

Briefing Paper

HOUSING AND REGENERATION INCLUDING NEIGHBOURHOOD RENEWAL

Adrian Waite – July 2004

Housing and Regeneration

Good quality, well-managed social housing makes a significant contribution to the regeneration of an area, while poor housing often has a negative effect on a community. Hence the link between Housing and Regeneration.

The government wants to ensure that while housing services contribute towards regeneration, housing funds are not used to subsidise other services. "The Way Forward for Housing" says that landlords operating in regeneration areas will not be allowed to raise rents above the guidelines. However, "where landlords can contribute to preventative or regeneration activities which maintain the quality of the neighbourhood for tenants and enhance the value of the stock, it remains open to them to use some of their rental income to contribute." This has been welcomed by Registered Social Landlords who see a need to regenerate communities as a way of maintaining the attraction of their housing stock.

New Deal for Communities

The key objective of this programme was to tackle problems of multiple deprivation and social exclusion. By promoting this programme and working with local people it combined housing and regeneration expenditure in such a way as to deliver sustainable regeneration and thus addressed the problems experienced by people living in these areas, such as worklessness; poor housing; poor education; poor health and crime.

As part of this programme the government improved neighbourhood management and the delivery of local services. Almost without exception the schemes were led by partnership boards most of which were dominated by people from the community, whether they are elected or nominated. The local authority also played a major role in most of these but not the leading role.

New Deal for Communities grant was paid towards the following: -

- Endowments
- Management and Administration costs
- Housing Association Projects and Leaseholder considerations
- Financial Assistance to Businesses
- Business Start-up Support

- Private Sector Housing Renewal Projects

Neighbourhood Renewal Strategy

The Neighbourhood Renewal Strategy has superseded the New Deal for Communities. To this end, a £800million Neighbourhood Renewal Fund has been established. Of this £200million was made available in 2001/02, £300million in 2002/03 and £400million in 2003/04.

Not all this money is for Housing. The government wants all agencies to work together, and the funding is to be shared with Health, Education, Police, Economic Development and others.

It includes targets for reversing the trend for low demand for social housing, bringing all social housing up to a "decent" standard, reducing neighbourhood abandonment and two new cash funds for residents.

The government identified eligible locations in March 2002. This was done through a baseline assessment of the location of low demand and unpopular housing. 83 areas in England were identified as sufficiently deprived to take part, but areas that have received funding under New Deal for Communities were not eligible.

Local Strategic Partnerships bring together residents and community groups with the public agencies that work in an area. There is a £36million Community Empowerment Fund that empowers residents to participate in the Local Strategic Partnerships and to develop and implement projects. "Grassroots" residents' projects will also be funded through a £50million Community Chest.

Neighbourhood Managers, supported by Neighbourhood Renewal Teams in Government Offices deliver the Neighbourhood Renewal Strategy. An inter-departmental Neighbourhood Renewal Unit manages the whole process. This unit administers the Neighbourhood Renewal Fund, ensures government departments fulfil their commitments, provides a "knowledge management system", and monitors the delivery of the programme by all agencies.

Birmingham City Council is looking to use the Neighbourhood Renewal Fund to finance two pilot schemes for Community Based Housing Organisations. These are considered further in Section 13.

Market Renewal Fund

The government launched a 'Market Renewal Fund' late in 2002 that is designed to take a strategic approach to 'shoring up' declining areas before the problem of low demand becomes unmanageable. This approach has been advocated by the major city councils in Northern England that believe it should be funded to the tune of £8billion over twenty years.

Following the publication of the Communities Plan in February 2003, the Office of the Deputy Prime Minister announced that there would be nine market renewal pathfinder schemes that would identify ways of renewing the housing market in low-demand areas. £500million was allocated over three years. The first three to be established were Manchester & Salford, New Heartlands (Merseyside) and Newcastle & Gateshead.

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In July 2003 the Newcastle & Gateshead pathfinder received its first funding - £4million in 'early wins' money - that was used for a number of small schemes including £20,000 to release void properties by working with private landlords; and the demolition of 350 'Tyneside flats' in Gateshead and their replacement with 120 new houses.

In September 2003 the Newcastle & Gateshead pathfinder submitted its £93million bid to the Office of the Deputy Prime Minister. The submission ran to 500 pages with four area development frameworks, an executive summary and technical appendices.

Together the nine low demand pathfinders encompass close to half of the 1.4 million homes across England affected by low demand. They include local authorities, registered social landlords and private developers. £500million in government funding has been made available from 2003/2004 to 2005/2006, but individual pathfinders must negotiate with the government over how much they get and when. They are also expected to use the government grant to 'lever in' hundreds of millions more in private investment. Over £500 million is due to be spent over the next three years by the Pathfinders to promote the renewal in their areas, with the programme itself being set to last for 15 years or so.

The Pathfinders all have the same objectives:

- To develop a strategic approach for regenerating their sub-regional housing markets that will bring together key stakeholders;
- To inform future investments;
- To test out new and innovative approaches to combating low demand.

The pathfinders estimate that the cost of their schemes will be £16-20billion over fifteen years, and that the government will contribute about £4.5billion. They are expected to borrow significant funds through applying for credit ratings, using land or new housing as security or through the government guaranteeing loans. They are also expected to realise the increased land value created by government investment in low-demand areas by selling off land and property to the private sector. However, the Treasury rule that any return generated by government investment should be returned to the Treasury may undermine this process.

The whole project is being governed through the Community Planning process. It is expected that a key element of the strategy will be extensive demolition aimed at narrowing the gap between the supply of, and the demand for, social housing.

Conclusions

Housing is now recognised as an important part of economic regeneration. There is a trend for schemes to become increasingly targeted at particular problems and particular geographic areas.

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