PART A

The role of housing in promoting opportunity and prosperity for all

The first part of this collection of essays is from:

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These seven essays explore the role of housing in supporting opportunity and prosperity, for individuals, for families and communities.

Themes include:

- Investment in new generation of social housing and bringing forward council housebuilding investment programmes;
- Provision of key worker housing;
- Risk sharing and flexibility of tenures;
- Renewed spirit of public/private collaboration;
- Leadership in placemaking;
- Investment in communities;
- Levelling up housing and wider access to the new Single Housing Infrastructure Fund.

Creating amazing places that everyone can call home

Cllr David Renard
Chairman, Environment, Economy, Housing & Transport Board, Local Government Association

The Local Government Association (LGA) is the national voice of local government. We are a politically-led, cross-party membership organisation, representing councils from England and Wales.

Our role is to support, promote and improve local government, and raise national awareness of the work of councils. Our ultimate ambition is to support councils to deliver local solutions to national problems.

We advocate for a local plan-led system that delivers sustainable homes to meet the needs of people in different circumstances and at different stages in their lives - as well as ensuring that they are well supported by the necessary services and infrastructure.

Councils already play a vital role in housing supply as planning and housing authorities, as partners with house builders and registered providers, as direct builders, as providers of homes for the most vulnerable and as local place leaders. However, the planning for the "new normal" provides a unique opportunity for the sector to release its potential to do much more.

In particular, the COVID-19 response by key workers provides a powerful call to action to redouble efforts to scale-up supply of low-cost homes to rent and to buy. Councils want to play their full part in ensuring a generational step-change in the supply of these homes. It is therefore imperative as part of the response to the pandemic that government considers what steps, measures and reforms would support councils to work towards delivering a new generation of 100,000 high quality social homes per year.

With previous research[1] for the LGA and partners showing that investment in a new generation of social housing could return £320bn to the nation over 50 years, the arguments for investment in social housing as an economic stimulus will grow stronger in a post-COVID-19 world. Separate research has also estimated that:

- every £1 invested in a new social home generates £2.84[2] in the wider economy
- each new social home would generate a saving of £780[3] per year in Housing Benefit.

1 Building new social rent homes: an updated economic appraisal

2 Building new social rent homes

3 Setting social rent

Increasing construction would not only help boost the economy very quickly, it would also provide much needed affordable homes for people across the country reeling from the economic impact of the pandemic. Expansion of the development programmes of councils would:

- offer a pathway out of expensive and insecure private renting, and on towards ownership;
- over time, reduce the cost of the housing benefit bill;
- make a major contribution to the Government's ambition of 300,000 new homes a year;
- help address pressure on public services, notably health and social care, driven by poor housing conditions;
- support the re-purposing of town and city centres as well as enabling people to remain in rural areas in which they grew up;
- support the Government's ambition to provide 6,000 new supported homes for vulnerable rough sleepers taken off the streets during the pandemic and address the housing needs of more than 88,000 households living in temporary accommodation;
- support a climate smart recovery.

Through a proactive response in the wake of the pandemic, government can be instrumental in delivering to councils the tools, powers and flexibilities that they need to deliver homes for their communities. This would also support the maintenance of capacity and confidence in the housing market.

Below are a number of interventions that the LGA would consider to have a positive impact in stimulating an increase in the supply of council housing and more broadly, ensure that new homes are built in the right places, for all those that need them. These concentrate on measures that would enable councils to actively intervene at greater scale and with increased impact.

Locally led planning which delivers vibrant, resilient communities where people want to live, work and play

A local, plan-led system is vital to ensure that councils and the communities they represent have a say over the way places develop. This also supports the delivery of homes that are built to a high standard, with the necessary infrastructure to create sustainable, resilient places, and ensures that affordable housing is provided. Councils are working hard to use planning effectively to deliver the right kind of homes for their communities, approving nine in ten applications and granting permission for almost 372,000[4] homes in the year to December 2019.

However, despite the hard work of councils, planning departments are severely underfunded, with taxpayers currently subsidising the cost of processing planning applications by nearly £180m a year. Enabling councils to set their own planning fees, would bolster their capacity to proactively enable the delivery of new housing supply.

4 MHCLG Planning Application Statistics October to December 2019

The LGA also continues to call for greater attention to be given to increase the build out rates of sites that have been granted planning permission and for councils to have greater powers to act where housebuilding has stalled. Recent analysis[5] shows that 2,564,600 units have been granted planning permission by councils since 2009/10 while only 1,530,680 have been completed.

This could be achieved in a number of ways including: councils having more powers to direct developers to diversify the homes constructed on sites to cater to different markets; a streamlined Compulsory Purchase Order process and the introduction of financial penalties in cases where developers do not build out to the rate agreed with a local planning authority.

The current crisis, which has required a large proportion of the population to stay at home for extended periods of time has brought into sharp focus the relationship between health and housing quality. In order to ensure that developers build high quality homes in the locations that people need them, permitted development rules enabling buildings to be converted to homes without going through the planning system need to be revoked permanently. These rules continue to create a vast range of issues for local places and communities because there is no way to ensure developers meet high quality standards, provide any affordable homes or ensure that supporting infrastructure such as roads, schools and health services are in place. LGA analysis[6] earlier this year estimated that permitted development rights allowing offices to be converted into homes have led to the loss of more than 13,500 affordable homes since 2015.

