

Headlines from Policy Think Tank

Neighbourhood renewal and estate regeneration: the New Agenda

Held at Trafford Hall on 13th-14th June 2017

1. **Funding** that supports the development potential of estates drives regeneration plans. When funding disappears, social landlords are often left holding the ring of a regeneration programme. This has happened across the North following the end of Housing Market Renewal Pathfinders. Funding is needed at the start, as the payback tends to come much later.
2. Only **modest public funding** is available from government to help kick-start the regeneration of 105 selected estate regeneration schemes under the government's new programme. None of the schemes that are being funded involve full demolition, for which there is no longer an appetite. There is a focus on infill sites and increasing density in order to retain social housing and increase the affordable supply. One suggestion for securing additional funding is to sell off homes that are too dear to refurbish, then those resources can help deliver more social housing. The potential of strategic infill development is very significant, but it is important to protect community green spaces in regeneration. We cannot just destroy the local environment in order to build more homes.
3. In **low value areas** where private sales are weak, and no public subsidy is available, it becomes much harder to fund major regeneration schemes. The local population has on average low incomes, so buying property is not possible. In contrast, in high value areas, residents are worried that they will be priced out of their area. We need regional policies to respond to different markets. Some areas fall into disuse because of the loss of a local economy. Former industrial areas across the country face the problem of job losses, de-skilling, poverty and unemployment. This poses big problems for social landlords. A different kind of regeneration is needed as a result.
4. **Multi-tenure new developments** pose complex challenges for landlords. If housing associations are part of Section 106 agreements led by developers, they do not always receive from developers the quality that was promised, so the new stock can become difficult to manage.
5. **Demolition** had become the default option, especially in London and the South East. But delays in large regeneration schemes cause huge social costs and upheaval for communities. It will be impossible to tell, in most cases for 20 years or more, whether the regeneration has created something better, and who it has helped or harmed.
6. It is important to secure **nil-VAT on refurbishment** to make it more affordable and create a more level playing field with new build, which is zero-rated. This will greatly help estate upgrading.
7. **Successful regeneration** needs to build residents' trust and confidence. Regeneration is not just about bricks and mortar: it is also about dedication, creativity and commitment to the wellbeing of the people who live there and the communities that will evolve. Many participants stressed the break down in trust in regeneration programmes as a huge problem.
8. **Retaining the existing community** helps the process of regeneration. It keeps schools and other services viable, and it protects community networks. Supporting local networks does not create a cash value but has the hidden strength of creating a sustainable regeneration model. Low income areas decay faster due to lack of owners/local investors, so giving people ownership of where they live generates investment.
9. **Even where residents are consulted, their voice often gets lost.** Consultation should be more than a token exercise. If done properly, it can draw on the community's local knowledge to get things right. It is also as a way

of discovering and addressing real community needs. One paradox is that even strong communities can face many real difficulties.

10. It is important to organise regeneration programmes so that the **decanting process** causes as little disruption as possible. Possibly the most important requirement is to avoid multiple moves and ensure people are rehoused straight into their new home. The impact of displacement is tangible, and the loss of community connections causes real hardship, especially for leaseholders. The compensation for buying back their Right-to-Buy property is rarely enough to allow them to buy a new property in the area.
11. It is crucial to **carry out constant checks during refurbishment or construction works** to make sure the quality is as it should be. Poor quality workmanship and issues with specifications and design of the new homes often create problems further down the line.
12. **Retrofitting property uses much lower carbon**, both in embodied energy, i.e. materials and equipment, and in use. There is high embodied carbon in the building fabric. Even allowing for running costs in use, such as heating and lighting, retrofitting offers a lower carbon solution. Three-quarters of carbon is in the building process, while only one-quarter of carbon emissions come from use in the lifetime of a building. Some energy saving decisions can be over-zealous. For example, Combined Heat and Power systems can end up costing the end user more than a normal system. They are also very expensive to install. A good basic criterion is what will most reduce bills for residents.
13. It is sometimes **hard to make a business case for retrofit** without the leverage extra funding, mainly because the landlords cannot add as much properties at high value for sale. It is not possible therefore to make as much profit from retrofit to fund social housing. Leaseholders can also pose problem as they can oppose refurbishment as it imposes a big cost/charge on them for upgrading. If the replacement housing is expensive and there are many leaseholders, then buying them out may be too expensive to be born in a full demolition scheme. Overall, the established pattern of regeneration is breaking down due to funding shortages, rehousing problems, and the complexity of buying out leaseholders. Opposition to demolition is sometimes driving the refurbishment option.
14. Many participants, including some from bigger organisations, felt there was a **general loss of confidence in housing associations** as they become even bigger builders, making housing numbers their main pre-occupation. This seems to undermine their reputation as landlords. There may be risks in mergers as housing associations can become too big and powerful. This has already happened with developers, who have become too powerful and too dominant. There needs to be more transparency about what is being proposed, negotiated, delivered, and who it is supposed to benefit in order to win trust and public support.
15. **Lots of front-line services have disappeared**, so there is far less face to face contact with residents. Direct engagement is much more limited. It is important to invest in a physical, human presence on estates so that the landlord can see things from the residents' perspective. Only if the landlords takes involvement seriously will it be possible to overcome the problem of the loudest voices prevailing.
16. There is a wider need to **tackle income inequality** and get people into jobs. Then other problems will fall into place.

We are keen to put the business case to government on the need for additional funding to make regeneration work, while protecting the existing community, particularly in the case of retrofitting estates or where there is low value property and low demand. We are also collecting ideas for workshops to be held in areas where regeneration funding is being provided in order to involve and inform local staff and residents. We will submit these ideas to government as they are encouraging suggestions. Please get in touch with Alice Belotti a.belotti@lse.ac.uk or Philippa Meehan p.meehan@traffordhall.com with your suggestion.