed to deliver the housing that is so fundamental to levelling up and wider renewal.

Firstly, there is more that local places and their partners can do within the existing system, and in this report we make a firm commitment to our role as anchor institutions, creating jobs, supply chain opportunities, supporting tenants into employment and improving energy efficiency. Secondly, we also need Government to act by increasing investment into the infrastructure that enables housing and by ensuring that planning reform actually delivers the required stimulus to housing growth in Northern communities.

Figure 1. Homes owned by Homes for the North by district



This report sets out specific and deliverable proposals to deliver these changes. They are designed to maximise the impact of housing policy and investment on levelling up for the North. They also set out how housing associations will maximise our own impact, as anchor institutions and strategic partners for Councils, Mayors and Homes England. This report is intended to invite and support further development and open discussions with local and national partners in Government.

## The impact we have in our communities

The impact we have is summarized below and set out in more detail in section 4.



### Affordable homes where they're needed

- 417,500 homes owned
- 24,000 homes planned for development in next 3 years
- 13,500 of these planned homes are rental and shared-ownership homes
- 3 in 4 are in the 20% most deprived districts
- 99.8% meet the Decent Homes Standard



### Jobs and skills

- 16,800 FTE employees
- 1 apprentice for every 38 permanent FTE staff
- 98% of employees receiving the Real Living Wage or above
- £5.8M spend on staff training and development



### Contribution to Net Zero

- £787m spend on home maintenance in the last 3 years
- 407,000 maintenance visits in the last 3 years
- D average EPC rating for properties in the North

H4N

Avg. EPC rating

Stock at Energy Efficiency Standard



Current Stock

C

98%



New Builds

B

99.6%



### Helping people who need it most

- 32,700 tenants provided with money advice in 2019/20
- 3,200 supported into employment in 2019/20
- 5,680 resident courses funded since 2017
- £2.4m in grants awarded to 773 community groups
- Average tenant tenure of 8 years

The below table summarises the policy proposals we make in this report, expanded in detail in section 5.

Proposal	Outcomes and impact	Delivery
<b>Housing associations as anchor institutions</b>		
What we are doing now and in the future in our communities	Increasing availability of quality affordable homes, improving opportunities for local people, meeting zero carbon goals	Housing associations working as local community anchor institutions
Strategic development partners	Communities and housing development better connected to employment and opportunities for renewal	Housing associations working with local partners to create housing and economic strategies that deliver housing and economic opportunities for residents
Employment and skills support	Expanded support for client groups and communities we know best	Housing associations as prime providers for future regeneration and employment/training funding
<b>Policy changes: housing policy and planning</b>		
A Northern housing policy	Government and local policy and strategy around investment and planning unlocking housing sites, driven by standards and local need	Housing associations with partners setting an approach to Northern housing markets used in Government policy and local plans
Reform to housing needs assessment	Assessment of local housing need that addresses the pressures in Northern housing markets and ensures the right homes are built	Changes to the Standard Method for local housing needs appraisal in the planning system
Identifying available land in development zones	Dedicated land available to deliver on affordable home targets	Planning reform using zoning for affordable homes where housing associations are key local delivery partners
<b>Policy changes: investment</b>		
Long-term housing infrastructure funding	Delivery of infrastructure needed for a new strategic housing and growth offer in the North	Partners planning for long-term investment in infrastructure through a LUHIF – scrapping the 80:20 rule – to unlock development
Increased decarbonisation funding	More homes decarbonised meeting zero carbon goals and providing better energy efficiency and lower utility bills for social tenants	Increased long-term funding from Government for housing associations to deliver decarbonisation

## 2 Introduction

This section sets out the problems that this research is seeking to address and the economic and policy context.

The majority of this report and all the research was carried out prior to the November 2020 Spending Review announcement. In November, the Chancellor announced new funding for housing and regeneration, including: the £7.1bn National Home Building Fund, a £4bn Levelling Up Fund, and an initial £220m for the UK Shared Prosperity Fund. Along with confirmation of the £3.6bn Towns Fund, £4.8bn of the Home Building Fund is previously announced Housing Infrastructure Fund, and was announced in addition to the confirmed £12bn Affordable Homes Programme

Whilst the funding announced is welcome, the centralised and competitive nature of the funding, together with its focus on “shovel ready” schemes, risks failing to deliver the long term increase in impact through a more strategic approach to housing investment that is central to this report’s recommendations. Ultimately there is still a significant gap between the Government’s rhetoric on levelling up the places in which we work and the actions it is actually taking on funding and policy.

Government also announced changes to the Green Book, which essentially amount to strengthening its emphasis on the strategic case for place based investment. This change is welcome, but to a significant extent it passes the problem back to local places without committing central Government to any real long term shift to focus towards left behind places.

### Why it matters

Housing is fundamental to the life of our people and communities, vital to our health, wealth and a more sustainable future. No one seriously disputes the wide body of evidence<sup>2</sup> on the link between housing and inequalities in health and wellbeing. The type and location of new housing and the state of existing stock often defines the look and feel of communities and the lived experience of people who live in them. Our homes are the second largest user of energy<sup>3</sup> in the UK. Housebuilding and its supply chains employ well over 1.5 million people,<sup>4</sup> the majority in small, locally focused firms and contractors.

How we approach the building of new houses and the maintenance of existing stock will play a huge role in how the UK responds to major changes ahead, including:

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<sup>2</sup> See, for example, Marmot Review of Health Inequalities, 2010

<sup>3</sup>ONS Energy Consumption in the UK ONS Feb 2020

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/928352/2020\\_ECUK\\_Press\\_Notice.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/928352/2020_ECUK_Press_Notice.pdf)

<sup>4</sup> Metro Dynamics analysis of Statista Data (2.2m construction total minus non-core sub sectors)

- Recovery from the recession and long-term economic impacts of Covid-19
- The transition to a zero-carbon economy and dealing with the impacts of climate change
- Post-Brexit trading and labour market arrangements

If housing as a whole is core to our future, then affordable housing is even more important. Those starting out and those who are most vulnerable in many communities depend on an effective supply of affordable, high-quality housing with different tenures. Mixed-income communities are resilient communities. Diverse tenure options in a community supports resilience by enabling people experiencing different economic situations to live together. Our public services and foundational industries rely on affordable housing too, so that key workers can live close to where they work, with good access to services, schools and high-quality green spaces.

All the issues for which housing has been shown to be so vital – health and mental health, access to employment and training, fuel poverty – are most keenly felt by those residents and communities for whom affordable housing matters most.

## Particularly now

Even before Covid-19, Government had set out a clear priority to tackle deep seated inequality in economic and social opportunities and outcomes between different parts of the UK. Many of these issues are concentrated in the communities that Homes for the North members serve. The General Election of 2019 returned a strong Conservative majority, with significant numbers of traditionally Labour seats representing Northern communities returning Conservative MPs. It is not controversial to argue that this political shift was driven by long term perceptions of economic and social inequality between those communities and others, particularly in the South of England. However caused, these are clearly borne out in the evidence.<sup>5</sup>

Covid-19 has further exacerbated these issues. The economic impact has been affecting people along already established lines of inequality. The pandemic hit at a time in the British economy of high employment but stagnating earnings. 80% of people in the bottom decile of the earnings distribution are either working in sectors forced to shut down during lockdown or are unlikely to be able to work from home.<sup>6</sup>

At the time of writing, as we conclude this research, communities across the North of England have now been dealing with tighter restrictions on economic and social activity for longer than the rest of England. Infection rates have risen far faster and earlier here than elsewhere during the second wave. It seems certain that negative impacts on

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<sup>5</sup> BMJ, Health equity in England: the Marmot Review 10 years on, February 2020, <https://www.bmj.com/content/368/bmj.m693>

<sup>6</sup> Institute for Fiscal Studies, Covid-19: the impacts of the pandemic on inequality, June 2020.

economic output, employment and health will be greater in Northern communities than elsewhere in England.

## Renewal and levelling up

Homes for the North members – housing associations in the North – build and maintain affordable housing stock in the heart of the communities that are central to these issues. This research and policy project was developed to understand the impact that we have in more detail and, crucially, to identify how we can work with central and local government to maximise that impact in the future.

Housing will play an important role in renewal for Northern economies suffering the impact of Covid-19 and Government's longer-term ambitions in levelling up. By providing high-quality low-carbon homes for families and young professionals in well-designed neighbourhoods. By making it easier for people to live close to outdoor space, employment, business and training opportunities.

Government is committed to building 300,000 new homes a year and the National Housing Federation projects a need in England of 145,000 new social, affordable and shared ownership homes per year from 2021-31, requiring Government investment not seen since 1953.<sup>7</sup>

According to analysis by Lichfields for Homes for the North, the Government Standard Method for identifying local housing requirements has resulted in a reduction of planned new homes in the North of 7.7% or 4,380 homes per year from 2017-2020.<sup>8</sup> The estimated impact is 844 fewer affordable homes being delivered each year and contributing to missing the NHF projected social and affordable homes need and the Government target.<sup>9</sup> During a period when so many Northern communities have expressed their deep concern at being left behind and suffering increasing inequality, housing policy has actually made it harder for housing investment to make a difference.

For Northern housing markets, there are a set of drivers and pressures that differ in extent to those in other parts of the country. Issues of affordability and viability driven by land value uplift is as important in some Northern communities in the same way as other parts of the country, however, for many more places in the North, the prevalent issues are different, with poor quality housing being a significant issue. Compared with many private rented properties, housing associations provide high-quality, well-maintained affordable and social homes.

The prevalent rationale for investing in new developments based on land value uplift just doesn't reflect the economics of many Northern towns and cities. Instead, delivering the

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<sup>7</sup> National Housing Federation, Capital grant required to meet social housing need in England 2021-2031, June 2019.

<sup>8</sup> Lichfields, H4N Standard Method Impact, July 2020.

