

Housing and Employment Space in Coast to Capital Region



Report and Recommendations To the Coast to Capital Board from the Housing and Regeneration Task Force

November 2016

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Foreword

The Housing and Regeneration Task Force was brought together by the Coast to Capital Local Enterprise Partnership in July 2016 for the straightforward purpose of advising the LEP on what actions it might take to help increase the supply of housing – and, with it, business space – in the Coast to Capital region. This is not about “housing” or “increasing housing numbers” as an abstract concept, it is about the sufficiency of homes – homes for young people entering into the world of work; homes for those growing up, living and wishing to remain in this vibrant and attractive region; and homes for the workers that the businesses of the region desperately need if they are to grow and achieve their potential.

The Task Force approached the challenge through a short series of focussed meetings, each providing the scope for the generation and discussion of ideas. Many ideas were raised in free-flowing debates but the Task Force saw the importance of bringing forward practical proposals, recognising that the LEP can only operate in partnership with business, Government and the local authorities in its region. Thus, while the simple question was “What can the LEP do?”, in reality the question was “What should the LEP do in its partnering role to increase the supply of housing?”

The work has resulted in a short number of key recommendations to the LEP Board, presented in this report.

As Chairman of the Task Force, I want to thank all the Task Force members for their time, ideas and positive input to the debates in the series of meetings. I also want to thank Councillor Garry Wall, for chairing the inaugural meeting. Thanks are due to Natalie Elphicke OBE for attending the Task Force meeting on 6th October and for the guidance and ideas she gave on the topic of leadership and partnership. Finally, I want to thank Jonathan Sharrock, Chief Executive of the LEP, and Lindsey Simpson, Strategic Adviser to the LEP, for their invaluable input and guidance to the Task Force.

Ian Tant
Chairman,
Coast to Capital Housing and Regeneration Task Force

1. Introduction

- 1.1. The Housing and Regeneration Task Force was formed as an ad hoc group of senior leaders from the business and local authority sectors, all with extensive individual expertise in different aspects of housing and property delivery. We fully understand the reason why housing and business space are such important issues for the LEP. Coast to Capital is a prosperous and growing region which provides a fifth of the South East's economic output. The economy is driven strongly by the M23/A23 growth corridor between Brighton and Hove and Croydon, which, of course, includes Gatwick airport. Access to housing is a major issue all along this corridor and also across the wider coastal and rural regions which make up the LEP area.
 - 1.2. The LEP has identified housing, together with infrastructure and skills, as one of its priority issues. These priorities are also closely reflected in ambitious bids for devolution which are being prepared both by the Three Southern Counties ("3SC") and Greater Brighton City Region.
 - 1.3. The importance of housing and business space cannot be underestimated as a pre-requisite for economic growth and increasing economic productivity. Without sufficient, realistically priced housing, businesses find it difficult to recruit and retain the skilled staff they need and there are signs that this is happening in the Coast to Capital region. The Coast to Capital region contains the sixth largest economy in England in terms of output. But in spite of its proximity to London and international markets, growing business population and educated and skilled workforce, serious brakes on its economic potential are becoming evident. The region ranks only eleventh on productivity per worker, and performs poorly on the growth of businesses from £1m to the critical £3m turnover level.
 - 1.4. This short report contains the Task Force's main findings and its recommendations to the Coast to Capital Board. Our terms of reference are attached at Annex B.
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2. Housing in Coast to Capital

- 2.1. We know that the Coast to Capital population is growing and is likely to increase by 14% between now and 2030¹. This means there will be another 280,000 residents requiring housing over the next fourteen years with a need for another 145,000 homes². Local authorities, housing associations, landowners and developers are working together to build these homes and if all the houses in the local authority plans are built, the shortfall would go some way towards being met. Our analysis of local authority plans for our region shows at least 115,000 homes planned although the plans cover different timescales and some are currently being renewed. However, there are often obstacles to timely delivery.
- 2.2. The region urgently needs many more new homes now. Homes to buy or rent are increasingly unaffordable which points to an acute shortage as demand outstrips supply. Prices are continuing to rise in relation to wages across Coast to Capital local authority districts and, in all of them, they are above the national average. In some areas the cost of a house is almost double the national house price to earnings ratio of seven to one. Rents, too, are well above the national average and

¹ ONS Mid Year Population Estimates 2015

² DCLG live tables on housing projections 2015

the percentage of average salaries spent on rent ranges from nearly forty per cent in Worthing to more than half in Epsom and Ewell.

- 2.3. The Task Force recognises that the LEP cannot affect macro-economic factors driving the housing market and that, rightly, it has no statutory responsibilities for housing. We seek to find a role for the LEP that complements that of local councils as the statutory planning authorities and adds value to the work they are already doing with housing associations and the private sector housing industry.
 - 2.4. The Task Force also recognises that supporting the cultural assets and amenity value of our different areas is essential if our area is to continue to remain attractive to businesses and residents.
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3. Recommended goals

- 3.1. As a Local Enterprise Partnership (LEP), Coast to Capital is primarily concerned with economic growth. As a business-led organisation with senior engagement from local authorities, Universities and the Further Education sector it is able to reflect the different priorities of these economic actors in understanding the challenges faced by the region. The Task Force recommends that the LEP should adopt clear goals, which can guide the Board in all its work in making sure that housing and business space in the region is properly aligned with the LEP's wider economic strategy.
- 3.2. The regional economy will not be competitive if it does not have sufficient housing to meet the needs of a growing workforce, if only the relatively well-off can afford to live in the region and if employers are unable to recruit the people they need at lower, as well as higher, occupational levels. We suggest the following goals as a way of defining the importance of housing and business space within the regional economic strategy:
 - **Regional competitiveness:** the goal for the LEP: to provide an attractive and affordable place for people to live and work, maintaining our competitiveness in relation to other parts of the UK.
 - **Key workers:** the goal for the LEP: for housing options to be available to people working in all parts of the regional economy; with subsidised or cheaper housing available to those below median incomes, particularly key workers.
 - **Effective delivery:** the goal for the LEP: to support effective functioning of the housing supply market, complementing the role of local authorities, housing associations and developers, intervening as and when appropriate.
- 3.3. There is a tendency to place housing front and centre in this debate because of the particular importance that it has. It is also important that the LEP does not overlook the importance of providing sufficient business space, particularly to support the development of strong medium to large businesses within the region. This will help to maintain a sustainable economy in the region and reduce regional dependence on the London labour market.
- 3.4. Annex D sets out a short contextual study of what other LEPs in southern England are doing in relation to the provision of housing and business space in their regions.

We have framed our recommendations in order to put Coast to Capital alongside these in terms of best practice, but with responses tailored to the specific challenges of this region.

4. The scope of the Task Force's work



4.1. Our recommendations to the Board reflect the work that we have done on four themes within the complex world of housing and business space. In seeking to identify opportunities for the LEP in its future work we have focused on the following issues:

- **Meeting demand:** housing demand is already outstripping supply; can Coast to Capital use its resources to increase the scale and pace of delivery of new housing in our area to meet the needs of our growing population for example, young people?
- **Affordability:** our economy will not be competitive if only the relatively well-off can afford to live in the region and employers are unable to recruit the people they need at lower, as well as higher, occupational levels. Is there a role for the LEP in providing houses that are affordable so that our workforce can afford to live here?
- **Infrastructure and employment:** is there scope for the LEP to use its resources to improve the linkages between housing, employment opportunities and transport so that our economy can function more effectively?
- **Leadership and partnership:** is there a role for the LEP in helping local authorities and other partners to deliver more houses more quickly to meet the needs of our workforce?