There is also a potential prospect of a downturn in housebuilding and therefore planning applications which will negatively impact councils who have been acting positively to ensure supply. Whilst many construction sites across the country have now reopened, many remain closed or are operating at reduced capacity, which will inevitably result in a fall in delivery rates over the coming months, and potentially beyond.

This could put councils and their communities at risk of being subject to the national presumption in favour penalty because they cannot meet national Housing Delivery Test requirements and/or their 5-year housing land supply is compromised, for example, if anticipated delivery rates fall on 'deliverable' sites. This leaves them exposed to speculative planning applications for development outside of the Local Plan. This could potentially result in homes that do not meet local needs, in places where they are not needed and undermine community trust in the planning system. To ensure this does not happen, the presumption in favour sanctions in relation to 5-year housing land supply and the Housing Delivery Test need to be suspended.

Rules around the Community Infrastructure Levy (CIL) should also be changed to allow councils to provide upfront investment for vital infrastructure to unlock housing growth. This would require a change to the CIL regulations to enable councils to borrow against future CIL receipts. This could then subsequently be clawed-back from associated developments.

5 LGA press release – February 2020

6 LGA press release – January 2020

Ensuring the right mix of rental and home ownership options

It is vital that new government initiatives do not have the unintended consequence of reducing the general provision of social and affordable rented homes. This will ensure that councils can ensure the right mix of homes – to rent and buy – are available and affordable to people that need them. For example, government proposals for First Homes could make a valuable contribution to the mix of housing options, but local planning authorities must maintain the levers to deliver them alongside other housing products in a way that addresses housing need identified locally as part of the planning process.

Bringing forward council housebuilding investment programmes

As we emerge from the emergency measures into recovery, there is a real opportunity for councils to prime the local economy through bringing public investment projects, including housing, forward. In the short to medium term councils will need funding flexibilities to pump prime recovery. To do this the Government should expedite payment of outstanding Housing Infrastructure Fund allocations and other outstanding grants which support housing delivery; relax conditions so that councils can focus on delivery; enable cross virement to support delivery and extend deadlines and flexibilities on completion timescales.

The Government should also bring forward the £10bn Single Housing Infrastructure Fund[7] set out in the Conservative manifesto for public sector related schemes, especially those that include significant levels of affordable housing and key worker accommodation. In addition, the confirmed £12bn extension of the Affordable Homes Programme should be increased and brought forward quickly, with an increased focus on homes for social rent. Increasing the grant levels per home would also help to maximise the number of schemes that are viable.

Government investment in a further phase of the One Public Estate[8] programme, to include a further round of the Land Release Fund would also help to quickly combat barriers which would otherwise make land unusable for development.

Reducing the timescales involved in the administering of grants would provide delivery certainty and consideration should also be given to ensuring that allocations support climate smart recovery e.g. enable delivery of zero carbon homes.

Whilst these measures would provide a short-term immediate boost to housing and infrastructure delivery, going forward there needs to be a general consolidation of grants going to local government and their partners to give greater control of existing budgets, reverse the trajectory of smaller competitive and fragmented funds, reduce administrative overhead and support local innovation to tackle cross-sector priority issues.

Right to Buy reform

The Right to Buy (RTB) policy gives tenants the right to buy their home at a

7 MHCLG: Planning for the Future

8 One Public Estate

discount, with the amount of discount dependent upon the length of time as a social tenant. Whilst RTB has helped many families get on the housing ladder, the current policy including the restrictions around the use of Right to Buy 1-4-1 receipts are a barrier to the delivery of replacement homes sold under the scheme.

LGA research[9] showed that between 2012/13 and 2018/19 there were 79,119 homes sold and only around a quarter, 21,270, were replaced in the same period.

Councils urgently need reform of the RTB scheme to enable the delivery of new homes. In addition to being able to set discounts locally and retain 100 per cent of sales receipts, councils need flexibility to increase the proportion of RTB receipts that can be used for a replacement home and combine them with Homes England and other government funding streams. Further, the deadline for spending Right to Buy receipts should be extended to at least five years.

Ensuring the right mix of rental and home ownership options

It is vital that new government initiatives do not have the unintended consequence of reducing the general provision of social and affordable rented homes. This will ensure that councils can ensure the right mix of homes – to rent and buy – are available and affordable to people that need them. For example, government proposals for First Homes[10] could make a valuable contribution to the mix of housing options, but local planning authorities must maintain the levers to deliver them alongside other housing products in a way that addresses housing needs identified locally as part of the planning process.

Decarbonisation of housing

Increasing the quality and carbon neutrality of both new build and existing housing stock will be integral to the wider transition necessary to achieve net zero carbon. This should include giving councils the flexibility they require, to set standards above the building regulations to ensure they can meet their own ambitions to achieve net zero carbon, support better quality housing, and develop and grow a skills base in the newly emerging green economy.

Councils should also have the tools to become exemplars for using new smart technologies and sustainable construction methods. This should be supported by appropriate investment. As part of this the Government should urgently bring forward its commitment to a £3.8bn capital Social Housing Decarbonisation Fund[11].

Cllr David Renard is Chairman of the Local Government Association's Environment, Economy, Housing & Transport Board

9 LGA press release – March 2020

10 LGA response to MHCLG First Homes consultation

11 Conservative Manifesto 2019 – costings document

A country fit for heroes (reprise)?

