



Housing Futures in North Yorkshire

Increasing affordability and sustainability

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Disclaimer

The analysis and opinions expressed in this report are not necessarily those of North Yorkshire County Council, City of York Council, any of the district authorities or housing associations/registered providers or other developers and housing stakeholders in the region, nor of the University of York. Responsibility for any errors lies with the authors.

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Summary

- This report looks at the challenges and opportunities in addressing the needs for affordable and sustainable housing in North Yorkshire. It is the result of a collaboration between North Yorkshire County Council and the University of York and has been undertaken in the context of the development of the new North Yorkshire Council and the York and North Yorkshire Mayoral Combined Authority.
- The report reviews existing evidence and draws on the experience and expertise of housing stakeholders across different sectors and areas of North Yorkshire. Four focus groups with stakeholders were conducted and participants were involved on the basis that they would not be identified in this report to encourage them to speak freely. The authors are very grateful for all the support received in assembling this report.
- Housing markets in North Yorkshire and the wider UK are generally regarded as dysfunctional, in not providing enough homes in the right places and in not delivering sufficient decent, affordable and sustainable housing to meet need. This view of housing markets as dysfunctional extends into central government as well as being prominent across the wider housing sector.
- Planning law, sustained reduction in the scale of the social rented sector and the commodification and financialization of housing have all been identified as reasons why the housing system is not working properly. A single, clear policy solution is yet to emerge. At present, multiple financial, logistical and policy barriers to development of a sufficient and sustainable affordable housing supply exist across England.
- Sustainability is advancing in relation to new build housing, with new standards and targets coming into play. Progress in relation to retrofitting existing housing is uneven, the challenge is greater and the resource implications very considerable, but central government has only engaged with the issue in a piecemeal way. Retrofitting existing housing is too expensive for many people to bear the cost themselves, including both owner occupiers and private sector landlords.
- Poverty has long been associated with high housing costs that leave households with insufficient disposable income, a situation that looks set to become much worse in the foreseeable future as a consequence of rapidly increasing energy prices. The twin impacts of high housing costs and high energy costs look likely to push more households into poverty, housing exclusion and homelessness. Addressing affordability means addressing both housing costs and energy costs, including inequalities in access to thermally efficient homes.
- Airbnb and second homes are a significant, but also highly localised influence on affordable housing supply in North Yorkshire.

- Modern methods of construction (MMC) and modular housing were seen as having some potential for the larger towns in North Yorkshire, which had sites of sufficient scale with easy access to appropriate transport infrastructure.
- MMC was seen as less viable in much of the County, because rural areas tended to have small development sites with volumes that were too low to be economically viable for MMC manufacturers, while the transport of components could be difficult and expensive.
- The attractiveness of MMC/modular homes for some people was also questioned, even if MMC had the potential to offer relatively high standards at a relatively lower cost. Issues of equity were also raised, i.e. a two-tier housing system in which newbuild affordable and social homes were only MMC, while traditionally built homes remained accessible to higher income groups.
- Community Land Trusts (CLTs) were seen as having potential advantages when seeking to develop new homes for small communities in rural areas and in the North Yorkshire Moors and Yorkshire Dales national parks. A CLT offered participative and co-productive ways of working that could ensure community consent, make planning permission more likely and deliver new homes that the community were happier with. However, CLTs were also described as relatively time consuming because of their participative nature.
- The small scale of CLTs and their often very limited access to capital for development was seen as placing major limitations on the present role they could play in enhancing affordable and social housing in North Yorkshire. It was suggested that North Yorkshire could emulate practice in other rural areas of England and put support systems, such as social enterprises, in place to coordinate and enhance the development role of CLTs.
- Land assembly was seen as the biggest single barrier to development of new affordable and social housing in North Yorkshire and as a significant barrier to housing development in general. Greater collaboration by North Yorkshire with partners such as Homes England and the Church of England was seen as a route to increasing land supply, but national policy change was thought to be essential to address this issue.
- Views on local housing companies (LHCs) were mixed. It was recognised that a local authority owned LHC could act as a developer of new social, affordable and market price housing. However, the financial model was thought to be skewed towards affordable and full market price homes, rather than representing a rebirth of significant capacity to build council (social) housing. Stakeholders also reported that with increased access to land and capital, existing networks within the housing association (registered provider) sector and local government could deliver more social and affordable homes in North Yorkshire and that it needed to be clear what added value further LHC activity would be delivering.

- Moving to entirely sustainable models of development, so that all new homes built in North Yorkshire would meet net-zero/passive standards, was thought to be a practical proposition, including for the private sector, with clear strategies already in place.
- Multiple obstacles, centring on, but not confined to, financial resources were seen in relation to retrofitting the existing housing stock of North Yorkshire. The challenge was far greater than for sustainable new build housing, because the scale was much greater and the cost was thought to be prohibitive for many households, including owner occupiers and private sector landlords, without significant public sector support. While North Yorkshire could pursue some initiatives, the issue was thought to be one that ultimately required a much more focused and much better resourced response from central government.
- The agility and flexibility of heritage protection, which could often allow retrofitting and new development to go ahead, rather than automatically blocking it, was stressed by stakeholders.
- Retrofit of heritage buildings, particularly for the oldest homes in North Yorkshire, was reported as often being most effective if those homes were restored or modified using the original materials and techniques, especially as these buildings often had significant, designed-in, thermal efficiency. However, there was seen to be a skills gap in the County around appropriate retrofitting of the oldest homes.
- High volumes of second homes, Airbnb and similar holiday lets were seen as threatening the socioeconomic viability and hence the cultural heritage of some villages in North Yorkshire. Attention was drawn to policies including primary residence requirements, which have been used in areas like the Lake District.
- Local government reorganisation, creating a new North Yorkshire Council and a Mayoral Combined Authority (MCA) for York and North Yorkshire was still being finalised at the time of writing, although additional resources for housing development and enhanced planning powers were being promised. Stakeholders were sceptical about the level of resource and power that the new authority would have, relative to the scale of the challenges around affordability and sustainability in North Yorkshire.
- There was a concern that local expertise and established networks that could effectively deliver both new affordable and social homes, if access to sufficient land and capital were in place, and with the right resources, also help address the challenges around retrofitting, might be lost in local government reorganisation.
- There is no single, simple answer to improving affordability and sustainability in North Yorkshire's housing. Part of the reason for this is that there should not be a single strategic or policy response, as issues like rural housing

development and the effective retrofitting of the County's built heritage require dedicated and specific consideration. More generally, North Yorkshire is not one housing market but many and strategy, policy and practice need to be agile and flexible enough to respond to housing needs across those different markets appropriately.

- North Yorkshire can pursue multiple, relatively small, approaches to improving affordability and sustainability and through this route, make tangible progress on both fronts. However, North Yorkshire will not have the powers nor the resources to tackle these issues at scale, big picture strategy is not feasible, particularly in a context where national policy is showing at best limited effectiveness in improving affordability and sustainability and is viewed by many as actively counterproductive.
- Tenure mix is important in a context in which private sector housing markets are widely regarded as having failed to provide enough decent, affordable homes over the course of the last four decades. Part of the role of the new North Yorkshire Council can be to encourage ethical development, including by social businesses and social enterprises and to enhance regulation of bad practice in private development and the private rented sector. There are clear arguments for increasing social housing supply, both in relation to meeting housing need for the poorest and most vulnerable and in terms of ensuring that North Yorkshire's labour markets and economy work effectively, by enabling many working people to enjoy the better standards of living offered by affordable, decent, secure homes.

Introduction

This report is the result of a collaboration between the University of York and North Yorkshire County Council. The work was conducted to support the creation of a new unitary authority for North Yorkshire and the Mayoral Combined Authority of York and North Yorkshire. The report focuses on increasing the **affordability** and **sustainability** of housing in the region.

The work presented here was designed to explore the ways in the challenges in delivering affordable and sustainable housing that exist across our region might be addressed. The emphasis was on exploring and developing realistic approaches for accelerating progress, towards net zero and improving supply of affordable housing, that might be of use to the new North Yorkshire Council.

North Yorkshire does not have one simple set of housing issues to address. Some of the most affluent areas of the UK are present in the region, alongside other areas that have high levels of socioeconomic deprivation. Housing markets vary across the County and housing policy that works in one part of the County may be less effective in another area.

The report is based on a series of stakeholder groups conducted across the region. As the pandemic was still influencing working patterns and availability during 2022, most of these discussions took place via teleconferencing apps. Four focus groups were held with key stakeholders over the course of the summer and autumn of 2022, facilitated by North Yorkshire County Council and the University. The authors are most grateful for the participation from everyone who gave up their time to support this research. Participants took part on the basis that their contributions would remain anonymous, allowing them to speak freely.

The report begins by outlining the critical challenges that exist around social and affordable housing supply, broader housing shortages and moving with sufficient speed to meet net zero targets, both in the sustainability of new build housing and, crucially, in relation to retrofitting existing housing stock. This is followed by a discussion of the strengths and limitations of possible policy responses, reviewing both existing and potential innovations, drawing on the experience and opinions of key stakeholders in housing policy and practice across North Yorkshire.

The report concludes with a discussion on building a practical strategic response for better housing futures in North Yorkshire, increasing both affordability and sustainability.

The Challenges in Housing Policy and Strategy

Housing supply

The wider, ongoing, challenges around development of affordable housing supply at UK level are important in understanding the most effective approaches for North Yorkshire. One long term issue is land supply. The Land Compensation Act (1961) requires that in the event of compulsory purchase, landowners are to be reimbursed not only for the existing value of their land, but also for its potential value if developed for another purpose in the future. This law has been criticised as creating an incentive to landbank, i.e. holding land until its value increases, making it difficult to develop affordable housing and creating an incentive to ‘drip feed’ housing onto the market, keeping housing supply artificially inelastic.¹

Assembling land for development of affordable and social homes is frequently challenging because of the costs of the land, relative to the projected rent and/or mortgage income from the homes being developed. Planning permission is also important. Planning permission is a deeply contentious and highly politicised area of public policy and often presents significant challenges. The issues include protection of heritage in relation to modification of existing buildings, including the large number of listed buildings in North Yorkshire and across England, the protection of uniformity and a shared visual sense across the built environment and the often significant resistance to developing affordable/social housing from communities. Resistance to affordable and social housing development can be linked to fear that subsidised rented/low cost home ownership accommodation will contain people who are disruptive, anti-social and potentially criminal, fear that affordable and social homes will damage the aesthetics of an area and the fear that property values will be reduced.²

Development of affordable housing has fallen behind required levels, across all of the UK, for several decades, with restrictive planning policies and limited resources for planning larger developments being highlighted. In 2017, Government published proposals in a report entitled *Fixing our Broken Housing Market*³ that centred on planning reform, accelerating the rate of housebuilding and market diversification. Policy to potentially increase social housing, as well as affordable housing supply has also been introduced, although the political situation at the time of writing means that national housing policy, including in relation to ‘levelling up’ priorities, is not in a steady state.

UK house building has been falling short of projected need for decades. COVID caused disruption, but national targets in England for 300,000 homes a year to be

¹ https://www.london.gov.uk/sites/default/files/gla_capital_gains_report_.pdf

² <https://www.tandfonline.com/doi/full/10.1080/14036096.2014.947173>

³

https://committees.parliament.uk/publications/8354/documents/85292/default/https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf

built, which were in place from 2019 until very recently, have been consistently missed, as were earlier targets to increase overall housing supply. In 2020/21 Yorkshire and Humberside had a net gain of 15,999 homes, allowing for newbuild, retrofitting and repurposing and demolitions.⁴ The House of Lords Built Environment Committee recently reported that there were doubts about both the sufficiency of the 300,000 homes target and the ability to achieve it.⁵ Multiple reports over the last decade have reported the same flaws in the housing systems of the UK: overheated and inelastic housing markets; massive underinvestment in affordable/social homes and legal and planning frameworks that artificially restrict land supply and constrain innovation in housing design and development.

