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Dear Ms Barker

Barker Review of Housing Supply

Thank you for the opportunity to contribute to the Barker Review of Housing Supply. This is the joint response of the North East Assembly, which is the Regional Planning Body, and the Association of North East Councils, both of who are lead partners in the North East Housing Board.

We comment below on the issues that we see as being of greatest importance to the North East. In summary, our view is that while supply is an issue in some parts of the country, the greatest needs are:

- to create a more balanced housing market between regions;
- to reduce polarisation of housing markets within regions;
- to create desirable new housing in sustainable locations; and
- to build housing that is more sustainable.

The planning system is an essential tool to achieve these objectives, and we feel that the powers of the housing and planning systems should be increased to help to achieve them.

We note with interest the timing of this review. The Communities Plan has set out the Government's view in relation to housing provision and its commitment to significantly increasing the supply of housing in certain 'growth areas'. Government acknowledges that the housing market across much of the North and Midlands

experiences very different circumstances from those in the South East, where homelessness and house price inflation are manifestations of an apparent housing shortage. The North East Housing Board has recently submitted its Regional Housing Strategy to the Office of the Deputy Prime Minister (ODPM), setting out priorities for action in the region. These include tackling what has been termed 'housing market failure', or the consequence of 'low demand'. The review of housing supply should take into account this wider debate about appropriate national, regional and local responses to housing issues.

We also feel that it is important that any decisions on encouraging housing supply, or relaxing controls on development, are based on a deeper understanding of how housing markets operate and the factors affecting individuals housing choices, placing them in the wider social and economic context.

Creating a balanced housing market between regions

The current imbalance in the housing market is in part the result of differential populations growth rates in different regions, which is in turn caused in part by people exercising their choice to move from one part of the country to another. There has been a trend for people to move out of the North East and in to the South East, largely driven by economic pressures and opportunities. The resulting picture is one of relatively low demand and lower prices for housing in the North, contrasting with a perceived lack of supply and high prices in the South East.

However, increasing the supply of housing in the South East will not necessarily meet the needs of indigenous homeless families or much needed and low-paid key workers, but is more likely to accommodate new migrants to the expanding South East at the expense of sustainability in the Midlands and North.

Creating a better balance between the supply and demand for housing across the regions of the UK requires stronger regional policy, rather than weaker planning policy. Measures to relax planning restrictions on the rate of new build and housing supply across the UK will not, in itself, bring the market into balance. The Assembly has consistently argued that what is needed to create a more balanced pattern of economic growth – and hence demand for housing – across the country, is a more active set of regional policies.

Bold, imaginative and decisive action will be required to reduce regional disparities, by taking steps to reduce unnecessary population and economic pressure on the South East, and to tackle structural market failures that tend to reduce growth rates in regions like the North East. We have set out the details of what is required elsewhere, but these steps would include:

- encouraging the relocation of central Government Departments and other public employment out of London and the South East;
- redressing the current imbalance of public investment in the science base, where currently both Higher Education research and direct public sector research activity are heavily concentrated in the South East of England; and
- refocusing transport investment to target improvements to the accessibility of 'peripheral' regions, instead of targeting the congestion problems of successful regions.

Reducing polarisation within regions

The broad-brush picture of regional imbalances painted above masks significant and increasing variations and polarisation at local level. Within all regions, including the North East, there is significant competition to enter (and subsequent house price inflation in) the more affluent, stable communities in parts of the central urban areas and on the urban fringes. Pressure is also felt in many market towns and rural communities, leading to problems of affordability. Meanwhile, social and private housing in some unpopular areas of the North East is largely being rejected by people who, with increased affluence and greater access to low-interest mortgages, are choosing to live elsewhere. This places pressure on both the areas being abandoned and those being adopted.

Housing policy of the past has been based around the need to provide adequate numbers of decent quality homes to meet the needs of the population. The modern housing market has evolved quite differently. People's housing choice is less restricted by accessibility-to-work issues or by the need to live close to extended family. It is driven more by consumerist concerns such as maximising the value of property as an asset and by the desire for 'postcode status'. High rates of owner occupation and the anxiety to be on the 'property ladder' provide momentum for polarisation of local housing markets.

