

LIVERPOOL CITY REGION HOUSING INVESTMENT STRATEGY

6th November 2020

Liverpool City Region Housing Investment Strategy

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1. Introduction and Context

- 1.1 The Combined Authority and the Local Authorities are clear on the long-term destination for Liverpool City Region. Through our Local Industrial Strategy and Economic Recovery Plan, we have articulated a shared vision for a globally competitive, environmentally responsible, and socially inclusive economy that realises the truly transformational opportunities that exist here.
- 1.2 Our opportunities include the City Region's developing cluster of leading innovation assets – not least our universities, Liverpool's Knowledge Quarter, and the UK's most powerful supercomputing facility at Sci-tech Daresbury – which have the potential to establish the City Region as a global leader in science fields based on our strengths in infectious disease control, materials science and high-performance computing.
- 1.3 The competitiveness of our economy is further strengthened by our role as a global gateway to the UK – likely to be increasingly important after Brexit as trade patterns change. Furthermore, through our unique sport, culture and creative industries, we can project the UK to the world and offers a global tourism destination.
- 1.4 Harnessing our unique green energy assets and developing the sustainability of our industrial base gives us the potential to become pioneers of the zero-carbon economy and lead the way for the UK. We can enable housing and businesses to harness and apply the innovations of the fourth industrial revolution and create new, sustainable products and processes.
- 1.5 The City Region, therefore, offers a unique proposition. Evidence shows that the assets, skills, and talents present in the City Region offer a number of key transformative opportunities, which, when realised, will build on our distinctiveness while delivering new areas of national expertise that complement the wider economy.

This has delivered considerable growth in the last decade and will be critical in recovering from the CV19 pandemic.

- 1.6 The quality and range of our housing offer is critical in maximising our economic potential through retaining and attracting economically active residents and in progressing our quality of life offer. Harnessed correctly, future economic growth can benefit all our communities and neighbourhoods by ensuring that housing quality and choice exists across the City Region.

2. Our Housing Market

- 2.1 The City Region's housing offer is distinctive and varied. We have many high-quality neighbourhoods which provide excellent places to live in higher value homes and residential areas, for example, along the north Sefton coast, west Wirral, south Liverpool, Roby in Knowsley, Sandymoor in Halton and north St Helens. Liverpool City Centre, and the emerging market in Wirral Left Bank, provides an exciting and distinctive "urban" offer.
- 2.2 Evidence shows that larger homes, predominantly detached and semi-detached homes, have increased in price over the last decade, underlining the strong demand for this type of house in the City Region. Price data would confirm that this demand is even stronger as we recover from the CV19 pandemic and that particular neighbourhoods are experiencing very high demand.
- 2.3 Many of our highly attractive neighbourhoods are bounded by land with high degrees of protection and so there are increasingly fewer sites in these areas that can be brought forward for housing. It will be essential, therefore, that new, strategic, attractive neighbourhoods can be created in order to build on the latent demand there is for larger homes in the City Region. Viability can remain a challenge, however, and so the use of housing funding programmes will be essential if we are to bring forward our strategic sites for new neighbourhoods and deliver the growth which the City Region needs.
- 2.4 Analysis of our housing stock shows that, compared to national averages, we have proportionally fewer larger 4 and 5 bed detached homes. Our housing stock has a far higher proportion of smaller, terraced homes than found nationally and so this can undermine our objectives of attracting and retaining economically active higher earners. Similarly, when local residents do well they can find their options to expand locally to be limited.
- 2.5 We therefore need to improve and rebalance the City Region's housing offer. This means building on emerging market trends to widen choice and improve quality in our

housing markets; taking advantage of our unique urban offer to provide new types of housing; and driving change in areas which have potential to deliver long term change and improvement.

- 2.6 Rebalancing our housing offer also needs to include widening the range and quality of social housing provision to meet increasing need. Evidence shows that the City Region has need for social housing across all sizes but with a particular emphasis on 1 bed and larger 4-bed social rent homes. This supply and demand imbalance reflect several issues, not least the impact of welfare reform (and how this has influenced affordable housing programmes) and demographic change. Addressing this imbalance is a key priority for us and will help meet wider objectives.
- 2.7 Our need to diversify our housing offer gives us the opportunity to create and develop new markets to retain and attract residents. Based on our housing market intelligence, including the development of our housing development sites pipeline, and local authority planning policies, the following broad locations in the City Region present strategic opportunities which can deliver a significant change in our housing offer in the coming years. High quality residential development in these locations gives us the opportunity to do something different and really affect change.

