



CORE CITIES UK SUBMISSION TO SPENDING REVIEW 2021

Zero Carbon Homes and Jobs Dividend: Core Cities UK's Housing Offer

Core Cities offer to the UK Government is to increase annual housing delivery, up to a total of 25,000 homes across the eight English Core Cities, aiming to achieve Government targets.

This is not just a housing opportunity, it represents a UK-wide skills, employment, economic and low carbon dividend. Our Offer can be a major plank of the Government's Levelling Up and Carbon Reduction agendas, creating jobs and growth, driving Net Zero.

With the right freedoms and policies in place, we can ensure these are high quality low carbon homes, avoiding the need for future retrofit.

In addition, we will aim to retrofit 1.98million homes across these eight cities, working together with our member cities across the devolved nations to attract global investment through the UK Cities Climate Investment Commission and its Portfolio, which will be launched at COP 26.

Together, we can deliver the following benefits to the UK.

For New Build:

- **25,000** new homes per annum
- Increased investment into cities of **£2.2 billion** for new build
- **£982 million** spent on UK based suppliers
- **£3.4 billion** increase in economic output
- **107,500** additional jobs and **820** additional people in training and learning (not including retrofit)
- **£250 million** more taxes paid, contributing to public services
- **£103 million** more for local infrastructure
- **£40 million** more for schools
- **£1.1 million** more trees and shrubs
- **£23 million** invested in open space, community, sport and leisure facilities
- **£678 million** spent locally by new residents, aiding high street recovery
- **9,500** more affordable homes

For Housing Retrofit:

- Further investment of **£27.7billion** to retrofit 1.98 million homes which created 5805 Kt Co2 emissions in 2019
- **A 21%** carbon reduction; a reduction of 1219 Kt Co2 emissions
- **117,000 jobs** (40% direct, 60% indirect) over 4 years

The costs of not taking the opportunity are also very real, including:

- Storing up a future retrofit cost, risking Net Zero
- Seeing rapidly increasing house prices
- Losing out on the jobs and skills dividend
- Failing to deliver the recovery and growth that can flow from this ambition

A NEW HOUSING DEAL

This vision cannot be achieved through business as usual. The 35% uplift on the standard methodology represents a massive increase on the 10-year average for English Core cities, more than 200% above existing plans for some, and as things stand, not all will be able to deliver these targets.

For example, in 2018 Core City authority areas had 140,000 live residential permissions, but only 17,000 were completed per annum. The issue that needs to be addressed to increase housing numbers in our cities is viability, rather than planning system processes.

A step-change in delivery must therefore be backed by a step change in the way housing is funded and incentivised. A New Housing Deal is needed, with a menu of freedoms and flexibilities turned into bespoke Deals with each place, at a locally agreed geography, i.e. city or city region.

Deals should resolve two related issues. Firstly, providing a comprehensive programme of directed funding to unlock sites, provide infrastructure and overcome physical and structural constraints. Secondly, combining this with a set of tools, freedoms and flexibilities that get maximum impact from investment, co-designed with cities and Government, which flow into bespoke Deals for each place.

Deals should then be structured around the following priorities.

1. *Single Strategic Partnerships*: routing Deals through local authorities and their partners with maximum flexibility to combine funds, powers and delivery.
2. *Directing relevant funds to city housing growth areas*: direct Levelling Up, Homes England, increased New Homes Bonus and infrastructure investment to cities with growth targets.
3. *Tools to unlock Brownfield*: investment, incentives and infrastructure to unlock strategic brownfield sites and improve viability, reducing a call on Greenfield and Greenbelt.
4. *Support to ensure cities are climate resilient and achieve Net Zero by 2030*: Flexibilities to increase the standard of Green Homes, linked to sustained Government investment.
5. *Improved land assembly and Compulsory Purchase Order process*: CPO is a vital tool but authorities require the financial means, capacity and expertise to de-risk the process.

In addition, Housing Retrofit Academies should be supported across the Core Cities, linking to surrounding towns and working with FE and Adult Skills Providers, to boost skills and employment opportunities to help Level Up.

To achieve sustainable housing growth, the following principles should apply to Housing Deals.

- Quality place-making and affordability should be at the heart of Deals
- Housing Growth needs to be linked to economic plans, city centre recovery and renewal
- Local knowledge of housing needs and evidence should drive the nature of individual Deals, including how housing markets operate across administrative boundaries
- Housing growth and retrofitting should be linked to plans and funding for recovery, growth and boosting new, quality jobs across green industry
- Related Government policy, e.g. for Greenfield and Greenbelt, may need to adapt

Core Cities have developed significant further detail on each of the points above, and on freedoms and flexibilities needed, which can be made available. We also offer to assist Government in

improving the mechanisms for developer contributions, where we believe we have invaluable experience and expertise to bring to the table.

