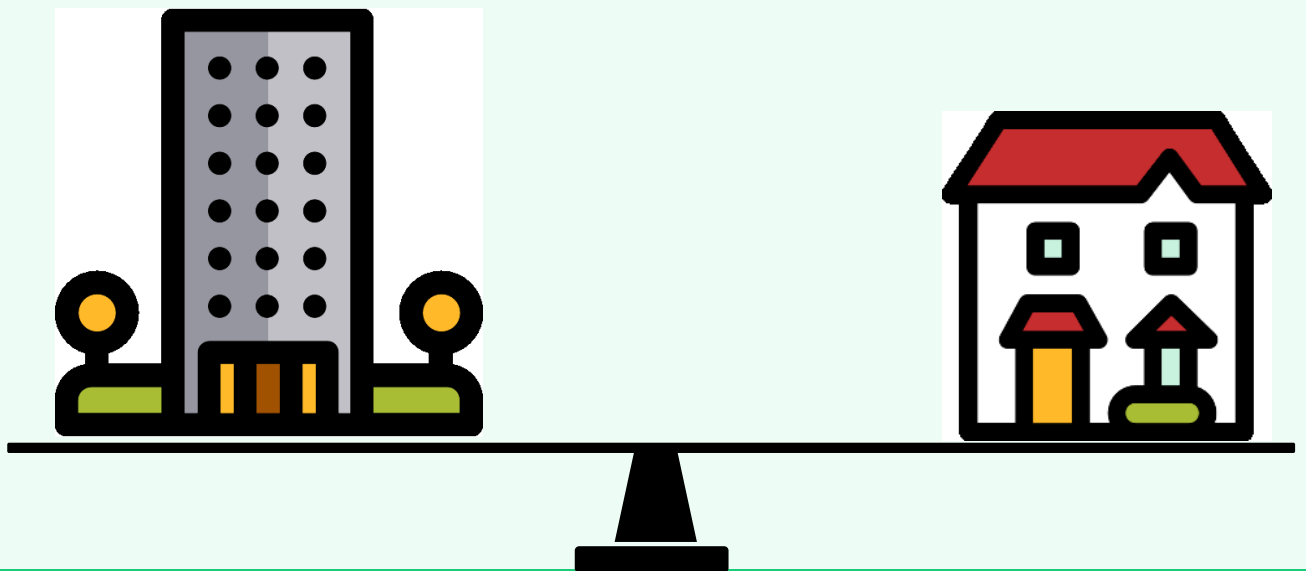


From the Shores to the Shires

Regional Local Councils,
Big Housing Opportunities



THE HOUSING &
FINANCE INSTITUTE

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From the Shores to the Shires

From the Shores to the Shires, Britain is building again, but not where most people expect. You might think that housebuilding is dominated by the big cities and bustling metropolitan areas. But it isn't.

“Building, and opportunity to build, is dominated by Britain’s coastal communities, the country villages and market towns, post-industrial heartlands and the historic cities and counties of England.”

Building, and opportunity to build, is dominated by Britain’s coastal communities, the country villages and market towns, post-industrial heartlands and the historic cities and counties of England.

Regional local councils have been the beating heart delivering new homes for our country.

Through their ambition and determination they have been making a huge difference in building new homes that our country needs, without the mammoth resources and powers of the Capital and the Metropolitan councils.

Regional Local Councils – Big Housing Opportunities

- **Building new homes:** Last year around 70% of all new homes completed were built in regional local council areas.
- **Starting new homes:** Last year around 70% of all new homes started were in regional local council areas.
- **Planning Permissions:** The major balance of housing opportunity for growth sits in the regional local councils – around 70% of all planning permissions for new homes in the last year were granted within the regional local councils and not the Capital and Metropolitan areas.
- **Housing Need:** It is not the case that housing need exists only in the Capital and Metropolitan areas. There are nearly 80,000 more households on the waiting lists in the regional local councils than in the Capital and Metropolitan areas.
- **‘Not Spots’ for housing associations:** Additional housing need across the regional local council areas is too often not being met by housing associations. Nearly 90% of areas where housing associations did not start one single new home in the last year were in regional local councils.
- **Money, power and resources:** However, regional local councils do not have the attention, full powers, funding and support from central government which is enjoyed by the Capital and Metropolitan areas. Nor have they for many, many years.

