

ambitions@peterbrett.com

28 February 2019

Dear Sir/Madam

AMBITIONS FOR THE NORTH: PEOPLE AND PLACE BLUEPRINT FOR A GREAT NORTH PLAN

The Home Builders Federation would like to contribute to the call for evidence for the purpose of developing a Blueprint for a Great North Plan.

The Home Builders Federation (HBF) is the principal representative body of the house building industry in England and Wales and our representations reflect the views of discussions with our membership of national and multinational plc's, through regional developers to small, local builders. Our members account for over 80% of all new housing built in England and Wales in any one year. Recent research by the Government has estimated that housebuilders have made a significant contribution to the nation's infrastructure, providing some £21 billion towards infrastructure of all types including affordable housing since 2005.

A Blueprint for a Great North Plan

The HBF is supportive of the idea of a Great North Plan to help realise the ambitions of the Northern Powerhouse. We would like to work with the other stakeholders to explore the potential of a Great North Plan. We agree that a non-statutory spatial framework for the North of England could be beneficial in helping to deliver this agenda but also the Government's ambition for 300,000 net additional homes a year by the mid-2020s. The HBF previously commented on Transport for the North's *Strategic Transport Plan: Draft for Public Consultation* in April 2018. We welcomed the references to housing in Transport for the North's *Draft Strategic Transport Plan* and the acknowledgement of how an improvement in the strategic transport network of the north will make new areas of the north accessible for housing development. The report described how this aligns with the Government's four main goals of its Transport Investment Strategy. Supporting the building of new homes will ensure the success of the Northern Powerhouse project.

We agree that the Great North Plan should be referred to as a non-statutory *spatial framework*. This would avoid confusing this strategy with the statutory *spatial development strategies* that the government and the combined authorities (with powers to do so) are preparing elsewhere.

A Great North Plan would help to knit together various existing or emerging spatial development strategies in the north, such as those that are being prepared for the Greater Manchester and the Liverpool City Region combined authority areas. It would also tie in with the investment plan that is being prepared by Transport for the North. It is also possible that spatial development strategies may in time be produced in the other combined authority areas of the north of England, including the Sheffield City Region, West Yorkshire, Tees Valley and North of the Tyne.

The Great North Plan will also provide a spatial expression for the aims of the local industrial strategies that will need to be prepared by the local enterprise partnerships and combined authorities across the north of England. The need for these is explained in the Government's *Industrial Strategy: Building a Britain Fit for the Future* (HM Government 2017). A non-statutory spatial framework that sits above these statutory development strategies and local industrial strategies that shows how transport, infrastructure, housing and economic decisions being made in one area will affect other areas will be very helpful, not least as a single source of reference.

A Great North Plan could also indicate the various housing market areas of the north and how planning and investment decisions on matters such as transport, waste and energy, could cause those housing markets to alter. This could be important for the preparation of local plans and spatial development strategies. For example, the timetable for the completion of HS2, and how a decision by Transport for the North to prioritise investment in improving rail communications between Sheffield, Leeds and Manchester and the timetable for this work, could increase levels of housing demand and open-up new opportunities for development.

A spatial framework would also be helpful in demonstrating how the cross-boundary issues are being addressed. This would help combined authorities and local authorities discharge their legal obligations under the duty to cooperate and help them to prepare statements of common ground on cross-boundary strategic matters.

Conditions for the HBF's continuing support

The HBF's support is conditional however on the Great North Plan not becoming an excuse for the delay in the production of local plans and spatial development strategies. The pace of local plan production remains poor, with only 44% of all local authorities in England having an NPPF 2012 local plan examined and adopted. There are some local authorities in the north that have very old local plans that even pre-date the 2004 Planning and Compulsory Purchase Act. Examples in the north of England are York, Wirral, Bury, Tameside and Salford. This is unacceptable under our 'planned' planning system.

Nor should the Great North Plan become a vehicle for others to use to argue that housing supply in other regions of the country can be reduced. If the Northern Powerhouse proves to be a success then this should help to rebalance the economy. A successful Northern Powerhouse will attract and retain more people in the north. However, it does not automatically follow from this that housing need – i.e. the need for local authorities elsewhere in England and Wales to plan for and deliver at least the minimum number of homes indicated by the standard method – will reduce immediately following the adoption of a Great North Plan. There are already large and long-standing deficits in housing supply in the south. As many planners know, and as the Government has recently articulated in its *Technical Consultation on Updates to National Planning Policy and Guidance* (MHCLG, October 2018) the practical consequences of this housing undersupply is embedded in the household projections. The projections reflect the effect decades of housing under-delivery in England and Wales. The acute issue of housing affordability in large parts of the south of England and the midlands is a manifestation of the scale of housing crisis in these parts of the country.

