

# Leeds City Region Housing & Regeneration Strategy & Investment Framework

## Executive summary



## Context

### *The Challenge*

The Leeds City Region (LCR) is facing some of its most significant economic challenges for a generation. As a result of the recent downturn the City Region has experienced a decline in economic output, a significant and continuing rise in unemployment, an increase in business failure rates, particular amongst small and medium enterprises, whilst the renaissance of many towns and cities is stalling and some of the City Region's most disadvantaged communities are struggling. The economic recession has also had a significant impact on housing delivery, with a number of key factors at work, such as the availability of investment finance, which is creating a significant challenge to the City Region in meeting its Regional Spatial Strategy targets. Despite these significant challenges, tentative signs of recovery are emerging, including house price stability and small price rises in some areas, whilst housing development is starting to move again. It is now critical that a clear strategy is in place to build recovery momentum. Future housing and regeneration intervention, alongside other measures, including the climate change and low carbon agenda, must seek to mitigate the impact of the recession and provide the framework for sustainable growth in the future.

Climate change is at the heart of national and global economic and housing policy. Homes contribute around a quarter of Carbon Dioxide emissions in the UK and the city region has a role to play in reducing these emissions to help tackle climate change, so enabling the city region to make a rapid transition to a low carbon economy. This would be particularly by raising 'eco' standards in new build housing and through retrofitting existing stock, which will have the added benefits of tackling fuel poverty and helping meet the needs of some of the most vulnerable households in the city region.

The City Region has a complex geography of housing markets. There is generally a north/east and south/west divergence in the city region, with strong markets associated with more rural areas to the north and east which experience significant affordability issues, in comparison to weaker markets in the inner urban areas to the west and south of the city region, some with significant regeneration challenges. Improving the quality of the residential offer, delivering a level of housing supply that meets demand and tackling the increasing problems of housing affordability and choice are therefore vital to securing the future economic growth and competitiveness of the city region.

Moving forward will require more innovative approaches to meeting housing needs than has been the case in the past, in order to address the structural changes that are likely to occur in the housing market. Recent experience has shown that housing markets, including the stronger ones, have been vulnerable to the recession and experience indicates that housing types that have played a significant role in the past may not play such a dominant role in the future, particularly high density apartments / flats. Although, there may be sufficient demand to maintain apartment occupancy levels in key economic centres such as Leeds City Centre, the prospects for 'second' and 'third' generation schemes in smaller towns in the city region are likely to be more problematic. In contrast, there will be an increasing need across the city region to provide more, affordable family housing in attractive sustainable neighbourhoods, which may hinder progress in meeting existing targets around higher densities and additional housing units.

In the short term, the robustness of the city region housing market to mitigate the impacts of the recession will largely depend on the scale of public expenditure that can be targeted to a range of tasks: direct new build, support for intermediate market products, frontloading the public element of mixed tenure schemes and investing in public infrastructure. There are already some signs that the current influx of significant additional

public sector investment in the city region is having a stimulating effect on 'kick-starting' new development and increasing market confidence.

It is open to debate whether, after a prolonged and uneven process of recovery, a return to the pre credit-crunch housing market will happen, such as a return of long term household growth, continued expansion of home ownership, a social housing sector catering largely for those outside the labour market, and a diverse private rented sector of variable quality taking the strain of changing demand. An alternative scenario would suggest that the English housing market might begin to take on more attributes of its north European neighbours – with a more 'corporate' private rented sector involving major institutional investors; a continuation of the trend towards later entry into full home ownership; a wider acceptance of shared ownership and flexible tenure arrangements including intermediate housing options such as rent-to-buy; and a better integrated social housing sector.

