

THE HOUSING CRISIS WITHIN THE NORTHERN POWERHOUSE

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INTRODUCTION

There is no denying that the North of England is currently experiencing a housing crisis. A shortfall in the number of new homes built over the last decade coupled with rising house prices and a growing population has left many local people priced out, unable to buy or rent a property.

Recent figures suggest that by 2030 the Northern Powerhouse will have a shortage of approximately 86,000 homes¹. Rough sleeping has almost doubled since 2010 and nationwide the number of people in temporary accommodation is on track to reach 100,000 by 2020², unless the Government takes steps to deliver more

affordable private, intermediate and social housing. So how can this negative trajectory be reversed?

A major challenge for the North will be how to provide sufficient levels of housing to accommodate the anticipated rise in population. Recent construction levels of around 32,000 homes a year are well below the projected need of nearly 42,000 new homes per annum³. Whilst an increase in the number of people moving to the North for work brings a boost to the local employment market, it also puts pressure on the supply of modern and affordable housing stock located within commutable areas.

More housing alone is not the single silver bullet that will solve the Northern housing crisis. Whilst chronic undersupply is a major underlying issue, a large part of the challenge is to determine where exactly new homes need to be developed in order to meet the needs of people on modest incomes. Renovating can be a lower-cost solution, lending itself well to meeting the unmet demand of affordable housing. Renovating existing housing stock in strategic and desirable areas will also alleviate some of the supply pressure in the northern regions.

¹ <https://www.citymetric.com/politics/2030-northern-powerhouse-will-have-shortage-86220-homes-2239>

² <https://www.housing.org.uk/press/press-releases/england-short-of-four-million-homes/>

³ [JLL Residential Forecasts Northern England Report 2017](#)

What is being done to address these challenges?



The Greater Manchester Spatial Framework

The framework seeks to concentrate housing development in town centres rather than on greenbelt land in order to achieve a 20-year housing target of 201,000 (including 50,000 new affordable homes on brownfield sites - 30,000 of which will be social housing).



Leeds City Council's Local Plan Core Strategy

The Local Authority is likely to back plans that would see more than 50,000 new homes being built in the district by 2033. Under the proposal, between 15-35% of the new builds will be affordable housing in outer areas of the city. However, the figure drops to just 7% for inner-city areas. Leeds City Council has said that it is committed to building as many of these affordable houses as possible on brownfield sites.



Liverpool's Housing Delivery Plan

The Mayor of Liverpool has set a target to deliver 5,000 new homes and bring a further 1,000 properties back into use over the next three years. The city council has also launched its own ethical housing company, 'Foundations', which has been established in an attempt to rebalance the city's social housing stock by building new affordable homes for both rental and sale. It intends to build and renovate some 10,000 homes over the next ten years, enabling people to pay reduced rent on the properties so that they can save enough money for a deposit to buy the home.

What is being done to address these challenges?

It was the Town and Country Planning (General Permitted Development) (England) Order 1995 that initially introduced Permitted Development Rights (PDR). However following an amendment in 2013 it became possible to convert a building from office into residential use without the need to obtain planning permission. This policy of deregulation was primarily intended to boost the supply of housing but also to help regeneration through reuse of vacant office space.

The above changes have been hugely beneficial for property developers and have resulted in an increase in new housing stock in what have historically been classed as commercial areas. Since 2013 several further amendments have been made, allowing PDR

on light industrial and agricultural buildings and further encouraging developers and landowners to provide more housing.

PDR removes the need for a lengthy planning process and avoids any associated fees. It also gives developers and landowners the option to bypass contributions under s.106 of the Town and Country Planning Act 1990 (as amended), including affordable housing requirements, which can have a considerable impact on whether a scheme is viable or not.

However, the downside to this is that it does not help to address the need for more affordable and social housing in the North.

Public investment in infrastructure is also vital to increase housing supply and bolster private sector growth. In order to assist, the Government has created a £5bn Housing Infrastructure Fund in a bid to unlock residential development. The funding will support local work that will make housing developments viable and get much-needed homes built quicker. The first wave of this (totalling £866m) will facilitate the construction of up to 200,000 new homes by funding key local infrastructure projects such as building new roads, cycle paths, flood defences and land remediation work, all of which are essential ahead of building the new homes.





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Middlewood Locks

Greater Manchester

G&T's Leeds team, led by Rob McNeish, has worked alongside Scarborough Development Group (SDG) to unlock this brownfield site and are on course to handover the first 571 units in summer 2019. The multi-phased mixed-use scheme will deliver a total of 2,500 units, approximately 750,000 sq ft of commercial space and associated public realm and infrastructure.

The 21-acre site is situated between Manchester and Salford city centres, set around three canal basins and in close proximity to Salford Central train station. The first phase of construction commenced in 2016 after G&T successfully negotiated a fixed price D&B contract with Beijing Construction (BCEGI).

This relied heavily on G&T's understanding of the PRS market, agreeing the specification level at an early stage and introducing a new UK main contractor to the key players in the residential supply chain.

L&G Modular Homes

Leeds

G&T is currently supporting Legal & General (L&G) roll out its Modular Homes business. L&G is set to revolutionise the housebuilding sector by bringing new materials, methods and processes used in other industries, such as automotive and aerospace, to raise productivity and help to address the UK's chronic housing shortfall.

L&G's investment in Europe's largest modular homes factory demonstrates its ambition to inject capital into the housing sector alongside the creation of their Build to Rent (BTR), Later Living and housebuilding businesses.