There are three main sources of social and affordable housing:

- Council housing, which was the predominant source of new social homes until 1980
- Housing associations (registered providers), which developed on an increasing scale from the 1980s onwards, moving into affordable rented housing and low cost home ownership and away from social housing development over time
- Section 106 arrangements, which enable local authorities to require infrastructure on new housing developments, including the development of affordable homes, which can often mean lower priced owner occupied housing

Increased sales of council housing from 1980 onwards reduced that element of social housing supply in a context where local authorities ceased to have any significant capacity for development. Councils built 74,840 social homes in 1979 and 510 in 1996⁶ and 1.84 million council homes were sold between 1980-81 and 2017-18.⁷ In more rural areas, council housing was often less widespread than had been the case in many towns and cities, and some rural district and unitary councils have seen almost all their social housing sold off under Right to Buy.⁸ Social housing building by housing associations (registered providers) has been at a much smaller scale than was delivered by local authorities in the postwar period to 1980, so that stock sold under Right to Buy has not been replaced. In 2020/21, 17,262 social housing homes were sold.⁹ This is in the context of housing associations building an annual average of 22,000 (mainly) affordable and social homes across England, over the period 1996-2019¹⁰. Housing Association (Registered Provider) tenants can have the Right to Buy if they are tenants of non-charitable housing associations or assured tenants of housing associations who moved with their homes from a local authority to a

⁴ <https://lordslibrary.parliament.uk/housing-in-england-issues-statistics-and-commentary/#heading-3>

⁵ <https://committees.parliament.uk/publications/8354/documents/85292/default/>

⁶ Source: ONS.

⁷ Source: DLUHC.

⁸ https://eprints.whiterose.ac.uk/136236/1/MHCLG_Green_Paper_Review.pdf

⁹ <https://www.gov.uk/government/statistics/social-housing-sales-and-demolitions-2020-21-england/social-housing-sales-and-demolitions-2020-21#social-housing-sales>

¹⁰ Source: DLUHC.

housing association as part of a stock transfer (LSVT). However, housing association tenants do not generally have the Right to Buy their homes.¹¹

The financing of social and affordable housing development by housing associations (registered providers) has undergone radical change in the last 30 years. The Housing Act 1988, which introduced the New Financial Regime, began a process of privatising the finance for associations, reducing the amount of publicly funded grants and loans and increasing the levels of borrowing from banks. One effect of this was an increasing requirement to charge sufficient levels of rent on housing to enable bank loans to be repaid, which led to housing associations developing greater levels of affordable housing rather than social housing. Social housing has rents in the range of around 50% of private rented sector levels, i.e. rent is around half as much than similar properties in the private rented sector. Social housing has also traditionally offered more secure, long-term tenancies than are available in the private rented sector, although use of shorter term probationary tenancies being offered before these more secure arrangements has been encouraged by Westminster. For affordable housing, the rent level is around 80% of median private rented sector levels, sufficient to enable HAs (RPs) to pay back bank loans. Affordable housing can be relatively expensive in areas where housing markets are overheated and occupied by middle, rather than lower income, households.¹²

Specific support for social housing development from Homes England is only available in areas designated as ‘high affordability challenge’¹³, which only includes York and Harrogate, leaving Craven, Hambleton, Richmondshire, Ryedale, Scarborough and Selby outside of this scheme. Research has also criticised successive programmes as offering inconsistent levels of funding and inconsistent patterns of support for different tenures, criticising short-term programmes that restrict the advanced planning windows needed by affordable/social housing developers.¹⁴ Levels of funding have also been criticised; Homes England has around £4bn: around 0.36% of HM Treasury’s prediction of the £1,087 billion UK budget for 2022/23.¹⁵

Affordable models of owner occupation, which centre around shared ownership models where the householder buys a stake, for example 40% of the value of the property and rents the rest, usually also paying a service charge have been criticised. The key issue is that the combination of mortgage, rent and service charge can be difficult to manage, particularly when interest rates increase and/or when what is, usually, a housing association (registered provider) decides to put its rent or service charges up. A particular criticism has been that policy seems to have focused on

¹¹

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1066880/Your_Right_to_Buy_Your_Home_A_Guide_-_2022_-_final_version.pdf

¹² https://eprints.whiterose.ac.uk/136236/1/MHCLG_Green_Paper_Review.pdf

¹³ <https://www.gov.uk/government/publications/areas-of-high-affordability-pressure/list-areas-of-high-affordability-pressure>

¹⁴ <https://www.ucl.ac.uk/bartlett/construction/sites/bartlett/files/double-or-quits-september-2020.pdf>

¹⁵ <https://obr.uk/forecasts-in-depth/brief-guides-and-explainers/public-finances/>

promotion of owner occupation as a tenure through shared ownership and other affordable models, rather than on the wellbeing and financial situation of the people opting to live in this sub-tenure.¹⁶ Another point here is that, despite significant policy support over a sustained period, the various models of affordable owner occupation have not established a very significant presence in the UK housing market.

In 2019, the last stable point before the effects of the pandemic, England built 34,220 mainly affordable homes and a small number of social homes. In 1980, the figure had been 94,140, mainly social (council) homes and in 1954, 207,730 social homes, most of which were council housing, had been completed (the postwar peak).¹⁷ A significant proportion of formerly social housing has been bought by private rented sector landlords, by some estimates approaching 40% of ex-council homes were in the private rented sector by 2017, with levels increasing over time.¹⁸

Section 106 arrangements have been subject to criticism. Low cost home ownership and other affordable housing has not been developed at the rate that was intended. Developers have often argued that economic viability of new housing sites is a reason for reducing provision of affordable homes, i.e. arguing that a local authority is requiring too many affordable housing units for the development to be profitable, or using those same arguments to not develop any affordable housing at all.¹⁹ In the Spring of 2022, there was discussion of replacing Section 106 arrangements with an infrastructure levy, with developers paying a local authority a set amount for each new development, money which could then be used (among other things) for development of affordable homes.

Estimates vary, but there is widespread acceptance of a situation in most of England and the wider UK has a significant shortfall in social and affordable housing supply. It has been argued that 145,000 affordable and social homes are required each year and that some 1.6 million households have housing needs that would be best met by social housing in England, who are currently living in the private rented sector and other tenures.²⁰ The Housing, Communities and Local Government Select Committee published findings from its building more social housing inquiry in 2020, endorsing the argument that England needed at least 90,000 social homes a year.²¹

The private rented sector (PRS) grew as housing related benefits replaced subsidy and grants for new social housing development as the main means to enable lower income households to afford housing costs. Reliance on the PRS among lower income households, including in relation to local authority discharge of

¹⁶ https://www.york.ac.uk/media/business-society/news/2022/55103_Affordable%20Homes-Policy%20Brief-22_v3.pdf

¹⁷ Source: ONS.

¹⁸ <https://www.insidehousing.co.uk/insight/insight/revealed-the-scale-of-ex-rtb-home-conversions-to-private-rent-53525>

¹⁹ <https://www.cchpr.landecon.cam.ac.uk/system/files/documents/Update-Report.pdf>

²⁰ <https://commonslibrary.parliament.uk/research-briefings/cbp-8963/>

²¹ <https://commonslibrary.parliament.uk/research-briefings/cbp-8963/>

homelessness and prevention duties, has steadily increased.²² Housing related benefits will accounts for £23.4bn of central government expenditure at UK level, equivalent to 157% of the annual budget for DLUHC and 57% of the Defence budget for 2022/3.²³ Approximately 5.6m people were on Universal Credit in January 2022, with numbers having already fallen, as more individuals and households returned to work as pandemic restrictions eased, approximately 1.2m of whom were working part-time or in low wage jobs.²⁴ These figures include both tenants in the PRS and social housing who are eligible for housing related benefits. The data have not been updated for some time, but in 2018, some 29% of housing benefit claimants were in the PRS (1.2 million households).²⁵

The expansion of the private rented sector might be described as both planned and unplanned. There was deliberate policy to increase the PRS to create greater flexibility in housing options and in turn, facilitate greater labour mobility, however the tenure has been seen as being increasingly problematic, both in the sense of being expected to take on roles for which it is not well suited, i.e. as an often unsuitable substitute for affordable/social housing and in relation to the quality and value for money on offer.²⁶ Another important issue here is that there is not a single PRS, both in the sense that there is marked variation in what the PRS is like, including the degree to which it is present in local and regional housing markets and because the sector is highly stratified. Much of the PRS is not accessible to lower income people, who are both working and/or reliant on benefits and it can be occupied by people who, when house prices were relatively much lower, would have been able to buy their own homes. Concerns have been raised about the lower end of the PRS, which is open to people on low incomes and/or benefits, but which often presents problems with poor standard accommodation.²⁷

Most local authorities in England have a local housing company (LHC). LHCs do not exist in one form, nor do they serve a single purpose and some authorities operate more than one company. All are arms-length commercial organisations owned wholly or jointly by local authorities. They can be used for development, for housing management, for purchasing section 106 properties and for purchasing housing for rent. Councils can use these companies for entering into joint ventures for affordable housing development, which can increase resources and reduce risks. The merits of LHCs are debated, with some arguing that they represent an effective route back to

²² <https://nationwidefoundation.org.uk/wp-content/uploads/2018/09/Private-Rented-Sector-report.pdf>

²³ <https://www.newstatesman.com/chart-of-the-day/2022/11/uk-spending-housing-benefit-government-departments>

²⁴ <https://www.gov.uk/government/statistics/universal-credit-statistics-29-april-2013-to-13-january-2022/universal-credit-statistics-29-april-2013-to-13-january-2022#people-on-uc-header>

²⁵ <https://www.gov.uk/government/statistics/housing-benefit-caseload-statistics#full-publication-update-history>

²⁶ <https://nationwidefoundation.org.uk/wp-content/uploads/2018/09/Private-Rented-Sector-report.pdf>

²⁷ <https://nationwidefoundation.org.uk/wp-content/uploads/2018/09/Private-Rented-Sector-report.pdf>

affordable/social housing development for local authorities in England²⁸, others that their effects are (as yet) marginal, because completions of new affordable/social homes remain very low. Others who assert that LHCs are designed to generate profit, so that local authorities can cross-subsidise their essential services in a context of seemingly endless cuts in funding, and are not really making a significant contribution to reducing housing need.²⁹

Data North Yorkshire describe the County as having often unaffordable housing, with someone needing to find the equivalent of 9.7 times the average salary to afford to buy a home, based on 2015 data, with that situation having worsened since that point. North Yorkshire is not one housing market, but many, with Harrogate having the most overheated housing markets, in terms of owner occupation and private renting, while areas like Selby and Scarborough have tended to be cheaper, although housing is still expensive to rent or to buy relative to local incomes.³⁰ The *York, North Yorkshire and East Riding Housing Strategy Review 2021-23*³¹ notes that average house prices reached £242,000 as at May 2021, with median private sector rents at £622 (as at September 2021), while median incomes were around £23,000.³² Homes are being built in North Yorkshire, with 31,688 being completed between 2015/16 and 2020/21, with all the current local authorities in North Yorkshire actively pursuing targets to maximise new developments, but, as the strategy review notes, both the owner occupied and private rented sector markets are generally inelastic and overheated.³³

Key points

- Controls on land assembly for affordable/social housing development exist across the planning system. Perceptions vary as to whether and to what extent these controls are seen as protections or barriers, but there are nevertheless multiple hurdles facing most affordable/social housing development and housing development in general.
- Sale of existing social housing stock and the privatisation of financing for the development of new affordable/social homes has significantly cut both the existing supply and the new development of affordable/social housing in England over the last 40 years. There is widespread acceptance of a significant, sustained shortfall in affordable and social housing supply relative to need across the housing sector.