A 'direction of travel' towards an increasing role for these alternative types of approaches, including new and innovative financial and delivery models, is likely to be critical if the city region is to meet its housing needs and achieve its overall housing and regeneration ambitions for growth, affordable housing, and sustainable communities. An important aim would be to create dynamic housing markets that will be able to adapt in the future to 'shocks' to the system, such as those experienced as a result of the current recession. This will particularly be important in view of the likely public sector investment 'squeeze' over the next 5-10 years, which will necessitate the introduction of new innovative finance and delivery models that lever in significant private sector investment into the housing and regeneration sectors.

Certainly, there will continue to be a need for sustained long term public intervention in the weaker market areas to stimulate their economic, social and environmental renaissance. However, the likely reduction in available public sector investment, will mean a greater need for prioritisation and targeting of all forms of public investment around 'place,' which is attuned to local market trends, the extent of housing need and social and economic disadvantage, and commercial viability and private sector capacity.

### *The Opportunity*

The Government's designation of Forerunner Status to the Leeds City Region represents an exciting opportunity for the local authorities and partner agencies (the LCR Partnership) to pilot ambitious, collaborative plans aimed at reinvigorating the economy, delivering growth and piloting new and innovative approaches to tackle housing, regeneration and climate change challenges and opportunities. The central ambition of the Forerunner programme is to explore with Government the effectiveness of devolution as a means of delivering real solutions to address market failures in the City Region and accelerate recovery. In doing so, the LCR Partnership is seeking to transform a period of significant economic challenge to one of economic opportunity.

The Leeds City Region Housing & Regeneration Strategy and Investment Framework represents a significant step in defining Forerunner priorities and City Region housing delivery targets. It puts forward ambitious, innovative and focussed objectives and programmes that provide a platform for housing and regeneration investment at the City Region level to accelerate economic recovery. The focus is on activities that add value over and above programmes operated at the individual local authority level and which complement other regional and local strategies. The Strategy provides a clear framework for local authorities and their partners to secure investment that will help to create mutually reinforcing economy and housing markets across the City Region. It will also contribute to the City Region's aspiration to become a Centre of Excellence for eco-design and innovation and moving towards a low carbon economy.

## Executive Summary

### Purpose of the Strategy and Investment Framework

The Leeds City Region Housing & Regeneration Strategy and Investment Framework looks ahead for the next 10 to 15 years and sets out a long-term approach to housing and regeneration that will promote a high quality and balanced housing offer to support City Region economic growth, and address the current and emerging challenges and opportunities. The Strategy is based on a clear economic rationale informed by the LCR Forerunner and City Region Development Plan, ensuring that housing supply and the residential offer will support the economic growth and low carbon agendas by providing the type of housing and sustainable communities that are needed. The Leeds City Region Housing & Regeneration Strategy and Investment Framework is based on a set of core values which include:

- ❑ promoting effective collaboration between local authorities and other agencies in identifying and responding to shared issues and opportunities;
- ❑ achieving more distinctiveness and quality in our urban and rural neighbourhoods;
- ❑ creating complementary places that work together to improve city region competitiveness;
- ❑ responding to the challenges of climate change and move towards a low carbon economy; and
- ❑ meeting the expectations of more aspirational existing and new city region residents.

At the heart of the strategy are the ambitions to make a strong contribution to addressing climate change and moving the city region towards a low carbon economy, including the aspiration to become a Centre of Excellence for eco-design and innovation; meeting city region ambitions for housing growth and affordable housing; improving the quality of the existing stock; and positioning the city region to be able to respond positively to both the anticipated structural changes in the housing market(s) and the likely future availability of public sector investment. It takes account of the demands of recent and emerging housing, planning and economic policy developments and responds to the demands, opportunities and key economic, spatial, social and environmental drivers evident across the City Region.

The Strategy provides a clear framework for local authorities and their partners to secure investment that will help to create mutually reinforcing economy and housing markets across the City Region. Therefore, non-city region strategic projects and programmes will continue to be delivered and funded at the local authority level, particularly through individual district Single Conversations with the Homes and Communities Agency (HCA). Critical to delivery will be a clear economic and spatial rationale for intervention priorities, underpinned by key national and regional policy drivers. Mutual reinforcement between the LCR housing & regeneration strategy and national and regional policies will ensure that the programme offers a demonstrably strategic contribution towards the City Region's long-term competitive position.