Located near Leeds, the 550,000 sq ft factory has the capacity to produce up to 3,000 homes per year, employing several hundred local people and contributing significantly to the local housing supply.



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Indicative of a modular home



© Simon Vine Photography

Monk Bridge

Leeds

Rob McNeish has led the QS team on Monk Bridge since the joint venture between Alpha Real Trust and Foundation Real Estate acquired the site in 2016.

The project will provide a new residential community to the western boundary of Leeds City centre and bring back into use the Victorian railway arches and create a “High Line” public park. The scheme, consisting of 607 BTR apartments, has been successfully negotiated with Sir Robert McAlpine and is due to start on site imminently.

The site has recently been sold to Singapore property development company City Developments Limited (CDL) and is their first scheme in the UK private rented sector. This deal is testament to the strength of the Northern market being able to attract inward investment of this scale. Sherman Kwek, CDL Group CEO, said: “We are excited to introduce our first PRS project in Leeds whose economy has continued to grow strongly. CDL will create an iconic estate in Leeds and seek further opportunities to build a portfolio of quality PRS projects.”

St Johns

Manchester

G&T is working with developer Allied London on the large scale regeneration of St. John's. The site was formerly part of the ITV estate in the heart of Manchester city centre which will now be a new neighbourhood for enterprise, culture and living.

St Johns will provide 3,000 new homes in Manchester's City Centre, helping Greater Manchester to deliver on a forecasted need of 10,300 new units per year until 2035.

The St Johns development is also home to 'The Factory' - a £110m new arts and culture venue. George Osborne backed the venue by allocating £78m from his 2015 Autumn Statement towards the overall project cost.



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To date, housing and planning have been considered matters for city devolution policies rather than as part of the wider Northern Powerhouse agenda. However, the housing crisis will be most effectively addressed through a whole regions approach in order to bring about more sustainable and inclusive growth. This can be done by forming planning partnerships between neighbouring cities that could pool together resources and co-ordinate on a regional level rather than on a purely local level. Such an approach is more likely to lead to better placed affordable housing, more evenly spread across the region.

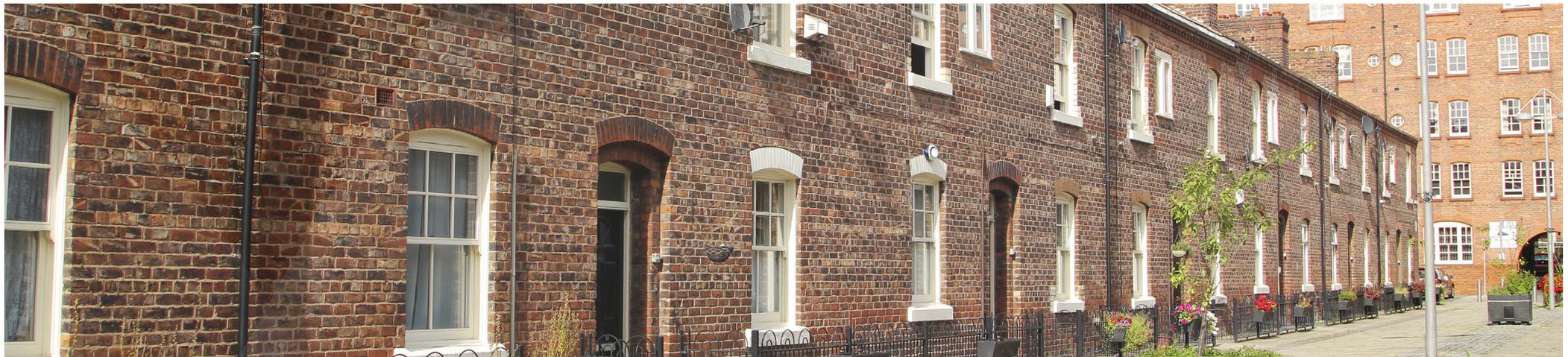
The Institute for Public Policy Research (IPPR) North study, Closer to Home, said the metro mayors

should be given control over the 1.6m hectares of greenbelt land in England to alleviate the shortage of affordable housing. It found a huge gap between the amount of available brownfield land and the long-term housing need. For example, in the north-west of England, there was a long-term need for 263,168 new homes but a brownfield capacity of only 166,211 homes. Andy Burnham, Mayor of Greater Manchester, has said:

“Westminster has created a housing crisis across the country and the new mayors must be given the powers to fix it”.

It is believed that greater flexibility is needed so that the Powerhouse regions have more control over the types of housing being built.

Problems may also occur due to the way the Government calculates where new homes are needed. A predictive methodology is used based on old data from historical economic growth projections that ignores how many workers are expected to move to a particular area. As a result of using this methodology, it is expected that 13,340 fewer homes a year will be built in the North. The knock-on effect of this is 16,000 fewer construction jobs, with the region losing £1.37bn in economic output⁴.



4 Research by Lichfields: <https://www.chroniclelive.co.uk/news/north-east-news/16000-fewer-jobs-237bn-worse-15087279>

CONCLUSION

Housing will play a key role in the success of the Northern Powerhouse project, but at the moment it is not being adequately incorporated into the agenda. By including housing into planning and decision making now, potential issues can be avoided further down the line. Unless the North can create well-connected and sustainable communities it will be unable to attract the diverse range of skilled professionals it needs. Whilst the focus on transport connectivity is a critical aspect of the Northern Powerhouse's overall goal to rebalance the UK economy, it's essential that it is considered alongside long-term housing plans in order to achieve a full range of economic and social benefits.



For further information about G&T's involvement in the Northern Powerhouse region please contact [Robert McNeish](#)