Suffolk’s Strategic Housing Role

A report by ResPublica for Suffolk County Council

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CONTENTS

1 INTRODUCTION AND BACKGROUND

This report aims to provide Suffolk County Council's senior leaders with greater clarity about how Suffolk’s shared ambition for growth can be achieved, identifying ways to accelerate the speed and scale of housing development across the county. Aside from the need for homes to meet existing demand, new housing is also intimately connected to the prospects for sustainable growth within the county: indeed, the Suffolk Growth Strategy recognises *“that the quality and range of Suffolk’s housing offer is key to the future prosperity of the county.”*

Drawing on the views of key stakeholders across Suffolk (ranging from County Council leads to District and Borough Chief Executives to business representatives), as well as a review of existing documents, we explore how the County and Districts/Boroughs can jointly exercise strategic functions, specifically those related to: economic development, planning, housing, council tax and business rates, transport and highways, in a more co-ordinated way. The report does not look to restate all the good work done on Growth and Housing in Suffolk, but rather includes references to and captures some of the most important elements of that work and concludes with a series of strategic options for the County Council and its partners to consider.

Although originally part of the work undertaken towards a Devolution Deal, the work completed looking to build a ‘non-statutory spatial plan (the Strategic Planning and Infrastructure Framework SPIF) provided a thorough spatial analysis of Suffolk’s opportunities for housing, growth and infrastructure investment. The task now is to develop a political and planning response to the analysis completed as part of this work, such that all partners proceed together towards a shared vision for Suffolk, re-establishing the ambition of the Devolution Deal, and making the Local Plan process greater than the sum of its parts.

In order to play its role, the County Council will need to demonstrate how it can contribute to housing growth alongside the Districts/Boroughs within the County, not least through infrastructure provision and bringing its land assets to bear. Importantly, explicit linkages between new infrastructure, ambitious housing delivery and accelerated economic growth will need to be drawn.

2 SUFFOLK'S GROWTH NARRATIVE

It is clear that Suffolk benefits from a number of economic, environmental and governance assets. It is particularly well-placed in a number of economic growth sectors; in its proximity to London and Cambridge; it has an attractive environment and good quality of life; and there is a recent history of public sector collaboration, with the relationships and structures in place to foster that into the future.

Responding strategically to these assets will be essential if the county is going to grow positively. To do so, there needs to be a shared vision for Suffolk that clearly articulates the kind of place that the partners believe the county should become in the coming decades, marrying economic dynamism with high quality of life, rooted in the natural and built environment. This growth narrative will be fundamental to a coherent approach to housing growth, and will need to encompass economic, as well as social and environmental factors.

Interviews with internal and external stakeholders found a clear and common understanding of the growth opportunities for the county, and this represents a solid foundation for a wider growth narrative. Furthermore, there is a common understanding that economic growth requires population growth. Stakeholders also shared a common understanding of some of the challenges Suffolk faces, not least in relation to the relatively older population profile of the county and the need to rebalance the county's age demographic, again implying a recognition of the need for housing growth beyond current population projections, the basis of the Strategic Housing Market Assessments (SHMAs).

Drivers of economic growth and key sectors

The Suffolk Growth Strategy, produced 5 years ago, represents a clear articulation of the economic prospects for the county and sets out a vision for what Suffolk wants to be, along with the rationale – the why, the how and the potential benefits. That strategy went on to inform the strategy of the New Anglia LEP, so it is perhaps unsurprising that its analysis is reflected in the priorities identified by stakeholders. However it is striking that these priorities have been internalised widely across the county and that in itself is a reason to be optimistic about the potential for creating and embedding a shared growth narrative.

One of the key advantages identified by stakeholders was the county's proximity to London, Cambridge and Norwich – although it should be noted that poor transport links are cited by many as a drag on maximising this benefit (infrastructure is dealt with in the next section). But a number of industrial growth sectors were also common to all interviewees:

- *Logistics:* Suffolk is home to a number of international gateways: at Felixstowe (the UK's busiest container port), Lowestoft and Ipswich. Felixstowe itself is at one end of the A14 corridor, and the East-West rail line, which makes this corridor the bedrock of growth for the county. Given that Felixstowe's trade is primarily global, rather than with the EU, Brexit is less of a threat and indeed might be an opportunity if the Kent ports become heavily congested following Britain's exit from the EU.