4.2. A summary of the Task Force's work on each of these themes is set out below

5. Meeting demand

Recommendations

Recommendation 1. Create a housing and regeneration vehicle for the LEP

The LEP should create a special purpose vehicle, able to support directly the delivery of housing and employment space in the region, working with its partners.

The LEP's housing delivery vehicle would have three main objectives:

- 1.1. Work with local planning authority partners to identify **hard to deliver** sites within the region and help to bring these forward
- 1.2. Work with local planning authority partners to identify **strategic sites** where there is a wider regional economic benefit and help to bring these forward
- 1.3. Work with **employers and other land owners** to identify appropriate potential sites and bring these forward to increase housing supply, particularly for key workers

The LEP's housing delivery vehicle would work closely with partners, notably the local councils which are the planning authorities and their relevant housing delivery organisations where these have been set up.

The LEP's housing delivery vehicle would not duplicate the work of local planning authority partners and their delivery vehicles but would step in as required, to **support delivery** of sites where this has stalled or is not progressing quickly enough or to **bring forward** sites that landowners are unable or unsure how to progress.

Through its intervention, the LEP's delivery arm would aim to make a significant contribution to the delivery of:

1. The 30,945 additional new homes set out in the local plans between now and 2020
2. The LEP's share of the additional million homes by 2020 set as a target by Government. This would amount to an additional 5,495 homes in Coast to Capital³ on top of the 30,945 homes in the local plans.

Developments that are supported by this vehicle would be expected to deliver affordable homes and meet local needs for specific tenure types.

Recommendation 2. Construction industry skills initiative

The LEP should do more to prioritise and advocate careers in the construction, planning, regeneration and infrastructure sectors, given its influence over skills provision in the region and its links to FE and HE institutions. There is an opportunity for workers in the region to take advantage of a wide range of jobs and careers in this vital regional and national industry. The LEP should develop a programme of work which would give this area a competitive advantage, working with private and public sector employers who depend on a highly skilled workforce to increase the supply of housing and business space.

³ We have calculated this pro rata on the basis of the LEP's share of the population in England in 2015 i.e. 3.6%.

Meeting demand: the challenge

- 5.1. Demand is already outstripping supply, house prices and rents are continuing to rise and many people are cannot afford to live in large parts of Coast to Capital. We urgently need a significant increase in both the pace and scale of housing delivery. We know that barriers to increasing the numbers of new houses and the speed at which they are delivered are multiple and often complex and include, for example:
- The availability of suitable large scale sites, although there are also sites which have planning permission and are not being built out for various reasons
 - The capacity of the private sector housebuilding industry, particularly skills, but also finance
 - The capacity of the private rental sector – particularly as buying a house is now out of reach for a rising proportion of the population
 - The number of organisations and interests in the supply chain from conception to completion which can hold up development
 - The capacity of the planning system where planners are overstretched and under-resourced and not able to process planning applications quickly enough or to implement and manage the discharge of special conditions, including reserved matters.
- 5.2. We recognise that many of these issues are outside the scope of the LEP but we believe there are areas where it could make a significant difference, working with its partners. Ideally, this will be in areas where there is a market failure and where it will have maximum impact, taking calculated risks if need be, that are beyond the scope of the public sector alone. These interventions should be based on a good understanding of what types of housing are needed, where and by whom - for example, younger people who may not wish to buy a house but would like high quality rented accommodation or older people seeking to downsize - and how they can be supported by the right infrastructure linked to employment opportunities.

Meeting demand: what the Task Force has considered

The Coast to Capital housing Special Purpose Vehicle

- 5.3. The Task Force recommends that the LEP should set up a housing delivery vehicle to support the delivery of housing and help to accelerate the scale and pace of housebuilding in our region. It would be able to intervene where there is demonstrable market failure and support from its housing partners for so doing. As a business-led vehicle, it would also be able to take a more private sector approach to risk as well as identifying and attract private money into housing investment in the region.
- 5.4. The LEP's housing delivery vehicle would be ready to step in where there is no other delivery organisation to take on the role and when, for example, a large and difficult site had stalled. This may be because new infrastructure is needed, or the developer is struggling to bring the site forward for other reasons. It may be that the site is too large and needs parcelling up into economically viable units of land to encourage smaller builders to enter the market. It may be because the landowner is willing to develop the land but unsure how to go about it, lack experience of negotiating with developers or wary of engaging with the planning system

Rationale for setting up a new organisation

- 5.5. The Task Force believes this setting up a new housing delivery vehicle is the right step for the LEP because housing is a specialist area requiring specialist technical and professional expertise and capacity. To succeed, the new organisation will need to have the skills, market knowledge and resources needed as well as a single focus on making a tangible difference to housing and employment space delivery. It would be charged with leveraging in as much funding and investment as possible to support its aims.
- 5.6. It should be set up with this focus built in from the start, along with clear aims and objectives, agreed with housing partners. Crucially, it would have the ability to enter into formal partnership arrangements with housing associations, developers, landowners and investors to deliver key sites, a function which the LEP is not currently set up to do.

Role for the housing SPV

- 5.7. The role for the housing SPV is straightforward: it would be to add value to the work of local authorities which are the planning authorities and their delivery arms, housing associations, other housing organisations and the private sector in delivering:
- 1) the 30,945 uplift in existing stock outlined in local plans between now and 2020
 - 2) the 5,495 homes needed to achieve our share of the national target of an additional 1 million new homes by 2020. This is on top of the 30,945 homes set out in the local plans
 - 3) the additional 1,035,886 square metres of business space we require to support predicted business growth over the same period
- 5.8. It should not constrain the operations of existing housing delivery organisations set up by local authorities and will not intervene where the local housing delivery organisation is operating or intending to operate. The Task Force thinks, however, that the local authority delivery organisations will tend to be focused on public sector land whereas the LEP's housing SPV will be more involved in private sector owned land.
- 5.9. Recognising that these initiatives will take time, the LEP should also invite local planning authorities, developers and housing associations and other partners to put forward sites and proposals for support and funding. Housing developments that receive funding will be expected to deliver affordable homes and meet local needs for specific tenure types.

Resources

- 5.10. The housing delivery arm would have a major role in determining how LEP resources such as Local Growth Fund is used in support of its objectives. It would also be set up with the aim of generating as much additional private sector housing investment in the region as possible as the Task Force has found that there is significant national and international investor interest in housing as an asset class. It would also seek additional public funding from sources such as the new £3bn Home Building Fund, Highways England's Growth and Infrastructure Fund, and, in due course, the possible replacement funds for European funding.

- 5.11. The Government has indicated its willingness to tackle the housing crisis with increased funding and the SPV approach would enable the LEP to make the most of the opportunities available.