²⁸ <https://www.smith-institute.org.uk/wp-content/uploads/2017/10/The-rise-of-local-housing-companies.pdf>

²⁹ <http://www.gmhousingaction.com/a-new-municipalism/>

³⁰ <http://www.datanorthyorkshire.org/JSNA/articles/housing-summary-report/>

³¹ http://nycyerhousing.co.uk/data/documents/NYNER-Housing-Strategy-Review-2021-to-2023_2.pdf

³² http://nycyerhousing.co.uk/data/documents/NYNER-Housing-Strategy-Review-2021-to-2023_2.pdf

³³ http://nycyerhousing.co.uk/data/documents/NYNER-Housing-Strategy-Review-2021-to-2023_2.pdf

- Innovations including the development of affordable home ownership and the creation of Local Housing Companies have not addressed the fundamental shortfalls in affordable/social housing supply.
- Overall supply of new housing, including development of new owner occupied housing, is generally seen as falling well short of the levels needed to address wider housing need.
- While expansion of the private rented sector has been encouraged over time, the tenure has become seen as becoming problematic in some respects, because of rapid rent increases, sometimes poor standards and use as an unsuitable 'substitute' for affordable/social housing.

Sustainability

UK policy and, increasingly, shared global targets for massive reductions in carbon dioxide emissions and moves to renewable energy will create significant changes in how housing is built and, through retrofitting, to the existing housing stock in North Yorkshire. At the time of writing, resistance to renewables, thermal efficiency and even to the science of climate change remains significant, but as the recent UN reports³⁴ and COP meetings³⁵ have shown, the global mood is shifting. Sustained evidence of sea-level rise³⁶ suggests that, unless mitigated, the climate crisis could mean that significant areas of North Yorkshire are subject to frequent flooding and, by 2100, possible inundation by the sea.³⁷ The most likely scenario is that there will be changes to North Yorkshire's housing supply that will produce marked changes in its characteristics, both in terms of the existing stock and new build housing.

Smaller, passive and perhaps ultimately regenerative homes will start to be built in greater numbers. While design guides can be produced that can help adapt these new types of building to North Yorkshire's existing built and rural environments, they will not reflect traditional housebuilding techniques or architectures in the region. Equally, retrofitting will change the indoor and external appearance of existing homes, some of this may be handled by keeping modifications as discrete as possible, but the look and feel of the built environment in North Yorkshire may be subject to some change.

At the time of writing, the scale, imminence and meaning of the transitions to net zero and renewables has not yet been reflected in national or international policy. International targets are set at meetings like COP and domestic targets are also in place, but these targets are relatively distant, often beyond the point at which the parliament after next will have been elected. Initial guidance in support of the *Future Homes Standard*³⁸ in England came into force in June of this year, although the finalised standard will not appear until 2025, at which point a regulatory framework

³⁴ <https://www.un.org/en/climatechange/reports>

³⁵ <https://unfccc.int/process/bodies/supreme-bodies/conference-of-the-parties-cop>

³⁶ <https://www.bas.ac.uk/data/our-data/publication/sea-level-rise-2/>

³⁷ <https://coastal.climatecentral.org/map/9/->

[1.0806/53.9586/?theme=water_level&map_type=water_level_above_mhhw&basemap=roadmap&contiguous=true&elevation_model=best_available&refresh=true&water_level=1.0&water_unit=m](https://www.futurehomes.org.uk)

³⁸ <https://www.futurehomes.org.uk>

is supposed to be in place that will reduce household greenhouse gas emissions by 75-80% compared to recent practice. New homes will be supposed to be ‘zero-carbon ready’ by 2025.³⁹ Resistance has appeared among private sector developers complaining about higher building costs around much better thermal efficiency⁴⁰ and there are also pressures to change the nature of construction itself to a much lower carbon approach.⁴¹ There are concerns about ‘green gentrification’, i.e. that new homes which are more expensive to develop will be more expensive to buy and to rent, unless significantly subsidised through the public purse, with the same concerns expressed in relation to retrofitting to reach net zero, which often remains a pursuit of the economic elite.⁴²

UK housing stock is among the least thermally efficient in Europe. Analysis by the *Financial Times* in November 2022 estimated that living in energy efficient homes could save people in the UK around £10bn a year.⁴³ Most of the housing stock that people will be living in thirty years from now has already been constructed. The scale and cost of the modifications required to achieve significant reductions in emissions is not often talked about, but once the basics such as double glazing, loft insulation and cavity wall insulation (in housing where this is possible) have been dealt with, retrofitting to transition from high emission housing to net zero and ultimately to passive/regenerative housing is often far more expensive.

Inside Housing research has estimated that to retrofit the UK’s social housing would cost around £104bn (at 2020) prices⁴⁴, which across the UK as a whole, represents around 16.6% of total housing stock.⁴⁵ While significant elements of the remaining social housing in the UK are at least 50 years old and little social housing has been developed since the 1980s, it is the UK’s youngest tenure. The London Councils have estimated it will cost £49m to retrofit 3.9m homes to energy performance certificate (EPC) B standard.⁴⁶ The EPC is assessed for each home, which can be rated as very energy efficient (A) or not energy efficient (G). To reach an EPC-B rating, a home may have to have solar panels, solar water heating, high quality insulation and efficient lighting and heating, an EPC-B rated home should have low greenhouse gas emissions. EPC ratings have been criticised as both imprecise and incomplete by some research.⁴⁷ Some recent work estimated that retrofitting to the point of maximum available efficiency may cost around £69,000 per dwelling on average⁴⁸,

³⁹ <https://publications.parliament.uk/pa/cm5803/cmselect/cmenvaud/103/report.html>

⁴⁰ <https://www.ft.com/content/35c26a46-63ba-465b-9d28-cbd90b105943?shareType=nongift>

⁴¹ <https://committees.parliament.uk/committee/62/environmental-audit-committee/news/171103/emissions-must-be-reduced-in-the-construction-of-buildings-if-the-uk-is-to-meet-net-zero-mps-warn/>

⁴² <https://www.ft.com/content/84d4127f-deee-42b6-9843-e7a1adff3a7e?shareType=nongift>

⁴³ <https://ig.ft.com/uk-energy-efficiency-gap/>

⁴⁴ <https://www.insidehousing.co.uk/insight/insight/the-cost-of-net-zero-social-landlords-decarbonisation-plans-revealed-68497>

⁴⁵ <https://www.statista.com/statistics/804446/property-tenure-distribution-in-the-united-kingdom/>

⁴⁶ <https://www.londoncouncils.gov.uk/our-key-themes/climate-change/retrofit-london-programme>

⁴⁷ <https://www.sciencedirect.com/science/article/pii/S0301421519301867?via%3Dihub#tbl1>

⁴⁸ <https://www.nottingham.ac.uk/news/retrofitting-uk-housing-stock-for-carbon-neutrality-will-require-significant-investment-says-new-study>

equivalent to around one quarter of the value of an average UK home, or 219% of the average disposable household income for the financial year ending 2021/22.⁴⁹ Rapid inflation is currently increasing these costs, while disposable household incomes are often shrinking in the face of rapidly increasing energy bills and housing costs.

The economics of retrofitting are also not straightforward. Relatively significant expenditure can produce only minor reductions in energy bills, even before the current energy crisis occurred. Installing solar panels might, if the house is occupied all day, save in the order of £600 a year (based on October 2022 energy costs), but an installation might cost around £5,500, taking around nine years to pay for itself, but with a much longer return on investment if a home is, for example only occupied for a few hours a day.⁵⁰ Solar generation and other modifications are also only possible on some housing in some locations, e.g. it would be difficult to fit panels to flats or the lower floors of maisonettes. Installations of ground and air source heat pumps, with the necessary upgrades to

There are also major challenges around both sensitive and practical retrofitting of older buildings. Sometimes the costs may approach or exceed those of reconstruction and there are multiple sensitivities around retrofitting older buildings, particularly listed buildings with historic significance, although as discussed below, there are examples of flexibility and imagination in balancing heritage and sustainability. Guidance has been issued and research has been done, looking at the use of traditional materials and techniques, as some old and ancient buildings may perform better, as our ancestors understood how to keep their buildings warm and cool, using those materials and techniques than if they have inappropriate 21st century technologies bolted on them.⁵¹

Key points

- The implications of the shifts towards net zero, passive and ultimately regenerative housing are only just beginning to be realised, there will be profound effects on how new homes are developed and in relation to retrofitting existing housing stock.
- The effects on the cost of new housing development will be significant, but they are much smaller than the costs of retrofitting the existing housing stock, with most of the homes that will be present in the UK in 2050 already having been built.
- The economic gains and costs for individual home owners, private rented sector landlords and social landlords are not always obvious or straightforward, as full retrofits can take many years to pay for themselves and can be very expensive in relation to average household disposable incomes and property values.

⁴⁹

<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/householddisposableincomeandinequality/financialyearending2021>

⁵⁰ <https://energysavingtrust.org.uk/advice/solar-panels/>

⁵¹ <https://historicengland.org.uk/advice/technical-advice/retrofit-and-energy-efficiency-in-historic-buildings/>

- There can be particular challenges and costs in retrofitting older homes and those homes with specific historic significance, although these can sometimes be met imaginatively. Sensitivity to heritage and an awareness of the merits of traditional building techniques and materials for ensuring thermal efficiency are important.

The fusion of housing affordability and sustainability

Housing affordability

The Joseph Rowntree Foundation had calculated that over the course of 2017-20, the poverty rate⁵² for the Yorkshire and Humberside region was 21% of households, increasing to 24% of households after housing costs.⁵³ There is a broad pattern across North Yorkshire, as well as the wider UK, of house prices and private sector rents accelerating more rapidly than wage growth, including in the most affluent areas. Inelastic supply of housing⁵⁴ has kept house prices and private sector rents high, relative to typical earnings, even when external pressures, such as the 2022 interest rate rises, which created a downward influence on house prices, but which seem likely to only reduce prices to levels that are still unaffordable to many working people. In the meantime, rising interest rates have caused buy-to-let private sector landlords to increase rents which, again, is viable because tenants will pay very high rents in housing markets in which supply is inelastic.

Estimates of after housing cost poverty rates vary by tenure and by region. Across England:⁵⁵

- 46% of people in social housing are thought to be in after-housing cost poverty (situations of persistent low income)
- 33% of people in private rented sector accommodation are thought to be in after-housing cost poverty
- 15% of people who own their homes outright are in after-housing cost⁵⁶ poverty
- 11% of people who are buying their home are in after-housing cost poverty

Rightmove reported that average house prices were £217,680 across North Yorkshire (including York) in 2021, with detached houses having an average cost of £387,006 and terraced housing £154,940. Prices were 3% less than in 2020, but still 11% higher than in 2019.⁵⁷ Private sector rents have trended upward, as the affordability of owner occupation has fallen relative to income and supply of affordable/social

⁵² The most definition of poverty is an income of 60% or less the median equivalised net household income, i.e. just under two-thirds of the midpoint in net household income, used here by JRF but also widely employed by central government as the Households Below Average Income (HBAI) metrics: <https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2020/households-below-average-income-an-analysis-of-the-income-distribution-fye-1995-to-fye-2020>

⁵³ <https://www.jrf.org.uk/report/uk-poverty-2022>

⁵⁴ i.e. Supply is much more limited than demand and increases much less quickly than demand.

⁵⁵ <https://researchbriefings.files.parliament.uk/documents/SNo7096/SNo7096.pdf>

⁵⁶ All housing related costs are included in these figures.