Paul Dossett
Head of Local Government, Grant Thornton UK LLP

It is no coincidence that the two most consistent and successful phases of house building (with strong political consensus) in this country have come in the aftermath of the cataclysmic events of World War I and World War II[1].

The upheaval brought about by war uncovered many things about Britain but most particularly the deep inequalities in society, brutally exposed through the lack of basic provision of education, healthcare and good housing. The devastation wreaked by wartime bombing between 1940-44 also meant that there was a basic rebuild needed in many of our towns and cities.

The coronavirus pandemic has already strongly shocked our economy and exposed glaring health inequalities with early data suggesting that COVID-19 takes a particularly hard toll on the more deprived communities in our society. The notion of 'key workers' and the collective recognition of the huge, and underappreciated value they add to our nation has been perhaps one of the defining themes of the past two months. The contributions of health workers, care workers, refuse collectors, delivery drivers, transport and food retail workers are now trumpeted in many quarters. Whilst recognising that stereotyping is not helpful and with some obvious exceptions, it is a fact to observe that there are a number of key characteristics that our country's key workers' can often share, which include low pay and living in rented (often poor quality and overcrowded) accommodation.

It was evident that there was a housing crisis before COVID-19 came along. Demand was outstripping supply, there were capacity issues in construction, a lack of public sector building, low affordability and many other issues. Government and the housing sector have clearly recognised this as evidenced by the many initiatives taken forward.

Led by the work of Homes England, this has included:

- the release of government land and improvements in the planning system;
- new schemes for first time buyers;
- the increased use of modern methods of construction alongside mixed tenure development;

1 MHCLG and Construction Products Association house building data.

- expansion of housing association activity;
- innovative use of section 106 monies; and
- the introduction of local authority housing companies to ensure affordable, state subsidised rents.

Though these actions are of value as individual initiatives, the approach does not often feel cohesive. Rather than an overarching and comprehensive strategy, the actions taken instead provide "reactive response" to the latest version of the "housing crisis". By definition, these initiatives reflect the piecemeal and limited policy initiatives that tend to characterise relative periods of economic stability.

COVID-19 has shattered economic stability to a similar degree as the two world wars[2]. The Chancellor is borrowing huge sums to fund businesses and workers as well as responding to the cost of addressing the pandemic. Local councils have seen their income drop significantly as the impact of the lockdown shatters local economic activity, from tourism and leisure to high street retail.

So how do we address "the housing crisis" in the context of an existential threat to the British economy? Just as importantly, how do we ensure our key workers, our new heroes of the Thursday night applause, are front and centre of such a response. The housing response needs to move away from the piecemeal towards a comprehensive and strategic response, with five key pillars with the key worker demographic at its heart.

These should include:

- **Public housebuilding.** This will involve more borrowing, but we need a bold and ambitious target to build at least one million new public sector properties at social rents by 2025. This should involve a comprehensive and deep partnership between Homes England and local authorities and underpinned by a need to minimise the carbon footprint.
- **Private sector housing needs a rocket boost** with significant Government supported investment in modern methods of construction and consideration of required workforce needed to meet capacity. This needs to go hand in hand with a major recruitment drive into all facets of the housing industries. This should include national training initiatives to support workers from other sectors whose employment has been affected by the pandemic.
- **Strategic authorities based on existing local government footprints** across the country to remove the inconsistent patchwork quilt of current arrangements so that there is consistency between local, county and national strategic priorities. They should be legally tasked and funded for development of comprehensive infrastructure plans to support housing initiatives in their areas with a strong remit for improving public transport, supporting green energy initiatives and developing public realms which create a sense of community and belonging.

2 The Bank of England's May 2020 economic forecast indicates that COVID-19 could push the British economy into the fastest and deepest recession in 300 years.

- **Building on existing initiatives to improve security of tenure and quality of accommodation**, a new partnership is needed between landlord and tenants that provides a consistent national/regional footing to ensure that housing is a shared community responsibility. This should, like the response to the pandemic, be part of a shared community narrative based on state, business and local people.
- **Putting key workers at the heart of the Housing strategy**. The country appears to have discovered the importance of key workers. The people that keep the country running and whose contribution is never usually recognised financially or in terms of social esteem. There are several existing key worker accommodation initiatives, but they are local and inconsistent. We need a comprehensive strategy which focuses on key worker needs, including quality of accommodation, affordable mortgages/rents, proximity to workplaces and above all, a sense of priority on the housing ladder for those who keep the country running in good times and bad and are the best of us in every sense.

Housing is a basic need and if key workers feel valued in their place in housing priorities, we will have made a giant step forward. Key workers are not the only group in need of help of course. Utilising the momentum behind key workers that their role in COVID-19 has brought into focus, could help kickstart housing initiatives that help all those in need.

Paul Dossett, Head of Local Government, Grant Thornton UK LLP

More than just the houses

Elizabeth Froude
Group Chief Executive, Platform Housing

Platform Housing is a large Housing Association spread coast to coast across the Midlands. They manage c.47,000 homes and are a strategic partner with Homes England. In the past three years Platform Housing has built 4,600 homes of which roughly 1,000 were for sale as shared ownership, the rest retained as social and affordable rent and some built on behalf of a local authority partner.