How the housing SPV would operate

- 5.12. The housing delivery vehicle could:

- Acquire land or part options on land in joint ventures with partners and/or build housing
- Help to de-risk difficult sites
- Invest in strategic infrastructure to unlock sites that would not happen without this
- Enter into joint ventures between the public sector (e.g. as land providers) and private partners, including specialist housing associations
- Identify private investors and bring them into site development partnerships

There is a growing number of precedents for this approach, for example, Buckinghamshire Advantage which has been set up by Buckinghamshire Thames Valley LEP and is wholly delivery focused. It provides project management expertise to the delivery of Buckinghamshire Thames Valley Local Enterprise Partnership's (BTVLEP) capital programme, by co-ordinating the delivery of transport, planning, housing and other projects.

- 5.13. As well as a small team of housing specialists, the housing delivery vehicle might have its own board and business plan and would decide on additional interventions in line with its aims. Possible second order priorities for the housing delivery vehicle that the Task Force has identified include:

- Provide soft finance to organisations seeking to build local and affordable housing, if of sufficient scale
- Develop a mechanism and criteria for supporting innovative construction methods e.g. timber frame and modular
- Identify a mechanism for covenants and trusts
- Invest money in self-build, custom build and support new housing business models
- Encourage more small developers into the market

- 5.14. The housing delivery vehicle would work closely with the Homes and Communities Agency, and possibly act as its agent, to identify opportunities for it to invest in our area and could also promote investment opportunities to commercial companies.

- 5.15. **The housing SPV would work closely with the local authorities which are the planning authorities, specifically, the district councils, the London Borough of Croydon, Brighton and Hove City Council and the South Downs National Park Authority. It would complement and not duplicate the work of the local authorities' housing delivery organisations where these exist.**

London Borough of Croydon has set up a development company, Brick by Brick which aims to deliver 50% affordable housing and is working on a development of 1,000 new homes for early delivery.

Examples of possible interventions

Hard-to-deliver sites

- 5.16. These include sites where planning permission is in place but there are market failures around delivery i.e. because of complex ownership structures, lack of local expertise, infrastructure failings or other barriers.
- 5.17. Some large scale sites in the region have already been identified. The LEP should consult local authorities to draw up a short list of sites which might benefit from this type of intervention. We are confident that a LEP housing vehicle could add value in helping to unblock these through brokering relationships, helping to fund strategic transport infrastructure and supporting and promoting council plans for site development linked to regeneration.
- 5.18. The LEP should focus effort and resources on these sites and help to speed development. This could be greatly facilitated by the SPV mechanism.

Shoreham Cement works is an example of a large scale brownfield development site in the region where there are significant barriers to market-led development. It would be a good example of where LEP SPV involvement might help unblock barriers to private sector investment.

Strategic sites

- 5.19. These are sites where development would bring a wider economic benefit to the region as a whole in terms of housing, employment and regeneration. There would be value in the LEP vehicle having the ability to support local authorities through the acquisition of land, engagement with private sector land owners and the engagement of specialist development expertise on sites which can be complex or have wider potential benefits. For example, sites such as Epsom Kiln Lane (which has potential to become a high grade business space asset to the region) or Worthing Teville Gate (which offers potential for large-scale housing around the railway station require reasonably complex interventions in order to maximise their wider economic benefit to the region.
- 5.20. Longer term, the potential for garden villages could be explored. The Government, through the Homes and Communities Association supports garden villages and is currently inviting expressions of interest on a rolling basis in new garden towns and cities of more than 10,000 homes. These have to be local authority but the LEP and the housing SPV would support such an initiative if the right site could be found.

Shepway Council has acquired land at Otterpool as part of its ambition to deliver a 12,000 unit garden town. The majority of the land will be in the direct control of the joint venture partnership being established between the council and Folkestone Racecourse Ltd.

Work with employers to develop their land

- 5.21. Our work has indicated that employers in the region who could be willing to develop their land and also large landowners who might be prepared to develop or even gift land in order to support the development of affordable housing in the region. Employers are particularly receptive to the idea of using their assets to support key workers but there are others who would be able to bring forward land to increase the

supply of housing more generally. The SPV would be able to should develop incentives and innovative approaches, including covenanting to protect long term affordability, to bring housing expertise in to address this issue. The idea of engaging employers in the provision of key worker accommodation is explored more fully in the section on affordability.

Construction industry skills initiative

- 5.22. We believe there is a further important role for the LEP in helping to increase capacity in the construction industry through skills development. Skills shortages are recognised as being a major constraint on the construction industry, leading to rapidly rising wages, which prevents it fulfilling its potential contribution to housing. It is also an area where Coast to Capital has some important levers at its disposal.
- 5.23. The LEP already works closely with the Skills Funding Agency, Further Education Institutions and independent training providers to identify and meet skills needs in the area through providing labour market intelligence and through the skills capital fund which it deploys in meeting the skills needs of the area. Additionally, the LEP has an allocation of over £20m of European Social Fund to support skills development in the area, including skills in priority sectors which is expected to be available until the date that the UK leaves the EU with up to 3 years to deliver projects thereafter.
- 5.24. There is a strong case for Coast to Capital to set up a construction skills initiative working on both skills supply through colleges, universities and other learning providers and the demand side, promoting careers in construction through its Enterprise Advisor network in schools. The evidence is that challenging negative perceptions of career opportunities needs to start early. There are many rewarding careers in construction and a large proportion of them are at increasingly high skills levels and require specialist technical expertise, particularly for off-site construction methods. Planners are also in increasingly short supply which leads to poaching within the industry. All these career opportunities should be communicated to potential new entrants to the industry.
- 5.25. The LEP might consider identifying construction, including planning, engineering, surveying and other associated professions, as a primary focus for the regional economy and promoting this through the wide range of channels and points of influence available to it
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6. Affordability

6.1. Affordability is one of the most important issues around housing in the region. Promoting more affordable homes is central to all our recommendations – in bringing forward sites, increasing the supply of labour within the regional economy, and promoting the economic importance of housing as part of the local plan process. There are therefore no stand-alone recommendations for the LEP for affordability as this runs throughout all the recommendations.

The affordability challenge

6.2. Housing affordability is a critical issue in Coast to Capital with house price and rental to income ratios far exceeding the national average in nearly all areas. Prices are continuing to rise in relation to wages in all Coast to Capital local authority districts. Some of our local authority areas have almost double the national house price to earnings ratio of 7 to 1. The situation for those seeking to rent is no better; rents are well above the national average for the percentage of salary spent on rent which ranges from 37% in Worthing to 52% in Epsom and Ewell.

6.3. A local Housing Association has reported that even affordable rents capped at 80% of market rates are unaffordable for those on lower incomes. A family of four now needs an income of £48,000 per annum to provide a basic standard of living in the LEP area⁴. The rising cost of housing may be a factor in the trend towards the ageing population in our region as young people find it increasingly difficult to afford to live and work here. Annex C contains a summary of the data we have gathered on the impact that different affordability schemes may have on the price of housing in the region. It shows that even affordable housing is likely to consume a very large proportion of family incomes in the region.