Re-balancing our housing policy

Re-balancing our housing policy to better support the regional local councils is necessary. It makes housing business-sense to give a fairer share of resources to regional local councils who have a good track record, significant housing need, who can realise their housing opportunity and who can build more homes, faster.

The Institute's five-point plan to re-balance national housing policy

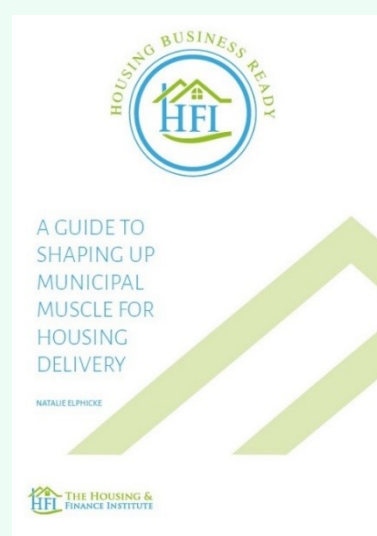
1. **Keep the cash from sales:** Allow regional local councils to keep the cash from any valuable houses they sell, provided there is a track record of housing delivery and a clear deliverable plan for new homes within 4 years.
2. **Exempt from the Levy:** All regional local councils to be exempted from the high value assets levy, provided there is a track record of housing delivery and a clear deliverable plan for new homes within 4 years.
3. **Devo for Districts:** Give extra cash allocations, financial support and housing flexibilities to regional local councils if they can show they can and will deliver more homes and growth. 'Devo for Districts' would allow energetic councils to benefit from some of the freedoms and flexibilities given to urban centres and to housing associations around finance and housing tenure.
4. **Housing hubs:** Pinpoint key areas of housing opportunity in regional local councils which can be translated into more homes, faster. Provide additional support for infrastructure funding to realise these homes sooner, including for new water supply and other utilities funding.
5. **Housing Business Ready:** Fund capacity building with our flagship "Housing Business Ready" programme to help councils in the practical work needed to implement good business skills, improve monitoring and business resilience and drive through housing delivery.



Shaping up Municipal Muscle

Key to the success of councils has been what we in the housing community call 'municipal muscle'. In other words, they have used the assets, money and resources they have available to make a difference and to shape their communities.

On the first anniversary of the launch of our flagship Housing Business Ready programme the Housing & Finance Institute has published its *The HFi Guide to Shaping Up Municipal Muscle for Housing Delivery* – a step by step guide for assessing and improving housing delivery performance. This guide and our flagship Housing Business Ready programme will help councils to work with others to deliver the homes we need, faster.



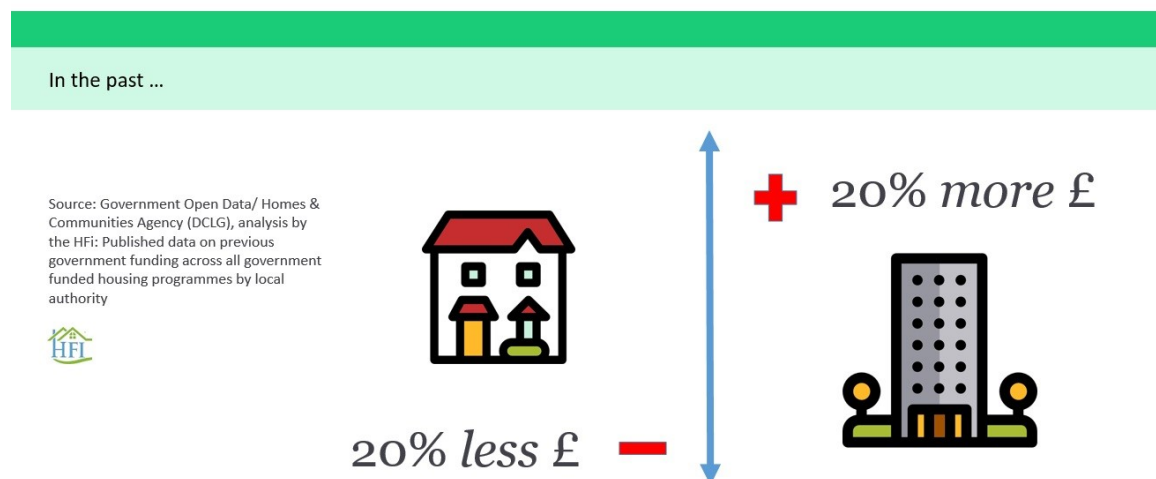
Regional Local Councils: The 70%

The success of regional local councils has been well-demonstrated in their overall contribution to housebuilding. In 2015/16 around 70% of all new homes were built in regional local council areas.

