

Greater Lincolnshire LEP response to the Housing White Paper: "Fixing our Broken Housing Market"

Greater Lincolnshire LEP Board Members have discussed and agreed this response to "Fixing our Broken Housing Market".

Our response reflects the importance of housing to our Strategic Economic Plan. We need a step-change in housing delivery in Greater Lincolnshire to meet the needs of our growth sectors; and we want to play a part in testing approaches to determine what works.

We have not responded to each of the questions posed in the White Paper. This is because many of them which would play out differently in different parts of Greater Lincolnshire, or be perceived very differently by business and Local Authority interests. Instead we have focussed on the wider strategic issues which affect Greater Lincolnshire as a whole.

For further information about any of the points raised please contact: cathy.jones@lincolnshire.gov.uk

Housing in our Strategic Economic Plan

- 1 Our Strategic Economic Plan sets out the real potential which our area has to deliver sustainable growth.
- 2 Greater Lincolnshire is key to the successful delivery of the Midlands Engine, Humber Energy Estuary and Northern Powerhouse. We are a net contributor to UK GDP and a major gateway to European markets. We have clear high-growth potential in key industry sectors and have the space and political will to deliver this.
- 3 We recognise that our housing market plays an important role in supporting the local economy. Recent studies¹ have sought to quantify the scale of multiplier effect that direct economic output in house building has upon the wider supply chain. These indicate that every £1 spent on construction output generates between £2.41m and £2.84 in total economic output. This is why housing is a Greater Lincolnshire LEP priority. We intend to ensure that public and private finance work together to provide a wide range of homes to suit all budgets, in the right places to support business growth and stronger communities.

Fixing the Housing Market in Greater Lincolnshire

- 4 Greater Lincolnshire LEP endorses the need for a more comprehensive and strategic approach to fixing the housing crisis. We also welcome Government's recognition of the economic impact of high housing costs and low levels of housing building, and the commitment to *boost productivity*,

innovation, sustainability and skills by encouraging modern methods of construction", in line with the industrial strategy.

5 However, the HWP largely endorses the existing direction of travel, and the industrial strategy needs to make a much stronger connection to the Housing White Paper (or vice versa). Both were released at around the same time and yet there is little alignment. Most new proposals in the White Paper lack detail and are subject to consultation with little having immediate effect. This is unlikely to deliver the ambitions it sets out.

6 Ours is not the over-heated housing market of London and the South-East. Our Local Authority partners are not failing to plan for housing. Nearly 30,000 units are planned for 2016-2021. This is more than double the 13,900 delivered in the previous 5 year period. We are putting in place the processes required to support increased delivery:

- With partners, we have produced a strategic infrastructure delivery plan and housing delivery pipeline to identify the infrastructure needed to support the delivery of new homes. Arising from this work, we have identified more that we would like to do to unlock housing delivery which the Housing White Paper could facilitate, as set out below.
- We have worked effectively with the HCA and will continue to align our work with Homes England, maintaining an absolute focus on deliverability to enable economic development across the area.
- Greater Lincolnshire's Growth Deal and devolution proposals during 2016/17 have already set out our proposals for fixing our housing market locally.

7 We want to do more, but we need action to de-risk development in low value areas, and targeted grant funding to unlock sites delayed by viability issues, if we are to increase the scale and pace of delivery. In our Industrial Strategy response we have already noted that the connection between housing supply, growth and productivity should be more explicit, and this is relevant here too. There are clear issues for encouraging private investment associated with this:

- There is a role to de-risk private investment in infrastructure at the onset by guaranteeing housing sales. The Homes and Communities Agency has started to work this way with its Accelerated Construction programme. A guarantee that government would buy back units which don't sell could go a long way to increasing supplier confidence, particularly in areas that need to diversify their offer such as Gainsborough.
- In areas of low land values, like much of Greater Lincolnshire, development gain will never be enough to justify major infrastructure investment, even though there is significant demand for housing. So we need continued access to growth funds to gap fund priority schemes.
- A significant issue is that the costs of the necessary infrastructure (roads, schools, health, etc.) fall to the developer. Utilities providers cannot advise about the costs of providing utilities to development sites (and therefore ensure that they include the relevant costs in their business planning processes) until they have detailed planning proposals as costs can vary significantly up until that point. Our Water Plan responds to this issue by building collaborative approaches to water management through multistakeholder groups for co-investment.

Assessing need

8 We welcome Government's intention to consult on a more standardised approach to assessment of housing requirements, and endorse the need to better align housing and industrial strategy, to

ensure that housing needs identification reflects our economic growth plans. The White Paper makes clear that Government: "will fund those bids that unlock the most homes *in the areas of greatest housing need*".

