



# Transforming estates

A report by ECOTEC and the  
Chartered Institute of Housing

Edited by  
John Thornhill



Chartered Institute  
of Housing

## The Chartered Institute of Housing

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## Executive summary

Estate transformation has a long history with mixed results. This project focused on the regeneration of larger housing estates with the aims of:

- Developing comparative information on different approaches to estate transformation
- Comparing approaches to the selection, application and activities of estate transformation vehicles
- Providing recommendations and guidance for policy development locally, regionally and nationally.

The research looked beyond physical regeneration, recognising that in addition to the physical challenges relating to stock condition and estate layout, many residents living on the estates studied experienced multiple deprivation including:

- Low incomes
- High levels of worklessness
- Low educational achievement and skills
- Poor health.

Research focused on four case studies to draw lessons for general application. The four areas studied were:

- Meden Valley in the Nottinghamshire/Derbyshire Coalfield
- North Huyton, Knowsley
- North Solihull
- Poplar HARCA in Tower Hamlets.

## Key findings

- The regeneration of large scale estates is a complex and long term process. It can be easier to secure physical improvements to the housing stock and surrounding environment than to effect lasting social and economic change.
- Regenerating estates requires a focused and co-ordinated approach, across a wide range of policy areas, drawing on public funding and private investment.
- Effective regeneration of estates calls for a wide range of policies tackling education, health, crime, the environment and economic issues. The case studies show particular success in relation to the development of new schools as a driver for improvements in educational attainment and generating confidence and positive images in local communities.
- A fit between intervention and local strategic priorities will be vital. Even for vehicles where the local authority is not part of the immediate governance the local authority will be an important partner. The authority will take the lead on conversations and the negotiation of public resources with the Homes and Communities Agency (HCA) and on agreeing strategic priorities with the regional development agency. The regeneration framework *Transforming places; changing lives* (May 2009) sees local authorities as uniquely placed to bring together a range of public sector partners through Local Area Agreements (LAAs) and Multi Area Agreements (MAAs) to steer regeneration at a local and regional level.<sup>1</sup>
- Setting a vision and challenging targets provides a framework for a regeneration programme, but the delivery process often evolves over time as new policy agendas are formed, and funding streams change.

<sup>1</sup> CLG (2009) *Transforming Places; changing lives: taking forward the regeneration framework*, London, CLG (p3)

- Leadership and high level representations from public and private organisations is required for effective regeneration. Local communities play a vital role in the regeneration process but often require training and support to work with regeneration specialists.
- Informed community involvement is vital for the success of renewal activity. Whilst it is harder to secure community involvement in ongoing neighbourhood management and succession strategies there are some examples of how this might be achieved.
- Sustainable communities depend on strong links to employment opportunities which means improving the skills and mobility of residents. The regeneration framework *Transforming places; changing lives* emphasises the importance of economic outcomes, particularly social and economic mobility in tackling area deprivation.<sup>2</sup>
- Regeneration policies have consistently sought to break down mono-tenure estates by providing housing for sale. The creation of mixed tenure and mixed income communities have been achieved with varying degrees of success in the four case studies.
- At a time when there are calls upon government to embark on major public housebuilding programmes to address challenges of recession and longer term demographic change, policy makers should be mindful of the importance of creating mixed income, mixed tenure communities.
- The recession is having a severe impact on regeneration programmes as private investment slows or is withdrawn. Public funding is important in maintaining momentum until economic conditions improve. The regeneration framework *Transforming places; changing lives* stresses that local authorities have a key role in maintaining momentum for regeneration through maintaining public sector investment in infrastructure, supporting housing and property markets and supporting firms, individuals and jobs.<sup>3</sup>

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<sup>2</sup> CLG (2009) *Transforming Places; changing lives: taking forward the regeneration framework*, London, CLG (p2)

<sup>3</sup> CLG (2009) *Transforming Places; changing lives: taking forward the regeneration framework*, London, CLG (p5)

## Introducing transforming estates

This research project was supported by the Tenant Services Authority (TSA) and the Homes and Communities Agency (HCA), and was managed by the Chartered Institute of Housing (CIH). Research was undertaken by ECOTEC Research and Consulting and was supported by the ECORYS Research Programme. The project focused on the regeneration of larger housing estates with the aims of:

- Developing comparative information on different approaches to regeneration involving public, private and third sector delivery mechanisms
- Comparing the selection, application and activities of estate transformation vehicles
- Investigating opportunities for sustainable estate transformation
- Providing recommendations and guidance for policy development locally, regionally and nationally.

### The aims of this research project

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This report is aimed at all those agencies concerned with housing led regeneration: for example local authorities, affordable housing providers, private sector housing providers and tenants and residents in communities.

This research project looked at four different approaches to larger estate regeneration in four different parts of the UK with the aim of helping professionals working in housing and regeneration to:

- Assess comparative information on different approaches to estate transformation and ways to maximise the impact of estate transformation by public, third sector and private organisations and partnerships
- Make more informed choices in approaches to estate transformation and so lead to better outcomes for communities
- Consider the impact of and learn wider lessons from the interruption of the recession on the regeneration of the four estates studied.

The research recognised that in addition to the physical challenges relating to stock condition and estate layout, many residents living on the estates studied experienced multiple deprivation in the form of low incomes, high levels of worklessness, low educational achievement and skills and poor health. Many of the estates studied had deteriorated over a number of years. The combination of physical deterioration and accumulating social problems had resulted in the stigmatisation of the estates. These factors had discouraged external investment and made it more difficult for residents to find local employment.

Research included:

- A literature and policy review setting out the background to estate regeneration and wider lessons on specific elements of estate transformation drawn from academic work, evaluations and policy documents
- Interviews with programme leaders and managers
- Site visits including stakeholder consultations with residents and resident groups.

## The case studies

### Meden Valley: the context

Meden Valley is geographically the largest of the four estates and straddles two local authority areas. It comprises a number of estates linked by the area's industrial history, which until the 1990s was dominated by coal mining. The loss of mining had a devastating impact on the local economy and the communities in the area. Meden Valley is an area that has lost its original economic function and accommodates a population that has limited housing choice. Some younger economically active people have left the area contributing to a net ageing population.

Regeneration was spurred by community representation and government policy for the economic regeneration of former coalfield areas. Meden Valley was characterised by high levels of private as well as social renting and was affected by abandonment and dereliction. Whilst the regeneration programme had a strong economic development focus, the removal of unfit housing and tackling significant levels of housing disrepair was a central feature of the regeneration programme.

Estate	Meden Valley
Location	Bolsover and Mansfield, Derbyshire and Nottinghamshire
Population	34,599 (2001)
Households	14,235 (2001)
Tenure Mix	2002, approximately 60 per cent owner occupied, 25 per cent private rented and 15 per cent social rented
Deprivation (IMD)	All SOAs in 5-50 per cent, 8-9 wards in 10 per cent most deprived
Building type/age	Predominantly terraced housing built by the National Coal Board and its predecessors.

The strategic objectives of the estate transformation programme were to:

- Address problems associated with low demand in former mining settlements of Bolsover and Mansfield
- Promote regeneration of the communities within the Meden Valley area in association with local, regional and national partners.

The operational objectives were to:

- Address levels of disrepair
- Address levels of voids
- Introduce economically active people into the communities to increase the sustainability of the community and retail facilities
- Minimise the risk of needing to revisit the area after the renewal initiative had taken place
- Provide a range of residential accommodation across a range of tenures
- Ensure homes and environment are improved to increase local demand.<sup>4</sup>

### Meden Valley: estate transformation approach

Regeneration in Meden Valley is overseen by *Meden Valley Making Places* (MVMP), a special purpose vehicle (SPV) established in 2002 by English Partnerships (EP), now the Homes and Communities Agency (HCA), the East Midlands Development Agency (EMDA) and two local authorities: Bolsover and Mansfield. MVMP is a public sector owned company with a housing development, renewal and economic development remit.

MVMP was tasked to transform the housing stock of the area and to tackle wider economic and community development agendas. In 2008 MVMP won the Housing Led Project of the Year from the *Regeneration and Renewal* magazine. The MVMP programme was due for completion in 2008 but has been extended to 2011.

4 MVMP (2007) Interim Evaluation Report

### North Huyton: the context

North Huyton is an area with high levels of deprivation and it is located in Knowsley which is one of the most deprived districts in England. The original estate was built in the 1930s to house people from slum clearance projects and to support local industry which has subsequently declined. There have been post-war additions to the area including some high rise housing. Like Meden Valley, the original economic rationale for the area has changed. North Huyton reflects some inter-war estates in the Midlands and the North, with very high levels of social renting serving a predominantly white working class community.

This case study demonstrates how the regeneration process can evolve and take shape through the objectives and resources of different programmes and agencies. Housing quality has been a key policy driver and the attainment of the Decent Homes Standard has been a key feature of the programme.

<b>Estate</b>	<b>North Huyton</b>
Location	Knowsley, Merseyside
Population	11,000
Households	4,300
Tenure Mix	80 per cent social renting; 20 per cent private (mostly right to buys) (2005)
Deprivation (IMD)	All SOAs in 3-20 per cent, 11 of 27 in most deprived 1 per cent
Building type/age	Inter-war and post war houses and post war tower blocks built to replace homes lost to Liverpool slum-clearance

### North Huyton: estate transformation approach

The impetus for regeneration in North Huyton came from the New Deal for Communities (NDC) programme. An additional input came from a stock transfer programme and the formation of the Knowsley Housing Trust (KHT). The *Revive Partnership* was established in 2003 to oversee the regeneration process and bring together key partners including the private sector and the local community. The NDC programme and the stock transfer organisation (Knowsley Housing Trust) have been key drivers behind the programme. Development partners were procured in 2008 for a new programme scheduled for completion in 2018.

The Revive partnership included housing developers *Keepmoat Homes*, *Lowry Homes* and *Gleeson Homes* and it aims to build 391 energy efficient high quality new homes in the first phase of development. They aim to include different house types ranging from bungalows, two bedroom apartments and a wide choice of house sizes. Up to 1450 homes are expected to be built in total: the majority for private sale. The regeneration scheme also aims to include new education, commercial, sports and social amenities.



### North Solihull: the context

North Solihull has the largest population of the four estates chosen and it is physically the most recent estate. It was built in the late 1960s and 1970s to house overspill population from Birmingham displaced by slum clearance and renewal in the inner city area. It became part of Solihull in local government re-organisation in 1974. However, North Solihull is physically, economically and culturally separate from the rest of the Borough. The current regeneration programme was prompted by significant social and economic disparities between the north and south of the Borough. North Solihull has high levels of deprivation and worklessness. The relative affluence of the rest of the Borough meant that Solihull did not qualify for the Neighbourhood Renewal Fund or the Working Neighbourhoods Fund. Only in 2008 did North Solihull attract significant regeneration funding through the European Regional Development Fund.

The local authority sought to regenerate the area through a private sector/developer led approach. The aim of the regeneration scheme was to provide a mixed tenure, mixed income community through net additional housing. This approach stands in contrast to many estate regeneration schemes which have resulted in net fewer homes. This is still the intention although at present the programme has slowed due to the recession and the public funding gap has increased as land values have fallen.

Estate	North Solihull
Location	Solihull, West Midlands
Population	38,700
Households	15,820
Tenure Mix	Approximately 45 per cent social rented, 55 per cent owner occupied
Deprivation (IMD)	All SOAs in the 10-40 per cent most deprived
Building type/age	High rise blocks and terracing, built as post-war housing replacement for slum clearance in Birmingham in the late 1960s/early 1970s

### North Solihull: estate transformation approach

The *North Solihull Partnership* was established to bring together public and private sector interests and to develop and oversee a regeneration programme to be accountable to the Partnership. The partnership is a development consortium consisting of house-builder *Bellway Homes*, investment-led regeneration company *Inpartnership*, Solihull Metropolitan Borough Council and the registered landlord *Whitefriars Housing Group*. The lead partner is the local authority which procured the private sector led consortia described above to deliver the regeneration of North Solihull and manage a 15-year regeneration programme. This is a highly innovative approach. 60 per cent of the housing stock in North Solihull is managed by an arms length management organisation (ALMO) called *Solihull Community Homes*.

The regeneration principles and objectives are to:

- Improve the quality of life in North Solihull through large scale, holistic regeneration over the next 15-20 years
- Deliver regeneration that the communities of North Solihull are involved in and committed to
- Create high quality neighbourhoods, each with a distinctive sense of place
- Create healthy, safe communities where all have equality of access
- Increase prosperity through improved education, training, employment and transport
- Deliver sustainable development in order that the quality of life of present and future generations is protected and enhanced. The project forecast to generate a total investment of £1.8 billion over its 15 year life. The main outputs were to:
  - Improve 12,500 new homes
  - Build 8,000 new homes
  - Generate £512 million investment in social and affordable homes
  - Generate £855 million investment in private facilities and homes
  - Deliver £60 million investment in creating 10 new primary schools with extended facilities
  - Deliver £304 million investment in improving the local environment.<sup>5</sup>

<sup>5</sup> North Solihull Partnership (2007) Pre-Qualification Questionnaire

## Poplar Housing and Regeneration Community Association (HARCA): the context

Poplar in Tower Hamlets has some of the highest levels of deprivation in England. Unlike North Huyton it has a diverse population with 60 per cent of the population coming from black and minority ethnic (BME) communities. Poplar also has one of the youngest populations in England. Poplar HARCA consists of a collection of estates close to London Docklands but the economic and social divide with this key economic area is stark. Average incomes are low and 70 per cent of all households are in receipt of welfare benefits.

Poplar HARCA is an early example of estate regeneration through the Estate Renewal Development Fund. Regeneration has since continued through the Poplar Housing and Regeneration Community Association (HARCA). The coverage of the regeneration programme has widened to include additional estates in Poplar.

Estate	Poplar HARCA
Location	Tower Hamlets, London
Population	34,417
Households	14,614
Tenure Mix	6,500 social rented, 200 leasehold
Deprivation (IMD)	All SOAs in worst 5-50 per cent
Building type/age	Approximately 95 per cent flats in mainly 3,4 and 5 storey blocks and 5 per cent houses

## Poplar HARCA: estate transformation approach

Poplar HARCA is a Local Housing Company (LHC) established in 1997. The LHC has followed previous interventions including a Housing Action Trust (HAT) and an Estate Renewal Development Fund (ERDF) programme. The remit of the LHC has extended beyond the regeneration of bricks and mortar with an extensive programme to ensure the social regeneration of the area. There has been a strong emphasis on community involvement with half of the LHC Board comprising residents. Over the past decade more estates have transferred into the LHC which has led on the Decent Homes programme but which has also overseen a wider regeneration programme.