<sup>9</sup> Lichfields research for Homes for the North, August 2020.

quality and affordable homes that these communities need is more about the regeneration of areas with existing or former social home stock. The need to clear old unusable properties, whether on large social housing estates or in streets of Victorian terraced houses, is greater for housing associations in the North and is not currently supported by enabling investment from Government. While housing markets across the North differ in particular pressures, national policy on housing does not take into account the issues that loom larger in the North than the South of England.

It is increasingly clear that current policy and funding actively prevents Northern communities receiving the support and investment that is needed to deliver the housing that is so fundamental to levelling up and wider renewal.

Now is the moment to put this right. Government is currently reviewing planning and housing investment policy and starting to look ahead to further economic recovery. Local places are preparing bids for recovery funding and longer-term spending settlements. There is a real opportunity for the business cases for this funding to be driven by standards and long term impact, rather than value uplift. During the course of 2021 major decisions will be taken about future investment and our approach to land use. This report sets out practical ideas and deliverable ways in which housing associations, Government and local places can ensure that housing investment delivers the additional impact that is so needed.

## Anchor institutions and major partners

Housing associations are significant investors in our communities. As this report shows, our expenditure and reinvestment plays a major role in supply chains, local employment and place shaping, as well as the quality of life of our tenants. We are committed to ensuring the maximum impact possible, both as investors and strategic partners in local development that achieves real benefits for our communities. For example, through supporting tenants to gain new skills and employment, or in reducing fuel poverty and supporting local jobs and supply chains.

## 3 Purpose and Approach

This section describes the scope of the project itself and the methodologies used.

### Purpose of this project

This work was commissioned to help increase understanding of the wider role that Homes for the North members can play in economic renewal and recovery. Specifically, Metro Dynamics and Homes for the North members have worked together on this substantial research project to:

- Develop a well-evidenced understanding of current and potential future economic and social impact of housing associations in the North
- Set out a strong case for policy changes to deliver additional impact, with a particular focus on economic renewal and ‘levelling up’
- Focus on impact and policy change in three main areas: the supply of new homes, the impact of decarbonisation retrofit investment, the wider economic contribution of Homes for the North members in our local communities

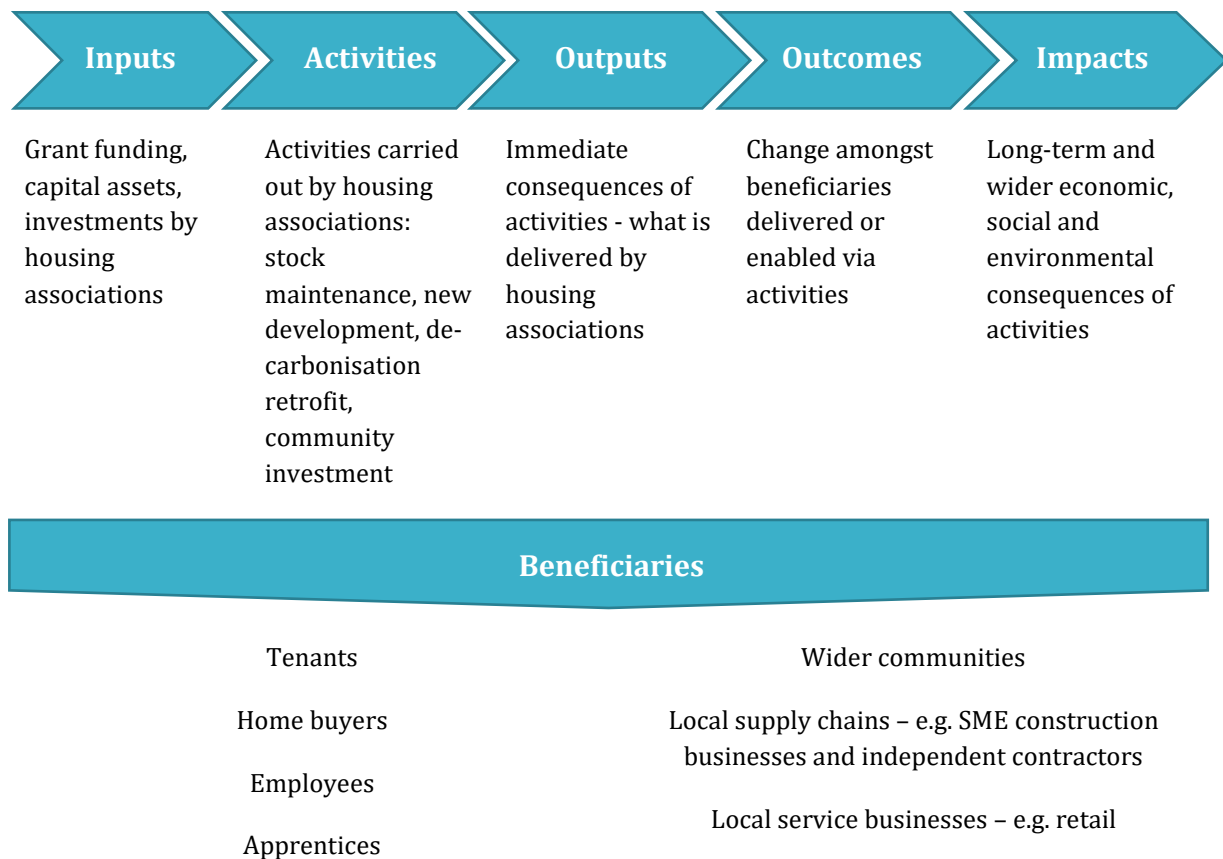
The report demonstrates the impact of Homes for the North in our communities as anchor institutions and as partners for Government in levelling up. We demonstrate the social and economic impact we have in delivering quality affordable and social homes and supporting communities, businesses and supply chains. We then show how that impact could be further increased in the future, through specific and deliverable proposals for new ways of working that will further strengthen the impact that Homes for the North members have. These proposals are designed to maximise the impact of housing policy and investment on levelling up for the North. They also set out how housing associations will maximise our own impact as anchor institutions and strategic partners for Councils, Mayors and Homes England.

This report is therefore a result of Homes for the North working with Metro Dynamics and drawing in work of other independent researchers, and our members’ data analysed for impact by Metro Dynamics.

### Approach

The project has been underpinned by logic model thinking (as shown in Figure 2 below) to articulate the different ways in which Homes for the North members’ actions and interventions are currently delivering outcomes and impacts and who our beneficiaries are. This then underpins our theory of change and approach to examining how these could be optimised in the future.

Figure 2. Underpinning logic model



That there is variation in activities across members is an important feature to understand. Whilst housing associations share a common purpose, we are not a homogenous group. There is a diversity of practice across the sector which makes consistent measurement very challenging.

Figure 3 (over the page) presents an overview of the core common functions and activities across Homes for North members, which have been at the heart of this project. However, it is not the case that all housing associations deliver all of these activities - to the same extent or at all.

Figure 3. Housing association core functions and activities

Management Operations			Development	Maintenance			Community Investment			
Stock	Services	Staff	New Builds	Retrofit	Cyclical	Responsive	Resident Engagement	Employment Support and Training	Income and Welfare Support	Community Groups
<i>The stock of property that housing associations own.</i>	<i>Services that housing associations offer.</i>	<i>Direct employees of housing associations managing properties and services.</i>	<i>New properties that housing associations develop for rent, sale or shared ownership.</i>	<i>Planned work to properties to enhance the energy efficiency of properties and reduce carbon output.</i>	<i>Planned maintenance to properties to ensure they remain fit for habitation.</i>	<i>Repairs and ad-hoc maintenance needed on properties carried out as and when required.</i>	<i>Housing associations involving residents in services and decision making.</i>	<i>Signposting and providing support and training for residents to get into work.</i>	<i>Signposting and providing financial advice and support with the welfare system.</i>	<i>Supporting the operation and activities of local community groups.</i>
<ul style="list-style-type: none"> <li>• Stock numbers</li> <li>• Type of stock</li> <li>• Location of stock</li> <li>• Stock value</li> <li>• Stock investment over the next 30 years (annual average)</li> <li>• Rent values</li> </ul>	<ul style="list-style-type: none"> <li>• Staff employed for services</li> <li>• Procurement for external delivery of services</li> <li>• Social isolation and mental health support</li> <li>• Additional support services to tenants</li> <li>• Services behalf of other organisations (maintenance and development)</li> <li>• Covid-19 support</li> </ul>	<ul style="list-style-type: none"> <li>• Staff paid Real Living Wage</li> <li>• Training provided for staff</li> <li>• Offices and buildings for organisation use</li> </ul>	<ul style="list-style-type: none"> <li>• New builds</li> <li>• Spend new development</li> <li>• Planning new builds and development</li> </ul>	<ul style="list-style-type: none"> <li>• Unit retrofits</li> <li>• Spend on retrofits</li> <li>• Planned retrofit</li> </ul>	<ul style="list-style-type: none"> <li>• Cyclical maintenance</li> <li>• Planned spend on cyclical maintenance</li> </ul>	<ul style="list-style-type: none"> <li>• Responsive maintenance</li> <li>• Budget for responsive maintenance</li> <li>• Additional support provided to tenants (e.g. home adaptations)</li> </ul>	<ul style="list-style-type: none"> <li>• Resident engagement</li> <li>• Staff employed for resident engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Employment support services</li> <li>• Staff directly employed for employment support</li> <li>• Suppliers procured to provide services</li> </ul>	<ul style="list-style-type: none"> <li>• Income and welfare support spend</li> <li>• Staff directly employed for income and welfare support</li> <li>• Suppliers procured to provide services</li> </ul>	<ul style="list-style-type: none"> <li>• Spend on supporting community groups</li> <li>• Community groups supported</li> <li>• Grant leverage</li> <li>• Community use buildings and rooms in places</li> </ul>

This range of activity is complicated by the footprint of organisations; some are national with Northern remits, some are pan-Northern, some operate in very localised geographies – and not all services are delivered in all places.

