

Public Document Pack



Wednesday, 24 June 2020

To: Members of the SCR - Housing Board and Appropriate Officers

You are hereby invited to a meeting of the Sheffield City Regional Mayoral Combined Authority to be held at **Virtual Meeting**, on: **Thursday, 2 July 2020** at **1.00 pm** for the purpose of transacting the business set out in the agenda.

A handwritten signature in black ink, appearing to read 'D. Smith'.

Dr Dave Smith
Chief Executive



You can view the agenda and papers at www.sheffieldcityregion.org.uk or use a smart phone camera and scan the QR code

Member Distribution

Councillor Chris Read (Chair)
Tanwer Khan (Co-Chair)
Councillor Simon Greaves
Councillor Julie Dore
Councillor Glyn Jones
Councillor Tim Cheetham
Damian Allen
Mark Lynam

Rotherham MBC
Private Sector LEP Board Member
Bassetlaw DC
Sheffield City Council
Doncaster MBC
Barnsley MBC
Doncaster MBC
SCR Executive Team

SCR - Housing Board

Thursday, 2 July 2020 at 1.00 pm

Venue: Virtual Meeting

Agenda

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3.	Urgent items / Announcements	Chair	
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Date of next meeting: Thursday, 27 August 2020 at 1.00 pm

At: 11 Broad Street West, Sheffield S1 2BQ

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SCR - HOUSING BOARD

MINUTES OF THE MEETING HELD ON:

THURSDAY, 9 JANUARY 2020 AT 1.00 PM

11 BROAD STREET WEST, SHEFFIELD S1 2BQ



Present:

Councillor Chris Read (Chair)	Rotherham MBC
Tanwer Khan (Co-Chair)	Private Sector LEP Board Member
Councillor Simon Greaves	Bassetlaw DC
Councillor Glyn Jones	Doncaster MBC
Damian Allen	Doncaster MBC
Mark Lynam	SCR Executive Team

In Attendance:

Colin Blackburn	Assistant Director - Housing, Infrastructure and Planning	SCR Executive Team
Becky Guthrie	Senior Programme Manager	Sheffield City Region
Carl Howard	Senior Programme Manager	SCR Executive Team
Councillor Chris Furness		Derbyshire Dales DC
Danielle Gillespie		Homes England
Dilys Jones		Homes England
Tom Hawley		Homes England
Craig Tyler (Minute Taker)		

Apologies:

Neil MacDonald	Private Sector LEP Board Member
Councillor Julie Dore	Sheffield City Council
Councillor Tim Cheetham	Barnsley MBC
Neil Taylor	Bassetlaw DC

1 Welcome and Apologies

Cllr Read welcomed everyone to the meeting.

Members' apologies were noted as above.

2 Declarations of Interest by individual Members in relation to any item of business on the agenda

Chris Furness declared a non-pecuniary interest in the matters to be considered at item 8 by virtue of being a director of the Bradfield Community Land Trust.

3 **Urgent items / Announcements**

None.

4 **Public Questions of Key Decisions**

None.

5 **Minutes of the Previous Meeting**

Updates were provided in respect of the recorded actions.

It was agreed that the minutes of the previous meeting are an accurate record and may be signed by the representative of the Head of Paid Service.

6 **Homes England - Working Together**

A report and presentation were received to introduce Homes England's 'Housing Partnerships Building Growth' initiative to the Board, and to provide an opportunity to discuss opportunities for closer collaboration on strategic housing and development matters.

It was noted the Homes England (HE) Strategic Plan 2018-23 was launched in October 2018, it sets out the organisation's Mission and Objectives to help unlock more new homes being built in England.

Further examples were sought and provided in respect of what relationships and programmes have been developed in other city regions, particularly where devolution deals have already been agreed.

Further information was provided to explain the role and responsibility of the Cities & Urban Conurbations Team within Homes England.

Consideration was given to how the SCR might benefit from the Government's recent 'levelling up' ambition for new housing delivery.

Consideration was given to how we move from demand-led delivery mechanisms to a more outcome based approach to how we want the future to look.

It was noted the SCR is developing an Energy Strategy and could seek to make the provision of sustainable energy a prerequisite for new housing and questioned whether Homes England could help support that agenda. It was noted that whilst Homes England has a statutory responsibility around sustainability, the organisation is under direction to primarily focus on housing delivery but would welcome the opportunity to look at where energy usage innovation might be considered.

Consideration was given to MMC products and how this means of provision may be furthered. It was suggested that to be game-changing it would need the input of various public and private sector players and disciplines to tease out and address all barriers to delivery.

The meeting considered various ideas for further approaches to working in collaboration with Homes England colleagues. It was agreed for Homes England to be afforded Associate Membership of the Board.

RESOLVED, that the Board:

- Notes the strategic intention behind Homes England's ongoing collaborative work with SCR.
- Supports opportunities for closer working relationships with Homes England on strategic housing and development matters.
- Agrees Homes England to be afforded Associate Membership of the Board.

7 Phase One Of Housing Review - Progress Report

A report was received to update the Board on progress with the first phase of the SCR Housing Review.

It was reported that following discussions at previous Board meetings, the Think Tank Respublica was commissioned to provide expertise and offer a fresh perspective and new insights on the issues being considered by the Review.

In addition, to complement this appointment and ensure that the Housing Review is well grounded in issues and opportunities specific to South Yorkshire, an Advisory Panel has also been set up for the project. The Panel is made up of experts and experienced practitioners from across South Yorkshire, including from the public, private and not for profit sectors and will inform and shape the review work.

The meeting considered other matters of pertinence that it would be useful for the review to give some reflection on.

RESOLVED, that the Board notes the progress to date and the issues and opportunities generated by this work.

8 Housing Fund - Update and Future Programme

A report was received to provide an update regarding the current Housing Fund programme and the work currently being carried out towards the future Housing Fund programme of projects.

RESOLVED, that the Board:

1. Notes the update on the current Housing Fund programme;
2. Notes the joint work to date on the future SCR Housing Fund programme in liaison with the four South Yorkshire Authorities and Homes England.

9 Latest Housing Completions

A report was received to provide an update on recent housing supply figures.

It was noted that as set out in the SCR Statement of Common Ground, all Local Planning Authorities in the city region are working to maximise the delivery of new homes in their area and across the SCR as a whole.

The latest available data on this issue provides figures for the number of net additional homes added to the housing stock in 2018/19, published as part of the Government's statistical releases in November 2019 and based on this release, it was reported a total of 6,229 new homes were created across the city region in 2018/19.

It was noted this figure continues the generally positive trends in new homes seen since 2015/16.

The meeting recognised the need to balance ambitions for increased completions with the need to realise our place-based ambitions for the 'right' kind of completions for the SCR.

RESOLVED, that the Board:

1. Notes recent figures on net additional dwellings to the SCR housing stock
2. Notes the potential reasons and implications of the housing supply trends

10 Performance Dashboard

Provided for information.

Updates were provided in respect of schemes in the pipeline causing concern and the need to maximise delivery of the programme.

11 Any Other Business

No further matters were raised.

In accordance with Combined Authority's Constitution/Terms of Reference for the Board, Board decisions need to be ratified by the Head of Paid Services (or their nominee) in consultation with the Chair of the Board. Accordingly, the undersigned has consulted with the Chair and hereby ratifies the decisions set out in the above minutes.

Signed

Name

Position

Date

HOUSING BOARD2nd July 2020**SCR HOUSING REVIEW****Purpose**

This report presents the outcomes from initial work on the SCR Housing Review. It asks the Board to develop a response to these outcomes for consideration by the MCA.

Thematic Priority

This report relates to the following Strategic Economic Plan priorities:

- Secure investment in infrastructure where it will do most to support growth.

Freedom of Information

The paper will be available under the Combined Authority Publication Scheme

Recommendations

Board members are asked to:

1. Note and discuss the initial outcomes of the SCR Housing Review; and
2. Comment on the how a MCA response to the Review be prepared, including progressing next steps.

1. Introduction

- 1.1 The Housing Board was tasked by the Mayor with overseeing the development of a SCR Housing Review. Overall, the Review is intended to take a fresh look at housing across the city region, with no pre-defined ideas or assumptions. It seeks to address some of the more open-ended questions on housing and develop findings and recommendations that can be used by the Mayor, the Combined Authority and individual districts to support the delivery of the right housing, in the right places, and of the right quality and price for local communities.
- 1.2 Following discussions at previous Board meetings, the Think Tank Respublica was commissioned to undertake the work and offer a fresh perspective and new insights on the issues being considered by the Review. An independent Advisory Panel was also established to inform the review. The Panel includes experts and stakeholders from across the public, private and not for profit sectors, acting as a sounding board to test evidence,

comment on emerging ideas and generally strengthen the work by making sure it is grounded and relevant to the SCR.

2. Proposal and justification

2.1 Rather than a traditional research exercise, with a linear methodology and a narrow approach, the Housing Review was always intended to be a more interactive and collaborative process. This aimed to add value to existing activities, raise levels of understanding as the work develops, and bring forward some widely supported proposals for change. As such, the process itself was intended to remain flexible in order to respond to ideas as they emerge and take on board the views of the Advisory Panel and the Board.

2.2. This commission therefore involved two distinct parts, each with a separate report that has been discussed and shaped by the Advisory Panel:

- **Part 1:** provides an overview of the housing markets in South Yorkshire, assessing the baseline position and trends; and, identifies possible gaps in understanding (see Annex 1).
- **Part 2:** considers potential options for future activities in addressing potential housing market changes that could occur, and develops some propositions to address the issues identified in Part 1 (see Annex 2).

2.3 A short presentation has also been prepared for the Board meeting (Annex 3) summarising the key issues and proposals.

Developing a response

2.4 The Housing Review was always intended to be a provocative exercise, designed to stimulate debate and broaden our thinking on issues we are familiar with but have still to address effectively. Appointing Respublica, informed by the Advisory Panel, has generated some new ideas and a series of ambitious propositions for change. Some of these may be readily supported, others may be more controversial and/or not considered appropriate to address the SCR issues identified. Equally, the propositions may stimulate further proposals and ideas that need to be followed up.

2.5 The Housing Board is being asked to receive the consultant's reports and recommendations and note them at this time, with a view to engaging over the Summer within Local Authorities and with other organisations, and to feedback comments at the next Board meeting in the Autumn.

2.6 Board members are therefore asked to initially:

- Consider the evidence and propositions developed by the Housing Review and offer initial comments;
- Ensure that discussions take place within their Authorities over the Summer so that these are properly understood and reported back to the Board at the next meeting; and
- Suggest and agree steps to engage other key partners over the Summer so that they can also consider the propositions to inform the MCA response.

2.7 Following this, the intention would be to agree a formal response to the Review at the next Housing Board meeting in September. This should include setting out how we proceed with the Review; how we take the propositions forward for the interventions that are considered appropriate and necessary to pursue; and the resources and timelines required to do this. This agreed policy position, specifically on issues like housing

investment or further devolution proposals, would then be recommended to the MCA Board for consideration and approval.

CV-19 and other points to consider

- 2.8** The first part of the Housing Review was commissioned in January 2020 and completed in early March, before the current CV-19 pandemic was fully understood and Government measures initiated to combat the public health threats were only starting to be put in place. However, the second part of the Review provided an opportunity to reflect on the changed context caused by CV-19 and some of the issues and opportunities that this presents.
- 2.9** These issues were discussed by the Advisory Panel and are covered in the Part 2 report. Board members may wish to consider whether the work to date is helpful in identifying and addressing all the new and emerging challenges now presented by CV-19 or whether other issues have since emerged.
- 2.10** Encouraging a dynamic process, early feedback on both reports has already been sought from housing directors in local authorities, Homes England and other partners on the Advisory Panel such as Registered Providers and private sector developer representatives. These have raised a number of useful points which Board members may want to reflect on as they discuss their own response and the next steps for the Housing Review. Key points noted to date are:
- Use of existing public funds and market stimulus – Government programmes (largely overseen by Homes England) are designed to address market failures but can we use these more effectively to meet the same ends?
 - Brownfield and other difficult sites – although not unique to South Yorkshire, the area does contain some very challenging sites that are difficult to bring forward for viability and other reasons. Do the propositions speak to these effectively?
 - Housing need and local priorities – the propositions seek to address specific needs in South Yorkshire as well as the importance of housing for wider economic growth. Are all local needs properly reflected, eg the relationship between health and housing?
 - Local organisational capacity – some of the propositions will require much more work and capacity to progress. Do we have capacity to do this locally, within the MCA, Local Authorities and Registered Providers? Will it be a distraction as organisations struggle to respond to CV-19, etc?
 - Alignment with current initiatives – how will the propositions from the Review work with or alongside existing projects and funding (eg for affordable homes)? Could there be some duplication with the Housing Investment Fund proposed or can we use this to complement existing initiatives better?
 - Alternative approaches – could we address some of the issues identified in the Part 1 report with a less radical or more pragmatic approach? For example, a ‘brokering arrangement’ that can stimulate the market by bringing together the ambitions of local authorities and Registered Providers with housing developers to encourage new entrants and investment.
 - The “devil is in the detail” – all of the propositions are still very high level and will need more work to prove that they will be successful in a South Yorkshire setting. Can we agree what the next tasks are in this process and how do we ensure that enough testing of the propositions is carried out?

3. Consideration of alternative approaches

- 3.1** The work outlined considers a range of housing issues and potential interventions to address them. The Housing Review is being managed by the MCA and includes stages

at which the Housing Board can 'take stock' and consider the next steps. This allows for alternative options to be properly considered as part of the process, with these tested by the Advisory Panel and the Board itself.

4. Implications

4.1 Financial

Funding for the Housing Review is provided from the Mayoral Capacity Fund. As part of taking forward the Review, the financial implications of any propositions will need to be properly explored and reported to the MCA Board.

4.2 Legal

There are no direct legal issues arising from this report, although all propositions will need to be developed in line with appropriate local government and housing legislation.

4.3 Risk Management

Key risks include:

- Partners and Stakeholders unwilling to participate in and/or contribute to the Review and its implementation.
- The outputs from the work will not be sufficient to warrant further progression.
- Conclusions not supported by key housing policy, investment and delivery bodies.
- Availability of budget to take forward any proposals deemed appropriate and necessary to further explore.

These are being managed as part of the project and reported to the Board as necessary.

4.4 Equality, Diversity and Social Inclusion

The Housing Review and its conclusions will take into account issues relating to equality, diversity and social inclusion.

5. Communications

- 5.1** The recognised National Housing Crisis shows that housing continues to be a sensitive issue with a range of views as to how the Crisis should be tackled. The Housing Review includes engagement and involvement of a range of bodies so as to seek to gather a broad range of views and perspectives. There will also be opportunities to publicise progress and highlight specific proposals should they be agreed to be implemented.

6. Appendices/Annexes

Annex 1 – Part 1 Report

Annex 2 – Part 2 Report

Annex 3 – Summary of the Housing Review Outputs and Proposals

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ



Sheffield City Region Housing Review (Part 1)

A Report by ResPublica

March 2020



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1 INTRODUCTION

Sheffield City Region (SCR) is undertaking a housing review and has assembled an advisory panel, drawn from relevant stakeholders, to assist with and provide overview of this work.

The underlying assumption, which the review is seeking to address, concerns the extent to which housing may be responding to, driving, or indeed holding back economic growth in the city region.

Housing is a key employment sector in its own right, and investments in the housing industry including skills and new methods of construction will contribute to increased productivity and job growth.

However, the primary focus of this review is to consider the wider role of housing in place-making strategies and the relationship between housing and other policy considerations that contribute to making healthy, productive and inclusive places.

This review is in two parts:

- **Part 1:** To: provide an overview of the housing market in South Yorkshire, assessing the baseline position and trends; and, identify possible gaps in understanding.
- **Part 2:** To consider potential options for future development in addressing potential housing market changes that could occur.

This report (Part 1) provides an overview of the housing markets in the South Yorkshire districts of the four 'constituent' members of the Mayoral Combined Authority (MCA), including Barnsley Doncaster, Rotherham and Sheffield.

The purpose is to provide a spatial account of how the housing market in South Yorkshire functions in relation to the city-region's economy and to inform the MCA's ambitions for future growth. It is not a data rich audit or market segmentation of housing stock and conditions. This level of detail is contained in other existing documents at the borough level.

The report draws upon current evidence about housing from Local Plans, Strategic Housing Market Assessments and other relevant documents as well as qualitative research with key housing stakeholders and members of the advisory panel.

2 BACKGROUND

2.1 The economic context: productivity and growth

The UK economy has a long-standing productivity problem with few places outside of London and the Greater South East performing above the national average. The problem is particularly pronounced in the north of England. Sheffield City Region has a growing economy, that has seen good progress in new business formation and job creation. However, SCR is the worst performing city region in England for productivity (GVA per worker) and has consistently underperformed for decades. Worryingly, the relative position is not changing.

The key drivers of productivity, innovation and skills, appear to be comparatively weak in the city region. The picture is not uniform, and the region does possess high skilled labour and world class economic assets. However, low-skill/low-waged sectors characterise the local economy. There has been growth in these industries, but this has not been transformational.

It is estimated that 47% of all jobs in SCR will be vulnerable to automation over the next two decades, compared to 39% in London.¹ Those at the highest risk are in the same sectors that have created the most jobs, including transport, financial services and health.

Investments in innovation and skills are clearly important but housing is one of several other potential drivers for productive growth. While building rates for new homes has been strong, in line with national forecasts, there are issues with tenure, affordability and quality.

Population growth is beginning to put more pressure on housing. An ageing population, looking to downsize, could present housing opportunities for larger families but simultaneously increase competition for smaller properties as a rising population (aged between 16 and 25 years) looks to get on the property ladder.

A key objective for SCR will be to grow a larger economically active population and a higher skilled workforce. To do this it will need to retain local graduates as well as attract graduates who have no previous association with the city region. Overall graduate retention figures for Sheffield (31%) are middling among core cities, in line with Bristol, Liverpool and Leeds, although clearly some way behind London.

However, the greater issue would appear to be that SCR is not gaining graduates in the workforce in sufficient numbers. The city-region has a poor level of attraction with lower levels of working graduates who neither grew up or studied in the city (18%) compared to other core cities, most notably Leeds (42%) and Bristol (40%).

¹ SEP and LIS: Emerging Evidence, SCR

Table 1: Graduate Retention and Attraction in England's Core Cities and London

City ²	Graduate gain (no.)	Graduate retention rate (%)	Working graduates who moved to the city to study (%)	Working graduates who neither studied nor grew up in the city (%)	Working graduates who studied and grew up in the city (%)	Working graduates who studied elsewhere but grew up in the city (%)
Birmingham	1095	49.42	15.9	18.91	42.19	23
Bristol	3195	30	24.76	39.77	15.8	19.66
Leeds	3690	29.28	27.02	41.55	13.93	17.5
Liverpool	2580	30.84	32.1	27.48	25.87	14.55
London	42065	76.92	15.69	29.34	33.24	21.74
Manchester	4665	51.49	20.43	23.73	31.06	24.78
Newcastle	2315	36.15	31.22	23.02	26.32	19.43
Nottingham	1675	20.73	29.46	33.17	19.39	17.98
Sheffield	1455	30.6	33.72	18.39	31.54	16.35

Source: HESA, 2014/15

Demographic factors will increasingly impact on the supply and demand for housing in the region. Given the region's ambitions to increase productivity this will require a strategic response to ensure the right type of housing is delivered in the right areas to meet the need and maximise the potential for inclusive growth.

2.2 The economic plan

SCR is currently in the process of revising its Strategic Economic Plan (SEP). Progress against this plan will be measured via metrics which reflect the three overarching policy objectives:

1. **Growth:** Achieve sustained good growth, underpinned by productivity gains which exceed the UK average.
2. **Inclusion:** Unlock prosperity by eliminating the wage gap and health inequalities between SCR and the national average.
3. **Sustainability:** Drive forward environmental sustainability to achieve the net zero-carbon target by 2040.

Housing has a role to play in achieving these objectives and housebuilding is both a direct and indirect enabler of growth:

- Contributing to business and job creation.
- Producing the kind of homes, of the right type and quality, and well-designed places that can attract a skilled workforce.
- Building a carbon neutral environment through the adoption of new building techniques and materials, as well as measures to reduce fossil fuels and improve energy efficiency.

² This data is aggregated to cities defined by their primary urban areas, not local authority boundaries. Graduate data for Sheffield includes Rotherham.

A key objective is to increase economic activity and unlock the potential of the local population, to ensure that they can share in the benefits of future growth through improved employment opportunities. This would help to raise overall income and narrow wealth inequalities. However, one possible outcome of a high-growth economy is that income gaps will widen, while house prices will rise, placing home ownership further beyond the means and aspirations of the lower waged. We can observe this phenomenon from many other productive places in the UK (including London, Cambridge and Oxford) and internationally.

This suggests that policy will need to address affordability issues, in terms of both homes to rent and to buy, for many working people to prosper and included in the dividends of a growing economy. Measures to address asset inequality, by increasing home ownership, alongside the provision of higher quality homes for social rent, will be required.

2.3 The 2020 Budget

The government has announced, in the 2020 budget, a £10.9 billion increase in housing investment to support the commitment to build at least 1 million new homes by the end of the Parliament, and an average of 300,000 homes a year by the mid-2020s. This includes a number of measures to address the UK's housing needs:

- A £12.2 billion grant funding programme to build affordable homes across England, which will help more people into homeownership, and which is estimated to lever a further £38 billion in public and private investment.
- Additional allocations from the Housing Infrastructure Fund totalling £1.1 billion for selected areas, to unlock new homes and help stimulate housing and infrastructure.
- A new £400 million brownfield fund for pro-development councils and ambitious Mayoral Combined Authorities with the aim of creating more homes by bringing more brownfield land into development.

Additionally, the government has committed to reducing emissions from homes and to helping keep household energy costs low now and in the future. It will, in due course, announce plans to improve the standards of new built homes.

The Budget also announces that DCMS will shortly publish a consultation response which will confirm the government's intention to legislate so that new build homes are built with gigabit-capable broadband.

These measures alongside a £4.2 billion transport funding settlements for the Mayoral Combined Authorities will further contribute to the economic role of housing and infrastructure in the Sheffield City Region.

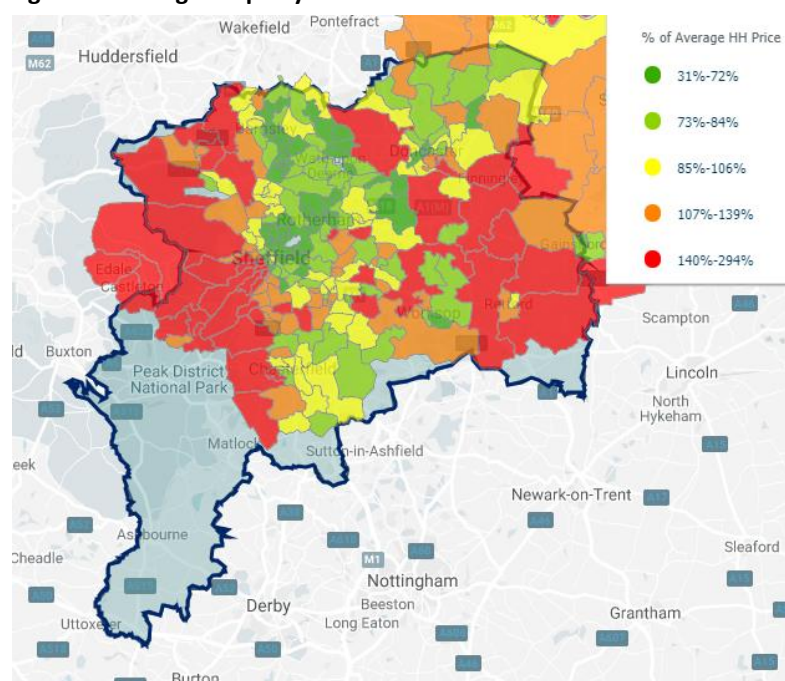
3 THE GEOGRAPHY OF SCR'S HOUSING MARKETS

There is no precise definition of a housing market area (HMA) but for planning and administrative purposes it is accepted that they will be reasonably self-contained, so that a high proportion of house moves (typically 70%) occur within the area. In practice, the main indicators used are migration and commuting. By this measure Barnsley and Doncaster are two individual HMAs, while Sheffield and Rotherham form a third.

3.1 Spatial distribution of value

South Yorkshire is not a self-contained housing market. A number of localised housing markets are evident across the sub-region and within individual authorities. In terms of property prices, the higher values are found in the sub-urban fringes, as figure 1 illustrates.

Figure 1: Average Property Prices in Sheffield and Doncaster Postcode Sectors³



Source: Plumplot, 2019

This pattern is repeated in the distribution of Private Rented Sector (PRS) properties, with the outer areas demanding higher rental values. In this regard the sub-region broadly conforms with a monocentric pattern of urban development where the highest income households live furthest from the urban centres and Central Business Districts (CBD) and where the lowest income households are concentrated in the inner urban areas.

This concentric pattern can be found, to varying degrees, in all city regions in Britain, apart from London, and in most US cities. In both the UK and the US the distance of residence

³ Figure 1 is based on average house prices at the level of postcode district (up to 2 numerical digits) for Sheffield Postcodes (e.g. S10 1) and Doncaster Postcodes (e.g. DN10 1). These postcode district do not match precisely with either local authority or SCR boundaries. The SCR boundary is represented by the outline.

from city centres is a function of income.⁴ However, this spatial arrangement is not so common in European cities, where higher income households are located in historic urban centres.⁵ There are various reasons for this, including how public services and amenities are clustered, how rental markets are regulated, as well as different ideas about status, urban living and design.

3.2 Housing and inequality

The effect of this spatial arrangement in the SCR is that housing markets (property prices and rental values) are strongly correlated with the distribution and concentration of social and economic deprivation, including low incomes, low skills and educational attainment, and poor health. For example, average life expectancy falls by 7.5 years for men and almost 10 years for women, in the most deprived areas of the region compared with the least deprived.⁶

This has a significant negative impact, where housing markets are spatially divided, limiting social mobility and contributing to widening inequalities across the city-region. The research evidence shows that the most unequal places perform worse on almost every social metric. And it's not just poorer people who suffer, even the well-off do worse in societies with higher rates of economic inequality.⁷

At the heart of the city-region, the City of Sheffield has a housing market characterised by a stark east-west divide, which is unique among Britain's core cities. From north to south, either side of the city centre, Sheffield is effectively two cities. To the west, the constituency of Hallam, with its large Victorian housing stock, is one of the wealthiest in the country. To the east, there are large swathes of lower value inter-war and post war housing stock, where the Sheffield Fairness Commission identified that almost half those houses in the PRS are not meeting the decent home standard and a quarter of all homes pose a risk to the health and safety of the people living there.⁸ The two parts are almost entirely decoupled, with residents from either side having little or no reason to cross the divide.

Indices of Deprivation, Sheffield

In terms of overall levels of deprivation, Sheffield compares favourably amongst the eight core cities in England. It is the seventh least deprived, followed by Bristol. However, it is the degree of variance within the city that is most striking. Sheffield has 81 neighbourhoods among the least deprived 20 per cent in England, and 116 among the most deprived 20 per cent. This economic ratio of 81:116 is highly concentrated and spatially clustered. This trend has increased over the past 10 years.