When it comes to permissions for new homes regional local council areas are responsible for around 70% too.

Despite this, it is the big cities and Metropolitan councils who receive the lion's share of government funding and attention.

WHAT ABOUT THE MONEY ..?



It is a long time since the 70% got their fair share of funding for housing – the 70% who are doing lots of the heavy lifting without sufficient central government support. Let's take 2009/10. The London-Met group got half of the money but built only 30% of the homes. All of the other English councils got half of the money but built 70% of the homes. When times are so tough for ordinary hard-working councils, that's simply not fair.

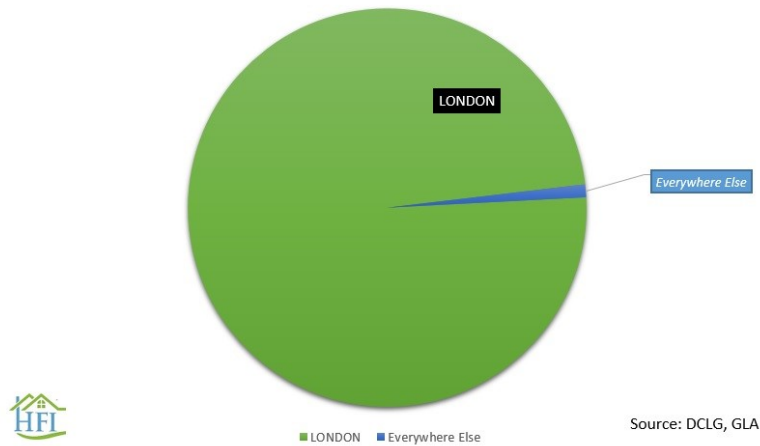
It's not just historic allocations, it's still happening.

Housing Zones funding shows the way finance is skewed towards the major urban centres. Of £606.3 million initially allocated for housing zones, £600 million has been announced for London and a paltry £6.3 million for the whole of the rest of England.

“Of £606.3 million initially allocated for housing zones, £600 million has announced for London”

And with that extra cash – one hundred times extra in fact – London will only build twice the number of homes. Imagine how much more could be done by high performing regional local councils if they had a bit more of the available money.

**Who's eating the housing pie:
Housing Zone initial allocations (England), 2016**



This is nothing new. Not one government or another is responsible. It merely reflects a cultural myth that the big city areas and metropolitan areas – such as London, Manchester and Birmingham – are where all the housing action is. But in fact housebuilding is happening all over the place.

Undoubtedly there is more that can be done in London and other major urban centres to build more homes but those areas already have huge resources and powers to do more. Their challenge is simply now to deliver. The demand for new homes is as great in the regional local council areas, the opportunity to turn planning permissions into new homes is greater. These councils need a fairer share of funding and they should not be asked to pay a greater and greater share of their, much smaller, resources.



Keeping the Levy: Housing ‘not-spots’

Regional local councils with a good track record who are building and permissioning homes for their areas and who have their own housing stock should be exempted from the high value asset levy and be allowed to keep their own money from housing sales. They should not be required to hand over sales receipts and levy amounts to fund the programmes of housing associations.

Why? Because our research shows that there is a growing geographical imbalance in where housing associations are building new

‘Around 18% of local authorities had a housing association ‘not spots’ in 2015/16 where no homes were started by housing associations in the past year.

homes. In some areas, such as London, almost 30% of housebuilding is done by housing associations, whilst in other areas, such as Cumbria and Derbyshire the proportion of housing association homes built is less than 7%.

Around 90% of the areas where housing associations are not building are in regional local councils.’