A further complication is that housing associations do not traditionally report a great deal of data by place, rather much reporting is at an organisational level with perhaps some broad geographical distinctions.

These variations in activities and reporting arrangements required that the project take a very granular approach to gathering data, collating information from each organisation to build from the bottom-up an understanding of members' activities as described in our impact.

As might be anticipated, this process was not without challenge and required significant input from data management teams in each housing association.

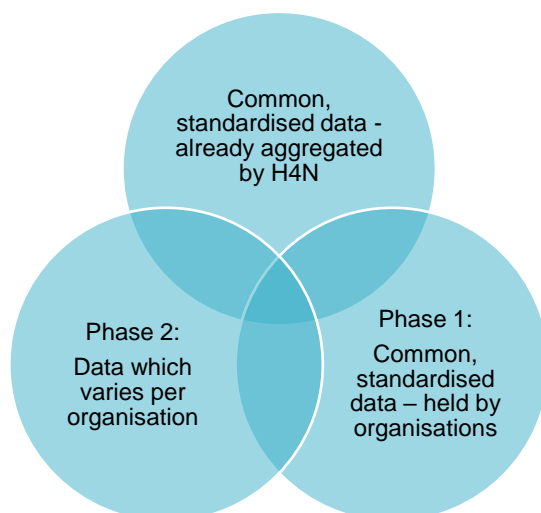
The process commenced with a workshop session with senior officers to walk through the 'ideal' data requirement and modify this to a 'feasible' data requirement. Moving from idea to feasible entailed some key compromises:

- Local authority as the lowest level of geographical resolution
- Whole North figures for many 'service' variables, which are generally reported at company level, and estimates for these in the North for national organisations
- Very limited trend data, with changing organisations structures challenging the construction of a meaningful or comparable dataset over time, a standard time period of three years was agreed, where possible
- Limited quantitative data on the impact activities, which was augmented with project and case study evidence where possible

From this initial workshop a Technical Reference Group (TRG) was formed, who provided advice and guidance on the format and detail of data requests sent out to all members.

Data was collected from members in two phases, the first of which drew together data consistently captured and reported by housing associations through regulatory returns and common business planning processes. The second requested data on activities which fall outside of regulatory returns and as such, do not have a consistent format or availability. In each phase we held surgery sessions for members to identify and resolve data issues.

Figure 4. Phases of data collated from Homes for the North members



Organisational variations in approaches to data capture, storage and reporting alone meant that it was not possible to collate a completely consistent set of data across all core functions.

As anticipated by the TRG, there was a clear emphasis in the data available on stock and values, with more limited information on services provided and the outcomes of these either for customers or the wider communities in which housing associations operate.

These data availability issues illustrate the limitations with the current approach to housing investment in England. The sector has not traditionally been set up to see housing and housing investment in terms of local social and economic impact. Rather, the focus tends to be on number of units, viability (largely expressed through land value uplift BCRs) and impact on the bottom-line.

However, for the first time, this study has developed a shared and common approach to collating data on how different aspects of our activities affect local people, businesses and supply chains, including the transition to zero carbon.

This approach provides a template that can be built upon to get to a more holistic and locally specific understanding of our impact, which will be essential if the UK is to maximise the impact of housing investment on levelling up and renewal, as well as ensuring that national priorities for home building are met.

## Project stages

The project was composed of three main stages: analysis of current and potential future impact, development of policy ideas and options and testing and refining policy options.

- **Analysis of current and potential future impact**

The study began with a desk-based review of existing research, bringing together the extant evidence describing core impacts – actual and potential – of housing associations, in the North specifically and in the UK more broadly.

We then used these findings to develop a common operation model (shown above, Figure 3), setting out members’ core functions and how and for whom these create value. We then refined this in workshop discussions with Homes for the North members.

With this model in place, the process of data collation and aggregation described above was undertaken, drawing in data from members to articulate current impact and form the basis of estimates of potential future impact.

In combination with broader housing sector data, this evidence has underpinned the development and refinement of policy ideas, identifying areas where our track record of delivery demonstrates strong potential to increase impact.

Metro Dynamics considered the option of modelling potential future scenarios based on a relationship between property grant rates and increased impact by housing associations. While looking for a useful way of illustrating how grant funding schemes might increase impact by housing associations across the North, there were complexities in measuring individual organisations’ grant rates against other factors across organisations and different places. Considering variables such as individual site agreements, land values, and build costs, would not enable us to appropriately estimate an aggregate result to illustrate a picture across the North as it is not one place with one housing market. The proposals in this report are made to secure outcomes that enable impact of housing associations working for our communities in the North.

- **Development of policy ideas and options appraisal**

Given the range of work preceding this assignment, the project did not start with a ‘blank sheet’ in terms of policy ideas and options. An early step was therefore to engage with members to bring together and review the various strands of policy development activity and thinking that were already underway.

A combination of structured survey and engagement with Homes for the North Chief Executives and strategy leads gathered views on policy ideas emerging from each organisations’ current work and explored perspectives on policy changes that would improve impact on the social and economic issues affecting the communities in which we work.

We developed with Metro Dynamics a longlist of policy options that was analysed for ability to maximise our impact, highest likelihood of delivering outcomes, and avoiding unintended consequences. This options appraisal produced a shortlist of policy

proposals that was then further developed and designed as a package of actions by housing associations and asks of Government.

- **Testing and refining proposals**

The package of proposals was tested for deliverability on the ground and relevance to housing associations' priorities in different places. Policy proposals were tested with Homes for the North members in Liverpool City Region, Bolton, Stanley in County Durham, and Wakefield. Expertise from delivery and strategy leads supported the process of refining the policy proposals and articulating how they would be delivered and our impact on different communities.

Proposals were further tested with other independent researchers working with Homes for the North, including Lichfields and CEBR. This involved in-depth workshops on the findings of our work on changes to the planning system, the HMT Green Book, and housing investment. This expertise supported refining the details of proposals on changes to housing need assessment and Government investment rules, and linking these changes to our wider impact on Northern economies and communities.

## 4 Impact in our Communities

This research has brought together, for the first time, a full picture of ways in which housing associations interact with our local economies and communities. This section of the report illustrates the different kinds of impact across aspects of community life.

By analysing impact across the range of business activities (the operating model described above), we can understand the benefits of our work across a wide set of beneficiaries and types of impact. These are explored in more detail in the sections below:

- **Supplying new homes across the North**, including homes for social and affordable rent, shared ownership, supported and specialised housing, and some for market sale. We own 418,000 properties, providing homes for more than 900,000 people.
- **Providing employment and training opportunities** in our communities and investing in local supply chains and contributing £2.5bn in total to local Northern economies each year.
- **Delivering resident and community support**, including through employability, training and financial advice for residents and providing services for tenants to enable them to live in their homes comfortably for longer, which helps relieve pressure on social services and the NHS.
- **Transforming the energy efficiency of older homes through decarbonisation of our stock and building environmentally friendly new homes**, contributing to the national effort to decarbonise our towns and cities.

Figure 5. Homes for the North's areas of impact



### Suppliers of new homes

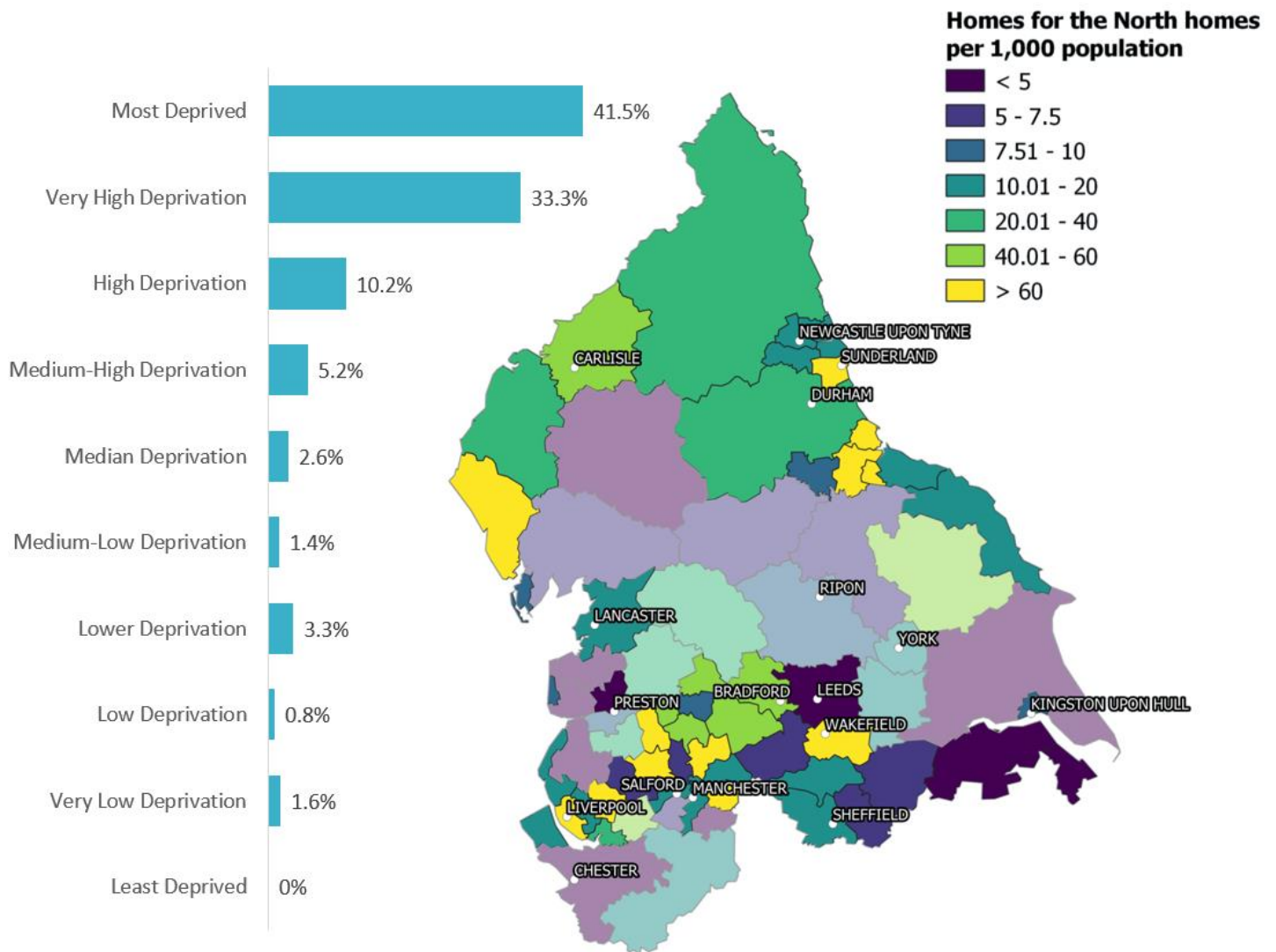
We own **418,000 homes** across the North, which is 6% of the total housing stock. We provide **homes for more than 900,000 people**.



