

Housing Market Renewal

Background

The Housing Market Renewal (HMR) pathfinder programme was announced by the Government in April 2003 as part of the Sustainable Communities Plan. Their purpose was described as tackling the problem of low demand for housing in selected parts of the North and Midlands, with the intention of *'reversing the exodus of residents from communities by providing long-term solutions to housing problems'*. The initial funding of £4 million for each area would *'enable schemes to immediately begin improvement work such as the demolition of obsolete properties and the refurbishment of run-down housing'*. Announcing the Government's intention to spend £500 million on the problem over three years, the Prime Minister said that the thousands of homes standing empty were *'a focus for wider dereliction, abandonment and crime'*. Deputy Prime Minister John Prescott added that the areas affected contain *'some of the most socially excluded people, living in some of the most deprived areas of the country, with the worst health and life expectancy'*. He said that the pathfinder programmes *'exist to break this cycle of deprivation and... put the heart back into communities suffering from the flight of residents'*.

TCPA Perspective

The Town and Country Planning Association welcomes the Government's resolve to improve housing and environmental standards in the Midlands and North as part of the national Sustainable Communities Plan. It is right to link the growth agenda in the South with efforts to tackle low demand in the North. The policy is right in terms of equity in that widespread housing abandonment, dereliction, and the collapse of local housing markets have had serious consequences for many northern communities. This policy is also an important part of a wider effort to secure a more even spread of economic activity and prosperity across the whole country.

The TCPA does not accept the argument from some quarters that low demand for housing in parts of the Midlands and North would justify refusing to meet the strong demand for more homes in the South. A more even distribution of population across

England is highly desirable but cannot be achieved quickly or by manipulation of the housing market. It is a function of patterns of job creation and investment. The TCPA has addressed the need to reinforce strategic national and regional planning through its forthcoming report *Connecting England – a Framework for Regional Development*.

Where there is low demand for housing but plenty of existing property, intervention can help to make the living environment significantly more attractive to both existing and new residents. In some of these areas the provision of some better-planned, high-quality new housing will be necessary if communities are to survive and prosper. However, understanding of the process of housing market decline and what triggers renewal remains imperfect in spite of a good deal of recent analysis in the pathfinder areas. The TCPA therefore endorses the declared aim of the HMR programme of adopting an experimental and decentralised approach. This is particularly important in order to ensure that action is suited to the very different social, economic and physical circumstances of individual pathfinder areas and to community preferences.

Key Issues

The TCPA's endorsement of the HMR programme is tempered by concern. Since the beginning, the programme has been criticised for relying on demolition to a greater extent than was anticipated and for undervaluing the heritage of vernacular dwellings. Further shortcomings have been alleged in relation to: keeping people informed about proposals and their evolution; community involvement; and integration of the programme with local planning policies and processes. Following consultation with senior officials from government and the pathfinder areas, the TCPA has produced this policy statement to promote better housing market renewal. The TCPA calls on the Government to address the issues raised in this policy statement.

Some criticism is clearly unfounded (for example, based on the misunderstanding that empty houses in the North East could be used to house homeless families from London) or unreasonable (that all older houses should necessarily be retained). However, the TCPA's own examination of the programme to date confirms that there are some real problems which need to be addressed. In some cases action is being taken, although this message needs to be communicated successfully.

It is essential that the following key issues are dealt with if the very worthwhile ambitions of the Sustainable Communities Plan are to be realised, and if public support is to be maintained.

Demolition

Plans to demolish housing in HMR pathfinder areas have become the target of widespread criticism. Damaging parallels have been drawn with planning and housing policies of the 1960s. Demolition will have a part to play in some areas, for example where land is needed for open space or social facilities, where housing is demonstrably unfit, or where available housing types are unwanted by owner-occupiers or tenants who are in a position to choose. Pathfinder representatives have assured the TCPA that demolition is not a required element of every local HMR pathfinder project. But they have yet to get this message over to the public locally and nationally. Demolition can be one of a number of options if local circumstances and thorough public consultation show it is both

necessary and supported. Selective demolition would probably be more successful (and opposition lessened) if the following changes to practice were made:

- We understand that demolition is no longer routinely prescribed for housing on grounds of unfitness for habitation. However, where unfitness is the test, the decision should be based on a rigorous assessment of the property's condition and not just on its age.
- The results of fitness assessments should be transparent and open to scrutiny.
- The costs of refurbishment over the whole life of the property should be taken into account, as well as evidence of demand for similar properties in adjacent, more flourishing areas.
- Compensation should be generous enough to enable owner-occupiers to acquire comparable accommodation in the vicinity.
- All residents displaced by demolition or refurbishment should be helped to find suitable alternative accommodation that they find acceptable.
- The use of compulsory purchase orders should be avoided, and purchase should be negotiated wherever possible. Public authorities should not embark on compulsory purchases unless they have the skilled staff to handle them and a reasonable expectation that they will proceed expeditiously.

Community Involvement

Although public consultation is built into HMR processes, some communities feel strongly that their views have not been heeded. In some cases there have been long delays between consultation and decisions, fostering uncertainty and suspicion.

- Naturally, not everyone is likely to give their support to a programme. However the TCPA recommends that thorough community consultation and participation should be a more stringent condition of government funding. Participation should be significant, and substantial (i.e. majority) public support should be secured. It is vital that consultation is not only done but seen to be done.
- Revenue-funding should be available to support communities throughout the long transitional and reconstruction period that they are likely to experience.