Around 18% of local authorities had a housing association ‘not-spot’ in 2015/16. ‘Not-spots’ are those areas where no homes at all were built by housing associations in an area. Out of these ‘not-spots’, the overwhelming majority, around 90%, were in regional local councils.

The number of local authority ‘not-spots’ has risen by 25% year on year. The group comprising the increase is entirely made up of regional local councils. The number of ‘not-spots’ in the London-Met group has remained the same year on year. There is not much point giving high value asset sales receipts to housing associations if they not going to build in that area. So why not let those councils keep the receipts if they have a credible plan to build?

There are more households on the waiting lists in regional local councils

80,000 *more* waiting list households



80,000 *less* waiting list households

 Source: DCLG

Housing Need

It is not the case that housing need exists only in the Capital and Metropolitan areas.

There are nearly 80,000 more households on the waiting lists in the regional local councils than in the Capital and Metropolitan areas.

Knowing what they are doing

Many councils up and down the country are putting in extra effort to deliver new homes. Such effort is bringing results – and so they deserve more resources. The Government should put more of its housing money where the opportunity to deliver is being identified and can be met. This means more funding to energetic councils right across the country who are working tirelessly to make a difference for their communities but do not have access to the comfortable cash flow of the largest cities and biggest housing associations.

There is a great myth that these counties, smaller cities and districts don't know what they are doing. The 70% evidence proves otherwise. Many regional local councils have a track record of delivery. Our flagship Housing Business Ready programme works with councils up and down the country to celebrate and capacity build with some excellent organisations. They are the builders and housing delivery enablers who are taking our country forward.

Right now there is an opportunity to power up these areas even more: to allow them to keep the cash from any valuable houses they sell, to be exempted from the high value assets levy and given extra cash allocations and financial support if they can show they can and will deliver more homes. Only then can we really build the homes we need – and more quickly.



Technical Notes: In this paper we use the collective definition 'Regional Local Councils' to identify unitary authorities and shire district categorisations used in DCLG housebuilding and planning statistics. This paper draws on detailed statistical information contained in DCLG Live Table 253 for housebuilding statistics, Live Table 600 for housing waiting lists, Live Table P122 and P124A for planning application statistics and the www.gov.uk (DCLG press releases), www.gov.uk (open data, HCA) and www.london.gov.uk (press releases) for additional information.

About the Housing & Finance Institute

The Housing & Finance Institute works with councils and businesses across the country. We work practically to help councils identify and manage their housing wants and needs in a way which is right for them and their communities.

Our new Housing Business Ready workbook, *A Guide to Shaping Municipal Muscle for Housing Delivery*, helps councils with support and strategic clarity in their growth and housing agendas. It is an accessible guide containing practical checklists and advice to help councils assess and improve their housing and growth performance. By helping local and central government devise a more effective housing strategy to make the best of their resources and to make sure that housing money meets with the opportunities.

A national Housing & Finance Institute to support a step change in housing delivery was a formal recommendation of the UK Government's Elphicke-House Report 2015. The recommendation was accepted by the Government and the UK's Chancellor, George Osborne, asked Natalie Elphicke and Keith House to take it forward through working with local and central government. Its establishment was announced by the Chancellor in the March 2015 Budget. Industry, professionals and government leaders came together to establish the HFi at a special event led by the Housing Minister, Brandon Lewis MP, in June 2015 at the City of London's Guildhall. The HFi started operations in September 2015 under the chairmanship of Mark Boleat, Chairman of the City of London Corporation's Policy and Resources Committee, with Natalie Elphicke OBE as its first Chief Executive.

The Housing & Finance Institute (the HFi) is an independent not-for-profit organisation created to work with industry and public sector partners to deliver a step-change in housebuilding, housing delivery, asset management and finance. The HFi offers expertise and guidance in the fields of housing and finance. Its independent board is one of the most experienced and respected in the country. It has representatives from the highest level of achievement from central government, local government and business.

The Institute's purposes are to increase housing supply across all tenures, create opportunities for councils, finance & businesses to work together to build more homes, and promote the better delivery, management and financing of housing. Any profit we make is re-invested in our work boosting capacity and delivery in housing and finance.

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Opinions and research expressed in this paper are those of the Housing & Finance Institute and should not be assumed to be those of any foundation partner organisation, individual or director of the HFi.

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