

Regeneration revival

Making housing-led regeneration work across England

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Poplar HARCA

Poplar HARCA (Housing and Regeneration Community Association) is a registered social landlord that owns and manages the retail development around Crisp Street Market as well as around 9,000 homes in Poplar, East London. Poplar HARCA aims to make Poplar a better place to live and work. The housing association also runs many community activities through its network of neighbourhood centres and works with a range of partners to deliver services to local residents including employment and training advice, fitness classes, youth activities, elders groups and so much more.

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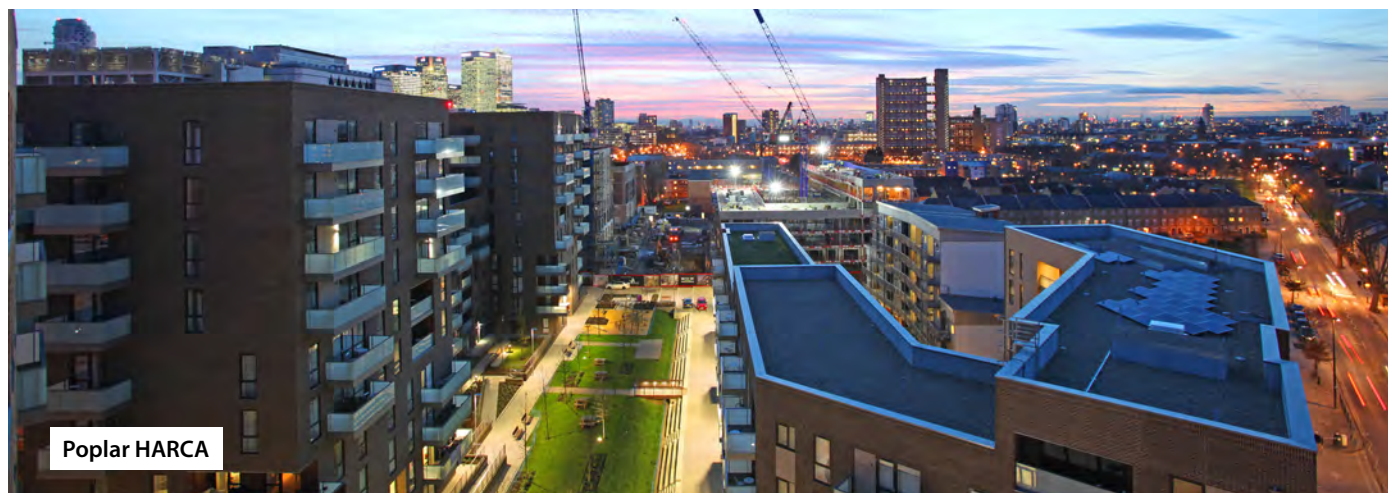
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1. Introduction

Recent announcements

In January 2016, the Prime Minister, David Cameron, announced a new programme to support regeneration. He argued that some estates “are actually entrenching poverty in Britain – isolating and entrapping many of our families and communities.”² This new programme is seeking to transform around 100 estates across England. Existing housing will either be refurbished or demolished and replaced with new stock. The programme includes £140 million of loan funding to meet up-front costs. A new advisory panel, led by Lord Heseltine, will report to the government before the Autumn Statement in 2016.

CIH and Poplar HARCA have previously argued that a [new national focus on regeneration is required](#). The development of a new advisory panel provides the opportunity to review the current situation for regeneration and deliver this national focus.

In this summary report, we provide an evidence base to support the work of the new national advisory panel on housing-led regeneration. At a national level it appears that housing-led regeneration remains an effective use of government resources. The full findings, including detailed references, are available from [our website](#).

Context for housing-led regeneration

Recent announcements build on a long history of regeneration initiatives. They demonstrate that housing-led regeneration can be effective in a range of ways, from physical improvements in areas to the improvement of individuals’ mental health.

Housing-led regeneration depends on a number of key features.