In the past three years we have developed almost 11,000 social and supported homes. In the next three years we will develop a further 13,500 social and supported homes in the North, *plus* an additional 10,000 homes developed for outright sale, contributing nearly 24,000 new homes for the North in the next three years.

**Most of our stock is in deprived areas:** 75% of stock (300,000+ homes) is located in areas which fall in the most deprived quintile on the Index of Multiple Deprivation, compared to 60% of the North's total housing stock. We own 7.5% of all homes in the most deprived quintile, housing 700,000 people. Further, 42% of stock is in the most deprived decile of the IMD, compared to 28% for the North.

Figure 6. Homes for the North homes are in more deprived districts



## Employers in our communities

We employ more than **16,000 members of staff** (FTE).

We recognise the value our employees provide: **98% of staff are paid at or above the real living wage**, compared with 80% of the national workforce.

We are committed to training and progression. Each year we spend **£344 per employee on staff training**, which is above the national average for training spend per employee (approximately £300 per year).<sup>10</sup> We employ more than **400 apprentices** (which is 2.5% of our workforce, in line with national averages).



## Resident support and community investment

In this report we focus in detail on the financial and employment support we provide to residents, but we provide a broad range of services that aim to support residents to live secure and fulfilling lives.

One in five (21%) of resident households claim Universal Credit compared to 5% of households nationally. Residents are assisted to successfully apply for Universal Credit, and supported on understanding and managing finances, we provide **money advice to more than 30,000 residents**, which is advice to one tenant in every 13 homes.

In 2019/20 we supported **3,200 residents into employment**. For every member of staff providing employment support (230 FTE across our members), an average of 14 residents were supported to achieve employment.

In addition, in the last three years we have provided funded **training to nearly 6,000 residents**, with a particular focus on training geared towards gaining employment.

Tenants are supported to live in their homes comfortably through advice on home safety, maintenance and adaptations. This support helps keep tenants in their homes for longer. **Tenants occupy our homes for an average of 8 years**, which is almost double the average tenancy in a home in the UK. When residents want to move, we advise on how to enter into or end a tenancy, with programmes which support residents to ultimately buy their own home, either with their housing association or on the private market.

We support our residents to live healthily. We facilitate access to quality mental health support and advice on how to be and stay healthy. We provide sheltered accommodation, support for domestic abuse and programmes to alleviate anti-social behaviour.

We also provide tailored support for older residents, including making adjustments to accommodation to enable them to live independently in their own homes for longer.



<sup>10</sup> FindCourses: UK L&D Report 2018

Younger residents are supported with youth programmes, activities and access learning opportunities, such as digital skills programmes.

Beyond immediate support for our residents we are also active in supporting community organisations. In the past two years we have provided **£2.5m of funding to support more than 700 community activities and groups**, such as local community centres, gardening clubs, health and sports clubs, and social groups.

### Decarbonisation

We contribute to the decarbonisation of the North's housing stock in two ways: by developing new, energy efficient homes, and by retrofitting existing stock to reduce our carbon footprint, by, for instance, insulating homes and installing solar panels.

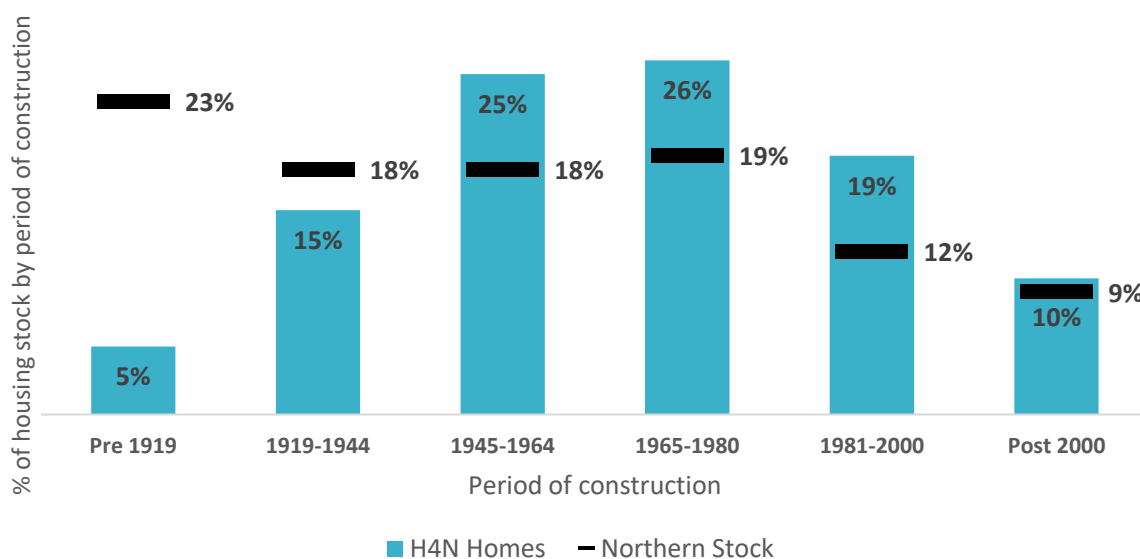


On average, **our stock is more energy efficient than average for the North**. Using Energy Performance Certificates (EPC) as a metric, our stock's average rating is a C, compared with an average D rating for all properties across the North. **Our newer homes are even more efficient**, with a B rating on average. Our investment in decarbonisation is successful in reducing housing's carbon impact in the North and providing energy efficient homes.

Newer homes tend to be more energy efficient than older homes, and **our stock is newer than average for the North**. 29% of stock was developed between 1981-present (21% North) and only 20% developed before 1944 (41% North).

**98% of our stock meets Minimum Energy Efficiency Standard**, and 99.6% of properties built in the last three years meet the Standard.

Housing Stock by Period of Construction

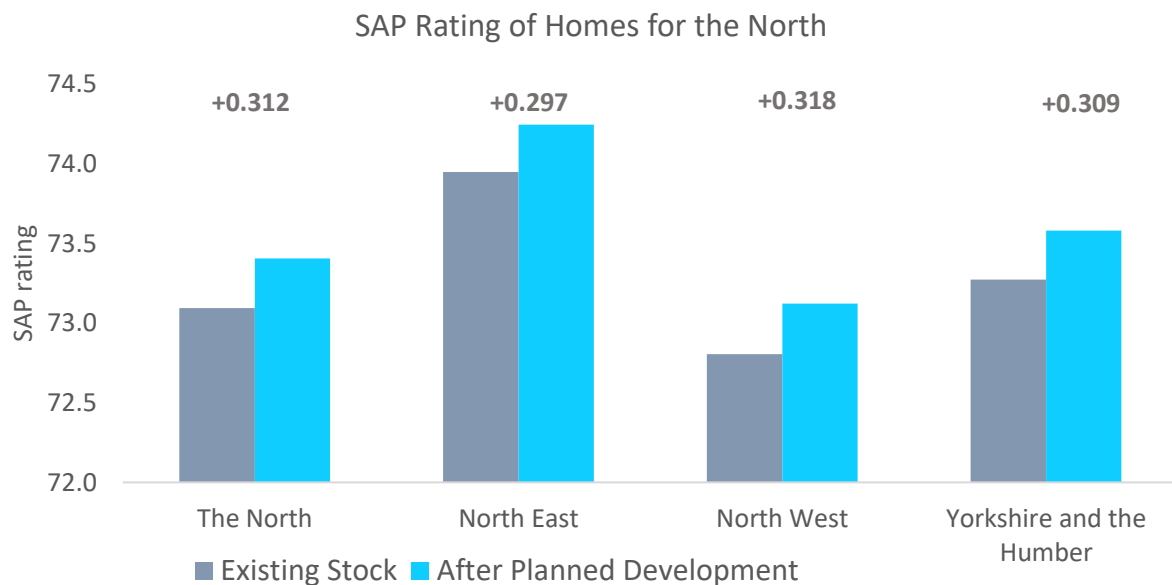


We have spent an average of **£1,885 per home on maintenance** in the last three years. After retrofit maintenance activity on our properties, their average EPC rating improves from a C to a B.

### Our additional impact on creating energy efficient homes

The average Homes for the North home is already more energy efficient than an average home in the North, and our new homes are more efficient still.

73 is the average SAP rating for Homes for the North properties in the North, compared with an average rating of 68 across all homes in the North. After the development of new, more energy efficient homes through to 2023/24, this is expected to push the Homes for the North average up by around 0.3 points across all districts.



Figures are based on taking the average of “average SAP ratings” across districts in the North.

Where no information has been provided on the SAP ratings of new builds, we have assumed the Homes for the North average.

We have a challenge ahead to improve the energy efficiency of the homes we own across the North that fall below a C rating *and* to meet national targets to decarbonise stock.

The sections above analyse the different aspects of housing associations’ operations and the different forms of impact that we have in our local communities and economies. The next stage of our research combines these findings with wider analysis of the housing market in order to identify policy proposals that could help drive levelling up and economic renewal in the North.

