



# REGIONAL PERSPECTIVES JANUARY 2020

The BPF regional forums are vital in ensuring the organisation is able to speak authoritatively to government and civil servants on the impact of national policies across Britain and on the state of regional markets.

# Introduction

The regional agenda is vitally important to the future success of our economy, society, and industries. The importance of this agenda must also be borne out in the policy and advocacy work we do. It is with this in mind that we seek to engage regularly with six key city regions, through forums held in Birmingham, Bristol, Leeds, Liverpool, Manchester, and Newcastle. This engagement together with our Regional Policy Committee, seeks to ensure that the property industry is able to speak with a unified voice not only across sectors, but across the distinctions and consistencies offered by location.

The latest series of BPF Regional Forum meetings held between the 16th and 31st January 2020 were attended by approximately 60 members and non-members in total.

Emphasising the importance of this regional engagement, we were joined at each meeting by representatives of Homes England, who found the respective insights to be of great value for the work they are doing to support the delivery of housing across the UK.



## Summary of Discussions

Whilst each city region faces its own unique challenges, there were a number of shared themes and priorities that cut across the individual discussions:

- Across the city regions, there was agreement that the work of Homes England had been extremely positive. This was expressed in terms of visibility and the associated market confidence. Homes England's commitment to embedding themselves in the areas in which they operate is seen as a crucial aspect of their strategy, and their role in enabling housing delivery through unlocking sites, also contributes to efficiencies such as speeding up planning, accelerating build out rates, and facilitating swifter sales. Additionally, Homes England's support of modern methods of construction is considered useful to meet market need, noting that it can deliver higher volumes more efficiently and reduce waste.
- Again, across the regional cities the importance of transport infrastructure and connectivity was raised as a key issue, not only to enable sustainable housing projects but also in pursuit of attracting a skilled and diverse workforce. Further, more investment in public transport would help to reduce carbon emissions which would contribute to meeting the UK's Net Zero 2050 target.
- On the theme of ensuring that the right skills and expertise are available within the industry, those in attendance noted that if the number of new homes delivered is set to rise in the coming years, the market needs a breadth of qualified expertise to promote its growth. An appropriately skilled workforce is a vehicle for building resilient communities. Boosting the skills of

workers and providing career progression will attract new talent to the industry and promote innovation and best practice across the UK. To this effect Homes England are set to start exploring skill shortages in four key areas: leadership, client relationships, capacity to work on large scale projects and technical planning skills.

- The new Government's ambition to 'level up' the country is seen as positive and will give regional markets a measure of increased confidence. It will however be important to see how and to what extent the government follows through on this ambition, in decisions around HS2, further devolution, and an expected national infrastructure strategy.
- The importance of the environmental and social impact of development activity was noted in the context of climate change and boosting community productivity. Some communities are already responding to the current political climate by declaring a climate emergency and going car-free. Developers, investors, and local authorities are focused on encouraging the government to unlock funding for green projects and should not lose sight of the opportunity that tackling climate change might present in terms of new skills, technologies, and jobs.



***"The market needs a breadth of qualified expertise to promote its growth."***



## Political progress and policy direction

In order to gain direct insights into the impact of the new Government's agenda we asked those in attendance to provide their views on the outlook, subsequent to an update we provided on the Government's key policy ambitions.

- We often see a significant amount of positivity in the views of regional practitioners. The six January regional forums were no different. Many attendees highlighted the significant opportunity presented by a new Government with a strong majority. Should the Government wish to deliver on its promise to 'level up' and rebalance regional inequalities, this endeavour will need to pay close attention to the country's metro mayors and combined authorities, and deliver on key promises around infrastructure and the further devolution of powers.
- It was noted that much of the policy work to be done by the government on revitalising high streets and town centres has been carried forward as programmes established by the previous administration. We heard from attendees that this work was vitally important in supporting growth and stability in the regions. Not only must the Government commit to addressing the problems faced by many high streets and town centres, but a significant part of the resolution will be to find an equitable solution to the current burdens associated with business rates. A reform of the business rates system, with more regular revaluations is an important consideration. The industry must be careful however, that the Government's review of business rates does not become a way to delay the implementation of tangible solutions.

- In the context of potential amendments to the Treasury Green Book - the rulebook that the government uses to appraise and evaluate spending decisions – the limitations presented by the current inbuilt assumptions was highlighted as an important issue to tackle. It is felt by many (and well documented) that the current green book methodology disincentivises investment in areas other than London and the south east. If the Government are truly ambitious about levelling up the playing field, reviewing the methodology will be a crucial step.



- Most agreed that the Devolution White Paper promised by the Government should be an area of attention for the industry. It is a common view that has been expressed at previous regional forums that individual devolution deals have been positive for the respective areas and by giving them greater certainty and autonomy of decision making they are able to develop bespoke solutions for local needs and ambitions. It was noted that better outcomes can be seen in areas where the respective combined authorities have a productive and collaborative relationship with central government. Devolution of planning powers would also generally be considered a positive step if implemented.
- Across all six forum meetings there was agreement on the significance of the UK's target to reach net zero greenhouse gas emissions by 2050. This will have implications for the country as a whole but may have increased relevance for some of the regions both in terms of proactivity and the impact it may have on levels of delivery. This is to say that areas such as Bristol and Birmingham, amongst others, have announced stretching targets for reducing emissions and the environmental impact of development, whilst other areas have not been as proactive. Further, given the marginal viability of certain projects in the regions, it will be important to consider the impacts on delivery when government sustainability mandates are introduced.