Our current plans are that we will continue to add a further 2,000-2,500 homes to our stockholding each year and to achieve this we will build out larger developments and develop strategic relationships with local authorities and housebuilders across our area of operation.

Prior to COVID-19 we were seeing regional differences in the nature of properties, customers and market resilience across England. In the Midlands we continued to see shared ownership selling at solid prices and initial share being sustained. We build mostly family homes for a domestic and local customer base and often find that customer interest can be carried from one development scheme to the next in our geography and so have a customer base which is dependable if you build a quality product. This localised focus means that 30% of the homes we build are bought by key workers, who are integral to their local communities and we keep our pricing at a level which ensures accessibility for moderate household incomes.

This regional variation will, if anything, become even more noticeable as people's working locations, and therefore home locations, change post-COVID-19. The mortality and infection rates will undoubtedly affect people's desire to work, travel and live as much in large cities. There can also be no doubt that as the economy comes under pressure there will be an increased need for affordable rented homes.

The housing association sector is about so much more than just the houses and this was never more visible than the way in which we voluntarily stepped up to support our wider communities in the darkest moments. We shared PPE, delivered food, supported local authorities in delivering services, got homeless people in to safe housing, funded foodbanks and supported residents financially whilst they waited for the benefits system to catch up with payments. All of which is ongoing, in addition to the rent holidays and growing arrears which will continue for some time to come.

All of this means that we have to balance how we maximise our cashflow and minimise cash loss to continue to deliver critical services, at the same time as building houses, improving safety and reducing carbon impact.

Creating a degree of certainty will deliver in the longer term

So the main task is creating as much certainty as possible that we will be building a known product with a known future income stream and have a solid plan B to release capital employed.

When COVID-19 arrived we had 190 sales due in the coming months and like all house builders our initial concern was that the mortgage lenders would contract from the market. What we have seen as things start to settle is that the funders and the levels of mortgage available are still there as well as the buyer commitment. Continued government purview with the banking sector, to ensure this remains the case, will undoubtedly support the shared ownership and sales markets.

As all homes we build are effectively funded by our existing balance sheet and 80-90% or more of the cost has to be raised from funders and investors, it is critical that we are able to demonstrate a stable and sound business exists and that we deliver on our business plans.

The first key element of this is stability of our rental streams and so certainty from the Government that we will not find ourselves building homes based on one level of subsidy and then find a rent cut means we are having to increase the level of subsidy would be the first critical condition needed. This is not a way of simply asking for future rent increases, but about a consistent indexation we can build in to our business planning and fund raising plans. The more we subsidise every property built the fewer houses we can build.

Platform Housing and our board still have a true desire to continue to build and build more. Therefore, the second element of stability is one which would help to maintain a full and strong development pipeline. The agreement to a long-term grant programme for us as a strategic partner would ensure stability of delivery for potentially the next 10 years. The more traditional three-year cycles of grant programmes meant that we lost production due to the uncertainty of what was coming at the end of each programme. The discussion about a long-term framework has been ongoing for some time and one which Homes England understands.

Sharing the risk of schemes hitting the ground in uncertain markets

Our annual development budget is hundreds of millions of pounds and as we start new projects, we are guessing about the valuations of the properties, but want to keep construction working. For us it is not all about the ability to sell, but about being able to use the future value as security for funding.

If the scheme were to take a sizeable impairment before completion it would fundamentally affect the creditworthiness of the sector, as it technically increases our gearing, and as it currently stands the valuation of the grant repayable remains at the same level as it was on first investment. So any downward valuation is borne wholly from the Housing Association share.

Some form of conceptual agreement to share the downward valuation pro-rata would sustain our balance sheet gearing and enable ongoing funding levels to be attained. The alternative being a longer term government funding programme, like the one created during the COVID-19 crisis, which is easily accessible, as supporting debt is always about availability of security and lower security requirements would enable more debt raising to happen.

Just build houses and finalise the tenure closer to completion

To minimise the risk to new development projects starting in the current environment, it is important that we have tenure flexibility on a site. Housing associations have the ability to own and manage a number of different tenures from social and affordable rent, to private rented, shared ownership and outright sales. Not all are supported by grants.

This flexibility would mean that the most in demand type of housing is delivered when the site is concluded and would prevent the stalling of completion as well as ensuring quick occupancy. This would mean a renewed cashflow for building further houses and could be as simple as applying recycled grant to schemes as more grant applicable tenures are put into the mix over time. It does require a wider number of parties to be supportive and local authorities and planning departments to buy in to this, in conjunction with grant flexibility. It would mean houses will just keep being built.

Where bigger places need to be built to support housing need there will continue to be a huge funding bill for the associated infrastructure. As we move forward local authorities and housebuilders will all find their cashflows tighter and feasibilities less viable. How this infrastructure is funded, as it is such a key enabler, could be a further good use of government investment. Even if it were to be repayable during the construction cycle or repaid with completed homes to local authorities, as we often see in large regeneration projects.

Land availability is always a theme as well as the long running discussion about releasing publicly-owned land. In this time of necessity the Government may never again see a better rationale for consolidating land held by many public bodies and mobilising its productivity. There could also be an opportunity to motivate other commercial organisations, like retail chains, to release land with tax breaks if they are supporting house building.