The ability of the planning system to re-direct population from the south to the north is limited. It is a long-term process in any case. We are wary of any regional plan that will attempt to switch-off housing supply in the south.

Delineating the political geography of the 'North'

The project will need to delineate the political geography that the Great North Plan will cover. We assume that this is the three former Government regions of the North West, Yorkshire & Humberside, and the North East. The Great North Plan will need to list all the signatories to the Great North Plan to avoid the potential for parties to argue later that they do not support any high-level agreements that are reflected in the spatial framework.

In terms of governance and the implications for collaboration, the Great North Plan will need to be clear precisely which (if not all) local authorities, county councils, and combined authorities support the Plan. This will avoid complications through the duty to cooperate statutory process.

Governance

The question of governance needs serious consideration. While the HBF supports in principle the idea behind a Great North Plan, we are not convinced that there is the political will among all of the 75 local planning authorities, or the five – soon to be six – combined authorities, to do what is necessary to cooperate and produce plans, including doing this in time to deliver on any programmes outlined in any Great North Plan. For example, the current unwillingness of the two combined authorities in Yorkshire that have been created so far – the West Yorkshire and the Sheffield City Region combined authorities – to act upon their devolution deals does not bode well for the Great North Plan. The 'One Yorkshire' proposal is also concerning, signalling the potential for political fragmentation across even the north of England. Moreover, the idea that York Council, which has not had a local plan since 1954, will sign-up to a spatial strategy for the north is questionable.

It will also need to be decided who will be responsible for preparing the Great North Plan, overseeing this work and keeping any plan up-to-date. This could be a body commissioned by the statutory plan-making constituent authorities. This might be a consultancy or it might be a group of planners who are delegated to do this work by the constituent plan-making authorities. These statutory plan-makers will also need to decide the process by which the plan is to be approved and consulted upon, and potentially examined. We assume, like spatial development strategies and joint plans being prepared elsewhere in the country, that the Plan will require the unanimous agreement of all the signatories before it is ready for consultation and before it is adopted. It may be necessary to appoint a steering board from among the constituent plan-making authorities. This could be a mix of combined authorities, county councils and local authorities.

Clearly other stakeholder groups will need to be involved and will need to have a role in overseeing and signing-off the Plan. The obvious one that springs immediately to mind is Transport for the North. The Northern Powerhouse 11 which is the umbrella organisation for the north's Local enterprise Partnerships should also be involved to ensure that work if the Local Industrial Strategies is integrated with the Great North Plan.

We would like to discuss the question of governance in greater detail with stakeholders to understand what is being proposed, who is involved and how it is proposed that the obstacles we have identified might be addressed.

Implementation

Stakeholders will need to grapple with some practical questions relating to preparing a Great North Plan, such as the anticipated start and end date for the Plan and how far supporting spatial development strategies and local plans will be expected to reflect the Great North Plan. The Call for Evidence document refers to a vision for the north and its economy up to 2050. This would be useful. A start date is also needed. Given the time it might take to draw together the broad spatial framework, we suggest that consideration be given to a plan period covering the years 2020 to 2050.

In terms of to what extent SDS and local plans should reflect the Great North Plan this is more complicated. Ideally, the Great North Plan will avoid containing any policies that will require delivery (see more on this below), and restrict itself to setting out a broad spatial plan for the north up to 2050, showing where Government, regional bodies, employers, and other key stakeholders have committed to invest, or where they are very likely to invest in the future. This will make it easier for SDS and local plans to reflect or incorporate the higher-level strategy articulated by the Great North Plan. This will provide a general infrastructure and investment skeleton for SDS and local plan making. This will have a direct practical benefit by helping to facilitate cross-boundary working.

Common policies

The main benefit of the Great North Plan will be to map key cross border investment decisions for major and large infrastructure projects. We agree that the framework should be brief and one that focuses on the essentials such as setting out the spatial implications of these infrastructure decisions. These will then become matters that will inform the preparation of local plans and spatial development strategies.