- **Housing is expensive to build or improve.** Large scale capital expenditure is required from the outset which can also lever in additional funding from the public and private sector.
- **Housing takes a relatively long time to improve or build.** This necessitates long-term dedicated funding and a commitment from a range of public and private sector stakeholders. In the most disadvantaged neighbourhoods, public funding support is required.
- **Houses are static but housing markets are dynamic.** Building or improving housing will need to take a long-term view of the current and future needs of residents.
- **Capital expenditure has revenue consequences.** The success of regeneration schemes requires support for local residents (for instance in the form of temporary accommodation), as well as ongoing and good quality estate management.

The coalition government adopted a localist approach to regeneration. There were questions about this approach, including a lack of resources to match the scale of the issues, concerns about gentrification and the interaction with changes to other policy areas, such as welfare reform and wider housing policies. These concerns have been reinforced by further welfare reform and proposals around right to buy, announced since the 2015 general election.

The current government has sought to devolve a range of powers over housing, infrastructure and economic growth to a local level. These have taken different forms and names, including Growth Deals and City Deals. This ‘DevoMet’ approach is also linked to aspirations to develop a ‘Northern Powerhouse’.³ For example, the Greater Manchester Combined Authority

is being given increased responsibility for planning and housing funding. It has used the new powers to create a Housing and Regeneration Investment Fund, which includes revolving loans. Other initiatives include the Mayor of London's Housing Zones, which are designed to "accelerate" housing growth.⁴ The government is also seeking to use housing zones across England to deliver new housing on brownfield land.⁵

About this research

This research seeks to address the following questions:

- What are the potential benefits of housing-led regeneration in the current context?
- What types of housing-led regeneration projects are currently occurring?
- What lessons can be learned from current housing-led regeneration projects and the barriers they face?

Our research provides analysis of the national context for housing-led regeneration and case studies of five projects in different parts of England. It makes some policy recommendations for the new advisory panel, for national government and for local stakeholders.

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2 Cameron, D. (2016) Estate regeneration: article by David Cameron, <https://www.gov.uk/government/speeches/estate-regeneration-article-by-david-cameron>

3 Osborne, G (2015) Building a Northern Powerhouse, <https://www.gov.uk/government/speeches/chancellor-on-building-a-northern-powerhouse>

4 Mayor of London (2014) Housing Zones: A prospectus, https://www.london.gov.uk/sites/default/files/2014_06_13_final_housing_zones_prospectus.pdf

5 DCLG (2016) Tens of Thousands of homes supported by Housing Zone funding, <https://www.gov.uk/government/news/tens-of-thousands-of-homes-supported-by-housing-zone-funding>



2. Understanding the benefits of regeneration

In 2010, we conducted research into the benefits of different types of regeneration.⁶ This included the calculation of benefit cost ratios (BCR) in the three areas of housing activity outlined below. BCRs provide a ratio of the full costs of regeneration against the value of the full societal and economic benefits. We calculated BCRs based on a systematic review of evaluation evidence of prior regeneration programmes.

We found:

- New build housing activity had a benefit cost ratios of 1:1.7 (that is for £1 of investment there are wider economic and societal benefits of £1.7)
- Improvements to existing housing stock had a benefit cost ratios of 1:1.3
- Acquisition, demolition and new build housing had a benefit cost ratios of 1:3.7.

The context for regeneration has changed: through funding cuts, new sets of policy priorities but also new models of funding. We have considered whether the following changes call for a reassessment of our original BCR estimates. These were:

- **Fall in national funding with no dedicated regeneration programmes.** In comparison to 2010 there is now very little spent on regeneration. Capital expenditure by the Department for Communities and Local Government declined by 54 per cent from 2009/10 to 2014/15.⁷
- **Defining regeneration.** Without a national regeneration programme or policy, there are now a plethora of definitions of what regeneration is and what outcomes it achieves. This may reflect local priorities but makes a national assessment difficult. Different stakeholders are also likely to require different outcome measures.

- **Public and private investment.** Regeneration is now more dependent on creating an investment package from a range of funding sources (from a variety of public bodies and private sector organisations). The principle for calculating BCRs remains the same however: estimating what is the additional expenditure being spent on an initiative in a particular area.
- **Geography.** BCRs “will vary by geography. This is because gross value added, earnings and land values vary across England”.⁸ Additional analysis would be required to assess this geographic variation.



These changes mean that there is no current equivalent to the BCRs undertaken in 2010.