Poplar HARCA has identified seven key aims:

- To encourage and develop investment in Poplar: the revival of the local economy is seen as a key to develop genuine partnerships with local people and a range of other organisations to improve and expand services in the area
- Develop successful and effective neighbourhood and housing services with all service delivery agencies in the area, making sure that services are available in the area where people want them
- With partners make Poplar safe by facing the considerable challenges posed by crime and anti-social behaviour
- Bring about change for the benefit of the area by encouraging a culture that promotes new ideas and action from local people
- Develop approaches that support local people and staff to fulfil their potential
- Make the best use of Poplar HARCA's resources and obtain new resources to support aims of Poplar HARCA.<sup>6</sup>

<sup>6</sup> Poplar HARCA (2001) *The Poplar HARCA Story: Rebuilding Neighbourhoods*, London, Poplar HARCA

## How this report is structured

Research identified a set of themes that have been used to structure this publication. The themes are presented as follows:

- Addressing the challenges of estate transformation
- Delivering estate transformation
- Financing estate transformation
- Involving communities in estate transformation
- Measuring estate transformation
- The longer term challenges of estate transformation.

## The context for estate transformation

Tackling 'deprived neighbourhoods' has become a key priority within the UK policy agenda. The idea gained policy prominence as a result of the work of the Social Exclusion Unit (SEU) in the 1990s which identified concentrations of deprivation at the neighbourhood level as a central feature of social exclusion. The subsequent National Strategy for Neighbourhood Renewal provided a policy impetus for targeting deprived neighbourhoods.<sup>7</sup> The Hills report *Ends and Means: The future roles of social housing in England* (2007) underlined the need to transform low income, mono-tenure social housing estates so that social tenants are not socially or economically disadvantaged by where they live. It recommended that housing providers should work to create mixed communities using a range of approaches including physical remodelling, lettings policies, stock sales, development of market housing and improving the economic circumstances of existing residents.<sup>8</sup>

Bramley *et al* (2004)<sup>9</sup> describe regeneration in terms of both achieving renewal and managing decline which requires more radical interventions in the local housing market. Regeneration activities are precipitated by demographic shifts and shifting patterns of economic geography.

### The challenges facing deprived neighbourhoods

Common to these areas is the recognition that social exclusion is concentrated in relatively small 'pocket', predominantly within urban areas, not only within cities and regions undergoing economic decline and readjustment, but also within those experiencing strong economic growth. These highly localised concentrations of various groups at risk of exclusion: migrants, people from minority ethnic communities, the long-term unemployed, one parent families, older people and young people, are characterised by an intensity of mutually reinforcing processes of social exclusion that produce marked spatial polarisation.

Syrett S and North D (2008) *Renewing Deprived Neighbourhoods*, Bristol, Policy Press (P9)

Over the past 20 years there have been a range of housing related regeneration programmes in England. It is worth summarising them – see the Table on the next page.

<sup>7</sup> Syrett S and North D (2008) *Renewing Deprived Neighbourhoods*, Policy Press

<sup>8</sup> Hills J (2007) *Ends and Means: The future roles of social housing in England: Summary* London School of Economics and Political Science

<sup>9</sup> Bramley G, Munro M and Pawson H (2004) *Key Issues in Housing*, Basingstoke: Plagave Macmillan

Programme	Dates	Details
Housing Action Trusts (HATs)	1988-92	Transfer of large council estates to facilitate housing refurbishment
Estate Action	1986-95	Focus on large council estates with emphasis on tenure diversification and tenant involvement
City Challenge	1991-5	Mainly concerned with economic regeneration across defined neighbourhoods
Single Regeneration Budget (SRB)	1994-2000	Successor to Estate Action but largely focused on social and economic renewal rather than housing
Estates Renewal Challenge Fund (ERCF)	1996-1999	Explicitly a housing programme to facilitate ownership transfer of estates with high negative values through debt right off
New Deal for Communities (NDCs)	1999-	(Ground centred) approach to regeneration with local programmes and budgets governed by boards constituted from the local community. Primary focus on social and economic rather than housing regeneration. Set up in 39 clearly defined neighbourhoods of fewer than 4000 households
Urban Regeneration Companies (URCs)	1999-	Independent companies established by the relevant local authority and Regional Development Agency with then English Partnerships and private sector partners. Recommended by Lord Roger's Urban Task Force in 1999 to champion and stimulate new investment into areas of economic decline and to co-ordinate regeneration
Housing Market Renewal Pathfinders (HMRP)	2003-	Programme intended to underpin and restructure housing markets seen as vulnerable to low demand, especially across the Midlands and the North of England

Adapted from: Bramley *et al* (2004: pp: 187-188)

Under New Labour, regeneration has been linked to a social exclusion agenda. Regeneration is viewed as extending beyond the physical renewal of housing and buildings. Atkinson and Kintrea (2001)<sup>10</sup> argue that the social dynamics of deprived areas promote inward looking attitudes, stigmatisation and weak social capital.

## What might sustainable transformation look like?

The government's national strategy for neighbourhood renewal: *A New Commitment to Neighbourhood Renewal*<sup>11</sup> set the framework for regeneration for the past decade and envisaged the aims of regeneration initiatives as embracing three dimensions:

- *Social progress*: health, education and training and housing quality
- *Economic growth*: social investment and employment
- *Environmental protection*: energy efficiency, land-use and environmental awareness.

<sup>10</sup> Atkinson R and Kintrea K (2001) 'Owner Occupation, Social Mix and neighbourhood Impacts' in *Policy and Politics*, 28, pp93-108

<sup>11</sup> Cabinet Office (2001) *A new Commitment to neighbourhood Renewal: A National Strategy Action Plan*, London: Cabinet Office

From the perspective of individual households, Audit Commission research explored the factors influencing the decisions of influencing households to live and stay in an area: an indicator of sustainability.<sup>12</sup> These include the following:

Is it a safe and pleasant place to live?	How healthy is the population?	What is the community like?	What is life like for children or young people?
What is access to learning like in the area?	What are the chances of getting a local job?	Is there anything to do while I am there?	Is it easy to get about while I am there?
What's the housing situation like?	What are the local services like?	How well looked after will I be if I need healthcare?	How well are older people provided for?
How well are people with mental health problems provided for?	How fare is the local environment being safeguarded for future generations?	Do local providers ensure value for money?	

In terms of achieving sustainable economic outputs in a place, the Audit Commission identified key location factors which would influence businesses locating to a place.<sup>13</sup> These included:

Reasons for location in order of importance	Reasons against location in order of importance
Access to workforce	Traffic congestion
Access to markets	Lack of labour skills
Operating costs	costs
Local image/economic profile	Premises, for example they are not fit for purpose
Property and premises, for example, room for expansion	Insufficient incentives
Infrastructure to support the area	Remoteness
Incentives for locating	Bureaucracy involved in locating
Amenities	Amenities (for business and staff)

Historically, there are examples of 'successful neighbours' manifesting the indicators of a sustainable community. Duncan and Thomas (2007) cite Bourneville Village Trust in Birmingham as a specific example:

<sup>12</sup> Audit Commission (2004) *People, places and prosperity: delivering government programmes at a local level*, London, Audit Commission

<sup>13</sup> Audit Commission (2004) *People, places and prosperity: delivering government programmes at a local level*, London, Audit Commission

### Bourneville Village Trust: an example of a successful neighbourhood?

Bourneville is a popular mixed-tenure neighbourhood in Birmingham that has stood the test of time. It began life at the end of the 19th century as a George Cadbury sponsored model village. As it grew, several distinct neighbourhoods developed, all with:

- A high quality natural environment
- An imaginative and coherent overall planning framework
- High architectural quality of the built environment
- A socially mixed community
- On-the-spot estate management
- Involvement of the community in the management of the neighbourhoods.

Creating and sustaining a tenure and social mix has always been an important element of the management of the Bourneville estate. Experience here suggests that where housing is attractive and well-managed locally, irrespective of tenure, households want to stay longer in their neighbourhood or will commit themselves more to activities within it, ensuring greater social cohesion.

The mix of property types, tenures and house values provides variety, opportunity and choice, and Bourneville has managed to avoid becoming a highly polarised community. Bourneville could be said to be one of the pioneers of 'tenure-blind' housing.<sup>14</sup>

## Approaches to estate transformation

The Housing Green Paper<sup>15</sup> listed the variety of local delivery vehicles available for transforming areas with a poor housing mix. It set out potential local structures such as:

- A local authority owned company to build and own new affordable homes
- A Community Land Trust (CLT) that owns and controls the land and housing for the benefit of the local community
- Local Housing Companies (LHCs) involving builders and funders in a joint venture to develop new communities
- Limited liability partnerships between housing associations and private developers (and potentially local authorities with land holdings) to supply new housing for sale, low cost home ownership and social renting
- Single estate transformation models to include demolition, new homes, infrastructure, facilities and open space to develop a sustainable mixed community
- Strategic housing and regeneration partnerships providing a joint venture public private partnership (PPP) that could deliver Private Finance Initiative (PFI) housing providing both the housing and estate facilities.

The Green Paper highlighted the importance of making informed choices about delivery vehicles that are based on the nature and desired outcomes of the transformation project.

<sup>14</sup> Duncan P and Thomas S (2007) *Successful neighbourhoods: a good practice guide*, Coventry, CIH

<sup>15</sup> CLG (July 2007) *Homes for the future: More affordable, more sustainable* CM 7191, London, CLG

## The regeneration framework

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In May 2009 government issued the regeneration framework *Transforming places; changing lives* which set out the governments priorities and approaches to sustainable regeneration in the recession. Key emphases within the regeneration framework are:

- Regeneration investment is a time limited process which transforms places and economies so they do not need long term subsidy and should aim to create new economic opportunities to attract and retain skilled workers
- Local government is key to bringing together local public partnerships for regeneration and to ensure the needs of local residents and businesses drive regeneration. Local authorities can also act to maintain the momentum for regeneration during the recession
- In the current economic conditions, increasingly regeneration will be targeted and regeneration investment prioritised on the basis of the level of deprivation, the strength of the wider sub-regional economy, the economic and social characteristics of an area and the dynamics of an area (e.g. is it getting better or worse?). Investment will be more focused on economic outcomes and targeted where the most severe poverty and worklessness persists
- The HCA will have a pivotal role working with local authorities to take regeneration forward. The 'single conversation' defines the approach the HCA is adopting with local government and regional partners to agree local delivery and funding and cover housing, growth, regeneration, infrastructure and community activities.<sup>16</sup>

## Responding to the economic downturn and recession

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Since this research project was commissioned in 2008, economic conditions in the UK have significantly worsened. There has been a change in the trajectory of the housing market and the economy. This consists of falling house prices combined with reduced turnover and falling mortgage applications. In turn it is clear that developer confidence in the market has taken a sharp downwards turn with a number of housing development schemes across the country on hold or considered at risk. Actual and perceived future falls in house prices mean a loss of value in a key financial asset for both individual home owners and large scale landlords. This is likely to lead to reluctance to invest in property related areas such as renovations and improvements.

One of the most notable impacts of the slowdown in the housing market has been the impact on affordable housing secured through s106, something which in recent years has provided for over 50 per cent of new housing stock in England. There has been a slowdown in s106 development as house builders hold back on new starts.

Residential land values are forecast to decline in the short term to a greater extent than residential property values and in doing so look set to repeat the pattern observed in previous residential property downturns. It is forecast that residential land values will continue to fall through to the end of 2009, primarily due to a lack of willingness on the part of banks to provide finance.

Opinion differs on the depth and length of the recession. However, the reduced supply of mortgage lending which had fuelled the 'credit crunch' in the housing market is likely to be an extended rather than a short term phenomenon. The indications are that lenders are becoming increasingly risk averse and this has not only increased difficulties for individual mortgage borrowers but impacted across the whole housing and development industry in terms of the flow of finance. A further impact for housing association development is the difficulty purchasers are having in accessing mortgage finance to complete shared ownership schemes which can impact on the overall viability of schemes.

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<sup>16</sup> CLG (2009) *Transforming Places; changing lives: taking forward the regeneration framework*, CLG, London

A reduction in sales of new properties or those in development is having a marked impact on builders and developers. There has been a rapid shut down of development sites as the development industry has responded quickly and severely in terms of reduced operations and job losses. Developers are increasingly risk averse and resistant to the provision of low cost home ownership products as the price of new dwellings falls and sales volumes reduce. Again this puts the viability of individual schemes at risk as well as the national policy objective to increase the volume of affordable housing. The more general lack of confidence in the housing market has resulted in a flow of redundancies in the development sector as well as related professional service industries, reducing capacity in the sector and postponing the likely recovery period.

The willingness to maintain commitment to investment is a theme which runs through the CLG report on the *Credit Crunch and Housing* produced by the House of Commons Communities and Local Government Committee.<sup>17</sup> They welcomed the government's statement that it will seek to ensure that critical regeneration schemes<sup>18</sup> are not abandoned or seriously undermined by the recession. They see it as important to increase the provision of social housing to meet a backlog in demand and address the needs of people unable to purchase a home because of the current financial circumstances.

The Parkinson Report<sup>19</sup> recognises that the financial crisis is impacting on a financial model that has underpinned regeneration in recent years and pressure on the sector is likely to increase. It concludes that the impact is mixed. Many projects already underway are continuing especially where the public sector is involved, although some have slowed, stalled or reviewed their position. Projects yet to begin are at risk. Economically marginal projects are increasingly less attractive and the north and midlands have been affected more than the south east. The report urges partners recognise that regeneration is a 'long haul' and to 'maintain the commitment'.

Parkinson *et al* observe that the market is facing difficulties but it is not dead. Progress is and can be made in existing projects although new ones may find it difficult to get started. The report also recognises that development, although core to regeneration, is not the only activity required for success and that there are different opportunities that partners can take advantage of including: better land deals for the public sector and improving some community and physical infrastructure. These are actions being taken by a number of projects, including case studies within this study. Lessons from the past decade would indicate that investment will go to where there is a clear and long term plan, the private sector is valued, there is a real commitment to partnership, committed local leadership; and efficiency, innovation and flexibility.

Government has responded to the impact of the recession on regeneration schemes in different ways. In the 2009 pre-Budget report it announced it would bring forward £775 million of housing and regeneration investment from 2010-11 into 2009-09 and 2009-10. Within this, £180 million was identified to support key regeneration projects which would not have commenced due to the recession. In *Building Britain's Future: Housing Pledge* (June 2009), government announced a series of financial measures totalling £1.5 billion to support the development of new affordable housing and to re-start regeneration schemes which had stalled due to the recession. The *Housing Pledge* includes:

- Up to £750 million for approved investment partners of the HCA through the National Affordable Housing Programme (NAHP) for 12,500 new homes
- Up to £500 million to extend the government's *Kickstart* programme to get stalled housing sites back on track
- Up to £250 million for direct development by local authorities
- Investing in the development of public sector land owned by the HCA, local authorities and other public sector bodies.

