

northern growth – next generation communities

The city-regions of the North need a new initiative to support economic growth by explicitly addressing housing quality and other important quality of life factors, say Andy Rumfitt and Tom Bridges

One of the great triumphs of the Northern Way initiative has been its ability to challenge conventional thinking about pan-regional economic development in the North of England. The Northern Way's growth plan has rightly been posing some fundamental questions about how to identify and deliver the necessary supporting infrastructure to generate an additional £30 billion of output for the UK. The ongoing discussion about the most effective type of transport investments post-Eddington is but one of these debates.

Another area of review has been the role of the residential offer – housing plus all the important quality of life factors that people want – in supporting the growth of the knowledge-based sectors in Northern cities. This activity¹ has clearly identified a pressing need to bring forward what we have termed 'Next Generation Communities' as a new type of initiative which explicitly supports economic growth.

It doesn't take an enormous leap of faith to see the logic of this argument, which has been rehearsed by Richard Florida and others.² Certain groups of workers now play a disproportionate role in driving the success of a city economy in the 21st century. In the corporate world this results in the 'battle for talent', where leading companies scour the globe to recruit the best and the brightest. These firms will also want to operate in locations where they can recruit and retain skilled workers. Even better if this can be completed at a reasonable cost.

For the Northern city-regions these groups can be broadly identified as recent graduates, family-

builders and 'knowledge economy' workers.

Attraction and retention of these workers is seen as inextricably linked to the future prospects of city economies.

In short, in the 19th and for much of the 20th century, the workforce followed the corporation, but in the 21st century the corporation now follows the workforce. However, recent research carried out for the Joseph Rowntree Foundation (JRF) at Newcastle University's Centre for Urban and Regional Development Studies³ has shown that, with the notable exception of London, most UK cities have been less successful at attracting and/or retaining the key group of 'higher managerial and professional people' than they have with migrants in general.

The attractiveness of a place depends on its residential offer.⁴ This offer comprises overall quality, the range of housing types and tenures, and value for money. This is not to say that the residential offer has overtaken other supporting drivers. It has simply become more important as the relative balance of factors of production has tilted inexorably towards skilled labour and as labour mobility has increased.

So while it is easy to make the case that economic growth in the North of England is now underpinned more significantly by its residential offer than in the past, improving and expanding the offer means tackling some tricky challenges:

- **Supply mismatch:** Put simply, the North is seeking to attract and retain the skilled workers needed to prosper in the 21st century knowledge economy with an outmoded stock of housing,



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The North's economic growth is increasingly tied up with the attractiveness of its residential offer

predominantly intended to accommodate the workforce of a late 19th century and early 20th century industrial economy.

- **More houses required:** With sustained economic growth of the North's resurgent city-regions, there is an increasingly acute need for growth in rates of housing supply to match job growth. The emerging regional spatial strategies for the North seek to increase housing supply, especially in the city-regions. And the bar is being set even higher with each round of regional plan-making, to levels significantly above current completion rates.
- **Better-quality new development:** There is a very real danger that delivery of significant amounts of the uniform development that has characterised recent provision will fail to address the need for a real mix and range of stock and the creation of quality places. Research by the Commission for Architecture and the Built Environment (CABE)⁵ found that 94% of the housing schemes reviewed were only of poor or average quality.
- **Better quality of place:** A real policy challenge is to transform the residential offer, market position and profile of those urban locations that are not currently attractive places in which to live for the key economic groups. In particular, there is a need to make many urban areas more desirable as places to live for families who require a lot more than one-bedroom flats and a vibrant evening economy. This is also necessary to provide truly mixed communities and stem (and reverse) the tide of increasing concentration of social housing tenants identified in the recent Hills Report.
- **Mounting affordability problems:** In an increasing range of Northern 'residential locations of choice', house prices are now equal to those in the South, leading to a deterioration of the North's historic cost advantages. House prices in the majority of Northern authority areas have risen by more than the national average over the last six years, leading to a narrowing of the price gap with the national average. As a result, relative affordability in the North is deteriorating at a faster rate than anywhere else in the country. Between 2002 and 2005, the ratio of average house prices to incomes in Yorkshire and Humber rose from 2:1 to just under 4:1.⁶ The ratio for London 'only' increased from 4.75:1 to 5:1 during the same period.
- **Creating desirable high density:** While higher-density development is a preferred policy objective, clumsy and crude implementation gives rise to poor-quality places. An insistence on very high levels of density in city centres gives a one-dimensional residential product made up of small (and shrinking) apartments occupied by a very transient population who have to hunt down the few local services. Northern density levels set at 30 dwellings per hectare – equivalent to inter-war suburban standards – is an acceptable minimum and no barrier to achieving residential offer and quality of place objectives. Furthermore, there is little market evidence that buyers want to live in developments with densities at over 70 dwellings per hectare.
- **Leveraging brownfield development:** The 'brownfield first' policy has been instrumental in helping to achieve an urban renaissance in England. However, there is such a large supply of brownfield land in some Northern locations that it is limiting the scope for planning to strengthen the residential offer. Where brownfield land is heavily constrained (i.e. through poor access, low amenity quality, contamination) it can lead to new development being unfeasible. Through refocusing