- *Energy:* The development of Sizewell C provides an anchor for the much wider potential of the Energy Coast, with opportunities for growth around the offshore wind industry, as well as medium term activity in decommissioning North Sea oil infrastructure (and indeed earlier phases of Sizewell).
- *Information technology:* BT's global hub for innovation at the Adastral Park campus in greater Ipswich, supports a wider supply chain of over 100 high-tech companies that could grow rapidly. However, agglomeration around the hub is being hampered by recruitment problems, which could be helped by a better housing offer in Ipswich and surroundings.
- *Agri-tech and life science:* The A14 corridor is already home to high-value manufacturing, including food production, with an agri-tech cluster centred around Sudbury. There is also a cluster of life science businesses further west, with Newmarket's equine bloodstock sector and bio-manufacturing around Haverhill, which have the potential to tie into the biotech cluster around Cambridge.

Other important growth sectors include the *cultural and creative industries* (especially in Ipswich and on the coast around Snape Maltings and Aldeburgh festival), *financial services* (especially insurance), *tourism*, and *health and social care*, where the adult social care market within Suffolk is worth around £500 million and provides thousands of flexible jobs. The health and social care sector is, however, quite fragile, with lots of churn within the provider market. For example, anecdotal evidence suggests that property prices have made a number of residential care providers exit the market, selling their property for greater return.

3 KEY INFRASTRUCTURE NEEDS FOR COUNTY

Significant progress has been made in recent years in developing the county's infrastructure assets. However, additional investment will be critically important to realising the economic growth potential of Suffolk.. Securing and co-ordinating infrastructure investment is widely seen as a crucial contribution that the County Council can make to facilitating housing growth.

Stakeholders are largely agreed as to the kinds of additional infrastructure investment that is most needed to unlock economic and housing growth[1], even if they had varying priorities for where that investment should fall. Typically, transport infrastructure was prioritised, usually in the road network, but broadband, education, and utilities were also cited.

- *Transport infrastructure*

A common view expressed during the research was that the priority should be the improvement of the road network, and especially the A14 corridor. The links to Cambridge (road and rail) need improving to avoid undermining the opportunity to link agri-tech and life sciences (especially around Newmarket) into the Cambridge biotech cluster and the route is also critical to the further development of Felixstowe, which has potential to deal with some of the freight displaced from the Kent ports following Brexit. In response, some stakeholders suggested that the A14 should be upgraded to an expressway or even a motorway. Improvements to the A12 are also seen as critical to realising the potential of the 'energy coast'. Improvements to the A12 are being sought as part of the mitigation package for the Nationally Significant Infrastructure Project Sizewell C. Finally, the proposed Ipswich northern route is also seen as a valuable and important addition, which will provide additional capacity to the A14 as well as ease congestion in Ipswich.

Rail infrastructure within the county is also underdeveloped, with particular problems around track condition, junctions and signalling and the reliability and condition of rolling stock. While links to London are good, capacity at Liverpool Street is constrained. The East-West line is regarded as requiring substantial investment to address deficiencies in order to improve the link to Peterborough and the East Coast Mainline, for commuter lines to Cambridge, as well as to increase the amount of freight carried from Felixstowe to Nuneaton. Conversations with officials in central Government suggest that there may be an opportunity for investment in the East-West rail link, to take freight off the road and increase total capacity along the corridor. This is alongside strong support for the road infrastructure, with the A14 seen as a priority by the County Council, Districts and Boroughs, the Chamber of Commerce and the Local MPs.

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[1] While stakeholders are clear that infrastructure investment is critical to unlocking both housing and economic growth, one did caution that it would need to be treated sensitively if it were not to risk an adverse impact of other parts of the local economy, notably tourism. Landscape, nature and wildlife are significant attractors for tourism, along with the relative peace and seclusion so close to London, and insensitive infrastructure could undermine this, as well as damaging both the ecology and quality of life of Suffolk. This concern does argue for a strategic approach to investment, again something for which the County Council is ideally placed.