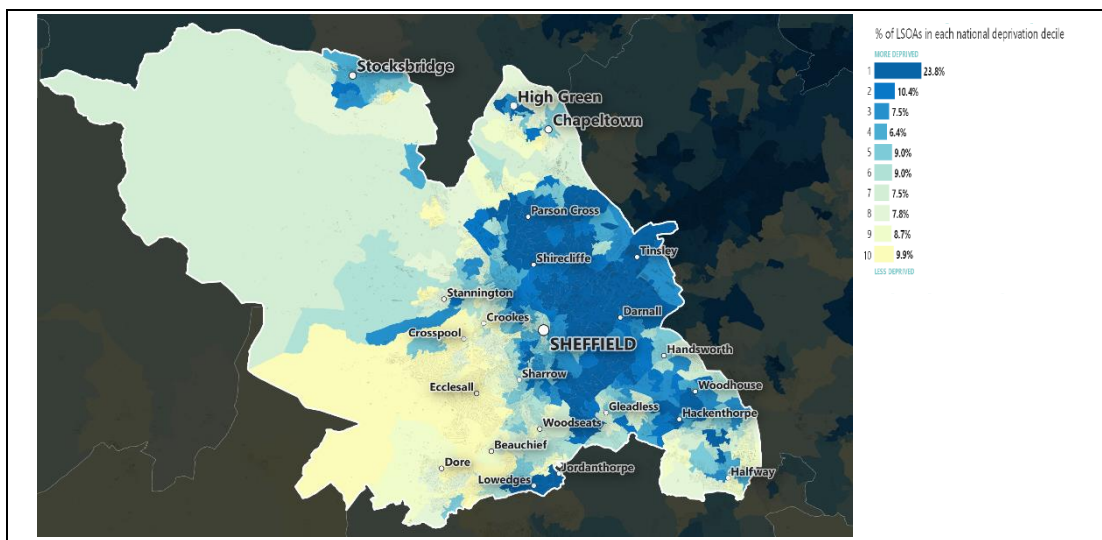
⁴ Cuberes, D and Roberts, J Household location and income: a spatial analysis for British cities, SERPS no. 2015022, October 2015

⁵ Brueckner, J., J-F. Thisse, and Y. Zenou (1999), "Why is Central Paris Rich and Downtown Detroit Poor? An Amenity-Based Theory," *European Economic Review* 43: 91-107.

⁶ The Sheffield Fairness Commission, 2012

⁷ Wilkinson and Pickett, *The Spirit Level*, 2016

⁸ The Sheffield Fairness Commission, 2012



3.3 Housing, schools and social mobility

There is a complex interrelationship between housing, neighbourhood characteristics, travel to school journeys, educational performance and ultimately social mobility. The uneven geography of housing markets bears resemblance to educational inequalities, such that house prices may serve to lock-in and exacerbate patterns of socio-spatial segregation (Cheshire and Sheppard, 2004; Gibbons and Machin, 2003; Leech and Campos, 2001).

In three of the four South Yorkshire local education authorities (Sheffield, Rotherham and Doncaster) school catchment areas are central to the allocation process. School catchment areas are offered to increase parental choice and to foster community cohesion, allowing pupils from different geographical and cultural communities to mix and integrate. Doncaster’s XP schools have introduced a borough wide catchment system which applies random allocation of places for oversubscribed schools, using a lottery system.

XP Trust, Doncaster

XP Trust started as a secondary ‘free school’ in Doncaster in 2014. It bases its practices on the High Tech, High and Expeditionary Learning schools in the United States. XP students complete cross-subject expeditions, which integrate academic subjects with real world projects (e.g. Chemistry and cooking). The Trust now includes 3 primary schools and two secondary schools and deploys a system of random allocation which is applied to oversubscribed schools once other priorities have been accounted for. Most schools have a relatively local catchment area and prioritise according to this and distance from the school (nearest is higher priority). Randomisation, which includes all postcodes in the authority, weakens the effects of segregating pupils by geography and thereby different socio-economic backgrounds.

Yet despite these policies and the fact that most pupils are given a place at the school of their choice⁹ many pupils continue to go to schools nearer to where they live.

⁹ In 2018, 97% of pupils in Sheffield were given a place at one of their three choices of school and 89% were given their first choice of school, Sheffield Local Education Authority.

Reasons for this vary and can include social norms and parental concerns about, for example, travel costs and the time taken to access neighbourhoods with better schools. Poorer families with fewer resources are more likely to be restricted to closer but more poorly performing schools. A study of school commuting patterns in Sheffield found that approximately 45% of primary school pupils and 41% of secondary pupils attended their nearest school. However, the highest levels of excess commuting were amongst pupils from disadvantaged and multicultural neighbourhoods, in search of better schools, while the lowest levels of travel to school were among pupils from the more prosperous suburban neighbourhoods.¹⁰

Given the patterns of spatial inequality that exist across the city-region, the relationship between housing and schools becomes critical to addressing problems of social mobility. Increasing access to educational opportunities (i.e. better performing schools) is important in breaking down social barriers and promoting mobility, but more fundamentally improving the social mix of pupils improves school performance. There is strong evidence that mixing the composition of schools, in terms of the social and economic backgrounds of pupils, can achieve transformational improvement in educational performance, and social mobility, for low-income and disadvantaged pupils.¹¹

There have been comparatively few studies in the UK analysing the relationship of housing markets to school catchment areas. One study of a school catchment area in Coventry estimated that inclusion in the catchment zone of a good school increased house prices between 16 and 20% (Leech and Campos, 2001). According to analysis conducted by Savills for the Sunday Times, good schools are driving house prices with two areas in Sheffield featuring in the top 10 for housing in the priciest school catchment areas in England.¹² Silverdale School has a housing catchment area with a premium of £253k (equivalent to 17 years of private school education). Housing in the catchment area for Tapton School has a premium of 135k (equivalent to 9 years of private school education).

The Sheffield study found that school performance has a greater impact on house prices than all other factors, and that this is greater for secondary schools than primary. A one-point increase in the percentage of resident pupils achieving 5 A-C passes including English and Maths increased house prices by £2,330 (at 2012 prices).

This evidence suggests that educational goals based on improved choice and planning goals based on housing markets may be at odds. It implies the need to review LEA policies for school catchment areas, and whether they are assisting with the segregating effects of the housing market. One option in the shorter-term might be to explore the use of 'Fair Banding'

¹⁰ Ferrari, E.T and Green, M.A. (2013) Travel to school and housing markets: a case study of Sheffield, England. *Environment and Planning*, pp. 2771-2788

¹¹ OECD (2018), *Equity in Education: Breaking Down Barriers to Social Mobility*, PISA, OECD Publishing, Paris, <https://doi.org/10.1787/9789264073234-en>.

¹² Parent Power: the price families pay to live near top schools

[\[https://www.thetimes.co.uk/article/parent-power-the-price-families-pay-to-live-near-top-schools-7vfpv9zhc\]](https://www.thetimes.co.uk/article/parent-power-the-price-families-pay-to-live-near-top-schools-7vfpv9zhc) November 2019.

to ensure that catchments for all schools include an agreed quota for pupil intake from different geographical bands, radiating out from the school.

However, the evidence of socio-economic distribution would also suggest that the longer-term challenge is to evolve a more spatial and structural approach to future housing development and place-making. Building socially and economically mixed communities is necessary if the challenges of economic inclusion and social mobility are to be achieved and sustained. This would mean building homes to attract middle class families which can be situated within a wider social tenure, including affordable and desirable homes to rent, for lower income families.

3.4 Housing, labour markets and connectivity

The pattern of housing markets in South Yorkshire also relate to wider travel to work areas (TTWA) in the Sheffield City Region and across the north.¹³ As with housing markets the city-region is comprised of different labour markets, that cross administrative boundaries, extending into Derbyshire and Nottingham to the south, Leeds to the north, and to a lesser extent Greater Manchester to the west.

Evidence suggests that commuting between the major northern cities is low, with connectivity dominated by automobile, which combined with internal commuter flows are causing severe congestion in northern cities. While those who do commute by train experience slow journeys, cancellations and overcrowding - Sheffield has experienced some of the highest peak overcrowding figures, outside London.¹⁴ With sufficient investment in transport infrastructure this could result in a significant shift in both the mode of transport as well as the distance and frequency travelled. It could also significantly uplift land value and affect housing markets along improved transport corridors.

Table 2: Inter-city modal share comparisons

Inter-city links	Total commuters	Train (%)	Auto (%)	Ratio
Sheffield to Leeds	2477	16.4	73.5	4.5
Leeds to Sheffield	1154	12.9	79.4	6.1
Sheffield to Manchester	527	44.8	43.3	1
Manchester to Sheffield	236	31.8	51.7	1.6

Source: Census, 2011¹⁵

People are travelling further to work and with greater frequency, if not speed. Travel to work data, analysed by ONS, confirms this trend.¹⁶ As a result, the economic footprints of cities are becoming larger, absorbing and containing what were previously separate and distinct

¹³ TTWAs are defined as places where 75 per cent of residents who live in the area also work in the area; and 75 per cent of workers in an area also living in that area.

¹⁴ DfT, 2013

¹⁵ Rae, A. The Geography of Travel to Work in England and Wales: Extracts from the 2011 Census, published online Springerlink.com, June 2016

¹⁶ ONS, Travel to work area analysis in Great Britain: 2016

areas. In 1981 the UK comprised 334 TTWAs. This figure had reduced to 228 by the 2011 Census. A loss of self-contained labour markets at the rate of about 3 or 4 per year.

The economic rationale for city-regions is based on the principle of agglomeration, that bringing businesses and people together enhances productivity and drives growth. This underpins the government's commitment to give city-regions more power to run their own affairs. But the Sheffield City Region does not yet function as a single TTWA, exerting the kind of centrifugal pull which can be found in other areas like Bristol, Manchester, Cambridge, Oxford and London.

Whereas Greater Manchester now forms a single labour market (comprising all the local authorities that make up the Combined Authority, with the exception of Wigan, which forms a TTWA with Warrington) travel-to-work patterns around Sheffield and Leeds have remained relatively stable and relatively fragmented. Sheffield and Rotherham form a single TTWA while Barnsley and Doncaster are both individually self-contained. These factors explain, to some extent the patterns of localised housing markets around the main urban centres in South Yorkshire, and the effects of peri-urban sprawl as housing growth is limited by poor transport connectivity, constrained by green belt and shaped around multiple travel to work areas.

Regular daily commuting between the four major conurbations of the Northern Powerhouse – Merseyside, Greater Manchester, South Yorkshire (Sheffield) and West Yorkshire (Leeds) – are relatively weak but they increased by more than 20 per cent to over 100,000, between 2001 and 2011. This can be expected to increase further in the coming decades as Transport for the North improve east-west connectivity and the go ahead for HS2 allows people to commuter over larger distances, between north and south.

Figure 2: The Daily Commute in the North (flows of 10 or greater)



Source: ONS, 2011¹⁷

¹⁷ Rae, A. The Geography of Travel to Work in England and Wales: Extracts from the 2011 Census, published online Springerlink.com, June 2016

The prospect of ‘super commuting’ across larger areas brings separate economies closer together, increasing scale and aggregate demand but it also creates a potential risk that places in between might be bypassed or left behind, reinforcing on a larger scale the segregated problems of urban sprawl.

The case for working across administrative boundaries on housing policy and transport development will become more necessary than ever. Not least the need to improve internal transport connectivity. In South Yorkshire, the number of weekly timetabled services has fallen by a quarter since 2014¹⁸ and the Mayor’s independent review of bus services will make recommendations about the type and frequency of service required as well as the need for the Mayor to exercise powers to re-regulate.

A non-statutory spatial plan should aim to connect key employment and housing sites, across local administrative boundaries, with a view to place-making and where the growth hubs of the future are likely to be. This would provide greater housing density in key innovation clusters and urban centres, and along key transport corridors all of which can minimise travel and contribute towards cutting emissions.”¹⁹

Sheffield-Rotherham, Connecting the ‘Innovation Triangle’

The Advanced Manufacturing Park (AMP) is a 150-acre site strategically located on the border of the Sheffield-Rotherham economic corridor, minutes from junction 33 of the M1 and the A630 Sheffield Parkway. Home to leading international brands in materials technology, engineering and manufacturing, it is an innovation eco-system that draws from a pool of talented workers and applied research, with firms benefiting from their co-location and access to world-class facilities. The park houses two of the U.K.’s seven high-value manufacturing catapult centres and has close links to Sheffield University.

The AMP has been identified, by US political scientist Bruce Katz²⁰, as having many of the characteristics of an emerging Innovation District with routine collaboration across government, universities, and private-sector companies in sectors that are fuelled by technologically advanced R&D and highly skilled workers. Katz points to the ‘innovation triangle’ connecting the park, key companies in the broader Don Valley, and Sheffield City Centre, with its amenities and university campuses. In this sense AMP is the fulcrum of a broader innovation district rather than the sum total.

However, AMP does not yet have the vibrancy and urbanity of city-centred innovation districts that congregate around advanced research institutions like MIT or Carnegie Mellon or Drexel University. In other words, there is no sense of ‘place’. This leads to two key strategies for maximising the productive growth of the park and its related sectors:

1. The need to improve transport connectivity between the business park and other points of the ‘innovation triangle’
2. The need to urbanise the existing business parks, with the development of housing and related amenities.

¹⁸ <https://www.bbc.co.uk/news/uk-england-south-yorkshire-47305455>

¹⁹ SCR: Net Zeto. The Mayor’s MCA Climate Emergency Response Framework

²⁰ <https://www.brookings.edu/opinions/an-advanced-manufacturing-innovation-district-grows-in-sheffield-england/>

The future role of the Sheffield Supertram should also be considered as part of a wider review of transport infrastructure. As one stakeholder remarked,

“The current tram system takes people from where they don’t want to be to where they don’t want to go.”

One option for the city-region to consider is a tramline connecting the Sheffield city centre, along the economic corridor to the business parks in Rotherham. A risk-reward deal, similar to Greater Manchester, and based on 100% retention of business rate uplift, would help fund the cost.

Building on the Transforming Cities Fund, the government has announced, in the 2020 Budget, a £4.2 billion, five-year funding settlements for the Mayoral Combined Authorities. Mayors are encouraged to put forward ambitious plans, and the government has indicated support for a range of schemes including the renewal of the Sheffield Supertram. It has already committed £166 million for a new tram stop on the line to Rotherham at Magna, and a new Bus Rapid Transit link in Barnsley.

4 URBAN CENTRES

National policy²¹ seeks to build prosperous and sustainable communities by improving the economic performance of towns and cities, promoting regeneration and tackling deprivation. It therefore seeks to focus housing and other development in existing urban centres accessible to public transport, jobs, key services and infrastructure to promote their growth and minimise the need to travel. National planning guidance gives priority to re-using well located brownfield land. While the countryside, natural resources and heritage should be conserved with releases from the Green Belt allowed in exceptional circumstances.

4.1 Priority housing locations in South Yorkshire

Local authorities in South Yorkshire have set out their development priorities in their Core Strategies and Local Plans. In all cases the intention is to concentrate housing development in existing urban areas and with a particular focus on town and city centres.

In **Sheffield** the areas with the highest residential density are found in the older inner suburbs to the west of the city centre and in some satellite townships, including:

- Outer North East – High Green and Chapeltown
- Outer South East – Mosborough
- Outer North/North West – Stockbridge.²²

Due to the density of housing in the inner areas, particularly to the west, Sheffield has a large residential population in relative proximity to the central area. But the city centre is arguably the most underdeveloped housing market in the city-region. Apart from student accommodation, development has been on the fringe of the central zone, for example, with the regeneration of Kelham Island. This is a current weakness in helping to drive economic growth but also a future opportunity, which the City Council is now seeking to address.

The Central Area Strategy²³ aims to grow housing numbers in the city centre, with the potential to increase housing numbers significantly. The central area will be zoned to include high rise luxury apartments as well as student accommodation and affordable housing for rent. This will relieve pressure to develop on the green belt and concentrate young wealth creators in the city's main employment centre. However, making affordable homes available

²¹ The National Planning Policy Framework (NPPF) was first published on 27 March 2012 and updated on 24 July 2018 and 19 February 2019. This sets out the government's planning policies for England and how these are expected to be applied.

²² Ferrari, E.T and Green, M.A. (2013) Travel to school and housing markets: a case study of Sheffield, England. *Environment and Planning*, pp. 2771-2788. (This study calculated average building and residential density using mapping polygons and postal delivery data).

²³ Sheffield City Council have commissioned Colliers (looking at existing residential supply and demand) and Deloitte (focusing on future plans) to undertake this strategy. The work is due to be completed by May 2020

alongside the viability issues of building to rent, at scale, are challenges that will need to be addressed.

Doncaster's industrial heritage has resulted in the dispersed pattern of standalone settlements, based around coal mining pits, outside of the main urban area. Many of these larger settlements have their own 'town centres' and local amenities (and have been subject to housing renewal programmes). Like many other parts of the country the post war period saw clearance of sub-standard housing, particularly around Doncaster town centre, resulting in further growth of the borough's suburbs, including several large municipal housing estates. The borough has a healthy town centre that is currently holding its own in terms of retail and leisure, although the threats to the high streets are likely to intensify.

The core strategy has identified that the main urban area (including Doncaster Town Centre, Balby, Hexthorpe, Wheatley, Intake, Bessacarr, Cantley, Edenthorpe, Kirk Sandall, Bentley, Scawthorpe, Scawsby, Richmond Hill) as the focus for housing provision in the borough. Within this, Doncaster town centre will be a priority for development with the intention to create, "a thriving and accessible retail, office and leisure destination of regional importance with a range of high-quality services, businesses, homes and excellent cultural and further education facilities."²⁴

As part of a 'town centres' first approach this should encourage mixed use and densification of housing, improving the design, quality and appearance of the town with provision for tall and landmark buildings that will act as, "an economic driver for the borough, a focal point for investment and an exemplar for borough-wide urban regeneration".²⁵

The Doncaster Waterfront

The Doncaster Waterfront is identified as one of the big investment opportunities in the SCR. This is a 100-acre site that sits to the north of the railways station and is within half a mile of the town centre. The scheme will transform the waterfront area of Doncaster urban centre and provide space for new office, retail, leisure, residential buildings, and public realm. Plans currently include the opportunity to locate film studios and digital media occupiers, a new hospital including health tech activity (over a longer timescale of 7 to 8 years), a Sustainability Centre and higher education facility. In terms of timing for each element it is likely that the residential development will follow commercial and business use.

The site does, however, face a number of challenges. It was formerly a gas works so there will be some remediation required. Also, it currently sits within a Flood Risk Zone 3, so work to improve, and refurbish embankments across this whole stretch of the Lower Don will be critical to future success. Additionally, the site is not easily accessible for pedestrians as it is cut off by the A630. This will need to be addressed to connect to the town centre and maximise the benefits which this proximity will bring.

The main built up area of **Barnsley** includes the town itself and surrounding settlements, from Athersley to Worsbrough (North to South) and Higham to Ardsley (East to West) as well as Darton and Dodworth. Barnsley town centre is the main retail, employment, educational and cultural centre of the borough. The development of the town centre is therefore

²⁴ Doncaster Council Core Strategy, 2011 – 2028, p50

²⁵ Ibid

important to Barnsley's role as a sub-regional market town and service centre between the Sheffield and Leeds City Regions.

The main existing residential areas of the town centre are in the Churchfields district to the north of the business centre (including approximately 700 homes) and the Doncaster Road and Southern Fringe districts. The Local Plan identifies several key sites in the town centre (including housing opportunities in Court House, Southern Fringe and Eastern Gateway). The aim is to, "build a variety of homes of different sizes within vibrant mixed developments" that "embrace the principles of sustainable development" and "good design" and provide "affordable homes below open market prices".²⁶ Growing the town's urban centre will help maximise the wider borough's economic potential which is still adjusting to the decline of the coal mining industry in the 1990s. However, densification of the town centre (in terms of both residents and businesses) may be constrained by restrictions on tall buildings, although the council has identified suitable sites as part of its Building Heights Study.

Rotherham has seen significant change over the past decade. Previous industrial sites have been reclaimed to provide homes as well as new employment, recreation and green use. The Advanced Manufacturing Park at Waverley has become a regionally important, cutting edge employment location and Rotherham town centre has seen new housing, public spaces and a redeveloped train station.

Rotherham's Urban Area has been identified in the core strategy as the main location for new housing, as well as employment and retail growth. This area includes the town centre, Eastwood, Upper Haugh, Greasbrough, Kimberworth Park, Kimberworth, Wingfield, Blackburn, Masbrough, Dalton, Thrybergh, Herringthorpe, East Herringthorpe, Canklow, Brinsworth, Parkgate, Rawmarsh, Broom, Whiston, Brecks and Moorgate. The urban area lies at the heart of Rotherham's transport network providing access to employment and public services. In view of this, the town centre is considered to be the principal site for development and 'the most sustainable location in the borough for accommodating new housing' alongside employment and retail growth.

The town centre has suffered over a long period from depopulation and the loss of retail to out of town developments like Meadowhall and Parkgate. Rotherham Renaissance aims to transform the town centre and waterfront areas over the next 20 years. This 'town centre first' approach will support a dynamic new economy, encouraging more people to live and work in the centre as well as attracting more visitors to the town. The challenge in the current economic climate will be to attract private sector investment. It is hoped public sector developments including new council offices and a community stadium will stimulate future development.

4.2 Growth in city centre living

The UK is experiencing rapid growth in city centre living, reversing a trend which had seen densely populated urban centres hollowed out through inner-city 'slum' clearance in favour

²⁶ Barnsley Local Plan, 2019, p. 183

of more spacious housing developments in outer suburbs and new towns. Since the start of the 21st Century the population of many town and city centres has doubled in size, while the population of the UK has increased by 10%.

Sheffield central area has a significant residential population of around 30,000 people. The student population in and around the city centre grew by more than 300% between 2001 and 2011, according to census data. By 2011 there were 18,500 students, accounting for about half the population.²⁷ However, neither Sheffield city centre nor other town centres in the sub-region have experienced major residential development in recent years. This contrasts with other major conurbations in the north of England, which have undergone dramatic city centre growth.

According to the Office for National Statistics, Liverpool has the fastest growing city centre - with the population increasing by 181% (9,100 to 25,600 people) between 2002 and 2015. Other major cities are close behind, with the population of Birmingham city centre growing 163% (9,800 to 25,800 people), Leeds increasing by 150% (12,900 to 32,300 people), and Manchester 149% (14,300 to 35,600 people).

City centre living has been driven by young high skilled people (including students and young professionals) renting flats and apartments, representing a major social and economic shift in how new generations want to live. The number of 20 to 29-year-olds in the centre of the UK's largest cities tripled in the first decade of the 21st Century, to a point where they made up half of the population. And there is no reason to think that this trend has eased since the 2011 census, with the ever-present cranes building still more high-rise apartments.

Only one in five city-centre residents was married or in a civil partnership. Over a third had a degree, more than in the suburbs. A big pull for young professionals has been the growing number of high-skilled, high-paying jobs that are increasingly concentrated in city centres. In big cities, more than half of the people living in the centre work in high-skilled professional occupations, reflecting the growing importance of sectors like financial and legal services, as well as digital and creative industries to the UK economy. Manchester, for example, had an 84% increase in city centre jobs between 1998 and 2015, while Bristol and Leeds enjoyed increases of 42% and 34% respectively. The return to urban living is an effect of agglomeration, which in turn has started to create markets for gyms, restaurants, bars and shops. This is making city centre even more appealing, with closeness to amenities and shorter commutes - 32% of city centre residents walk to work - outweighing downsides like smaller living spaces, noise and pollution.

This new phenomenon for city living incorporates what urbanist Richard Florida termed the rise of the creative class.²⁸ A new social and economic force driving downtown regeneration, a place where hipsters want to be, with a vibrant arts and music scene and a lively cafe culture. But correlating hipster culture with economic success is not without its difficulties,

²⁷ Analysis of the student population within a 0.8 mile radius of Sheffield city centre by The Centre for Cities for the BBC [<https://www.bbc.co.uk/news/uk-44482291> accessed 06/02/2020]

²⁸ Florida, R. *The Rise of the Creative Class*, 2002

with accusations of gentrification and elitism as higher skilled incomers displace and price out existing communities and lower skilled service workers, further driving inequalities. High skilled workers are vital to economic growth, but the future of urban centres, like all places, will require a balance between higher and lower incomes as well as different age groups.

Families and older generations have not returned from the suburbs or moved into city centres in significant numbers. But there could be an opportunity for urban centres in South Yorkshire to provide for these demographics, with a focus on quality architecture and well-designed green space in dense urban developments to promote communal use and social interaction. There is evidence that living with access to communal gardens and green space is associated with greater levels of well-being, while also helping to reduce urban sprawl by up to 40%.²⁹

Services and amenities (nurseries, schools, GPs) will also be needed to attract families. While older residents might be lured once their children have left the family home. There is also an argument for locating elderly and more vulnerable people in closer proximity to one another, through sheltered accommodation and other schemes, so that they are less isolated and where their needs can be more easily provided for.

Retirement Homes, Barnsley

The developer McCarthy and Stone is building new retirement homes in Barnsley town centre. This is a development that is purposefully reinventing 'Retirement Living' in the heart of a historic industrial town. [Beckett Grange](#) provides a collection of one and two-bedroom apartments exclusive to people aged 60 and over. This combines new build with the conversion of an Edwardian building (formerly a hospital). McCarthy and Stone are well known as an upper end provider of retirement apartments, providing residents with access to communal areas and facilities, including gardens, lounge with Wi-Fi to encourage socialising and community. Developments supply a choice of ownership, rent or shared ownership.

²⁹ Anderson, J. Living in a Communal Garden: A Mixed-Methods Cross-Sectional Study, *Frontiers in Public Health*, Vol 3, 2015. <https://www.frontiersin.org/article/10.3389/fpubh.2015.00173>

5 HOUSING SUPPLY

The dominant narrative about the UK housing market is that as a nation, we do not have enough homes to meet demand. This mismatch of supply and demand is the result of failure, over decades, to improve levels of house building across the UK.

In the period following the Second World War, house building was at the top of the political agenda. During this period, local authorities built nearly 50% of all new housing, at an average of 100,000 houses a year. However, during the early 1980's a new aspirational approach to home ownership took hold, most notably reflected in 'Right to Buy', a policy which allowed social renters to buy their homes. At the same time Government started to withdraw from the housing market, as the private market was expected to take up the slack. But, private house builders in England have completed just 150,000 new homes per year since 1980.³⁰ This speculative model of building has been insufficient in meeting demand.

The problem, however, is not just about increasing the aggregate supply of homes. In fact, there are more than one million additional homes above those required for households in the UK³¹ while the picture differs by region and within region. A recent housing study concluded that there appears to be a relatively healthy balance of supply across all tenures in the Sheffield City Region, with levels of home ownership that are higher than the national average and a good balance of rented housing in terms of size and type of dwelling.³²

Some areas may even be exhibiting a surplus of affordable housing, where the ongoing challenge may be around a more diverse tenure to better meet needs. This might include areas such as Manor, Arbourthorne, Gleadless, and North East Sheffield.³³ Although some areas have a number of vacant properties, like Sheffield and Rotherham, the proportion that remain empty long term is small, and below the regional and national average.