the supply of employment land (of which there is a significant over-supply in the North), there is scope to identify sites that can be planned proactively and brought forward for high-quality housing development.

- **Strategy integration:** Given its new emergence, it is unsurprising that the Northern regional economic strategies (RESs) do not sufficiently consider the role of the residential offer as an important enabling economic driver. While a more distinctive and locationally-specific spatial planning approach is emerging in RSSs, the housing-economy linkages and the importance of the residential offer in the widest sense (i.e. beyond a focus on housing numbers) remains underplayed. There is limited use of economic forecasts and scenarios to help understand the future occupational mix and skills base of the workforce and the residential offer they want.

So what is to be done? What is required is a new and more imaginative initiative which identifies areas in the city-regions of the North with the greatest latent potential to be transformed into attractive places to live that further support and accelerate their economic transformation. Packages of improvements need to be brought forward to deliver housing of the right quality and type and to implement improvements to public and open space and community facilities. The initiative would also deliver a step-change in the rates of housing growth with the growth agenda policy and tools starting to be used in the North.

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As an added benefit, this would help to move growth pressures away from the flood-prone and water-starved South – shorthand for a 'better return on infrastructure investment'. The initiative would be a new, fourth component of the Government's Sustainable Communities Plan, along with the existing Growth Areas, Housing Market Renewal, and New Growth Points initiatives.

Such 'Next Generation Communities' would provide an opportunity-based, growth-focused housing initiative for the North. It would be aimed at realising untapped market potential, in contrast to the Housing Market Renewal Pathfinder programme, which is a needs-based, market-failure initiative and the only part of the four-year-old

Sustainable Communities Plan that directly benefits the North. As the targets for housing numbers, density, affordable housing, value for money, housing and employment land and brownfield re-use seem to have been developed in isolation, it is unsurprising that sub-optimal outcomes result when they are brought together. Together, they have failed to respond sensitively and effectively to the different context of locations in the North.

The Next Generation Communities initiative would facilitate the development and delivery of policies and proposals to transform specific areas, including high-quality housing growth where appropriate. The initiative would take the form of a comparatively limited fund, similar to the New Growth Points initiative. The role of this (predominately revenue) funding would be to pump-prime the development of the evidence base, build capacity, and develop plans and proposals for specific areas of potential for change and housing growth.

The initiative would share many similarities with the New Growth Points initiative, insofar as it would be a relatively modest fund, intended to incentivise local partners to achieve delivery. A significant new programme or the creation of new delivery bodies would not be required. The funding would be available to existing regional and sub-regional partners and local authorities. And could there be a better way for the embryonic Communities England to start the implementation of its distinctive Northern strategy than this new initiative?

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Notes

- 1 *The North's Residential Offer: Policy and Investment Review*. Arup and Innovacion, 2007
- 2 See, for example, R. Florida: *Cities and the Creative Class*. Routledge, 2005
- 3 T. Champion, M. Coombes, S. Raybould and C. Wymer: *Migration and Socioeconomic Change: A 2001 Census Analysis of Britain's Larger Cities*. Policy Press for the JRF, 2007
- 4 *Quality of Place: The North's Residential Offer*. Llewellyn DaviesYeang, 2006
- 5 *Housing Audit: Assessing the Design Quality of New Homes in the North East, North West and Yorkshire & Humber*. CABE, 2005
- 6 S. Wilcox: *Can Work – Can't Buy: Local Measures of the Ability of Working Households to Become Home Owners*. JRF, 2003; and S. Wilcox: *Affordability and the Intermediate Housing Market: Local Measures for all Local Authority Areas in Great Britain*. JRF, 2005