## Our additional impact on household energy bills

Our newly developed properties are more energy efficient (EPC rated B on average),

how much a newly developed

homes could potentially save on energy bills compared to privately-rented homes.

Annual energy bill saving from moving into a newly-developed H4N home



The average Homes for the North new build has an EPC rating of B, and is assumed to be the energy efficiency of all new builds.

A household moving from private rented accommodation will save over £100 more than those moving homes within the social rented sector on average.

# 5 Policy Proposals: Levelling up and economic renewal

In this section we identify options for change that could help maximise the contribution that housing makes to the Government’s economic and social agenda and the needs of very different Northern communities.

## Developing options for change

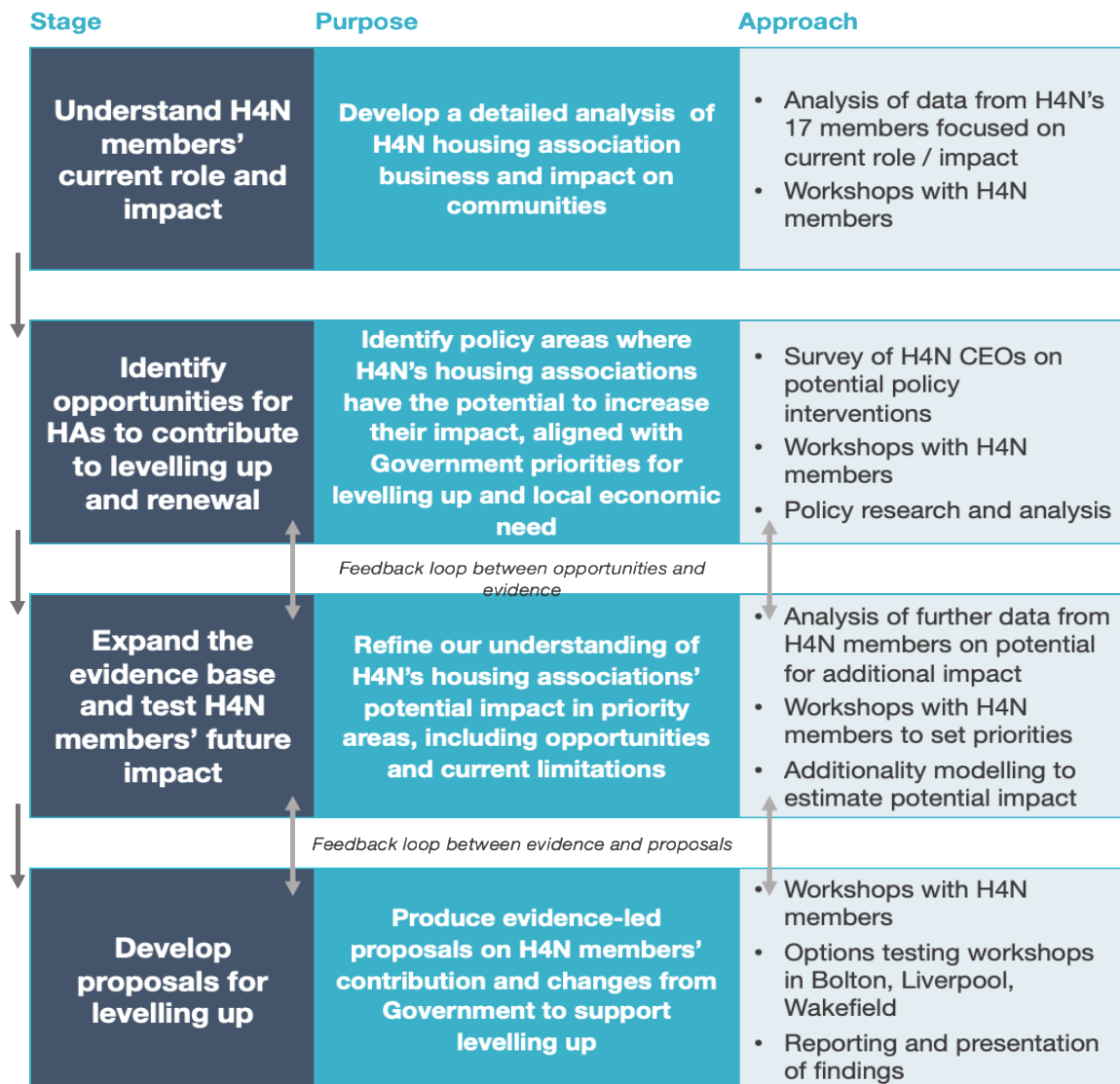
The table below shows the relationship between Government priorities, issues that affect Northern Housing markets in particular and the impact that Homes for the North members have:

<p><b>Government priorities</b></p>	<ul style="list-style-type: none"> <li>•Covid-19 recovery and renewal</li> <li>•Levelling up</li> <li>•Zero carbon by 2050</li> <li>•Planning reforms</li> </ul>
<p><b>Northern housing pressures</b></p>	<ul style="list-style-type: none"> <li>•Lower quality housing</li> <li>•Lower levels of investment</li> <li>•Estate regeneration needs</li> <li>•Pronounced Covid-19 impact</li> </ul>
<p><b>Housing association impact</b></p>	<ul style="list-style-type: none"> <li>•Quality new affordable and social homes: we own 418,000</li> <li>•Decarbonised and more energy-efficient homes than private</li> <li>•Supporting 3,200 residents into employment and 6,000 with training</li> <li>•Investing £2.5m in community groups and adding £2.5bn to Northern economies</li> </ul>

As set out in section 3 above, to identify ways in which impact can be increased we brought together existing and ongoing research by Lichfields, CEBR and others into the impact of planning reform, needs assessment and housing infrastructure funding allocations and the UK’s current approach to cost benefit analysis. We also surveyed

Homes for the North member Chief Executives to bring together their expertise and insights into both potential new approaches and the impacts of current policy.

This approach is summarised below:



We considered the option of modelling potential future scenarios based on a relationship between property grant rates and increased impact by housing associations. While looking for a useful way of illustrating how grant funding schemes might increase impact by housing associations across the North, we found deep complexities in measuring individual organisations' grant rates against other factors across organisations and different places. Considering variables such as individual site agreements, land values, and build costs, would not enable us to appropriately estimate an aggregate result to illustrate a picture across the North as it is not one place with one housing market. The

proposals in this report are made to secure outcomes that enable impact of housing associations working for our communities in the North.

## Policy proposals

Our proposals fall into three categories.

- Actions that local places can take now, working with housing associations as anchor institutions and strategic partners
- Action by Government to ensure planning and housing policy stimulate housing development in the North rather than, as currently, mitigating against it
- Government investment in infrastructure to unlock housing growth and in decarbonisation

Our proposals are summarised in the table below and then explained in more detail in the following sections:

Proposal	Outcomes and impact	Delivery
<b>Housing associations as anchor institutions</b>		
What we are doing now and in the future in our communities	Increasing availability of quality affordable homes, improving opportunities for local people, meeting zero carbon goals	Housing associations working as local community anchor institutions
Strategic development partners	Communities and housing development better connected to employment and opportunities for renewal	Housing associations working with local partners to create housing and economic strategies that deliver housing and economic opportunities for residents
Employment and skills support	Expanded support for client groups and communities we know best	Housing associations as prime providers for future regeneration and employment/training funding
<b>Policy changes: housing policy and planning</b>		
A Northern housing policy	Government and local policy and strategy around investment and planning unlocking housing sites, driven by standards and local need	Housing associations with partners setting an approach to Northern housing markets used in Government policy and local plans
Reform to housing needs assessment	Assessment of local housing need that addresses the pressures in Northern housing markets and ensures the right homes are built	Changes to the Standard Method for local housing needs appraisal in the planning system

Proposal	Outcomes and impact	Delivery
Identifying available land in development zones	Dedicated land available to deliver on affordable home targets	Planning reform using zoning for affordable homes where housing associations are key local delivery partners
<b>Policy changes: investment</b>		
Long-term housing infrastructure funding	Delivery of infrastructure needed for a new strategic housing and growth offer in the North	Partners planning for long-term investment in infrastructure through a LUHIF - scrapping the 80:20 rule - to unlock development
Increased decarbonisation funding	More homes decarbonised meeting zero carbon goals and providing better energy efficiency and lower utility bills for social tenants	Increased long-term funding from Government for housing associations to deliver decarbonisation

## Action now: housing associations as anchor institutions and strategic partners

Anchor institutions are generally defined as locally rooted organisations that hold significant wealth and make significant contributions to local economies as employers, purchasers of goods and services, and owners of land, property, and investment assets.<sup>11</sup> The following five criteria are often used to identify anchor institutions:

- Spatial immobility
- Embeddedness in the local economy and community
- A large resource base that is manifested in local purchasing, employment and business support
- A social role or purpose which enables it to develop mutually beneficial and sustainable relationships within its community
- Services provided to or intrinsic links with the foundational economy

The purchasing power of housing associations, links to local communities as employers, and holders of land and property assets mean that alongside local authorities, education providers and other large employers, we provide ‘sticky capital’ on which social improvements and levelling up in our communities can be based.<sup>12</sup>

As such we have a major stake in our places and active interest in our local economies. We are significant employers, we spend money locally, recruit from and serve local communities, we have a profile and local reputation, and we can play an important role in wider outcomes like better health and crime reduction.

As organisations fundamentally embedded in place, we can create economic benefits in places by:

- Recognising our significant role in local communities and accepting civic responsibility.
- Designing procurement processes to support local spending.
- Providing opportunities for skills and employability attainment for tenants and local people.

<sup>11</sup> CLES, <https://cles.org.uk/wp-content/uploads/2019/02/Community-business-and-anchor-institutions-Digital.pdf>

<sup>12</sup> CLES, <https://cles.org.uk/wp-content/uploads/2016/10/CLES-10-Progressive-Housing-Associations.pdf>

- Collaborating with other local services and decisionmakers, local and combined authorities, to join up services and investment to benefit our tenants and communities.