Table 3: Empty Properties in Rotherham and Sheffield

	<i>Rotherham</i>	<i>Sheffield</i>
Empty properties	2,990	6,387
Long term empties	1,101	2,433
Stock	117,562	247,580
Empty property percentage	2.54%	2.58%
Long term empty percentage	0.94%	0.98%

Source: Sheffield and Rotherham SHMA, 2018

But there are also areas with significant shortfalls in affordable housing including parts of Rotherham, Sheffield Urban West, North West and South West Sheffield. These shortfalls

³⁰ <https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building> see table 241

³¹ <https://www.telegraph.co.uk/news/2017/02/03/number-empty-homes-hits-highest-rate-20-years-calling-question/>

³² Huw Jones Consulting, Study into affordability of housing in the Sheffield City Region, 2018.

³³ Ibid

may also be locally significant in Rural Upper Don Valley and the Peak District Fringe as well as Chapeltown/Ecclesfield and Stocksbridge/Deepcar.

There are recognised parts of the city region where housing markets are especially overheated. Places like Hallam are amongst the most unaffordable in the region. Here and in other places around the periphery of South Yorkshire (e.g. East of Doncaster) there are issues of high demand and under-supply, where further expansion is constrained by green belt.

Other parts of South Yorkshire have large swaths of housing stock, where there is low aggregate demand, lower rents and low house prices, with many households either trapped by negative equity or unable to move further up the property ladder. In this respect the sub-region is representative of the national housing market, polarised at either end, although less extreme than some other places in London and the greater south east.

5.1 Drivers of demand

Demand for housing is a function of the requirements from existing households, newly forming households and net migration. Population growth, including a rising proportion of young people aged between 16-25, as well as an increasing ageing population are already affecting current demand in the city-region. And this is likely to intensify in the future.

Younger households

There was an increase of 17% in the proportion of people aged 16 to 25 in the city region between 2001 and 2011. The increase was higher in Sheffield (25%) but below average in all the other areas.

Many younger households are experiencing difficulties in meeting their housing needs. Prospective first-time buyers are finding it difficult to access home ownership. Demand for rented housing is strong especially from younger individuals and couples but there would appear to be a relatively low number of young professional households living and remaining in the city region. These populations are predominantly concentrated around a small part of inner Sheffield and Doncaster, in proximity to the rail stations. It has been reported that the housing offer, to rent and to buy, has not been good enough to retain and attract graduates³⁴ to boost the city-region's skills base, although the availability of jobs and career opportunities are clearly a related factor.

There is also a lack of affordable options for young people on low or very low incomes as the supply and availability of social rented housing is limited, and market rents are often unaffordable. Welfare reform measures are also distorting demand for social rented housing. Around 7,000 working age social rented tenants in Sheffield³⁵ would be affected by the 'bedroom tax' leading to pressure on existing 1-bedroom housing stock and a potential

³⁴ Ibid

³⁵ Sheffield and Rotherham Strategic Housing Market Assessment, 2018

need for additional supply. In Doncaster these measures are reported to be increasing the demand for 2 bed properties, presumably as people downsize from 3 bed properties.

Larger families

In Sheffield, the SHMA notes a shortage of housing for larger families, which if provided could free up smaller properties for new and concealed households. The shortage of existing family housing is leading to households moving to surrounding areas, such as Rotherham and North East Derbyshire, where housing is available and relatively cheaper.

Household preferences across the city-region indicate a higher demand for owner occupation than private rented accommodation. Most current households (56%) would prefer 3 or larger bedroom properties in the city, with a clear preference for detached and semi-detached housing. More than 64% of potential movers would like a 2 or 3-bedroom house and a further 21% want 4-bedroom properties. This, however, may be an ideal that cannot be achieved by all. By contrast 80% of concealed households would prefer to, and expect to, move into smaller properties (2 bedrooms or less).³⁶

Older people

Between 2001 and 2011 the proportion of people aged between 65 and 85 increased by 3% across the city region, while the proportion over 85 increased by 20%. The increases vary between boroughs, but all are predicted to rise, considerably, over the next 20 years.

Table 4: Changes in the proportions of older people between 2001 and 2011

	65-85	Over 85
Sheffield	-7%	3%
Rotherham	10%	30%
Doncaster	0.4%	31%
Barnsley	6%	18%

Source: 2011 Census data in NOMIS: Office of National Statistics 2018

This change indicates that a different approach may be needed to meet housing needs, as households look to downsize, freeing up larger properties for families but increasing the requirement for smaller properties, specialist housing and care provision.

5.2 Market segmentation

Housing surveys conducted in South Yorkshire confirm that families prefer larger (3 bed+) detached or semi-detached properties. This provides an indication of the type of homes that presently most families aspire to and explains the high demand for housing in the peripheral areas of the city region.

Social Landlords also report high demand to live in certain urban areas (e.g. North East Sheffield) which are attractive for wider cultural reasons, relating to family, community and

³⁶ Ibid

social capital, although they might not be considered as desirable for home ownership in the wider market.

But this pattern of supply and demand, be it for social housing or conventional sub-urban housing, does not speak to the present and future needs of a younger population, who we know from other city-regions are seeking a different housing offer which is currently under-served in the SCR. Nor does it necessarily meet the varied needs of an older population that are looking to retire and/or downsize or move into some form of sheltered or supported housing.

The various developments at Kelham provide examples of a different offer, which could become more desirable among different age groups, including families. And there is wider evidence of increasing demand for a more diverse housing offer with a greater emphasis on environmental impact (e.g. Eco-homes in Little Kelham) and quality design. As one housing developer in the region stated,

“We are providing homes for aspirational thirty somethings, Grand Designs for £200k.”

There is scope for development, in the city region’s urban centres, to redefine urban living for a new generation with different lifestyle choices.³⁷ This would include high-rise, high-end apartment living (to buy and rent) in city and town centres and lower rise development extending out from the central zones.

This market has yet to develop and mature, and it is hard to determine how many would be attracted to such an offer in the SCR. But what is clear is that the choice is presently limited. It is possible that market stimulation, and the provision of public services and amenities, could create a micro-culture around city centre living for single people and families so that in time it becomes its own market force.

And architectural competitions could be deployed within the region to help diversify the housing offer and public realm in the urban core, to provide creative design solutions for communities of the future. These propositions will be explored further in the second part of this review.

5.3 Targets

The Government’s plans to build 300,000 new homes per year in England. However, progress against this figure is failing. In 2018/19 there were 247,000 net houses built, a big increase from a low of 130,000 homes in 2012-13 and the highest in England for 30 years. This does suggest that housebuilding capacity is improving, stimulated by Government policies which will need continued support.

³⁷ Property suppliers like [Affinity Living](#) are marketing an idea of urban living and lifestyle choice as much as they are selling apartments to let.

However, in 2019 new housing starts fell to 160,640, the slowest rate for three years, 1% lower than a year ago.³⁸ The Conservative Party Manifesto 2019, reaffirms the commitment to this target with a number of proposed measures to make the planning system simpler for the public and small builders, and to support modern methods of construction which will make housebuilding quicker and more affordable.³⁹

National targets are a blunt instrument with little regional variation or requirement to respond to areas of greatest need. In the five years to 2013 twice as many houses were built in Doncaster and Barnsley than in Oxford and Cambridge.⁴⁰ The problem is certainly more complex than a simple need to build more at an aggregate level.

Understanding housing targets in the city-region is complicated by numerous sources and housing figures, including:

- Local Plan Targets which are drawn from local assessments of need, to establish what local authorities are planning to deliver
- Standardised Objectively Assessed Housing Need (*SOAN*) figures which are provided in Strategic Housing Market Assessments (SHMA) and represent the minimum number of homes the Government considers should be provided.
- Housing targets linked to economic growth - identified in the Sheffield City Region Strategic Economic Plan. These are aspirational figures, linked to projected economic growth.

Barnsley

Between 2004/5 and 2015/16 a net total of 10,263 dwellings have been built in Barnsley. This is in line with an overall target of 10,424 over the same period. Levels of delivery have fallen in recent years, but this is not a result of land supply constraint. Barnsley's updated SHMA (2017) identifies the potential for delivery of between 967 to 1,080 dwellings each year.⁴¹ This would be broadly enough to address the local plan target of 1,100 without having to increase provision using green belt land. The priority for new homes needed in Barnsley are two- or three-bedroom homes. There is a need for 292 affordable homes each year, of which 78.8% should be affordable (social) rented and 21.2% intermediate tenure.

Doncaster

The baseline population projections indicate that at a minimum Doncaster can expect a growth rate of 582 households per year. The SHMA calculates current overall housing need

³⁸ Some stakeholders in the housebuilding sector have questioned data on new housing starts. The Government's statistical tables add a cautionary note to this effect. Notwithstanding these debates about measurement, overall housebuilding is still falling short of the Government target. The section below seeks to make the wider point that planning consents are not the primary cause of the problem. Rather it is build-out rates, based on housebuilding capacity and what the market will absorb that is the issue. As the Letwin review found.

³⁹ Get Brexit Done, The Conservative and Unionist Party Manifesto, 2019.

⁴⁰ <http://cep.lse.ac.uk/pubs/download/cp421.pdf>

⁴¹ Barnsley Metropolitan Borough Council, Strategic Housing Market Assessment Addendum: Final Report, March 2017

in Doncaster to be 920 per year, 15,640 between 2015-32. It also identifies a need for an additional 209 affordable dwellings per year, of which most (72%) should be 2 or 3-bedroom, and a quarter to be 1-bed.⁴² Meeting the SCR LEP target would require growth of between 748 and 1,093 homes per year. This is recognised as a challenging target, but one which could be achieved if potential job growth in the city region is realised.

Sheffield and Rotherham

The Sheffield and Rotherham SHMA (2018) calculates an annual housing requirement of between 1,800-2,200 in Sheffield, 500-650 for Rotherham and 2,300-2,850 for the Sheffield Rotherham Housing Market as a whole, over the next 5-10 years. Two and three bed properties represent the largest proportion of new properties, with demand for semi-detached property being highest amongst all dwellings (35%) across the area. The level of affordable housing shortfall that should be supplied is 902 units per annum in Sheffield and 716 units per annum in Rotherham. These figures represent the required level of new affordable supply that would be required if the backlog is to be cleared over 5 years.

Delivery against SCR targets

Strategic Housing Market Assessments suggest an upper and lower range. Local authorities in South Yorkshire report that housing delivery is broadly in line with SHMA calculations, based on recent revisions and local estimated need. The four constituent members of the MCA are projected to deliver up to 5,000 new homes per annum over the next ten years and more. However, adopted and emerging Local Plan targets estimate housing allocations at the top of the range, in line with aspirations for economic growth and planned infrastructure.

Table 5: Housing delivery in South Yorkshire – net completions

	2015/16	2016/17	2017/18	Total
Barnsley	706	850	1,009	2,565
Doncaster	1,170	1,057	1,173	3,400
Rotherham	585	599	471	1,655
Sheffield	1,432	2,248	2,304	5,984
Total	3,893	4,754	4,957	13,604

Source: Local authority data⁴³

Based on the estimates of need and actual delivery there is no evidence, at a macro-level, of a housing shortfall or unmet need in the city region. Local authorities are currently planning for more than 1,200 homes per year above the standard housing need figure. The combined Local Plan housing requirements is also within range of new housing calculated to meet expected job growth as set out in the SCR LEP.⁴⁴

⁴² Doncaster Strategic Housing Market Assessment Update: Doncaster Housing Strategy 2015 - 25

⁴³ Sheffield City Region, Statement of Common Ground, October 2019

⁴⁴ Ibid

However, this headline figure does not account for more localised variations, with a potential mismatch of type and location of properties that may not be meeting all demographic and socio-economic needs (both now and in the future) across the SCR.

Estimating future need is subject to job growth, inward migration and the formation of new households from within the sub-region. The ability to form new households is significantly constrained by affordability and this alone may be suppressing household projects, and potential new demand, to a significant degree.

Further, a straight comparison of overall supply and demand for housing does not speak to the variety of housing on offer or the quality of accommodation, whether this is sufficiently attractive to a range of people, perhaps looking to locate in the city region for work, or the extent to which affordability issues trap households in poor housing.

5.4 Land and planning

Planning authorities are working to ensure a five-year deliverable supply of housing available within each authority. The evidence from Local Plans suggests there is housing land supply in excess of 5-8 years to meet the combined needs of the city region before significant easing of green belt regulations are required.⁴⁵

There are issues relating to housing growth being constrained by Green Belt. Both Barnsley and Rotherham have released land from Green Belt as part of their Local Plans, and Sheffield is also carrying out a Green Belt review as part of its Local Plan preparation. Bringing forward brownfield sites for housing development, in the urban centres will relieve pressure to build on the Green Belt. However, there will be challenges in meeting the aims of the SCR Infrastructure Fund, which plans to unlock the potential for 14,000 new homes, including costs of decontamination. This will require planning for the right homes in the right places by maximising the use of brownfield and surplus public land, regenerating estates, releasing more sites for SME developers, and encouraging higher densities where appropriate.

Land value

The standard explanation of the challenges facing the UK's housing market is that land is too expensive. It is estimated that 75% of the uplift in land value returns to landowners and developers.⁴⁶ The supply of land does have an impact on the affordability of housing, and costs are rising in all English regions. House building works on a speculative development model and land is often traded several times before reaching the house builder. Land in SCR is cheaper within the urban fringes and this is where a high proportion of new housing is being built.

⁴⁵ Ibid

⁴⁶ <http://www.ukonward.com/wp-content/uploads/2018/06/220618-Green-Pleasant.-Affordable-Web-ready.pdf>

Planning permissions

The planning system is also commonly cited by developers and housebuilders as the main barrier to building more homes. However, research conducted by the LGA shows that councils are approving nine in every 10 planning applications, and that they granted planning permission for 321,202 new homes in 2016, a 16% rise on the previous year. Between 2012 and 2016, the total number of residential planning consents have risen by 56%.⁴⁷ However, planning policies used to create affordable housing, such as Section 106, have proven to be broadly ineffective in delivering the number of affordable houses that the UK needs.

Build-out rates

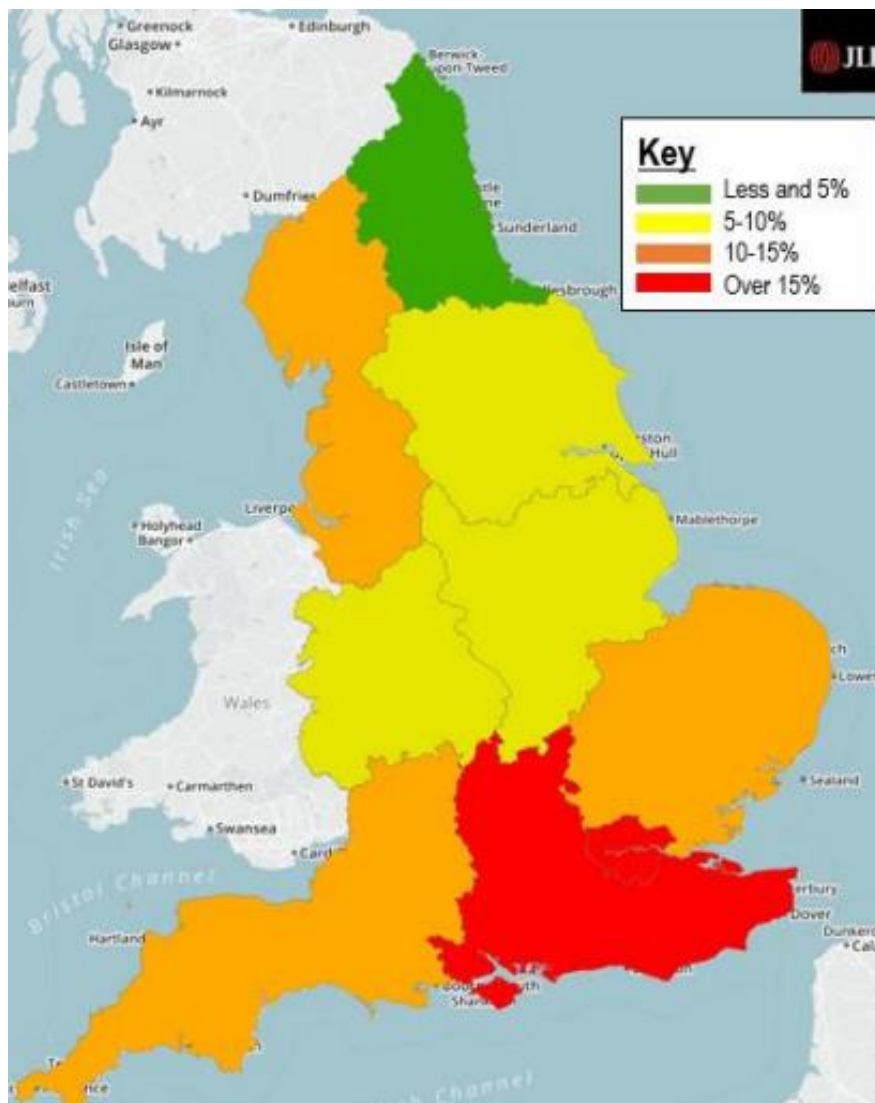
Even where land is purchased, and planning permitted, house builders are not building out at the rate required to meet targets. The Letwin Review (June 2018) found that the median build-out period across the 'very large' sites that he studied was 15.5 years, and the median proportion of a site built out each year was 6.5%.⁴⁸ This demonstrates a broader problem - larger sites tend to build out a lower proportion of houses per year. On large sites, there is limited scope for rivals to enter the market and provide different types of homes at different prices, which helps to sustain and drive these slow build-out rates.⁴⁹ The review also identified that absorption rates – the rate at which houses can be sold into the market without materially disturbing the price – is a key driver of these slow build-out rates.

⁴⁷ <https://www.local.gov.uk/about/news/more-423000-homes-planning-permission-waiting-be-built>

⁴⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718878/Build_Out_Review_Draft_Analysis.pdf

⁴⁹ http://data.parliament.uk/DepositedPapers/Files/DEP2018-0257/Build_Out_Review_letter_to_Cx_and_Housing_SoS.pdf

Figure 3: Map of proportion of unimplemented planning permissions by region



Source: JLL, The National Housing Fund, 2017⁵⁰

Build-out rates in South Yorkshire compare favourably with other regions in England, with between 5 and 10% of planning permissions unimplemented. There are, however, lessons to be drawn from other places, especially as demand for housing grows in the region.

Building capacity and diversity of supply

Developing the role of small and medium-sized enterprises (SMEs) builders could improve capacity and supply. The role of small building firms in the housing market has been declining since the 1980s, as large builders have come to take control of the market. Just 12% of new homes are built by small builders compared with 40% in 1988.

Larger firms have squeezing out SMEs on volume and price. The housing model for larger firms is a basic economy of scale. One consequence is that smaller and more scattered

⁵⁰ National Housing Fund, An assessment of the proposed fund’s potential to increase housing supply in England. A Report prepared for: ResPublica, November 2016

developments, are less profitable and therefore less attractive to large builders. These developments could be built by smaller firms and could contribute to overall building targets.

The Home Builders Federation has estimated that an extra 25,000 homes a year could be built if levels of SMEs returned to their pre-recession, 2007 level.⁵¹ Reflecting this, the National Planning Policy Framework (NPPF) recommends that local planning authorities should ensure that at least 10% of sites allocated for housing are half a hectare or less. This proposal, along with additional funding (£1.5 billion) to the Home Building Fund will offer loans for development and infrastructure to all builders, including smaller firms.

⁵¹ <https://www.hbf.co.uk/news/remove-barriers-and-smes-could-deliver-25k-more-homes-a-year/>

6 THE AFFORDABILITY GAP

Housing affordability has become the intractable problem of the UK's housing crisis, with most first-time buyers unable to get onto the property ladder and many struggling to afford high private rents. The problem, however, varies across and within region.

6.1 Tenure

There are many positive aspects to the South Yorkshire housing market compared to other areas in the UK. Rates of home ownership are relatively high – in line with the national average - with a lower proportion of private renting, and relatively higher levels of social housing.

Home ownership

Home ownership in South Yorkshire is 62%. Three of the four constituent members of the combined authority have a proportion of homeowners higher than the average for England (63.3%). This indicates the strong demand for home ownership.

Table 6: Home ownership in South Yorkshire

	Owner Occupied	
Barnsley	64,800	64.3%
Doncaster	82,800	65.4%
Rotherham	70,600	65.2%
Sheffield	134,100	58.3%
South Yorkshire average	352,300	62.3%
City Region Average	489,700	63.9%
England	13,975,024	63.3%

Source: 2011 Census data in NOMIS 2018⁵²

In terms of average house price to average wage ratios Sheffield compares favourably with other core cities in England and is clearly more affordable than Greater London and the South East.

Table 7: House Price Affordability Ratios

City	Ratio
Sheffield	6.83
Greater Manchester	7.27
Leeds	7.34
Bristol	10.83
Cambridge	15.26
London	15.83
Oxford	17.23

Source: Land Registry, Market Trend Data, Price Paid. Mean house prices. ONS, Annual Survey of Hours and Earnings (ASHE), average gross weekly workplace-based earnings.

⁵² Huw Jones Consulting, Study into affordability of housing in the Sheffield City Region, 2018.

The average house price in South Yorkshire is £190,492 and prices range from £234,310 in Sheffield to £165,738 in Rotherham. The average entry level house price is £106,550 and ranges from £120,623 in Sheffield to £95,333 in Rotherham.⁵³

Average house prices across South Yorkshire between 2008 and 2018 rose by 8% although entry level prices fell by 1.7%. The generally increasing trend in house prices will have a negative impact on future levels of affordability, although first time buyers would appear to be in a relatively positive position.

The average entry level house price is almost three times the income for average earners. However, the ratio increases to 6 times for the bottom 20% of earners. The affordability ratio for average prices (for all properties) are 5.5 times an average household income, and 11.7 times a bottom 20% household income. The highest affordability ratios are in Sheffield.

Average mortgage payments would take no more than 25% of an average household income in all four constituent areas. However, an average deposit to secure an entry level home (£15,200) would take households on an average income over 4 years to accumulate; and households in the bottom 20% of incomes over 9 years to accumulate. This will restrain demand from first-time buyers and therefore restrict supply, pushing prices up and exacerbating the housing problem.

With just over half of new build properties priced at between £150,000 and £300,000 households with bottom quartile incomes would be unable to afford the mortgage payments on these homes.

Private rented housing

The proportion of households in private rented housing is lower in South Yorkshire (14%), than the regional and national average (19%).

Private rental prices have grown in recent years, although the rate of growth has slowed recently. The rise in rents has been close to the rise in individual earnings at national level - around 17% between 2011 and 2019. Rents have outpaced earnings in some regions, like London. However, median private rents in South Yorkshire have remained less than 30% of median earnings.⁵⁴

The traditional ratio used to define affordability implies that households should not pay more than 30% (or a third) of household income on housing costs.⁵⁵ The 2018 Study into affordability of housing in the Sheffield City Region identified that,

⁵³ Ibid. Note: Average house price is defined as the average price of all properties available (including size and type). Huw Jones Consulting used data from Rightmove and Zoopla to calculate average property prices for individual boroughs, South Yorkshire and the Sheffield City Region.

⁵⁴

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/indexofprivatehousingrentalprices/previousReleases>

⁵⁵ A report by the Affordable Housing Commission, Defining and measuring housing affordability – an alternative approach, 2019

“Market rents for entry level properties are affordable to households earning above bottom quartile incomes (taking less than 33% of both average household bottom quartile household incomes) and broadly affordable to households with bottom 20% incomes (taking 33% of income in both) although rents for larger properties and in certain areas would be unaffordable to households on the lowest incomes.”⁵⁶

Of the four South Yorkshire authorities market rents are least affordable in Sheffield. However, Doncaster have reported that market rents at a ward level, are largely unaffordable for households earning below average income. In some areas, lower quartile rents are unaffordable for over a third of households.

Market rents for entry level properties are less than 33% of average income households and broadly affordable to households with bottom 20% incomes, although rents for larger properties and in certain areas would be unaffordable to households on the lowest incomes.

There is a considerable difference between market rents and the Local Housing Allowance (LHA) rate which is set at the 30th percentile for rents. Only 9% of lettings across South Yorkshire, are available at rents at the LHA rate or below and this has implications for the ability of households wholly or partially dependent on benefits to afford their housing costs.

Social rented housing

The proportion of households living in social housing (22%) is higher than the regional and national average. Since the 2010 Spending Review and the introduction of the new ‘intermediate rent’ tenure, housing associations have been able to offer tenancies at rents of up to 80% of market rent levels within the local area.

Social rents are generally affordable to all households but larger properties for family size homes may be unaffordable to households on the lowest incomes. Affordable Rents are almost always covered by the LHA rate and in most cases are less than the LHA rate.

6.2 Homelessness

Homelessness (including rough sleepers, single people in hostels, households owed a statutory homelessness duty by a local authority and homeless households being accompanied by social services) has been rising steadily over the past decade.

In relative terms, South Yorkshire has fewer homeless people than many other areas, although the problem has been increasing to levels that are at their highest for some time. Rough sleeping has become a feature of Rotherham and Sheffield, particular in their central areas. Estimated statistics from MHCLG based on spot counts suggest that there were around 26 rough sleepers in Sheffield and 5 in Rotherham in October 2018.⁵⁷ These statistics

⁵⁶ Huw Jones Consulting, Study into affordability of housing in the Sheffield City Region, 2018.

⁵⁷ MHCLG (2018) *Rough Sleeping Statistics 2018* (table 1). Available at:

<https://www.gov.uk/government/statistics/rough-sleeping-in-england-autumn-2018>.

are likely to represent an undercount due to the survey methods used and relate only to the most severe visible manifestation of homelessness.

Homelessness is clearly not just about rough sleepers, although problems in defining and counting the 'hidden homeless' make it difficult to provide an accurate figure. Households in temporary accommodation are currently estimated at 563 per annum in Barnsley and 109 in Sheffield and Rotherham. Sheffield Hallam University have calculated that the annual backlog of housing need, which needs to be provided for, equates to 1,677 in Sheffield and 1,581 in Rotherham, which includes 815 homeless households (over the whole 5-year period). However, this only makes up part of the story of affordable housing need. When added to newly arising need the total annual affordable need is 5,660, which then results in an overall annual shortfall of 1,618 taking account of an annual supply of 4,042. Homeless households therefore represent 815 out of 16,293 backlog homes needed over 5 years (i.e. around 5% of the backlog).⁵⁸

There are identified problems with housing waiting lists, sofa surfing, overcrowding and the prevalence of HMOs in some areas. And there is a concern that South Yorkshire has particularly long waiting lists for social housing. The sub-region, as discussed, also has higher than average levels of social housing and unlike many other areas the local authorities have retained a large proportion of their stock. This in itself could account for longer waiting lists.

