BSHF Submission to the Communities and Local Government Select Committee Inquiry into Regeneration

Executive Summary

BSHF welcomes the opportunity to respond to the government's strategy on regeneration and agrees with the aspiration that every part of Britain should grow and prosper.

- There are real challenges that stand in the way of realising this aspiration. The background to the regeneration environment is very challenging. Barriers include historic issues, employment challenges and financial constraints in the public sector.

- These formidable difficulties should be balanced against the benefits of a localist approach to regeneration. Self-help housing, where community groups bring empty properties back into use, offers a specific example of the benefits of community-based responses to housing need.

- The government states that it is "taking a different approach"[1] to regeneration. However, the 'tools' that are available to local communities to deliver this (such as funding sources) are similar to those used by previous governments.

- It is important that the new approach to regeneration builds on a clear understanding of both the successes and failures of previous programmes. This should include responding to the views of existing communities, combining different aspects of regeneration (community, economic and physical) and taking a long term approach. Gaining some level of cross party consensus on regeneration, particularly its funding, would create major long term benefits through greater stability.

- Building a sustainable funding package from different funding sources will be a significant challenge, particularly for large scale programmes. It may test the skills and capacity that are available in local authorities and others stakeholders when they are already under pressure from funding constraints. The experience of self-help housing provides a specific example of the difficulties that local community programmes have in accessing government funding.

- Evaluation of the government's approach will depend on agreeing a more specific definition of what regeneration is trying to achieve. It will also be important to assess whether a localist approach to regeneration achieves results in some communities but is not successful in others. If so, how will the government respond to communities that are struggling to benefit from a localist approach?

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[1] DCLG (2011) Regeneration to Enable Growth: What government is doing in support of community-led regeneration, page 3.

About BSHF

The Building and Social Housing Foundation (BSHF) is an independent housing research charity committed to ensuring that everyone has access to decent and affordable housing, and holds Special Consultative Status with the United Nations Economic and Social Council. Since 1994 BSHF has organised an annual series of Consultations at St George's House, Windsor Castle, on a range of housing issues, bringing together diverse groups of experts for in-depth discussion and consideration of an important housing issue. Notably, the consultation in June 2009 focused on The Future of Housing: Rethinking the UK housing system for the twenty-first century.[2] This submission is based on these consultations and on original research that BSHF has been involved in.

Two pieces of evidence form the basis of this submission.

- Research conducted in conjunction with Durham University on the Housing Market Pathfinder programme with particular reference to the 'Bridging NewcastleGateshead' programme;[3]

- Research and consultation conducted in conjunction with the Third Sector Research Centre on self-help housing, where communities are bringing empty properties back into use.[4]

Each question posed by the select committee is addressed in turn.

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[2] Diacon, D., Pattison, B., and Vine, J. (2009) The Future of Housing: Rethinking the UK housing system for the twenty-first century, http://www.bshf.org/published-information/publication.cfm?lang=00&thePubID=4FF3F1F7-15C5-F4C0-99959BAD3ED44A50

[3] Armstrong, A. (2010) Creating Sustainable Communities in 'NewcastleGateshead', http://etheses.dur.ac.uk/393/

[4] BSHF (Forthcoming) Self-Help Housing: Supporting locally driven housing solutions, Available on request.

1.   How effective is the Government's approach to regeneration likely to be? What benefits is the new approach likely to bring?

1.1.   BSHF agrees with the government that regeneration is "important to individuals and communities, but it matters for the country too - we need every part of Britain to fulfil its potential so we can prosper and grow as a nation."[5]

1.2.   There are real challenges that stand in the way of realising that aspiration. The background to the regeneration environment is very challenging. Barriers to realising this aspiration include historic issues, employment challenges and financial constraints in the public sector.

1.3.   This new localist approach will need to achieve change in areas that have been the subject of regeneration efforts for many decades. For example, the city of Newcastle upon Tyne has been described as an "urban laboratory"[6] where many different regeneration policies and strategies have been attempted over at least the last forty years. As the Audit Commission (2003) recognized in its early assessment of Bridging NewcastleGateshead, "the pathfinder area has been subject to numerous programmes of interventions in the past…but all have failed to halt the area's decline".[7]

1.4.   Many of the residents in regeneration areas will have lived through a number of different initiatives. Residents in Bridging NewcastleGateshead described themselves as suffering from "consultation fatigue"[8] and may not immediately embrace another new approach to regenerating their local area.