- *Digital infrastructure and other utilities*

  While broadband within the county has improved recently, many stakeholders told us that it needs to be better yet if it is to support economic growth, as well as strengthening the residential offer. The aim should be achieving world-class ultra-high speed standards, particularly with regard to mobile digital infrastructure, which remains inadequate and is potentially hampering business growth.

  To support housing and economic growth, some respondents also highlighted the need for changes to the regulatory regime around energy infrastructure. The existing regulatory presumption of competition at all costs and demand-led interventions make it difficult for providers, working with partners and local government, to anticipate demand and provide for future need. Changes to this framework are unlikely in the near future, but some interesting examples exist of public authorities providing funding to bring forward infrastructure, tied to a payback mechanism. For example, in Norfolk, the Snetterton Heath Employment Area Electricity Upgrade Scheme, led by NALEP, is a £3.5m programme to upgrade the electricity supply to this important employment site, overcoming State Aid constraints to unlock future development.

- *Social infrastructure*

  Suffolk needs investment in social infrastructure as well as transport and economic infrastructure, including new schools and health and care facilities, even without significant housing growth. Many stakeholders highlighted challenges around skills and labour supply. While unemployment is very low and employment high, Suffolk has a lower proportion of workers with high-level qualifications than the national average. Uncertainty around Brexit affects Suffolk as it does most parts of the UK, although one respondent highlighted the fact that the county's labour market is relatively dependent on EU workers, and Brexit could further exacerbate the labour supply problem already faced by employers. Some of the social infrastructure requirements were included in the analysis towards a SPIF.

Investment for housing growth

The Suffolk Growth Strategy and analysis undertaken as part of work on a Suffolk growth framework suggests that Improving capacity and connectivity along the A14 corridor, whether by road or rail, is most likely to unlock the potential for housing growth. Furthermore, given this corridor is the critical axis for economic growth across the county, connecting many of Suffolk's assets, there is the opportunity to connect housing to jobs and prosperity. The proposed Ipswich northern route in particular could open up the potential for an additional 10-15,000 homes to the north of Ipswich. Some infrastructure could be funded locally, although current public finances make that increasingly difficult without additional resources and both road and rail improvements require commitment and investment from national bodies including DfT, Homes England and Network Rail, and a strategic approach to housing and economic growth is the best way to secure that.

4 THE NEED FOR HOUSING GROWTH IN SUFFOLK

There is a shared understanding of the need for housing growth within Suffolk, both to meet existing need and to support social and economic growth. Also apparent is a recognition that, along with direct benefits, housing growth brings 'halo' effects, both beneficial, such as increased Council Tax receipts, and challenging, such as increased demand for public services. And unlike some other counties, none of the District/Boroughs within Suffolk are sceptical about the need for housing growth. The challenge is rather one of balancing high level aspiration with practical delivery. Currently, Local Plans are being prepared as a tool to deliver the housing need across the county and the focus understandably is on getting the Plans 'over the line'. There is an agreed position across the county that Suffolk will deliver beyond its designated need; however, it is not clear how this will be achieved.

While all agree that the county needs to go beyond SHMA numbers, it is not clear how that will be achieved without a more strategic and analysis-led approach. A more accurate and nuanced analysis is needed, that goes beyond the work being undertaken as part of the Local Plan process; and an arbitrary, global number will not be sufficient to guide to the housing growth that Suffolk needs, much less its spatial distribution and links to infrastructure and economic opportunity. There is then a need for some form of spatial plan at the county level, firmly rooted in local delivery, which links new housing to a common vision for the kind of place Suffolk will become.

Reflecting on the county's current housing supply, some respondents to this research characterised the housing offer of Suffolk as being split between 'high end', large housing across the county, with some flats and starter homes within Ipswich, Lowestoft and Haverhill. Several told us that the main issue was that was too little stock in between. This is undoubtedly a reductive characterisation, of course, but many respondents, especially outside Ipswich, identified these features of Suffolk's housing offer as a barrier to economic growth, with an undersupply of high quality family homes in some urban areas and massive affordability problems in many other places: affordability ratios are as high as 1:10 in some parts of the county.