Affordability: what the Task Force has considered

6.4. The Task Force has considered three main areas where the LEP might intervene to support local authorities and other partners in meeting our affordability challenge. These are:

- New ways to increase the supply of affordable housing
- Ways to reduce the cost of housing for those who need it most
- Ways to incentivise more suppliers to provide affordable housing

6.5. In looking at affordability, we have not confined ourselves to the Government use of the term to describe the supply side incentives it has introduced to increase availability of affordable housing.⁵

New ways to increase the supply of affordable housing

6.6. A major concern is the lack of affordable housing for those on median and lower incomes and unless this is rectified, it will have a serious effect on the labour market, the economy and the sustainability of our communities. We know that employers

⁴ Centre for Economic and Social Research

⁵ The current affordable homes programme includes support for Affordable Rent, Affordable Home Ownership, Rent to Buy and specialist homes. Starter homes are aimed at young people between the ages of 23 and 40 at up to 80% of market value with a cap of £250k outside London. The current Affordable Homes Programme funding is open to competitive bidding and, for this reason, we are not able to quantify what the impact of this will be in Coast to Capital

are increasingly concerned that they cannot recruit and retain workers on median and lower incomes because of the high cost of housing in our area.

- 6.7. Some larger employers may have land and underused buildings. We have considered whether there may be scope to encourage employers to use their land to provide subsidised and more affordable housing for their workers, subject to local planning policy considerations. There are several sections of the working population which should be a priority focus for the LEP. These include workers in the care home and health sector, who are likely to come under increasing pressure in a region with a growing elderly population and whose incomes may make it hard for them to access housing. Other important sectors include recent graduates, who are largely concentrated in Brighton and Hove, where it is important for regional economic growth that they should be able to access housing options which will keep them in the region.
- 6.8. We have concluded that there is scope, given the number of large companies in the region, together with the presence of financial institutions which might be encouraged to invest as partners. This initiative need not be confined to the private sector as we have public sector partners, for example, a large further education college, who have already indicated that they are willing to consider this type of initiative.

More than 40 of Deloitte's 2015 graduate intake are preparing to move into East Village (the former Athletes' Village on the doorstep of Queen Elizabeth Olympic Park) as part of a new initiative between Deloitte and Get Living London.

Ways to reduce the cost of housing for those who need it most

- 6.9. The main barrier to delivering more affordable housing is the cost of land which is very high in our area, although the cost of labour, materials, infrastructure and finance are also significant input factors. The Task Force has considered how these costs might be reduced and, in particular, the cost of land. One problem is that the input costs referred to are used together to calculate the residual value of land with development potential and any savings in one area, tend to be counterbalanced with a rise in the land value. If we are to reduce the costs and be able to pass them on to the end user in the form of more affordable housing, we need to find a way round the residual land values model.
- 6.10. We have considered whether there are ways in which housing associations and developers could be given access to land to enable them to provide housing at lower cost to end those who need them. We find that there are landowners, including employers, in our area who might be willing to provide land, either by gifting or selling or leasing at lower cost to housing associations or developers. Their main concern is that the land value should remain low in perpetuity and that the housing would not be sold or rented subsequently at "unaffordable" market prices.
- 6.11. The Task Force has concluded that there are ways to overcome this through covenanting and mechanisms such as trusts. We think there is a role for the LEP in developing this idea and working with partners such as South Downs National Park, to broker deals between landowners, investors and developers. The LEP could also take a more active role in supporting local authorities, as part of a joint venture partnership for example, to acquire and/or release land at lower values for affordable housing, subject to planning and best value obligations.

- 6.12. The Task Force has also looked at ways of reducing the costs of construction. Traditional models are regarded as relatively labour intensive and rely on expensive materials such as bricks. Offsite construction, which includes timber frame, modular and other innovative methods of construction are currently underdeveloped in the UK and may provide opportunities to drive down costs. It is important to ensure that the solutions being developed are appropriate for the target market and will be mortgage-able.

Legal & General are currently pioneering modular construction near Leeds. Products range from 20 storey blocks to terraced housing without the typical defects associated with house building. The Leeds LEP is working closely with L&G to meet growing demand

Ways to incentivise more suppliers to provide affordable housing

- 6.13. The Task Force has looked at how we might encourage more suppliers and different types of affordable housing and ownership models with a particular emphasis in engaging local communities who have to be brought on side. There is evidence that attitudes to housing development among local communities is softening as the crisis intensifies, providing local concerns about overdevelopment and infrastructure can be allayed. If every community in our LEP area could be persuaded to take just 5% more housing for local needs, this would result in 40,405 more affordable homes.
- 6.14. We have considered self-build and custom build models which appear to be under-exploited in the UK. Currently, the self-build sector makes up around 7 to 10% of new builds in the UK whereas it makes up nearly 60% in France. One issue is that this is currently a model that tends to be adopted by the relatively well-off and very small scale so a new approach would be needed, for example, through support in local plans.
- 6.15. Community Land Trusts have also been examined by the Task Force. They are non-profit, organisations that can develop housing and workspace that meet the needs of the community and are made available at permanently affordable levels.
- 6.16. Until recently, Community Land Trusts have tended to be small scale and slow to get off the ground but there is evidence in our area that they are gathering momentum as communities are recognising CLTs as the means to achieve their aims of providing locally affordable homes. In our area there are a number of schemes in the pipeline which will start to deliver shortly. There may be scope for the LEP to support similar schemes in future, if they can be shown to be able to deliver a significant uplift in scale.

Angmering CLT is leading on 55 units of shared equity and social rented housing
Lewes CLT has received planning permission for a 15 unit self finish scheme
Ford CLT are supporting the development of 1500 new homes of and are negotiating to deliver 500 of these.

7. Infrastructure and employment

Recommendation

Recommendation 3. Transport and utility infrastructure will be important for the long-term growth of the region. Given the LEP's influence and responsibilities for local infrastructure investment, it should consider giving higher priority in future to road and other infrastructure which will increase the pace and certainty around the supply of housing and business space in the region in order to support economic growth.

It should also engage directly with national government agencies (e.g. Highways England or Network Rail) and the utilities on the priority that they should give to local housing issues in their decision making process. There is a perception that agencies such as these will frequently take decisions which hold back the efficient delivery of local plans.

Infrastructure and employment – the challenge

- 7.1. Thriving communities are well-connected to each other and to economic opportunities. Businesses also require good, reliable connectivity for productivity and growth. Lack of timely, well planned infrastructure development can be a serious impediment to the speed at which housing development takes place. For these reasons, the Task Force wishes to consider how the LEP might help to provide the infrastructure to support housing and regeneration.
- 7.2. The South East England Councils (SEEC) have identified a £15bn infrastructure gap in the region over the next 15 years, pointing out that that first class businesses will not wish to stay in an area with a third class infrastructure. We might also add that skilled people may choose not to live there either. The Three Southern Counties and Greater Brighton devolution bids both also emphasise the importance of infrastructure investment in order to retain the long-term economic competitiveness and performance of the region which we endorse.
- 7.3. Without major improvements, the infrastructure will continue to deteriorate in quality but it is not just about making infrastructure work better to safeguard our economy – we need to ensure that future transport development supports new housing development and the growth of business and employment space in the region. This is essential in order for growing communities to access employment opportunities. Conversely, businesses should be able to recruit from a broad and mobile talent pool across the area. Social infrastructure should not be overlooked.