⁵⁷ <https://www.rightmove.co.uk/house-prices/north-yorkshire.html>

housing has continued to trend downward. Increased demand for PRS housing has therefore come from what might be termed ‘opposite’ directions, from low income people who would have once been able to access social housing and from middle income groups who would once have been able to buy their own home. PRS housing in England increased from 10% of stock in 2001 to 19% in 2021 (falling slightly from 20% in 2017), while both owner occupation (69% in 2001, 64% in 2021) and affordable/social stock (20% in 2001, 16% in 2021) fell.⁵⁸

Across England, PRS rents have increased by 15.6% since January 2015 (as at October 2022), while in the Yorkshire and Humberside region, PRS rents had increased by 16.1% in the same period.⁵⁹ Rents in the PRS vary in their degree of affordability, in some areas they are relatively affordable compared to income and/or benefit levels, but in much of the UK, high PRS rents are associated with increases in after housing cost poverty. By some recent estimates, 27% of people in the PRS are in after-housing cost poverty.⁶⁰

Research published in the Spring of 2021 indicated that it is, on average, more expensive to rent in the PRS than to be buying a home with a mortgage in much of the UK. Data from the Halifax indicating that in December 2019, average rents overtook average mortgages. Much has changed since this research was done, but the basic point that the PRS remains relatively expensive, both when compared to affordable and (particularly) social housing *and* compared to owner occupation is important to note. In December 2020, PRS households were paying an average of £68 a month more than people with a mortgage across England. In Yorkshire and Humberside, an average PRS rent was £72 higher per month (£864 a year) more than the average mortgage.⁶¹ The barriers to owner occupation centre on house prices relative to earned incomes, securing a sufficient deposit and around households whose income is not predictable or seen as stable. As the labour market has changed, with more ‘low quality’ employment appearing, people who have short-term, insecure, zero-hours and/or multiple jobs are more prevalent, while households with a history of sustained, relatively well paid employment - that mortgage providers are looking for - are less common.⁶² Worries about job security, again linked to lower quality employment within a lower wage economy, can also stop people seeking mortgage finance.⁶³

⁵⁸

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1074411/Dwelling_Stock_Estimates_31_March_2021.pdf

⁵⁹

<https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/indexofprivatehousingrentalpricesreferencetables>

⁶⁰ <https://researchbriefings.files.parliament.uk/documents/SNO7096/SNO7096.pdf>

⁶¹ <https://www.which.co.uk/news/article/is-it-cheaper-to-own-or-rent-a-home-ahOA84f6KJwa>

⁶² <https://www.jrf.org.uk/report/making-jobs-work-improvements-job-quality-are-key-our-recovery>

⁶³ <https://www.bsa.org.uk/BSA/files/d1/d11410c1-d003-4702-99c9-c51da796e64e.pdf>

Fuel poverty

Fuel poverty has become much more significant as a driver of overall poverty and it is a direct function of the relative thermal inefficiency of the UK housing stock.

Whether or not a home is affordable is now closely linked to its degree of thermal efficiency, as much as it is to mortgage interest rates or what is happening in the private rented sector market. Maximising thermal efficiency is a way to effectively enhance housing affordability, reduce housing exclusion and reduce experience of poverty in North Yorkshire, indeed it is an *essential* component of the wider affordability strategy. Housing affordability and sustainability intersect, an affordable home has to be a thermally efficient home or the costs of running it will outweigh the benefits of lower rents and lower cost home ownership.

Figure 1 shows recent University of York estimates of the number of households who will experience poverty, after both housing and energy costs, by region. As noted, approximately 24% of households are estimated to be in after housing cost poverty in the Yorkshire and Humberside region.⁶⁴ When energy costs at October 2022 are added to these data, the estimated projection is that 38% of households in Yorkshire and Humberside will be in poverty after housing and energy costs.

Projections following the Autumn Statement suggest a potentially more worrying picture in the Yorkshire and Humberside region, allowing for pension and benefit increases, tax increases and the Energy Price Guarantee shifting from £2,500 to £3,000⁶⁵, for average household bills, in April 2023, along with the end of the £400 rebate programme. By these projections, some 21% of households will be spending more than 25% of their net income after housing costs on energy.⁶⁶

Equity in the distribution of thermal efficiency, i.e. making more thermally efficient homes available to lower income families and individuals, through retrofitting of existing homes and via access to new, affordable, sustainable homes is an important - housing related - anti-poverty measure in the ongoing cost of living crisis. While the Ukrainian war has caused unusual and extreme spikes in energy costs, it is important to note that fuel poverty is a longstanding issue in North Yorkshire, as is also the case in the rest of the UK.⁶⁷ Housing costs must now be considered alongside energy costs in delivering affordable homes in North Yorkshire, as the energy costs, alongside rent and mortgage costs, might be the element within the household costs that renders housing unaffordable.

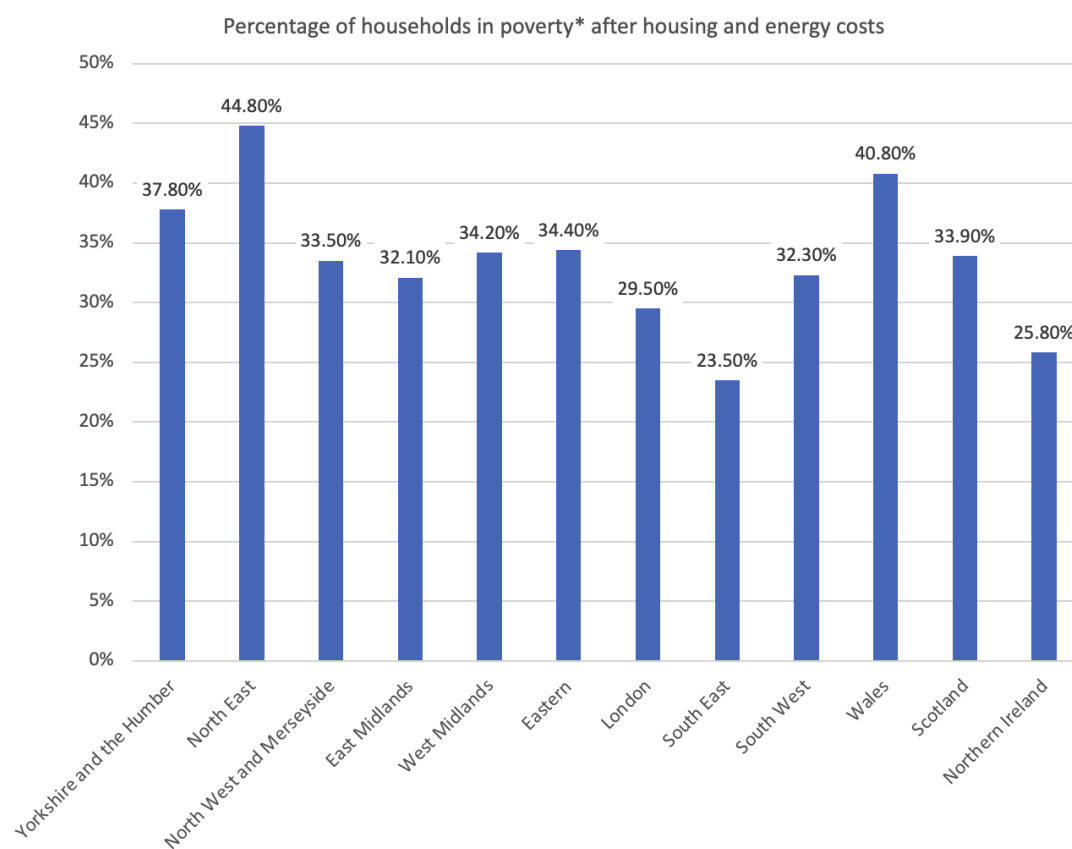
⁶⁴ <https://www.jrf.org.uk/report/uk-poverty-2022>

⁶⁵ Designed to keep average household bills within this range, not a price cap on the total amount that can be charged.

⁶⁶ Source: Antonia Keung and Jonathan Bradshaw, University of York, November 2022.

⁶⁷ Gillard, R., Snell, C. and Bevan, M. (2017) Advancing an energy justice perspective of fuel poverty: Household vulnerability and domestic retrofit policy in the United Kingdom. *Energy Research & Social Science*, 29, pp.53-61.

Figure 1: Estimated households in poverty after housing and energy costs by government office region (October 2022)



* Households with incomes below 60% of median net income after housing and energy costs.
Source: Antonia Keung and Jonathan Bradshaw (2022) University of York.

Government grants and subsidies to support greater thermal efficiency in housing and to enable homes to generate some of their own power through renewables (chiefly solar panels) have been significantly cut since 2010. By some estimates, a marked reduction in publicly funded support to improve home insulation that took place in 2013 will see home energy bills being some £1.5bn higher during 2022 than would have been the case had the same support as was available in 2012 remained in place.⁶⁸ In the 2022 Autumn Statement, some of this spending was restored and zero rate VAT set on solar and air/ground source heat pumps.

It is also important that the costs of retrofitting and developing new owner occupied, affordable and social housing to sustainable standards are equitably distributed. Families and other households living in the private rented sector will be faced with higher rents when private landlords are eventually – inevitably - required to retrofit to improve thermal efficiency and replaced heating systems with a high carbon footprint. The same issues might apply when landlords for affordable and social homes have to retrofit existing homes and develop new housing. Some homeowners while be able to retrofit in ways that enable them to preserve much of their existing

⁶⁸ <https://eandt.theiet.org/content/articles/2022/01/uk-households-to-lose-billions-this-year-over-2013-decision-to-cut-insulation-funding/> These estimates were produced in advance of the spikes in energy costs that happened during 2022.

lifestyle, without feeling a significant additional financial burden, while for others both the relative and absolute costs will be higher. An important variable here is the nature of the housing that someone is occupying, as costs for retrofitting, including the degree to which retrofitting is necessary, vary considerably between housing of different ages and types. Again, these concerns are sometimes expressed as a concern about green gentrification, i.e. that more sustainable, biodiverse and regenerative housing and neighbourhoods will command a significant price premium over degraded, thermally inefficient built environments.⁶⁹

Key points

- There is widespread evidence across England and the wider UK that housing supply is insufficient and that housing costs are rising faster than incomes. The private rented sector has increased in scale, both because there is less supply of affordable/social homes and because more middle income groups find owner occupation unaffordable. Access to mortgage finance has become more restricted in the UK.
- Housing affordability and sustainability have become very closely interlinked, as homes with inadequate thermal efficiency can be unaffordable to people on lower and middle incomes, particularly during the ongoing cost of living crisis.
- The cost of retrofitting existing housing and higher development costs for private sector, affordable and social housing needs to be mitigated. If the full costs are passed on to mid and lower income people buying and renting their homes, it might make their housing more unaffordable, even allowing that their energy bills should be relatively lower.