Housing supply and affordability constraints have a dramatic impact on recruitment, with business representatives telling us that this was hampering economic and employment growth. Recruitment difficulties exist across all sectors, but particular problems were reported at middle management level. This was noted as a factor in the west and along the energy coast, but in particular, the potential for employment growth around Ipswich is being limited by the supply of appropriate housing. Ipswich is severely under-bounded, with little scope for housing growth within the Borough beyond the SMHA numbers. To realise its economic potential, the town will need to grow as a conurbation, with new housing beyond its borders.

Affordability issues also have a direct impact on the County Council's social care services, not least in terms of recruitment constraints for care staff, especially agency carers, and the County has had tentative discussions with some Districts and Boroughs about designating some affordable housing for paid carers. There have also been instances where, because of high residential values, care home providers have left the market to covert property into housing, particularly in the east of the county. Housing affordability for families on the edge of care and for care leavers is a major driver of the need of additional, ongoing care. Similarly, affordability is a constraint on recruiting foster carers.

But it is not simply the supply of general needs housing that has an impact on the ability of the County Council to provide social care services: there is a shortage of specialist accommodation for clients across the county, both for children and adults. There is, for example, a gap of 800 'extra care' housing places across the county, particularly pronounced outside urban areas, with particular concentrations of unmet need in parts of Suffolk Coastal, Waveney and Babergh. This means that older people are being placed in residential care too soon, or with very expensive care packages in their own homes. For looked-after children, the priority is increasing the supply of residential accommodation in the urban areas, especially in Bury St Edmunds, Ipswich and Lowestoft. While the County Council has been able to commission small pockets of provision (accommodation and services) in recent years, the opportunity to mobilise County land for development in exchange for more extra care housing and other specialist provision has not been realised. In part this has been due a lack of clarity about what is needed where, a lack of capacity to bring forward sites and a failure to collaborate with local planning authorities at a detailed level. Interviews suggest that there is a willingness to collaborate in this way on both sides, but that the strategic assessment has not been undertaken and specific site-level conversations have yet to take place.

While the need for housing growth is understood by all parties, too little is being built, especially too little of the right housing in the right places. In the main, the barriers to housing growth aren't radically distinctive to Suffolk, but there are some specific features of the developer market that impede housing growth. Too few of the volume housebuilders operate in the county, in part because land owners have unrealistic expectations about land values compared with real land values, which undermines scheme viability. In addition, there are fewer smaller housebuilders in the county, because they lack the capacity for finding sites, and for scaling up development. Land is not brought forward and developers lack market incentives or capacity to develop sites. There is a crucial role for the public sector overcoming these barriers.

One response to the need for significant additional housing would be to establish a new settlement, a Garden Town, within the county. This is an approach being pursued in neighbouring counties such as Essex. There is general support for the idea among stakeholders, and it would represent a more strategic response, as opposed to simply relying on infill and modest extensions to existing settlements. It would also provide an opportunity to think more strategically about housing growth, justify significant infrastructure investment and demonstrate to government that Suffolk is serious about increasing the supply of housing.

County Council land holdings could play a significant role in influencing decisions about the location for a potential Garden Town and these land holdings should be assessed against objective criteria such as the Government's Garden Communities guidance. Our interviewees suggested a number of possible sites. For example, the County Council owns land near Mildenhall which has also been allocated in the Local Plan and is yet to be developed. Any decision for a new settlement or significant further growth could possibly extend from this allocation and should be developed on Garden Town principles and maximise economic growth opportunities given the proximity of the Cambridge cluster. Similarly, it was felt by some that the A14 corridor, if upgraded, could represent another possible location for a new settlement. And there was widespread support for the idea of a significant Garden Suburb to the north of Ipswich (unlocked by a proposed Ipswich northern route), supporting up to 15000 homes that would help the under-bounded County town to fulfil its growth potential.

However, while there are many good reasons for pursuing the idea of a Garden Town within Suffolk, it should not be seen as the solution in itself to the county's housing growth needs. With the best will in the world, such a settlement could not be realised for some years to come. A Garden Town is not a silver bullet, and indeed it could become a distraction from acting on other opportunities in the meantime. However, integrating the plans for such a settlement into a wider housing growth strategy could act as a catalyst for further development across the country, and provide a critical mass of resource and strategic thinking to underpin sustainable housing growth and to stimulate the developer market.