17 House of Commons Communities and Local Government Committee (February 2009): *Housing and the Credit Crunch*, Third Report of Session 2008–09, Report, together with formal minutes, oral and written evidence

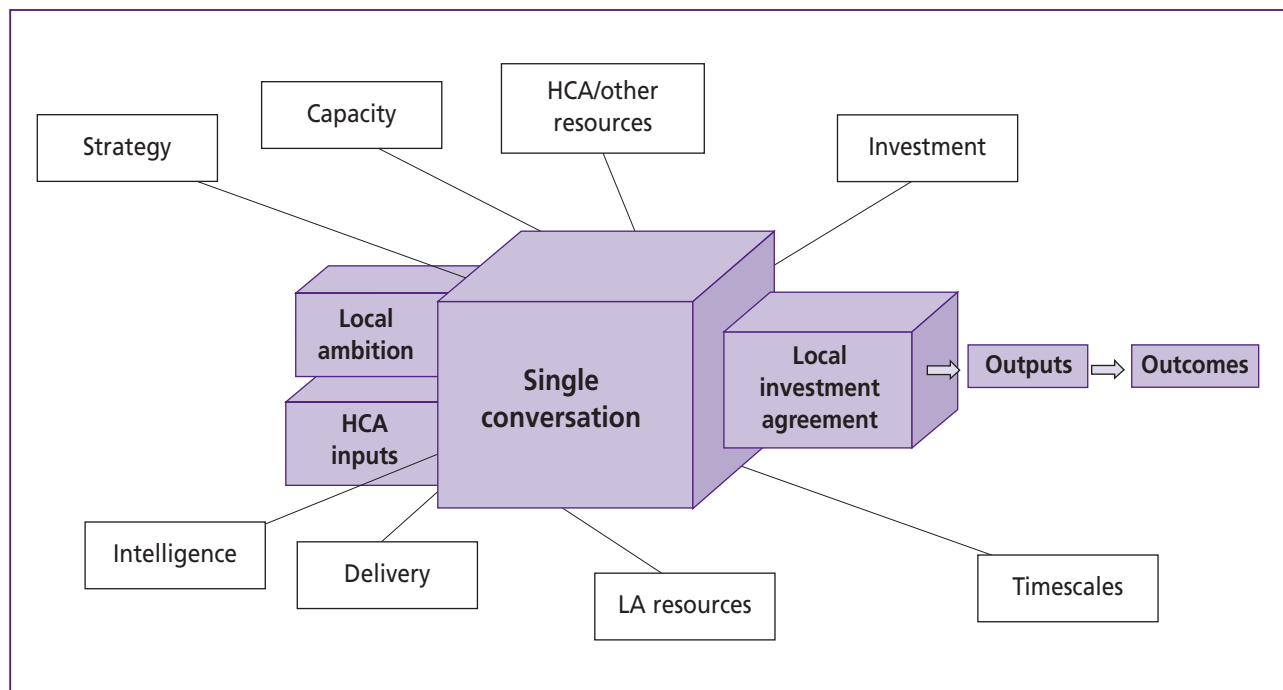
18 <http://www.communities.gov.uk/news>

19 <http://www.communities.gov.uk/news>



Government sees the HCA through its ‘single conversation’ with local places as key to providing a bridge between national targets and local ambitions and developing local investment agreements with partners at a regional and local level. The HCA will provide funding, advice and support; and tailor national programmes to fit local contexts. Its approach to regeneration will be to develop integrated housing and investment programmes to tackle deprivation and improve the economic prospects of deprived areas. It also aims to ensure investment in housing and regeneration is linked to employment opportunities.

**HCA: The single conversation**



Confidence in the ability of neighbourhoods to recover from the recession will have an important impact on the capacity for estate transformation. The experience of the 1990s house price recession showed that it was lower value property types and lower value neighbourhoods that were most exposed. Predominantly private sector neighbourhoods might be expected to be at greatest risk of increasing vacancies and the associated blight and vandalism. However, experience from the 1990s also suggests that this loss of neighbourhood confidence can spread quickly across all tenures in the most fragile areas. The longer and deeper the recession in house prices the more likely that areas which experienced low demand in the late 1990s will be most affected.

**Summary of the key lessons for estate transformation**

Despite the differences in estates and the approaches undertaken towards estate transformation the case studies demonstrate some common themes which are explored in this report.

- 1. Estate transformation requires time:** Transformation also takes much longer than originally planned. All four case studies are examples of ongoing regeneration programmes: three dating back more than ten years. Time is required to develop a strategy, devise master-plans, establish effective structures, engage the community and the private sector and undertake physical and other development works. Time is particularly needed to transform negative images and tackle fundamental issues of poverty and deprivation.



2. **Involving communities:** Communities have been central to the regeneration strategies in the case study estates. Community involvement has also been critical in developing and managing the regeneration process. Tapping into local knowledge and communicating effectively with communities to test options and develop tailored approaches has been an important feature of the regeneration process in all case studies.
3. **A central role for the public sector:** The role of the public sector has been central to regeneration in all four case studies. This includes local government, regional and national agencies and central government. The public sector has had a vital funding role even in projects that were private sector led as in North Solihull. However, it has exercised an arguably more important role in providing leadership, direction and co-ordination across policy themes. The public sector has also exercised a landlord function, although the arrangements have varied across the case studies. In the recession the role of local authorities in particular will be vital to bring together partners and sustain regeneration.
4. **A key role for the private sector:** The role of the private sector has also been important, and remains so despite current economic difficulties. The private sector has brought finance, technical expertise and new approaches to estate regeneration. It has contributed to the achievement of mixed communities and new commercial development. In recent years, the private sector has allowed the public sector to spread scarce resources over more areas. As the economy enters an era of restricted public finances, incentivising private sector investment in regeneration will be crucial.
5. **Achieving wider social and economic outcomes:** Tackling the wider social and economic agenda within communities has been as important as physical renewal in all four case studies. To varying degrees all of the regeneration programmes considered have addressed worklessness, skills, education, health, crime and community safety, and the environment.
6. **Establishing an estate transformation vehicle:** A bespoke and dedicated structure, bringing together partners, their programmes and resources, has been an important component of the delivery of regeneration in all four case study estates. However, estate transformation can be achieved without a dedicated delivery vehicle.

## 1 Addressing the challenges of estate transformation

Despite successive regeneration and renewal programmes, social inequality and social exclusion persist in many neighbourhoods across the UK. In the introduction to this report we reviewed a range of policy initiatives to address problems associated with spatial deprivation. In this chapter we will consider some of the characteristics of neighbourhood disadvantage.

Estate transformation in all four case studies was in response to a range of physical, environmental, economic and social problems. Some common challenges included:

- **Poor quality housing.** Lack of continuous financial investment combined with abandonment, vandalism and crime has led to a poor physical environment. The housing stock is of poor quality or unfit and is often poorly insulated with high levels of heat loss.
- **Poor urban design and layout.** The case studies featured contain examples of poor urban design. For example the 'Radburn' layout in North Solihull. In 2002, a government report into the shortcomings of Radburn layouts identified their main drawbacks:
  - Confusion of public and private space, profusion of dead-ends and disconnectedness, and a lack of legibility
  - Alleyways with no natural surveillance, large amounts of anonymous public space, and an obligation for communities to pay a great deal for the upkeep of such space
  - Difficulties of effective management and maintenance due to design and layout
  - Profusion of unadopted routes, meaning that estates fail to benefit from mainstream street cleansing and highways maintenance, and
  - Concentration of predominantly disadvantaged people (such as poorer tenants in social rented housing, older people and single parent households).<sup>20</sup>
- **Unpopular housing.** The case studies had unpopular housing both in terms of neighbourhoods and housing types, for example poorly maintained high rise blocks which are difficult to manage. The case studies had limited private ownership and limited housing choice for those wishing to improve their housing options and remain in the area.
- **Economic rationale.** In North Solihull, Meden Valley and North Huyton, massive rescaling of economic activity has contributed significantly to neighbourhood decline. Meden Valley experienced a rapid decline of the coal industry. In North Huyton and Poplar traditional manufacturing industries have declined or vanished. In Poplar and North Solihull there are new employment opportunities nearby but they are often difficult to access for local people. In their study *Renewing Neighbourhoods* (2008) Syrett and North argue 'the consequences of the long-term decline of manufacturing and coal-mining are central to understanding the current economic problems facing deprived neighbourhoods in Britain.'<sup>21</sup>
- **Low levels of education, training and skills.** The case studies reveal a mismatch between the education and skills of local residents and available employment opportunities. Although Poplar HARCA is in easy commuting distance to Docklands, residents lack the necessary education and skills to take advantage of highly paid opportunities in banking, insurance, finance and law. In similar studies, Gordon (2003) has shown that residents in deprived neighbourhoods often have low levels of education, training and skills to compete successfully in the labour market.<sup>22</sup>

20 DTLR (2002) *The New Towns: their problems and future*, London, DTLR

21 Syrett S and North D (2008) *Renewing Deprived Neighbourhoods*, Bristol, Policy Press

22 Gordon I (2003) 'Unemployment and spatial labour markets: strong adjustment and persistent concentration', in Martin R and Morrison P (eds) *Geographies of labour market inequality*, London, Routledge

- **Multiple deprivation:** All four case studies displayed negative indicators across a range of dimensions of social and economic activity and welfare. Multiple deprivation incorporating fragile and unsustainable housing markets has led to rising deprivation, worklessness and social problems such as crime and antisocial behaviour.
- **Poor transport:** Deprived neighbourhoods are often characterised by poor transport infrastructures. For example, in North Solihull poor public transport links between North Solihull and neighbouring employment areas including the city of Birmingham, Birmingham airport and the National Exhibition Centre (NEC) make it difficult for many residents to take advantage of neighbouring employment opportunities.
- **Insufficient financial capital:** In all four case studies, there were inadequate levels of private sector investment and activity in the form of local employment opportunities, private sector investment in housing and retail. The absence of adequate private sector investment in turn acts as a deterrent to private housing developers and private sector employers. In the case of Meden Valley, the absence of sufficient employment opportunities led to out migration as younger, more economically active and higher skilled residents left Meden Valley in search of employment opportunities elsewhere.

## Opportunities and scale

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The case study estates presented particular opportunities for intervention through their scale and the extent of their land holdings. Many examples of successful regeneration projects across England have been deliverable because of their smaller and more manageable size (e.g. less than a 1,000 households); but the larger scale of the case study estates has presented a number of advantages including:

- The ability to attract national agencies such as English Partnerships, and now the HCA
- Providing a focus for the priorities of local authorities (e.g. North Solihull is Solihull MBC's priority)
- Opportunities for attracting national private developers (e.g. in North Huyton and North Solihull)
- The prospects for urban growth in North Solihull
- Providing a critical mass to bring together land holdings, not just for housing, to allow for creative master-planning.

The urban growth agenda in North Solihull has not been typical of many regeneration schemes. The plan was for 4,000 net additional homes in the area. Most estate regeneration programmes have retained housing numbers or have lost housing volume, especially where large scale clearance has been involved. In North Solihull there has been a firm commitment to retain levels of social and affordable housing for existing communities whilst seeking to change the tenure and household income mix. This can only be done by increasing overall housing volume through new housing and/or increasing densities. In the future this could become a more important consideration, not just for the creation of mixed communities, but to meet government housing targets. North Solihull is cited as a significant contributor to the West Midlands Regional Spatial Strategy. This seeks to accommodate new housing growth within the urban areas.

## Establishing a rationale for estate transformation

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All four case studies presented opportunities for estate transformation. These included:

- **Framework for National Programmes:** The designation of New Deal for Communities (NDC) in North Huyton and the work of the Coalfields Task Force in relation to Meden

Valley provided a national policy framework for intervention. The NDC was a programme introduced in 1999 for the regeneration of 39 of the most deprived neighbourhoods in England. The NDC programme brought together housing and regeneration programmes at a neighbourhood level with the aim of stimulating local economic opportunities, alleviating deprivation and increasing community participation. The initiative was less development centred and so the criteria for selecting a regeneration procurement model was focused on other outcomes in addition to asset values. CRESR in their work for CLG in 2007<sup>23</sup> and 2008<sup>24</sup> recognised that the community was at the heart of the NDC programme and that community engagement was fundamental. The programme emphasised using the resource of resident knowledge of local needs, maintaining the interest of different constituencies; and recognising that conflict can be important in helping to identify choices. The NDC model has been used to tackle problems across a number of indicators of deprivation including: poor job prospects, high crime, educational underachievement, poor health and poor housing environmental factors. It has also been dependent on using other specialist partners to achieve the Decent Homes Standard, for example.

- **Estate transfer and renewal programmes:** The transfer of homes to a housing association in North Huyton and a LHC in Poplar were attempts to address the longer term future of the estates and to steer decisions on future investment. The process of transfer, the establishment of new structures and access to resources provides some of the 'building blocks' which make major regeneration programmes a reality. Equally, the Decent Homes programme has provided an additional impetus with resources and targets that have spurred wider regeneration activity in the case study areas. This has been particularly the case in Poplar and North Huyton.
- **Commitment from communities:** Local communities often feel unable to provide the impetus for transformation and regeneration. In Meden Valley there was a campaign in the Warsop Vale settlement against poor housing conditions and absentee private landlords that provided motivation for the regeneration of the area. Residents conducted surveys and produced a report entitled 'Stop the Rot' that informed parliamentary debates. This is an example of the power of effective community action.
- **Statistical evidence:** Statistical evidence can provide a powerful reason for change. For example, a report on health and economic disparities between North Solihull and the rest of the Borough which revealed a seven year gap in mortality rates provided an impetus for the North Solihull regeneration programme. In addition, techniques and data sets which measure and monitor neighbourhood change have become more sophisticated and have increasingly been used in determining priorities. In the Urban Living Housing Market Renewal Pathfinder (Sandwell and Birmingham) a typology of areas has been developed using statistics and household survey data with three simple groupings.<sup>25</sup> The analysis was first undertaken in 2006 and repeated for 2008. It shows movement between bandings, positive and negative, but those neighbourhoods that have deteriorated and have moved to 'least sustainable' will be the focus for policy interventions.
- **A role for the private sector:** Apart from North Solihull, commercial considerations were less to the fore in the case study estates. The principal drivers for regeneration were improving housing conditions and tackling deprivation. The involvement of the private sector in North Solihull was partly borne out of necessity. The absence of government funding and the limited experience of regeneration on the part of the local authority made private sector involvement a key component.