Table 8: Housing waiting lists in metro regions

Metro-Area	Total households	Total households on the housing waiting list	% of all households on waiting list	Total households on the housing waiting list in a reasonable preference category	% of total households on waiting list in preference category	Total households with urgent housing needs that are given preference on waiting list	% of total households on list with urgent needs
London	3,347,800	232,409	7	152,089	65	6,875	4.5
Greater Manchester	1,154,500	97,139	8	26,469	27	1,523	5.8
Merseyside	612,700	35,347	6	14,907	42	410	2.8
South Yorkshire	581,400	46,061	8	5,465	12	994	18.2
West Midlands	1,112,900	52,175	5	21,134	41	2,295	10.9
West Yorkshire	1,132,900	68,042	6	14,429	21	7,037	48.8

Source: Local Authority Housing Statistics data returns, England 2017-18 (MHCLG)

The percentage of households on housing waiting lists (8%) is, as a proportion of all households in South Yorkshire, slightly higher than other metro-regions with the exception of Greater Manchester. South Yorkshire has fewer households (12%) in preference categories for housing (including those defined by statute as homeless, those owed a duty by Local Authorities, and those living in unsatisfactory conditions) than other metro-areas.

⁵⁸ Sheffield and Rotherham Strategic Housing Market Assessment, 2018

However, of those listed, a higher proportion with urgent housing needs are given preference in South Yorkshire (18.2%), significantly higher than in most other metro-areas.⁵⁹

In terms of the causes of homelessness, evictions from the private rented sector is the largest contributing factor. Since 2011, evictions from privately rented accommodation has accounted for 78% of the rise in homelessness.⁶⁰ There is also concern amongst local policymakers and service providers that the roll out of Universal Credit as well as the introduction of caps to benefits, and the aforementioned problem with Local Housing Allowance rates, have underpinned a rise in homelessness and, in particular, rough sleeping. At the same time demand pressures on social care services have risen while funding has been cut, may also plausibly have contributed to the rise.

6.3 Financialisation of housing

The growth in Buy to Let landlords has led to an expanding private rented sector with some of the highest levels of property investment in Europe. It has put increasing pressure on the supply of housing and fuelled prices. And it has also led to widening asset gaps in the UK. The share of the population with any property wealth fell by 8% in between 2000-02 and 2012-14, while the share with multiple property wealth increased by around 30% over this period.⁶¹

Foreign investment in British property markets is also adding to affordability issues and the rise in surplus homes, as investment properties are left empty. This phenomenon of empty investment properties is not a reported problem in South Yorkshire, although there are parts of Sheffield, where wealthy families of foreign students are buying up property.

The Government is already phasing out landlord mortgage interest tax relief, meaning that landlords will no longer be able to deduct their mortgage costs from their rental income. And more could be done to end loopholes in the Capital Gains Tax to phase out the tax breaks given to landlords which allow them to offset some costs against tax. The risk, however, is that without investment in new social housing any effects to disincentivise private landlords will lead to further pressures on local housing supply. Doncaster has reported that the private rented sector is not keeping up with demand.

More generally, the private rented sector needs substantial professionalisation. At present, the Law Commission estimates that just 2.2% of landlords in England are part of a professional body. In other countries, such as France, Germany and Scotland, landlords are often regulated by government through registration, regulatory bodies and professional

⁵⁹ The Localism Act 2011 gave local authorities freedom to manage their own waiting lists so that they can decide who should qualify for social housing in their area and develop solutions which make best use of the social housing stock. Since the Localism Act came into effect, 95% of local authorities have reported changing their waiting list criteria due to the Act. This change has in part been responsible for the recent decrease in the total number of households on waiting lists in England.

⁶⁰ https://england.shelter.org.uk/media/press_releases/articles/eviction_from_a_private_tenancy_accounts_for_78_of_the_rise_in_homelessness_since_2011

⁶¹ <https://www.resolutionfoundation.org/media/blog/homes-sweet-homes-the-rise-of-multiple-property-ownership-in-britain/>

membership organisations. These are policies that the MCA could consider, to establish a landlords' register, to regulate the sector and drive up quality. Doncaster is currently working on a Private Rented Sector Strategy which will provide greater understanding about the measures needed to improve the PRS market.

6.4 Quality

The issues of affordability are compounded by problems of quality and the PRS stock is clearly an issue that needs to be tackled. South Yorkshire has the largest number of PRS properties, among comparator metro-regions, where local authority inspection has identified a serious and immediate risk to a person's health and safety.

Table 9: Dwellings with a serious and immediate risk to a person's health and safety

Metro region	Total number of local authority dwellings with category 1 hazards⁶²	Total number of PRS dwellings with category 1 hazards	Total number of HMO dwellings with category 1 hazards
London	764	4,207	1,164
Greater Manchester	0	745	13
Merseyside	0	994	17
South Yorkshire	9	999	123
West Midlands	18	530	36
West Yorkshire	21	927	61

Source: Local Authority Housing Statistics data returns, England 2017-18 (MHCLG)

The ingrained problems of poor-quality homes and equally poor-quality landlord behaviour are holding back the PRS sector from being a safe and attractive option for many people and contributing to health inequalities in the city-region. The sector is now of a size that merits greater attention.

Energy efficiency is a particular issue with older housing stock. South Yorkshire has a high indices of fuel poverty that are contributing to high numbers of winter deaths as well as other related public health issues.

The MCA and all four local authorities in the South Yorkshire have declared a climate emergency. This strategic approach should be a key driver of change, for all actors in the housing sector, including public and private, to tackle fuel poverty, reduce winter deaths, improve inefficient dwellings, retrofit existing buildings and ensure that new development does not exacerbate carbon emissions.

⁶² If a hazard is a serious and immediate risk to a person's health and safety, this is known as a Category 1 hazard.

“The City Region will no longer invest in housing schemes which do not meet our net zero ambition.”⁶³

Eco-homes: Kelham Island, Sheffield

The regeneration and renewal of Kelham Island’s industrial quarter is an example of the kind of development which South Yorkshire could potentially learn from and scale up across its distinctive industrial heritage sites. Kelham has been a long-term priority for Sheffield Council and includes significant areas for industrial uses, retaining small scale manufacturing industries, arts and crafts alongside new housing, warehouse conversions, bars, restaurants, and other commercial activities. There are now nearly 5,000 people living in the neighbourhood.

The site has been successful in attracting northern based developer CITU, known for their city centre locations and development that ‘reimages what it means to be urban’. With an emphasis on sustainability, new innovative building methods, and high-quality design CITU’s development of eco-homes at Little Kelham in Sheffield is an example of how new homes can be built at scale using new modular building methods, while helping to meet net zero carbon targets.

However, the cost of improving the quality of existing stock and meeting environmental standards are likely to be viewed as prohibitive by many private landlords. The MCA and local authorities should seek to introduce a city-region wide PRS licencing scheme to ensure improvements to quality. Licensing will help local authorities to regulate and limit poor quality while providing eligibility criteria for available grant funding, working at scale to support and educate would-be good landlords as well as acting on enforcement against the bad ones.

Increasing the output of public sector housebuilding as well as encouraging private developers, who are committed over the long term to building homes to rent, will help to tackle the issues of quality and affordability into the 21st century.

Sheffield Housing Company (SHC) is a joint venture housing and regeneration company, established in 2011 by Sheffield City Council (50% shareholder), with Keepmoat and Great Places. SHC builds quality new homes and creates attractive places for people to live. To date 560 homes have been completed, with a current portfolio of land that will see over 2,000 properties across the city. The majority are family homes for sale, however, SHC also develop for shared ownership, affordable rent and market rent.

PlaceFirst in Calderdale, is another private developer that builds to rent, adhering to good quality standards and which seeks to build a community ethos between its tenants by offering long-term tenancies.

Measures to significantly scale up the output of quality development, to buy and rent, should be explored.

⁶³ SCR: Net Zeto. The Mayor’s MCA Climate Emergency Response Framework

7 CONCLUSIONS

In general terms the housing market in South Yorkshire appears well balanced and there are many positive aspects compared to other areas in the UK. Rates of home ownership are relatively high – in line with the national average - with a lower proportion of private renting, and relatively higher levels of social housing.

Median house prices are lower than both the UK and Yorkshire and although rising have done so at a lower rate since the financial crisis, while continuing to fall behind the national median. House prices, private rent and social rents are all relatively affordable compared to the national average. Even when accounting for local wages, that are 10% lower than the national average, income to house price/rent ratios are more affordable in South Yorkshire than most other city regions in the UK.

However, there are stark differences across the region. In terms of property prices, the higher values are found in the sub-urban fringes with more affordable housing concentrated in the urban centres of Sheffield, Rotherham, Barnsley and Doncaster. In this regard the sub-region broadly conforms with a monocentric pattern of urban development where the highest income households live furthest from the urban centres.

The South Yorkshire housing market is therefore, like many other city regions, highly polarised and spatially segregated. The effect of this spatial arrangement is that housing markets are strongly correlated with the distribution and concentration of social and economic deprivation, including low incomes, low skills and educational attainment, and poor health.

If SCR is to achieve its ambition to grow the economy in a way that achieves high productivity gains, and includes all communities in the benefits, then it will need to address the current skills deficit by improving the skills of those with few or no qualifications to advance their chances of employment and the city region's attractiveness to business investment.

It is clear that a low skilled population is holding back productive growth, but it is also apparent that low skilled populations are in part an outcome of how housing markets function in South Yorkshire. Housing markets define neighbourhoods and a sense of 'place' which serve to lock-in and exacerbate inequality through patterns of socio-spatial segregation.

The effect of housing on school performance in Sheffield demonstrates how pupils from the more prosperous suburban neighbourhoods are most likely to go to the highest performing schools near to where they live. Given the patterns of inequality that exist across the city-region, the relationship between housing and schools becomes critical to addressing problems of social mobility.

Retaining and attracting new talent in the SCR is also vital to growth. However, there is evidence that the housing offer is not meeting the needs of graduates and young professionals. City centre living has been driven by young high skilled people whose choose

to live and work in urban centres. The low level of new, quality city and town centre housing development is a current weakness which authorities are now seeking to address.

The economic rationale for city-regions is based on the principle of agglomeration, that bringing businesses and people together enhances productivity and drives growth. But the Sheffield City Region does not yet function as a single travel to work area or exert the kind of centrifugal pull which can be found in other areas like Bristol, Manchester, Cambridge, Oxford and London.

Densifying the urban centres, and especially Sheffield City Centre, will help drive economic growth. Local authorities in South Yorkshire have set out their development priorities in their Core Strategies and Local Plans. In all cases the intention is to concentrate housing development in existing urban areas and with a particular focus on town and city centres.

SCR should explore how the proposed non statutory spatial framework could set out the roles which different parts of the city region play as locations for businesses and homes. Building in and around the main urban centres, employment sites, innovation districts, growth nodes, transport corridors and hubs will help to organise the economy in ways that recognize the common attributes of productive places—integration, proximity, density, connectivity, and quality place-making. From this a polycentric model for mixed urban development and reinforcing economic growth could emerge across the city region.

However, this vision will require a different approach to housing development and place-making. Building socially and economically mixed communities is necessary if the challenges of economic inclusion and social mobility are to be achieved. This will require different homes of different size, type and tenure, to buy and rent.

Over 50% of new houses are currently unaffordable for people on average incomes. While an average deposit on an entry level home (£15,000) would take households on bottom 20% incomes over 9 years to save. With growth and rising demand property will become more unaffordable. Home ownership is not achievable for everyone therefore the solution must be to build more affordable homes to rent. This could include options for shared ownership and ultimately the right to buy.

There are other pressures on the housing market. An increasing and ageing population will impact on the supply and demand for housing, with significant changes in the composition of households, including: a large increase in single people under 65s; an increase in couples without children; and a decrease in the number, and size, of families.

Current land allocations and housing targets in the sub-region are set to meet growth projections, and housing completion rates in South Yorkshire are broadly on track. However, targets are a blunt instrument in assessing aggregate supply and demand. A more nuanced understanding is required to ensure the right type of housing is delivered in the right areas to meet the right need and maximise the potential for inclusive growth.

In addition to building new homes a major focus on phased housing renewal and estate regeneration, in the most disadvantaged areas, is required to improve the quality of existing housing stock.

Next Steps

Part 2 of the SCR Housing Review will focus on the headline findings of this assessment and explore a set of propositions and provocations, for the advisory panel to consider. These will include potential options and interventions for future development in South Yorkshire's housing market; the priorities for change that are most likely to contribute to productive growth, and the additional powers that the Mayoral Combined Authority may need to implement a housing strategy. This will include:

- Interventions to improve the quality and affordability of private rented accommodation.
- Funding models to significantly boost housing supply (to rent and to buy), create new jobs, boost small developers, and grow construction capacity through continued investment.
- The potential for a non-statutory spatial plan in helping to make productive and inclusive places to live.
- Measures to drive up quality of design and the 'right to beauty' in place making.

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Sheffield City Region Housing Review (Part 2)

A Report by ResPublica

May 2020



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1 INTRODUCTION AND BACKGROUND

Sheffield City Region (SCR) is undertaking a review of the South Yorkshire housing market and has assembled an advisory panel, drawn from relevant stakeholders, to assist with and provide overview of this work. The purpose of the review is to assess the extent to which housing may be responding to, driving, or indeed holding back economic growth in the city region.

Housing is a key employment sector in its own right, and investments in the housing industry including skills and modern methods of construction will contribute to increased productivity and job growth. However, the primary focus of this review is to consider the wider role of housing in place-making strategies and the relationship between housing and other policy considerations that contribute to making healthy, productive, and inclusive places.

This paper sets out a broad provocation and policy development ideas for the city region as a whole. It makes the case for the devolution of housing policy and funding to the Mayoral Combined Authority (MCA) and sets out some over-arching propositions for the advisory panel, and wider partners, to consider in addressing the headline findings arising from the first phase of the review.

1.1 Headline findings

Part 1 of this review identified that, in general terms, the housing market in South Yorkshire appears well balanced with many positive aspects compared to other areas in the UK. Rates of home ownership are relatively high – in line with the national average - with a lower proportion of private renting, and relatively higher levels of social housing.

Similar to most other areas in the UK, there are familiar demographic pressures on the housing market in South Yorkshire. This is characterised by an increasing and ageing population, and significant changes in the composition of households, including: a large increase in single people under 65s; an increase in couples without children; and a decrease in the number, and size, of families. All of this is impacting on the supply and demand for housing.

Affordability

House prices, private rent and social rents are all relatively affordable compared to both the wider region and the national average. Even when accounting for local wages, income to house price/rent ratios are more affordable in South Yorkshire than most other city regions in the UK.

Nevertheless, there are problems with both affordability and quality of accommodation. Over 50% of new houses are currently unaffordable for people on average incomes. While an average deposit on an entry level home (£15,000) would take households in the bottom

20% of incomes, over 9 years to save.¹ Home ownership is not achievable for everyone and the private rented sector (PRS) is therefore the only option for many low-income households. But less than 10% of lettings across South Yorkshire, are available at the Local Housing Assessment rate², making it difficult for households, wholly or partially dependent on benefits, to afford their rent.

In addition, South Yorkshire has the largest number of PRS properties, among comparator metro-regions, where local authority inspection has identified a serious and immediate risk to a person's health and safety.³ There is an urgent need to:

- Provide more affordable 'social' homes to rent – which could include options for shared ownership and ultimately the right to buy, and
- Improve the quality of existing housing stock, with a focus on licensing schemes to drive up PRS standards, alongside phased housing renewal and estate regeneration, in the most disadvantaged areas.

Social mobility and inclusion

The South Yorkshire housing market is highly polarised and spatially segregated. The highest property prices and higher income households are furthest from the urban centres of Sheffield, Rotherham, Barnsley and Doncaster.⁴ Housing markets are therefore strongly correlated with the spatial distribution and concentration of social and economic deprivation, including low incomes, low skills and educational attainment, and poor health.

A relatively large lower-skilled population, which is holding back productive growth in the sub-region, is in part an outcome of how housing markets function in South Yorkshire. Housing markets define the social and economic profile of neighbourhoods, which serve to lock-in and exacerbate inequality through patterns of segregation.⁵

The relationship between housing and schools is critical to addressing problems of social mobility. Good schools drive-up house prices,⁶ and pupils from the more prosperous neighbourhoods are more likely to go to the highest performing schools near to where they live.⁷ This suggests a different approach to housing development and place-making. Building socially and economically mixed communities – with homes to buy and rent - is necessary if the challenges of economic inclusion and social mobility are to be achieved.

¹ Huw Jones Consulting, Study into affordability of housing in the Sheffield City Region, 2018.

² Ibid

³ Local Authority Housing Statistics data returns, England 2017-18 (MHCLG)

⁴ Average Property Prices in South Yorkshire, Plumplot 2019

⁵ Cheshire and Sheppard, 2004; Gibbons and Machin, 2003; Leech and Campos, 2001

⁶ Parent Power: the price families pay to live near top schools

[\[https://www.thetimes.co.uk/article/parent-power-the-price-families-pay-to-live-near-top-schools-7vfpv9zhc\]](https://www.thetimes.co.uk/article/parent-power-the-price-families-pay-to-live-near-top-schools-7vfpv9zhc) November 2019.

⁷ Ferrari, E.T and Green, M.A. (2013) Travel to school and housing markets: a case study of Sheffield, England. Environment and Planning, pp. 2771-2788

Urbanisation

Housing is also a key driver in retaining and attracting new talent which is vital to growth. The rise in city centre living, across the UK, has been led by young high skilled people seeking a vibrant urban location to live and work. However, SCR is struggling to gain graduates with no previous association with the city-region⁸ and there is evidence that the housing offer in South Yorkshire is not meeting the needs of young professionals. The low level of city centre and town centre housing development is a current weakness which authorities are now seeking to address.

The economic rationale for city-regions is based on the principle of agglomeration, that bringing businesses and people together enhances productivity and drives growth. But the Sheffield City Region does not yet function as a single economic geography or travel to work area⁹ which can exert the kind of centrifugal pull found in other city-regions areas like Bristol, Greater Manchester, Cambridge, Oxford and London.

Densifying the urban centres, and especially Sheffield City Centre, will help drive economic growth. Local authorities in South Yorkshire have set out their development priorities in their Core Strategies and Local Plans. In all cases the intention is to concentrate housing development in existing urban areas and with a particular focus on town and city centres.

Spatial planning

The Mayoral Combined Authority (MCA) has committed to a non-statutory spatial plan. This should be developed in a way that sets out the roles which different parts of the city region play in providing locations for businesses and homes. Building in and around the main urban centres, employment sites, innovation districts, growth nodes, transport corridors and hubs will help to organise the economy in ways that recognize the common attributes of productive places—integration, proximity, density, connectivity, and quality place-making. From this a polycentric model for mixed urban development and reinforcing economic growth could emerge across the city region.

Housing targets

Current land allocations and housing targets in the sub-region are set to meet growth projections, and housing completion rates in South Yorkshire are broadly on track.¹⁰ However, targets are a blunt instrument in assessing aggregate supply and demand. A more nuanced understanding is required to ensure the right type of housing is delivered in the right areas to meet the right need and maximise the potential for inclusive growth.

⁸ Graduate Retention and Attraction, HESA, 2014/15

⁹ ONS, Travel to work area analysis in Great Britain: 2016

¹⁰ Sheffield City Region, Draft Statement of Common Ground, October 2019

1.2 Responding to Covid-19

The first part of this review was completed before the outbreak of the Covid-19 pandemic. However, the current public health and economic emergency does not alter the underlying assumptions, which this review is seeking to address. Housing's role in the economic recovery will become more pressing.

A new model for recovery

There is likely to be a long tail to this crisis, with the prospects of continued restrictions on movement that will cause ongoing social and economic distress for large numbers of people. Some households and communities will be harder pressed than others.

The UK's rentier economy has largely insulated creditors (banks) and asset-owners (landlords) from the worst effects of the pandemic while driving many of the most financially vulnerable deeper into debt. Buy to let landlords have been given mortgage interest holidays and many have received 'free money' in the form of rent paid through the Government's furlough scheme in addition to housing benefits. Banks have been given guarantees on loans, so the risk of non-payment is borne by businesses and the public purse. Companies must repay their loans and tenants their rents, at the risk of foreclosure or eviction (once the emergency legislation expires).

There will also be significant variation in the size of economic contraction between places, with the worst affected areas likely to be in the midlands and the North of England.¹¹ This must necessitate a different model for recovery. One that can be centred around local economies. And one that can offer a more equitable settlement for the army of largely low paid workers who have cared for the sick and the vulnerable and who have helped to keep the country running during lockdown.

The seemingly intractable problem of the UK's housing crisis must finally be resolved with a public commitment to build more homes to buy and rent, and to address the problems of affordability and quality. A re-imagining of the 'homes for heroes' house building programmes that followed the two world wars should kick start our economic recovery with a priority to build for our key workers (not just our teachers, doctors and nurses but our shelf-stackers, lorry drivers, cleaners and carers) and to finally remove the unacceptable circumstance of homelessness and rough sleeping.

The construction industry is one sector that has continued to operate throughout the period of lockdown although many sites have been suspended and development has slowed.¹² Overall, the industry will have been negatively impacted. Future housebuilding programmes can therefore contribute to the economic recovery. Generating new jobs and opportunities for local SME builders and suppliers.

¹¹ OBR analysis of decline in GVA resulting from Covid19 shut down

¹² <https://www.constructionline.co.uk/insights/news/covid-19-infographic/>

With a focus on modern methods of construction (MMC) house building in the city-region could help drive productivity growth. The 2017 Government White Paper¹³ supported the contribution MMC can make in solving the nation's housing crisis and achieving a step-change in housing output. It pointed to the potential for a 30% improvement in the speed of construction of new homes through the adoption of innovation, with a potential 25% reduction in costs, as well as the potential for advances in improving quality and energy efficiency.

An opportunity to re-think cities and town centres

There is a risk that Covid-19 will lead to urban flight and that attempts to populate towns and city centres will flounder. Many across the UK have endured months of lockdown without gardens or terraces. And this could only intensify the desire of the average British homebuyer to live in a house with outside space. Large cities have been amongst the most affected areas in the world. But while some like London and New York have struggled to control the coronavirus others like Seoul, Hong Kong, Singapore and many cities in Germany have managed to effectively contain the outbreak.

Density has always been associated with poor health, from the cholera and typhoid epidemics of the 19th century to this present crisis. But all these threats to public health have been overcome. The very highest life expectancies are found in the wealthiest urban areas. There is now an opportunity, coming out of this, to rethink the city and urban design. To reflect on the value of public spaces, communal gardens, parks and traffic free roads. Design and the creation of quality places in our urban areas should become even more important post Covid.

This review is therefore an opportunity to reflect on the issues of equality and inclusivity raised by Covid-19 as well as the relevance of housing to a wider economic and social recovery across South Yorkshire. There is, in the wake of this unprecedented crisis, an opportunity to accelerate the devolution process with a radical agenda for housing in the Sheffield City Region.

¹³ Fixing our broken housing market. Ministry of Housing, Communities & Local Government. 2017

2 THE DEVOLUTION OF HOUSING POWERS

Unlike a number of other metro-areas the current devolution deal for the Sheffield City Region does not include control over housing resources, although the Scheme does include housing and regeneration powers or functions that can be exercised concurrently with Homes England and local authorities.

2.1 Devolution in England

Place-based devolution in England has taken a number of forms. Progress has been incremental, and some areas have gradually increased the scope of their powers as local institutions have strengthened local accountability and transparency.

Some aspects of these devolution deals have been implemented without the need for any legislative changes, but where new powers are required, agreement to secondary legislation has allowed for:

- Responsibility for post-19 educational and skills training
- Homes England regeneration powers
- Police and Crime Commissioner powers
- Fire and Rescue Authority functions
- Public health, economic development and regeneration powers, waste management and air quality management
- Powers to create mayoral development corporations and spatial development strategies.
- Devolved health and social care.

The bespoke nature of devolution agreements has meant that some MCAs have benefited from additional devolved budgets and powers – for example Greater Manchester’s Housing Investment Fund and Cambridgeshire and Peterborough’s budget for Infrastructure, Housing and Growth.

As the country leaves the EU, the newly elected Government has committed to levelling up productivity and living standards across the country. To achieve this powers and funding will need to be devolved to a level where they can have greatest impact to accelerate economic growth, to city regions and other places, revitalising cities, towns and communities.

In this context the time would appear right for the Mayor and the Combined Authority to set out their vision for enhanced devolution to the Sheffield City Region, including powers over housing and infrastructure investment.

2.2 The case for devolved housing to SCR

The Sheffield City Region has struggled to attract the level of investment in housing and infrastructure that it would ideally like. There are numerous government interventions,

initiatives and programmes providing access to finance and routes to market. But authorities have experienced frustration in their unsuccessful attempts to realise relatively modest housing developments. This has eroded confidence in the ability of existing centralised funding, systems, and processes to meet local need.

Case study: The Housing Infrastructure Fund

Following a selection process, where local partners had been asked to categorise their top six priorities for housing development, MHCLG identified the city-region's second ranked scheme, on the basis that it was the most economically viable. Sheffield City Council were then invited to progress a business case for a Housing Infrastructure Fund application. This funding was to contribute to the council's ambitions to deliver over 18,000 new homes in the Sheffield and Rotherham growth corridor, over the next 10 years.

To aid the first phase, a comprehensive infrastructure and site enabling scheme had been initiated comprising highways improvements, flood mitigation measures, placemaking improvements, land assembly and site remediation. Completion of this scheme would have unlocked around 30 brownfield sites and 4,000 new homes, contributing to:

- **A strong economy** with job creation and the encouragement of private investment due to increased market investment.
- **Thriving neighbourhoods and communities**, densifying housing development with proximity to a wide range of city centre cultural and recreational facilities, links to employment and learning opportunities (including University campuses) hospitals and city centre amenities.
- **Better health and wellbeing** with the creation of a wayfinding environment, improving cycling and pedestrian movements and the strengthening of community identity and safety.

After an 18-month process of 'co-production' with Homes England the application was ultimately declined on the basis of its relatively low benefit cost ratio. Despite meeting all the eligibility criteria for the fund, including support from the combined authority, the scheme was assessed as unlikely to meet the high yield bench-mark required.

This recent experience in applying to the HIF, highlights the problems which localities face in dealing with centralised processes and decision making. Democratically elected local authorities are rendered powerless, reduced to a position of supplicant to government departments, and forced into a competition for funding that they are unlikely to win.

The scale of market failure across the north, and other places outside the Greater South East, suggests that it is these areas that need levelling up. The reluctance of the market to invest in places that offer a lower return on investment is the precise reason why public funding is necessary. Disproportionate amounts of public funding, in housing and infrastructure, are being invested in areas of high aggregate demand where the market is active and eager to build. Public funding is being utilised to address affordability issues in over-heated housing markets where authorities are under-bounded by greenbelt and available land is therefore at a premium.

Our centralised funding systems and assessment criteria are not sufficiently nuanced or weighted to reflect the variance (in the type and scale of problems) that exists between different housing markets across the country.

Mayors and Combined Authorities should be allowed to respond to their different challenges to meet local needs. Metro-regions should have the ‘placemaking’ powers, including the ability to coordinate housing, planning and transport, key to driving local growth.

The Government’s approach has gradually increased the powers of local institutions, enhanced local accountability and transparency, reduced barriers that stopped areas doing things for themselves and reduced bureaucratic and regulatory burdens. It is now time to go further, to transfer powers and funding from central government and its non-departmental public body, Homes England. This would create an enterprising and entrepreneurial role for the local state – to invest and build.

2.3 The ‘Ask’ of Government

The Mayoral Combined Authority should seek greater autonomy over wider housing powers and budgets, placing the constituent members of the combined authority at the forefront of negotiations with private developers and housing association, and giving them more responsibility to ensure the housing needs of their resident communities are addressed.