Infrastructure and employment: what the Task Force has considered

- 7.4. As with the Task Force's other themes of meeting demand, affordability and leadership and partnership, the role for the LEP will lie in finding areas of market failure or, in other words, as an un-blocker of schemes that could not be funded using the normal development process, as well as in leveraging more money wherever possible to help fund the infrastructure gap and putting our case strongly to Government.
- 7.5. In the case of infrastructure though, the LEP already has a well-defined role and resources, primarily through the Local Growth Fund. Although more resources would be needed to fully meet the infrastructure gap, an analysis of the sorts of project that

the LEP already supports reveal that this is focused more on some specific types of schemes, particularly road improvements which may not have a direct link to housing although they will have other benefits such as reducing congestion.

- 7.6. There may be scope to broaden the types of scheme that are supported, as well as to take a more innovative approach linked more directly to the delivery of housing and business space. The Task Force has therefore concentrated on how the LEP's resources might be used more effectively to unlock housing and employment space and drive growth.
- 7.7. The Task Force considered whether in future, greater priority might be given to infrastructure that unlocks growth through:
- Funding schemes which are directly linked to delivery of housing and/or employment space
 - Funding schemes which benefit more than one development
 - Funding schemes which are needed before all of the developments can be put in place
 - Funding the large and awkward schemes which might otherwise be missed.
 - Championing cross-boundary or multi-agency schemes and working with other LEPs to develop a regional response e.g. to Gatwick and Heathrow links
 - Funding relatively unusual but important schemes such as transport resilience and sustainability
- 7.8. As well as using funding to prioritise such schemes, the LEP could work to actively identify and generate transport schemes which deliver more than transport benefits with a particular focus on housing and business space and that are not just aimed at reducing journey times. The Newhaven Port relief road is a good example of a scheme which will support wider development in the area.

Business space

- 7.9. The LEP has a particular interest in developing more employment space. The Task Force estimates that by 2020 we will need an additional 1,035,886sqm of commercial floor space or an increase of over 10% of the existing stock if the business base continues to grow at its present rate. Ideally, a new state of the art large scale business park would form part of this additional provision as much of our industrial building stock is outdated and often of poor quality with less than optimal infrastructure including transport connections, superfast broadband and other utilities. The LEP through its housing delivery SPV should work with partners to identify possible locations.

Trunk roads and motorways

- 7.10. The LEP also has a role to shape and influence the trunk road and motorway schemes operated by Highways England – the M25, M23, A23 and A27. These roads carry a high proportion of the area's traffic and are crucial for its economic success. Unlike road improvements funded through Local Growth Fund, the LEP does not have a funding responsibility but it can work with the Highways England to extract the maximum benefit from these roads.

Railways

- 7.11. A higher priority could also be given to rail improvements. Because of the cost and complexity of railway improvement funding, the LEP has supported only two railway projects – at Gatwick Airport as co-funder of a major station renewal and a smaller

project at Dorking Deepdene. does seem to be significant further scope for the LEP to use infrastructure funding to support housing and employment development around railway stations including in the following ways:

- Supporting concentrated development around stations, which would promote a sustainable pattern of housing and business space growth in the region. Stations are at the heart of local growth plans in Corydon, Chichester, Crawley, Horsham and other towns in a way that matches Government priorities
- Investment in transport infrastructure around stations can also help to open up further development land. Schemes such as pedestrian access bridges might have a significant impact on the development potential for under-used sites.
- By working with Network Rail and the railway operators there is scope for the LEP to leverage in further funding to support regional growth, as at Gatwick.
- Investment in stations is also necessary to help them remain fit for purpose and to support growing populations across our region
- With the railway authorities and local partners, it may be sensible to try and review car parking at stations across the region. This is provided by railway companies often without sufficient regard to the impact that it has on wider housing pressures and congestion.

7.12. The LEP should also continue to work with Government, Network Rail and the railway operators to encourage significantly more investment in our area. Brighton Mainline improvement are a very high priority which will be critical to future growth in Coast to Capital.

Utilities

7.13. The Task Force has discussed the critical dependence of development, particularly larger scale sites, on utility infrastructure. To mitigate the risk of specific sites becoming constrained because of a lack of sewerage, water or power infrastructure the LEP could usefully represent the region with utility companies across the region to influence their investment cycles and to identify potential constraint on utility capacity. The LEP should work with local authorities to identify any sites which might be at risk of this sort of constraint. Interventions may be possible through local growth fund investment or through wider representation of the region's needs in the regulatory process which determines long-term utility investment.

8. Leadership and Partnership

Recommendation

Recommendation 4. Recognising local planning authorities' primary role in the delivery of housing as part of their statutory duties the LEP should aim to be an excellent partner and to support them in their work, including work on devolution.

This should include gathering and maintaining an up to date summary of housing delivery across the region, as well as an accurate picture of affordable housing so that the LEP can clearly track progress in meeting the challenges outlined in this report.

The LEP should be a vocal and reliable advocate of the economic importance of housing and spatial development to delivery economic growth, which local authorities can rely on during the planning process particularly on contentious projects.

The LEP should also communicate successes within the region both to Government and to the wider housing industry so that strengths and successes of housing delivery in the Coast to Capital area are widely understood; and regional partners are properly aware of the support available to them from Government.

Leadership and Partnership: the challenge

8.1. In considering this theme, the Task Force took expert advice from Natalie Elphicke OBE, chief executive of the Housing Finance Institute and author of the Elphicke-House report to Government on how local authorities can increase the supply of housing to become strategic housing enablers. Local authority voices, both from senior politicians and chief executives, have also been influential in guiding our work. The LEP does not have any statutory role in the provision of housing; but, as a business led organisation with a remit to address issues around the economic development of the region, and a consultee under the local authorities' duty to co-operate, it has an interest in housing and business space.

The district councils together with London Borough of Croydon, Brighton & Hove City Council and the South Downs National Park Authority are the statutory planning authorities with responsibility for planning and maintaining the supply of housing land and securing the delivery of new homes and employment space through the allocation of sites and granting of planning permissions. The LEP rightly does not have a statutory role but it does have an interest in the development of housing and employment space in its capacity as a business-led economic development organisation. The LEP seeks to support councils in their statutory role

8.2. Local councils are the statutory planning authorities and the Task Force recognises and supports their role in understanding and meeting local housing needs. The Task Force was keen to understand whether, where and how the LEP might add value to and support this process, working with local authorities and other partners to support the acceleration of local plan delivery. It also sought to identify any additional activity which might benefit the region as a whole and work on devolution as the Government's aim is for LEPs and local planning authorities to work together to ensure that economic activity and infrastructure are co-ordinated across local boundaries.

- 8.3. The local authorities recognise the issues to do with housing demand outstripping supply and, should the ambition in their local plans be realised, this would go a long way to meeting the shortfall. Speed is of the essence at this critical time for housing and barriers to delivering these plans do occur. We believe there are ways in which the LEP can help and support their delivery, recognising that this requires understanding of the differences between local areas and the challenges that partners face.