23 CLG (2007) *New Deal for Communities: A synthesis of new programme wide evidence: 2006-07*, London, CLG

24 CLG (April 2008) *Challenges, Interventions and Change: An overview of Neighbourhood Renewal in Six New Deal for Communities areas*, London, CLG

25 Least sustainable, mixed performance and sustainable neighbourhoods.

More generally prioritisation has been guided by funding availability and capacity (to develop, manage and implement regeneration programmes). In many local authorities difficult choices have to be made over prioritisation given that many areas face the challenges outlined above and can present a strong rationale for intervention. With constraints on public budgets, which are likely to get tighter, and the loss or reduction of private sector contributions, there will be estates that will have to wait some time before receiving priority status.

## A focus on housing and social and economic factors

In all of the case studies housing has been at the heart of the regeneration strategy. This has included:

- Removing unfit housing and undertaking major repairs in Meden Valley
- Remodelling housing estates and providing new housing for rent and purchase in all areas but especially North Solihull and in Poplar
- Providing Decent Homes in all areas, but a key driver in Poplar and North Huyton
- Removing low demand housing and housing that does not fit the current or future demographic profile in Meden Valley and North Huyton.

Housing renewal and replacement provides for measurable outputs and outcomes, which have been largely achieved or are in progress in all four case studies. However, in all of the case studies objectives go much wider. They have either evolved to take on wider social policy issues as in North Huyton and Poplar; or they have started as a major programme covering housing and non-housing issues with a vision for major transformational change for an area as in North Solihull. The holistic objectives include:

- Measures to address worklessness and support local businesses, including social enterprise
- The provision of new services including health centres and community facilities (probably most advanced in North Solihull's strategy which proposed five new or refurbished 'village centres')
- Measures to tackle low educational attainment, including new schools
- Improvements to the local environment and public space
- Initiatives to address crime, vandalism and anti-social behaviour
- Addressing drug and alcohol abuse, especially amongst young people.

Achieving and measuring wider social and economic improvements can be complex because:

- Many social and economic problems cannot be located at an estate level and are therefore difficult to resolve at an estate level
- The project responses to problems are often small scale and constrained by resources and capacity. Mainstreaming approaches to tackling social and economic problems remains an aspiration in many areas
- The fragmentation and inflexibility of funding streams means that a range of sources have to be secured to deliver a wider regeneration brief. A challenge for North Solihull was non eligibility for Neighbourhood Renewal funding<sup>26</sup> and now the Working Neighbourhoods Fund. The gap was made up by a successful bid for European Regional Development Funding.

An emphasis on an holistic approach to sustainable estate transformation can be seen in recent policy initiatives. The regeneration framework *Transforming places; changing lives* (May 2009) sees regeneration activity not as an end in itself, but as a means by which communities are strengthened through the creation of economic opportunities. The framework states 'to be effective, investments in housing and physical regeneration must be supported by economic interventions that create a sustainable economic future for deprived places'<sup>27</sup>

<sup>26</sup> Although North Solihull has high levels of deprivation NRF and WNF funding is based on local authority averages.

<sup>27</sup> CLG (2009) *Transforming Places; changing lives: taking forward the regeneration framework*, London, CLG (P.9)

### Key lessons

- There are advantages in terms of scale and vision for large scale estate transformation initiatives including attracting government and private sector investment.
- Housing renewal including the demolition of unfit dwellings, tackling disrepair, achieving Decent Homes and creating a different tenure mix has been pivotal in the approach to regeneration in all of the case studies.
- Tackling the wider social and economic issues is key to achieving sustainable estate transformation in an area.
- Fragmented funding regimes make pulling together sufficient resources difficult so robust partnerships and effective leadership are required to co-ordinate resources.
- There are high risks associated with long term, large scale regeneration projects for funders, developers, housing providers and communities. This can be managed to a degree through phasing and effective communication.
- There may be limitations in the capacity of the public sector to deliver on regeneration programmes with the possibility of bring in additional expertise from the private sector.

## 2 Delivering estate transformation

A key feature of regeneration initiatives over the past decade has been the establishment of public private partnerships (PPPs). PPPs cover all types of collaboration between the public and private sectors to deliver policies, services and infrastructure. Where delivery of public services involves private sector investment in infrastructure, the most common form of PPP is the Private Finance Initiative (PFI). PPPs have been a means of injecting private finance into regeneration projects as well as accessing additional resources and expertise beyond the capacity of the public sector.

In North Huyton, North Solihull and Meden Valley the involvement of the private sector has been crucial. In North Solihull the regeneration programme was based on a very detailed agreement between Solihull Metropolitan Borough Council and the developer consortia, whereby the local authority vested land into the programme. Business planning assumptions were based on the potential uplift of land values and development gains. There was a longer term assumption about the potential regeneration uplift once the regeneration programme was underway and the area transformed into a housing area of choice. A broadly similar approach has been adopted in North Huyton. This approach should allow the land assets to be used to create resources for the wider regeneration programme.

A PFI project contains a number of distinct features:

1. The public sector states its requirements in the form of outputs rather than defining inputs. This incentivises the private sector to focus on 'what' it needs to deliver, not 'how' it should be done. This should encourage innovation and efficiencies
2. It is a long-term contract – 25 to 30 years is typical. This removes the focus away from upfront capital costs to 'whole life' costing models
3. Some of the risks associated with ownership are transferred to the private sector for the life of the contract (design, build or refurbish, repair and maintenance) in accordance with the principle that risk should reside with the party best able to manage and price it
4. Sufficient risk must be transferred to the private sector for the transaction to be defined as 'off balance sheet' for government accounting purposes
5. The public sector typically retains demand risk (usage risk) and residual value risk (the assets revert to the public sector at the end of the contract). In the case of Non-HRA PFI projects the assets remain with the operator
6. The public sector pays for the services it is receiving by means of a single unitary charge and the actual payment made varies in accordance with the levels of performance achieved by the private sector.

Housing Corporation (2005) *Good Practice Guide for Housing PFI*, London, Housing Corporation (P.7)

### Special Purpose Vehicles

The typical delivery vehicle for a PFI project is a Special Purpose Vehicle (SPV). A SPV is a limited company that is established for the sole purpose of delivering a PFI project. The SPV is granted a concession to build or refurbish the assets in question and to operate them for a fixed period of time. At the end of the concession period, in most cases, assets are passed back to the authority. In the case of housing, the SPV will not (in most cases) own assets in its own right and will not directly construct or refurbish the houses or deliver the ongoing housing management or maintenance services. The SPV will raise the financing needed to deliver the project and, in the case of housing projects, engage subcontractors to deliver the refurbishment and ongoing service obligations. The majority of funding (typically 90 per cent) is sourced from a bank or other debt providers such as bond holders in the case of bond financing.<sup>28</sup>

<sup>28</sup> Housing Corporation (2005) *Good Practice Guide for Housing PFI*, London, Housing Corporation



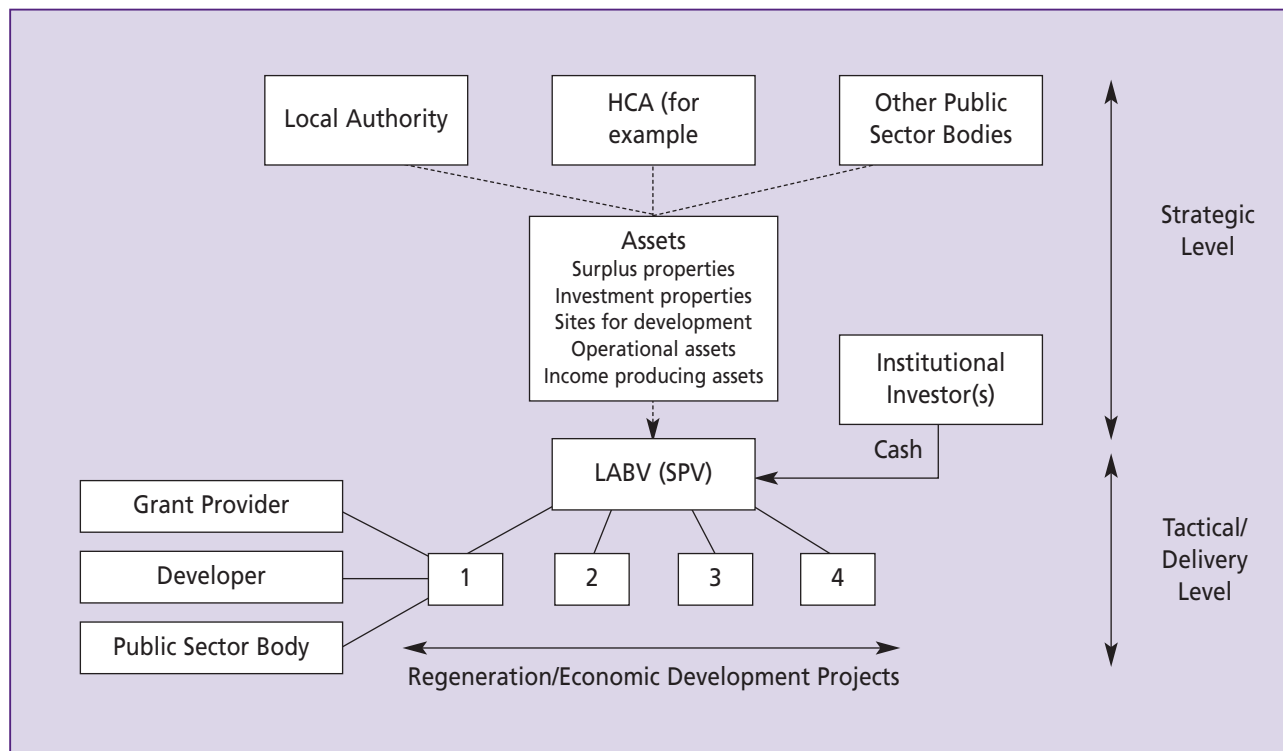
All of the case study estates employed a SPV to take forward estate transformation rather than delivering regeneration through existing organisations. In all of the case studies, the scale and range of the regeneration challenge was the main driver for establishing the vehicle that directed, managed and co-ordinated regeneration activity. The general benefits of establishing a SPV were:

- Providing a bespoke and focused approach to the challenges and opportunities of the estate
- Achieving a focal point for public, private and community organisations involved in the regeneration of the estate, aiding the process of decision making.

With PPPs which incorporate Local Asset Backed Vehicles (LABVs), the regeneration scheme has to be attractive to private sector investors and it has to minimise the immediate burden and risk to public authorities. Others approaches such as Large Scale Voluntary Transfer (LSVT) are formed partly to reduce pressure on the Public Sector Borrowing Requirement (PSBR) while still providing sufficient investment to achieve Decent Homes.

**Local Asset Backed Vehicles (LABVs):** In a LABV public sector assets, such as land or property are invested into the vehicle and private sector partners provide funding of equivalent asset value. The LABV uses its assets to raise further funds from banks and other lenders in order to carry out regeneration projects.

**A model of a Local Asset Based Vehicle (LABV)**



**Local Housing Companies (LHCs):** A LHC is a local authority-promoted housing development and management organisation often with wider regeneration objectives, which is established in part ownership between a local authority with other public and/or private sector organisations. The LHC model is similar to the LABV but with a clearer focus on housing delivery. English Partnerships<sup>29</sup> saw LHCs as joint ventures between the public and private sector and treated them as ‘off balance sheet’: that is, controlled by the private sector with no impact on local authority borrowing or the Housing Revenue Account (HRA).

29 English Partnerships. *Local Housing Companies Pilot Guidance Note Consultation Document*. 2007

## Meden Valley

MVMP continued the work of the Meden Valley Partnership, a collaborative arrangement between the two local authorities. With a strong steer coming from English Partnerships and EMDA, a single body was created bringing together all interests, and solely focused on the regeneration of the area. MVMP was established as a regeneration company with a focus on the pressing conditions in Meden Valley, but is not a landlord or direct land holder. MVMP is exploring future options as a provider of regeneration services in other areas after the formal closure of the programme. There are precedents, for example, the senior management team of the former Castle Vale Housing Action Trust in Birmingham set up as specialist advisers for other regeneration programmes. Such models help to retain regeneration skills and ensure that valuable experiences can be applied elsewhere.

## North Huyton

North Huyton's regeneration programme started with funding through the NDC programme and the establishment of Knowsley Housing Trust following stock transfer from Knowsley Metropolitan Borough Council. Knowsley Housing Trust had the remit of changing the tenure balance and improving the stock. To oversee a wider regeneration programme the development partnership *Revive* was formed bringing together the NDC partners, Knowsley Housing Trust, Knowsley Metropolitan Borough Council, private developers and community representatives. The development partners were chosen by competition and after a negotiated development agreement. The *Revive* partnership board are responsible for monitoring the agreement which is set for a period of ten years.

## North Solihull

The North Solihull partnership was the end result of a procurement exercise overseen by Solihull Metropolitan Borough Council to secure private sector development partners through open competition. A consortia called *InPartnership* was established which provided the project team for the North Solihull Regeneration Partnership including a mix of public, private and community representatives. *InPartnership* set the vision and regeneration framework through the North Solihull Regeneration Framework. Under new arrangements in 2008 the HCA joined the Partnership Board and the partnership came under the overall control of the Solihull Strategic Partnership. This is the Local Strategic Partnership (LSP) that sets the Local Area Agreement (LAA) and is accountable for delivering a range of targets covering all aspects of public policy. North Solihull Regeneration Partnership does not have control over the social housing stock, which remains with Solihull Metropolitan Borough Council under an arms length management organisation (ALMO).

## Poplar HARCA

Poplar HARCA was one of the first LHCs and succeeded other housing regeneration initiatives in the Poplar area. It was established as a mechanism for raising finance outside of the central government controls on local housing budgets. Tenants' votes decided the transfer to Poplar HARCA. The initial objectives of Poplar HARCA centred on the quality of the housing stock but have evolved to take on wider health, social and economic agendas.

As a landlord Poplar HARCA also has land holdings that make it easier to plan for and implement environmental improvements and management. Unlike some of the other case studies Poplar HARCA does not have a fixed lifespan. It has a long term role in the community as a landlord and supporter of regeneration. This has enabled Poplar HARCA to establish itself as a long term community anchor.