Halton, St Helens, South Knowsley

Evidence confirms that this part of the City Region functions as part of a housing market that includes the Warrington area. This emerging market, which includes the only Garden Village in the City Region at Halsnead, has major potential to attract “high earner” residents into LCR. We will bring forward sites to deliver well designed, higher value homes.

The “Urban centre” of the City Region – Liverpool City Centre, North Docks, Wirral Left Bank:

This area of the City Region already includes the well-developed City Centre residential offer. However, the opportunity exists to utilise the unique locational offer centred on the Mersey waterfront to deliver high quality, urban living. This is will be higher density living but with high quality, innovative design and master planning, the potential for larger and for family accommodation will be realised to diversify the current offer and to provide new housing markets.

North Liverpool, South Sefton, North Knowsley:

A distinct market which has the potential to offer a wider housing choice across a range of housing types and tenures. Closely linked to the employment opportunities in the area. Key sites for housing investment providing a multi-tenure offer are available which would deliver transformational change for the north of the City Region.

Town Centres

Across the City Region we have town centres, and areas peripheral to town centres, where there are opportunities to bring forward housing development in accessible locations and in doing so, help protect longer term sustainability. Unlikely to be as high density as that found in the Urban Centre, good quality housing would complement the national and city region focus on town centres and their associated funding streams and initiatives.

Other Locations

- 2.8 Whilst the above locations are where we want to develop housing markets to widen and improve our offer and drive change, we know that our housing long pipeline is an ongoing and evolving piece of work and will be subject to constant review and development. It is possible, therefore, that new strategic site opportunities may emerge over time, or existing sites increase in priority across the City Region, due to changing circumstances such as changes in Government or local policy, unforeseen land remediation issues, windfall sites, changing economic land supply etc. We envisage such changes to be limited in the short to medium timescale but where there is evidence of market failure which prevents such sites coming forward, then these will be considered for investment where they meet the objectives of this Strategy

Existing Neighbourhoods

- 2.9 It will be essential that all our communities benefit from, and contribute to, our projected economic growth. This will mean addressing challenges in some of our existing neighbourhoods where housing choice and quality is not of the standard we want, or people deserve. These areas are often characterised by housing that is ageing, poorer quality and where the housing choice is limited. This presents a range of challenges in terms of concentrations of deprivation and poor health, energy efficiency, fuel poverty, suitability for older persons, and the ability to attract and retain economically active who have wider housing choices.

- 2.10 Improving the housing offer in these neighbourhoods, and their wider living environment, will help retain and attract economically active residents, complement adjacent new development thus supporting long term sustainability.
- 2.11 Underpinning all of this is the target to be a net zero carbon City Region by 2040. Analysis of our housing stock shows that we have a proportionally older housing stock than national averages, particularly pre-1919 dwellings. We know that older properties are less energy efficient and emit more carbon – for instance a pre-1919 house emits twice as much carbon as a modern home. We estimate that around 65% of our homes are EPC Band D or worse. With a third of our carbon emissions coming from our homes, energy efficiency improvements and decarbonising our housing stock will be essential.
- 2.12 Many of our most energy inefficient homes are in our most deprived neighbourhoods. This is contributing to other issues including high levels of fuel poverty and poorer health – both physical and mental. The layout of many of our smaller older homes can make them difficult to live in for older residents and those with mobility impairments and can often lead to falls and other hazards. As a City Region with an increasingly ageing population, the future challenge is clear – with the consequent impact on the NHS and other service providers
- 2.13 The current CV19 pandemic has further underlined the vulnerability of these neighbourhoods which have experienced the greatest impact of the virus in terms of infection and mortality rates. This is likely to have been contributed to by poor living conditions (including overcrowding); high density housing; lack of access to open space; and a prevalence of underlying health conditions.
- 2.14 With the increasing likelihood that people will work from home more in the future, the quality of their homes, IT and broadband connectivity as well as access to open space, will need to be of a decent standard. Failure to do this will risk housing in these areas becoming more unpopular, so undermining the long-term sustainability of this housing stock. Renewing these neighbourhoods will therefore not only be key to ensuring they contribute to and benefit from the City Region’s economic aspirations, it will also improve our economic performance and improve longer term resilience. Our focus will be on investing in those neighbourhoods identified as being most deprived in the Indices of Multiple Deprivation.
- 2.15 We have a number of challenges arising from demographic change. The City Region has a rapidly ageing population which has implications both for the suitability of our existing homes, but also for the demand for supported and extra care housing.