9 In our place, the need for housing is driven by the needs of our growth sectors:

- Agri-food
- Visitor Economy
- Power Engineering

10 These are all generating demand for housing, but much of it is in low land value areas where viability is a serious barrier to delivery. Greater Lincolnshire LEP would welcome discussion with Government about how we can play a part in the roll-out of the Housing Infrastructure Fund, co-ordinating investment to ensure infrastructure is provided in the right place at the right time. Greater Lincolnshire LEP has an established track-record of successful joint working, bringing together business and local authority partners in Growth Deals worth £124m which will facilitate delivery of 7,254 homesⁱⁱ. We are well-placed to act as an intermediary across Greater Lincolnshire, targeting investment and capacity support where it will be most effective.

Translating plans into delivery

- 11 Our Local Authority partners are planning for 100,000 homes by 2031. Achieving this will require a step-change, so we welcome Government's call for more and better joint working where planning issues go beyond individual authorities (e.g. the proposed Statement of Common Ground). We will play our part, but we are not complacent. Our local institutions must continue to improve and be more ambitious and proactive in setting out the benefits and opportunities of success.
- 12 We endorse the White Paper's call for all developers to invest in their research and skills base to create more sustainable career paths and bring forward of new skilled roles. We will work to increase the skill levels of people in our communities, giving them new career choices and allowing local businesses to recruit and train the talented employees they need to succeed.

Meeting the needs of groups with particular needs

- 13 We also welcome recognition of the need to ensure that local planning authorities have clear policies for addressing the housing requirements of groups with particular needs, such as older and disabled people. However, Government policy needs to be better aligned on this issue if the shortfall in supply is to be tackled. Meeting older people's accommodation needs is a particular challenge for Greater Lincolnshire, given the rate at which our population is ageing. Supply is falling behind demand, whilst Housing Associations are withdrawing from the market due to uncertainty about future rental income streams.

Build to Rent, and Right to Buy

- 14 We welcome the focus on Build to Rent as part of the mix of housing supply. It is a useful addition to the range of products on offer, but it is not going to be a genuinely affordable option for low-income households. We do not regard the proposed changes to planning policy to support Build to Rent as necessary, since there is nothing to prevent local authorities promoting BTR in its plans if there is an identified demand demonstrated in an up to date Strategic Housing Market Area

Assessment. We need to meet a range of housing needs and recommend that the impact of BTR on other forms of affordable housing should be closely monitored.

- 15 A number of housing authorities within Greater Lincolnshire are considering, or have already established, wholly owned housing companies to build new stock of a variety of tenures. We urge Government not to extend the Right to Buy to tenants in new affordable homes thus developed. To do so, risks making already marginal proposals unviable and could result in Local Authorities abandoning their plans to build altogether.

Consultation question responses

Those elements of our response which do address specific questions are set out below.

Question 3

Do you agree with the proposals to:

a) amend national policy so that local planning authorities are expected to have clear policies for addressing the housing requirements of groups with particular needs, such as older and disabled people?

We welcome recognition of the need to ensure that local planning authorities have clear policies for addressing the housing requirements of groups with particular needs, such as older and disabled people. However, Government policy needs to be better aligned on this issue if the shortfall in supply is to be tackled. Meeting older people's accommodation needs is a particular challenge for Greater Lincolnshire, given the rate at which our population is ageing. Supply is falling behind demand, whilst Housing Associations are withdrawing from the market due to uncertainty about future rental income streams.

b) from early 2018, use a standardised approach to assessing housing requirements as the baseline for five year housing supply calculations and monitoring housing delivery, in the absence of an up-to-date plan?

We welcome Government's intention to consult on a more standardised approach to assessment of housing requirements, and endorse the need to better align housing and industrial strategy, to ensure that housing needs identification reflects our economic growth plans

Question 36

Do you agree with these proposals to clarify flood risk policy in the National Planning Policy Framework?

Whilst clarification would be welcomed it is essential that revisions to flood risk policy allow Local Authorities to retain some flexibility with regard to development in flood risk areas e.g. through the use of appropriate mediation measures. These are expensive to incorporate and, in low value areas can threaten the viability of development. But they offer the prospect of being able to plan strategically for growth in areas otherwise blighted by flood risk.

Planning and Affordable Housing for Build to Rent consultation paper

Q6: Do you agree with the proposal to refer explicitly to Build to Rent in the National Planning Policy Framework?

No. We welcome the focus on Build to Rent as part of the mix of housing supply. It is a useful addition to the range of products on offer, but it is not going to be a genuinely affordable option for low-income households. We do not regard the proposed changes to planning policy to support Build to Rent as necessary, since there is nothing to prevent local authorities promoting BTR in its plans if there is an identified demand demonstrated in an up to date Strategic Housing Market Area Assessment. We need to meet a range of housing needs and recommend that the impact of BTR on other forms of affordable housing should be closely monitored.

ⁱ L.E.K. Consulting and Centre for Economics and Business Research (CEBR) report for National Housing Federation³¹