## Key lessons

- The case studies show the advantages in terms of finance, capacity and delivery of establishing a SPV to oversee and lead the regeneration programme.
- The choice of model for estate transformation and its governance arrangements should suit the objectives. Landlord led models (e.g. Poplar HARCA) are more appropriate where housing management and maintaining social housing is a primary objective. Private sector led models can be more appropriate where tenure change and new private sector housing is a primary objective (e.g. North Solihull and North Huyton). In reality the approaches often need to be mixed to address a range of policy objectives.
- There is a critical role for local authorities as the instigators of the regeneration process initially. They also have a role as the planning, education and housing authority. In addition, many local authorities can contribute land and assets to regeneration programmes.
- There is an important role for the HCA and the Regional Development Agencies (RDAs) as funders of regeneration.
- The private sector has played an increasingly important role in the regeneration of estates in recent years bringing new resources, perspectives and skills. Public sector partners need to acknowledge the profit motives of private development partners, who in turn need to recognise the wider socio-economic responsibilities of public sector partners.
- High level representation is required from all parties to ensure that key decisions can be made quickly and that the delivery vehicle and its governance arrangements has credibility with partners, the private sector and with the community.
- A skilled project team is required to support governance arrangements. However, there is a shortage of skilled regeneration leaders with corresponding experience. Because skills are scarce the individuals concerned often move jobs and this can create continuity challenges for regeneration schemes.
- Communities play a vital role in the governance of estate transformation as they have a long term perspective and a clear interest in creating a sustainable community. Their active involvement needs to be encouraged and supported. Many residents are disadvantaged in terms of the skills, knowledge and confidence required to participate fully in regeneration partnerships and so their empowerment, development and training is imperative if they are to play an equal role as partners in regeneration.
- It is important for all partners involved in regeneration and for the communities with which they work that clarity of accountability for the delivery of regeneration outcomes is achieved. Given that estate transformation covers a wide range of policy areas it may be unrealistic for one body to be accountable. For example, in the early days of the North Solihull Partnership, attempts to establish a monitoring and evaluation framework proved to be a source of debate. The development partners were uncomfortable with 'responsibility' for non-housing and non-development outcomes, such as reducing health inequalities. MVMP developed some clarity over the boundary of its responsibilities. In education for example, MVMP championed the need for better schools and educational outcomes but was clear that delivery responsibilities rested elsewhere. The lines of responsibility can be made clear through constitutional agreements but it is important that residents, businesses and prospective investors are clear about who does what. This needs to be clear on promotional material and communications.

### 3 Financing estate transformation

The scale of investment required to deliver the government's regeneration ambitions outlined in the Communities Plan is extensive. There is recognition that the public sector does not have the resources in terms of finance, land and infrastructure to do this alone.<sup>30</sup> The role of the private sector has been pivotal to the scale and success of regeneration projects across the UK over the past decade. All of the case studies considered featured a mix of public and private finance. This model is facing challenges because of the recession.

All of the case studies have drawn on public funding and assets in the form of the following:

- **National regeneration programmes:** These include the Single Regeneration Budget (SRB) in Poplar, NDC in North Huyton and Poplar, European Regional Development Funding in North Solihull, and RDA funds in Meden Valley and North Solihull. English Partnerships and the HCA have been the main channel for estate based regeneration where site clearance, acquisitions and new build is concerned. Poplar has benefited from lottery funding for regeneration projects.
- **National housing programmes:** These include the Decent Homes programme and stock transfer: both a key spur for regeneration in Poplar HARCA and North Huyton. Meden Valley had funding from low cost home ownership programmes and North Solihull received national funding allocated for Growth Points granted to facilitate housing development.

The recession has had a severe impact on regeneration programmes, particularly those in North Solihull and North Huyton. Public agencies can and have played a part in plugging the funding gap but the potential lack of receipts has also had a serious impact on the funding plans of the HCA. Its business model assumes a significant level of receipts and relatively low levels of 'net' public funding contributions. This has prompted a review both of the Agency's role and plans, as well as several estate regeneration programmes.

#### North Huyton

In North Huyton the total scheme costs here were originally estimated at £150.6 million with sales receipts of £149 million. The NDC programme funded the acquisition of properties to be cleared. Knowsley Housing Trust and the local authority contributed land. The investment in Decent Homes by Knowsley Housing Trust has also made a major contribution to the regeneration of the area.

A £150m, ten-year development agreement was signed in 2008, but the momentum gained by the initial public programmes was critical to bring in private partners. The recession, however, has had a severe impact on the regeneration programme in North Huyton which was based on private sector involvement and the use of land as an asset to fund regeneration.

#### Meden Valley

In Meden Valley it was recognised early in planning that without public subsidy, sites would be unattractive to the private sector. The EMDA, English Partnerships and the local authorities contributed £25 million for acquisition, clearance and refurbishment. This enables sites to be sold onto the private sector providing some capital receipts. In 2004, it was estimated that there would be £15 million of private investment.

<sup>30</sup> Mills R and Rowe R (2007) 'Financing Solutions for Growth and Renewal' in *Incentives for Growth*, London, Smith Institute

## Poplar HARCA

Regeneration started with a legacy of repair and improvement works on transfer of stock to Poplar HARCA. The estate received £69 million from the Estate Renewal Challenge Fund in three tranches. Poplar HARCA subsequently managed to secure £95 million of private capital to fund a comprehensive housing led regeneration programme over nine individual estates. Lenders were attracted to invest in Poplar because of a high level of demand in the area. Eventually, a syndicate consisting of *Banque Paribas* and *Abbey National Treasury Services* provided £26 million project finance and a £69 million 30 year loan.<sup>31</sup> The presence of the programme brought in other regeneration funds including money from the National Lottery.

A substantial level of investment in the area has been the area has been through the Decent Homes programme. This was funded by £69 million from the Estate Renewal Challenge Fund (ERCF) and £95 million of private finance raised by Poplar HARCA.

## North Solihull

Apart from the provision of land, there were no public funding inputs initially. It was hoped that the private sector would underpin the regeneration programme with land receipts, including the new primary school programme, although a public funding gap was always anticipated. As land values have fallen the HCA has stepped in to maintain momentum and effectively provide working capital for the programme. Both approaches have their merits and potential drawbacks. The North Solihull model is more appropriate where the private sector can better envisage returns in the medium term.

At the time of this research the North Solihull programme launched a consultation document on future options, however, there has been an expectation that the market will turn at some point in the programme period. North Solihull was due to complete its regeneration programme in 2021. It is hoped that the strategy can be delivered, albeit with higher than expected levels of public funding in the short term and a greater emphasis on social rather than private build. If house prices and land values do not return to levels prior to the recession for a longer period of time this raises questions about longer term sustainability of regeneration programmes where land values are a defining feature.

## Attracting and co-ordinating funding for regeneration

Once a regeneration programme is underway with a vision, strategy and initial targets it is often easier to attract other funding sources. The experience of the case studies shows that the routes are not always planned or logical. There is a renewed drive from government at strategic towards an alignment of funds and programmes. This is at the heart of the HCAs approach and its policy on bringing together funding streams and programmes to achieve holistic regeneration in one place, including individual estates.

## Financial planning

As in all major regeneration programmes detailed financial planning and monitoring is essential, arguably more so at present with rapidly changing land values and house prices. The financial planning process needs to consider risks and opportunities in respect of public and private funding. The main financial planning issues are:

<sup>31</sup> Poplar HARCA (2001) *The Poplar HARCA Story: Rebuilding Neighbourhoods*, London, Poplar HARCA

- The timescales and details required by public agencies are often under-estimated. Bids for HCA monies for example, are subject to a detailed appraisal and approval process, and where appropriate independent valuations to measure gap funding requirements. Projects of a significant scale will warrant additional attention and may require a detailed technical 'Green Book' appraisal of value for money and an assessment benefits, using cost benefit analysis and other techniques, to satisfy Treasury rules. There is guidance on these processes but the requirement on delivery vehicles and their partners to assist this process is often time consuming and can take several months before conclusion
- Where land transactions are involved it is normally not possible to be precise about the timing of receipts. It is not uncommon for regeneration schemes to run into cash-flow difficulties. Hence the critical importance of financial planning and management.

## The national funding context

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The regeneration framework *Transforming places; changing lives* (May 2009) reinforces the focus of regeneration activity on tackling deprivation and improving rates of work and enterprise and creating sustainable places where people want to live and invest. The report sets out proposed funding and delivery arrangements at the local level. There is a focus on identifying priority locations for intervention. Ensuring clear delivery arrangements are in place also forms a central element. Primacy is given to locally designed solutions with local authorities leading the process and designing solutions via a 'single conversation' with the HCA and their RDA .

The current policy shift is towards a focus on the regeneration at the neighbourhood level. There is a specific focus on those larger estates (primarily areas of purpose built social rented housing) that are identified as least sustainable, in particular in terms of economic and social performance. This approach links housing and development to wider neighbourhood sustainability, economic development and worklessness. The local authority lead role is emphasised in identifying specific neighbourhoods for regeneration intervention and ensuring objectives are embedded in community strategies and LAAs.

The Housing Green Paper highlighted the role of local authorities in 'place shaping' with the strategic housing role a key component. In engaging in a 'single conversation' with the HCA and RDAs over regeneration proposals, local authorities will need to provide convincing evidence of the priority of neighbourhoods for renewal and evidence the resources needed to support this. The authorities will be tasked with producing integrated area plans which address and link regeneration objectives in land, labour and housing markets. These will need to demonstrate value for money and show how the local asset base is being used to fund regeneration. Each authority will be required to produce a spatial map of priorities to the RDA as part of their bid for resources.

## The regional and local context

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As part of the 2007 Comprehensive Spending Review HM Treasury published their wide ranging Review of Sub-National Economic Development and Regeneration (the 'Sub National Review').<sup>32</sup> It set out an objective for a single integrated regional strategy encompassing housing, planning, transport and economic development. RDAs were to be designated as the regional planning bodies charged with developing the strategy and were given a key role in establishing effective LAAs and MAAs. Both of these are governed by a set of targets that in part determine levels of government funding and are used to guide local strategies and programmes.

The LAAs sets out how the aims and objectives of the Sustainable Communities Strategy are to be achieved. The LAA is a three-year agreement made between central government (represented by

<sup>32</sup> HM Treasury (July 2007) *Review of sub-national economic development and regeneration*, London, HM Treasury

the Government Office) and a local area, represented by the lead local authority and other key partners through Local Strategic Partnerships (LSPs).

From April, 2008 each authority will have a single LAA with four 'themes':

- Children and young people
- Safer and stronger communities
- Healthier communities and older people
- Economic development and the environment.

The LAA will combine many of the authority's existing funding streams, together with an area-based LAA grant and elements of other mainstream funding (from police, etc). Some funding streams may remain outside the LAA. The current LAA cycle determines local targets to 2011.

Key messages from the Sub-National Review include:

- Priority for financial resources will be linked to economic competitiveness
- A close focus on deprivation at the local level for future regeneration funding.

Funding for regeneration will tend towards a 'tighter' targeting on a smaller number of the most deprived neighbourhoods where public funding is essential to improve social and economic outcomes. The government response to consultation on the Sub-National Review (SNR), in November 2008,<sup>33</sup> recognised the continuing need for a sub national strategy and stressed the need for individual communities, localities and regions to have a greater say in the economic decisions over jobs, employment and opportunity.

## New directions: the Homes and Communities Agency

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The HCA has a clear delivery focus, not just for regeneration but to deliver the government's targets for new house building. HCA funding totals £17.3 billion from 2008-11 including £8.4bn investment in the National Affordable Housing Programme (NAHP). Neighbourhood renewal is a key objective alongside affordable housing supply, infrastructure and brownfield land development. In 2007 English Partnerships together with Communities and Local Government identified a list of 105 estates which contained in excess of 70 per cent social rented homes and had high levels of deprivation. The geographical spread of estates cuts across regions in the north, south and midlands and 59 different local authority districts.

The SQW report *Estates Regeneration*<sup>34</sup> was sent to the HCA transition team and contained proposals on prioritising estates for intervention. This considered a range of indicators including:

1. Stock condition
2. Social well being
3. Opportunities for intervention
4. Project readiness.

The approach considered case studies to test the proposed prioritisation process and identify new ways of working. The report sets out a typology of 16 types of estate based on the above considerations. Two types identified as areas of highest priority were estates exhibiting:

- Poor social conditions, poor stock condition, opportunity, readiness to go
- Poor social conditions, poor stock condition, opportunity, project to be developed.

<sup>33</sup> CLG (2008) *Prosperous Places: taking forward the review of sub-national economic development and regeneration: The Government response to public consultation*, London, CLG

<sup>34</sup> SQW (August 2008) *Estates Regeneration*. Final Report to the HCA Transition Team

It is likely that a similar approach will be at the core of the HCA programme development for the early years of capital spending. The West Midlands has piloted the approach in Birmingham and Wolverhampton in advance of the 'single conversation'. The HCA has been an active partner with the local authority in prioritising areas and defining appropriate investment programmes from the outset. The pilots show that it is not easy to prioritise neighbourhoods given that so many meet the criteria. Selection requires and requires policy and political considerations alongside baseline information. It also serves to demonstrate that whilst the HCA can channel resources it can only do so in a few areas at any point in time, raising questions about regenerating areas that are in need but do not receive public funding.

A key response to falling output as a result of the recession is the development of public sector land. The HCA is taking forward programmes designed to stimulate regeneration and housing supply in a period of private sector caution. These are:

- **Public Sector Land Initiative:** The Public Sector Land Initiative aims to bring publicly owned housing sites forward. Rather than sell land to developers, public sector land owners make their land available for development on a 'deferred payment' basis. Completed homes will be transferred to a housing association or to Private Rental Sector Initiative partners, or sold on the open market to individuals.
- **Private Rented Sector Initiative (PRSI):** The PRSI aims to create an opportunity for investors such as pension funds or overseas investors to enter the private rented sector on a large scale.

## Alternative models of attracting private sector finance

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Mills and Rowe in their essay for the Smith Institute *Financing Solutions for Growth and Renewal* suggest a number of funding mechanisms which could accommodate longer term infrastructure investment in regeneration whilst offering incentives to private sector investors. It is worth considering some of these models here.