ANNEX 1 Core Cities Housing Offer: Innovative Housing Delivery Examples (further examples will be sent to DLUHC, representing schemes across more of the Core Cities)

Bristol City Council have a Housing Company Goram Homes. They are promoting Modern Methods of Construction (MMC) through the Bristol Housing Festival. They have targeted disposal of City-owned land to appropriate delivery vehicles – Housing Company, SME's, Register Providers, Community-led housing organisations, self-build. In this model, the land can be used as subsidy where the Council doesn't have access to capital funding for affordable housing. De-risking these sites to accelerate delivery - particularly those with complex remediation - is always a huge issue and cost. Homes England (HE) funding programmes are aimed at delivery at scale, whereas city sites are frequently small and complex. A different approach to scale could help, building on the land-subsidy model, with a rolling, recycled capital fund.

The Annuity Lease Back Model (ALBM) Proposal is recognised as an innovative method for delivery of new homes and was first approved in 2016 in **Newcastle City Council**. The scheme procures a partner to enter into a lease agreement with the Council for a period of 40 years to finance, design and build new homes. Upon completion of the lease all properties, land and assets revert back to Council ownership, thus ensuring that the supply of affordable homes is maintained and helps meet the Council's housing objectives.

- The five sites in ALBM1 were completed between October 2019 and September 2020 and yielded 148 Affordable Rented homes for older persons, comprising of 52 Assisted Living apartments, 22 Sheltered apartments, 58 'Tyneside' apartments and 16 bungalows.
- The eight sites in ALBM2 will produce 199 new Affordable Rented homes by mid-2022: 38 sheltered apartments, 82 bungalows, 64 'Tyneside' apartments and 15 apartments for people with Learning Disabilities and/or Autism.

Nottingham City Council has commissioned Stories to prepare a delivery strategy for the Broad Marsh Opportunity Area, alongside a creative vision which is being prepared by Heatherwick Studio¹. The Broad Marsh Opportunity Area comprises some 20 acres in the centre of Nottingham of predominantly council owned land, including the derelict Broad Marsh shopping centre and former People's College.

The development of the vision for the site along with the demolition of the western part of the shopping centre is being funded through D2N2, the Local Enterprise Partnership, via the Government's Getting Building Fund.

As part of the emerging proposed delivery strategy, Nottingham are considering the role of a further public sector partner(s) to become involved alongside the council, potentially including Homes England.

Sheffield City Council has pioneered a number of innovative approaches to deliver new homes and regeneration of neighbourhoods across the city:

- **Sheffield Housing Company (SHC)** is Sheffield City Council's joint venture housing delivery vehicle to help the Council deliver new homes which support strong neighbourhoods, boost regeneration, and help people feel safe, warm and well. SHC was established to predominantly build homes for open market sale (but also private rent and affordable homes), maximising

¹ <https://www.mynottinghamnews.co.uk/world-class-team-appointed-to-the-revisioning-of-one-of-the-most-significant-development-spaces-in-the-uk>

vacant land in neighbourhoods that have experienced market failure. To date, SHC has delivered 1,100 of its intended 2,300 homes for people and families in Sheffield.

- **Knutton Crescent** – as part of the Council’s ambitious Stock Increase Programme, Sheffield undertook a Modern Methods of Construction (MMC) pilot to deliver high quality homes at pace. The four, four-bed modular homes were precision engineered in a quality-controlled factory environment in Yorkshire using a light gauge steel frame before being lifted into place on site in Sheffield. Families moved into the new homes in December 2020 - just 14 weeks from the modules being installed on site, providing high quality homes that look and feel like a traditionally built house with the same quality, space, accessibility and environmental standards. See <https://youtu.be/EVjcE-dHDIA>
- **West Bar** – the West Bar area is a vital part of the wider regeneration of Sheffield City Centre and the Central Area Strategy. Sheffield City Council has taken a strategic and comprehensive redevelopment approach to tackle issues of fragmented land ownership, development constraints and infrastructure needs which have obstructed the regeneration of West Bar. Taking a strategic development approach and using CPO powers, the development will create high quality connections between the city centre and neighbouring residential areas. The Council has secured a partnership agreement with the developer and a major investor, unlocking £150m of new investment, the first 200,000sq ft of Grade A new offices, private rented apartments and high-quality public realm by taking a 40-year lease on the first new office build. City leadership and public sector intervention – including from the Brownfield Housing Programme – has been critical to unlocking and accelerating development at scale, fast-tracking the regeneration of a key city centre gateway. For more info, see: <https://westbar.co.uk/>