Second Homes, Airbnb and holiday lets

Data on second homes have not been updated since the pandemic began, but in 2018-19, it was estimated that around 772,000 households had second homes in England. Not all of this housing was in the UK, but 57% of second homes were, with 34% of second homes in Europe and 9% were located elsewhere in the World.⁷⁰ The importance of second homes, holiday lets and homes that are otherwise empty being used for Airbnb (and via similar online businesses) varies enormously depending on where in England and the wider UK is being talked about. There are villages in the Lake District, Devon and Cornwall where almost all the housing is owned by people and companies who are not residents. On the North Yorkshire Moors, the estimate is that 17% of housing contains no permanent resident and in some areas, such as the Parish of Fylingdales, which includes Robin Hood's Bay, the figure is closer to 40%⁷¹. The main issues identified around high level second home ownership are:

⁶⁹ <https://www.nature.com/articles/s41467-022-31572-1>

⁷⁰

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/898190/2020_EHS_second_homes_factsheet.pdf

⁷¹ <https://www.northyorkmoors.org.uk/about-us/press-office/press-releases/articles2/national-park-authority-supports-council-tax-rises-on-second-homes-as-it-looks-to-increase-availability-of-new-affordable-housing>

- Artificial inflation of house prices and rents
- Loss of viable and affordable housing options, either in terms of renting or buying for local people
- Undermining social cohesion, the creation of ‘ghost’ communities that have only a few permanent residents, which can potentially undermine the provision of education, health, social care and public transport services
- Arguments about whether the economic benefits of second homes, Airbnb and other forms of holiday lets outweigh the downsides, centring on the degree to which enhancements to tourism benefit the community and region.

Some of the UK’s national parks have used Section 106 agreements to introduce local occupancy clauses in new build developments⁷². There is also use of full or higher council tax rates being applied to second homes, including within North Yorkshire.⁷³

Meeting housing needs in North Yorkshire

This next section of the report explores initiatives that might improve housing futures in North Yorkshire, drawing on the experiences and opinions of key housing stakeholders who took part in focus groups across the region. Four focus groups with stakeholders were held over the Summer and Autumn of 2022, facilitated by North Yorkshire County Council and the University. Participants were told that their contributions would be anonymised, with the goal of enabling the stakeholders joining the groups to speak freely.

Modern methods of construction

Modern methods of construction (MMC)⁷⁴ encompass a range of non-traditional building methods. Sometimes this involves new materials, but the key difference is that several, or multiple, elements of new build housing are manufactured off-site. In broad terms, this means:

- Pre-manufacturing of the major elements of a home, e.g. the walls, floors and roof and the other structural elements used to assemble the house, as well as the smaller elements that go into a build.
- Housing is assembled on site from these manufactured components, a process that is designed to be less time consuming and labour intensive than traditional building methods. This can include approaches like structural-insulated panels (SIPs) which enable buildings to be very rapidly assembled from large components.⁷⁵

⁷² e.g. <https://www.lakedistrict.gov.uk/planning/applicationsanddecisions/occupancy-restriction-webmap> and <https://www.lawgazette.co.uk/practice-points/planning-blocking-second-homes-in-st-ives/5055252.article>

⁷³ <https://www.yorkshirepost.co.uk/news/politics/north-yorkshire-to-become-first-area-in-the-uk-to-enforce-100-mandatory-council-tax-premium-for-second-homes-3920710>

⁷⁴ <https://www.gov.uk/government/publications/modern-methods-of-construction-working-group-developing-a-definition-framework>

⁷⁵ <https://sipbuilduk.co.uk/what-are-sips/>

- Quality control can be exercised in a different way, as pre-manufactured components are developed in factory environments, which may be highly automated. This should ensure consistent thermal efficiency, sustainability and reduce the risk of snag lists⁷⁶ needing to be addressed following construction.
- Pre-manufactured housing can be partially assembled off site, i.e. modular housing.⁷⁷

A private sector modular development is underway in Portholme, Selby at the time of writing,⁷⁸ offering a mix of apartments and two and three bedroomed modular homes. Again, the gains from this approach are seen as being centred on consistent quality standards, a much lower incidence of snag lists and ensuring uniform standards of thermal efficiency, alongside savings from mass production techniques and reduced time and labour requirements on site.

Views on the use of this approach to address the housing challenges in North Yorkshire were mixed. Housing associations (registered providers) were sometimes already active in this field or were actively considering it, reflecting wider shifts in the ways in which affordable housing is being thought about at national level. While there have been recent difficulties with a modular housing company backed by Homes England going into receivership, a strategic focus on modular development to enable affordability remains in place in England.⁷⁹ For some developers, the potentially lower costs and consistency in quality that was promised by MMC was seen as attractive, as both development costs and customer dissatisfaction with minor faults in new build affordable homes were issues. As a factory built product, some housing associations saw MMC as a low risk option, both in terms of the construction process and in terms of satisfaction with the finished product.

However, there were some challenges surrounding the use of MMC. One issue was that it meant a housing association or other developer, including local government or the private sector, relying heavily on specific manufacturers and supply chains being stable in order for an MMC/modular development to work. If one element of that supply chain broke, there could be significant risks for developers. A specific issue here was that there was only very limited capacity within the region, which meant that material and labour with the required skillsets had to be shipped into North Yorkshire, over what could be considerable distances.

Related to this, the economic potential of MMC was seen as being underdeveloped within North Yorkshire. The concern here was that if MMC/modular development

⁷⁶ Faults in new construction are quite widely reported by new home owners in the UK, these can include significant issues including damp, as well as asymmetrical rooms, uneven floors and ill-fitting doors and windows <https://www.propertyreporter.co.uk/property/wonky-walls-and-mouldy-homes-the-most-common-new-build-snags-revealed.html>

⁷⁷ <https://www.legalandgeneral.com/modular-homes/news-and-insights/case-studies/selby-portholme-road/>

⁷⁸ <https://www.lifebuiltin.co.uk/places/portholme/>

⁷⁹ <https://www.insidehousing.co.uk/news/news/collapsed-homes-england-backed-modular-housing-firm-owed-creditors-19m-76145>

was going to play a significant role in addressing affordable housing supply and general housing need in North Yorkshire, money would flow out of the region, rather than contributing to sustainable development and high quality employment within it. It is worth noting that MMC pre-manufacturing can be organised near a site or in pop-up factories⁸⁰, which may present another way of approaching these challenges. However, pop-up manufacturing approaches would bring long-term economically and environmental sustainable capacity in MMC to North Yorkshire. At the time of writing, cross-laminated timbers (CLT) another MMC technique, are being actively marketed in the UK by Swedish manufacturers.⁸¹

Customer preference was also identified as an issue. MMC and modular homes were seen as in danger of becoming representative of a two-tier housing system, where they became the de facto standard for social and affordable homes, while people able to afford higher-end new build owner occupation could opt for more individual homes that were constructed on-site. One point here is that MMC/modular housing can often look very unremarkable, closely emulating the appearance of traditional housing albeit in a still more uniform way than is seen in new developments still using on-site construction. New build housing in the UK is rarely architecturally distinctive, and it has been argued that many newbuild developments are architecturally uninteresting and are not well-designed as built environments.⁸² MMC might be more attractive if it became a way to build more attractive homes and neighbourhoods. The points being made here all centred on whether, given the choice, North Yorkshire's population would actively opt for MMC/modular housing, even if it offered comparatively high standards and at comparatively lower cost.

The rural geography of North Yorkshire was seen as being a significant impediment to MMC/Modular construction. These systems were seen as designed for urban and extra-urban development, with the transport infrastructure able to handle bulk and outsize deliveries in place. This did not preclude some of the larger towns in the region, as was evidenced by Selby, but it meant that the most rural areas and smaller settlements might prove an awkward and expensive prospect for these systems, and that this awkwardness and expense might prompt those developing affordable homes using MMC/modular approaches to look elsewhere.

Geography presented another issue in the sense of the scale of affordable and other development that was needed in much of North Yorkshire. Here, the issue centred on the economic viability of a production run, in essence, running a factory to produce 150 homes offered a much better return on investment than the two or three affordable homes that might be needed in a small village. Added to this, where the heritage of an area made the physical appearance of new build housing an important

⁸⁰ https://www.cast-consultancy.com/wp-content/uploads/2019/03/MMC-I-Pad-base_GOVUK-FINAL_SECURE.pdf

⁸¹ https://woodcampus.co.uk/clt-handbook/?gclid=CjwKCAiAyfybBhBKEiwAgtB7fhdxaoMGqsI45dlVlol_BpywNaBboXFn_TEoc4ki3kAK9oG-1EFehoCfdkQAvD_BwE

⁸² <https://www.architectsjournal.co.uk/news/most-new-housing-so-poorly-designed-it-should-not-have-been-built-says-bartlett-report>

consideration, the planning requirements to modify the external look of a building, to ensure that it reflected architectural culture and norms of an area, was seen as representing a challenge to the uniformity of mass production that lay at the heart of an MMC/modular approach.

The concerns about the potential and limits of an MMC/modular approach for North Yorkshire centred on these techniques becoming increasingly important – and perhaps ultimately universal – in the development of social and affordable homes.⁸³ This was important because the UK and particularly England, is a largely urban society, with housing policy with nearly nine million people living in Greater London and 20 million in urban and suburban spaces along the M6 corridor. A national policy focusing on using MMC for affordable homes for these towns and cities, which assumed relatively large developments within areas with sufficient transport infrastructure, offering the volume and reduced construction costs MMC/modular approaches are modelled on, had limited utility for much of North Yorkshire.

Key points

- MMC and modular construction has started to be used in North Yorkshire, it can offer higher quality, consistency in thermal efficiency and reduced development costs.
- MMC/modular construction was seen as potentially vulnerable as it relied on supply chains that were situated largely outside North Yorkshire.
- There were concerns that shifting to this approach for social and affordable housing development, in the absence of a regional manufacturing and development capacity, would mean that economic development and jobs created by MMC/modular development would be largely outside North Yorkshire.
- Some concerns existed around whether people wanted these sorts of homes and a two-tier housing system in which affordable and social housing was manufactured, while much greater choice was available to more affluent households.
- The rural geography of North Yorkshire was seen as presenting some barriers. Sites were often relatively small and relatively difficult to get to. MMC/modular techniques tended to rely on a model that saw high volume manufacture of homes, delivered to larger sites which had sufficient transport infrastructure to handle the bulk and outsized deliveries required. The costs in making MMC/modular homes reflect the architectural and cultural heritage of much of North Yorkshire were also seen as a barrier to widespread use of what is designed as a uniform, manufactured product.

Community land trusts

Community land trusts (CLTs) are designed to give ordinary citizens the capacity to manage land in ways that benefit their own communities. Many CLTs are designed to facilitate development of affordable and social homes, but they can have other

⁸³ <https://www.housing.org.uk/our-work/building-new-homes/building-better/>

functions such as community enterprise or maintaining large areas of common land. The origins of the CLT approach are North American and they can involve collectives buying and sharing ownership of land, although in the UK they may be facilitated by local authorities, developers (including housing associations/registered providers) or potentially by private landowners. At the time of writing, around 1,100 largely affordable homes have been built on CLTs with several thousand reportedly in development.⁸⁴ Estimates vary, but on other measures there are around 300 CLTs in England, with over 20,000 homes in development. There were reported to be six CLTs in North Yorkshire at the time of writing, some of which had appeared quite recently.

Financing has been reported as erratic, with some CLT housing developments stalling because public funding, that was supposedly in place, evaporated⁸⁵. CLTs, once established, can theoretically act as developers for new homes, but may often resort to partnerships with housing associations in order to access development funding and expertise.⁸⁶ While CLTs have been expanding in scale and the scope of their activities, affordable housing development is heavily reliant on partnerships, because of challenges around the level and reliability of central government financial support and the scale of housing development is only quite small.⁸⁷ Alongside accessing financing to develop affordable homes, CLTs need to be able to acquire land before they can do anything, which can be done in partnership, but for CLTs to develop at any sort of scale, they need the capital required to buy the land on which to build.