- **Tax Incremental Financing (TIF):** This approach is used in many regeneration schemes in the USA. This involves establishing a SPV which can capture increases in local taxation and then plough back revenues raised into infrastructure which incentivises developers to invest in regeneration activities. The aim of the TIF is to obtain from developers and local businesses a proportion of new revenues generated by growth and to use those funds to support further local development. An All Party Parliamentary Urban Development Group is currently considering the viability of existing regeneration financing models and has examined the challenges involved in introducing alternative financing arrangements, such as Accelerated Development Zones (ADZs), which could be adapted from the TIF model.<sup>35</sup>
- **Regeneration Infrastructure Funds (RIFs):** One of the biggest challenges facing regeneration projects is the need to generate considerable levels of investment at a very early stage in the process. This may long precede the commercial development and the possibilities of investment return on commercial activity. Riordan notes that a good school increases the likelihood of area prosperity by adding to demand for local housing and increasing property values, however, there is no incentive to develop a school first.<sup>36</sup> RIFs can be a combination of bonds, equity and debt which aim to capture future income streams as a result of development from planning gain supplement, business rates or council tax; which enable investors to recoup their initial investment plus a dividend. RIFs could be area specific and guaranteed by local or national government.
- **Targeted taxation:** There are major disincentives for private developer investment in terms of VAT on refurbishments and stamp duty on new development. A more selective approach to

<sup>35</sup> <http://www.bpf.org.uk>

<sup>36</sup> Riordan T (2007) 'Financing the Northern Way: incentives for regeneration in the north' in Hackett P ed. *Incentives for Growth*, London, Smith Institute



VAT and stamp duty could incentive investment in key areas. Similarly, tax incentives could be offered to private developers who add value to the community in terms of offering training schemes or apprenticeships for local people.

- **Real Estate Investment Trusts (REITs):** Real Estate Investment Trusts (REITs) are a vehicle for securing private investment which offer tax incentives to investors. Often this will involve zero taxation on the investment vehicles' rental income or gains from the sale of investment properties. In parts of Europe and the USA REITs are common as an investment vehicle.<sup>37</sup> Characteristic for Germany is the existence of a strong private rental market with a broad range of qualities and prices that provides extensive affordable housing options. Together with effective legal tenant protection and assistance for low and medium income groups by housing allowances, the private rental market offers favourable housing opportunities enabling it to serve similar purposes as social housing does in other countries. The German Finance Ministry estimates that over 600 000 dwellings have been bought up by foreign-owned REITs. Funds aim to make returns through renovations, sales to tenants, other disposals, managerial and financial efficiencies and price rises.

## Alternative models of delivery: Community Land Trusts

An alternative approach to affordable housing and community asset provision could be through Community Land Trusts (CLTs). CLTs can bring about integrated action to meet social, economic and environmental goals by delivering affordable housing, encouraging social enterprise and increasing local governance. CLTs combined with co-operative and community membership forms of housing can also be used to increase the supply of affordable housing and draw-in additional institutional investment. Land can be sourced from the public sector or through the capture of value by the community through the grant of change of use to residential consent through the planning system. CLTs are a mechanism for the democratic ownership of land by the local community.

### Key lessons

- With the current recession, public sector funding is vital to kick-start regeneration and incentivise private sector involvement. All of the regeneration programmes featured in these case studies required public funding at some stage. The role of the public sector in sustaining regeneration is likely to become more important in the immediate term with uncertainties continuing around the security of private finance and the 'collapse' of the property asset model for funding regeneration.
- The public sector is a key player in regeneration. In addition to public funding it can also provide land and property assets to fund regeneration. In North Solihull the public sector is supporting a programme of new primary schools with significant regeneration benefits.
- The HCA is now the key housing led regeneration agency. Its business model has been based on assumptions that large parts of its contribution will be recovered through sales and receipts. The economic downturn has challenged this model. However, new initiatives such as the Public Sector Land Initiative and Private Rented Sector Initiative (PRSI) provide alternative development model which remain untested.
- Once programmes are established other regeneration monies can often be attracted but this has to co-ordinated and pursued by each programme. If this can be achieved there is significant potential to create a regeneration 'critical mass' with project interventions at several levels, across different policy themes.



<sup>37</sup> <http://www.cecodhas.org>

- Detailed business planning is important, reviewed regularly, with scenarios to take into account risks (e.g. falling land values) and potential new funding streams.
- Periodic reviews of programmes are required to assess whether public funding levels need to be increased to secure programme outputs and outcomes.
- A change in status (e.g. a LHC) can secure private finance through borrowing.
- To secure private sector investment in regeneration for the future more creative funding mechanisms need to be considered which could accommodate longer term infrastructure investment in regeneration whilst offering incentives to private sector investors. Possible models include Tax Incremental Financing, the creation of Regeneration Infrastructure Funds, targeted taxation policies and the wider development of Real Estate Investment Trusts.

## 4 Involving communities in estate transformation

Community involvement has been a key feature of regeneration over the past decade. Promoting active citizenship has been central to the government's approach to civic renewal across a spectrum of policy areas. In the context of area renewal, the Social Exclusion Unit report *A New Commitment to Neighbourhood Renewal: National Strategy Action Plan* (SEU 2001) identified that at a neighbourhood level, the link between social exclusion and participation was most marked. Community involvement has been a key component in both NDC programmes and Housing Market Renewal Pathfinders (HMRP).

Community engagement has been core to the Neighbourhood Management Pathfinders.<sup>38</sup> The national evaluation identified significant positive impact in regard to residents' views of their neighbourhood and their ability to influence management decisions compared with study control neighbourhoods. The pathfinders had community engagement as a core activity, with a 'strong core' of 20-60 residents (in areas of approximately 10,000 population) involved in 'deliberative processes'.

In contrast to this finding in his study of 'deprived council estates' between 1998 and 2006 Page<sup>39</sup> found that professionals underestimated the importance of social issues and were more focused on physical regeneration while residents perceived social factors such as crime and fear of crime, poor life chances for their children, and the consequences of poverty as the main factors affecting their quality of life. The challenge for policy makers is to ensure that both perspectives are addressed as part of a holistic regeneration process, each reinforcing the other. For example, using good design, new build and refurbishment to produce areas that are better used, meet practical local needs (play being a key requirement) and to help reduce crime and anti-social behaviour.

### The importance of involving residents in estate transformation

The CIH good practice guide, *Community Engagement in Housing Led Regeneration* looks at community involvement in Housing Market Renewal Pathfinders.<sup>40</sup> It summarises four simple arguments for community engagement in any housing-led regeneration programme:

- Ultimately residents will decide if they value living in a particular area or not
- Unless plans are owned by the majority of residents, they are unlikely to succeed
- Agencies need to listen to residents to get their decisions right and demonstrate that actions are firmly grounded in what people think
- Residents are the evidence base on which regeneration rests.

In the context of regeneration, there are likely to be five different levels of participation:

Informing	Telling people about regeneration plans and engaging their interest in them
Consulting	Offering people different options, getting feedback from them and taking account of their views
Deciding together	Encouraging people to develop ideas and opinions, and giving them some influence in deciding a way forward
Acting together	Joint decision making on action to be taken and forming partnerships with residents groups to carry it out
Supporting independent community initiatives	Helping residents to carry out their own plans or initiatives by grant aiding or supporting them in other ways while leaving them in charge of what happens <sup>41</sup>

38 CLG (October 2008) *Neighbourhood Management Pathfinders: Final Evaluation Report, People, Places, Public Services: Making the Connections*, London, CLG

39 Page D (2006) *Respect and Renewal: a study of neighbourhood social regeneration*, York, JRF

40 Lister S, Perry J and Thornley M (2007) *Community Engagement in Housing Led Regeneration: a good practice guide*, Coventry, CIH

41 Wilcox D and Taylor M (1995) *Unleashing the Potential: bringing residents to the centre of regeneration*, JRF, York

The Audit Commission has observed the strength of community and stakeholder involvement in successful regeneration projects.<sup>42</sup> They say that in successful areas, local leaders engage with communities to ensure that interventions are responsive to local concerns; that they have coherent programmes of change based on local needs and priorities; and these areas make the most of skills and resources of all sectors to ensure that the area has the capacity to deliver its ambitions and priorities. The Commission also notes<sup>43</sup> that local authorities demonstrate success in terms of regeneration when they draw up a socio-economic profile of the community and consult extensively in order to develop an understanding of local needs.

The importance of good community involvement in effective regeneration projects was also recognised by the Commission for Racial Equality now part of the Equality and Human Rights Commission.<sup>44</sup> Their 2007 investigation of regeneration indicated that most of the organisations involved in regeneration activity did not have a sufficiently rigorous approach to consultation and were not reaching all the different groups likely to be affected by the schemes. The study recommended better leadership from local authorities; better awareness of local needs; and supporting the development of leaders within the local community. Local authorities should put in place plans and governance structures that ensure equality is embedded in strategic policy making and operational activities for regeneration.

CRESR research observes a number of different approaches in different partnerships. In Newham the NDC main approach has been to ensure that proper tenant consultation takes place about refurbishment proposals and that improvement works are followed with robust neighbourhood management. In Bradford CRESR notes that the NDC sought the input of local people in many ways including issue based meetings and a master planning exercise. CRESR shows that there are complexities with the community dimension including maintaining the interests of different constituencies, conflicts between different parties and some racial tensions. They conclude that community engagement can be an uncertain process; and that deprived areas are often bereft of community structure and resources, a significant constraint on active community involvement in estate regeneration.

## Approaches to community involvement in the case studies

Mechanisms for involving communities in the four case studies are outlined below:

### Meden Valley

MVMP incorporates a formal structure of community representation. Resident and tenant organisations in each of its communities meet monthly to discuss issues of concern. These are then fed up through the Community Forum to the elected Community Director, who has a permanent seat on the MVMP board. In addition, MVMP employs a Community Engagement Officer and Leicester Housing Association employs a Neighbourhood Officer for community liaison. Developers and local police attend local meetings to ensure optimum communication and resident involvement.

A wide range of engagement processes are employed in Meden Valley including:

- Master planning and 'planning for real' exercises
- Liaising with schools to discuss community plans and building site safety issues
- Community open days and meeting with individual residents.



42 Audit Commission (June 2004) *People, Places and Prosperity: delivering government programmes at the local level*, London, Audit Commission

43 Audit Commission (September 2003) *Economic and Community Regeneration: Learning from Inspection*, London, Audit Commission

44 CRE (2007) *Regeneration and the Race Equality Duty: Report of a formal investigation in England, Scotland and Wales*, London, CRE

Partners are also provided ongoing support to empower and build the capacity of communities in Meden Valley. Specific measures include:

- A budget to facilitate the Community Forum
- An annual budget of £10,000 for small community-based initiatives, distributed through the Community Forum
- Training for community groups on issues such as financial stability, fundraising and bid writing, and skills for running effective meetings.

MVMP is now seeking to support both the Community Forum and the smaller residents groups to become sustainable so that they can continue to engage with service providers beyond the cessation of the programme.

A positive lesson from both governance and community engagement in Meden Valley has been the openness of decision making processes and reporting to partners and residents. The board is critical in ensuring that local decisions are accountable. This has helped MVMP maintain a level of support amongst the community. In addition, the early commitment from English Partnerships and EMDA in terms of financial resources, as well as staff time and focus, awarded credibility to the scheme and helped bolster confidence amongst residents.

The current arrangements and processes for community involvement in Meden Valley work well given that the permanent post of Community Director awards residents a meaningful status in governance with direct access to the Board. There is also an open and constructive dialogue between residents, officers and Board members, and the range of initiatives for engagement facilitating genuine influence rather than merely tokenistic community involvement.

The master planning events in Meden Valley have recorded high levels of attendance with an event at New Houghton attracting some 60 per cent of households. Communities were consulted sequentially rather than in parallel which meant that MVMP staff and partners were able to focus fully on each in turn. Any issues arising were able to be addressed through the Community Forum.

The community engagement arrangements in Meden Valley have been a clear success as they were built up from existing structures, rather than imposed from the top. Residents and community groups feel that they have enjoyed an open dialogue with decision-makers, and that processes have been accountable. Additionally, engagement activities and mechanisms have been backed up by capacity-building measures to ensure residents are able to contribute in a meaningful way.

MVMP has also welcomed visits by other regeneration projects. In February 2009, residents and staff from Aspire Housing Association visited Meden Valley schemes and met with staff and residents to discuss what lessons might be learned from its regeneration experience.

## Poplar HARCA

In Poplar, there is an elected Board for each estate in the Poplar HARCA area. Representatives from these attend the Joint Estates Panel which selects representatives to be resident members of the Board.

Poplar HARCA has demonstrated a high level of resident involvement and consultation as part of their regeneration improvements. Tenant and leaseholder representatives have sat on tender assessment panels for regeneration contracts and attended progress monitoring meetings. Residents have also been involved in the setting of the scheme property standard for new build and refurbished properties. High levels of resident involvement and consultation on maintenance programmes have contributed to how maintenance expenditure was prioritised and spent.



In Poplar there is a high level of satisfaction with community engagement arrangements. Resident meetings are held in the evening and at weekends in order to maximise the opportunities for attendance. There is also a clear commitment to community involvement which has been particularly strong with regard to the refurbishment programme. Poplar HARCA has put governance structures and engagement processes in place to ensure that residents are able to influence and are consulted on projects and policy developments.

There is also a substantial commitment to consultation in terms of project planning. For example, in planning the improvement works for the Leopold Estate in Poplar, discussions were held between residents and architects. Resident visits to a number of other estates outside of Poplar HARCA were also arranged to identify good practice. There was further close working with architects to develop their designs to the planning stage. In addition, the panel which appointed the developer was made up exclusively of residents, although they were supported by HARCA staff and were trained in selection under OJEU procedures. The Leopold Estate Board had a community sub group which oversees community involvement across other issues in liaison with Poplar HARCA staff.

In terms of 'building thriving communities', Poplar HARCA has developed new neighbourhood centres which are central to the association's social infrastructure approach. These centres are seen as the hub for a range of local activities, with a community director based at each one. As well as working to ensure services are coordinated for a particular neighbourhood, the community director is tasked with building capacity amongst residents to take part in the running of the area.

### North Solihull

The North Solihull Partnership has supported the development of resident implementation groups in four key geographical areas of North Solihull, in addition to undertaking community consultation in planned developments. At the outset of the project there were also consultation events based around neighbourhoods which were led by the partnership consultants. There is no direct resident representation on the partner board however it does have two local authority members. North Solihull Partnership's socio-economic programme has supported a number of community initiatives with a particular focus on working with and engaging young people.

In North Solihull local communities have been involved through the 'neighbourhood by neighbourhood' master planning events. Individual households have also been consulted when their homes have been directly affected by plans. This has been well received. Solihull is building community facilities in its new village centres and in its new primary schools to provide capital infrastructure for community working. It has also used development proceeds to fund community economic development projects, although this funding has been squeezed by the economic downturn.