Leadership and partnership: what the Task Force has considered

- 8.4. The Task Force has considered the following three areas where the LEP could have a role in supporting local authorities to deliver local plans:
- Being a source of up-to-date information and providing an overall picture of housing supply and demand
 - Advocating the economic benefits and need for housing and spatial development
 - Communicating success in housing delivery and promoting the opportunities our region has to offer

Providing an up-to-date picture

- 8.5. We know, in headline terms, what the increased demand for housing in each local authority district is likely to be, based on ONS/ DCLG population and household projections and we know what is set out in local plans in order to meet the needs. Three Southern Counties and Greater Brighton devolution plan also have priorities for housing delivery, employment space and infrastructure improvements which the LEP supports.
- 8.6. What is less clear is current progress across the region, particularly the provision of affordable housing and different types and tenure of housing as well as the availability of land, including brownfield land, at LEP level. The official statistics tend to be incomplete and do not provide sufficient detail on these subjects. We think there is a role for the LEP in working with the local authorities to build a bigger picture and identify gaps in for example, private rental provision suitable for young people. To be really useful, this should include loss of existing stock as well as new stock being created, which is particularly relevant since the right to buy was recently introduced for tenants of housing association properties.
- 8.7. Once this baseline has been established, the LEP and its partners will be able to track progress in the region and identify opportunities to respond to gaps, shift focus or celebrate achievements.

Advocating the economic benefits of housing

- 8.8. The Task Force considered evidence from Natalie Elphicke OBE author of the Elphicke House Report on the need for strong strategic leadership at local authority level to drive forward progress on house building. Proposing more housing at local level is obviously a sensitive issue, and gaining the acceptance of local communities can be difficult for local authorities. We conclude that the LEP should help and support local authorities in doing this by articulating the messages on the need for more housing and the importance of delivering local plans. The LEP can bring the business voice to bear and point out the economic considerations and the impact on business of the housing shortage.
- 8.9. This must be done in the right way and based on understanding of local areas and their differences, particularly the constraints they face.

Communicating success and promoting opportunities

- 8.10. Based on a clear understanding of local areas and progress towards meeting housing needs, the LEP should promote our area and the opportunities for investment in housing and development that it offers. The Task Force thinks the LEP could make a strong case for investing in Coast to Capital with its many advantages, successful developments being delivered and the receptive and pro-growth attitudes of partners. Since the economic downturn, the major housebuilders have had a reduced presence in the south east due, in large part, to a more cautious approach to return on investment. Now could be the time to persuade them to reconsider and return along with other investors.
- 8.11. There may be benefits to be gained from cross boundary working to identify shared priorities within the overall picture. Local authorities have detailed knowledge of their local areas and what works but the LEP may be able to facilitate the transfer of knowledge between areas and different parts of the business community e.g. between the private rented sector, housing associations and finance institutions through targeted events aimed at particular groups such as land owners and developers. Given its strong links to the Department for Communities and Local Government and the Department for Business Energy and Industrial Strategy, there may be value in the LEP hosting conferences and events specifically focused on the changing range of interventions and initiatives available to support the delivery of housing targets to make sure these are being properly taken up in the region.
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9. Summary of Recommendations

- 9.1. The Task Force recommendations to the Coast to Capital Board are aimed at defining a clear role for the LEP to help increase the pace and scale of housing delivery in our area and supporting local authorities in delivering their local plans.
- 9.2. In developing these recommendations the Task Force has undertaken work around four themes:
- **Meeting demand:** housing demand is already outstripping supply; can Coast to Capital use its resources to increase the scale and pace of delivery of new housing in our area to meet the needs of our growing population for example, young people?
 - **Affordability:** our economy will not be competitive if only the relatively well-off can afford to live in the region and employers are unable to recruit the people they need at lower, as well as higher, occupational levels. Is there a role for the LEP in providing houses that are affordable so that our workforce can afford to live here?
 - **Infrastructure and employment:** is there scope for the LEP to use its resources to improve the linkages between housing, employment opportunities and transport so that our economy can function more effectively?
 - **Leadership and partnership:** is there a role for the LEP in helping local authorities and other partners to deliver more houses more quickly to meet the needs of our workforce?
- 9.3. We have also examined the role that other LEPs take in relation to housing and have aimed to take the best examples of these to help to define a role for the LEP which supported local authorities, added clear value in addressing the issues and drew on best practice around the country.
- 9.4. The Task Force and Coast to Capital fully recognise the statutory role of local authorities as the planning authorities and seek to complement this. Our recommendations area as follows:

Recommendation 1. Create a housing and regeneration vehicle for the LEP

The LEP should create a special purpose vehicle, able to support directly the delivery of housing and employment space in the region, working with its partners.

The LEP's housing delivery vehicle would have three main objectives:

- 1.1. Work with local planning authority partners to identify **hard to deliver sites** within the region and help to bring these forward
- 1.2 Work with local planning authority partners to identify **strategic sites** where there is a wider regional economic benefit and help to bring these forward
- 1.3. Work with **employers and other land owners** to identify appropriate potential sites and bring these forward to increase housing supply, particularly for key workers

The LEP's housing delivery vehicle would work closely with partners, notably the local planning authorities and their relevant housing delivery organisations where these have been set up.

The LEP's housing delivery vehicle would not duplicate the work of local planning authority partners and their delivery vehicles but would step in as required, to support delivery of sites where this has stalled or is not progressing quickly enough or to bring forward sites that landowners are unable or unsure how to progress.

Through its intervention, the LEP's delivery arm would aim to make a significant contribution to the delivery of:

1. The 30,945 additional new homes set out in the local plans between now and 2020
2. The LEP's share of the additional million homes by 2020 set as a target by Government. This would amount to an additional 5,495 homes in Coast to Capital on top of the 30,945 homes in the local plans.

Developments that are supported by this vehicle would be expected to deliver affordable homes and meet local needs for specific tenure types.

Recommendation 2. Construction industry skills initiative

The LEP should do more to prioritise and advocate careers in the construction, planning, regeneration and infrastructure sectors, given its influence over skills provision in the region and its links to FE and HE institutions. There is an opportunity for workers in the region to take advantage of well paid and high value jobs in this vital regional and national industry. The LEP should develop a programme of work which would give it a competitive advantage in this area working with private and public sector employers who depend on a highly skilled workforce to increase the supply of housing and business space.

Recommendation 3. Infrastructure to support housing and employment

Transport and utility infrastructure will be important for the long-term growth of the region. Given the LEP's influence and responsibilities for local infrastructure investment, it should consider giving higher priority in future to road and other infrastructure which will increase the pace and certainty around the supply of housing and business space in the region in order to support economic growth.

It should also engage directly with national government agencies (e.g. Highways England or Network Rail and utilities) on the priority that they should give to local housing issues in their decision making process.

Recommendation 4. Recognising local authorities' primary role in the delivery of housing as part of their statutory duties the LEP should do more to support them in their work.