# Delivering Housing and Associated Infrastructure

One of the key pillars of our strategy is to contribute to increasing the UK's housing supply. Issues of how to stimulate housing delivery and the infrastructure that supports delivery are therefore important to us and our members. In anticipation of a continued emphasis on housing delivery, from a new, emboldened Government, we facilitated a conversation on key future considerations for housing delivery in the regional cities.

In order to facilitate this discussion, we were joined by Homes England in each city to usefully set the scene by way of an update on their strategy, the projects they have undertaken in each location, and their priority workstreams moving forward.

## The view from government

- To frame the discussions, it was highlighted that the Government has tasked Homes England with working collaboratively with its partners to intervene in certain markets, ultimately unlocking land for the delivery of new homes across a range of types and tenures in areas of greatest demand. To this effect they are the Government's housing accelerator.
- Homes England's long-term objectives include the delivery of at least 2,000 starts on site by March 2023, 4,000 starts a year by the mid-2020s, and 23,000 completions by March 2030, through the Land Assembly Fund. Additionally, they will help to unlock public and private land with capacity to deliver up to 27,000 homes by funding on-site infrastructure and land remediation on small sites through a Small Sites Fund. Further, their Local Authority Accelerated Construction programme will help unlock surplus local authority land with capacity for up to 32,000 homes.

## Homes England's Strategic Plan accordingly focusses on:

- **Unlocking investment.** In, amongst others, affordable housing and homes for rent.
- **Increasing productivity.** Including through supporting modern methods of construction (MMC).
- **Driving market resilience.** Including through support for smaller builders.
- **Supporting local areas.** By partnering with areas that have a clear plan and potential for growth.
- **Delivering homes ownership products.** Through Help to Buy equity loans and Shared Ownership schemes.
- We heard that in addition to the agency's strategic priorities, a central part of its forward plan will be to engage to a greater extent with the real estate industry and to bring new partners together to deliver more homes. Homes England has also identified a lack of local authority resource as a continued barrier to delivery and will therefore be considering how best to help alleviate this issue.



*"A central part of its forward plan will be to engage to a greater extent with the real estate industry."*



# Delivering Housing and Associated Infrastructure

## The view from the industry

Housing delivery has been a political priority for central government and devolved authorities in recent years. Associated action has been focused on this ambition and the expansion of Homes England has therefore been a welcome development. The industry is however cognisant of some of the remaining barriers to delivering not only increased numbers but also high-quality homes across a mix of tenures and levels of affordability.

We received near unanimous views on the positive impact that the work of Homes England has had on stimulating certain markets and unlocking development pipelines in areas where they have intervened. Attendees agreed that Homes England's work was delivering benefits for not only their direct delivery partners, but the wider markets in which they operate. We heard that:

- Homes England's visibility has increased confidence in the markets in which they have intervened. Respective housing markets are seeing high levels of liquidity, and Homes England's activities have drawn investment interest.
- Despite the Government's efforts to incentivise the delivery of new infrastructure, and Homes England's role in enabling schemes through land preparation and infrastructure funding, there still remains a gap between the number of homes being delivered and the necessary infrastructure that fuels productivity and creates the foundation for sustainable places. Again, we heard the fundamental importance of improving connectivity between the country's regions and cities, as a crucial precondition for attracting and retaining skills and talent.
- Sustainable development, decarbonisation of the sector, and environmental enhancement are increasing priorities for the real estate industry. Homes England could play a leadership role in promoting more sustainable activities, both through its promotion of modern methods of construction and through investing or supporting best practice sustainable projects.
- The work that Homes England has been doing to enable housing associations to deliver more affordable homes – for instance through acquiring empty homes, and through the lease and repair scheme – was acknowledged as important. It was however noted that whilst wider developments contribute to the delivery of affordable housing, for instance through Section 106 agreements, there is little transparency over where and when these contributions are used to deliver homes. Greater transparency will likely drive a greater willingness to contribute to this delivery. Homes England has to some extent helped to address this issue by establishing itself as a beneficial development partner. Developers are increasingly understanding the value of partnering with Homes England and accordingly delivering greater proportions of affordable housing as these conditions often result in swifter planning resolutions, build out rates, and sales.
- Following wide-spread agreement that Homes England's work was positive for the sector, attendees suggested that a similar agency could be established and play a vital role in unlocking employment land. Given the central role that employment opportunities play in creating sustainable communities, an employment focussed equivalent might be beneficial.



## Redefining Real Estate – The BPF Action Plan

At each of our regional forums we discussed our flagship Redefining Real Estate campaign, its objectives, and recent launch of an associated action plan which has committed the industry to: nurture a more diverse and skilled workforce, safeguard the environment, reinvigorate and strengthen communities, and create wealth and contribute to a productive economy. The campaign was widely welcomed by those in attendance and a consistent theme was the recognised importance of environmental improvement, and in particular communicating this to the regions.

Further, in order to ensure a diverse and skilled workforce for the future, the industry must communicate the breadth of disciplines and career opportunities that are available within real estate. Examples were given of work experience offered to students which had resulted in positive opportunities of working in the sector being communicated to their peers as a result of their own experience.



### Next Steps

We are committed to holding regional forums in six key cities and propose to hold the next round of meetings in May and June 2020, with additional topical events to be held alongside these forums.