The community engagement process in North Solihull has included the use of a number of tools. At the commencement of the project the development partnership appointed consultants EDAW to undertake master planning events across the neighbourhoods. These consisted of meetings and drop-in sessions. As plans developed these were followed by consultation with Resident Implementation Groups which were established by the partnership across four neighbourhoods. These have been generally welcomed but also criticised by some residents as being information exercises rather than opportunities to influence or change plans.

### North Huyton

In North Huyton, the Board includes three community representatives, three councillors and three directors. To focus on specific areas, there are five operational groups comprising of officers and community representatives. The early work in regeneration was undertaken during the NDC period and this principle of strong community representation has informed governance across North Huyton's activities. It has also ensured that policies are scrutinised by community representatives and exposed to consultation across the wider community.



Since the NDC programme community representation has been a strong element of work at North Huyton not only in terms of consultation, but also in terms of the numerical presence of community representatives. The NDC board is a majority resident body, and Knowsley Housing Trust has a third of its membership as community representatives. Training has been provided to ensure that community representatives can participate with 'professionals' on an equal footing. Representatives are elected to the Board, and have included residents who have been active and vocal in the community over some time and critical of aspects of the programme.

The extensive involvement of the local community in governance arrangements is a key feature of the North Huyton regeneration programme. This has ensured robust scrutiny of proposals and the development of a broad consensus. The high level of transparency in the decision making process, involving a range of partners including the local community has assisted the regeneration agencies to make tough decisions and prepare for meeting future challenges.

In North Huyton, direct consultation was used in neighbourhoods which were likely to be directly affected by redevelopment. These were based around open days and open weeks. They were highly targeted and generated 70-80 per cent turnout in each of the neighbourhoods. In addition to these events, every household received leaflets and newsletters. There was also a 'dialogue' (one-to-one meetings) with each household in the areas directly affected by clearance. The *Revive* partnership has tested the effectiveness of early consultation. This has enabled the fine-tuning of subsequent consultations.

There appears to be a high level of satisfaction with the community engagement process in North Huyton. There is recognition that from the inception of the NDC there have been meetings dealing with issues such as health, crime and housing. Local residents have felt free to voice opinions in consultation meetings and the *Revive* partnership has been open about current developments and funding issues in communications and in consultation meetings. Community representatives have been party to discussions at the strategic finance level. On a more day to day basis they and other residents have contributed to discussions on the maintenance and security of development sites while construction is delayed as a result of the economic downturn.

## The critical success factors in engaging with residents

CIH and TPAS have identified the 'critical success factors' for engaging with tenants. In summary they are:

1. **Get known to residents:** residents need to know why the regeneration programme exists and which agencies will be involved
2. **Neighbourhoods are different:** develop an understanding of the particular needs of individual neighbourhoods because they are not all the same
3. **Share power with residents:** residents have to live in the neighbourhoods and in the future will be a significant asset. If they feel as though they have some degree of power, they are more likely to be committed to regeneration
4. **Share information:** sharing information will build confidence and lead to trust and more open dialogue
5. **Build commitment:** residents need to develop a stake in the future of their area so it is important to seek, incorporate and respond to residents views
6. **Reach out to marginal groups and individuals:** there may be people marginalised in communities on the grounds of age, disability, race, religion or belief, gender and transgender and sexual orientation. It is important to recognise differences within the community and reach out to groups who may feel marginalised in the consultation process

7. **Develop residents' confidence and capacity:** many residents will lack the skills and knowledge necessary to participate as equals in the regeneration process. They may need training or opportunities to build confidence to play a role as equal partners in regeneration.<sup>45</sup>

### Key lessons

- Communities must be supported in terms of encouragement, resources and training to enable them to fully participate in the regeneration of their estates. The skills base of residents in participating in governance structures need to be developed through training and support.
- Not all residents are the same. Take account of diversity within communities and make sure communication and consultation acknowledges difference in terms of age, disability, race, religion or belief, gender and transgender and sexual orientation.
- It is important to secure funding for community workers and community forums to provide the infrastructure in which local perspectives can be channelled.
- It is necessary to facilitate honest and non-patronising dialogue with communities (there is evidence in North Huyton that communities have appreciated 'honest messages' about the impact of the economic downturn on house building programmes).
- Use of innovative methods to engage communities should be used. This should be done through various forms of media and events (website, newsletter, road shows). Outside of the case study estates there have been some very innovative measures to consult with communities. For example, the RENEW HMR pathfinder uses the C-base tool. This allows residents to look at public space and housing renewal options on a computer and to compare costs. The use of regular household satisfaction surveys in some housing areas has also been a very useful tool in measuring change and highlighting specific issues which need to be resolved.
- Consideration should be given to follow-on funding for community involvement and to support community organisations. This will help to sustain regeneration in the longer term.
- Take time to build trust with residents. Residents may express sceptical attitudes towards regeneration programmes initially, for example '*we have heard it all before...*' or they may be concerned that regeneration will bring changes to their neighbourhood with which they are not familiar.

<sup>45</sup> Lister S, Perry J and Thornley M (2007) *Community engagement in housing led regeneration: a good practice guide*, Coventry, CIH



## 5 Measuring estate transformation

Measuring the degree to which estate transformation has been a success can be a complex process. An established approach for a housing organisation would be to:

- Define the aims and objectives of the evaluations
- Establish a baseline
- Agree indicators and targets
- Collect and analyse the information
- Disseminate the outcomes.

Less easy to achieve and to measure have been the ‘transformational’ objectives and outcomes in terms of achieving sustainable communities. Generally, these broader social, environmental and economic objectives have been expressed in the following ways:

- Reversing decline and replacing negative images with positive ones
- Creating a different tenure and income mix with a move away from mono-tenure in the form of social housing and polarisation of low income households
- Resolving social and economic problems: for example, reducing health and educational disparities, tackling worklessness and the growth of ‘third generation’ worklessness amongst young people
- Providing a better place to live, where households want to stay and to which new households are attracted.

Because of the long term nature of all the estate transformation case studies, programme documentation tends to talk about the ‘journey towards change’ and is more cautious about the certainties of transformation and the timescales involved. The documentation is rarely explicit as to how transformation will be evidenced. However, there are measures that can be used to evidence change and inform the evaluation process and these include:

- Household surveys, measuring changes in resident satisfaction levels and providing valuable detail on the areas for improvement, particularly community safety and the environment
- Sustainability indices
- Measures of relative change, often against local authority averages. For example, house price data was used in North Huyton and health indicators in North Solihull.

### What does a successful neighbourhood look like?

Duncan and Thomas describe ‘successful neighbourhoods’ in the following way:

- A physically integrated mix of housing tenures, offering a range of genuinely affordable options for people. Poor quality neighbourhoods with a high proportion of social renting and particularly private renting are less likely to be successful in the long term without significant tenure change and a more diverse mix of incomes
- A range of adaptable house types and sizes, capable of meeting local community needs for the foreseeable future
- A good quality, well-designed housing stock with regular, ongoing investment in maintenance by both private owners and social landlords



- A good quality, safe and well-maintained environment
- Effective democratic neighbourhood representation
- Active neighbourhood management, with direct involvement of the community in decision-making about local services and a commitment to joined-up operating by service providers
- Community control of appropriate neighbourhood assets
- A well-developed social network, with ongoing investment in strengthening and widening social capital
- A good degree of social cohesion between different communities living alongside each other
- A clear sense of neighbourhood identity and belonging
- Good access to essential community facilities for all age groups
- Access to good schools and employment opportunities
- Low levels of crime, drugs and anti-social behaviour, with visible and effective neighbourhood policing
- A good, affordable public transport service, encouraging people to make some journeys without using their cars
- Demonstrable, year-on-year improvements in the statistical indicators of deprivation, e.g. ill health.<sup>46</sup>

## Learning lessons from the New Deal for Communities

Evaluation of the NDC programme used both qualitative (stakeholder interviews/household surveys) and quantitative data. Both methods show that the NDC programme has been seen as successful.<sup>47</sup> They have:

- Become more focused on delivering local programmes designed to deal with key issues in a locality
- Are more strategic in their outlook and have learnt to work effectively with other agencies
- Have become a recognised and valuable source of experience in community-led renewal
- The ten year time horizon of the programme is valuable because it has allowed partnerships to plan strategically in the knowledge that they have time to secure and maintain mutually beneficial arrangements with other delivery agencies.

NDC evidence identifies a strong rationale for area based renewal which adopts multi-outcome interventions and targets. It also points to some statistically positive relationships, for example, there are indications that as housing and the physical environment in an area improve, rates of crime reduce. The evaluation concludes that it is not possible to prescribe an optimal scale for regeneration and renewal. However, some of the case studies indicate that progress in NDC areas might have been easier and more readily sustained if the NDC areas had been larger.

## Lessons from stock transfer and large scale redevelopment programmes

An evaluation of housing stock transfer as a tool for renewal in Bridgend<sup>48</sup> indicated that a significant number of full time jobs were being directly sustained by the delivery vehicle as well as

46 Duncan P and Thomas S (2007) *Successful Neighbourhoods: a good practice guide*, Coventry, CIH

47 CLG (2007) *New Deal for Communities: A synthesis of new programme wide evidence: 2006-07*, London, CLG

48 Smith R. (2006) 'Housing Stock Transfer: Investing in Renewal as a Tool for Sustainable Regeneration'. *Housing Studies*, Vol. 21, No.2, 269-282

evidence that activity is supporting local Small and Medium-sized Enterprises in the construction industry to develop a robust business profile.

A JRF study in 2006, *Twenty-Five Years on Twenty Estates*,<sup>49</sup> argued that ‘the most dramatic effects were seen from the most significant (in scale) estate redevelopment programmes, although this could not succeed in all market conditions’, and it noted that ‘investment was in transition from programmes targeted on less popular estates to a more strategic approach across whole council and RSL stocks’.

## Other examples of estate transformation programmes

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The estate case studies carried out by SQW<sup>50</sup> indicated that while the case study areas had been the subject of evaluation there had not been consistency in the methodological approach to each of these. However, a number of messages did emerge about what did and did not work. These included a warning that while schemes were frequently successful within their narrowly defined terms they did not necessarily lead to wider improvements in the sustainability of neighbourhoods. In addition the SQW report noted:

- Interventions have a greater chance of success when they are wider partnership based regeneration initiatives than stand alone housing interventions. For example HATs were shown to be more successful when they took a broad approach to regenerating run down estates and worked within a wider partnership. However, it is recognised that it is complex and difficult to apportion costs within a partnership to delivering outcomes for which they are not directly responsible
- It is essential to have a clear delivery plan with roles and responsibilities within the partnership clearly defined and agreed. It is also vital to protect the legacy of investment in the longer term. This includes having a clear succession strategy but also considering potential future risks to investment if the long term sustainability of the neighbourhood is not secured.

The research for the HCA transition team<sup>51</sup> concluded that models of intervention should, as a minimum, take account of the need for multi-faceted interventions, the involvement of partners, the time required for successful projects, the apportionment of costs to different interventions/partners and the identification of funding packages and thorough succession strategies.

The Audit Commission reports referred to so far, identify aspects of local authority action associated with successful areas and successful regeneration projects which generally have outcome based aims, targets and performance indicators, seek user feedback to inform performance management; and collect evidence of step change improvements, for example, in employment, the use of public space and neighbourhood renewal.

As with the SQW study, the Audit Commission’s work emphasises the strength in a wider partnership. Progress is most likely to be achieved where national and local priorities are fully aligned and where local partners achieve coherence in establishing their priorities and targets, and making the most of the skills and resources of all sectors.

49 Tunstall, R and Coulter (2006) *A: Twenty-five years on twenty estates: Turning the tide?*, JRF/Policy Press

50 Report to HCA transition team. SQW. August 2007

51 Report to HCA transition team. SQW. August 2007

## Evaluating the success of the case studies

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### 1. Physical transformation

It has been possible to quantify physical changes to the built environment in the case study areas.

#### Meden Valley

The number of empty properties has reduced with the demolition of 500 homes and the refurbishment of 130 homes, most of which were previously unoccupied. 134 new homes have been built and a number of sites are ready for development. The visual impact is now one of occupation, renewal and development potential rather than dereliction. Emphasis has been on high quality design and sustainability.

Meden Valley has implemented master-plans for eight of the settlements through work undertaken including demolitions, housing improvements and developing new homes. There is some evidence that house prices in the settlements have improved. In 2001, the average house-price in the target settlements was £30,000: about one third of the regional average at £85,000. By 2006, it was about half the regional average. At Cresswell Model Village, the price of a 3 bed terraced property had increased from £25,000 in 2001 to £89,000 in 2007.

MVMP has also received a number of awards including:

- LA Building Control Awards: best partnership with the community 2006
- BURA Best Practice in Regeneration 2007
- Regeneration and Renewal Awards 2008.

#### North Huyton

Achieving Decent Homes has resulted in real physical improvements which is reflected in homes which look well maintained. There have also been tower block demolitions and new build added for sale and social rent. The recession has meant that some clearance sites have remained undeveloped and have been landscaped. The *Revive* partnership in North Huyton was a finalist in the *Regeneration and Renewal* 'regeneration partnership' of the year award in 2008.

#### North Solihull

The targets for development are high and some early progress has been made. Planning permission has been granted for 552 dwellings. 216 dwellings have been completed and a further 239 have commenced. Targets are 4,879 for sale and 2,440 for social rent. Decent Homes have also been achieved. The Partnership won the Best Partnership Award at the National Housebuilders' Federation 2007, an award which praised the collaboration between a private sector developer and a local authority. North Solihull also won the *Regeneration and Renewal* 'regeneration partnership' of the year award in 2008.

#### Poplar HARCA

The main visible progress has been around Decent Homes and environmental improvements. Some new-build homes have been added. The neighbourhood looks cared for by management and residents.

## 2. Social transformation

All of the case studies have featured investment in programmes to tackle deprivation and worklessness. There have been projects to reduce health disparities within borough areas and improve educational attainment. There have also been projects to tackle antisocial behaviour and reduce crime. These can be summarised:

### Meden Valley

Resident perception of the neighbourhood has improved following regeneration work. A planned element in the wider social transformation of the area was an uptake in owner occupation by incoming households. The new-build programme has been slower than expected because of the recession.

### North Huyton

There have been two major physical redevelopments to the social infrastructure in the form of a new high school and a primary healthcare centre. Both have resulted in improved educational and health service provision in the area. A construction training centre is also being developed. Knowsley Housing Trust has been instrumental in tackling antisocial behaviour. It has also implemented a clearance programme.

### North Solihull

The programme includes renewal or replacement of neighbourhood centres providing community and retail services and the replacement of 15 schools with 10 new schools. Two new schools have been built so far.