1.5.   The government is clear that it is "taking a different approach"[9] to regeneration. However, the 'tools'[10] that are available to local communities to achieve this are similar to those used by previous governments. Many of the funding sources are a continuation of existing programmes such as Supporting People, Decent Homes and the European Regional Development Fund. Other funding sources have been developed by government departments for several years such as Community Infrastructure Levy, Tax Increment Financing and self financing for council housing. New funding sources, such

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[5] DCLG (2011) Regeneration to Enable Growth: What government is doing in support of community-led regeneration.

[6] Armstrong, A. (2010) Creating Sustainable Communities in 'NewcastleGateshead', page 85, http://etheses.dur.ac.uk/393/

[7] Audit Commission (2003) Market Renewal – Newcastle Gateshead Pathfinder, Scrutiny Report, London.

[8] Armstrong, A. (2010) Creating Sustainable Communities in 'NewcastleGateshead', pages 129, 153 – 159 http://etheses.dur.ac.uk/393/

[9] DCLG (2011) Regeneration to Enable Growth: What government is doing in support of community-led regeneration, page 3.

[10] See Tables in "Regeneration to Enable Growth" for details.

as the New Homes Bonus will be available and other changes such as reform of planning policy are being proposed. Overall the 'tools' available for regeneration represent an evolution in policy rather than a revolution.

1.6.   Regeneration areas are intimately connected to the cities and regions that they are part of. They will be affected by changes that take place in the local economy and local government. In fact, they are likely to be more vulnerable to these changes than other areas which have more successful histories to draw on.

1.7.   Public sector employment is particularly important in many regeneration areas. For example, in Newcastle upon Tyne 30.5 per cent of the workforce are employed by the public sector.[11] The government states that "parts of country previously over-reliant on public funding [will] see a resurgence in private sector enterprise and employment."[12] The government will need to ensure that these new opportunities are available to people who are living in regeneration areas.

1.8.   Local authorities are expected to make significant savings in the next few years. Some commentators have suggested that poorer areas will be most affected by these cuts.[13] People in regeneration areas may also be more reliant on public services than those in more affluent areas. They may therefore be more affected by reductions in public services.

1.9.   These formidable difficulties should be balanced against the benefits of a localist approach to regeneration. Question 3 focuses on the wider lessons that can be learned from the successes and failures of current regeneration policy. Self-help housing offers a specific example of the benefits of community-based responses to housing need.

1.10.   "Self-help housing involves groups of local people bringing back into use empty properties that are in limbo, awaiting decisions about their future use, or their redevelopment. It differs from self-build housing which involves constructing permanent homes from scratch".[14]

1.11.   Fresh Horizons[15] is a community social enterprise based in Huddersfield that has successfully adopted a self-help housing approach. It became involved in self-help

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[11] The Guardian (2011) Public Sector Workforce by Local Authority, https://spreadsheets.google.com/ccc?key=0AonYZs4MzlZbdFVyd3U0WWFXTFVZeWtXWmh nVUExM2c&hl=en#gid=0

[12] DCLG (2011) Regeneration to Enable Growth: What government is doing in support of community-led regeneration, page 3.

[13] NLGN (2010) Poorest Areas Hit Hardest by Financial Settlement, http://www.nlgn.org.uk/public/2010/poorest-areas-hit-hardest-by-finance-settlement/

[14] Self-Help Housing.Org (2010) What is Self Help Housing? www.self-help-housing.org

[15] http://www.freshhorizons.org.uk/

housing in response to local problems with abandoned buildings and dereliction. Local private sector empty properties have been targeted and seven options developed to encourage owners to bring empty properties back into use. This generates work for the construction employment and training team and also provides additional housing opportunities for the local community. Tenants have expressed their appreciation in having responsive, local support from Fresh Horizons. While initial empty homes activity has been on a small scale, the aim is to undertake 'street level regeneration' based on local clusters of around 30 properties.

1.12. Analysis of self-help housing by the Third Sector Research Centre[16] suggests that it provides:

- an additional source of affordable and accessible housing to meet local housing needs;

- opportunities to gain construction skills and training;

- a catalyst to bring socially excluded people and the wider community together to work on specific local issues;

- an opportunity for owners of empty properties to bring them back into use;

- a contribution to wider neighbourhood regeneration.