CLTs in North Yorkshire include:

- The Upper Dales Community Land Trust⁸⁸
- Craven Community Land Trust⁸⁹
- Knaresborough Community Land Trust⁹⁰
- Lealholm Community Land Trust⁹¹
- Harrogate Community Land Trust⁹²

The scale of CLT development in North Yorkshire has, as elsewhere in the UK, been quite limited. A recent project involving the Upper Dales CLT has seen two new

⁸⁴ <https://www.communitylandtrusts.org.uk/about-clts/find-a-community-land-trust/>

⁸⁵ <https://www.insidehousing.co.uk/news/news/community-land-trusts-left-in-limbo-as-homes-england-funding-unexpectedly-stops-64857>

⁸⁶ For example see: <https://www.communityledhomes.org.uk/sites/default/files/inline-files/Partnerships%20between%20Community%20Led%20Housing%20organisations%20and%20Registered%20Providers.v5.1.mciic%20%281%29.pdf>

⁸⁷ <https://thinkhouse.org.uk/site/assets/files/2241/clt1020.pdf>

⁸⁸ <https://www.udclt.co.uk>

⁸⁹ <https://communityledhomesnyer.org.uk/2022/02/03/an-update-from-craven-community-land-trust/>

⁹⁰ <https://knaresboroughclt.co.uk>

⁹¹ <https://lealholmclt.org.uk/>

⁹² <https://www.harrogateclt.org.uk>

affordable homes being developed in the Yorkshire Dales, with local authority support.⁹³

CLTs could, in theory, go it alone as developers and attention was drawn to the Hudswell Community Charity in Richmondshire, which has provided affordable homes.⁹⁴ However, wider experience of CLTs in North Yorkshire was that they generally tended to only be able to function as a potential source of affordable or social housing if they established a partnership with a housing association (registered provider). From a housing association perspective, a CLT could take some of the risks out of development, centring on their being a mechanism for community engagement that meant that NIMBYism could be avoided and (likely) planning objections to affordable homes overcome. Community buy-in on affordable housing development was also seen as a mechanism by which development could be speeded up.

From a developer perspective, the perceived limitations of CLTs in North Yorkshire centred on scale, logistics and financing. CLTs were not seen as a mechanism by which high volumes of affordable and social homes could be delivered. Working with CLTs brought some advantages, because consultation and joint working in a co-productive way meant that development was more likely to meet with consent, and indeed active support, from communities. However, that process of co-production took often time, precisely because it was participative. Some developers reported that involving a CLT could mean it took longer to develop new housing, each new home often involved more time and effort than was the case for other forms of development and the numbers of homes per CLT development also tended to be smaller. CLTs were nevertheless seen as a mechanism by which small scale, affordable housing development could happen in the more rural areas and in the North Yorkshire Moors and Yorkshire Dales national parks, but their scale and access to finance was again seen as insufficient to enable them to act as a major engine for affordable and social housing development.

CLTs were seen as having to closely reflect the views of the communities in which they were situated in order to work well. It was also emphasised that community organisations could take a rather different form, with neighbourhood and village associations sometimes organising to block affordable and social housing development, or indeed any new housing development.

Building strategic support systems to orchestrate CLTs and facilitate affordable and social housing development was seen as a possible way forward. Attention was drawn to the Wessex

⁹³ <https://www.yorkshirepost.co.uk/lifestyle/homes-and-gardens/people-power-has-brought-two-affordable-homes-to-the-upper-dales-but-urgent-help-is-needed-for-communities-to-survive-3778644>

⁹⁴ <https://www.communityledhomes.org.uk/hudswell-community-charity-richmondshire>

Community Assets social enterprise model, which facilitates affordable housing development via CLTs across Somerset, Devon and Dorset.⁹⁵ This sort of community-led housing hub, which builds and orchestrates a regional infrastructure in which CLTs can pursue housing development, was seen as the sort of strategic initiative that could be facilitated in North Yorkshire. Again, CLTs were thought to be one element in increasing affordable and social housing supply, one which could have utility in rural areas and in the national parks, where development was small scale and community buy-in was important in facilitating development.

Key points

- Community land trusts (CLTs) have the potential to engage communities in affordable and social housing development, addressing potential barriers to these forms of housing development through co-production with communities.
- CLTs may be an effective route to developing affordable and social housing at a small scale in sensitive contexts, such as the most rural areas of North Yorkshire, including the North Yorkshire Moors and Yorkshire Dales national parks.
- Providing infrastructure and strategic support to CLTs, emulating models in other rural counties in England, could have benefits to North Yorkshire.
- CLTs were thought to be too small in scale to make a very significant contribution to affordable and social housing supply in North Yorkshire at present and developers reported that the process of working with CLTs, while it had benefits, could also be time consuming and relatively intensive compared to other forms of housing development.

Meeting challenges in Land assembly

Insufficient land supply was seen as the single most significant barrier to affordable and social housing development – and to housing development in general – by stakeholders working in North Yorkshire. This was seen as a national issue that needed a response at national level, but as one in which there was greater scope for North Yorkshire to work with partners, including Homes England, in assembling more land for affordable and social housing development. There was also thought to be scope in working with partners like the Church of England, who could be a route towards increasing land supply through the Church's own initiatives centred on addressing housing need.⁹⁶

The limitations of Section 106 and planned infrastructure contributions were highlighted as being too restricted to be likely to increase land supply. This area is revisited in the discussion of the potential impact of the North Yorkshire devolution plans below.

⁹⁵ <https://www.communityledhomes.org.uk/community-land-trusts-and-housing-associations-working-partnership-wessex>

⁹⁶ <https://www.churchofengland.org/sites/default/files/2021-11/COE%204794%20-%20C2%20AoHCC%20Full%20Report%20-%20V6.pdf>

Key points

- Land assembly was seen as the greatest barrier to larger scale development of affordable and social homes in North Yorkshire.
- While North Yorkshire could pursue specific initiatives and build new partnerships to increase land supply, structural reform at national level was thought to be the ultimately answer to the multiple challenges around securing sufficient land supply for new affordable and social homes.

Local housing companies

Local housing companies developed following a regulatory change in local housing authority financial arrangements. These changes allow a local authority to create a wholly owned company that can focus on housing development. A local housing company (LHC) can be a conduit through which new council housing can be developed, it can also build affordable, as well as social homes, or be used as a developer of full market price housing.⁹⁷ In 2021, it was estimated that more than 80% of local authorities had an LHC.⁹⁸ North Yorkshire County Council operates an LHC called Brierley Homes⁹⁹ which is focused on developing owner occupied housing at full market price. Profits from this sort of LHC can be used to provide additional income for local government services in a context in which local authority grants from central government have been falling steadily and significantly since 2010.¹⁰⁰

The financial model for LHCs was seen as placing some inherent limits on their role by stakeholders across North Yorkshire. Reference was made to the developments pursued by the City of York through its LHC, which were seen as having cut back on plans for provision of new social homes, as the financial model worked more efficiently for LHCs when the emphasis was on affordable housing. Land costs, combined with development costs, could mean that an LHC could not recover its costs rapidly enough, or at a sufficient level of profit to remain financially viable, if it tried to build social housing at any sort of scale. It was recognised that when, for example, a local authority owned land outright and development costs were more manageable this equation could change, but there was a view that the financial model for LHCs was somewhat skewed towards affordable, rather than social housing.

The further development of LHCs was also seen a potential distraction by some stakeholders, who reported that if the new North Yorkshire authority could enable better access to land supply and capital, the development networks for increasing affordable and social housing were already in place across the housing association (registered provider) sector.

⁹⁷ <https://www.socialhousing.co.uk/news/news/how-are-councils-using-companies-60903>

⁹⁸ <https://www.insidehousing.co.uk/news/news/more-than-80-of-councils-now-own-housing-companies-research-finds-71050>

⁹⁹ <https://brierleyhomes.co.uk/about-us/>

¹⁰⁰ <https://www.ft.com/content/a02f6864-1329-44d4-8ae2-f20579e9498c>

Key points

- Local housing companies (LHCs) have given local authorities new capacity to develop social, affordable and full market price housing.
- The financial model for LHCs was seen as skewed towards affordable homes, rather than enabling significant development of social housing.
- LHCs could add development capacity, but stakeholders questioned whether North Yorkshire could work more productively and strategically by enhancing the land supply and financial resources for the existing networks that develop affordable and social homes.

Meeting sustainability targets

Housing associations in North Yorkshire already have strategies for sustainable development and retrofitting of existing stock to achieve net zero across all their housing. This reflects a policy shift across the social housing sector as a whole in the UK, which has been in place for some years. However, some housing associations are arguing that they require additional financial support and a different financial model from central government, if these plans are to be fully realised.¹⁰¹

Economic viability was the main developer concern in North Yorkshire. Increased development costs and the financial viability of some retrofitting, i.e. the point at which a retrofit became more costly and resource intensive than a replacement build, were both raised as concerns. It was noted however, that the challenges around new build were in many senses smaller, with some private developers already having announced a strategy to only be building net-zero/passive housing, within 20 years.¹⁰² The real challenges were thought to lie in the bulk of the existing housing stock in North Yorkshire, which as in the rest of the UK, has comparatively poor – and too often very poor – thermal efficiency.

The challenges of retrofitting were seen as being centred on the scale, the cost and the logistical challenges. The scale was summarised in statements along the lines that, as in the rest of the UK, the bulk of housing that people would be occupying in North Yorkshire in 2050 has already been built and that a lot of that stock is already old. A lot of housing is over 50 years old, a significant proportion over 100 and there are considerable numbers of much older homes. The logistical challenges were seen as orchestrating retrofit and differential access to financial support.

A social landlord could operationalise a retrofit strategy, albeit that there might be challenges in financing it and delivering it at sufficient speed, across the whole of its housing stock. For private rented and owner occupied housing the challenges in meeting sustainability targets were seen as greater. A key issue here was thought to be that many people would struggle to afford the costs of bringing the housing they owned, as owner occupiers and/or as private rented sector landlords, to the required standards. Some groups like older people could be asset rich in the sense of owning

¹⁰¹ <https://www.insidehousing.co.uk/news/news/net-zero-costs-would-bust-most-housing-associations-without-extra-funds-claims-placeshapers-chair-74192>

¹⁰² <https://www.barrattdevelopments.co.uk/media/media-releases/pr-2020/pr-29-06-20>

their homes outright, but lack the savings or the income to retrofit, or enough income to secure the bank loans that would be required. For many people, struggling at the margins of owner occupation even prior to the cost of living crisis occurring at the time of writing, the costs of retrofitting were thought to be prohibitive. Ensuring a strategic response to the challenge of retrofitting, which also included ensuring that people with sufficient funds would also to pursue retrofitting, was seen as very difficult.

Initiatives in retrofitting were noted, such as the North Yorkshire Home Efficiency Fund¹⁰³ which is an £8m fund for retrofitting, covering costs of up to £25k a home. Initiatives like this were seen as vital for lower income households, which in this instance was accessible to households with an income below £30k, or relying on means tested benefits. Broadacres Housing Association have for some years been working to retrofit and decarbonise their housing stock, with around 10% of homes already heated via air source heat pumps and plans to improve thermal insulation across all their housing.¹⁰⁴ However, the overall scale of activity was also seen as small in relation to the scale of the challenge around retrofitting.

International and national initiatives, such as community led (including CLT) initiatives around improving communal thermal efficiency, were noted by the stakeholders, including situations in which local and regional government enjoys relatively greater resources and autonomy than is the case in England. Again, current resources were thought to be too small relative to the challenges and a more focused and better funded response from central government was thought to be necessary.

Key points

- Achieving net zero and passive housing standards in new developments was thought to be achievable, although housing associations (registered providers) might require some additional support to fully realise their plans within an relatively short timeframe.
- The challenges around retrofitting existing housing stock, which will form the bulk of housing available in North Yorkshire in 2050, were thought to be much more significant.
- Strategic programmes for retrofitting across the private rented and owner occupied tenures were thought necessary by stakeholders in North Yorkshire. This was seen as a process that could be supported by the new North Yorkshire authority, but which was seen as ultimately reliant on a much more focused and much better resourced policy from central government.