The proposed wider transfer of powers from Whitehall would see the Mayor and the Homes England agree a devolved allocation of the national housing and infrastructure funds that have already been committed by Government (including the recent 2020 budget announcements). This indicative budget for the SCR, would allow the combined authority to allocate this funding in line with both city-region and individual borough priorities.

In addition to the MCA should seek devolved land assets and holdings that form part of the wider public estate. It should also seek to utilise government borrowing capacity and/or borrowing powers devolved to the Mayor, to raise a bond or enable fully serviced loans for investment in public build to rent development.

‘Devolved Delivery Agreements’ could confirm an agreed housing budget for the MCA for the duration of the current parliament, until 2025. In turn, the MCA should agree a city-region housing strategy and a broad set of policies and outcomes to ensure local and city-region housing needs are met. Entering into a Devolved Delivery Agreement could be an entirely voluntary process, with those boroughs choosing not to participate continuing with existing investment arrangements.

3 PROPOSITIONS

The following propositions arise from the headline findings in the first part of the review. They are high level proposals intended to provoke further discussion and thinking about housing policy and strategy development in the city region.

The propositions are not intended to speak to individual projects or planned developments which individual authorities are looking to take forward. But they should be viewed as drivers for inclusive growth, that can accommodate specific plans, while helping to prioritise strategic interventions across South Yorkshire.

The ideas presented here are meant to stimulate new approaches to housing and place-making, to shape the focus of subsequent phases of this housing review, and to provide the basis for more detailed work, including in-depth research and modelling, as well as recommendations or propositions that can be developed into practical projects that add value to existing programmes and investments.

3.1 **Densifying urban centres and employment growth nodes**

A proposal to develop and populate the main urban centres in the South Yorkshire.

Context

City living has been on the rise in recent years with people returning to the city centres of the UK's core cities. Populations are growing and this trend looks likely to continue. This increase in urban living is associated good design, stylish apartments and the kind of services required by young affluent residents (gyms, cafes, bars, restaurants, and shops).

The return to urban living is both a cause and effect of economic growth. The economic rationale for city-regions is based on the principle of agglomeration, that bringing businesses and people together encourages innovation, enhances productivity, and drives growth. Vibrant city centres attract businesses and talent.

However, the urban centres in the Sheffield City Region do not provide this attraction or have not yet achieved the kind of centrifugal pull which can be found in other urban areas in the UK.

Proposal

Local authorities in South Yorkshire have set out their development priorities in their Core Strategies and Local Plans. In all cases the intention is to concentrate housing development in existing urban areas and with a particular focus on town and city centres.

The proposal is to accelerate this development in order to maximise the role of housing in driving economic growth in the city region. This would involve a significant repurposing of city and town centres, to increase the density of residential accommodation alongside commercial and business use. This should also consider the urbanisation of the main

employment growth nodes in the city region (including the Advanced Manufacturing Park and the Sheffield-Rotherham Growth Corridor).

This process should provide the opportunity to rethink the city and town centre as an environmentally friendly place that can also be attractive to families and older people. The intention should be to provide for vibrant mixed communities that can reflect a diverse population, in terms of age as well as social and economic circumstance. Urban centres should be magnets for wealth creators, but they should also be more than a playground for the young and the affluent.

There are factors affecting city centre development in South Yorkshire. A current study of the residential market in Sheffield City Centre¹⁴ has identified a significant under supply in the build to rent market compared with other core cities. This study recommends that a city centre city strategy should focus on the rapid, large-scale delivery of homes for the mid-market, affordable to the largest market segment who are already working in the local economy.

This strategy is suggested as the approach most likely to:

- Address achievable values
- Attract required financial investors, new capital and entrants to the market
- Impact, in the most meaningful way, on the shortfall in affordable, quality housing in the city region.

In pursuing such a strategy, local planning authorities should seek to strengthen their commitment to this market by using planning conditions and covenants to promote build-to-rent projects and to overcome the viability challenge relative to build-to-sell, as recommended by the Montague Review.

3.2 A Housing Investment Fund

A proposal for a funding and delivery model to significantly boost housing supply, initially to rent but with options for long term tenants to buy. This model will address quality and affordability of housing for lower income households, create new jobs, boost small developers, and grow construction capacity through continued investment.

Context

The UK has consistently failed, over five decades, to deliver sufficient housing - either to buy or to rent. When the public sector withdrew from housebuilding, at scale, it was expected that the market would pick up the slack. This has not happened. The impact of this under delivery manifests itself in house prices, locally and nationally, that are unaffordable to much of the population.

¹⁴ Colliers International, Sheffield City Centre, Residential Market Study (WORK IN PROGRESS) March 2020

Over half of new houses in South Yorkshire are currently unaffordable for people on average incomes. An average deposit on an entry level home (£15,000) would take households in the bottom 20 percent of incomes over 9 years to save. With growth and rising demand property will become more unaffordable. Home ownership is therefore not achievable for everyone and many low-income households have no other option than to rent privately. But there are also wider problems of affordability and quality in the private rented sector. Less than 10% of lettings across South Yorkshire, are available at the Local Housing Assessment rate, or below. While the sub-region has a disproportionate number of properties deemed to be a health and safety hazard. Part of the solution must be to build more affordable and desirable 'social' homes to rent. This could include options for shared ownership and ultimately the right to buy.

The viability of build-to-rent, and particularly affordable rents, has been a long-standing issue. In essence build-to-rent generates a much lower annual rate (7.5% pa) compared to the traditional build-to-sell model (17.5%). As investors and developers require a return between 10% and 12.5% pa to take the development risk, this underlines the challenges faced by institutional investors willing to invest in the sector to accelerate housing delivery.

Government has intervened with measures such as the £1bn build-to-rent fund, launched in 2012 and topped up in the 2013 budget, which provided bridge financing to attract institutions to invest in the private rental sector. However, this has not resulted in the large influx of high-quality rented accommodation that could help raise standards and competition in the market or stabilise rent levels.

The build-to-rent fund was closed in 2016 and replaced by the Home Building Fund, managed by Homes England. This provides loans to meet the development costs of building homes for sale or rent, as well as site preparation and associated infrastructure to enable housing. However, these loans are subject to best value assessments that prioritise areas of high demand with the greatest affordability issues. As we discussed above, on this basis regions like South Yorkshire have struggled to compete for funding with places in the Greater South East.

Government also lifted the HRA Council borrowing cap in 2019. The borrowing cap had been seen as a major constraint for housing and lifting it is estimated to release £10b - £15b of additional borrowing so that councils could build an additional 100,000 new homes, 15,000 per year. Many local authorities have started to build-to-rent at a greater pace and scale but not yet to the level that is required to meet the country's needs. As a consequence, the rental sector will continue to be dominated by buy-to-let private landlords for some time.

There are numerous government interventions, initiatives and programmes providing access to finance and routes to market. But the Sheffield City Region has is likely to lose out to other regions in a competition for public funds based on aggregate demand and benefit cost ratios. The MCA needs greater leverage and control over decision-making about housing and infrastructure investment, to address the problems of market failure in South Yorkshire.

In terms of the private market, the main difficulty is that developers are only building at the rate at which they predict they can sell. And capital loans, especially to SME builders, are

tied to what and when they can sell not what they can build. The main solution, therefore, is to provide a **'Guaranteed Buyer'**.

The proposal

The Mayoral Combined Authority (MCA) should agree a housing deal with Government. This could create a new legal entity based around an SCR wide Housing Investment Fund that could:

- Utilise government borrowing capacity and/or borrowing powers devolved to the Mayor, with rates at historically low levels, through a 'bond' or fully serviced loans.
- Hold the devolved allocation of the housing and infrastructure funds that have already been committed by Government (including the recent 2020 budget announcements) and transferred to the MCA.
- Hold devolved land assets and holdings that form part of the wider public estate that have been transferred to the MCA.
- Enable pooled resources with contributions from public and private investors (e.g. L&G).

The Housing Fund would therefore be a new financial and delivery vehicle designed to significantly boost housing supply, by speaking to the fundamental problem of the speed and scale of building. Such a fund could build thousands of homes for rent in the SCR by acting as a **'guaranteed buyer'** within a certain time frame for those homes. Buying, or rather ordering, in bulk would reduce the initial costs and stimulate the SME market to produce these homes to order at scale and in time.

These homes, held for ten years and managed and tenanted properly, would provide a surplus in value after a decade. This surplus could then be applied to create home ownership extension schemes whereby a proportion of homes could be then sold to tenants for their value at the point of rental.

Given the stability of rental return and the rising asset value of the scheme, private capital could be found to finance this approach. As part of this local model, the MCA and local authorities would be able to leverage existing assets, such as land, and enhanced planning permission to further advantage the project. New approaches to land value capture and to Compulsory Purchase could make the Housing Fund even more valuable.

By addressing the problems of speed and scale where developers must sell to a credit constrained market in order to release funding for the next house they build, this vehicle speaks to the limitations that the market operates under. After establishing local needs and agreeing a joint approach with partners, the delivery vehicle (supported by the MCA) would then enter into pre-purchase agreements with developers, enabling them to proceed with secure funding already in place to deliver the homes, on a greatly accelerated timetable. This also creates the conditions in which house builders can be more innovative, for example adopting Modern Methods of Construction (MMC) to deliver new homes.

An arm's length Board would be appointed to oversee investment criteria to determine the type and location of homes to be delivered. For example, the Fund could let 5,000 homes at a rent linked to the Government living wage; make 5,000 available to purchase in ten years' time at today's price; or let 5,000 at submarket rent to enable tenants to save for a deposit. The MCA could also as an additional incentive to attract and retain key workers, prioritise these homes for nurses, carers, social workers and teachers.

Other housing investment deals have been struck with Government (including Greater Manchester and Oxfordshire) but these have not succeeded in making more affordable social rented accommodation available. This Fund could transform the SCR housing market, providing attractive, well managed homes for rent on family-friendly five-year tenancies. And their production will supplement, rather than compete with, the output of the main house builders.

As experience develops and confidence grows, the approach could also be expanded to help fund investment into improving existing housing stock. For example, this may be in the shape of gap funding with homeowners to improve energy efficiency in older housing or to cover the needs of aids and adaptations so that homes meet the needs of older communities.

In summary the Fund would:

- Create a '**Guaranteed Buyer**', or '**Buyer of first resort**' driving a higher rate and scale of production, by minimising risk
- Utilise Public Sector ability to borrow money at historically low rates – the 'loan' would increase public debt but not add to the deficit
- Utilise Housing Associations' and local authority expertise in building, letting and managing properties
- Expand local SME developers and increase the range of companies in the sector
- Improve the quality and range of housing offered is key to future prosperity of a local area
- Provide new affordable rent and then own options – up to 30% gain over ten years to be used for social ends
- Link economic growth, housing and social return much more explicitly
- Provide a vehicle for ensuring existing housing stock is fit for purpose in terms of issues like climate change and ageing communities.

The Fund will be financed by low cost long-term (50-year) finance, which government would secure and on-lend. Government and SCR will agree the Fund's structure and the time limited role that government will play enabling the market to price the debt accordingly. The Fund will be responsible for servicing this debt and securing it against the homes acquired, paying the interest costs from its rental income, and finally repaying the debt at the end of each 50-year term. After 10 years, the Fund could be self-sustaining with no further government intervention required. Cumulative net rental income (assuming that it is not invested in additional new homes) could repay each tranche within 30 years.

Rationale for a Housing Fund

The case for a Devolved Housing Fund is not primarily to address a lack of finance, or the availability of land, or difficulties with planning consents but the problem of a '**guaranteed buyer**'. The logic is as follows:

- Over the past 50 years the market has not taken up the slack left by the withdrawal of the public sector from house building.
- This is because the market builds what it thinks it can sell. So not at the pace and scale required.
- The commercial viability of building to rent has meant that this aspect of house building has been especially impacted.
- The financialisation of housing (Buy to Rent) has mean that most homes to rent are now in the private sector, and rents are subject to market forces.
- The year on year shortfall in supply of new homes to buy and rent, combined with the growing PRS, has exacerbated affordability problems.
- Since the financial crisis interest rates have been at a historic low but this has not resulted in significant investment in housing and infrastructure.
- Public funding - through Homes England and other sources - have also failed to result in the kind of house building programmes required, especially in the north of England.
- Public funding should be responding to market failure but instead it is disproportionately invested in places with high aggregate demand using the treasury's cost benefit approach. Hence places in the North lose out to places in the Greater South East which can evidence a better return on investment.
- This evidently does not work for the north, as Sheffield's recent failed HIF bid demonstrates. So, a different model is required, one that can address market failure and viability issues. One that can utilise the entrepreneurial role of the public sector to underwrite risk, to build at scale.

3.3 Private rental schemes

A proposal to improve the quality and affordability of private rented accommodation.

Context

The growth in Buy to Let landlords has led to an expanding private rented sector with some of the highest levels of property investment in Europe. This has put increasing pressure on the supply of housing, fuelled prices and led to widening asset gaps in the UK.

Private rental prices have grown in recent years, although the rate of growth has slowed recently and median private rents in South Yorkshire have remained less than 30% of

median earnings.¹⁵ The traditional ratio used to define affordability implies that households should not pay more than 30% (or a third) of household income on housing costs.¹⁶

However, average or median figures can mask some stark difficulties for many households. Market rents, at a ward level, are largely unaffordable for households earning below average income in parts of the city region. In some areas, lower quartile rents are unaffordable for over a third of households. While rents for larger properties and in certain areas would be unaffordable to households on the lowest incomes.

There is a considerable difference between market rents and the Local Housing Allowance (LHA) rate which is set at the 30th percentile for rents. Only 9% of lettings across South Yorkshire, are available at rents at the LHA rate or below and this has implications for the ability of households wholly or partially dependent on benefits to afford their housing costs.

The issues of affordability are compounded by problems of quality. South Yorkshire has the largest number of private rented properties, among comparator metro-regions, where local authority inspection has identified a serious and immediate risk to a person's health and safety.

Poor-quality homes and equally poor-quality landlord behaviour are holding back the PRS sector from being a safe and attractive option for many people and contributing to health inequalities in the city-region. Energy efficiency is a particular issue with older housing stock and South Yorkshire has a high indices of fuel poverty that are contributing to high numbers of winter deaths as well as other related public health issues.

The proposal

The Mayoral Combined Authority (MCA) should introduce a licencing scheme to improve the quality of housing in the private rented sector. Additionally, it should explore the potential for introducing rental controls across the city-region.

i) Private rented licencing scheme

There are numerous licensing schemes operating in the UK, with many more local authorities, like Doncaster, looking to implement them. These schemes vary and most authorities have introduced 'selective licencing' which target private landlords in designated areas, usually with high numbers of HMOs. Sheffield City Council has introduced such a scheme in parts of parts of London Road, Abbeydale Road and Chesterfield Road. Government approval is needed for schemes which cover more than 20% of a council area.

In 2015 Liverpool City Council introduced a compulsory citywide scheme for all private landlords including almost 50,000 properties. The council carried out more than 37,000 compliance actions and prosecuted nearly 250 landlords, accounting for 85 percent of the all

¹⁵

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/indexofprivatehousingrentalprices/previousReleases>

¹⁶ A report by the Affordable Housing Commission, Defining and measuring housing affordability – an alternative approach, 2019

landlord prosecutions in England. Following accusations of heavy handedness and a strong lobby from private landlord associations the application to extend the scheme for a further five years was turned down by the Government, citing a lack of evidence, and the scheme ended on 31st March 2020.

Given this recent precedent a city-region wide PRS licencing scheme to ensure improvements to quality would need to provide compelling evidence, highlighting the scale of the problem in South Yorkshire. Alternatively, the scheme could operate within the 20% limit of each constituent authority and target the most affected neighbourhoods. However, operating such a scheme across the sub-region would provide consistency and completeness across the whole housing market, minimising any internal displacement that might otherwise occur.

Any licencing scheme – selective or otherwise - should be compulsory, and landlords should be required to pay a small fee for each registered property to help fund the scheme. This would help to regulate and limit poor quality while providing eligibility criteria for available grant funding, helping to incentivise both the scheme and new investment to improve PRS housing. It would need to work at scale to support and educate would-be good landlords as well as acting on enforcement against the bad ones.

More generally, the scheme could help with the professionalisation of the private rented sector. The Law Commission estimates that just 2.2% of landlords in England are part of a professional body. In other countries, such as France, Germany and Scotland, landlords are often regulated by government through registration, regulatory bodies and professional membership organisations. These are additional policies that the MCA could consider, to establish a landlords' register, to regulate the sector, drive up quality and environmental standards to help meet the city-regions net zero ambition.

ii) Rent Control

One potential solution to the affordability problem is the introduction of rent controls. These are policies that has been introduced in different places in the developed world, either at city (e.g. San Francisco), state or national level. The success of these approaches varies according to culture (attitudes to home ownership) and the structure of housing markets in which it has been tried. When comparing different countries, there was no clear connection between rental regulations and the size of the private rented sector. Rental regulations do have some impact, but the relative attractiveness of other tenures and the availability of investment opportunities are key determinants (Whitehead *et al* 2012).

In Germany, where around 30% of households rent privately, Angela Merkel introduced the so called 'Mietpreisbremse' or 'rental price brake', intended to stop landlords in property hotspots from increasing rents by more than 10% above a local benchmark (Shelter 2018: 14). Local authorities have the final say on implementing rent controls, given that their effectiveness will vary regionally.

The efficacy of rent control has been a point of contention in the UK. The Labour Party under Ed Miliband and Jeremy Corbyn have proposed rent controls in recent years, seeking to curtail

the power of landlords and providing renters greater stability. In contrast, the Conservative Party have remained ideologically opposed to this level of state intervention in private housing markets preferring 'Right to Buy' policies as an instrument to 'rebalance the housing market towards more home ownership' (Conservative & Unionist Manifesto 2019: 30).

Sadiq Khan has recently requested additional powers to implement rent control in London, as a safeguard until more housing is built. He has proposed: abolishing 'no reason' evictions under section 21, the introduction of open-ended tenancies, and the implementation of rent stabilisation. The Mayor's proposal to end 'no reason' evictions would bring London in line with Germany where tenants cannot be evicted without a reason; English legislation only provides 6 months of protection from 'no reason' evictions (Shelter 2016: 7-8).

Rent controls can effectively safeguard tenants from unaffordable rent and provide greater security, and act as a short-term fix to rebalancing housing. Regulations can also have the capacity to positively influence supply and demand. This measure could be a short term/transitory move needed to address problems with affordability in the lower end of the private rented sector, bringing more homes for rent in line with the Local Housing Allowance and enabling lower earners to afford their housing costs.

In return there could be the potential to offer some incentives to landlords and develop the PRS to create a much more dynamic and high-quality build to rent market in some parts of South Yorkshire.

There are undoubtedly sensitivities about rent capping measures which will not go unchallenged. The proposal will be politically difficult with opposition from some local partners and from Government. However, MCA should consider rent controls and whether the organisational capacity required to introduce something similar to the London Mayor's ask of Government would be a sensible intervention, as a safeguard until more social build-to-rent is established in the SCR.

3.4 Urban design and the right to beauty

A proposal to drive up the quality of design in housing and in place making.

Context

The value of building well designed and attractive or "beautiful" housing is difficult to monetise. This means that developers, politicians and policy makers frequently neglect its importance. Quality of life is enhanced by the quality and attractiveness of the urban environment, and appreciation of beauty is correlated with socio-economic status. IPSOS Mori found that 69% of those satisfied with their household income considered their local area to be beautiful, compared with 53% of those dissatisfied with household income (Harvey and Julian 2015: 2).

Surveys have consistently identified that the public are very positive about the impact of design on their lives. However, it is also the case that the public is less positive about the design and build process, which is perceived to shut out architects (with a responsibility for

creating it) and the public (who end up experiencing it) while planners and developers hold sway. (Policy Exchange 2019: 118).

There is a tension between what people want and the perceived motives of developers and planners where design is subject to rules intended to minimise 'harm', and the financial bottom line. This can mean an emphasis on volume and cost resulting in as many homogenised box-like homes that can be squeezed into a development. A large majority of the population (77%) think that cost is used as an excuse to justify ugly development.

Design is subjective but we know that the British public prefer low rise, traditional properties built on streets (70%). But there is still considerable support (44%) for medium-rise developments in urban areas. Apparently, the public do not want design uniformity, identikit buildings or 'noddy boxes'. The majority (89%) want a style and fit that coexists happily with the environment rather than dulls it. (Policy Exchange 2019: 119).

Participants in an ethnographic study in Sheffield, believed that beauty was important for fostering civic pride, generating respect for places and, by extension, the people that live there. Along with improving civic engagement and community cohesions, beautiful areas have also been linked to improved economic activity, and health and wellbeing. Beautiful areas attract high skilled labour and increase property prices; furthermore, good office design and a good quality public environment stimulate productivity and trade. Beautiful areas also encourage people to exercise, while just being around nature reduces stress and encourages wellbeing (Harvey and Julian 2015: 12).

A number of solutions may be drawn from our experience of housebuilding throughout the twentieth century, that allow for more beautiful homes and communities: respect for context and surrounding, drawing on local traditions on style, ensuring long-established architectural principles, and having an 'eye' present to draw out the quality and delight of an area (Policy Exchange 2019: 13).

The need for high quality design and place making is particularly relevant to our town centres, many of which feature poorly or insensitively designed buildings and public realm dating from the 1960s and 1970s. This is being addressed in several South Yorkshire centres, with locally led renewal programmes alongside government supported initiatives like Town Deals and Future High Streets Funds. However, many buildings and spaces in town centres will need to be re-purposed for residential uses in the future and the quality of their design will be essential to the success of this process.

The proposal

The Mayoral Combined Authority (MCA) and local authorities should consider how good design can be integrated into all housing development as an integral aspect of place making in the city-region.

This should include a role for local communities in the design and planning process, led by local planning authorities. This could take the form of public forums and discussions about what constitutes good design and what development should look like. And it should start

from the position of building on local traditions and a knowledge of what people know works for their area. It should involve communities in decision making, giving them the power to veto developments on the basis of aesthetics.

Zac Goldman has proposed development 'guarantee' criteria to protect residents while their homes and neighbourhoods are being regenerated. He has recommended that regeneration should not go ahead unless: existing residents have been involved from the start, most existing residents support the regeneration, most tenants remain on the estate during the process and only move once, residents are guaranteed the same size home for the same rent (Policy Exchange 2019: 23).

The MCA and local authorities should institutionalise design competitions for new housing development, inviting architects to design the most attractive spaces that can combine maximum density, with utility, while nurturing beauty. Communities should be invited into this process and onto judging panels and the current South Yorkshire Residential Design Guide (dating from 2011) should be updated and refreshed to reflect this change in direction along with the latest space standards and similar qualities.

Future developments should focus on place-making not housing units. A municipal architect or team of design experts should be created with oversight of this agenda, who can help to strengthen local authority capacity. Drawing on local culture and style, they would allow for continuity in the aesthetic of individual areas across the city-region but also allow for a modernising agenda that can incorporate new green technologies and modern construction methods. The tendency to modernise too quickly and at scale can harm community cohesion. But done sympathetically this hybrid mix of styles can elevate and renew places.

The MCA should ask Government to align VAT on housing renovation, in order to incentivise the re-use of existing buildings, as recommended by the Building Better, Building Beautiful Commission. Brownfield sites should be promoted over greenfield sites, and urban over suburban as targets for development. The strategy for high streets should aim to make high streets attractive places to live, work and spend leisure time in; and it should respond flexibly within a clear framework to changing patterns of demand.

Ultimate responsibility for implementing such a programme, including the capacity to improve design in the master planning process for individual projects, would rest with individual planning authorities. However, the MCA could adopt a strategic role in promoting good design and host the proposed 'design team' whose role it would be to support individual authorities and schemes, disseminate good practice and distribute leadership. These proposals need to be seen in the light of the reductions in capacity within local authorities and funding would clearly need to be sought to enable such an approach.

3.5 Spatial planning

The current devolution deal for the SCR includes a commitment to a non-statutory spatial plan. This proposal considers the principle-based approach which the non-statutory spatial plan should seek to follow in helping to make productive and inclusive places to live and work.

Context

The South Yorkshire housing market is highly polarised and spatially segregated. The sub-region broadly conforms with a monocentric pattern of urban development where the highest income households live furthest from the urban centres and Central Business Districts (CBD) and where the lowest income households are concentrated in the inner urban areas.

The effect of this spatial arrangement is that housing markets are strongly correlated with the distribution and concentration of social and economic deprivation, including low incomes, low skills and educational attainment, and poor health. Housing markets are serving to lock-in and exacerbate inequality which is holding back productive growth and limiting social mobility.

The evidence of socio-economic distribution would also suggest that the longer-term challenge is to evolve a more spatial and structural approach to future housing development and place-making. This will require a focus on urban centres, to densify, and provide an offer that is attractive to new businesses and young professionals and which can create the agglomeration effects that are vital for growth. (see 3.1 above).

The plan will also need to provide for different homes of different size, type and tenure, to buy and rent. Building socially and economically mixed communities is necessary if the challenges of economic inclusion and social mobility are to be achieved and sustained. This would mean building homes to attract middle class families which can be situated within a wider social tenure, including affordable and desirable homes to rent, for lower income families. It will also need consideration of amenities and public services, including schools, nurseries, and health services. This will especially be the case in the city and town centres, if new populations are to be attracted, including families.

Sheffield City Region does not yet function as a single travel to work area, exerting the kind of centrifugal pull which can be found in other areas like Bristol, Manchester, Cambridge, Oxford and London. This explains, to some extent the patterns of localised housing markets and peri-urban sprawl as housing growth is shaped around multiple travel to work areas.

The case for working across administrative boundaries on housing policy and transport development will become more necessary than ever. Not least the need to improve internal connectivity between urban centres and key employment sites.

The proposal

The Mayoral Combined Authority (MCA) should develop a non-statutory spatial plan that sets out the roles which different parts of the city region play in providing locations for businesses and homes. Building in and around the main urban centres, employment sites, innovation districts, growth nodes, transport corridors and hubs will help to organise the economy in ways that recognize the common attributes of productive places—integration, proximity, density, connectivity, and quality place-making.

This will need to be more than an alignment or amalgamation of existing local authority plans. A fully integrated spatial plan should aim to connect key employment and housing sites, across local administrative boundaries, and where the growth hubs of the future are likely to be. This may involve trade-offs between places and agreement on priorities for phased development. From this a polycentric model for mixed urban development and reinforcing economic growth could emerge across the city region.

A strategic spatial plan will need to add up to more than the sum of its parts. It should be a clearly articulated plan for that can help make the case for investment in transport and other forms of infrastructure across the city region, by identifying the preferences and 'first moves'. For example, options would include a new train station to serve the Advanced Manufacturing Park, and a tramline connecting the Sheffield city centre, along the economic corridor to the business parks in Rotherham. A risk-reward deal, similar to Greater Manchester, and based on 100% retention of business rate uplift, would help fund the cost.

Plans to urbanise the existing business parks, with the development of housing and related amenities, would require some greenbelt release. However, this could significantly uplift land value and effect housing markets along these improved transport corridors.