When these are taken together, the potential of self-help housing to deliver social and economic benefits is apparent. Self-help housing can provide 'win-win' situations for a variety of different groups.

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[16] TSRC (2010) Self-Help Housing: Could it play a greater role? Working Paper no 11, http://www.tsrc.ac.uk/Research/ServiceDeliverySD/SelfHelpHousing/tabid/615/Default.aspx

2. In particular: Will it ensure that the progress made by past regeneration projects is not lost and can, where appropriate, be built on? Will it ensure that sufficient public funds are made available for future major town and city regeneration projects as well as for more localised projects?

2.1. Regeneration programmes have been conducted for decades, often with many different programmes being undertaken in the same areas. These programmes have shown significant examples of both success and failure. It is important that the new approach to regeneration builds on a clear understanding of both the successes and failures (see response to question 3).

2.2. The dangers of allowing regeneration to cease are clear. "There are real concerns that if regeneration activity is halted now a generation of skills and capacity which has been slowly built up during recent years might be lost."[17] Perhaps more importantly is that regeneration seeks to ensure that "every part of Britain [can] fulfil its potential" and that no communities are left behind.

2.3. The government's new approach to regeneration clearly places a greater onus on local authorities and others (including housing associations and community groups) to assemble a viable financial model from different funding sources. It outlines a "menu" of different options that are available. "The actions taken and tools employed from this menu will vary from place to place and need to happen at the right spatial level."[18]

2.4. This new approach means it is difficult to get a clear picture of whether there will be sufficient funds to deliver regeneration programmes, particularly major town and city programmes. It will depend on the individual circumstances of every local area and local authority.

2.5. An added complication is the number of new initiatives being implemented by the government that will affect the financial viability of regeneration programmes. These include

- New Homes Bonus;[19]

- Affordable Rent;[20]

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[17] Parkinson, M. et al (2009) The Credit Crunch and Regeneration: Impact and implications, page 75, http://www.ljmu.ac.uk/MKG_Global_Docs/CLG_Credit_Crunch_Report.pdf

[18] DCLG (2011) Regeneration to Enable Growth: What government is doing in support of community-led regeneration, page 6.

[19] DCLG (2011) New Homes Bonus: final scheme design
http://www.communities.gov.uk/documents/housing/pdf/1846530.pdf

[20] DCLG (2010) Local decisions: a fairer future for social housing
http://www.communities.gov.uk/publications/housing/socialhousingreform

- Tax increment financing;[21]

- Universal Credit;[22]

- Capital and assets programme.[23]

There are issues about how each of these initiatives will affect regeneration areas. For example, some commentators have suggested that Affordable Rent is unlikely to deliver new housing supply outside of the South of England.[24] In respect of Universal Credit, if direct payment of housing support to social landlords is limited, it may reduce the amount of private finance that can be raised to support new development.

2.6.   There is a further issue about how the new initiatives will interact with each other. For example, will the cap on overall benefits received by one household proposed in the Welfare Reform Bill undermine the use of Affordable Rent in high cost areas?

2.7.   There are also questions about how much funding can be secured from the private sector. Is the private sector ready and willing to invest in regeneration areas?

2.8.   Building a sustainable funding package from different funding sources will be a significant challenge, particularly for large scale programmes. It may test the skills and capacity that are available in local authorities and others stakeholders when they are already under pressure from funding constraints.

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[21] HM Treasury (2010) More Financial Freedom for Local Authorities, http://www.hm-treasury.gov.uk/press_47_10.htm

[22] DWP (2010) Universal Credit: welfare that works, http://www.dwp.gov.uk/policy/welfare-reform/legislation-and-key-documents/universal-credit/

[23] DCLG (2010) Capital and Assets Pathfinder Programme, http://www.communities.gov.uk/localgovernment/decentralisation/capitalassets

[24] Inside Housing (2011) Shock to the System, http://www.insidehousing.co.uk/analysis/in-depth/shock-to-the-system/6513832.article

3.   What lessons should be learnt from past and existing regeneration projects to apply to the Government's new approach?

3.1.   The government is adopting a "different approach" to regeneration. However it is still important to learn from the successes and failures of previous regeneration programmes. The history of these policy interventions has contributed to the history of families and communities in regeneration areas.