We are not convinced that it would be appropriate for the Great North Plan to develop and adopt policies and targets although it may be useful to have a discussion with a broad range of stakeholders about what they have in mind here. However, our view is that because the Great North Plan will be a non-statutory plan, and because it will not be subject to independent examination in the way that local plans and spatial development strategies are, it would be inappropriate for it to promote policies for adoption in statutory plans. The National Planning Policy Framework already sets out the key areas of policy that should be considered by plan-makers at all levels. The Great North Plan should focus on what the NPPF omits which is higher level spatial planning mapping key cross border, inter-region, investments and strategies to assist joint working among plan-makers and to guide investors.

Also, the priority must continue to be the production of local plans. If resource is directed away from this critical activity (because only local plans can make land-use allocations) then there is the risk that the Government's objective to build 300,000 net housing additions a year will fail. Also, local authorities who are unwilling to make the difficult political decisions involved in local plan production (e.g. York and Wirral), will funnel the policies that they would like to see updated, but not so much that want to produce a up-to-date local plan that makes land-use allocations, will try to do so through the Great North Plan. They will therefore benefit from the protections that a Great North Plan provides, while continuing to neglect local plan production.

The NPPF requires policies to be evidence-based, therefore, from a practical point of view, we think it would be extremely difficult for the authors of the Great North Plan to assemble evidence that takes adequate account of the local circumstances in each of the 75 local planning authorities of the north with the aim of developing common policies.

For example, it would be difficult to prepare a policy relating to affordable housing supply (*Influence: Housing quality and affordability*) as priorities over the need, amount, and type of affordable housing product, vary considerably over the local authorities of the north. Some local authorities, like Manchester City and Salford, are not prioritising the supply of affordable homes as their primary planning objective is to widen their tax-base by attracting more affluent households to live in the city.

Similarly, on the question of housing quality, this will vary between local authorities. The quality of the existing housing stock may be good or satisfactory in some areas, but poor in others. In some areas, there may be evidence that the size of houses built in recent years has been too small, thereby justifying the adoption of the Nationally Described Space Standard, while in others, most of the homes built recently might have exceeded the national standard, thereby removing the need for an exhortation through the Great North Plan to build bigger.

Lastly, it would be difficult for those responsible for the preparation of the Great North Plan - and its owners - to monitor delivery across the 75 local planning authorities. To be effective, policies must be measurable.

The HBF would appreciate a discussion with stakeholders to understand better what is intended here.

Planning and delivery methodologies: assessment of housing need

The Government's *Industrial Strategy* (HM Government, 2017) states on page 217 that:

"Strong local economies around the works tend to have some key attributes. They have a good supply of skilled labour; they are well connected and have land available for homes, offices and factories..."

(our emphasis)

On page 233 it states:

"We want to support greater collaboration between councils, a more strategic approach to planning for housing and infrastructure, more innovation and high quality design in new homes and creating the right conditions for new private investment."

The proposal for a Great North Plan appears to support these high level objectives, but we are not yet convinced that at the local level there is the political will to increase new housing supply above trend rates in past housing supply and consequently how this feeds through into the household projections.

In terms of the *Responding to demographic change* key theme, the Government has introduced the standard method through the new NPPF (2018) as the approved way for local authorities and combined authorities to calculate the minimum number of homes needed in strategic and local plans. This should be adhered to unless there are very good reasons why an alternative approach should be adopted (paragraph 60). The HBF supports the use of the standard method. The NPPF is clear that the standard method generates only the minimum number of homes required. Additional homes can be planned for. We are aware that the standard method will not reflect the growth ambitions of many northern authorities who will want to provide more homes than the minimum number indicated under the standard method (e.g. Hartlepool, Middlesbrough, Sunderland, Copeland, Darlington). Many of these authorities would like a more robust way to justify higher housing targets to help them through the

examination process, avoiding the problem that afflicted Durham Council's local plan, which did want to provide for more homes than its objectively assessed need.