5 A STRATEGIC HOUSING ROLE FOR THE COUNTY COUNCIL

Realising the potential for housing growth requires a strategic, county-wide response. This kind of approach is essential if the right infrastructure is to be delivered and the potential for economic growth benefits are to be realised. Without a strategic approach, housing growth will come but it will be piecemeal, disconnected and fail to add real benefit to Suffolk's economy and quality of life.

In particular, Suffolk County Council needs to establish a clear position on housing, which recognises the particular part it can play in supporting local delivery. This can be achieved in part through the County Council mobilising its assets, not least its extensive land holdings. But the County Council also has a supportive and facilitative role to play in helping to promote consistency and complementarity across Local Plans, sharing perspectives, acting as a critical friend and helping partners to articulate a shared vision and identify the costs and the benefits of strategic housing growth.

- *Acting as convenor*

  A critical role for the County Council will be in drawing partnerships together and acting as a convenor. While the evidence suggests that the Districts and Boroughs within Suffolk are willing and able to think beyond their immediate 'patch', the County is well-placed to have an eye to the bigger picture, for example in balancing some of the competing needs and interests across the wider Suffolk area, e.g. urban/rural. The County also has a key role in connecting Suffolk with surrounding counties to bring a wider perspective to housing demand, infrastructure and economic growth.

- *Providing strategic intelligence*

  There is already a great deal of data around, held by the local authorities and other stakeholders, but converting this into county-wide insight and intelligence is critical to a strategic approach to housing growth. It is clear from the research that a more detailed and spatial understanding of the housing market is needed to guide strategic decisions, and the County is ideally placed, working with the Districts, Boroughs and the LEP, to play this important analytical role, bringing forward insight rooted in focused research. The Suffolk Office of Data Analytics (SODA) is starting to consider how it can support this work. Developing a strategic role in housing growth means linking housing and economic growth more explicitly and the County Council has the breadth of expertise to be clear about the benefits of housing growth in terms of strategic infrastructure, jobs, GVA and productivity.

- *Ensuring housing needs are met*

  Along with a thorough market needs assessment, there is work to be done in ensuring specific service needs, for social housing and specific client groups, are identified and are met as part of housing growth. The County, as a key service provider, commissioner and aggregator, holds valuable intelligence to guide investment decisions and to co-ordinate the provision of key social infrastructure, not least around education. The County also has a direct interest in ensuring that housing growth supports its key services, both for clients themselves and for care workers.

- *Provision and co-ordination of infrastructure*

  It was clear from interviews with stakeholders beyond the County Council that a key contribution that the authority could make to a strategic approach to housing growth is in securing and co-coordinating infrastructure investment. For the Districts/Boroughs, this role was positively to be welcomed, both in terms of the direct provision of investment in social infrastructure, such as schools, on the one hand but equally as a broker and aggregator of physical infrastructure, such as transport assets. The County has sufficient mass to facilitate relations with central Government and to enable cross-boundary investment.

- *Mobilising land holdings*

  Perhaps the single most compelling role that the County Council has to play in leading housing growth is in mobilising its extensive land assets to bring forward appropriate development sites. Some stakeholders felt that this was not always done as innovatively as it could be, although examples such as at Chilton Woods demonstrate what is possible where the County works proactively and collaboratively.

Barriers to a strategic role

While the role of the County Council in securing infrastructure investment and providing development sites through its land holdings is welcomed, the legitimate sensitivities of districts and boroughs should not be underestimated. There are varying degrees of ambivalence about the County Council taking on a strategic housing role, with one or two voices wary about the authority ‘muscling in’ on a function that they see as being the remit of the districts/boroughs themselves.

There is recognition that a great deal of work has taken place in Suffolk to strengthen County/District planning relationships including co-location of staff, development forums, pre-application service, etc. and the co-ordination and collaboration at a strategic level is strong.

Nevertheless, concerns remain about a relative lack of capacity at the County to deliver, and about the way in which the County supports the planning system, which one respondent felt caused unnecessary complexity and delay; there was a sense that the County needs to get further ahead of the planning cycle including the need to be more engaged at ‘plan making’ stage, rather than leaving too much detail to be resolved at individual scheme stage.