## Our pledge to our communities

Building on our role as anchor institutions, we are considering the possibility of how we make a public commitment based on the following kind of approach:

*We pledge to act as proactive anchor institutions in our communities to support renewal and regeneration. In our roles as anchor institutions, we will deliver quality low-carbon affordable and social homes to provide people more decent, energy efficient, quality, comfortable and secure homes than they might find through private rent.*

*We will invest in local supply chains through our maintenance, retrofit, decarbonisation and building new developments. Much of this work, including modern building methods, working with modular building, and utilising new decarbonisation techniques, invests in developing new skills into local supply chains, and increasing the value of local the construction offer.*

*We deliver skills and employment support to tenants and wider communities, building resilience in our communities, providing opportunities from volunteering and taking care of shared spaces, providing local businesses with local talent, and helping people start their own businesses*

### Case Study: Karbon Homes as an anchor institution in the foundational economy

Karbon Homes is one of the largest housing associations in the North, owning or managing almost 30,000 properties in the region and employing almost 800 people. Karbon Homes believes in providing a strong foundation, enabling people to lead successful lives. Its strategy is based on three core aims to:

- provide as many good quality homes as possible
- deliver excellent customer service for customers
- shape strong, sustainable places for our communities

As part of its overall strategic refresh, Karbon Homes has recently embarked on a process to develop its new place strategy, one which will provide a strong narrative of the role that Karbon, and housing associations more generally, can play in building strong, inclusive communities where people can thrive. Its new place strategy and place-based approach are predicated on how Karbon can leverage its role as an anchor institution to support the foundational economy in places.

The interventions that Karbon will pursue to support the foundational economy fall into three broad categories: Physical assets, People, and Processes. The three categories link to the criteria of

an anchor institution, ensuring that Karbon Homes’ business operations reflect its status as an anchor.

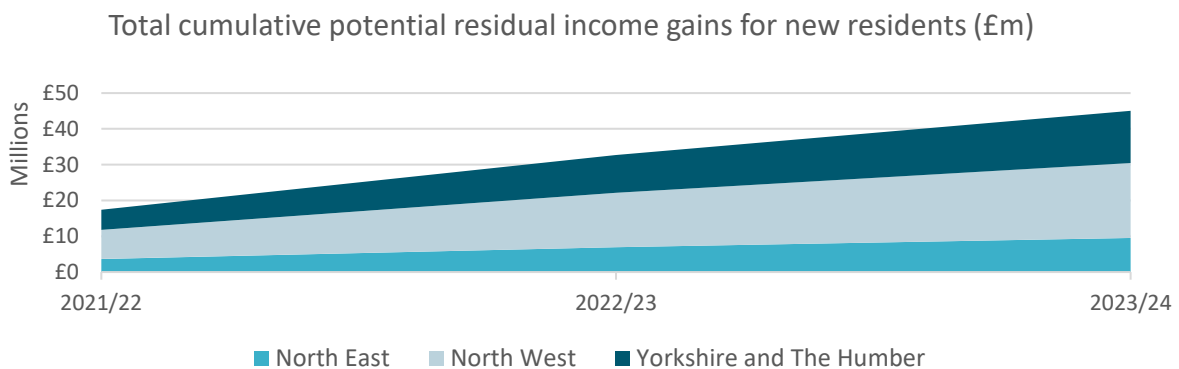
Ultimately, Karbon’s new place strategy and place-based approach will include both corporate-level and place-specific guidelines, to reflect its dual roles as a regional housing provider and as an anchor institution in the places it operates.

### Our additional impact on the residual income of residents

The figures below show the impact we have on the residual income of residents who move from private rental accommodation into Homes for the North’s social rented accommodation. Moving from private rented to social rented accommodation increases an individual’s residual income because less of their income is devoted to rent.

By 2023/24, moving tenants from private rented accommodation into H4N’s newly-developed social rental accommodation could result in total residual income gains of £45m.

Region	Residual Income saving per person (£)	Residual Income saving per household (£)
North East	£1,377	£2,813
Yorkshire and the Humber	£2,315	£4,149
North West	£1,755	£3,187



These figures are conservative estimates of the savings for residents. They do not include the savings on fuel bills residents make when they move into our more energy efficient homes, which is detailed in the ‘Our additional impact on household energy bills’ box.

Income and expenditure figures are based on samples obtained from ONS data. The private rental tenure is based on data from the “rented unfurnished” tenure category.

Residual income gains are lower in the North East due to the variations in expenditure being offset by a lower variance in wages between social and private rented tenants.

## Strategic development partners

Housing associations work with local partners – local authorities, combined authorities and other developers – to maximise local impact from new quality home development, regeneration and wider economic strategy in a place.

Where we serve as active anchor institutions, we can have an expanding role connecting communities with local decisionmakers to make local economic development and housing work better in an area and region for the communities we serve.

Our expertise in delivering affordable and social homes, and our deep knowledge of places, makes Homes for the North members important strategic development partners. We have and build the partnerships in towns and cities to develop mixed-tenure development in places close to jobs, training, schools, and transport. We work with partners to provide new homes and regenerated estates and places for tenants and homeowners, families and first-time buyers and renters. Housing is a key component of renewal and local economic strategy, linking to transport, education, jobs and training opportunities. We work with whole-place economic strategies and regeneration plans with mixed-tenure developments to provide opportunities for young people moving into our areas and residents in our communities – which are some of the most deprived in the country.

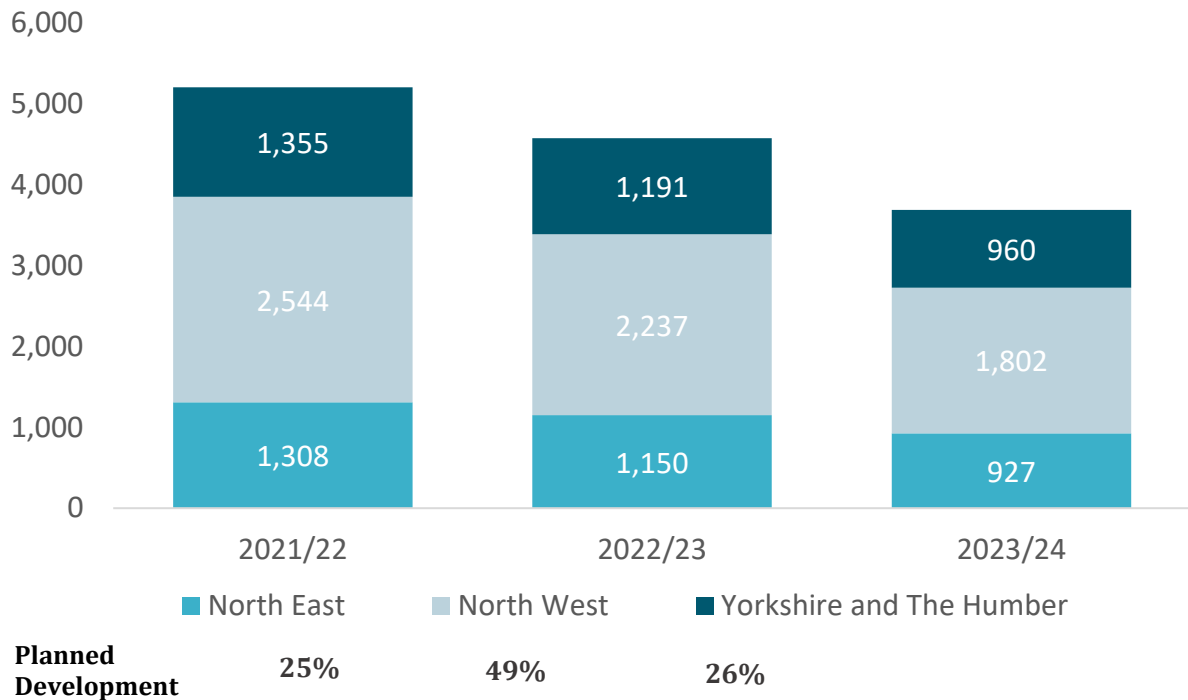
We are working with local partners on plans for Covid-19 renewal in our communities. We are committed to delivering homes and communities that provide decent quality of life and new opportunities through changes that are impacting society and local economies.

### Our contribution to housing stock in the North

13,474 homes for rental and shared ownership are to be developed by Homes for the North members in the North over the next three years. More development is expected in the North West (6,583) than in Yorkshire and the Humber (3,505) or the North East (3,386).

Homes for the North will own 431,010 homes in the North by 2023/24.

Homes Planned for Development, 2021/22 - 2023/24



The number of homes planned for development exclude those for outright market sale, which is circa 10,000 additional homes in the next three years in the North.

Planned new housing figures for future years decline at this stage simply as an effect of the lack of long-term funding certainty, at the start of each year actual new housing figures will have risen significantly compared to earlier plans. This reinforces the negative impacts of a lack of funding certainty.

### *Case Study: Strategic partnerships in Bolton*

In Bolton, joint working across partners is at the heart of economic development and regeneration of the town centre. Housing plays a central role here. Housing expert Brendan Nevin is undertaking a strategic piece of work on the economic and health challenges ahead for Bolton. This will form evidence-based strategy for partners, led by housing association Bolton at Home and Bolton Council, to support the town through winter and renewal.

A joint local priority is the future of the town centre, and Bolton at Home is working closely with partners to help deliver £100m of Council funding, £1bn of private investment and leveraging support from Greater Manchester's Brownfield Land Fund in town centre development. This includes a new mixed-tenure residential offering bringing new houses into the town centre for the first time in decades. This development will be further supported by public realm improvements in Bolton's Towns Fund bid to Government.

Economic and housing partnerships see Bolton at Home using their understanding of the needs of the communities they serve to take opportunities for new developments in places close to employment opportunities and services in a renewed town centre, supporting the town's wider economic ambitions and regeneration. In one development at Trinity Retail Park, the housing association is supporting development of new employment support and training space for the community. Bolton at Home's work with community groups and partners in areas spanning poverty alleviation to health, as well as strategic development and investment partners, amplifies partners and delivers cross-functional impact for their communities.