This should include gathering and maintaining an up to date summary of housing delivery across the region, as well as an accurate picture of affordable housing so that the LEP can clearly track progress in meeting the challenges outlined in this report. The LEP should be a vocal and reliable advocate of the economic importance of housing and spatial development to delivery economic growth, which local authorities can rely on during the planning process particularly on contentious projects. The LEP should also communicate successes within the region both to Government and to the wider housing industry so that strengths and successes of housing delivery in the Coast to Capital area are widely understood; and regional partners are properly aware of the support available to them from Government.

Annex A. Members of the Housing and Regeneration Task Force

Chair: Ian Tant



Ian is a Chartered Town Planner who began his career with local planning authorities in Hertfordshire and Berkshire before joining the planning and design consultancy Barton Willmore in 1986. He was made a Partner in 1990, Joint Senior Partner in 2004 and sole Senior Partner in 2008, stepping down from the role in 2015 prior to his retirement from the Practice in Spring 2016. Ian now undertakes a number of roles in a freelance capacity: he remains a consultant to Barton Willmore on a number of projects in Buckinghamshire and the East Midlands; is a strategic adviser to Ptarmigan Developments, a land promotion company; and is an elected member of the General Assembly of the Royal Town Planning Institute.

Deputy Chair: Councillor Alison Butler



Councillor Alison Butler is Deputy Leader of Croydon Council and the borough's cabinet member for Homes, Regeneration & Planning. Alison has responsibility for Croydon's housing and planning policy as well as for housing and regeneration developments in the borough. She has taken a lead across many areas in housing, including a key role in establishing the council's development company, Brick by Brick, which aims to deliver 50% affordable housing.

Deputy Chair: Councillor Garry Wall



Councillor Garry Wall has been the Leader of Mid Sussex District Council since 2009. He has served on the Board of the Coast to Capital LEP and is currently a Board Member for the Gatwick Diamond Initiative and the Greater Brighton Economic Board (City Deal). He is also the Member lead for Housing on the 3SC Devolution Deal.

Members:

Dennis Hone CBE



Dennis is Mace's Group Finance Director and leads the group services division responsible for finance, human resources, assurance, marketing, communications and information management. He has extensive experience in senior corporate leadership. Prior to Mace he was the Director of Finance and Corporate Services and later the Chief Executive of the Olympic Delivery Authority. He was involved with the development and delivery of London 2012 transitioning to being the Chief Executive of the London Legacy Development Corporation leading the transformation of Queen Elizabeth Olympic Park. In 2013 he was awarded Commander of the Order of the British Empire (CBE) and in 2014 the Freedom of the City of London.

Terry Fuller



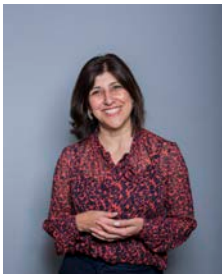
Terry Fuller is Executive Director of the Homes and Communities Agency. Terry joined the HCA when it was formed in 2008, creating the largest Operating Area in the East and South East, and is responsible for a budget of over £300m per annum investing in land and housing in the region, with the added responsibility of delivering the Northstowe scheme in Cambridge. Prior to this, he spent decades working in the development industry (Barratt, Lovell, Taylor Wimpey) finishing as the MD of the Special Projects Division; he also spent some 10 years in public sector housing management and a further 10 years as an independent board member of four housing associations.

Jim McAllister



Jim McAllister is the founder and Chief Executive of The Rutland Group. The Group's primary areas of operation are strategic development and planning, property investment and property and project management. The company's ambition to create an exemplar Garden Village at Dunsfold Park in place of the existing aerodrome won the prestigious Francis Tibbalds Prize. Jim has chaired a number of environmental conferences and co-published various papers on Intelligent Buildings, The Intelligent Workspace, The Workplace Forum and Transport and the Environment.

Geeta Nanda OBE



Geeta joined Thames Valley Housing Association (TVHA) as CEO in April 2008. TVHA has around 15,000 homes in London and the South-East with a very diverse portfolio of tenures. TVHA is a large developer of new homes and has a strategic partnership with Galliford Try. In 2012 TVHA launched Fizzy and brought in investment through ADIA to form a joint venture to build a private rented business. Fizzy now has around 1,000 homes in management and construction planning. Geeta is a Board Member of McCarthy and Stone, the retirement specialist.

Ed Owens



Edward has worked in the housing industry for over 25 years, becoming Managing Director of the Taylor Wimpey South Thames region in 2015. Prior to that he was Managing Director of the Taylor Wimpey South East Region. Previously Edward has worked for Berkeley Homes & Persimmon Homes as Managing Director.

Yvonne Rees



Yvonne Rees is jointly Chief Executive of Mole Valley District Council and Strategic Director of Customer and Communities at Surrey County Council. Yvonne drives a joined up approach to critical agendas defined by 'place' such as the response to emerging health agenda, economic sustainability and regeneration. Yvonne also led and is delivering a £100m town centre regeneration project - Transform Leatherhead, a major scheme within the Coast to Capital (C2C) Local Enterprise Partnership LEP.

Jonathan Sharrock



Jonathan joined Coast to Capital as Chief Executive in January 2016. He has significant experience of policy development and the leadership of major projects having worked for more than a decade at the interface between government and industry. He joined Coast to Capital having spent the last three years as a member of the senior management team developing the HS2 high speed rail project; he was previously responsible for overseeing Government transport interests for the 2012 Olympics. In earlier roles, he gained significant experience working with the aviation industry, having been responsible for delivering the aviation security regime, developing UK airport capacity and completing the privatisation of air traffic control. As Chief Executive of Coast to Capital, he will be responsible for delivering the LEP's business plan to transform business and economic performance through the region's Growth Deal.

Lindsey Simpson



Lindsey Simpson is an economic consultant providing research, strategic planning and evaluation services in in the areas of skills, labour market analysis, enterprise and economic development. Clients include: Local Authorities, Local Enterprise Partnerships, the UK Commission for Employment and Skills, Universities, Economic Partnerships, various national government departments including the Department for Business Innovation and Skills (BIS), Department of Education, the Foreign and Commonwealth Office (FCO and the European Commission (EC).

Annex B Housing and Regeneration Task Force Terms of Reference

Status

The Housing and Regeneration Task Force is a time-limited, informal group formed at the request of the Coast to Capital Board to offer advice on how the LEP can develop its position on housing and regeneration issues within the region.

Purpose and role

The purpose of the Task Force is to bring together private sector expertise and public sector leadership to advise the Coast to Capital Board so that the LEP can identify a range of opportunities to increase the delivery of housing and regeneration in the Coast to Capital area.

The Housing and Regeneration Task Force will articulate the business perspective on the need to deliver more housing in the region and identify practical ways of doing this; separate to the statutory role of local authorities in planning housing development in their areas.

Timescale

Between March 2016 and November 2016, the Housing and Regeneration Task Force will produce a report for the Coast to Capital Board containing eight to ten recommendations for unlocking housing-led growth and regeneration in Coast to Capital. A maximum of six meetings will be held during this period.

Objectives

The objectives of the Task Force are:

1. To take a strategic view on the benefits of delivering more housing and regeneration in the Coast to Capital area as a whole and to recommend opportunities for action to the Coast to Capital Board.
2. To identify opportunities to overcome the barriers to delivering existing housing targets, as set out in local plans; and then to explore the most effective and appropriate ways of delivering additional housing numbers within the region.
3. To respond to the housing and economic market characteristics of Coast to Capital and its sub-regions, to identify any market failures or blockages in the system and recommend ways to overcome these, particularly drawing on best practice from around the country.