It is well understood that countries and regions around the world, like the Rhine-Ruhr and the Randstad, have used spatial planning to focus political will, economic activity, and social reform to great effect. Some partners in the region have expressed concerns about the practical utility of a non-statutory spatial plan. And there is a long-standing debate about the pros and cons, not least about the implication for the distribution of housing numbers. Making the London Plan statutory does not seem to have resulted in a great transformation in housebuilding, for successive Mayors.

Given the consensual status of the SCR plan it will need to be carefully negotiated between a coalition of the willing. The spatial plan will need to contain policy hooks that will take account of Local Plans and enable the implementation of local priorities in the context of a wider planning strategy. Other developed nations, shows how building from the bottom up with detailed local plans around towns and cities, put together with coherent regional plans that address wider issues of infrastructure, investment, and other strategic assets.

But the emphasis should be on the type of development that can best contribute to improved productivity and inclusive growth, to develop assets for the benefit of the region as a whole who live in that region, without slowing up the production and updating of Local Plans.

3.6 Net zero, green homes and housing renewal

In addition to good design, there is an opportunity to invest in net zero housing, to improve the overall quality and energy efficiency of the existing housing stock, and to kick start the green economy.

Context

The issues of housing affordability in the city region are compounded by problems of quality. Energy efficiency is a particular issue with older housing stock and South Yorkshire has a high level of fuel poverty, contributing to high numbers of winter deaths as well as other related public health issues.

The MCA and all four local authorities in the South Yorkshire have declared a climate emergency and the City Region will no longer invest in housing schemes which do not meet the net zero ambition. This strategic approach should be a key driver of change, for all actors in the housing sector, including public and private, to ensure that the energy efficiency of existing housing stock is improved, and that new development does not exacerbate carbon emissions.

Proposal

Local authorities in England and Wales have broad discretion to offer assistance to private owners with housing repair/improvement work, although wider powers to provide renovation grants and home repair assistance were revoked in 2002, and cuts to local authority funding over the past 10 years have limited what can now be done.

The MCA should explore with Government the possibility of extending assistance for housing renewal as part of a revived and locally controlled 'green deal' and to improve existing housing stock as part of the Estate Regeneration National Strategy.

Local authorities, housing associations and government should seek to attract external funding, from institutions or private investors, for area based public-private finance initiatives. This should be undertaken as part of an area-based strategy, where the development of new homes alongside a renewal of existing stock can demonstrate transformational potential and clear benefits of investment to the local economy. Tax system incentives, including VAT relief on refurbishment, should also be sought.

The potential for Modern Methods of Construction should also be accelerated to improve the scale and pace of new house building, to improve productivity within the sector and to decarbonise new house building with eco-developments. Industry-Higher Education links should be explored to foster innovation in this sector and in the development of renewable energy technologies for affordable homes.

4 CONCLUSION AND NEXT STEPS

The propositions set out here are intended to provoke new ways of thinking about how housing can be taken forward as part of an ambitious economic plan to improve productive growth in the city region and address problems of inequality in the housing market. The proposals are to be considered in the context of an over-arching devolution deal for housing. If the MCA is to 'level up' the economy, then it will need big, bold policy interventions to challenge the 'business as usual' approach. This means:

- A greater emphasis on place making, and not just housing numbers, to address problems of segregation in the housing market by building more socially and economically integrated communities
- A clear strategic focus on urban centres, to densify residential buildings in city and town centres, to create places where knowledge intensive businesses want to locate and where high skilled workers want to live
- Building, at scale and pace, more homes to rent, to address problems of affordability and housing quality for lower income households that are less likely to own their own homes
- Improving the quality of existing stock, including the private rented sector in the most deprived areas of the city region
- Upgrading standards for urban design and focusing on sustainable 'green' development that can, scale up modern methods of construction, increase energy efficiency, and help the city region meet its net zero target.

The next stage of this review will need to consider how these propositions might be taken forward by the MCA, local authorities, and wider partners. We have outlined some broad steps.

Advocacy

Assuming the Mayor and Combined Authority are interested in further exploring these propositions, a programme of advocacy will be required to allow strategic and political leaders in the city-region to understand how these proposals have been identified and why they are needed. Clearly the support of local political leaders will be essential in making the case to Government.

In parallel to this process of high-level local engagement it will be necessary to initiate dialogue with Government, including the Secretary of State for MHCLG and his SpAd, the City Growth Unit and No. 10. Activating the three new Conservative MPs in the city region and utilising them as advocates for greater devolution to SCR will also be crucial.

However, before any of this work is undertaken it will be necessary for the Mayor to adopt these ideas, in principle, and to own the vision for housing devolution.

Further research and modelling

The propositions as they currently stand are broad brush policy recommendations. Further research will be required to test the feasibility of these ideas in the South Yorkshire context.

The proposal for the Housing Fund will require proof of concept. ResPublica and JLL have previously modelled this at the national level. However, a sub-regional analysis will need to be undertaken to:

- Assess consented land, and housing build out rates
- Determine available land and priority sites for development
- Forecast the numbers of build-to-rent units, and the overall the size of the Fund
- Calculate the returns and the timescale for repayment of the fund.

Interventions to improve the existing stock will need to identify priority areas, based on criteria that can fairly reflect need as well as the opportunity for economic growth.

Other proposals to roll out Landlord Licencing schemes and implement rent controls will need to consider scale and the time period of operation. Specific neighbourhoods would need to be identified with a programme of public engagement.

Consultation with local planning authorities would be necessary to think through how proposals to improve urban design might be implemented and how general design principles, and community involvement, might be agreed and embedded into the planning and development process.

Dialogue with the city's Higher Education Institutions should also be undertaken to assess the scope for future collaboration and knowledge transfer relating to sustainable housing development, energy efficiency technologies, and modern methods of construction.

Housing Review: Headlines

Housing Board 2 July 2020

Sheffield
City Region

BACKGROUND AND SCOPE

- Housing has always been important to our growth agenda
 - SEP housing “targets” and SCR Housing Fund experience
- Commitments in Mayoral Manifesto
 - urgent review, bespoke housing deal, cooperative schemes
- But housing is contested, politically sensitive and complex
- Need for a fresh look with a wide ranging review:
 - understand the broader role of housing in meeting ambitions (SEP)
 - use external support and provocation (Respublica)
 - test ideas and propositions (advisory panel)

PART 1: EVIDENCE BASED APPROACH

- Local housings markets are broadly well balanced, but
- Affordability & quality is still a barrier to many
 - lowest 20% of h/holds need 9 years to save for a deposit of £15k
 - families pushed into PRS, much of which is poor quality
- Social mobility is being restricted
 - polarisation and spatial segregation (inner and outer, east to west)
 - correlate with low skills, poorer attainment and schools, ill-health
- Economic performance is being compromised
 - failure to attract young professionals
 - lack of density in city and other urban centres
 - lower agglomeration benefits and more traditional TTW patterns

RESPONDING TO COVID-19

- Some households will be even more at risk
 - tenants in insecure jobs in PRS, home-owners made workless?
- Some regions and sectors will see more severe economic contractions
 - Housebuilding and construction?
 - South Yorkshire?
- Risk of “Urban Flight” to suburbs and demand for “traditional homes”
- But there are also some big opportunities
 - a new political settlement
 - a “Homes Fit for Heroes” programme to kick start economies
 - re-thinking city and town centres
 - greater value placed on public space and high quality design

PART 2: MOVING FORWARD

- Review defines six separate “propositions” all underpinned by a single message on housing devolution
- The case for devolved housing funds
 - we struggle to attract private investment on many sites
 - local housing markets can’t compete with SE or East in making a case for many national funds (eg HIF, Home Building Fund)
 - city-region and local political priorities are not being met
- The “ask” of Government
 - a “devolved delivery agreement” for housing to 2025
 - agreement on an allocation of HE housing (and infra) funds
 - a SY wide strategy to ensure outcomes are delivered

PROPOSITION 1 – DENSIFYING URBAN AREAS

- Urban living is a cause and a driver of economic growth
- Urban areas need the centrifugal pull to attract more people, business and investment
- Already a concern of Local Plans but needs accelerating by:
 - re-purposing of space in urban areas for residential
 - a corresponding “urbanisation” of employment nodes (eg AMID)
 - planning conditions and covenants to promote build to rent
 - attracting much more mixed communities of age and income

This aligns well with Sheffield's Inner Urban Strategy, all 4 Local Plans and SCR Place Packages, not seen as controversial

PROPOSITION 2 - HOUSING INVESTMENT FUND

- Focus of a Housing Deal with Government
- Create a “Housing Bond” by utilising Public Sector ability to borrow at low rates alongside devolved funding. This would:
 - increase public debt but not add to the deficit
 - create a ‘Buyer of first resort’ to build homes at scale and speed (focus in urban areas or on difficult sites)
 - provide new affordable rent to own options, with up to 30% gain over ten years to be used for social ends
 - Utilise Housing Associations’ expertise in letting and management
 - Expand SME developers & increase range of construction companies
 - Link economic growth, housing and social return more explicitly.

This is more controversial as “the devil is in the detail!”

PROPOSITION 3 - PRIVATE RENTAL SCHEMES

- Private rented licensing scheme
 - City region wide and compulsory
 - Support, educate and raise levels of professionalism
 - Draw on lessons from France, Germany and Scotland
- Rent Control for a time limited period
 - draw on experience from Germany and asks for London
 - safeguard tenants and increase security
 - carrots like grants as well as sticks

Rent controls are politically contested and Housing Directors prefer targeted licensing to tackle the “problem” landlords

PROPOSITION 4 - DESIGN & "THE RIGHT TO BEAUTY"

- Value of good design is hard to monetise and often gets missed
- Design elements of a scheme can be expensive and many local authorities have lost capacity/expertise
- This proposition would see several measures:
 - engaging local communities through public forums
 - design competitions and refreshed resi design guide
 - a municipal architect or team to enhance capacity
 - push to align VAT on housing renovation

Broadly supported, especially needed in a town centre or brownfield context, but also needs to include master-planning

PROPOSITION 5 - SPATIAL PLANNING

- An SCR wide plan setting out of the roles of different places
- More than an amalgamation of Local Plans, focusing on:
 - connecting key employment & housing sites across LA areas
 - growth hubs, with a polycentric model of mixed urban development
 - making the case for investment in transport and infrastructure
 - urbanising business parks with housing and amenities
 - gaining land value uplift along transport corridors

This links to the non statutory spatial plan in current SCR devolution scheme and may provide a focus for that

PROPOSITION 6 – NET ZERO HOMES AND RENEWAL

- Inequality and housing quality are closely linked
- Net zero commitments must drive plans for existing stock
- Use (new) MCA and (existing) local authority powers to:
 - seek a “Green Deal” with Government for existing housing stock
 - attract external funding for public-private finance initiatives
 - implement area based approach as part of Estate Regeneration National Strategy
 - mix refurbishment with new build through MMC to increase energy efficiency build standards

This responds to feedback from the panel and is less worked up than other propositions

DISCUSSION AND NEXT STEPS

- What are our immediate responses?
- Where are likely areas of common ground or controversy?
 - links to existing projects
 - complementary roles between MCA and LAs
 - conflicts between competing interests
- How do we create a constructive discussion more widely?
 - a “programme of advocacy”
 - who and when
- How do we build some common ground on work to date and agree next steps?

HOUSING BOARD

2nd July 2020

SCR MMC AUDIT: ECO-SYSTEM AND OPPORTUNITY REPORT

Purpose of Report

This report introduces the emerging initial findings from the '*SCR MMC Audit: Eco-System and Opportunity Report*' to the Board for discussion.

Thematic Priority

This report relates to the following Strategic Economic Plan priorities:

- Secure investment in infrastructure where it will do most to support growth

Freedom of Information

The paper will be available under the Combined Authority Publication Scheme

Recommendations

Members are asked to:

- i. Comment on the initial finding-s and emerging recommendations of the *SCR MMC Audit: EcoSystem and Opportunity Report*
- ii. Note the timescale for completing the Report and the associated work being undertaken to explore the opportunities for MMC in supporting the ambitions of the new emerging SCR Strategic Economic Plan.

1. Introduction

1.1 At the Housing Board meeting on the 29th August 2019 the Board agreed with the need to promote Modern Methods of Construction (MMC) for housing within the City Region to meet the SCR's strategic objectives.

1.2 Three strands of work which were discussed at this meeting have been further developed;

- Working with neighbouring Local Enterprise Partnership (LEP) areas with similar MMC aspirations, to understand and explore matters of mutual interest.
- Working with Housing Directors to explore the opportunities and benefits for creating a SCR MMC aggregated pipeline of schemes to support the promotion of MMC at scale.

- Developing a meaningful and informed shared 'model local authority policy for MMC' across the SCR.

1.3 The Board is invited to consider the initial findings and emerging recommendations of a report commissioned to define the current position and scope future market potential for MMC, which will help to inform all three of these work strands in a holistic way.

2. Proposal and justification

2.1 In order scope the regional MMC position, the consultants Cast and Arcadis were commissioned in March 2020 to prepare a report of the *SCR MMC Eco-System and Opportunities*. This report explores;

- Potential size of the future MMC market;
- Existing supply-chain and manufacturers;
- Research and development / innovation opportunities; and
- Skills – what is required, and could it be delivered through our existing further Educational providers?

2.2 It's expected that the report (once finalised) will generate specific recommendations for the Board to consider in order the further formulate the thinking around appropriate MCA and local authority policy to promote MMC, particularly for supporting the continued growth in housing development.

2.3 The attached presentation (Appendix 1) presents a summary of the initial findings and outlines the emerging recommendations of the draft report. Key questions for the Board to consider are:

1. Is there anything missing from the evidence base that the Board would like to see?
2. Do the initial recommendations of the report seem appropriate, proportionate and implementable, including developing a MMC project pipeline?
3. Will the report help the Board and regional policy makers to generate a shared 'model local authority policy for MMC'?

3. Consideration of alternative approaches

3.1 Do Nothing: Don't investigate MMC further and let the market grow and develop organically. It's clear that MMC has a momentum, with central government support and main developer interest. However, SCR could miss an opportunity to capitalise on a growing industry which could offer prospects and opportunity for local people and a head start on delivering better quality, more affordable homes.

4. Implications

4.1 Financial

None arising directly from this report.

4.2 Legal

None arising directly from this report

4.3 Risk Management

The Report sets out issues and risks for the emerging propositions. Individual propositions that are taken forward for further exploration and implementation will include detailed risk assessments for each.

4.4 Equality, Diversity and Social Inclusion

None arising directly from this report. MMC has the potential to provide housing at a lower unit development cost, subject to economies of scale, which could help provide lower cost high quality housing, financially accessible to more people.

5. Communications

5.1 Opportunities for promoting initiatives that may arise from the MMC Report or future planned activities will be considered as appropriate.

6. Appendices/Annexes

6.1 Appendix 1 – *SCR MMC Audit: Eco-System and Opportunity Report* - Initial Finding and Recommendations Presentation

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

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Sheffield City Region: Modern Methods of Construction (MMC) Audit

Eco System & Opportunity
in the City-Region

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Enablers for growth

MANUFACTURING IN CONSTRUCTION IS KEY TO THE POST-COVID RECOVERY AND THERE IS BROAD GOVERNMENT SUPPORT FOR MMC GROWTH

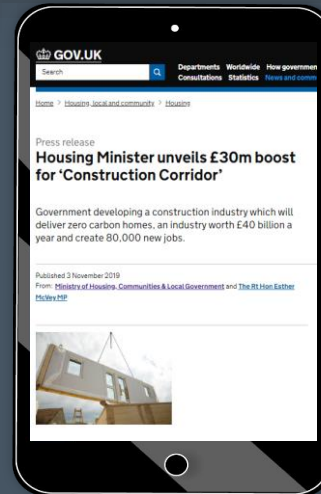
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Post-Covid recovery



	What
Restart (3-12 months)	<ol style="list-style-type: none"> Restart work on all projects and programmes, and increase this to the highest level possible consistent with Government guidance Maximise employment of all those working in the construction industry and supply chain Minimise disruption due to contractual disputes.
Reset (3-12 months)	<ol style="list-style-type: none"> Demand and Pipeline - economic stimulus measures to increase workload across infrastructure, construction, housing and domestic new build and RMI, and develop a robust pipeline of work across the whole construction ecosystem, including contracting, SMEs, merchants and manufacturers. Productivity - new approaches will be needed to compensate for the loss of productivity due to the requirement to implement Government guidelines across construction and the built environment Professionalism - investing in training, collaborative business models, fairer contracts and payment
Reinvent (12+ months)	<ol style="list-style-type: none"> Transformation - sustain economic growth through the adoption of digital and manufacturing technologies to consistently deliver low carbon, sustainable and better quality outputs and outcomes Value - adopting procurement models and approaches across the industry and clients to deliver better value and whole life performance Partnership - stronger partnerships between the industry and its clients, supply chain firms, investment in upskilling the workforce



Sheffield City Region

IS LOCATED AT THE GEOGRAPHIC AND R&D CENTRE OF AN EMERGING MODERN METHODS OF CONSTRUCTION INDUSTRY

Page 97



CREATING
7,000

JOBS

£1bn
NATIONWIDE

GVA

- The sector is projected to grow in response to historic challenges in the construction sector, and future challenges as result of the Covid-19 crisis
- Utilising advanced manufacturing techniques and a different labour model with the promise of delivering high-quality and sustainable homes, faster than traditional approaches
- 27,000 MMC homes were delivered in 2019, estimated to support 6,400 jobs across the UK.
- Based on cautious assumptions, we think that the MMC sector could double in size over a decade, directly creating:

7,000 jobs and more than **£1bn of GVA** nationwide.

Acknowledging the barriers

THERE ARE IMPORTANT **BARRIERS TO GROWTH** IN A NEW AND GROWING INDUSTRY

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Practical Barriers

Practical barriers to take up and latent manufacturing capacity show the need for different approaches in the short, medium and long term.

WE ESTIMATE

3,500



VOLUMETRIC
MODULAR
HOMES

BUILT IN 2019

FROM FACTORIES WITH
ANNUAL PRODUCTION
CAPABILITIES OF

15,000

HOMES

- Manufacturers need visibility of future orders to justify investment that will drive productivity up and costs down over time
- Procurement, cost, process and capacity issues tend to mean that most MMC schemes are bought on a one-off basis
- There have been significant investments into manufacturing capacity, such as with L&G investing more than £50m in a plant near Leeds.
- We estimate that there is currently 11,500 homes pa of unused manufacturing capacity, but that this number will decrease as MMC starts to scale
- The path to benefiting from MMC growth needs to be varied, not solely about new factories

Playing to the City Region's strengths

THERE ARE **TWO MMC MANUFACTURERS** IN SCR

A FURTHER **26 WITHIN 50 MILES** OF THE REGION



SCR's strengths


SCR benefits from a strong contingent of construction supply chain businesses, a number of which are supplying the MMC sector nationally and have expanded to meet demand.

+ **Alignment** 

MMC is strongly aligned to economic priorities of SCR, there is clear commitment from Las and Has to work in partnership to support MMC

+ **Geography** 

SCR is well located to serve most of UK housing markets, and is close to large section of current MMC capacity

+ **Construction sector** 

Large and more productive relative to other construction sectors, already includes:

- 2** MMC manufacturers
 - 14** Specialist supply chain businesses including some selling to MMC manufacturers
 - 10+** Consolidation service businesses
- And a strong array of construction sub-sectors that can support MMC related activities

+ **Labour market and skills** 

Strong market for skilled labour; LEP policy is to focus on local supply skills; Construction Sector Deal may allow for new funding opportunities

+ **R&D Innovation** 

National stand-out strength with the AMRC, combined with other strengths in advanced manufacturing and innovation and a knowledge-rich economy. There is also a will from local academic institutions (HE & FE) to move into MMC/work with industry

The scale of the opportunity

THE GROWTH OF MMC

Background and Assumptions:

Current MMC delivery sourced from NHBC data

Cast Arcadis review has estimated 15,000 volumetric home per annum capacity against 2019 delivery of 3,400 homes

We assume rapid acceleration of volumetric delivery up to year 5, as spare capacity is used

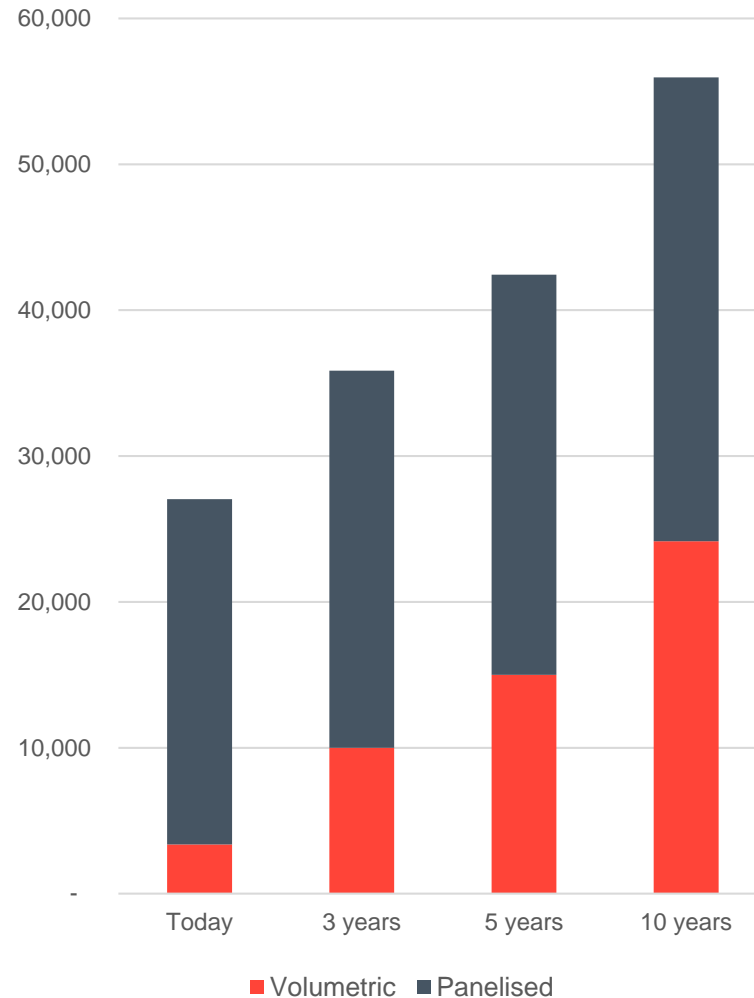
We assume overall MMC sector grows at 6% from year five, referencing Frost & Sullivan forecast of 6.3% pa.

If national housing targets are to be met, significant growth of all sectors (of 8.5% pa) is required.

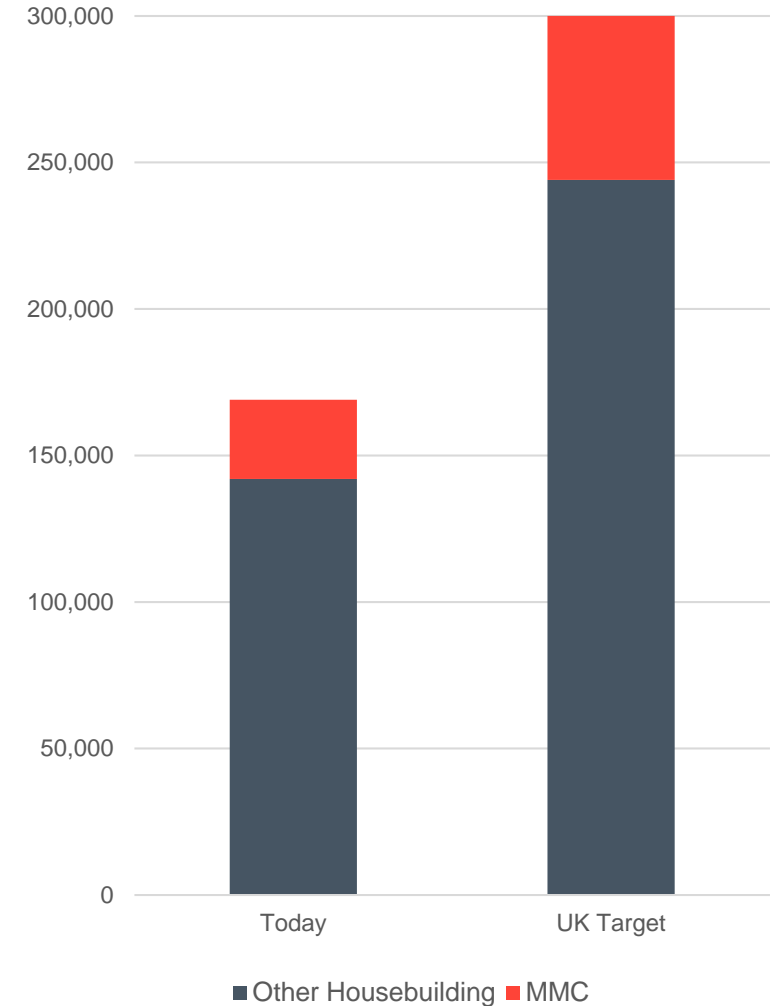
Projected growth of MMC still requires traditional housebuilding to grow by 100,00 over the same period.

On this basis, the forecast for MMC could be considered as conservative.

National Growth Potential for MMC



Building Capacity for a Growing Housebuilding Sector

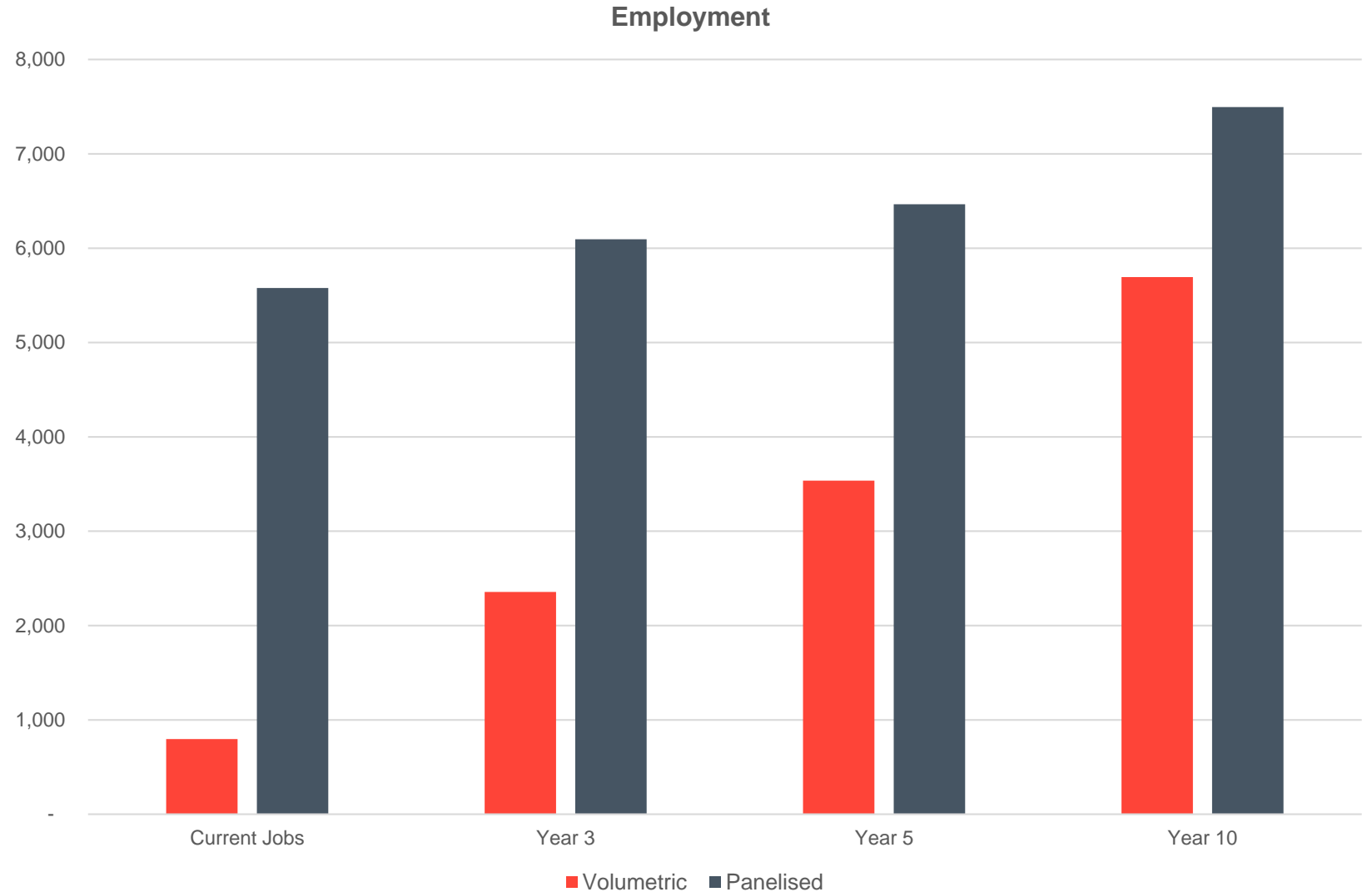


Economic Value by 2030

By 2030, the MMC sector could be worth more than £1bn and support over 13,000 jobs

Would require circa 5-9 new facilities (within capacity of 1-2,000 homes) – assuming that all latent capacity is utilised within the next decade

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What might this look like for Sheffield City Region?