2.16 The provision of appropriate housing for those with additional support needs such as those homeless and households with disabilities, including specialist and supported housing, is crucial in helping them to live safe and independent lives. Unsuitable or unadapted housing can have a negative impact on disabled people and their carers. It can lead to mobility problems inside and outside the home, poorer mental health, lead to carer breakdown, increased costs to health and social care and a lack of employment opportunities. Providing suitable housing can enable disabled people to live more independently and safely, with greater choice and control over their lives. Without accessible and adaptable housing, disabled people risk facing discrimination and disadvantage in housing.

2.17 The health and lifestyles of people will differ greatly, as will their housing needs, which can range from accessible and adaptable general needs housing to specialist housing with high levels of care and support. Similarly, disabilities can include, but are not limited to, people with ambulatory difficulties, blindness, learning difficulties, autism and mental health needs, which may generate a range of supported housing requirements.

3. Housing Investment priorities framework

3.1 In order to widen and improve our housing issues, and address the issues outlined in section 2, our strategic priorities and housing investment preferences are summarised in the following tables / checklist.

Table 1: Strategic Investment Priorities – New Homes

Strategic Priority	Investment funding preference
Develop new markets to widen our housing offer	Large scale schemes to deliver significant numbers on brownfield land , where available, in the geographic areas identified in section 2 above. Where appropriate this will include large scale site assembly, clearance and remediation.
Accelerate delivery	Deliver packages of smaller sites which can achieve housing numbers at a faster pace, in particular giving preference to proposals that target small sites which the market may otherwise ignore. Where appropriate the CA and the local

	authorities will seek to actively assemble and take to market small site packages. Priority will be on brownfield land
Diversify our housing stock and improve the offer in order to retain and attract a skilled workforce;	Larger (over 3 bedroom) open market housing homes
Widen and improve our affordable housing offer to meet housing need	Affordable homes across all sizes but with an emphasis and priority on 1-bed and 4+bedroom homes at social rent where this best meets local need.
Provide new homes that are highly energy efficient to address climate change and challenge fuel poverty	Homes built to EPC Band B or above
Ensure homes are digitally connected	Homes should be provided with ultrafast broadband as a minimum
Provide homes that are accessible or are capable of being adapted to meet changing needs	Homes which are Building Regs Part M 4 (2) compliant and use of Better Care Fund and Disabled Facilities Grant funds
Deliver homes and neighbourhoods that are of high-quality design	Use of design guides will be encouraged as will the use of design panels and the LCR Design Champion
Widen the range of delivery agencies and processes including SMEs to ensure local economic and skills benefits	Homes constructed using Modern Methods of Construction Homes provided by SME developers particularly on small sites to encourage the inception and growth of SME developers
Meeting housing need arising from an ageing population demographics and needs of other vulnerable groups	Accommodation (including extra care and supported housing) that better meet the needs of our existing and future vulnerable groups
Homes will be based in neighbourhoods of suitable mixed tenure, creating neighbourhoods that are inclusive and encourage diversity.	Schemes that propose a range of tenures and housing types . Utilising initiatives such as Rent to Buy and Starter Homes will be encouraged to widen tenure choice.

Revitalising the housing offer in neighbourhoods facing decline	Assembling sites for housing delivery in order to provide wider choice
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3.2 Table 2 summarises our housing investment priorities for our existing homes and neighbourhoods

Table 2: Strategic Investment priorities – existing homes and neighbourhoods

<p><u>Strategic Investment Priority</u></p> <ul style="list-style-type: none"> ● Improve the condition and energy efficiency of our existing housing stock through retrofit programmes with the priority being neighbourhoods with poorest quality housing stock or deprived as measured by Indices of Multiple Deprivation. ● Diversify, improve and redesign existing housing stock in areas of low demand ● Make the best use of empty homes or stock that is in low demand ● Improve the quality of neighbourhoods where data suggests market vulnerability through improving housing quality and choice.
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3.3 We will target the achievement of these priorities at the portfolio level – individual projects will satisfy the partners that they meet a satisfactory number of the priorities as well as the Combined Authority’s “good growth” credentials, value for money and deliverability. This therefore provides the framework for prioritising public funding allocations.

3.4 We accept that the funding available and the timescales for delivery of funding may mean that the prioritisation and delivery of schemes will need to be flexible and pragmatic.

4. Funding and Resources

4.1 Our housing objectives are ambitious. Creating a new housing offer and improving what we have underlines this ambition and we are clear that we want our housing offer to support our economic growth aspirations and improve residents’ quality of life.