A new norm for building process and administration

The one thing this lockdown has taught us generally, is that where we can apply alternative technology to a process we should. It will enable a quick change of operating models should we get a recurrence and accelerate productivity in the meantime.

- Can building inspectors, planner NABC etc do inspections on video calls?
- We will undoubtedly see disputes about time extensions, LAD's and cost increases. So some sector bodies, e.g CLC and RICS, may want to start thinking about agreeing a "good practice" protocol in advance.
- The biggest issue we had with processing building contracts or sales completions during lockdown was the need to physically sign and seal documents. We were having to ask people to travel to allow this to

happen. In this digital age perhaps the Land Registry could work on a process which aligns with other government departments and allows digital approvals to happen.

My closing gambit is that the Government response to maintaining economic viability during this has been truly impressive, but we have a long way to go to recover from this. The fundamental basis of a healthy and successful life is a safe and secure home.

Elizabeth Froude is Group Chief Executive at Platform Housing

Putting people at the heart of placemaking

Tony Pidgley CBE
Chairman, The Berkeley Group

As the homebuilding industry looks to Government for support in this time of national crisis, it must also look in the mirror, and decide what more it can give back in return.

We have to show politicians and taxpayers they are doing more than just propping up the system. We have to offer them lasting positive change that will benefit local communities, and wider society, for generations to come.

Above all else, homebuilders must become real placemakers, who put people at the very heart of their thinking. This means approaching every site as an opportunity to build good homes and to make life better for the communities around them. When every decision, big or small, is made with this purpose in mind, we create fantastic places and the benefits flow out well beyond the site boundaries.

The industry already has the skills and resources to deliver sustainable, integrated places like this and to create positive outcomes on a much greater scale. Now is the time to turn that best practice into everyday practice, so each project makes a clear social, environmental and economic contribution and leaves a valuable legacy local people can clearly see.

As a start, the industry must embrace higher standards and commitments that support the common good. My list would include:

- Embrace community engagement - going the extra mile to seek out and listen to local people, then deliver the places and amenities they care about most
- Create inclusive, mixed and tenure blind communities - with homes of all tenures built to the same high design standards, so everyone feels equal and welcome
- 100% compliance with National Space Standards - so every new home offers the generous living spaces people need
- Quality outside space with every home - to support people's health, wellbeing and quality of life
- Higher quality public amenities - shaped in partnership with local people so they meet real needs and bring people and communities together

- Prioritise long term brownfield regeneration - focusing more industry resources on returning wasted sites to community use
- Embrace net biodiversity gain – to give communities beautiful green spaces and to create Nature Recovery Networks where wildlife can thrive
- Deliver Zero Carbon Homes by 2030 – ensuring the homebuilding sector plays its part in tackling climate change
- Deliver electric charging infrastructure – to enhance air quality and enable a more sustainable transport system
- Deliver carbon positive building operations - through driving down energy use, using cleaner power and offsetting more emission than we produce
- Prioritise Modern Methods of Construction – working with the Government to expand the capacity of precision manufacturing and deliver more low carbon, high quality homes.

All of this is deliverable, affordable and will be good for business, as well as society. It would also help the industry to repay public support faster and set the backdrop for a collaborative response to this crisis.

We have already seen the benefits of public–private collaboration in the way site operations have transformed to keep people safe, and to keep sites and businesses open. Government deserves great credit for making this happen and we need to carry that pragmatic, partnership approach forward as we face up to the next challenges.

The mortgage market has a key role to play, so support for remote valuations and action to clear the applications backlog will be important early steps. Then, we need to work closely with the banking sector to ensure a supply of longer term mortgages on terms that ordinary working households can afford.

Restoring demand will be vital after such an unsettling crisis. Suspending Stamp Duty is the most powerful tool to achieve this and would create a compelling reason to buy now, not later. Extending the current version of the Help to Buy scheme would be another valuable demand-side boost, and would keep homeownership within reach for many thousands of people.

Taken together, decisive action to cut Stamp Duty and boost Help to Buy would send a very powerful message about government commitment to housing delivery, helping to lift sentiment and bring buyers back to the marketplace. These are two very big asks, but the cost should be balanced against the benefits of a revived homebuilding sector and supply of new homes.

Another crucial challenge will be around planning and project delivery. Here, we need pragmatism, flexibility, speed and a shared commitment to keep sites moving forward so we can deliver the homes and amenities people need.

If we collaborate, and work in the spirit of partnership, we can speed up decision making, solve problems and overcome any rigid bureaucratic processes which could otherwise slow our momentum. This is already happening, with local authorities acting with urgency to flex CIL and s106 requirements in the wake of the lock down. As the financial challenges become clear, we need to continue in that collaborative spirit and find a balanced approach that enables housing delivery to be maintained.

As a package, these measures have the potential to restore confidence, stimulate demand and overcome barriers within the planning system which could frustrate a rapid recovery. They would help to keep many thousands of people in productive employment, deliver the high quality homes and amenities communities need and play a vital role in leading the national economy back to growth.

But we can't have something for nothing. Public support must trigger lasting change within the industry and a commitment to put people's long term wellbeing at the very heart of every plan.