More fundamentally, there is a sense that ambition is not matched by delivery, despite strength of the bond between the tiers and genuinely collegiate relations. Many respondents told us that Suffolk works well together on new things, but less well on ‘business as usual’, and on translating the desire to collaborate into operational joint working. One respondent told us that the authority needed to *‘get the wiring right’*, transforming the working practices of the Council itself so that it could *'behave strategically as well as think strategically'*.

In developing a strategic approach, the County Council will need to adopt a more complementary role, bringing land and infrastructure and embedding a collaborative stance, rooted in a commitment to work in partnership. The model will need to be one of collective leadership, embodied in results. But there are already firm foundations for building such a leadership model, with a degree of frankness and trust apparent, that is able to withstand a change in personnel.

Governance arrangements

Collective leadership will require appropriate governance arrangements, but this does not mean new structures. Given the concerns that strategic collaboration does not always result in action, creating new structures would in any case be counter-productive. Fortunately, they are also unnecessary: there are already good structures in place within Suffolk that effectively bring the local government family together across tiers.

The pooling of business rates, and in particular the 100% Business Rates Retention pilot for 2018-19, is indicative of the potential for strategic collaboration. The approach is universally regarded as working well. Given that the current pilot is investing pooled resources to unlock growth that will in turn generate further increases in Business Rates income, there is scope for deepening this relationship to provide collective leadership for housing growth.

Similarly, some respondents to this research felt that strengthening the Suffolk Public Sector Leaders Group could see it evolve to provide the strategic governance framework for housing interventions. The Group should explicitly seek to develop itself in this way, ultimately becoming a *de facto* strategic authority, operating as a quasi-combined authority for housing, with constituent authorities delegating specific functions to it. Within this framework, a non-statutory structure plan would be achievable, with scope for a strategic spatial plan over time as concrete benefits emerge.

The idea of *'demonstrating by doing'* will be critical to developing a strategic leadership function. By working together with willing Districts/Boroughs through existing structures on specific sites and projects, bringing tangible assets, the County Council will be able to signal the benefits of the approach and over time develop collective leadership for strategic housing growth. Waiting for everything to be in place before doing anything will only reinforce the sense that collaboration does not result in action.

6 OPTIONS FOR DELIVERY

Many models for delivering housing growth exist and a number of other counties are embarking on a similar journey. Neighbouring Essex is engaged in an extensive Garden Towns programme, and Oxfordshire has negotiated a substantial Housing Deal with government. Both involved resolving often complicated relationships with District and Borough authorities, but both were able to leverage additional resources to support delivery capacity and infrastructure investment.

In Essex, each Garden Town is promoted through a partnership of the respective district councils and the county. For example, Harlow and Gilston Garden Town is led by a Board drawn from three district councils and two county councils, without a formal development corporation or other specific entity as yet in place. The project has limited scope to leverage funds or enable delivery beyond normal planning and highways authority functions and is reliant to a large extent on successful bids to access resources from the Housing Infrastructure Fund, and to become one of the 14 new Garden Towns and Villages in 2017.

Critical factors in securing Oxfordshire's Housing Deal are a good indication of what needs to be in place to secure this kind of support. The County was able to commit to significant additionality and acceleration of supply, of around 20 per cent over five years, and to demonstrate that everything was in place to ensure deliverability, especially around governance and alignment between the County and District councils, notably with work underway on a joint spatial plan. Securing the commitment of Districts was not straightforward, particularly around governance arrangements and in producing a joint spatial plan, but the prospect of significant funding for infrastructure was ultimately sufficient incentive to set these concerns aside. However, it should be noted that the view within MHCLG is that the Oxfordshire Deal is extremely generous and is unlikely to be repeated in the near future.

Aside from these Government funded programmes, a number of other models are available and each are considered here:

- *Joint venture investment partnerships*

  Suffolk already has recent experience of this kind of model. Barley Homes was established as a housing company, jointly owned with the 2 districts in the west of the county, in order to generate revenue through the disposal of land assets for development. The decision to withdraw from the arrangement, in part due to insufficient financial returns, should not prejudice pursuing similar approaches in future, but it will be essential before entering into such an agreement to be clear about expectations and objectives, focusing on a strategic housing role, rather than seeking simply to maximise land value receipts.