By year 10

(10% of national market share of volumetric homes)

2,000 Homes per annum

Indicative capacity for

1-2

Factories



By year 10

470 Direct employment

Wider employment opportunities in the supply chains

Potential for 550

Further jobs in the wider supply chains*



Direct economic contribution of

£37m a year

Potential for £36m

Further GVA in the wider supply chains*

* Source: Hatch Regeneris Input Output Model, based on Construction Sector multipliers

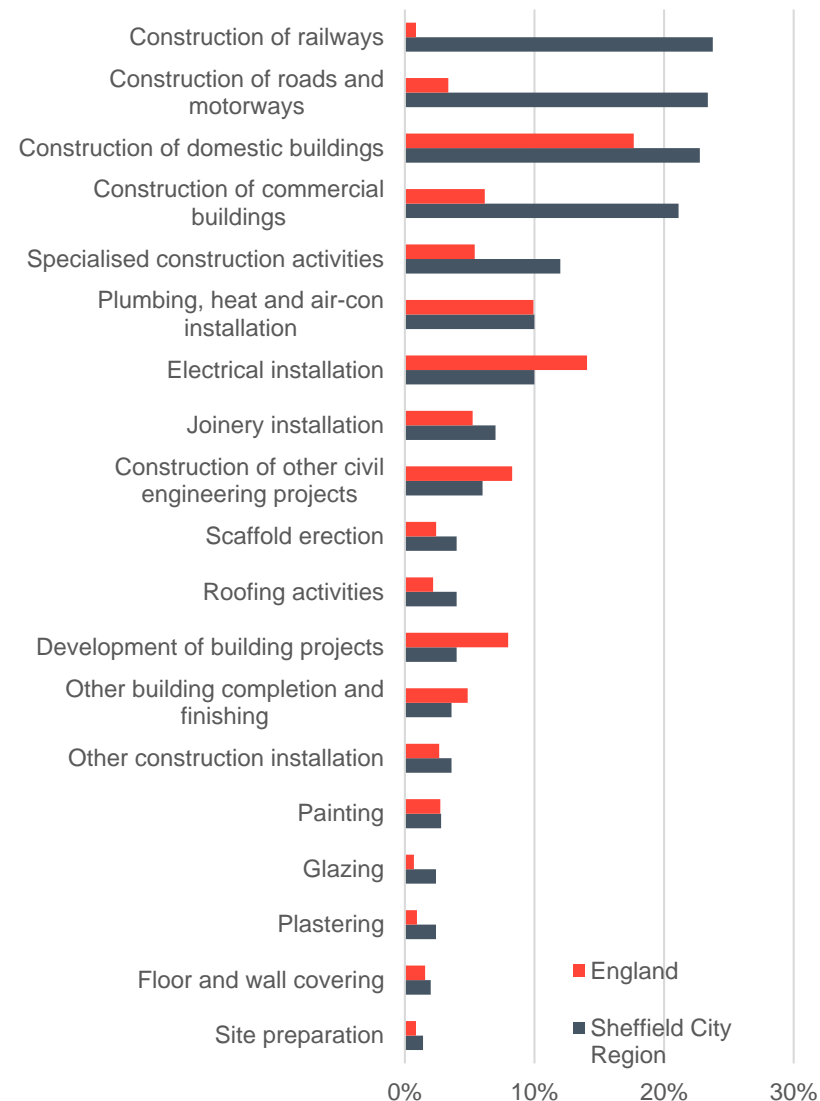
The SCR construction sector

Page 103

- Sector has a focus on construction of heavier infrastructure (roads, motorways, and railways).
- But SCR is well represented in construction of residential and commercial buildings.
- Sector also comprises a broad range of subsectors that will feed into housebuilding supply chains.
- In addition to Construction Sector jobs, SCR is home to 18,000 advanced manufacturing jobs (+6% since 2015).

Construction share of total employment	
Greater Manchester Combined Authority	4.5%
West Midlands Combined Authority	4.3%
Sheffield City Region	4.3%
Liverpool City Region	4.0%
East Riding of Yorkshire	3.8%
London	3.6%

Employment Growth (2015-18)	Construction	All Employment
London	29%	4%
Greater Manchester Combined Authority	15%	9%
Liverpool City Region	8%	4%
West Midlands Combined Authority	-8%	3%
Sheffield City Region	-11%	3%
East Riding of Yorkshire	-17%	2%



The SCR construction sector

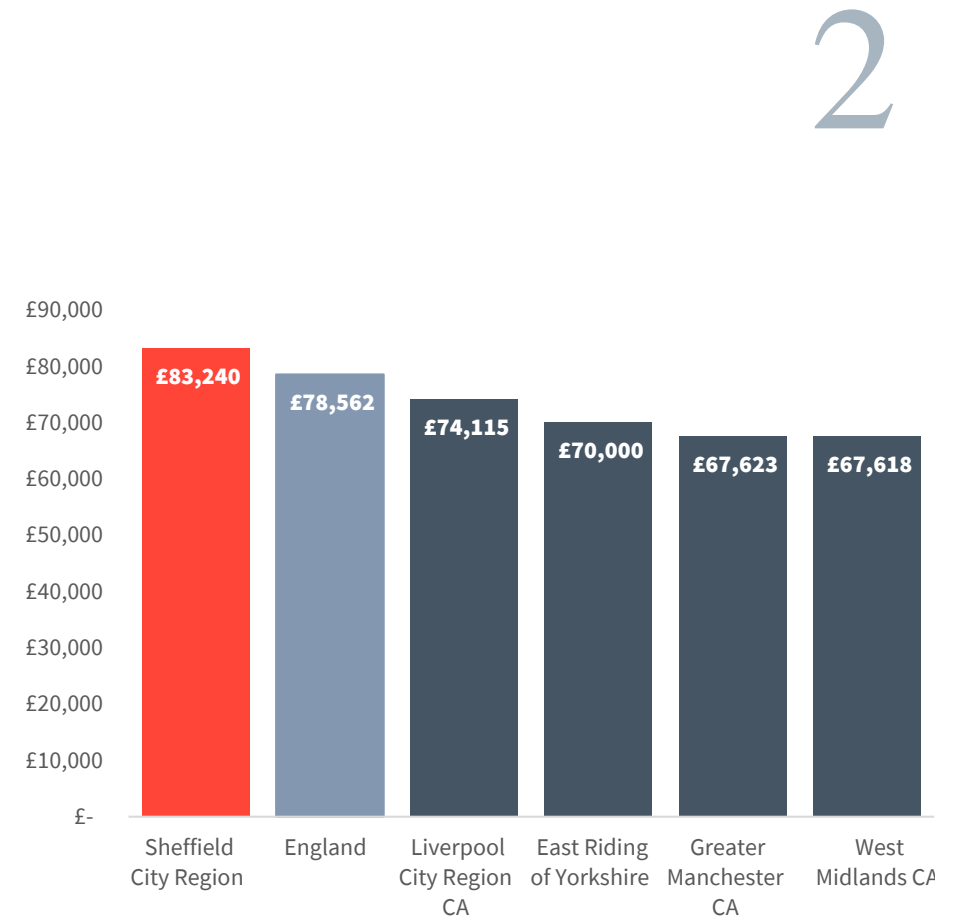
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Mid-Sized Construction Sector, recent employment decline

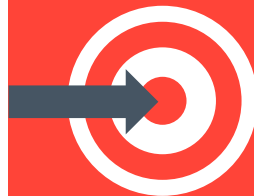
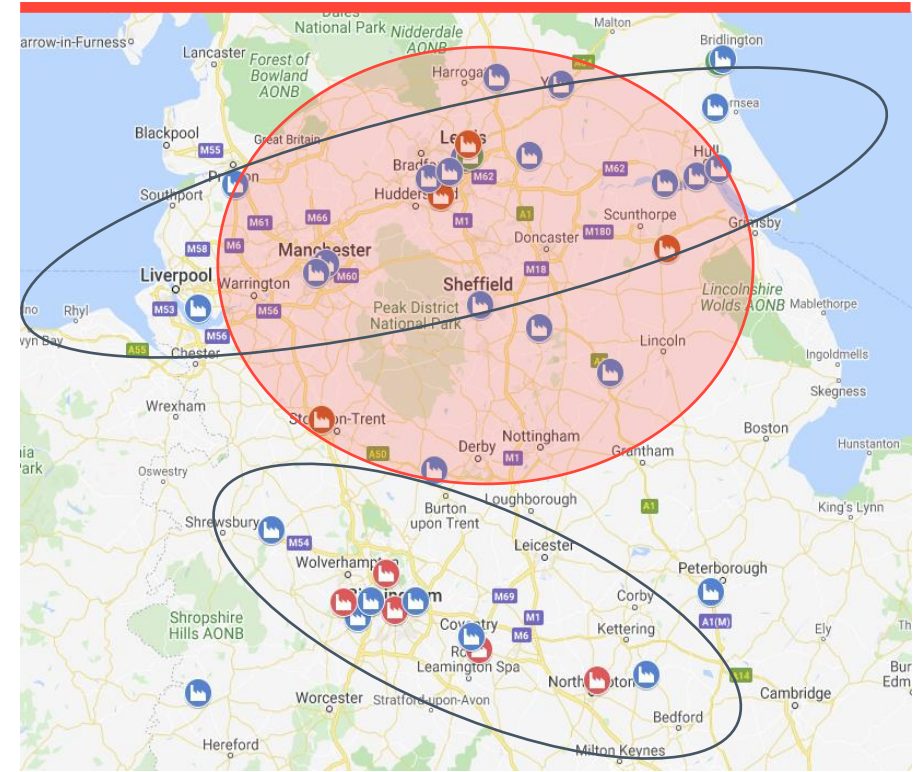
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It is more productive than comparator locations



MMC Activity in and near SCR

- Two MMC residential manufacturers located within SCR (Laing O'Rourke & Reach Homes)
- Three Large-scale national MMC manufacturers located within 35 miles of Sheffield City Centre (L&G, Top Hat & Urban splash)
- Total of 26 MMC manufacturers located within 50 miles of SCR. Most situated within 2 clusters (M62 corridor – Midlands)



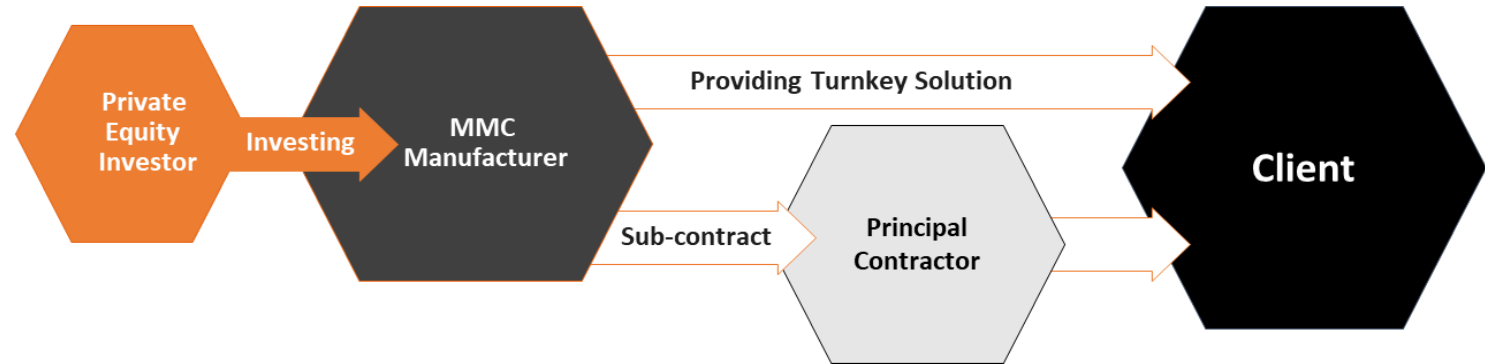
SCR is located central to the core of UK MMC manufacturing activity, there is an opportunity for SCR to be a supply hub for the existing MMC network and in doing so benefit from the heavy demand for affordable housing and MMC expertise in the North and the Midlands.

Contractors

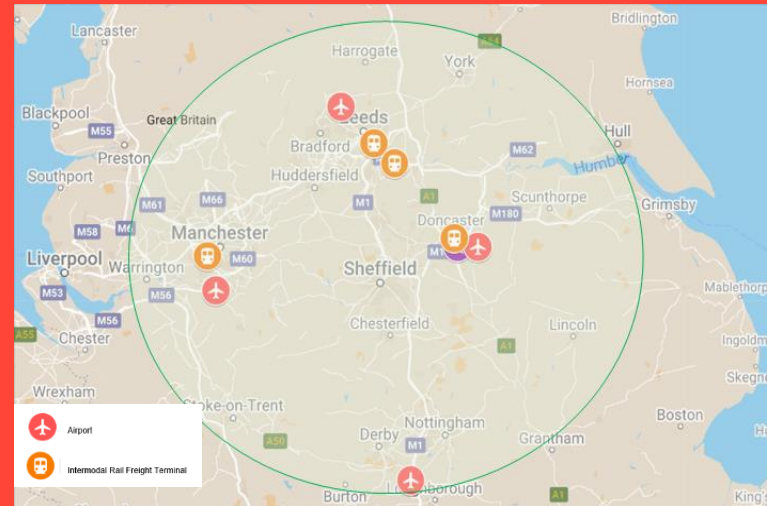
Four principle contractors were identified by the research as being prominent within the Residential MMC sector in the region:

Henry Boot
Harworth
Keepmoat
Strata Homes

- All contractors engaged in this research shared an ambition to improve their MMC capability and scale their offering by increasing the number of houses developed using MMC
- MMC Manufacturers are typically seeking to provide turnkey solutions as principal contractors
- MMC manufacturers and principal contractors with MMC capability also looking into land development
- Private Equity Investing into MMC sector
- Opportunity remains for local developers as MMC is not cannibalizing Construction market

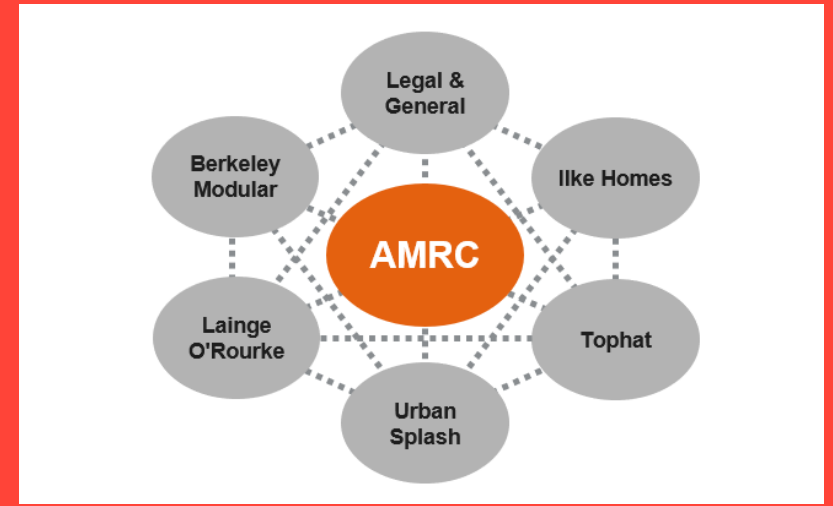


Enabling Assets – Transport network & Innovation



SCR is well positioned at the centre of a strong transport network

- The network of key roads including the M1 motorway, M18, M62 and the A1(M) provide a strong road network to allow efficient logistic operations, with 91% of the UK within a four-hour drive time.
- This strong road network is supported by four intermodal freight terminals and four airports within the 50-mile radius around SCR further displaying the regions connectivity.
- Alongside this strong logistics infrastructure, SCR is the home of iPort in Doncaster. Described as one of the UKs largest logistics developments.

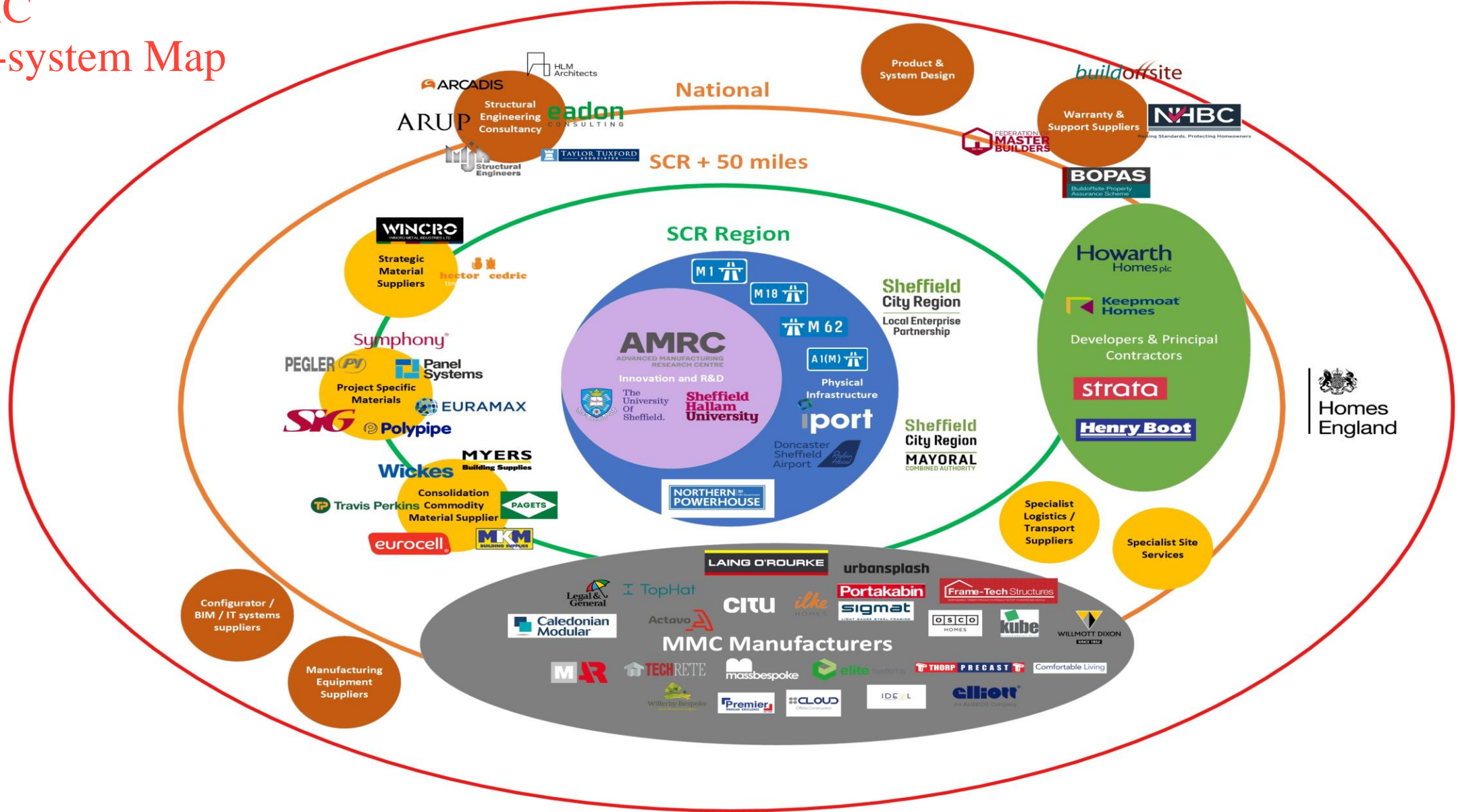


SCR is becoming recognised as the centre for National MMC Innovation & collaboration

- AMRC well positioned to be the Centre of Innovation and Research for MMC and look after the sector with the assets, skills, and experience to transform and propel MMC capability forward.
- AMRC are planning a purpose built MMC facility which would further expand their capability in the sector
- AMRCs collaboration with a group of six national MMC suppliers highlights the prospective role as an Innovation Hub which would support, improve, and shape the sector.

MMC Eco-system Map

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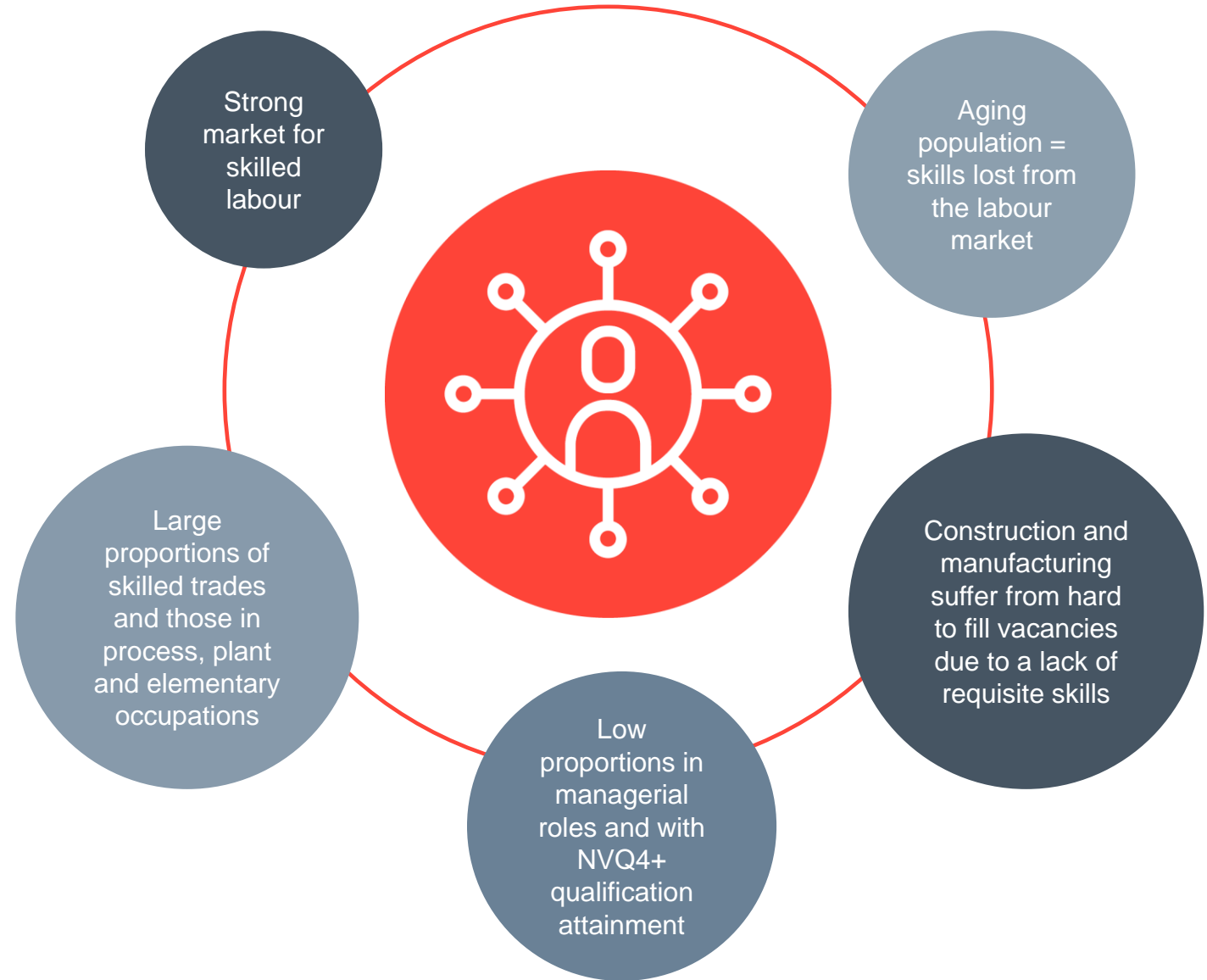
MMC and skills

SKILLS BASELINE IN SCR

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The skills baseline



MMC and skills

SKILLS BASELINE IN SCR

Page 110



The skills
baseline



Knowledge needs

- Design codes and standards
- Low carbon agenda
- Materials suitability
- Relevant products and systems
- Lean methodologies
- Offsite manufacturing processes
- Current and emerging technologies
- Site specifics
- Safe lifting and handling
- Order or sequencing
- Assembly processes and tolerances
- Quality assurance processes and tests
- Waste management

'Softer' skills needs

- Effective and ongoing communication
- Problem-solving
- Team-working
- Attention to detail
- Accuracy
- Process improvement
- Commercial awareness
- Customer service
- Business case for offsite
- Negotiation
- Adaptability
- Resilience
- Organisation



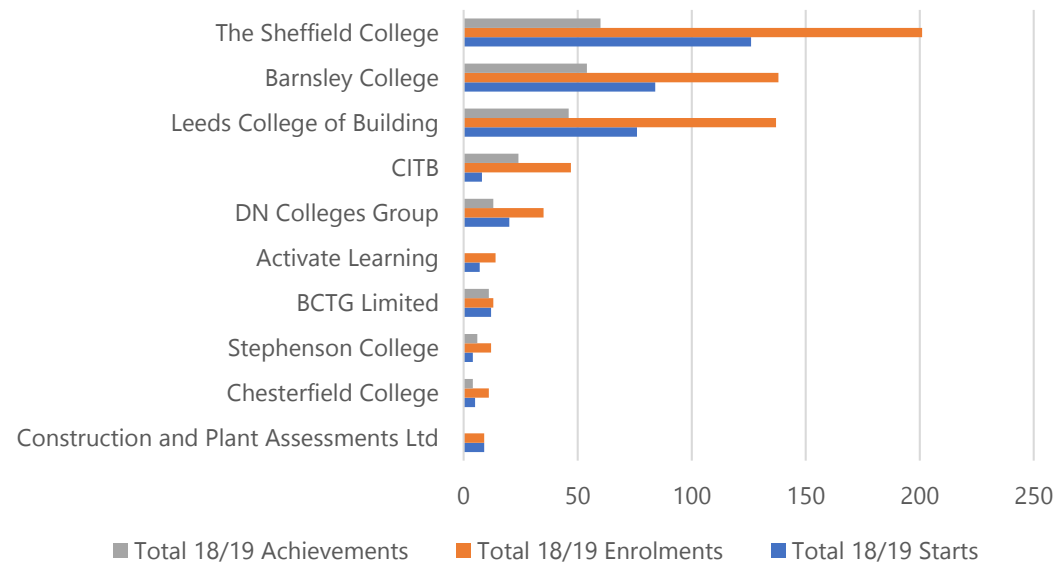
MMC and skills

WHERE ARE LEARNERS BEING TRAINED?