Balancing heritage, sustainability and housing need

Stakeholders reported some tensions between new development, retrofitting and the protection of North Yorkshire's heritage. However, from those stakeholders involved in heritage preservation, there was a perception that the systems for protecting

¹⁰³ <https://www.northyorks.gov.uk/north-yorkshire-home-efficiency-fund>

¹⁰⁴ <https://www.broadacres.org.uk/air-source-heat-pumps/>

buildings, views and the culture and history of North Yorkshire were actually more flexible and agile than was generally realised.

For stakeholders concerned with heritage protection, a tendency to retrofit using modern techniques was one of the largest concerns. Both in terms of heritage preservation, but also in terms of ensuring ancient buildings were as thermally efficient as possible, it was often seen as most productive to use the same construction techniques and building materials as were originally employed. For example, an old or ancient building retrofitted, or sometimes only just restored, to improve thermal efficiency using the original construction techniques could be more breathable, less damp and retain heat better than if new, incompatible technologies, like 21st century glazing units, were bolted onto it. Older buildings could also be inherently more efficient than the brick built nineteenth and twentieth century housing that was constructed on an assumption of near-limitless consumption of cheap coal, gas and electricity would mean there was never going to be a need to consider thermal efficiency. For example, a much older building might often have been deliberately sited and designed to maximise solar gain during the day, keeping it warmer by building it in synchronisation with the surrounding environment.

One important issue identified here was a lack of the skillsets and training needed to restore and retrofit the built heritage of North Yorkshire. This has been identified as a serious issue in relation to the UK's built heritage as a whole¹⁰⁵, but the potential for employment and sustainable economic development, in what might be termed heritage retrofitting in North Yorkshire, was viewed as not receiving enough attention. Individual retrofitting initiatives in North Yorkshire, including the Scarborough *Hitting Hard* project¹⁰⁶ focusing on stone homes and Victorian terraces, were mentioned favourably, but in the context of significantly greater resources and more strategic coordination being needed.

Innovations like ground and air source heat pumps and solar panels, which changed the outside appearance of heritage buildings, could be accommodated in many instances through locating them in places in which they were not easily visible. Equally, while new developments had to be carefully sited and carefully designed so that they did not damage areas of natural beauty or change the appearance of a historically important built environment, they were not simply prohibited. There was also flexibility in use of materials, so while a listed building might need to use Yorkshire slider windows so as to not change its appearance, there was no automatic prohibition on using discrete modifications to enhance the thermal efficiency of those windows, nor did a house being a Grade I listed building require that any replacement stone came from the original quarry, rather than just being the same type of stone.

This said, there were some areas in which retrofitting, new build and heritage policy could be at an impasse. There was limited flexibility around what could be done to

¹⁰⁵ <https://historicengland.org.uk/content/heritage-counts/pub/2019/skill-gaps-needs-in-the-heritage-sector-pdf/>

¹⁰⁶ <https://www.scarborough.gov.uk/privacy/hitting-hard-project>

Grade I listed sites, which have special significance and in relation to Grade II listed housing, which is again of considerable historic significance. A Grade III listing, which forms the bulk of listed housing in England¹⁰⁷, also had meaning and placed limits on how a building could be modified and what could be done to the surrounding environment. When people owning listed buildings approached local government and other heritage officers for help, they were not allowed, or able, to recommend appropriate builders, which meant that problems could arise once modifications or repairs were completed. Some of the issue here was again a lack of capacity in heritage restoration and retrofitting in North Yorkshire. Change of use could also represent some challenges, but successful examples, such as the conversion of former cotton mills in West Yorkshire and Lancashire, were referred to as examples of how heritage buildings could be brought back into productive use.

Design codes, which have been adopted at regional¹⁰⁸ and national level in England¹⁰⁹, place considerable emphasis on community consultation and emphasise the protection of the built and natural environment, alongside a concern with ensuring sustainability, were seen as potentially useful. This could help in setting frameworks for new build and retrofitting projects, providing guidelines that might help overcome at least some potential problems with planning permission.

Second homes, Airbnb and holiday homes were seen as an issue in maintaining the heritage of North Yorkshire. One issue was that homes which were not occupied and often run, at least part time, as businesses could be subject to serial restorations and retrofits, being revamped every time they changed ownership, which could be every few years. Primary residence requirements were seen as important in stopping villages from ceasing to function as viable, self-contained communities, in itself a significant element in preserving and sustaining the cultural distinctiveness of North Yorkshire.

Key points

- Stakeholders reported that there was no need for automatic tension between heritage, new build developments and retrofitting, as compromises and discrete approaches could often enable plans to go ahead.
- The oldest buildings were often best restored and retrofitted using traditional techniques and materials, they were often more thermally efficient and resilient if this approach was used, rather than attempting to bolt-on 21st century technologies.
- Design codes were seen as potentially helping anticipate and overcome potential planning issues when new build and retrofitting projects were being contemplated on sites with significant heritage.

¹⁰⁷

<https://webarchive.nationalarchives.gov.uk/ukgwa/20170803102245/https://content.historicengland.org.uk/images-books/publications/guide-for-owners-of-listed-buildings/guide-for-owners-listed-buildings.pdf/>

¹⁰⁸ <https://www.essexdesignguide.co.uk>

¹⁰⁹ <https://www.gov.uk/government/publications/national-model-design-code>

- Second homes, holiday and Airbnb were seen as creating tensions around frequent changes of owner and accompanying, serial, refurbishments and retrofits and where they were most prevalent, as undermining the cultural heritage of North Yorkshire by changing the characteristics of towns and villages.

Exploring the potential of Devolution

At the time of writing devolution arrangements were for York and North Yorkshire local government reorganisation. The plans were to create a new unitary North Yorkshire Council, extending the powers of a local housing authority to the current North Yorkshire County Council. The devolution deal would also create a Mayoral Combined Authority (MCA) across City of York Council and the North Yorkshire Council.¹¹⁰ The exact form of this authority and the implications for housing development and retrofitting were not finalised at the time at which this report was being written. Some £12.7 million in additional finance for housing development was announced as part of the deal, across the financial years 23/24 and 24/25 as was a further £2.65m to support shared ownership or energy efficient developments.¹¹¹

‘Broad powers’ have been promised for the MCA to acquire and dispose of land to build housing, commercial space, infrastructure and promote growth and regeneration, but these powers had not been specified in detail at the time of writing. During the preparation of this report, the UK and, in particular, English government had undergone a period of unusual turbulence in which housing and development policy had been in an unstable state. Some uncertainty continues to exist around housing and development policy, levelling up agendas and devolution to local and regional government at the time of writing.

For stakeholders in North Yorkshire, the devolution process was described as having been in development for some time, with some affordable housing projects receiving support as pilots for the eventual MCA. These included affordable housing delivery pilots in Craven and Harrogate. Affordability and sustainability were seen as the core issues for the MCA to address, as has been repeated throughout this report, but the strategic implications of devolution were not yet seen as being clear. Stakeholders also reported that the process of actually finalising the devolution deal had felt comparatively rushed.

The levels of new funding for housing described at point of the announcement of the devolution deal in August 2022 were seen by stakeholders as being very low in relation to the need for affordable and social homes in York and North Yorkshire. There was seen to be a need for much more substantial, strategic level, investment in new affordable and social housing supply in the region. The amounts of funding, combined with an emphasis on owner occupation, including shared ownership, was

¹¹⁰ <https://www.gov.uk/government/publications/york-and-north-yorkshire-devolution-deal/york-and-north-yorkshire-devolution-deal>

¹¹¹ <https://www.gov.uk/government/publications/york-and-north-yorkshire-devolution-deal/york-and-north-yorkshire-devolution-deal>

seen as unhelpful in a context where the greatest need in North Yorkshire was for rented affordable and social homes. There was an uncertainty around the extent to which the new MCA would be able to secure land for development, but again, this was in the context of the nature and extent of the MCA's powers around land acquisition not being described, beyond the description that they would be 'significant'.

The devolution deal includes a pledge that York and North Yorkshire will be net zero by 2034 and will aspire to be England's first carbon negative region by 2040 and mentions the UK Infrastructure Bank as a possible source of support. Unlike housing development, no new money is pledged, although existing spending commitments on flood defence in York and North Yorkshire are reiterated in the description of the devolution deal.¹¹²

Stakeholders in both North Yorkshire and York reported wanting clearer powers to ensure more affordable and sustainable housing development and more resources to promote and deliver retrofitting. One challenge that was identified was around 'second steps' in retrofitting, which moved beyond the relatively simple process of adding loft insulation, double glazing and cavity wall insulation and towards more complex (and expensive) processes such as solid wall insulation and the deep retrofits needed to enable technologies like air and ground source heat pumps to work. There seemed to be no specific provision in the devolution deal, although again, the detail on which additional powers and resources might enable the next steps in moving towards sustainable homes had not been announced at the time of writing. It was thought that the kind of scale needed in new development, such as building 4-5,000 new affordable homes in the Vale of York, was unlikely to be facilitated by what was being proposed for the MCA.

Some stakeholders reported the view that running competitions for limited resources to de-carbonise social housing was not a clear national strategy, nor did it form a clear foundation for the ambition to move towards York and North Yorkshire being a carbon negative region by 2040.¹¹³ Stakeholders estimated that the new North Yorkshire Council will have around 4-4,500 council homes, the retrofitting bill for social homes in the Harrogate area, which has around 3,000 social homes, had apparently already been estimated at some £80 million. A recent exercise suggested that some £7 billion a year would be needed across England, which would save households around £430 a year each (at September 2022 energy prices). A full retrofit of England's existing housing stock, assuming that equivalent spend of £7 billion a year, has been estimated as likely to take around 28 years.¹¹⁴ Developments elsewhere in the UK, such as Welsh experimental investment in new ways of

¹¹² <https://www.gov.uk/government/publications/york-and-north-yorkshire-devolution-deal/york-and-north-yorkshire-devolution-deal>

¹¹³

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1114571/shdf-wave-2.1-competition-guidance.pdf

¹¹⁴ <https://www.insidehousing.co.uk/news/news/national-7bn-a-year-retrofit-plan-would-cut-430-from-households-annual-energy-bills-78245>

managing energy equity and thermal efficiency¹¹⁵, were noted as possible models by the stakeholders, dependent on the resource and powers that the new MCA had available.

Perhaps the biggest concern expressed by stakeholders was what would happen to existing expertise, networks and infrastructure in the partnerships between the existing district councils and housing associations (registered providers). Some of the stakeholders, both in rural North Yorkshire and in the larger towns and coastal communities described a situation in which they thought the capacity was in already place that, given the land supply and development capital it needed, could deliver what was needed. There were concerns that local knowledge, relationships built up over years and the expertise in understanding and working with communities across North Yorkshire might be lost in local government reorganisation.

There was thought to be a need for a bolder political and strategic vision for North Yorkshire in addressing the challenges around increasing affordable and social housing supply and retrofitting the existing housing stock. This opinion was given with the caveats that the full extent of the resources and powers of the MCA were not yet clear, but there was a reported sense, as one stakeholder put it, that millions would be available, rather than the billions that were needed to address housing need and sustainability.

Key points

- There are some uncertainties about the detail of the York and North Yorkshire devolution deal at the time of writing, in relation to resource levels and in terms of the additional planning powers that may become available.
- The main concerns centred on the new MCA having the capacity to facilitate development of social and affordable housing at a significantly larger scale and to being able to invest in retrofitting of the existing housing stock at a strategically meaningful level. Stakeholders expected the MCA to fall short, both in terms of increases to planning powers and in available resources, but as noted, it was not clear at the time of writing what the full extent of any additional powers or resources might be.
- Stakeholders emphasised what they saw as the strength and success of existing partnerships in developing affordable and social homes, arguing that these systems had local knowledge, close working connections and clear track records, alongside the capacity to perform better if they had access to more land and capital resources.