### Added value of the Strategy and Investment Framework

The Strategy sets out the framework to deliver a more **innovative, holistic and joined-up approach** to housing and regeneration investment priorities and delivery mechanisms which are better aligned to city region priorities, and will seek to contribute to accelerating economic recovery. The focus is on activities that 'add value' over and above programmes operated at the individual local authority level and which complement other regional and local strategies.

The Strategy has a number of distinctive features which are summarised below:

□ *Strategic Added Value*

The Strategy focuses on areas of activity and investment that will complement ongoing plans and programmes being advanced by individual local authorities and other bodies. It does not replace local level strategies. Strategic Added Value will be delivered through:

- **greater efficiency** through collective influence, joint working and investment planning;
- **innovative solutions** to development and regeneration delivery;
- realising **higher aspirations** for quality and contribution to environmental goals;
- **accelerated delivery** of housing growth and renewal;
- **strategic integration** between housing, regeneration, transport and economic development.

□ *New governance structures*

The Strategy will be underpinned by new decision-making structures that reflect a collaborative approach to City Region issues. These arrangements are currently evolving and will include formal joint working arrangements between the City Region and the Homes & Communities Agency and other key bodies.

## Challenges and key drivers

The key challenges for the LCR Housing and Regeneration Strategy include:

*Housing market:*

- **Housing provision and the City Region economic growth agenda** - as a result of the economic downturn, the LCR is facing serious challenges to its role as a critical driver of growth. Without intervention, these developments threaten to stall progress in delivering regeneration, housing growth, infrastructure developments and enhancements in innovation. The CRDP identifies the provision of *fit for purpose* housing and the delivery of sustainable communities, alongside improved transport connectivity as two factors, which if not effectively addressed, will serve to inhibit economic growth and competitiveness.
- **Delivering housing growth, improved mix and well functioning housing markets** - the delivery of housing density targets in recent years has been largely driven by the city centre apartment market, particularly in Leeds. This has resulted in an unbalanced range of new housing development, and a one-dimensional market, which has not addressed the shortages in the supply of a suitable mix of housing to meet the needs of the target market segments, such as knowledge workers and family builders. The City Region therefore faces a number of significant challenges in terms of delivering improved housing provision to meet the needs of the economy and its residents.
- **Responding to housing affordability challenges** - housing affordability is a key issue facing both urban and rural areas of the city region. There is an evident gap between the high demand, high value suburban and commuter areas and the less popular, low value areas. This disparity operates at the city region level and also more locally within urban areas, where popular rural, suburban and commuter markets operate independently from lower, demand, lower value urban areas. For example, in 2008 house prices in the City Region were approximately six and half times higher than earnings. Although this figure has more than doubled since 1998, the rate of increase has slowed - a result of the economic downturn. There is a need for policy interventions across the City Region to reflect the distinctiveness between urban and rural areas in the approaches adopted to deliver affordable housing provision.

### *Economic, spatial & policy drivers:*

The spatial priorities of the Strategy and Investment Framework are being driven by the areas for new employment, housing, regeneration and transport which are set out in the Regional Spatial Strategy (RSS), Regional Economic Strategy (RES), the City Region Transport Strategy and the City Region Growth Point and Urban eco-settlement strategies. A critical feature of adopting a city-region approach is that this provides the framework for interventions under any proposed programme to be fully meshed with wider regeneration strategies and initiatives in order to secure a sustainable and efficient outcome. A key aim of the Strategy is therefore to put in place more effective mechanisms to enable synergy between policy, investment and delivery at the 'functional' economic spatial level of the Leeds City Region, in order to maximise the effectiveness of achieving outcomes. In this sense, the Strategy and Investment Framework is underpinned by a clear city-region spatial and economic strategic case and by the key national, regional and sub-region policy drivers.