## Employment and skills support for communities

We are providers of employment and skills support for our tenants, we support local community groups and support, and connect people to training and employment opportunities.

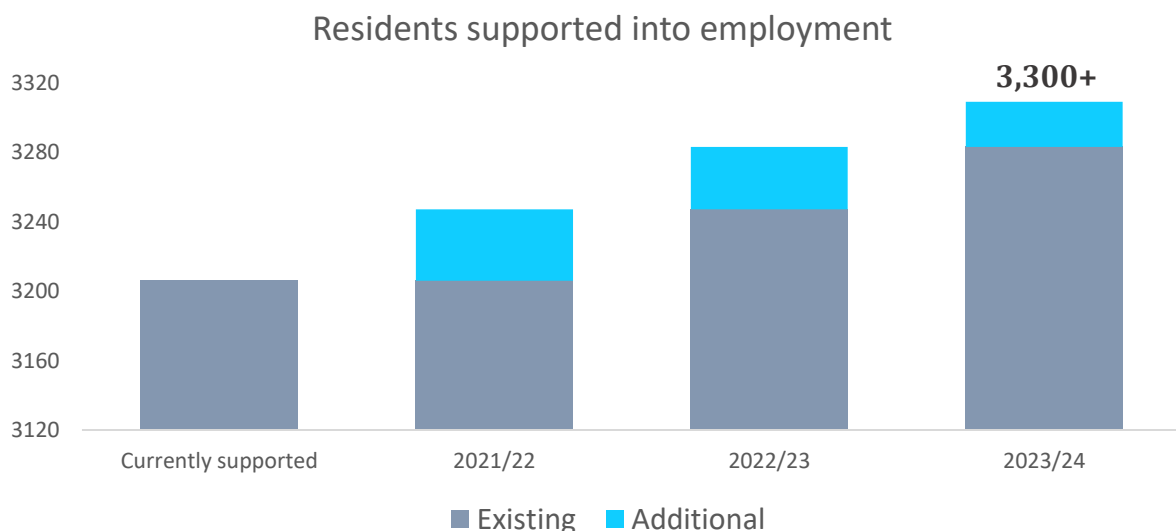
This type of support is a priority for Homes for the North members. The range of support we offer people makes us providers and facilitators of training, volunteering and employment opportunities, and investors in community groups. We work with partners in schools and colleges to support connections with wider communities, build resilience into our communities through developing leadership and teamwork skills through community schemes, providing for many the first step towards employment. We support local businesses with local talent, and tenants with employability skills and to start their own businesses.

Demonstrating the impact of current work and close relationships with communities, particularly around providing employment and training support programmes. We provide key people-focused interventions to ensure physical regeneration is matched with support for people to go after new opportunities.

We are well placed, as local partners in levelling up, to deliver future people-focused as well as physical regeneration and renewal funding to support our communities into employment, and in upskilling or retraining.

### Our additional impact on employment for residents

Homes for the North supported 3,200 residents into employment in 2019/20, courtesy of 230+ FTE devoted to employment support. In 2023/24 the group expects to support at least 3,300 residents into employment, as well as providing additional ongoing support through training and money advice.



### *Case Study: Delivering employment support in Wakefield*

Wakefield and District Housing has a large footprint across Wakefield and surrounding towns, owning and managing homes that house one in five of the local population. The housing association's role in the community is therefore significant, and an important area of work is in skills and opportunities for residents.

The housing association is a central provider and driver of employment and skills support across Wakefield. Support starts with local schools, where WDH runs outreach sessions in secondary schools, connects pupils to work experience, and provides a residential community leadership programme for GCSE-stage pupils to gain teamworking and leadership skills.

For adult tenants, WDH provides support and courses in employability, financial management and key life skills to residents ranging from those in employment or training to those furthest from the labour market. For instance, WDH offers paid work experience within the organisation including helping to erect fencing, caretaking and administrative support, to unemployed WDH tenants and their families. This helps to create an open community where support is gained and shared by many. WDH runs a successful foundation grant programme, open to applications from all tenants, which supports people to jump a final formal hurdle in starting skilled work, for example, gaining a CSCS certificate to work in construction, or buying equipment to start a business as a hairdresser.

Working closely with local partners, WDH is a key provider of support for tenants and the wider community of all life stages, helping them to build skills and confidence, gain experience in volunteering, and enable them to progress in skilled careers.



# Changes to housing policy and planning

The proposals in this section suggest a number of changes that Government should make that would increase the impact of housing policy and investment generally, and affordable housing in particular. They are designed to build on and fit the Government's current work to review different aspects of housing and planning policy. They are consistent with recent Homes for the North responses to the consultation on planning reform, Green Book review and Spending Review.

## A Northern housing policy

### The proposition

A pan-Northern set of principles and shared evidence on the characteristics, drivers and pressures in Northern housing markets.

Housing associations are well placed to contribute to this with deep understanding of the needs and dynamics of delivering affordable and social homes.

This would do two things. Firstly, it would provide a clear statement about Government aims for housing in the North, sending clear signals to providers, investors and planners. Secondly, it would help scheme promoters, planners and national funders through providing a clear rationale and toolkit for understanding and responding to the differences in the markets in which we work in the North, and how and why these differ from the national assumptions that have historically driven housing policy. This resource would be used to reflect market differentials in national Government guidance on housing needs and targets, zoning and affordability, and funding streams. This would also be used by local and combined authorities and development partners in the North to inform plans, local needs, targets and zoning.

### Rationale

There are pressures in housing in the North that are different to other parts of England. Where Government policy focuses on affordability pressures for supplying new homes and potential land value uplift in appraising investment, because of differences in land value, these issues cannot be treated as national. In many places in the North, this is less relevant and less applicable.

Drivers and pressures that are top of mind for housing associations in the North are the need for investment in regeneration and delivering new homes on existing estates,

improving the quality and energy efficiency of existing stock, and supporting communities and businesses through the pronounced impact of Covid-19.

**Outcomes and impact**

A mechanism and resource for recognising Northern-specific pressures and priorities would help to design funding and policy at Government level that supports these priorities, and supply land at local level for quality affordable housing in the North.

This would enable us to strengthen the impact of our housing development in town centre renewal and ensure affordable housing is closely linked to economic aims around graduate retention, key worker housing, active and low carbon travel.

## Reform to housing needs assessment

### The proposition

Reform to the current Standard Method approach by Government to assessing local housing need in the planning system. We have set out our detailed response to the Standard Method reform in [our submission](#) to ‘*Planning for the Future – a consultation on proposals for reform of the planning system in England*’. In summary, we propose the following changes to the Standard Method:

- Using a 1% stock uplift as the starting point – in place of volatile household projections.
- Keeping the simple affordability adjustment used in the current formula.
- Removing the capping mechanism.

Housing requirements should be established early in the local plan process and through a consistent method, but their establishment should remain the responsibility of the local authority rather than being handed down by Government without discussion or local scrutiny. Whilst a national formula should be the starting point for this process, subsequent adjustments must take account of complex local factors and be subject to examination early in the process to avoid disputes when the plan is approved.

### Rationale

Research by Lichfields for Homes for the North found that a focus on affordability pressures and land value uplift in the current Government Standard Method for needs assessment at the expense of other factors such as specific stock needs in the North and economic development, limit the projected future housing need for many places in the North.<sup>13</sup>

In the North, the proposed Standard Method would result in a decrease in the actual contribution made to the national housing requirement – from 17% under the current method to 15%. This is despite the North accounting for c.25% of the homes delivered over the last 3 years. The proposed method requires fewer than 50,000 homes to be provided in the North each year – well short of the 65,000 that are needed to support transformational growth.<sup>14</sup>

### Outcomes and impact

Changes to the assessment would address the pressures in Northern housing markets and ensure the right homes are built in the right places.

This would support the National Housing Federation’s estimated need for 145,000 new affordable and social homes per year and the Government’s target of 300,000 new homes per year in England. These changes would ensure the North’s share of the national