Ways forward

An agile and flexible approach

Allowing for the context in North Yorkshire and across England and the UK as a whole, it is clear that progress in increasing affordable and social housing supply,

¹¹⁵ <https://www.optimised-retrofit.wales/pathfinder-homes/>

alongside moving to sustainable development and successful retrofitting of existing housing stock, while possible, also faces a range of significant barriers. The three most important of these are land supply for new build, the capital investment needed to develop new affordable and social homes and, the most challenging of all, retrofitting the existing housing stock in North Yorkshire.

Locally led strategy, programmes and individual examples of innovation can all play an important role in addressing housing need and the sustainability of housing in North Yorkshire. As the *York, North Yorkshire and East Riding Housing Strategy Review 2021-23*¹¹⁶ notes, the goals need to centre on ensuring a good supply of affordable, decent homes, reducing the extremes of housing need, including homelessness and having wider strategies in place that enable housing to meet the needs of an ageing population. Alongside this, housing must become sustainable, within the broader target for the new MCA to eventually become a carbon negative area.

In practice, this means North Yorkshire must be able to house its most vulnerable and socioeconomically excluded citizens, ensuring every child has a decent home and that homelessness can be prevented or quickly brought to an end. North Yorkshire must, simultaneously, be an environment that offers high quality, high specification housing that will attract professionals who are planning to work from home for a significant part of their working week. The County must also be able to attract investors and start-ups who are attracted by the housing, by the quality of built environments and the natural heritage of a biodiverse region that is finding new pathways to sustainable development.

There is no single, simple answer. The challenges around housing futures must be tackled using an agile combination of relatively small initiatives and innovations, each one of which will address part of the challenges – and often only a small part of the challenges – that exist in ensuring the best housing future for North Yorkshire. Local government capacity is and will remain constrained as long as austerity, retrenchment and centralisation remain at the core of Westminster policy. The idea of a local authority compulsorily purchasing vast swathes of land, enabling new private sector, housing association development and building large amounts of council (social) housing has become unthinkable, even though it was happening on a routine basis before 1980.¹¹⁷

Equally, the idea of North Yorkshire being able to provide hundreds of millions in grant funding to retrofit existing housing, including specific support to ensure sensitive and appropriate management of the challenges in retrofitting the built heritage of the County, also seems almost absurd. Again, a mix of encouraging private investment and publicly funded grants to modify existing housing, alongside the development of new housing at much higher levels than have been achieved in recent decades, saw British housing standards steadily improve over most the

¹¹⁶ http://nycyerhousing.co.uk/data/documents/NYNER-Housing-Strategy-Review-2021-to-2023_2.pdf

¹¹⁷ <https://www.tandfonline.com/doi/abs/10.1080/02673039982597>

twentieth century¹¹⁸, whereas space and quality standards have been deteriorating in recent years.¹¹⁹

Simply saying there should be more planning powers and far more capital available to both develop new affordable and social homes, as well as retrofitting the existing housing stock in equitable ways, does not provide any sort of practical answer.

Equally, while it will be argued that devolution will increase planning powers and resources, which it is indeed designed to do, the level of those increases seems likely to look rather small in relation to the scale of the challenges. The answer, insofar as there is an answer, therefore seems to lie in looking at coordination of multiple, relatively smaller initiatives and innovations that, while they will not address the challenges of affordability and sustainability at a very large scale, nor using a single strategy, programme or model, have the potential to make an appreciable dents in the problems being faced.

One point here is that effective strategy should not and cannot be uniform.

Harrogate's housing challenges are not the same and cannot be addressed in the same way as those in Selby or Scarborough, while the challenges in the national parks and most rural areas of the County are again distinct. Of course, much more public investment and more planning control is needed in every type of area, but even if that somehow became available, the approach should still not be the same in each area. Policy also needs to be able to flex, adapt and respond in an agile way in individual cases, trying to retrofit a house from 1975 should not follow the same logic, use the same resources or take the same approach, as when a house was built in 1475.

Breaking this down a little, several points might be considered:

- There is no single tool or approach that will successfully address housing need or the challenges around sustainability of housing across North Yorkshire as a whole.
- Techniques seem likely to vary in their effectiveness, an MMC development of new affordable and social homes may be possible at the right sort of scale, with the right sort of transport infrastructure, in Harrogate or as has already happened, in Selby. MMC and modular approaches are unlikely to work in the most rural areas of the County.
- CLTs are reported to have potential to overcome negative attitudes to new social and affordable homes in areas with a rich built and natural heritage, because the process of consultation and co-production can facilitate community agreement to planning new homes and/or retrofit/pursue change of use.
- The realities of rural development mean that it often requires more time and more resources than building in towns or suburban areas, designing a specific rural housing strategy for the County, with specific resourcing, within wider housing strategy, seems a logical goal.

¹¹⁸ <https://www.ukhousingreview.org.uk/1999-2003pdfs/pub23339.pdf>

¹¹⁹ <https://journals.sagepub.com/doi/full/10.1177/00420980221121198>

- Specific expertise surrounding heritage buildings exists across the County, and again, there are distinct sets of needs and challenges here, which seem to suggest that a shared built heritage strategy, covering retrofitting and repurposing, should again be developed within broader housing strategy.
- It is important to sustain and build upon existing expertise and networks, which are much more likely to be fine-tuned to the challenges and understanding the best solutions in the different housing market and environmental conditions that exist across the County. Reorganising housing development, planning and heritage in a new authority should build on that foundation. Those already working in coastal communities, market towns and rural areas that exist across North Yorkshire are most likely to fully understand their housing needs and the potential solutions to those needs.
- Further use of LHCs needs to be carefully considered. One issue here is the mix between the benefits of full market-price and affordable and social housing development, but another is whether LHC development complements and supports existing development networks, or opens up new possibilities, or whether it is diverting resources away from existing networks that they could use with greater efficiency.

Tenure mix

The realities of a commodified, distorted, or in the words of central government, ‘broken’ UK housing market¹²⁰, need to be faced. Stimulating private sector development and private sector landlord activity in North Yorkshire will not, in itself, meet housing need. As has been illustrated time and time again, over decades in the UK and across the economically developed Global North, neither private sector development nor private sector landlords provide decent, adequate, *affordable* homes at a sufficient scale. While poor conditions in some social rented housing are being highlighted by central government at the time of writing, poor physical conditions are at least an equal issue in the lower end of the private rented sector and in some low income occupied housing. The private housing sector exists, primarily, to maximise return on investment and it often cannot secure what is regarded as a sufficient return unless it is charging high prices or high rents.¹²¹

Affordable housing, developed primarily through privatised finance by housing associations (registered providers) is less affordable in some areas than others. In areas with high prices and rents, setting affordable housing rents at something close to 80% of equivalent private rented sector properties still makes this housing unaffordable to many people. Equally, shared ownership/low cost home ownership models will not necessarily be affordable to many people, nor will small ‘starter’ owner occupied homes.¹²² Policy that has been pushing at the margins of owner

¹²⁰

https://committees.parliament.uk/publications/8354/documents/85292/default/https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf

¹²¹ <https://eprints.whiterose.ac.uk/136236/>

¹²² <https://www.jrf.org.uk/sites/default/files/jrf/migrated/files/poverty-housing-options-full.pdf>

occupation, seeking to minimise expenditure by the State on housing by maximising home ownership, has continually failed to address housing need over more than four decades. While significant public subsidy to develop social homes effectively ceased decades ago and has never recovered, expenditure on housing related benefits, including to many working people who are living in the private rented sector, has grown enormously. The UK spends more on housing benefit than on most government departments.¹²³

Market-led solutions are not, in themselves, going to work in addressing housing need nor in relation to sustainability. This is not to say the market does not have a role to play, for example in pursuing net zero in new build as part of its strategic planning or in introducing good practice standards in the private rented sector and finding innovative ways for private landlords to help meet housing need. However, the market is not good at delivering enough decent homes at an affordable price and what might be termed quasi market solutions, i.e. partially subsidised models like affordable housing and low cost home ownership, have not provided scalable solutions that can address housing need as a whole.

Alongside the ability of social housing to address housing need for low income groups and to meet the needs of people who cannot find adequate housing without this form of assistance because of support or treatment needs, there are other arguments in favour of greater provision of social housing. One of these is the beneficial role that social housing can play in economic and social development. Social housing, because it has affordable rents, makes lower and mid-income work pay, in the sense that households have sufficient, and often surplus, disposable income left after they have met their housing costs.¹²⁴ People with more disposable income are less likely to get into trouble, though still at risk, when unexpected financial challenges like very rapidly increasing energy bills occur, because of that financial position. If people can work in a range of professions and have a decent quality of life because their housing is adequate, affordable and secure, issues like ensuring communities have enough police officers, fire fighters, teachers and nurses and that those professionals are not having to spend lots of time and money commuting, can be addressed.

Equally, social housing can be built sustainably and retrofitted systematically. Developments of social housing like Goldsmiths Street in Norwich¹²⁵ have shown that new social housing can be attractive, affordable and passive. Environmental improvements flow from these sorts of development and they can, arguably, set standards and stimulate ideas about what is possible and desirable, positively influencing other development. Social housing can demonstrate through example and, in some respects, it represents the only effective means of addressing some forms of housing need.

¹²³ <https://www.newstatesman.com/chart-of-the-day/2022/11/uk-spending-housing-benefit-government-departments>

¹²⁴ <https://www.york.ac.uk/research/themes/social-housing-stereotypes/>

¹²⁵ <http://www.mikhailriches.com/project/goldsmith-street/#slide-2>

A mixed economy of housing can be desirable, but beyond this, stimulation and support for social businesses and social enterprises, in respect of development of affordable homes and new and more cost effective ways of retrofitting could prove beneficial to North Yorkshire. The private sector can, for example, behave in virus-like and destructive ways, as has been witnessed in some of the lower end of the private rented sector¹²⁶, but when directed, it can also innovate, pioneer and shift the landscape, providing new ways to address the need for affordable and sustainable homes. There is also scope for better regulation of bad practice in development and in the private rented sector by the new council.

Key points

- Large scale interventions, in terms of having the planning powers and funding to pursue major housing developments and major retrofitting programmes, are unlikely to be possible for the new North Yorkshire Council. It will have some new powers and some new funding, but these will remain relatively limited in scale and scope compared to the challenges of affordability and sustainability.
- Multiple, small scale projects and programmes will be possible and while the new authority will only be able to make some progress around affordability and sustainability, that progress can nevertheless be tangible.
- Different interventions are likely to have specific benefits in some areas of the County than in others. CLTs may be a particularly useful instrument in enabling affordable housing development in rural communities and areas with significant built and natural heritage, enabling planning to be agreed by working co-productively with communities. MMC may work best on larger sites with good transport links within or adjacent to market towns and some larger coastal communities.
- Existing expertise and relationships that have effectively pursued housing and affordable/social housing development in the County are important, reorganisation of local government should treat these as a foundation, rather than reorganising them out of existence. Any further development of LHCs should only be undertaken if it is adding something to these existing networks.
- Tenure mix is essential in an effective housing and sustainability strategy for North Yorkshire, beyond meeting the housing needs of low income people and those with support needs, social housing can have important economic and environmental benefits. Private sector activity can be beneficial, within a framework that encourages ethical practice, social businesses and social enterprises and discourages unethical and illegal behaviour.

¹²⁶ <https://nationwidefoundation.org.uk/review-into-private-rented-sector-raises-concerns-for-lower-income-renters/>