Tony Pidgley CBE is Chairman of The Berkeley Group

Leadership in placemaking

Andrew Geldard
Chief Communications Officer, Willmott Dixon

We don't have much time to lose. The national lockdown has brought many parts of economic life to the sort of standstill not seen since both world wars and, in living memory, the 1974 three-day week or more recent 2008 financial crisis.

The Office for Budgetary Responsibility predicts an eye-watering 35% quarterly hit to GDP and based on applications for Universal Credit, unemployment is set to rise to levels last seen during the early 1980s.

This will have profound implications for housing. According to forecasts from estate agents Savills, house prices could plummet around 10 – 15% before returning to pre-crisis levels. Added to this is the housing and mortgage market now frozen for the time being.

With no firm exit plan in place, the housing industry must work more than ever with central and local government to implement an urgent case for accelerating delivery of new homes. Last September, research from the National Housing Federation estimated that over 8.4 million people in England are in unaffordable, insecure or unsuitable homes, with over 400,000 people either homeless or at risk of homelessness.

This is an even bigger issue than simply building homes to tackle the numbers who need them. As a domestic political issue with great emotive power, housing strikes at our sense of belonging, of identity as both an individual and as part of a wider community.

The answers to local housing are capable of being unlocked within the individual contexts of people and place, and will need a multi-layered and differentiating approach.

One way towards giving clear leadership is consistency, and that means a housing minister who stays in post for a few years not months. This would send a strong message that the Government is serious about making important inroads to working with public and private sectors to solve the supply 'log jam'.

So what changes do we need to see with planning and development to unlock the economic potential of housing for local economies and ensure the desired social outcomes of affordable and decent housing for people are delivered? What should be the role of central government, councils and industry?

Central government response

One good place for Government to start was to delay implementation of Reverse Charge VAT for a twelve month period to October 2021. This frees up important cash flow for SMEs to operate and build, giving them the lifeblood they need in turbulent economic times.

Using its financial muscle, the Government must take the further step to maintain confidence in the market by being prepared to undertake the stock purchase of housing completed by Homes England.

With an eye on the transition of the economy to clean growth and climate change targets, the Government could also embed net zero carbon targets for 2030 to 2050 in planning today for large infrastructure and housing developments.

And working with local government, Whitehall must seize on the burning platform of necessary digital innovation to both streamline and digitise the planning system to make it more efficient and resilient.

Local government response

In their turn, councils should offer to publish revised pipelines of projects and to accelerate the design, development, procurement and business cases for public sector housing projects. Business cases and procurement routes need to take account of constraints and costs created by government guidance.

As placemakers, local government must lead efforts at regeneration and renewal. Principally, this will involve developing the infrastructure chapters of local growth plans and local industrial strategies.

In flexing their planning powers, local authorities must fully implement presumption of offsite, and seek to increase the number of projects making use of these and the pre-manufactured value of these projects.

Council housing building could reach 1970s levels

I believe we could see the biggest programme of council house building in over forty years. Councils built over 100,000 homes a year back then, yet delivered fewer than 3,000 as recently as 2016-17. Now is the time to hit these heights again.

This is important for a number of reasons. It gives councils direct control in meeting the housing needs of their communities and reducing homelessness, while new homes also generate revenues for front line services. Also, mixed-tenure development sales receipts can be used to cross subsidise more council housing, as councils make use of brownfield sites ripe for new homes. It should also be added that in Homes England, authorities have an astute facilitator of new opportunities.

I'm seeing this new era of local authority house building through our work with authorities like Doncaster, Liverpool, Wigan, Bristol, Leeds and Westminster to create a substantial number of homes available for affordable social rent. That's possible as councils take a long-term view for their local tenure needs.

Yet this brings a new challenge; having the skills to meet the demand. After years of sporadic house building, in-house development teams have waned. There are lots of good people delivering homes, but more are needed by councils.

Finding the right resource

One solution is hiring from the private sector, and this has been on the rise as authorities recruit from developers and housing associations. But even this talent pool is not infinite and there is also the issue of salary expectations, with hard pressed budgets not always able to afford the packages required.

Solving this needs bold thinking. I think one sustainable long-term option is to develop mechanisms that encourage the transfer of skills from private sector companies to public bodies. For example if a council chooses a long-term development partner, it should be stipulated that a legacy of this relationship will be equipping the council with an experienced in-house team by the end of the partnership, so they are able to self-deliver in the future.

This is about being imaginative in solving a capacity issue that will only get bigger.

Andrew Geldard is Chief Communications Officer at Willmott Dixon

Building communities – ensuring a positive legacy for those hardest hit by COVID-19

Lawrence Morris
Policy Officer, National Housing Federation

The lockdown has given the country a new found appreciation for what matters in a 'home' and in the places that we live. The need for high quality, affordable homes within strong, supportive communities has never been clearer. Investment in the nation's homes and in our communities should lie at the centre of our response to this crisis – with the aim that communities can emerge stronger than they were before.

We have all experienced this crisis differently but some people and communities have been particularly badly-affected by the coronavirus pandemic. Tragically, those living in more deprived areas and members of minority groups have experienced higher COVID-19 morality rates, shining a light on the inequality that communities across England have been grappling with for many years. There have also been profound social and economic consequences of the lockdown period; older people in unsupported homes, and families stuck in overcrowded conditions. People's businesses and livelihoods have been badly impacted and job losses across the country have already been great and are likely to get much worse. Difficult economic times will invariably bring increased household debt, poverty and homelessness. Where there was already significant demand on social housing waiting lists this pressure is likely to increase further.