4.2 However, given the issues we face with regards to site viability, lower than average values and the extent of housing conditions we face, as well as demographic challenges, we need to secure public funding, including the use of Homes England,

Combined Authority and Local Authority funds and resources. These are critically important in helping us deliver our housing objectives and we need to be best placed to access these to deliver the change we need.

4.3 Section 3 of this Strategy provides the investment framework for a range of funding programmes in Table 3. New funding sources will emerge and will be reflected in updates to this Strategy.

Table 3: Housing programmes and resources

Source / Programme	
Combined Authority and Local Authorities	<ul style="list-style-type: none"> ● Use of CA Strategic Investment Fund ● LCR Economic Recovery Plan funding asks incl. £200m for retrofit ● LA land and sites
Brownfield Land Fund	£45m allocated to the CA to deliver between 3000 and 4000 new homes on sites that can start housing before 31 st March 2025.
Strategic Housing Infrastructure and Land Fund (SHILF)	<p>Sites will be identified for SHILF where:</p> <ul style="list-style-type: none"> ● They are in the geographical areas identified in Section 2 of this Strategy ● They can deliver at scale and are strategic or where smaller sites can be packaged up to create opportunities at scale ● They are / can be aligned with other funds e.g. town centres funding ● They provide the opportunity to promote and diversify the SME sector or support MMC <p>SHILF will also be used to fund energy infrastructure which will promote the faster delivery of sites and our net zero carbon agenda.</p>
Affordable Homes Programme 2021-26	<ul style="list-style-type: none"> ● Assess the feasibility of an LCR Strategic Partner consortium to help maximise the effective use of our land assets.

	<ul style="list-style-type: none"> ● Provide social rent in the City Region, particularly 1 bed and 4 bed homes ● Bring empty homes back into use for affordable housing. ● Seek to restructure and improve the quality of our most vulnerable neighbourhoods where existing social housing is falling into low demand ● Promote shared ownership to improve tenure choice where viable. ● Fund and deliver supported housing
Green Homes Grant	<ul style="list-style-type: none"> ● Maximise GHG take up in the LCR via use of communications and marketing ● LAD element targeted retrofit in deprived neighbourhoods ● LAD1 already bid for by a City Region consortium led by LCC ● LAD2 to be distributed via NW Energy Hub. Discussions already underway on how to maximise funding for the City Region. ● Continue to lobby government for a cohesive neighbourhood approach that will better develop the sector and the market
Social Housing Decarbonisation Fund	<ul style="list-style-type: none"> ● Working with HAs to shape bids and target investment into most deprived neighbourhoods ● Work with Manufacturing Technology Centre to develop advanced manufacturing MMC retrofit

5. Delivery and Governance

5.1 The Combined Authority and the Local Authorities are committed to working in partnership with government and Homes England on the delivery of our housing objectives. As our organisations evolve, our level of partnership will deepen.

5.2 Homes England, our Combined Authority and our Local Authorities are already pursuing an agreed action plan and joint resource plans for the development of priority schemes and programmes. We will together be accountable for the results.

5.3 Political governance and oversight of the delivery of this Strategy will be provided by the LCR Housing and Spatial Planning Board (HSPAB). The Board is chaired by the

Housing and Spatial Planning Portfolio Holder and its membership consists of the relevant appointed Cabinet or equivalent member from each of the Local Authorities, together with Homes England and the Mayoral Advisor. This governance arrangement means that the CA, the LAs and Homes England make joint decisions on strategic housing matters.

- 5.4 At an operational level, the LCR Growth Directors will provide oversight and review strategic direction. This Group consists of the CA, the relevant LA Directors, the Managing Director of the Local Enterprise Partnership and Homes England. Growth Directors will review progress against the Strategy at least every quarter and will lead prioritisation work.
- 5.5 The LCR Housing Officers Group is an operational group and will meet regularly to review investment progress. Homes England is also members of this Group.
- 5.6 Partners will work together jointly on technical appraisal and in the provision of expertise. Both Homes England and the CA will provide support to undertake project development with the LAs. Both have already provided revenue support funding for the LAs to develop business cases on key sites and CA staff support will be in place to provide enhanced support. The SIF Investment Panel will provide technical overview and support.
- 5.7 The CA and the LAs will work closely with our Housing Associations who are key investment and delivery agencies. The CA is a member of the HA Chief Executives' Group and also HA operational groups and will use these fora to progress joint working.