### *Implications for the Strategy and Investment Framework*

In terms of housing market, economic and spatial challenges and the direction of national and regional economic and spatial policy statements, a range of common 'headline' themes can be identified that offer strategic guidance for shaping the LCR Housing & Regeneration Strategy and Investment Framework:

- ❑ there is a clear need to deliver increased policy and investment integration (for example, housing and regeneration investment with economic, spatial, transport and other relevant strategies);
- ❑ intervention should initially have a clear spatial focus on priority areas defined in the RSS (such as Leeds and Bradford as engines of growth, Principal Towns, Sub-regional cities and towns, local service centres, priority regeneration areas) and rural capitals (to be defined by Yorkshire Forward) as key economic drivers;
- ❑ the climate change agenda will need to be reflected in the Strategy, for example, reducing carbon emissions and achieving design excellence and innovation in order to meet carbon reduction and eco-living targets. Priorities for existing stock will need to focus on meeting decency standards in the private sector; and
- ❑ the provision of a balanced housing supply and the need to focus on affordable housing provision across the city region for target markets, in order to achieve sustainability and complement economic growth aspirations.

## **Vision, priority aims and delivery objectives**

### ❑ *The vision*

The vision of the Leeds City Region Housing and Regeneration Strategy is:

***"A City Region working together promoting distinctive, aspirational and connected places that meet the needs of a growing, sustainable and competitive economy".***

The vision promotes housing and regeneration intervention that is *demonstrably more innovative, efficient and aspirational than would be the case if the local authorities and other bodies acted alone, and to contribute explicitly towards 'sustainable economic growth'*.

### ❑ *Priority aims and delivery objectives*

**Five priority aims**, complemented by a set of delivery objectives have been defined, reflecting the housing and regeneration outcomes sought for the City Region:

#### **PRIORITY AIM 1**

***Accelerate the delivery of sustainable communities, housing growth and the move towards a low carbon economy supported by City Region infrastructure and innovative delivery models.***

##### **Delivery objectives include:**

- Bring forward key infrastructure projects across the City Region to unlock barriers to housing growth and regeneration.
- Accelerate delivery of urban eco settlements and growth points in line with delivery strategies.
- Promote innovative, new City Region models of finance and delivery for housing and regeneration.

#### **PRIORITY AIM 2**

***Deliver balanced housing supply across the City Region reflecting economic growth aspirations and regeneration priorities.***

##### **Delivery objectives include:**

- Achieve more balanced housing provision across the City Region in terms of type and tenure to address mismatches of demand and supply (e.g. family homes and meet the needs of an increasingly vulnerable, elderly population).
- Focus new development and regeneration to support priority economic growth locations and focus regeneration and new development to support strategic transport corridors.
- Promote the recycling of empty properties and strategic investment in existing private sector stock to meet immediate housing needs.
- Provide a range of affordable housing products reflecting distinctive place characteristics.

#### **PRIORITY AIM 3**

***Extend housing choice and affordability across the City Region through innovative approaches, reflecting distinctive place characteristics, market needs and economic ambitions.***

##### **Delivery objectives include:**

- Promote a flexible and targeted approach to affordable housing provision to address City Region priorities and provide a range of affordable housing products reflecting distinctive place characteristics.
- Promote innovative, new City Region models of affordable housing delivery (e.g. initiatives that focus on renewing existing housing forms and promote improved access to both rented housing and home ownership for low to medium income workers).

#### **PRIORITY AIM 4**

***Align City Region strategies and resources to achieve innovative and efficient solutions to City Region housing and regeneration challenges and growth aspirations.***

##### **Delivery objectives include:**

- Link housing and regeneration investment directly to transport infrastructure provision.
- Promote consistent approaches and shared intelligence and resource capacity across the City Region in relation to: *Planning policy/LDF programme; Developer negotiations; Design/sustainability standards; and Climate change and low carbon measures.*
- Recognise the value of investment in existing areas in order to benefit from a positive adjacency effect for growth locations.