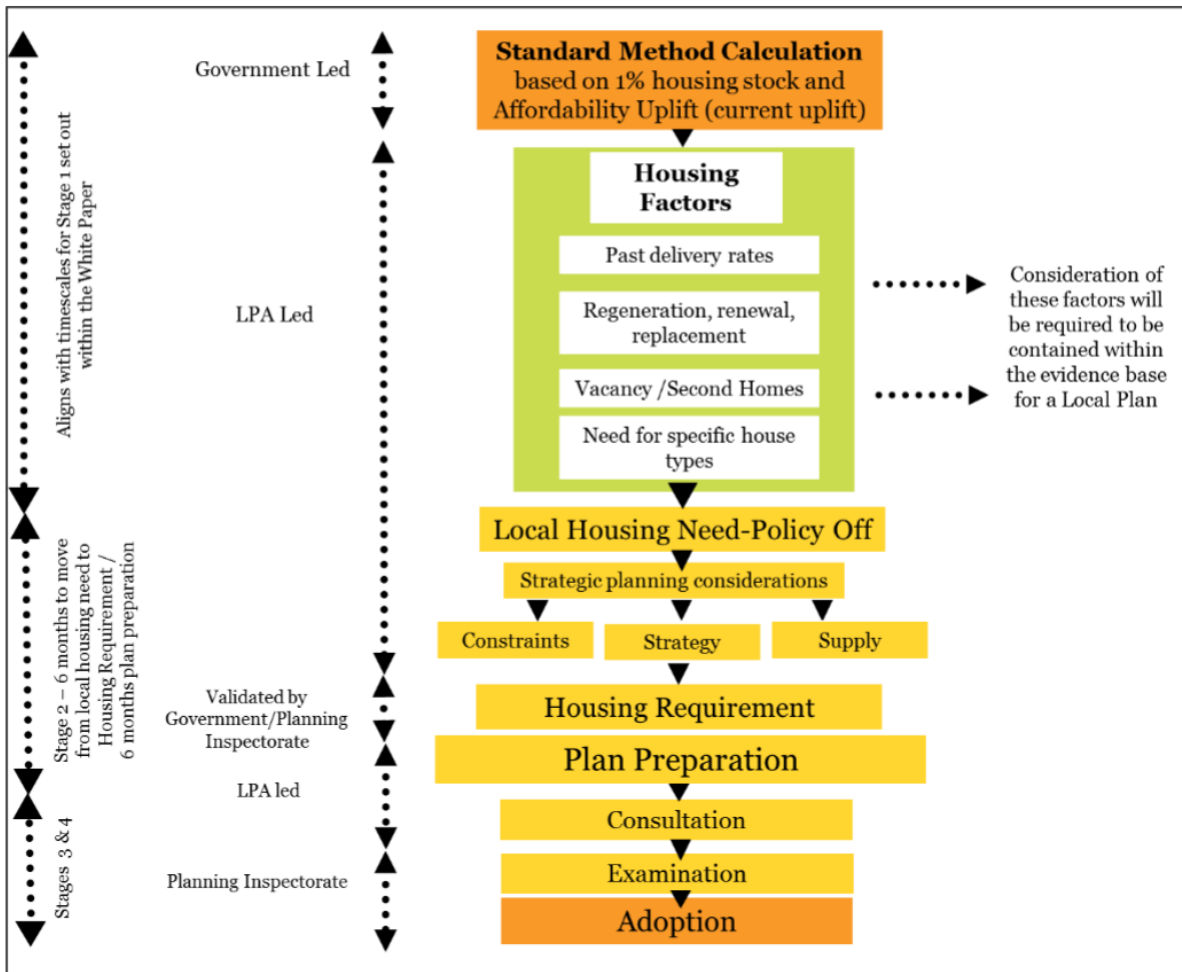
<sup>13</sup> Lichfields for Homes for the North, H4N Standard Method Impact, July 2020

<sup>14</sup> Homes for the North Spending Review submission, October 2020

requirement would be around 24%, very close to the North’s contribution to national delivery over the past three years, taking pressure off the South and London.

In our communities, this would provide new opportunities for people moving into areas or into renting or buying for the first time, and would unlock holistic local economic development, providing new business and job opportunities in our towns and cities.

The diagram below outlines our proposed approach to identifying housing requirements. More detailed information is contained in our submission to Planning for the Future.



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## Identifying affordable housing requirements and available land

### The proposition

All Local Plans should be required to set out an affordable housing requirement in development zones as part a local development management policy. This should be site or area specific and clearly evidenced to reflect local needs, including a required mix of tenure and types, including housing for older people and affordable homes for first time buyers.

Housing associations work with local places to help determine at Local Plan stage where development land could include requirements for including affordable and social housing within mixed-tenure development sites.

Committing to affordable housing at a site and area specific level at the Local Plan formulation stage of the process, including planned access for housing associations to land for quality affordable and social housing development, would ensure that land is available and actually delivered for housing that serves our communities who need it.

### Rationale

Without a specific affordable housing requirement at site or area level within development zones in local plans there will be no mechanism to ensure that mixed tenure development is actually delivered where it is needed, or that necessary land will be made available. This provision will support areas where affordable and social homes can be delivered with other tenures in places that can offer good quality of life, and access to employment centres and educational and transport infrastructure.

### Outcomes and impact

Ensuring affordable and social home requirements in Local Plans would secure land for these housing needs, enabling housing associations to provide real mix in new housing developments on strategically allocated sites. This would also be an opportunity for housing associations to make clear where regeneration is needed in areas with existing stock, and take an overall local view on the supply and needs of affordable and social homes.

# Additional investment

## Long-term housing infrastructure funding

### The proposition

Housing infrastructure funding that is long-term, is devolved to combined authorities where they exist, supports regeneration and inclusive growth, and works for the North through allocations scrapping the use of the 80:20 rule and revising the HMT Green Book focus on land value uplift that currently favours investment in the South East.

A more strategic approach to funding based on differences in pressures and drivers between places would result in the North having access to investment needed in different places.

### Rationale

The 80:20 rule followed by Homes England for funding allocation has skewed funding away from the North. Only 11.8% of Housing Infrastructure Fund Forward Fund has so far been allocated to the North.<sup>15</sup> As well as this constraining new developments being planned, we know from our experience that it can also be difficult to work with funding on retrofit infrastructure.

Research by CEBR for Homes for the North on Green Book appraisal recommends that Government removes the 80:20 rule for allocating Homes England funding and reform guidance on using future land value assumptions for transformational investment programmes.<sup>16</sup>

We find we are reacting to discrete pots of funding to help deliver new and improved homes with different requirements, so that we mould the work to fit the funding rather than funding supporting what is really needed by our tenants. This does not adequately support long-term plans we have for our stock.

### Outcomes and impact

Long-term investment allocated on rules that work for places in the North – through an overt spatial investment strategy – alongside scrapping the 80:20 rule and revising Green Book appraisal would make our retrofits and new developments more efficient, reflective of what is needed in our housing markets and communities, and more impactful. We could unlock more new sites, and put into action long-term plans that would result in more quality homes.

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<sup>15</sup> Housing Infrastructure Fund, gov.uk, April 2020.

<sup>16</sup> CEBR for Homes for the North, Levelling up the Green Book, June 2020

### *Case Study: Regeneration to deliver new homes in Halton*

As in many areas where Homes for the North members operate, Murdishaw in Halton is a priority regeneration area for housing associations Onward and Riverside. Here there is a concentration of multiple environmental and social problems arising from the underlying limited housing choices and property design.

Research and masterplanning identified that the area needed a strategy to be implemented on improving property, intensifying support, integrating and rebalancing the community. Onward and Riverside are working together to:

- Rebalance the estate (and stock within) to ensure a more diverse stock profile better able to meet existing and future residents' needs.
- Improve and invest in retained stock to improve living conditions for residents and ensure the long-term sustainability of stock.
- Make more efficient use of land by selectively increasing density alongside investment in existing open space.
- Address severance issues and ensure community support is in place to protect the thriving and proud local community.

In order to achieve the scale of ambition for this community, long-term investment is needed. Within the current funding constraints – including limited options for regeneration support – the housing associations have prioritised specific stock challenges on the estate. Onward now plans for the removal and replacement of 150 bungalows with the development of up to 100 new homes, representing a first step in regenerating this estate.

Housing associations' ambitions and plans for our communities are however necessarily restricted by development funding focusing on new sites rather than supporting regeneration of existing estates and communities. In the North, for providers of affordable and social housing, investment and Government strategy is needed to regenerate areas, including a mix of retrofitting existing properties where possible, replacing those with structural weaknesses, and introducing new tenure mix.

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## Increased decarbonisation funding

### The proposition

Expand decarbonisation funding for social housing, potentially through a Northern version of the carbon retrofit fund. In order to meet national decarbonisation targets, particularly in the communities in which we work, we need additional investment.

Increasing the pot of funding for decarbonisation of social housing – as committed to in the Government’s manifesto – would support housing associations to fulfil our ambitions for retrofitting older stock, delivering lower energy bills for tenants, better living conditions, and reducing carbon footprints. Making this funding long-term, allocated on a basis that works for Northern needs, and supporting investment in new technologies, would increase the impact from what is possible under current funding schemes.

### Rationale

In order for housing to meet the Government’s net zero carbon target in 2050, housing associations need certainty on long-term funding now to undertake decarbonisation retrofit for existing social homes. We have an understanding of the work and investment needed to transform our homes to zero carbon, and funding schemes available up to now don’t enable us to put into action our plans – they are discrete short-term pots, sometimes hard to spend in short windows, with differing requirements not malleable to local needs.

There are new techniques and technologies being developed in building decarbonisation all the time, however there is a gap between emergence of these new technologies and our ability to use them – due to lack of robust testing or lack of skills in the local labour market. Any housing decarbonisation funding must also account for national support to be able to bring these technologies to market and regional and local provision of training to upskill supply chains.

### Outcomes and impacts

This investment would enable quicker implementation of plans to transform stock to zero carbon to meet the Government’s 2050 target, would support the dissemination and a market for new technologies, and provide the skills and local jobs that will be key in the North to joint priorities of tackling climate change and renewal from the economic impact of Covid-19.

Decarbonisation of stock also benefits our tenants’ quality of life by improving the quality and comfort of their homes, and reducing fuel poverty, which has a significant impact on tenants’ finances and everyday lives.

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## Conclusion

Homes for the North members are committed to maximising the impact we have in our communities. Stronger communities and places are core to our members aims. In many places across the North, our properties form a large footprint, we provide high-quality affordable homes for significant numbers of people in these areas. We are anchor institutions in these places, providing not just individual properties but places for people to call home: enjoy outdoor space, have good access to schools and jobs, live in neighbourhoods with a sense of community.

We build resilience into communities: supporting tenants through the impact of Covid-19, offering skills training and advice, providing employment and apprenticeships. We work with local authorities and partners to develop new mixed-tenure residential offerings in and around economic centres, attracting high-skilled people to our towns and cities and supplying the affordable homes our communities need.

Our specific and deliverable proposals in this report are designed to maximise the impact of housing policy and investment on levelling up across the very different economies and places of the North. We have also set out how housing associations will maximise our own impact as anchor institutions and strategic partners for Councils, Mayors and Homes England.

Now is the moment to put these proposals into action. Government is currently reviewing planning and housing investment policy and is starting to look ahead to further economic recovery. The UK has ambitious targets for building new homes and a zero-carbon economy. Local places are preparing strategies for both immediate recovery and longer-term investment.

During the course of 2021 major decisions will be taken about future investment and our approach to land use. With this report, we invite and support further development and open discussions with local and national partners in Government. Working together we can make sure housing has the wider impact our communities need and deserve.



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