Context

The work of the Task Force will need to take account of the context in which it is operating and pay due regard to:

- The statutory role of Local Authorities and the South Downs National Park as planning authorities
- The work of local authorities in producing local plans and other relevant strategies and plans which have an impact on housing, employment space and infrastructure
- The new political context and the move towards greater devolution, specifically the work of the Three Southern Counties partners and the Greater Brighton partners on housing and infrastructure

In addition, Government policy as set out in the Housing and Planning Act 2016 and other measures designed to speed up the delivery of new homes will need to be taken into

account. These measures include, for example, the brownfield land register; “permission in principle”; permitted development conversions and the new timetable for Local Plan preparation.

Areas of investigation

The Housing and Regeneration Task Force will cover the following thematic areas in preparing its recommendations;

- Exploring ways in which business can further support local authorities in delivering and then going beyond existing housing targets:
- Ways of delivering more affordable housing, including the importance of providing different types of tenure in new homes within the region. The changing roles of and incentives on RSLs, stock holding Councils and private investors are each important
- Overcoming barriers to the development of sites, including the delivery of infrastructure to support housing development, incentives on developers, access to finance and overall market incentives for the delivery of new housing stock.
- Using available land as effectively as possible; including prioritising opportunities to develop brownfield sites, ensuring that all possible sites in the public and private sectors are identified, identifying the best way of fully developing land around railway stations and in other well connected areas, and concentrating on hard to deliver sites (with extant permissions). It is also important to look at linking housing with jobs, including the impact that the permitted development regime has on availability of work space in the region.
- Identification of new sites in anticipation of growing future demand for housing, including access to finance and the role of planning system. One of the challenges is to ensure that development sites can be economically sustainable in terms of access to business and employment space and transport links.
- Capacity, capability and expertise in the sector; including incentives in the relationship between local authorities and businesses, links across local authorities within the region, barriers to innovation, learning best practice from rest of UK, and the capacity of the supply chain to support and unblock barriers throughout the process.

Accountability

The Coast to Capital Housing and Regeneration Task Force will be accountable to the Coast to Capital Board for delivery of a report with recommendations by the end of November 2016. Regular updates will be provided to the Coast to Capital Executive Committee on the progress of this work.

Membership

The Coast to Capital Housing and Regeneration Task Force brings together private sector expertise with public sector leadership and accountability.

See list of members in Annex A.

Ways of working

The Task Force will prepare its report by consensus. Secretariat support and advice will be provided by Coast to Capital staff. Meetings will take place in the Coast to Capital area and will include structured discussions, presentations from invited guests and site visits. Membership of the task force cannot be delegated. Meetings will be quorate when a majority of members is present. The Task Force will meet a minimum of four times and a maximum of six times between March and November 2016.

Annex C Note on the affordability of different tenures

In the course of discussion within the Task Force, a debate arose regarding the relative affordability of different tenures of housing in terms of affordability. The following table was provided for the Task Force members and is shared here in this Annex so the information is not lost.

The table sets out an example of the different monthly costs to the occupier of the different tenures, based on a property with a market value of £225,000.

Full Value	Commercial mortgage pcm	Private Rental pcm	Affordable rent pcm	Shared Ownership pcm	Starter home pcm
£225,000	£970	£900	£720	£867	£804

The table is based on a two bed house outside Cambridge, where demand and prices are relatively high in a national context. It illustrates that on the full value of the property, the mortgage cost is approximately £970 per month at present day interest rates.

If the same property was let as a private rental (i.e. without subsidy of any form), it may be expected to cost some £900 per month.

A typical Housing Association rent for the same property as Affordable Rent would be £720 per month. On a shared ownership basis (at 50% purchase, 50% rental) the cost would be £867 per month.

The Government is introducing Starter Homes for purchase but with a minimum discount on market price of 20% (i.e. sold at 80% of market price). The calculated monthly mortgage cost of this form of tenure is £804 – above the cost of Affordable Rent (although with long term equity in the property established for the purchaser) but significantly lower than all other forms of occupation, including private rental or shared ownership.

Conclusion. Whilst this table shows that starter homes can be cheaper, much depends on the way that other tenure types are structured. We should also bear in mind that the supply of starter homes will be limited and that only a certain part of the population (people aged 25-40) are able to access it. The main point to note is that all options in our area are relatively expensive: even the lowest monthly housing costs of £720 are roughly 40% of post-tax income for a family with an income of £48,000 needed to live in our region.

Annex D: LEPs in southern England – approach to housing issues

We have spoken with LEPs across the south east to help understand the priority that others give to housing issues, the work that they do and the levers that they have identified to help support housing delivery.

It is common for **strategic economic plans** to refer to the importance of delivering housing in order to support economic development, as the Coast to Capital plan does. Most other LEPs also take an activist approach to support delivery of this.

In **SELEP**, support is focused on providing **resource support** to local authorities. SELEP has been declared “Housing Business Ready” as a reflection of the work done across its region to develop skills and capacity of housing authorities. SELEP has funded work by the Housing and Finance Institute to promote skills and capacity amongst authorities. The LEP works closely with authorities to understand delivery across the region and ties this into delivery of its wider economic objectives.

Enterprise M3 has a headline objective to provide a 25% increase above baseline, through amalgamation of local plan targets. The LEP’s interventions are based on LGF funding, as well as **soft loans through the growing places fund** to support the development of individual sites. Many LEPs appear to use GPF in this way, with developers using financial support from the LEP to increase pace and certainty around site delivery.

In **Thames Valley Berkshire** the LEP works across the unitary authorities to lead the narrative on the importance of housing in the region. In cooperation with the local authorities, the LEP develops and owns a **strategic housing market assessment** which describes the aggregate need for housing in the region.

The **South East Midlands LEP** runs a **formal committee** across its 14 authorities which keeps track on delivery of local plan objectives and which identifies and solves issues which arise. These predominantly relate to the delivery of infrastructure, which is a funding priority for the LEP. Senior officials focus on housing delivery in bilateral discussions with local authorities. The LEP develops a common understanding of the economic value of housing development which is applied across the planning system in the region.

Hertfordshire LEP focus on **housing target delivery** as part of their regeneration and business growth committees, with a strong focus on delivering agreed plans and improving the economic output of growth towns.

Buckinghamshire LEP runs a **separate delivery company**, Buckinghamshire Advantage, which acts as agent to the LEP on delivery of its LGF obligations. It is a limited company controlled by the component authorities of the LEP. Its projects include a number of housing schemes, where the company has acquired land and entered into partnership with developers in order to get them away. Spatial development, including the development of new garden villages, is a priority for the LEP.

Most LEPs give a high public profile to the work that they do on housing, with the issues clearly flagged on websites and the role of LEP clearly described.

Version	Date	Purpose	Notes
1.0	23 Oct 16	Internal draft for discussion	
2.0	9 November 16	Version for sign off at final meeting	
Final For Board	11 November 16	Recommendations from Task Force to Board	