3.2.   For example, people in the NewcastleGateshead regeneration area have experienced the emotional impact of being involved in demolition and relocation programmes. One of the residents who had been moved to allow demolition described her feelings in this way: "it was a real trauma moving… [it was] where I'd lived all my life, a home and we'd all been brought up together and we'd had happy times."[25]

3.3.   The impact of these regeneration programmes on a community should not be underestimated. It means that the government will need to build their new approach on existing experiences of communities in regeneration areas rather than attempt to start again from scratch. This should include clarifying the aims of regeneration, understanding the importance of definitions of 'community' and ensuring the regeneration is 'holistic'.

3.4.   It is important that the government clarifies the aims that it has for regeneration. The strategy outlined in "regeneration to enable growth" provides little information about what the government is intending to achieve beyond general statements about the desire to "breathe economic life into areas".[26] Research on previous regeneration initiatives suggests that "it is easier to write policy documents than deliver policy."[27]

3.5.   Historically there have been a variety of different reasons used to justify interventions to regenerate communities. These include reducing 'irresponsible behaviour', developing active citizenship, building social capital and creating sustainable communities.[28] Some programmes have focused on 'fixing' the environment and others have focused on people-based interventions.

3.6.   However, there is often a disconnect between the problems described by local communities themselves and those described by politicians, policy makers and regeneration practitioners. For example, communities in NewcastleGateshead described the problems with their area very differently to the regeneration programme.

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[25] Armstrong, A. (2010) Creating Sustainable Communities in 'NewcastleGateshead', page 251, http://etheses.dur.ac.uk/393/

[26] DCLG (2011) Regeneration to Enable Growth: What government is doing in support of community-led regeneration, Page 3.

[27] Armstrong, A. (2010) Creating Sustainable Communities in 'NewcastleGateshead', page 324, http://etheses.dur.ac.uk/393/

[28] Armstrong, A. (2010) Creating Sustainable Communities in 'NewcastleGateshead', http://etheses.dur.ac.uk/393/

> "There was one bit missing in their [Bridging NewcastleGateshead's] analysis and that was how the community sees themselves – the personality and character of Walker – that should underpin the vision for Walker Riverside."[29]

> "Working class residents revealed in discussions that they desired an improvement to their communities for themselves, their families and friends... They wanted fewer takeaways and more opportunities to purchase fresh fruit and vegetables, bank in their communities and have a regular public transport service Furthermore, they did not want master plans and the new people imposing their ideas and lifestyles on them. They wanted regeneration on their terms – a vibrancy and renaissance that they understood and actively desired."[30]

3.7.   The government is clear that it is seeking a localist approach. It has yet to explain what will happen if the priorities of the local community conflict with those of national politicians and policymakers. Without a clear, shared understanding of the problems and challenges facing regeneration areas it will be almost impossible to begin to address them.

3.8.   This leads on the **importance of definitions of 'community'**. The government has stated that "our approach is localist - putting residents, local businesses, civil society organisations and civic leaders in the driving seat."[31]

3.9.   If this localist approach is successful it could overcome the weakness of some previous regeneration programmes that have failed to adequately respond to the views of existing communities. However, there will be major challenges in delivering this aspiration.

3.10.   'Community' is a contested term. There are different overlapping communities and other stakeholders (including business and civic leaders) that will have different priorities. Developing a localist approach will require careful balancing of different interests.

3.11.   Communities are dynamic. The needs and aspirations of communities will change profoundly and sometimes rapidly. Bridging NewcastleGateshead was criticised for putting the needs of 'future communities' above 'existing communities'.[32]

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[29] Armstrong, A. (2010) Creating Sustainable Communities in 'NewcastleGateshead', page 297, http://etheses.dur.ac.uk/393/

[30] Armstrong, A. (2010) Creating Sustainable Communities in 'NewcastleGateshead', page 325, http://etheses.dur.ac.uk/393/

[31] DCLG (2011) Regeneration to Enable Growth: What government is doing in support of community-led regeneration, page 3.