- *Land Value Capture models*

  Capturing the value uplift of land that accrues from bringing land forward for development and, importantly granting planning permission, is an important way to share the proceeds of development with the community that supports it. The principal existing mechanisms are

Section 106 payments and the Community Infrastructure Levy, but new models are being considered and, where the public sector is the land owner, the scope for generating long-term value from development is much greater. In Suffolk, the site at Chilton Woods near Sudbury, with a planned 1150 homes to be built over the next decade, is a good example, where in addition to capital receipts from the disposal County land, development will fund new schools, a household waste and recycling centre, highways improvements and other community benefits.

- *Urban Development Corporations*

  UDCs are a reliable model for delivering housing growth and bring with them significant additional powers and the ability to raise finance. Usually, UDCs require Parliamentary approval, but the Government has recently consulted on proposals to allow councils to establish Local Development Corporations in agreement with the Secretary of State and HMT, which make the process less onerous. However, UDCs can come into conflict with existing planning authorities and given the sensitivities of some of Suffolk's districts/boroughs, this option may well simply introduce unnecessary barriers to housing growth.

- *Local Place Partnerships*[2]

  LPPs represent a non-statutory approach to bringing all the actors in the housebuilding process to work for the same aim and overcome the barriers faced in the delivery, funding and planning of new homes, engineering the political will and private sector confidence to expand supply. Building on and improving the UDC and Housing Zone model, they provide a unique opportunity to introduce innovative funding mechanisms that can finance infrastructure projects, offering an attractive long-term option to international and local investment alike.

- *A Suffolk Housing Bond*

  The Housing Bond is a new delivery vehicle designed to significantly boost housing supply, by speaking to the fundamental problem affecting our housing market – speed and scale of build and delivery. Such a Bond (potentially in partnership with Housing Associations) could build for rent thousands of homes in Suffolk by acting as a guaranteed buyer within a certain time frame for those homes. Buying or rather ordering in bulk would reduce the initial costs and financing in bulk would stimulate the SME market to produce these homes to order at scale and in time.

  These homes, held for ten years and managed and tenanted properly, would on average provide a surplus of about 30% in value after a decade. This surplus could then be applied to any social end whatsoever, including creating home ownership extension schemes whereby up to a third of homes could be then sold to tenants for their value at the point of rental.

  Given the stability of rental return and the rising asset value of the scheme, private capital could be found to finance this approach. As part of this local model, Suffolk County Council

[2] https://www.respublica.org.uk/wp-content/uploads/2015/06/Devo-Home.pdf

would be able to leverage existing assets, such as land, and enhanced planning permission including early application to HIF funds to further advantage the project, and new approaches to land value capture and to Compulsory Purchase could make the Bond even more valuable.

By addressing the fundamental problems of speed and scale where developers must sell to a credit constrained market in order to release funding for the next house they build, this vehicle speaks to the fundamental constraint that the market operates under. After establishing local needs and agreeing a joint approach with partners, Suffolk County Council would then enter into pre-purchase agreements with developers, enabling them to proceed with secure funding already in place to deliver the homes, on a greatly accelerated timetable.

As part of this Suffolk Housing Bond model, a Board would be appointed to oversee investment criteria to determine the type and location of homes to be delivered. For example, the Bond could let 5,000 homes at a rent linked to the Government living wage; make 5,000 available to purchase in ten years’ time at today’s price; or let 5,000 at submarket rent to enable tenants to save for a deposit. The County Council could also as an additional incentive to attract and retain public sector workers such as in social care, make these incentives only available to such workers.

Conclusion

In developing Suffolk’s approach to housing growth, there are a number of models for delivery available, and these are not mutually exclusive. It is clear from the soundings underpinning this research that no single, comprehensive model currently provides a total solution to facilitating housing growth. However, this should not prevent the County and its partners from accelerating its activity, working in an asymmetric way with willing partners, applying appropriate models to specific sites and opportunities. There are opportunities for further collaborative work that could underpin a comprehensive, county-wide Housing Deal. Relationships and governance are strong and the capacity to develop a deal will best be achieved through delivery, demonstrating what is possible and what the benefits are.