COVID-19 has also highlighted previously unsung heroes across the country who have carried on their crucial work, often putting themselves and their loved ones at greater risk. Our research shows that more than two million key workers live in privately rented homes – more than a million of these are on low salaries, meaning that many key workers will struggle with high rents and lack of security.

But people, communities, organisations have also responded in exceptional ways to support each other. During the weeks of lockdown housing associations rolled out unprecedented support, particularly for vulnerable tenants including the elderly and those at greater risk through infection. They have phoned hundreds of thousands of people to offer support and helped with food, medicine and a friendly ear. They worked with national and local government to offer emergency support to rough sleepers. They helped people access government support they were entitled to. Housing associations have played their part in a community response to supporting residents through this difficult time but we know there is more that we can do.

As we look ahead to a Spending Review later this year, those who have been most affected by the crisis will be at the forefront of our minds. With the right support and working with local partners, investment in our homes and communities can ensure we emerge from this crisis socially and economically stronger.

Housing associations are a key motor for housebuilding, last year the sector started building 55,300 homes to rent and own. But housing associations are not just focussed on quantity – we do far more than simply putting a roof over people's heads. We invest long term in the communities that we are part of.

The Government should set out a long-term plan and investment programme to build a new generation of high quality, beautiful and low energy affordable homes to rent and buy. A new package should provide additional grant funding and create a ten-year affordable housing fund to include both strategic partners and continuous market engagement for non-strategic partners. It should provide homes of all tenures including homes for older people and supported housing.

In addition to the enormous social benefit a programme such as this would bring, affordable housing can also deliver a fast acting economic stimulus. Affordable housing delivers high additionality in weak market conditions, and residential construction has a high economic multiplier effect. A long-term programme is important because it allows for a tenure mix over the course of a market cycle, investing more in rented homes now when it is needed but also capturing the benefits of cross-subsidy when the housing market recovers.

It is also important that we do not let the immediate crisis dent our ambition to solve longer term but even greater challenges. Housing decarbonisation will be key to tackling climate change and hitting the net zero carbon emission targets by 2050. Investment in green infrastructure will also be key to stimulating the economy post-crisis. Housing associations, the government and industry can work together to develop and implement the technology and workforce needed to retrofit our existing homes to low carbon standards, paving the way for the improvements in the private residential sector, and boosting local economies across the country.

The Government should also use the Spending Review to double down on 'levelling up'. The economic impacts of COVID-19 will hit marginalised groups hardest - there will be significant place-based variation in the size of economic contraction resulting from the lockdown and minority groups are more likely to be economically vulnerable and exposed to loss of income. Funding should be targeted to support those in greatest need and we should adopt a placed-based approach to renewal in cities, towns and communities across the country.

Housing associations stand ready to play a vital role in the country's social and economic recovery from COVID-19. We don't just build homes - we foster strong supportive communities for those who are already our residents and for those who might be in the future. Working with government we can ensure a positive legacy for those hardest hit by COVID-19.

Lawrence Morris is Policy Officer for the National Housing Federation - the voice for not-for-profit housing associations in England

Building the backbone of an inclusive national recovery

Nigel Wilson
Chair, Homes for the North (H4N)

Everything is changing, but some things remain familiar.

COVID-19 is driving huge changes to how we live and work, how we use our homes and how we do business with each other. Homeowners, tenants, home providers and house builders are all working out what their new normal will look like. For housing associations in particular, there is nowhere to hide from change. We provide many of the homes that people are now largely confined to. We build new homes for sale and rent. We are commercial actors and recipients of public money. As mature institutions with roots in the communities we serve, we are playing a full and active civic role at this time of crisis by contacting isolated tenants, supporting local food banks and helping rough sleepers off the street.

Yet some things remain familiar. Pre-existing government agendas around building more homes, boosting home ownership and levelling-up the country will reassert themselves as we forge the national recovery. This is because the drivers behind them remain in place. There is still a housing crisis in England, fuelled by demand outstripping supply. A Conservative government will continue to see home ownership as a vital aspiration to be supported. Northern towns still need investment and new policies to build a more prosperous future.

A truly inclusive national recovery requires the Government to tackle the housing crisis and deliver real improvements in the lives of those who live and work in the North. The alternative is a recovery that widens the gap between North and South and locks a generation out of homes they feel secure in and often aspire to own.

H4N perceives two key opportunities to update policy for an inclusive national recovery. One of these is about housing investment, the other is about housing land supply. Both are about how housing opportunity is shared across the English regions. If the Government gets this right, it will mean boosting the scope for new partnerships between local government and housing associations to deliver real improvements in the lives of millions. Housing associations are willing their offer their resources, local knowledge and institutional capacity to make a huge difference.

The North must be able to access the new Single Housing Infrastructure Fund

The North needs more homes, many more. Research commissioned by

H4N found that two million new homes are needed in the North by 2050 to support the delivery of the transformative ambitions of the Northern Powerhouse Independent Economic Review, almost double long-term rates of housing delivery. The North currently has a 28% share of English households, but ONS predictions only have it contributing 18% of future demographic growth based on historic trends. In short, the North's share of working age households is falling, and this trend must be reversed if we are to deliver a Northern Powerhouse economy based on attracting and retaining a wide variety of skilled workers. This will require an approach to planning homes that references an ambitious vision of the future, rather than a diminishing echo of what has gone before.