Refurbishment

A number of organisations, including English Heritage and SAVE Britain's Heritage, have argued against widespread use of demolition in HMR pathfinder areas. They maintain that old buildings give communities a sense of identity and continuity, as well as being desirable on heritage grounds.

- The TCPA recognises the inherent value of existing buildings. No dwellings should be considered for demolition without a careful refurbishment appraisal first.

- Differential VAT rates, which privilege new building over refurbishment, must be ended.
- In some areas a limited range of housing types rather than unfitness is the problem. Consideration should therefore be given to amalgamating units, subdividing terraces laterally, or creating smaller units, for example for students or other single-person households.
- Demolition of older property to improve the physical amenities of an area can be justifiable, for example when establishing new, high-quality, green space and private gardens. However, this should be selective, small scale, and carried out with local agreement.
- Two-up, two-down terraces present particular problems, especially where they form a high proportion of the housing stock. Creative solutions include two-into-one conversion or judicious selective demolition to improve the local environment, or create new amenities such as open space. This may prove more expensive than wholesale clearance, however. All such financial considerations and options should therefore be put to the local community and its judgement accepted.

Affordability

The aim of the HMR programme is to revive local housing markets. If successful, existing property owners will benefit from increased values, and private sector investment will be stimulated. However, the process is likely to create losers too.

If property prices rise too strongly as a result of HMR, affordability could become a serious problem, as it is already in more prosperous parts of the country. In the case of demolition, owner-occupiers may receive insufficient compensation to re-house themselves in similar accommodation in a better location. Also, tenants of private landlords may not automatically be re-housed. In general, tenants in HMR pathfinder areas are likely to face rising rents as landlords carry out improvements and property values rise.

Those responsible for local programmes need to manage these effects very carefully. Grants and public investment must not be allowed to fuel essentially speculative activity, as opposed to responsible private sector property provision.

- Statutory protection of tenants, where it exists, must be enforced.
- Where tenants are eligible for housing benefit it should be administered proactively to cushion rent increases.
- Compensation for owner-occupiers whose houses are acquired for demolition should be generous enough for them to be able to re-house themselves satisfactorily.

Planning

Market renewal should be considered within its full planning context. This includes regional, spatial and economic strategies, as well as local

development plans. Renewal areas will not thrive unless their economic base is secured.

- To make communities in HMR areas sustainable in the long term, investment is needed to support enterprise and job creation.
- Creating high-quality, desirable places, with good transport links, premises and other infrastructure, will attract employers.
- HMR plans must be linked to activity by regional planning and development agencies and other players aimed at enhancing local skills and aspirations.
- Regional strategies are essential in reviving local housing markets to ensure that the problem of excess supply is not perpetuated elsewhere.

Securing Long-Term Funding

Given the profound implications for people's lives the HMR programme deserves longer-term funding commitment than the current three year cycle allows.

- The use of compulsory purchase orders, where justified, is particularly difficult as the time horizon for processing them exceeds the forward commitment of government funds.

Skills

The HMR programme and other regeneration initiatives around the country have highlighted a major skills shortage. There is a significant lack of staff experienced in dealing with regeneration in general and compulsory purchase in particular. The new Academy for Sustainable Communities established under the chairmanship of Professor Roberts (a former Chair of the Town and Country Planning Association) will address this need.

- In the shorter term it will be important to ensure that key personnel receive the right training. Also, HMR plans and the pace of implementation should be geared towards the availability of local skills.

Adaptability

Circumstances change. In some areas property values have already begun to rise and the pathfinders have effectively become a victim of their own success. This does not mean that the selection of an area was wrong, or that the local programme should be stopped. But it does suggest that each area should be monitored continuously and that plans must be flexible enough to respond as new issues arise.

The TCPA accepts that each pathfinder area has been rightly encouraged to develop its own solutions to the problem of empty homes and market decline. The problems of individual pathfinder areas have different causes and manifestations. Moreover, housing markets within the areas are complex, and can vary literally from street to street. They are also affected by a number of external factors, including employment, schools and the quality of the local environment.

- Locally derived solutions must remain central to the HMR programme.
- The aim should be that, once sustainable improvement in the local housing market has become established, public intervention will taper off to more normal levels.

Next Steps

The HMR programme is an essential part of the Sustainable Communities Plan, providing major initiatives outside the country's fastest growing regions. In principle it has the TCPA's support. However in practice, early pathfinder activity has thrown up critical issues which must be urgently addressed, including economic underpinning, community involvement, heritage, and post-demolition outcomes.

The Association also urges the Government to produce advice covering the planning context, managing housing affordability, funding, adaptability, and skills requirements, as soon as possible.

The Association also recommends that the Government undertake a thorough re-appraisal of publicity and information programmes relating to the HMR pathfinder projects, covering local, specialist and national media. User-friendly communications based on regular Audit Commission findings should be prepared and given an especially high profile. Similarly, individual pathfinders should be encouraged to improve their relations with the media, and to commit significantly increased budgets to this aspect of their highly important but inevitably controversial work.

The TCPA

The TCPA is an independent charity working to improve the art and science of town and country planning. It puts social justice and the environment at the heart of policy debate and inspires government, industry and campaigners to take a fresh perspective on major issues, including planning policy, housing, regeneration and climate change.

The TCPA's objectives are:

- To secure a decent, well designed home for everyone, in a human-scale environment combining the best features of town and country.
- To empower people and communities to influence decisions that affect them.
- To improve the planning system in accordance with the principles of sustainable development.

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A large-print version of this document is available from the TCPA