Equally, there are many authorities in the north who will be content with providing just the minimum number of homes needed as indicated by the standard method (e.g. the draft Greater Manchester Spatial Framework). The following northern authorities are bringing forward new local plans with housing targets that reflect the standard method where this is lower than figures in current plans or proposed in earlier drafts:

	Current/previous emerging target	New proposed target
Leeds	3,660dpa	3,247dpa
Bradford	2,476dpa	1,663dpa
Wakefield	1,524dpa	1,033dpa
Blackburn-with-Darwen	625dpa	153dpa
Northumberland	1,216dpa	717dpa
Calderdale	1,125dpa	840dpa
West Lancashire	335dpa	212dpa
Rossendale	265dpa	212dpa

These figures beg the question whether there is a genuine appetite to plan for more homes to help support the revival of the north. The revival of the north may need local authorities to plan for more homes to meet planned/forecast employment growth and provide for the housing needs of specific groups who the authorities might wish to attract and retain.

This is an important area for discussion with the stakeholders.

We are aware that there are several alternative methods to the standard method that are being promoted to calculate housing needs. We have been discussing some, and we are interested in those where the standard method serves as the baseline, but an upward adjustment is added to this to account for aspirational aims, employment growth and regeneration ambitions.

The HBF would be very interested and supportive of a Great North Plan that proposed and advocated the use of an additional methodology that supported all the northern local authorities in planning for a higher number of homes. This would complement and sit on top of the standard method. This could involve looking at the degree of household suppression among younger age groups in the regions of the north and compensating for this through an increase in supply – an additional uplift on top of the affordability uplift that is already built-into the standard method. It would be helpful if we could discuss this with stakeholders to establish whether there is any support for this.

Housing Quality and Affordability

In relation to the key theme of *Housing Quality and Affordability* we would draw attention to the Government's Help to Buy (HTB) scheme and the contribution this has made to supporting house building across the north for the five years since it was introduced.

The scheme has been a very successful intervention by the Government helping to support the construction of some 170,000 new homes since 2013, 80.8% of which have been to first-time buyers, helping an estimated 246,000 people to buy their first home.

Northern local authorities have featured strongly in sales under the HTB scheme between 2013-2018. Six of the top 15 local authorities who have benefitted most from the HTB scheme are northern authorities. They are:

Local authority	HTB completions 2013-18
Wakefield	2,323
Leeds	2,232
County Durham	2,150
Cheshire West and Chester	1,632
Cheshire East	1,555
Liverpool	1,502

The current scheme has been very successful in assisting first-time buyers to purchase in areas of the north of England where affordability is more stretched. It has also helped households buy bigger homes (in terms of numbers of bedrooms) than they might otherwise have been able to afford, thereby providing the appropriate amount of liveable space for their families.

The Government will be introducing a new HTB scheme from 2021. This will be restricted to first-time buyers and will introduce regional price caps based on an analysis of regional affordability (this is calculated on the basis of 1.5 x the average FTB price in 2021).

The new regional price-caps for eligibility under the new HTB scheme will be:

Region	2021-23 price cap
North East	£186,100
North West	£224,400
Yorkshire and the Humber	£228,100
East Midlands	£261,900
West Midlands	£255,600
East of England	£407,400
London	£600,000
South East	£437,600
South West	£349,000

One possible effect of the regional cap is that it could direct developers away from building larger, family sized homes, towards the construction of smaller units in order to come in under the new price thresholds. While this may be beneficial in some respects, by, for example, channelling development activity towards the construction of apartments in identified regeneration areas, it may also undermine the aim of many authorities in the north who want to build more family sized homes as part of their effort to attract and retain younger working-age households. This could become a problem for many of the authorities of the north where there is already an abundance of affordable flats and homes in the existing housing stock, but which are old, small and often in very poor condition, but a dearth of larger, good quality, new homes for families. The price-caps for the three north regions is likely to militate against the supply of family-sized homes in many of the housing markets of the north.

In view of the importance of the government's Help to Buy scheme in sustaining and increasing housebuilding across the north, and the aim of many northern authorities to improve the housing offer in the region, the HBF would be interested in discussing with stakeholders whether there is an appetite to call for a raising the price cap thresholds to help deliver family-sized homes.

Summary

We hope that the stakeholders who are interested in the developing the idea for a Great North Plan will find this response useful. The HBF broadly supports the idea of a Great North Plan and we would like very much to continue to be involved in discussions with other stakeholders on the issues we have outlined in this response.

Yours faithfully

James Stevens, MRTPI

Director for Cities

Email: james.stevens@hbf.co.uk

Tel: 0207 960 1623