### Poplar

Poplar HARCA has been investing in community and social programmes for over a decade. There is a network of neighbourhood centres providing a community focus, internet cafes, youth centres, child-care and play areas. The association also has its own employment and training team providing individually tailored one on one support.

## 3. Economic transformation

Low average household incomes are at the root of many of the wider social and economic problems facing large estates. Estate transformation approaches have often focused on introducing new higher income households and supporting existing households to access employment and training opportunities. The physical process of regeneration which involves significant investment in new-build, refurbishment and maintenance has the potential to provide local jobs and employment opportunities as well as support local enterprise.

### Meden Valley

Development work across Meden valley generated jobs for Nottinghamshire and Derbyshire workers. This included some jobs with the local authorities: Mansfield and Bolsover. Early indicators are that the strategy of attracting higher income owner occupiers to the area is working, but it is being slowed as the rate of new build has slowed and the recession has deepened.



### North Huyton

There is a local labour agreement with the developers. However, with a slow down in the development sector and resultant job-losses, local employment generation has been very low. A new construction training centre is under development to help provide building skills to local people so they can take advantage of employment opportunities when they arise. The recession has meant that higher income buyers from elsewhere have not taken up the opportunity of buying new homes in the area on the scale envisaged so far.

### North Solihull

Encouraging enterprise and employment has been key to the programme for estate transformation. A commissioning group has been established to develop interventions in response to local needs. These were to be funded from sales receipts. The recession means questions have arisen over future levels of spending.

### Poplar

Training and advice is offered to local people by Poplar HARCA. Childcare facilities are also provided at some neighbourhood centres. Poplar HARCA is also engaged in a number of employment initiatives.

## 4. Sustainability

At this stage of the estate transformation process, none of the case studies can fully guarantee a sustainable future. This is because the recession has made an immediate impact on the availability of private sector finance, developer interest, local enterprise and employment opportunities for local people. In all of the case study areas, stigma still remains. Estate transformation is a long term process.

### Meden Valley

Meden Valley is attracting economically active households, but the longer term prospects of this continuing depends upon economic recovery. MVMP has invested in community involvement to ensure continued engagement with decisions affecting the future of neighbourhoods. It has focused on housing issues leaving education and economic development to be progressed by other public bodies such as the HCA, EMDA and the local authorities.

### North Huyton

Knowsley Housing Trust will be a major and sustained presence in the area with a high level of community engagement. There are also plans for a fund based on an annual new-build levy to support neighbourhood management initiatives. Sustaining social progress is also partly dependent on successfully developing homes which will attract higher income households.

### North Solihull

Development has slowed substantially because of the recession. Timescales and funding for the programme are subject to review. The HCA has emphasised the importance of tackling worklessness and improving facilities for education. The programme still has 10 years remaining.

### Poplar

Poplar HARCA has no fixed life and is likely to have a long term involvement in the Poplar area. It is able to take a long term view of planning and can experiment with and review policies and initiatives.

## Doing it better: approaches to evaluation

Evaluation is most effective when it:

- Is a continuous process informing planning and delivery over the life of an initiatives
- involves those with an interest in the project in deciding the questions they want answered
- Uses imaginative and creative approaches which engage those involved
- Helps organisations become accountable to the wider community
- Is used to challenge discriminatory and oppressive policies and practice, and to overcome inequality and disadvantaged
- Highlights and celebrates success and achievements
- Encourages an honest appraisal of progress, in order to learn from what hasn't worked as well as what has.

This needs approaches and methods which are:

- Comprehensive and qualitative as well as quantitative
- Are varied and accessible
- Focus on communities as key beneficiaries, followed by local service providers and then strategic agencies and funders
- Measure perceptual impacts: feelings and opinions
- Assess processes: ways of working as well as outcomes
- Set indicators (measures) which link to relevant local strategies and national targets.

Duncan P and Thomas S (2007) *Successful Neighbourhoods: a good practice guide*, Coventry, CIH

## 6 The longer term challenges of estate transformation

There have been a range of recent studies which have called into question the success and viability of different regeneration initiatives. A recent report for the Policy Exchange was pessimistic about past and continued attempts to achieve regeneration in many UK cities. *Cities Unlimited*<sup>52</sup> argues that despite regeneration initiatives over the past ten, fifteen and fifty years, there is growing inequality in the UK. The report argues that regeneration initiatives cannot defy economic geography which has seen a shift in economic activity from the industrial and shipping heartlands of 19th century Britain to London and the South East.<sup>53</sup> The report argues that there is no realistic prospect of economic convergence for many British cities with London and the South East.

The authors of *Cities Unlimited* argue that in a current climate of economic downturn regeneration spending is likely to fall a casualty to inevitable public spending cuts, as happened in the early 1990s when government finances came under pressure. The report argues that towns and cities that are heavily dependant on regeneration spending are also particularly vulnerable to cuts in regeneration spending when the economy experiences a downturn.<sup>54</sup> The report observes that cities in the UK have experienced divergent fortunes in terms of economic growth over the past decade. Between 1995 and 2004, 12 cities and large towns in the UK achieved employment growth rates above 20 per cent. In a further 15 cities, employment growth rates were below 10 per cent. Among England's largest 56 cities, the lowest performers were Newcastle, Sunderland,<sup>55</sup> Birmingham, Middlesbrough and Liverpool.

Even in areas which have benefited from public funding, deprivation and inequality remains high. The Joseph Rowntree Foundation (JRF) conducted a study of poverty measures from 1970 to 2000 for Britain. The report, *Poverty and Wealth Across Britain*, portrayed a stark portrait of rising levels of inequality. Already wealthy areas have become disproportionately wealthier and there is evidence of increasing polarisation where rich and poor live further apart. The urban clustering of poverty has increased with clustering and concentration of wealthy households around London and the South East. Spatial segregation of rich and poor has been little affected by remedial measures.<sup>56</sup> An earlier JRF report, *The Relationship between Poverty, Affluence and Area*, looked at geographical and social inequality in the UK. The work focused on five themes: health, education, housing, employment and poverty. The report found high status, well paid jobs were unevenly distributed across the UK; with most in London and the South East.<sup>57</sup>

The question that largely evades policy makers and evaluators is the 'how would areas fare if regeneration programmes were not delivered'. The usual response is 'worse' but the case for and against is largely unproven. Some evaluations have attempted to measure the 'what if' (the counterfactual) but the data sets that are used are often limited.<sup>58</sup>

The case studies in this report show that there has been slow movement on key economic and deprivation indicators and they may worsen further with the economic downturn. In this context are the large sums spent on estate regeneration worthwhile? Parkinson argues that now is not the time to stop regeneration: in a time of recession where deprived areas are most at risk, a long term commitment to regeneration programmes is required.

52 Leung T and Swaffield J (2008) *Cities Unlimited: Making Urban Regeneration Work*, London: Policy Exchange

53 Leung T and Swaffield J (2008) "A successful regeneration policy has to start by accepting the realities of economic geography, for it is at least as hard to buck geography as it is to buck the market." (p.24)

54 Leung T and Swaffield J (2008) "current policies mean that poorer towns will continue to get poorer relative to the rest of the country. When the national economy is doing well, and money for regeneration is plentiful, they will get gradually poorer. When the national economy is doing badly, and money for regeneration is hard to come by, they will get poorer much more quickly." (p.23)

55 The limits of regeneration in Sunderland is highlighted by Leung and Swaffield (2008). Despite direct investment of £2 billion over the past 20 years (p.30) Sunderland remains poor (see Dorling et al (2007)

56 Dorling, D et al (2007) *Poverty and Wealth across Britain 1968-2005*, York: JRF

57 Wheeler B and Dorling D (2005) *The Relationship between Poverty, Affluence and Area* (York: JRF)

58 ECOTEC is deploying a counterfactual analysis in the current (2009) evaluation of the 2000-6 URBAN II programmes for DG Region.



The recession dominates regeneration debates. It poses a serious challenge for estate regeneration. The model of using land receipts and the uplift in land and housing values has initiated a number of regeneration programmes and is central to estate transformation in North Solihull and North Huyton. Both programmes face challenges from declining land values and house prices and are dependent on 'short term' rescue from the public sector. When and in what form economic recovery will take place is far from certain; and established patterns of housing demand may well change as a result of the current crisis. Certainly banks and other lenders are likely to be much more cautious. In the longer term the involvement of the private sector remains vital and offers the only real prospect for regeneration in areas which have not been priorities for public investment, such as North Solihull. This may mean that some programmes have to slow down to protect their long term position and that a wholesale review of options and structures, as in North Solihull, is appropriate. If development activity slows there is an opportunity to plan future developments, provide infrastructure including schools; and acquire land and properties for future projects.

## Conclusion

This research project looked at four different approaches to larger estate transformation in four different parts of the UK. It aimed to assess comparative information on different approaches to estate transformation, enable regeneration professionals to make more informed choices and so lead to better outcomes for communities.

The case studies have shown that sustainable estate transformation requires more than physical renewal. The needs of neighbourhoods are complex and integrated initiatives both physical, social, economic and environmental are required to create successful and sustainable neighbourhoods. Estate transformation cannot be a short term exercise. Ongoing commitment and effective neighbourhood management are key ingredients of sustainability. Duncan and Thomas point out that to create successful neighbourhoods the following elements should be in place:

- Ongoing neighbourhood management: an active partnership between service providers and the community, with local staff in a local base
- Ongoing and regular investment in the local infrastructure and facilities
- Maintaining a stable or buoyant local economy and housing market
- Tackling local worklessness effectively
- A strong, empowered and cohesive community, with direct control over some neighbourhood assets, a stable revenue base and access to resources for strengthening or capacity building.<sup>59</sup>

In conclusion, the following recommendations can be made:

**Take a longer term perspective on regeneration:** The case studies show us that regeneration is a lengthy process, often stopping and starting depending on funding regimes. A transformational agenda with a strong vision can create the impetus that brings in key stakeholders in the public and private sectors and attracts funding. But it also raises expectations that are unlikely to be met in the short term. Transforming the image of an estate with a poor reputation, internally and externally, can only be a realistic objective in the longer term. Satisfaction surveys show that residents generally have realistic aspirations but high expectations in terms of the matters that affect their daily lives, such as tackling poor quality housing, litter and graffiti, crime and anti-social behaviour.

**Regeneration is a continuous process:** Regeneration programmes are fixed in term and often fixed in terms of budget and are sometimes subject to review or extension. Estate regeneration does not fit well with restrictions in time and budget. Some of the case studies have taken advantage of different regeneration programmes but have also had to adapt to different funding regimes and changes in personnel. Regeneration can be seen as a continual process requiring ongoing work to support communities and to tackle deep rooted economic and social problems. Finding means to support the process through development levies, dowries and endowment funding can help sustain estates once the focus of regeneration programme activity has moved on.

**Delivery vehicles need to be fit for purpose:** There are strengths and weaknesses for different delivery vehicles but good practice lessons from the case studies show the importance of considering and evaluating different options and choosing governance arrangements that reflect the objectives of the programme. The main factors for effective delivery include strong and experienced leadership, a suitably skilled and resourced support team with access to specialist support; and high level representations from the public sector partners. Community involvement in governance structures makes for more effective and responsive policies, but this comes with a requirement of training and support to ensure that community representatives can contribute on an equal footing with public and private sector partners.

<sup>59</sup> Duncan P and Thomas S (2007) *Successful neighbourhoods: a good practice guide*, Coventry, CIH

**Avoid a return to mono-tenure:** Regeneration policies have consistently sought to break down mono-tenure by providing housing for sale and shared ownership options. Both North Huyton and North Solihull have clear targets to reduce the proportion of social housing. There are though, increasing calls on government to embark on major public house building programmes to address the longer term demographic factors that have dominated discussions on housing policy before the economic downturn. A social housing programme, it is argued, could stimulate the economy, create jobs and contribute to the medium term national house building targets. This needs to be monitored carefully to ensure that steps to break up mono-tenure estates and create mixed communities are not derailed.

**Make effective links to employment opportunities:** The long term sustainability of estates is linked to the economic fortunes of adjacent areas and the ability of residents to access and benefit from employment opportunities. Where the main economic rationale for a region has passed, as in Meden Valley, the challenge is that much greater. With estates that are close to employment areas, such as North Solihull and Poplar, the challenge is to provide measures to address skills deficiencies and travel to work barriers.

**Realise the importance of schools for area renewal:** Good quality schools can play a significant role in estate regeneration and offer hope for future generations in areas often characterised by low skills and high levels of worklessness. Schools are central to the North Solihull regeneration programme, with ten new primary schools being built. Schools also feature in the other case study estates. The government's Building Schools for the Future programme can bring investment to estates and can be a stimulus for establishing economic and community links between schools and local communities.

**Aim to retain existing communities:** All of the case studies have placed emphasis on their existing communities even where the regeneration objectives have included the creation of mixed communities and attracting new, higher income households. The good practice lessons from the case studies are broadly consistent: housing choice to retain households, policies to tackle neighbourhood dissatisfaction (crime and anti-social behaviour, litter, poor quality local centres); the provision of decent homes; and the delivery of affordable housing. All of these factors can help to reinforce communities.

**Actively promote community involvement:** All of the case studies have policies to keep their communities informed and to actively involve communities in the regeneration process and the long term stewardship of their estates. Different approaches from community forums to community away days and planning for real events are worthy of consideration for new regeneration programmes. The use of the internet and other technological tools will be increasingly important for communication with and between communities.

**Surviving the recession:** The recession is having a major impact on all four case studies in terms of private sector involvement, economic sustainability and uncertainty about future public funding. In the short term public funding will be important in terms of maintaining momentum until economic conditions improve. In the current climate local authorities have a key role to play in maintaining regeneration through securing public sector investment in infrastructure, supporting housing and property markets; and supporting firms, individuals and jobs.<sup>60</sup>

60 CLG (2009) *Transforming Places; changing lives: taking forward the regeneration framework*, London, CLG

Transform Real Estate Investments, LLC is a Bay Area local Real Estate Solutions Company that purchases and improves all types of homes in various conditions and locations. We provide value to sellers by transforming their home selling experience into a much easier and faster process. We add value to homes by transforming houses to be more functional and updated with new technology and designer touches that our buyers are proud to call home. JLL has been leading sustainability expertise in real estate for 20 years and our "Transforming Real Estate"™ campaign celebrates the achievements of both JLL and the industry. Importantly, we look at the next 20 years and how the sustainability agenda will continue to shape the industry. We have identified seven trends driving change in real estate and how your business can transform to respond to these trends. Our insights and advice will help you navigate and benefit from a more sustainable future.