[32] Armstrong, A. (2010) Creating Sustainable Communities in 'NewcastleGateshead', page 305, http://etheses.dur.ac.uk/393/

3.12.   The localist approach will also need to ensure that it is able to **combine different aspects of regeneration – community, economic and physical**. "Evidence from earlier urban initiatives such as City Challenge and Single Regeneration Budget had shown that, even with successful economic regeneration, if the quality of the urban environment did not significantly improve then residents who became 'empowered' moved out of poor quality neighbourhoods thereby increasing residential volatility."[33]

3.13.   Despite aspirations for 'holistic regeneration' previous programmes have tended to emphasise one aspect. For example, Housing Market Renewal focused on physical changes to the environment such as demolition, mixed development and new building. There was little emphasis on sustainable development, community participation or employment beyond acknowledging that housing market failure may not derive from houses but may derive from 'non-housing factors'.

3.14.   A **long term commitment** will be needed to successfully implement a localist approach. Previous regeneration programmes such as the New Deal for Communities have found that "community engagement requires consistency, dedication and commitment".[34] It also requires continuity in staff working on regeneration programmes, clarity on how communities are going to be engaged and realistic timescales for delivering change.

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[33] Armstrong, A. (2010) Creating Sustainable Communities in 'NewcastleGateshead', page 72, http://etheses.dur.ac.uk/393/

[34] DCLG (2010) The New Deal for Communities Experience: Final summary, http://www.communities.gov.uk/documents/communities/pdf/14884791.pdf

4. What action should the Government be taking to attract money from (a) public and (b) private sources into regeneration schemes?

4.1.   One of the key issues for any funding for regeneration is providing long term stability. Critiques of regeneration have often highlighted the issue of short term funding for long-term regeneration yet the lessons have been ignored. Uncertainty is one of the main concerns expressed by residents experiencing the regeneration process. There can also be pressure to show progress within electoral cycles which can be difficult for long term programmes. Gaining some level of cross party consensus on regeneration, particularly its funding, would create major long term benefits.

4.2.   The experience of self-help housing provides a specific example of the difficulties that local community programmes have in accessing government funding. BSHF has made a number of recommendations about how the government can better support this type of programme.

4.3.   Government funding should be accessible to local community groups (such as organisers of self-help housing). The Department for Communities and Local Government (DCLG) and the HCA should ensure that qualifying criteria and reporting requirements are proportionate to the amount of money being distributed, either directly or though intermediaries.

4.4.   Government should ensure that legislative and funding frameworks, such as the New Homes Bonus and the Community Right to Reclaim Land, actively promote the involvement of local community groups.

4.5.   Government should review procurement procedures for contracts so that they do not disadvantage small organisations wanting to bid for construction work. For example, they should ensure that wider community benefits are included in considerations of value for money and that the procurement and monitoring processes are proportionate to the size of the contract.

4.6.   The DCLG and HCA should play an enabling role to build up the capacity of community organisations to contribute to regeneration. They should play a brokering role to facilitate local partnerships with organisations such as local authorities and housing associations.

5.   How should the success of the Government's approach be assessed in future?

5.1.   Evaluation of the government's approach will depend on two of the issues outlined earlier in the submission.

5.2.   The first is that it will be impossible to evaluate the approach without a more specific definition of what regeneration is trying to achieve. A recent review found that "it is important to set realistic targets for regeneration schemes."[35]

5.3.   Secondly, a much clearer definition of the 'community' being targeted by the approach will also be essential. Who is expected to benefit from regeneration programmes? This submission has already highlighted the different communities and interests that exist in regeneration areas.

5.4.   With a clearer definition it will be possible to assess the extent to which the local 'community' benefits from regeneration programmes. This can be determined by the level of responsibility and resources received by different stakeholders such as residents, community leaders, local government and the voluntary sector.

5.5.   It will be important to assess the impact of the government's approach across the country. Will a localist approach to regeneration achieve results in some communities but not be successful in others? If so, how will the government respond to communities that are struggling to benefit from a localist approach?

5.6.   The assessment of success should be an ongoing, participative process which seeks the views of a wide range of stakeholders. Communities are always changing and are never 'completed' so it is important that different views are recorded throughout the regeneration process. It should seek to build on the lessons that can be drawn from previous regeneration projects.

5.7.   Assessment of success should also been seen to be credible. In order for this to happen it will need to identify both the successes and failures of this approach. Independent monitoring should be incorporated in the assessment process from the beginning to enhance credibility.

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[35] DCLG (2010) The New Deal for Communities Experience: Final summary, http://www.communities.gov.uk/documents/communities/pdf/14884791.pdf