#### PRIORITY AIM 5

Target housing and regeneration investment to **achieve more aspirational economic outcomes** for the City Region.

##### Delivery objectives include:

- ❑ Target investment into RSS defined priority regeneration and growth locations and rural capitals (as defined by Yorkshire Forward), in conjunction with economic, transport and other programme priorities.
- ❑ Maximise the contribution that RSS defined priority regeneration and growth locations (i.e. sub-regional cities and towns) and rural capitals (as defined by Yorkshire Forward) can make to the City Region economic growth.
- ❑ Review the assumptions in the RSS to ensure that growth is realistic and targets in the right locations.

## Investment Framework

To take forward delivery of the Housing and Regeneration Strategy vision, aims and objectives, an Investment Framework has been developed to guide City Region level investment priorities. The Investment Framework responds directly to the strategic vision and aims through **four intervention themes**, as summarised below. All interventions at the City Region level will be aligned to one or more of these themes. Unlike the vision and priority aims of the Strategy, which reflect the long-term ambitions of the City Region, the Intervention Themes will need to be kept under review to maintain alignment with ongoing developments in national and regional policy.

Central to delivering more successfully against each of the four themes will be shared resourcing and research at the City Region level, which will be facilitated through the **LCR Co-ordination Unit**. A key role of the Co-ordination Unit will be to focus on areas of investment activity that will deliver strategic added value to each of the four Intervention Themes in terms of **greater efficiency** – through collective influence, joint working and cross-boundary planning, the development and implementation of **innovative solutions** to regeneration, and more effective **strategic integration** through additional LCR capacity to speed up the regional/strategic planning and LDF development process.

- ❑ **Theme 1 – Accelerating Strategic Growth:** has a clear focus on facilitating the delivery of Forerunner economic growth and competitiveness objectives;
- ❑ **Theme 2 – Promoting Eco-living:** the target investment activities will support the accelerated delivery of the City Region's four Urban Eco Settlements and the promotion of innovative, new City Region delivery models for the delivery of design and 'eco' innovation and the trialing of new eco-technologies to deliver low carbon settlements;
- ❑ **Theme 3 - Delivering Strategic Urban Renewal:** focuses investment to accelerate the regeneration of major strategic urban renewal areas across the city region. These investment activities will play a key role in complementing the housing growth agenda, kick-starting the current housing market, and importantly, ensuring that the city region is prepared to respond quickly and accelerate housing delivery once the upturn occurs; and
- ❑ **Theme 4 – Supporting Rural Economic Renaissance:** focuses on the development of sustainable rural communities that will support the City Region growth agenda (i.e. responding to the challenges facing the City Region's rural areas, in particular access to affordable housing).

The Framework defines City Region level programmes and activities under each theme, setting out the approach that will be adopted by the LCR Partnership to create a more sustainable approach to providing the housing growth and affordable housing required by our communities. Interventions under these four themes will complement other local level programmes which will be required to align directly to the City Region vision and priority

aims. It is the contribution of City Region and local level programmes that will deliver this Strategy. The focus is on strategic activities that 'add value' and maximising 'Value for Money' by considering them at a city region level, complementing regional and individual local projects and programmes. Projects and programmes not identified as being city regionally strategic would not be precluded from being identified for investment as key local priorities, to be delivered and funded at the local level, particularly through individual district HCA Single Conversations.

## Conclusion

The Strategy and Investment Framework establishes a robust approach to address recent and emerging housing, planning and economic policy developments and respond to the demands, opportunities and key economic, spatial, social, environmental and policy drivers evident across the City Region. The Strategy puts forward **ambitious, innovative and focussed** objectives and programmes that provide a platform for housing and regeneration investment at the City Region level to accelerate economic recovery and respond to future challenges. **The focus is on activities which complement and add value to programmes operated at the individual local authority level and which align to other regional and local strategies.**