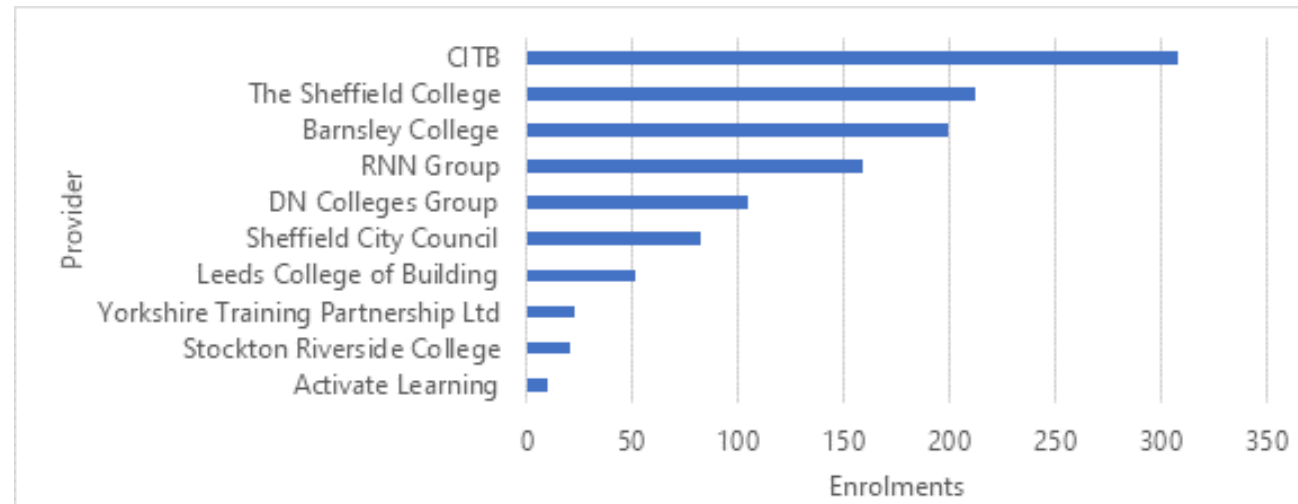


The skills baseline

Top 10 providers of relevant FE programmes to learners in the SCR



Construction, engineering & manufacturing technology apprenticeships



MMC and skills

GAP ANALYSIS AGAINST CURRENT PROVISION

Page 112



The skills baseline



- Low/no gaps in demand for low-level qualifications due to low-skilled/de-skilled workforce in manufacturing

- Skills gaps in BIM amongst industry and academia

- Design, digital and management skills needs set to increase

- Minimal MMC content in high take-up qualifications and training

- No BIM offer in the SCR

- Providers face difficulty recruiting appropriately skilled tutors/assessors for digital and professional roles



MMC and skills

OPPORTUNITIES FOR SCR TO EXPLOIT



The skills baseline



- Bolster construction-related courses offered in the SCR with bolt-on coverage of MMC

- Unlock knowledge held in HE by improving links with FE to improve MMC knowledge and awareness of tutors



- Realise the opportunities provided by R&D capabilities at the AMRC by facilitating collaboration with industry

- A growing market for digital and low carbon skills – promote facilities at SCR Colleges to industry

SWOT Analysis: Strengths



STRENGTHS

Alignment:

MMC is strongly aligned to economic priorities of SCR; there is clear commitment from LAs and HAs to work in partnership to support MMC

Geography:

SCR is well located to serve most of UK housing markets, and is close to large section of current MMC capacity

Construction sector:

Large and more productive relative to other construction sectors, already includes: two MMC manufacturers, 14 specialist supply chain businesses including some selling to MMC manufacturers, 10+ consolidation service businesses; strong array of construction sub-sectors that can support MMC related activities

R&D and innovation:

National stand-out strength with the AMRC, combined with other strengths in advanced manufacturing and innovation and a knowledge-rich economy. There is also a will from local academic institutions (HE & FE) to move into MMC/work with industry

Labour market and skills:

Strong market for skilled labour; LEP policy is to focus on local supply skills; Construction Sector Deal may allow for new funding opportunities

SWOT Analysis: Weaknesses



WEAKNESSES

Labour market:

Fragmented labour market, short travel to work distances, construction industry historically has difficulty attracting new entrants

MMC skills:

Lack of demand locally for MMC-specific provision; low levels of engagement between local providers and manufacturers, lack of digital training, providers struggle to recruit appropriately skilled staff

MMC sector:

Only one national MMC manufacturer within region; employees currently have to leave the region to work for MMC manufacturers; like everywhere there has been a focus on prototyping MMC projects, difficult to quantify precise extent of MMC supply chain

Construction sector:

Some evidence of recent employment decline in the region

SWOT Analysis: Opportunities



OPPORTUNITIES

MMC sector:

At national level, MMC is expected to grow significantly

Manufacturing:

At least one MMC manufacturer currently considering SCR; development of smart approach to sector could build relationships and encourage further growth into region

Employment:

Manufacturing growth could bring employment into the region; trend for manufacturers recruiting low-skilled workers creates opportunities for employment and social value uplift; MMC tends to represent new jobs, not replacement of old jobs

Construction sector:

Potential to grow supply chain – material suppliers and local contractors that support MMC manufacturer’s local sourcing policy; upskill local contractors and develop a specialism in on-site elements of MMC.

R&D:

AMRC could become the national centre for R&D in MMC; AMRC can further develop links to other HE/FE

Housing delivery:

Be first to crack demand aggregation problem and use this to supply from within the region; through collaboration and a standard requirement for MMC homes SCR can engage in “mature” way with MMC sector

MMC skills:

Potential for collaboration between providers and other centres – e.g. AMRC and centres such as Dudley College; Doncaster College Group keen to move into MMC space; demand from industry most likely to come from digital upskilling and higher level programmes

Regeneration:

At least on large landowner/developer considering utilising MMC – can enable a partnership here to deliver an exemplar scheme and create momentum

SWOT Analysis: Threats



THREATS

Labour market and skills:

Trend for young people to move away from Sheffield for technical training; potential for a loss of skills in the region due to ageing population; MMC skills agenda is not moving forward, appears to be stagnating; FE funding has been cut and predicted to fall further; difficult to attract tutors and assessors due to wage competition.

Construction sector:

Low level of interest/awareness from traditional construction sector in MMC;

Manufacturing growth:

Competitor locations may have stronger ecosystems than SCR; Latent capacity in MMC sector presents a challenge to new entrants setting up new facilities

R&D:

Other regions prioritise R&D and innovation development, and SCR misses current opportunity

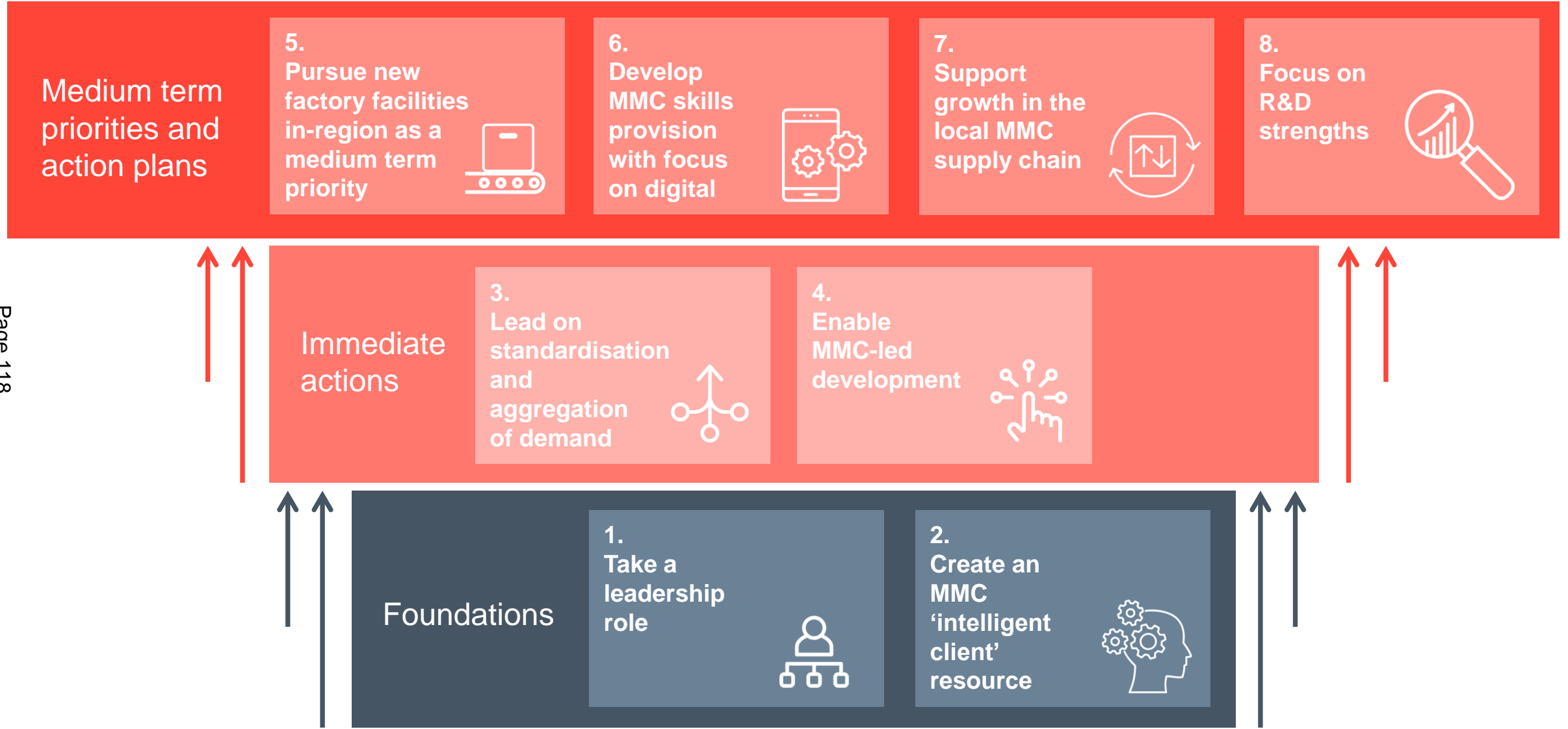
Housing delivery:

Limited scope for LAs/HAs to commit actual pipeline due to governance and limited data in MMC

Wider barriers:

Planning can present a barrier to MMC schemes; Lack of knowledge and experience of MMC leads to a lack of confidence and low take up

Recommendations



Take a leadership role

RATIONALE

- MMC is an industry in its infancy, but it has a strong local presence, clear growth potential and clear links to the economic and skills policy objectives of SCR and partners.
- SCR could take a leadership role in advocating for MMC, while being realistic about the present constraints on take up.
- The wider actions set out in these recommendations are intended to form a coherent package of activity, all of which could be championed at SCR level to ensure the region benefits from the projected growth.

LINKS TO EVIDENCE

- Stakeholder feedback highlighted a will among a range of SCR partners, including HAs, LAs, academic institutions and developers all to work together to drive change in house building
- Several barriers to uptake of MMC remain, especially in relation to capacity and process on the commissioning side, to a gradual scaling up on the manufacturing side, and barriers between supply and demand such as warrantee issues, financing for some housing associations, and especially procurement.

ACTION PLAN

- SCR needs to chart the right path, at the right pace, to maximise the benefits of an emerging industry while recognising its current constraints
- To achieve this, and to overcome some of the inevitable barriers to delivery which may block or slow progress, high-level leadership will be essential
- On that basis, we feel that SCR should strive for a high-level political commitment that::
 - Supports a move towards MMC in principle
 - Recognises that barriers to uptake remain, but that the potential upside to the City Region is significant
 - Agrees that collaboration between sectors and between organisations is key to maximising the opportunity
 - Supports the immediate next steps in relation to collaboration/aggregation and to enabling MMC developments, which will further prove the case for longer term action
 - Supports the immediate steps we propose in relation to the four medium term themes of skills development, jobs growth, research & development and supply chain growth



Creating an MMC ‘intelligent client’ resource

RATIONALE

- The range and breadth of activities here, if pursued, will need to be co-ordinated to ensure speed and avoid duplication.
- A single co-ordinated and consistent “voice” from SCR to the manufacturing market would strengthen the City Region’s impact and influence.
- Co-ordinating MMC manufacturers engagement for the City Region through a shared team or resource will be more efficient than having a series of smaller dialogues, which tend to be ineffectual and waste time.
- A single team could develop greater understanding of the MMC sector, and share that knowledge and understanding to partners around the City Region. Again this is likely to be more effective than spreading that capacity across several client teams.

LINKS TO EVIDENCE

- A number of LAs noted that they had each had separate engagements with manufacturers, with mixed success.
- MMC manufacturers also reported that their interactions with individual bodies such as Councils tended not to lead to action.
- For manufacturers to grow the scale, and achieve the benefits of manufacturing in relation to cost and quality that will be accrued over time, they need visibility of pipeline and the certainty to invest. This is much harder to achieve when dealing with larger numbers of potential partners.
- Some LAs felt that there was an important need to share learning given the new and different nature of MMC and that this would be better co-ordinated by a specialist team.

ACTION PLAN

- For all of these reasons there is a case for considering a dedicated “intelligent-client” resource, which could co-ordinate all activity to support MMC growth, act as a lead in engaging the MMC market to ensure the region speaks to manufacturers with one voice, and finally to develop a level of technical expertise and understanding which can then be shared with partners, LAs
- We propose an immediate next step for the client team at SCR to explore the most appropriate approach to achieving this in terms of size, scale, purpose and location.
- The consultant team is able to advise and support an initial conversation of this type, and this recommendation can subsequently develop accordingly.



Lead on standardisation and aggregation of demand

RATIONALE

- The MMC market, including the Category 1 volumetric modular market has evolved in a fragmented way with a huge variety of system designs.
- Lack of common design standards and interoperability between suppliers increases cost and risk
- Lumpy demand results in inefficient operations and constrains investment/growth for MMC manufacturers; making it hard for land- owners to procure with confidence.

LINKS TO EVIDENCE

- Significant feedback about the inefficiency of one-off spot purchasing from both LAs/HAs and from manufacturers as a means for future growth of the sector, and to capitalise on learning from pilots
- Feedback included evidence of stalled conversations with manufacturers about providing guaranteed supply as a means to support investment in production

ACTION PLAN

- Understand all the housing development plans within the region and aggregated demand of all developers
- Seek opportunities to develop a mechanism to aggregate demand within the region and explore opportunities to aggregate with other clients in the North
 - Allow demand to build slightly ahead of capacity to ensure there is a measured and sustainable growth of the MMC sector
 - Demand could be aggregated across programmes and supply can be aggregated by more collaborative intra-MMC industry groupings sharing and smoothing their factory capacity, geographic reach and coordinating their different product ranges
- SCR should seek opportunities for intra-MMC sector collaboration aimed at agreeing, with the architectural profession, other technical designers & supply chain, some generic standardisation rules that enable gradual convergence between system form and function performance so there is greater inter-operability between systems

The following are suggested as practical steps towards achieving the actions:

- Work in collaboration with SCR Local Authorities to create an initial phase of aggregated demand, targeted on providing new social housing on public land
- Establish the extent to which technical requirements for new homes can be standardised, to maximise suitability for MMC
- Collectively procure an MMC manufacturer partner to develop these homes in partnership, actively seeking a relationship that enables the development of a SCR home “product” over time
- Note that in this approach will create momentum and learning which can support all of the other strands of activity. Engaging an existing provider and building a productive relationship is also a sensible step towards attracting manufacturer activity into the city region in due course.



Enable MMC-led development

RATIONALE

- Our work has identified live potential MMC projects that might be brought forward in partnership with a range of stakeholders, including local landowners, Homes England and housing associations.
- SCR could play an enabling role in bringing these partners together, to explore “the art of the possible” on identified sites in the region.
- If one or more of these can be enabled in a timely fashion, they would create momentum around SCR’s wider MMC aims and a template for future similar developments.
- We see this as a tactical approach, grabbing live opportunities as they occur and utilising them to build confidence, understanding and momentum around the more strategic medium term aims that will follow on
- Live projects also have the capacity to attract funding and/or support the capitalisation of staff resources which could bolster or support the client team proposed in recommendation 2

LINKS TO EVIDENCE

- Stakeholder engagement with LAs and HAs identified that there has been MMC development in the region and that a number of organisations are keen to pursue it further.
- However, and quite naturally, the barriers to take up of MMC at scale have led to these typically being smaller and one-off projects. This is the case across the country, not just in SCR
- We identified at least one development opportunity where there was potential for MMC to be used at reasonable scale, as part of a larger development.

ACTION PLAN

- The proposal here is for SCR and partners to remain alert to opportunities to enable MMC development at reasonable scale, not necessarily to seek those opportunities immediately – the priority instead should be the collaborative aggregation project.
- Where opportunities do arise, SCR and partners should seek to rapidly identify the appropriate roles that they can each play in supporting and enabling that development.
- In relation to the potential opportunity we have identified, we see the next steps as follows:
 - SCR to further establish the progress of the scheme and the partner engagement that has already been undertaken
 - SCR, very likely, to act as an enabler by:
 - Bringing together Homes England, one or more HAs, the LA and the City Region to develop a co-ordinated approach
 - Ensuring pace and progress of the scheme, avoiding duplication and/or unnecessary delay
- We are keen to stress the need for opportunities like these not to be delayed, rather utilised to tactical advantage if possible, and if not then allowed to follow their natural course
- The project team is able to further scope this recommendation in partnership with SCR if that would be appropriate.



Pursue new factory facilities in-region as a medium term priority

RATIONALE

- Using local supply to create local jobs
- More chance of getting right vernacular for Sheffield
- More sustainable because less travel
- Will automatically increase volumes through the local supply chain – hence even more local jobs
- Less transportation and more sustainable

But:

- Lots of factories in the area that are not using their capacity
- There are high setup costs without demand in place

LINKS TO EVIDENCE

- Strong demand for homes but low MMC manufacturing capability physically within the region.
- Our research shows the potential economic value of the national MMC sector being worth more than £1bn and supporting 13,000 new jobs by 2030.
- To sustain this growth a requirement of 5-9 new factories with a capacity of between 1,000-2,000 homes annually would be required.
- Even at this new MMC level, and with traditional construction standing still, there would be a gap of 90,000 homes pa against the Government's target of 300,000 homes pa
- Sheffield could reasonably aim for be producing 10% of this market share, which would likely mean 1-2 new facilities

ACTION PLAN

SHORT TERM

- Spot buy from manufacturers close to the region to start building momentum
- Utilise the aggregated pipeline to build knowledge, capacity, understanding of MMC and develop relationships with manufacturers
- Promote the carbon agenda as MMC is the only way to get to a carbon neutral building

MEDIUM TERM

- Encourage investment from private equity or other parties through grants and/or other inducements
- Work with LEP partners to be ready to respond to manufacturers as necessary

The following are suggested as practical steps towards achieving the actions:

- Use the market engagement stage of the aggregated pipeline workstream to test manufacturer growth plans, and likely incentives required to expand
- Develop an “intelligent client” capacity to co-ordinate local LAs and HAs, so that they speak to the MMC sector with one voice and develop close professional relationships with providers
- Explore the potential for SCR to connect into the AMRC's structured collaboration with manufacturers, as that evolves in the coming year.



Develop MMC skills provision with focus on digital

RATIONALE

- Demand for digital skills from industry – specifically in terms of design/BIM, but also digital more generally (Big Data, workforce management, project management, data capture etc.)
- The focus of demand for skills is at higher levels. There is extremely limited demand for ‘skilled’/qualified labour at the lower levels
- Digital-related roles are most likely to evolve

LINKS TO EVIDENCE

- There are no regulated BIM qualifications provided in the region, or taken up by SCR learners
- Providers/colleges are investing in digital, particularly Barnsley College
- New Level 3 Digital Engineering Technician apprenticeship – but no local End Point Assessment Organisation (EPAO)

ACTION PLAN

- Support colleges in the recruitment of digital and technical/professional staff
- Fund bite-sized bolt-on provision for MMC to construction courses to build the knowledge-base amongst college/school leavers
- Begin a dialogue with providers about how they could expand their provision, in partnership with other local specialists like the AMRC and potentially with national partners
- Support capacity-building for the provision of an EPAO locally

The following are suggested as practical steps towards achieving the actions:

- Consider whether funding could be made available for recruitment of staff with digital specialisms, and from which sources
- Liaise with CITB regarding potential funding options for bite-size bolt on provision
- Build on existing or establish a new provider Working Group to assess scope for expansion of existing provision and what this would need e.g. new/expanded facilities, additional resources, upskilling and training of tutors, buy-in from senior management teams, a potential ‘hub and spoke’ delivery model underpinning provider collaboration within the SCR
- Consider opportunities to deploy AEB funding to support MMC skills growth to upskill existing workers (as apprenticeships are not in scope of this funding)
- On-going actions undertaken where possible by the LEP, local authorities, stakeholders, providers and employers to stimulate demand for MMC (as without this, funding and support to expand MMC provision is unlikely to be unlocked)
- Conduct a feasibility study into establishing an EPAO locally, potentially sited within Barnsley College.
- Map digital skills requirements for job roles to be incorporated into relevant FE and HE provision (noting digitisation is constantly evolving)
- Harness any opportunities to lobby for government funding into MMC skills and training. There is already strong commitment for the use of MMC in housebuilding, but targets will only be achieved if there is upskilling and capacity building in the existing supply chain.
- Similarly, harness opportunities to lobby for longevity of funding, legislation and policy – to provide consistency and certainty in the form of a long-term pipeline of work, a critical stimulus for employers to invest into upskilling and training



Support growth in the local MMC supply chain

RATIONALE

- The region has a strong supply base which can be developed to support MMC activity and other future opportunities
- A local supply chain has lower carbon output and is more sustainable.

LINKS TO EVIDENCE

- Eight organisations are actively supplying Tier-1 manufacturers and other key organisations within the MMC network situated around the region.
- These organisations could play a key role in setting the foundation for the development and opportunities the supply chain within SCR presents.

The organisations are:

1. Symphony – Modular Kitchen supplier
2. Polypipe – Plastic Piping systems
3. Pegler – Integrated heating & plumbing system
4. Panel systems – Insulated board, CNC machined panels & cladding
5. SIG Distribution – Specialist building materials
6. MKM building supplies – Builders merchants
7. Pagets – Builders merchants
8. Euramax – UPVS windows and door manufacturer

ACTION PLAN

SHORT TERM

- Build up local supply chain in readiness to supply a new MMC factory.
- Encourage local sourcing by actively promoting suppliers in the region to MMC manufacturers.

MEDIUM TERM

- Encourage investment into new facilities or growing existing facilities through supply chain parties through grants, subsidies, and/or other inducements

LONG TERM

- MMC orientated Business park or MMC strategic zone to encourage Investment and development of local MMC ecosystem

The following are suggested as practical steps towards achieving the actions:

- Organise a collective workshop with strategic material suppliers identified to create a roadmap for supporting the MMC ecosystem and understand specific support required around funding.



Focus on R&D strengths

RATIONALE

- Presence of AMRC and universities in the region with knowledge-base
- Strong market for skilled labour from high-value sectors across the region such as advanced manufacturing, automotive and aerospace
- Will of AMRC to expand – particularly into MMC – but hampered by:
 - Lack of space for facilities
 - Lack of engagement from construction industry
- Movement from colleges into technology and a desire to expand into MMC and digital:
 - Barnsley College secured funding to develop provision in low carbon construction and environmentally sustainable principles and practice. Doncaster UTC due to open in September 2020, specialising in Advanced Engineering and Digital Design
 - The Sheffield College is leading the establishment of a digital engineering skills development network
- This focus will have the potential to expand the number of higher-level professional roles at NVQ4+

LINKS TO EVIDENCE

- AMRC has already worked with various companies including Laing O'Rourke, Ilke etc., but interest from the wider sector is constrained by historic lack of investment into and engagement with R&D.
- SCR has a below average number of NVQ4+ qualified individuals
- Low proportions of managerial/professional roles

ACTION PLAN

- Support collaboration between academia and industry to realise R&D opportunities
- Facilitate links between FE colleges in Barnsley, Doncaster, Rotherham and Sheffield and AMRC to unlock potential for collaboration and shared facilities
- Support the AMRC to develop as the UK leading centre of R&D in the MMC sector, including potential expansion plans and nearby MMC developments

The following are suggested as practical steps towards achieving the actions:

- Consider funding options: Innovate UK's Transforming Construction Industrial Strategy Challenge Fund is now closed to new applications, but scope for collaboration with existing projects could be explored. The Active Building Centre receives funding through this source, and the University of Sheffield and Sheffield Council are existing partners.
- Explore opportunities for collaboration and key learnings arising from on-going work and outcomes/outputs of the EPSRC Research Leaders and Collaborative R&D fund (University of Sheffield/AMRC received funding for the latter).
- Establish a Working Group between the FE colleges and AMRC to identify scope for sharing resource, facilities etc.
- Stimulating demand for MMC should be an underlying, on-going action, as there must be an evidence case supporting investment into R&D. A 'business case' should demonstrate MMC's role in boosting productivity, a critical catalyst for investment. Existing data should be synthesised and disseminated to best effect, and it will be essential to harness all future opportunities to gather data to demonstrate the value of MMC (.e.g. energy savings, faster build etc.).
- Tap into learning from other sectors, such as automotive, and other models that exist to support R&D e.g. Construction Scotland Innovation Centre.
- Monitor funding developments and opportunities. Where feasible, lobby for grants to be made available for R&D.



Housing Board Forward Plan 2020/21:

- Thematic strategy and policy leadership
- Programme - development and delivery
- Performance and Risk Management
- Funding and Financial Decision Making (up to £2m)

Date	Suggested Agenda items
w/c 24/08/20 (tbc)	<ul style="list-style-type: none"> • Recommended MCA Response to SCR Housing Review • Proposals for Growth Area Place Packages • Next steps on Modern Methods of Construction project • Performance Dashboard
w/c 19/10/20 (tbc)	<ul style="list-style-type: none"> • Housing Review Next Stage Activities • Housing Retrofit – emerging work • Report from Housing Providers Forum • Recovery Housing Activity • Performance Dashboard
w/c 04/01/21 (tbc)	<ul style="list-style-type: none"> • SCR Housing review – update and progress • Growth Area Place Packages – update • Land and Assets Commission findings • Performance Dashboard

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