Further research commissioned by H4N shows that the northern share of national housing investment is dropping dramatically as an unintended consequence of the last Government's funding rules. Without a change in policy, soon, economic and social growth in the North could fall further behind other regions, especially if it lacks the right homes to attract and retain skilled workers and their families.

Looking at Treasury data over 20 years, the share of UK public expenditure on housing targeted at the North has reduced from 24% to 18%, much lower than the North's share of the UK population at 23%. Indeed, with about 75% of the new £5.5bn Housing Infrastructure Fund allocated, the proportion of funds heading North is just 12%. This structured and escalating inequality is being driven by two linked policy problems.

First, the Treasury Green Book, used across Government to determine spending decisions, is intended to drive investment to areas that are able to demonstrate that the taxpayer will get a good return. Even if one accepts that this premise should be king, it is far from certain that investment is not often supporting schemes that would happen anyway without Government support. Second, encouraged by Green Book guidance, Homes England channels investment streams to areas where affordability pressures are the highest. Public money is thereby pushed towards overheated housing markets in the South East and away from areas in the North (and elsewhere), thereby entrenching regional disparities.

Following what is called the '80:20 rule', 80% of Homes England funding set aside for five funding programmes is targeted at 'highest affordability pressure' areas, which are identified using median house price to median income ratios. The problem for the North is that just four out of 72 Northern local authorities are in this category and able to qualify for funding. In addition, the Shared Ownership and Affordable Homes Programme (SOAHP) allocated to Strategic Partners highlights a similar pattern. The share allocated to the North is calculated at 22.4%, but when allocations to London are taken into account the Northern figure falls to just over 11% of the national allocation.

An unspoken national spatial strategy for housing investment has therefore come into force almost by accident. Driving public investment in housing away from the North, and towards the South East, surely is not sustainable for a government that is committed to rebalancing the economy by levelling up in the North.

The spring announcement by the Chancellor of an intention to review the Green Book to support levelling-up is very welcome. Our view is that the focus of this reform should be to recognise levelling-up as a formal objective in spending decisions, whilst allowing the wider social value of better housing to be recognised. But it is crucial that emerging guidance is reflected in funding decisions made by Homes England. Specifically, the 80:20 rule should be scrapped and replaced with a housing investment strategy that matches economic rebalancing targets. The proposed Single Housing Investment Fund featured in the Spring Budget is a huge opportunity to make sure that northern areas are able to access funding to deliver new homes in the right places.

Levelling up housing land supply in the North

An inclusive national recovery will only be possible if sufficient land for new homes is identified by local councils across all regions of England.

In 2018, the Government put in place a new method for assessing how many homes are needed in local areas in England. The (very sensible) intention was to end technical arguments at Local Plan examinations about which of a number of methods should be used.

However, one upshot of the new housing need assessment method was to slash, overnight, apparent housing need across the North, which fell in Yorkshire and the Humber by 25%, in the North East by 20% and in the North West by 24%. In comparison, housing need assessments in the South East went through the roof. Much like decisions about the distribution of housing investment, the new assessment of housing need relies upon affordability ratios, which inherently disadvantage the North by adopting the crude assessment that housing need can be predicted by what has happened in the past; a logic that would simply not be entertained when planning for economic growth and transport investment, for example.

Government rightly points out that the national method for assessing housing need provides a minimum level of housebuilding that local authorities are encouraged to go beyond. But this fails to address the obvious disadvantage that the North has been put at, as well as the abundant and growing evidence that councils are mostly rewriting their local plans to reflect the lower, minimum assessment and treat it as a target. Recent research commissioned by H4N indicates a reduction of nearly 5,000 homes (per annum) in local plans across the North between 2017 and 2020.

In response to concerns widely held across the home building industry in the North, the secretary of state has confirmed that the method will be reviewed as part of forthcoming planning reforms. This is a golden opportunity for the Government to encourage Northern councils to boost the supply of housing land to support economic and social growth and deliver an inclusive national recovery.

Northern housing associations and the national recovery

These reforms, to the geography of planning housing need and distributing housing funding, would result in more quality homes in the North and more levelling-up. Reform would also provide local government and its partners with more levers to pull in the pursuit of local prosperity.

Housing associations are ideally placed to act as partners to government at all levels in renewing Northern communities and building an inclusive national recovery. Modern housing associations are mature and powerful institutions with deep roots in communities, going back decades and in some cases more than a century. We are simultaneously a safety net for vulnerable people and many on low incomes, as well as a springboard for those who aspire to own a home of their own.

Our institutional weight is often found in areas where local government lacks the financial and human resources to effect the positive changes that politicians envisage. Housing associations are among the most engaged and adept organisations when it comes to delivering and measuring social value in communities.

Housing associations are therefore ideally positioned to help. There is an opportunity in the months ahead to invent new democratic partnerships with local government to deliver more homes, better places and more resilient communities. With the right policy initiatives from national government, around planning and funding new homes, as well as on devolution of powers to local and regional government, tangible improvements to millions of lives across the North are within reach, even in these most testing of times.

Nigel Wilson (Chief Executive, Gentoo) is the Chair of Homes for the North (H4N)