The factors which impact on declining demand for an area (as set out in research across the North of England by the Centre for Urban and Regional Studies at Birmingham University) relate to the perceived decline of an area, marked by signs of poverty such as high levels of unemployment or crime, the withdrawal of services and facilities, or a poorly-maintained environment. Those able to move away exercise a rational choice to do so, exercising their choice and greater affluence by moving away from areas they perceive as 'poor' to areas that they perceive as 'better'. This may mean moving from the North East to the South East, or from a council estate in Newcastle to a new build estate on the urban fringe, or from an up-market inner-urban area to a market town.

Reducing the polarisation between areas within regions requires a more effective approach to regeneration and action to reduce the pressure on people to be on the housing ladder.

The Assembly is currently carrying out a study into the structure of, and funding for, regeneration activity that would be appropriate for the North East. Clearly, Housing Market Renewal is a central part of that approach. A long-term approach to physical and social regeneration is needed, that is supported by sufficient resources and powers to achieve the mix of demolition, renovation, community development and image improvement necessary to reduce the number of areas that are suffering low demand.

Substantial demolition and clearance will be required to address these issues, particularly in the conurbations and priority regeneration areas. Therefore, improved financial contributions from Government are crucial if the North East is to tackle the major issues of low demand for housing and abandonment in these areas, and so bring about the necessary market restructuring that is required.

Intervention is also required to offer the housing consumer greater choice, particularly encouraging the growth of the private rented market. Fiscal measures could be introduced to improve the supply (and value to the consumer) of renting privately. Buy to rent mortgages could attract tax-relief, potential landlords offered advice and infrastructure support and incentives offered to make renting privately a more attractive choice to the consumer.

Creating Desirable New Housing In Sustainable Locations

One of the biggest challenges for the North East is to improve the type, condition and location of the region's housing stock to reflect the aspirations of the population. This means that the range of dwelling types needs to be extended and the location for new housing, in particular, needs to reflect the population's aspirations and the location of employment. New house building must take account of the need to diversify the Region's house types and also meet the demands and requirements of specific groups of the Region's population.

The Regional Spatial Strategy (RSS) for the North East will look to implement a "step change" in activity to help to achieve the Government's target to reduce regional disparities. This requires an aspirational approach, as set out in the Regional Economic Strategy (RES). This will mean that future housing provision required will be higher than that based on trend-based projections.

The approach being taken with the RSS Strategy is that the majority of development should take place within the three conurbations of the Region, which are characterised by high vacancy rates in parts and have significant potential for new housing. In addition, on a smaller scale, there are other regeneration areas, for example, coalfield areas, which have similar challenges and opportunities for development. This approach will assist in accommodating new development and some growth in areas that are well served by transport and other infrastructure, while addressing housing problems such as a poor range of house-types.

The scale of required growth – which must include substantial new development – suggests that a more flexible local planning system will be required to release previously developed land for new uses, but that this must be matched by the necessary powers and support funding to ensure that previously developed land within the region's conurbations is brought forward for development.

Creating Housing that is more Sustainable

There are opportunities to promote sustainability as a tool for helping achieve confidence and stability in the housing market. Sustainable principles should guide the formulation of housing policy; particularly informing approaches towards remedying housing market failure. This means taking a broad, long-term view to secure improvements in quality of life for every individual of in the community.

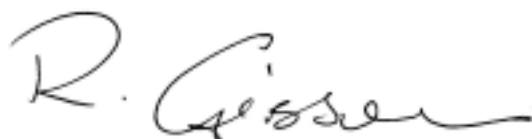
For instance, housing supply must be balanced with a more flexible approach towards more mixed-use developments, which reflects the increasing trend in home working. This should be accompanied by improvements to the provision of locally accessible services including a reliable integrated transport service. Clearly, all proposals must be responsive to community needs and aspirations.

In order to maximise opportunities for developers to adopt more sustainable approaches in areas of construction and design, there needs to be both greater financial incentive and flexibility to facilitate a much greater uptake of energy efficiency measures and clean energy technologies in schemes such as dedicated district heating or Combined Heat & Power systems. There also needs to be more effort towards specifying and raising the profile of sustainability through the production of guidance, particularly Supplementary Planning Guidance, to achieve high quality sustainable housing stock.

There is a danger that, in striving to streamline the process of housing supply, the removal of planning restrictions, which are there to safeguard environmental sustainability, may be compromised and this needs to be recognised and discouraged.

As the above analysis makes clear, we feel that there is a clear need to strengthen arrangements to bring forward changes to housing markets within the UK. This strengthening should aim to increase the powers of regeneration, planning and social housing agencies, not weaken them.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Gibson'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Councillor Bob Gibson
Chair, North East Assembly, and Association of North East Councils