We provide three kinds of evidence to update the 2010 findings for the current context. These are to update the logic chains or 'theory of change' which underpin calculations of benefit; to calculate BCRs for one funding programme (the government's Affordable Homes Programme); and to use case studies to explore how costs and benefits will vary from scheme to scheme. Together these provide a blueprint for how local stakeholders may calculate BCRs in common and consistent ways.

The findings from the Affordable Homes Programme suggest that for the most recent period (2011-15), the BCR for new build housing is 1:3 – that is suggesting that regeneration still provides considerable economic and societal value relative to the cost. We find that the BCRs outlined in the 2010 report, are likely to represent a useful indication of the total non-market returns from government investment. Further details can be found in the full report. At a national level it appears that housing-led regeneration remains an effective use of government resources.

6 DCLG (2010) Valuing the Benefits of Regeneration, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6382/1795633.pdf

[pdf](#)

7 Tunstall, R. (2015) The Coalition's Record on Housing: Policy, Spending and Outcomes 2010-2015, p.24, <http://sticerd.lse.ac.uk/dps/case/spcc/WP18.pdf>

8 DCLG (2010) Valuing the Benefits of Regeneration, p.113, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6382/1795633.pdf



3. Case studies

Our choice of five case study sites sought to maximise the diversity of different housing markets, investment vehicles and regions. The case studies were designed to provide illustrative examples of the types of regeneration projects which have developed since 2010.⁹ Key features of the case studies are outlined in Table 1 and more detailed information about each of them is included in the full report on [our website](#).

Table 1: Summary of case study findings

Case Study	Location	Key partners	Key outputs	Investment package
Aberfeldy Estate, Poplar	About one mile East of the City of London	Poplar HARCA, London Borough of Tower Hamlets and Prime Place (part of Wilmott Dixon Homes)	The project is developing up to 1,176 residential units to replace 300 existing units. This includes the same amount of affordable housing with additional units for private renting and open market sale. Other developments include new commercial units, community centre, faith building and health centre. The overall cost of the project is around £250 million.	Joint venture between Poplar HARCA and Prime Place. Homes and Communities Agency (HCA) funding for affordable housing and other investment sources.
Anfield and Rockfield	About two miles outside the city centre of Liverpool in the North West of England	Your Housing Group, Liverpool City Council and Liverpool FC	Since 2009, Your Housing has completed 204 units with an overall investment of £23.4 million. These include 161 new build units (with Keepmoat Developments) and 27 refurbished units. A wider package of measures to improve employment, commercial opportunities, public spaces and Anfield stadium are being delivered by all of the project partners.	HCA funding, investment by partners and a range of other investment sources.
North Prospect	Two miles north of Plymouth city centre in the South West of England	Plymouth Community Homes (PCH) and Plymouth City Council	Phases one and two have completed over 500 new build units with an investment of £43 million. The refurbishment of 300 properties has cost around £15 million. A community hub, improved recreation facilities and other changes have also been delivered.	PCH internal subsidy, HCA grant funding, open market sales and a package of other investment sources.
Northfield Village	Edge of Stafford town centre in the West Midlands of England	Staffordshire County Council (SCC), Stafford District Council (SDC), Wrekin Housing Trust and others	The overall cost of this project was £26.6 million. It has delivered 80 extra care apartments, a specialised dementia care facility, a health centre (with GP surgery and pharmacy), a community hub, eight units of supported housing for people with learning disabilities, 22 units of affordable general needs housing and other facilities.	SCC capital funding, HCA grant funding, Wrekin Housing Trust capital funding, NHS funding, land contributions and other sources.
Sheffield Housing Company	Various sites on the fringes of Sheffield city centre in Yorkshire, England.	Sheffield City Council, Keepmoat and Great Places	SHC have built 259 homes out of a total of 293 for phase one. They plan on building approximately 2,000 further homes over the course of the next 10 years over four phases. When complete, phase one will consist of 170 affordable or social rent properties and 223 for open market sale. The build cost for phase one will be £35 million. SHC has also been involved in a range of wider activities such as support for employment.	Land contributions from Sheffield City Council, equity from Keepmoat and Great Places, HCA funding and other sources.

The case studies demonstrate both the need for regeneration and how schemes can work in the current policy and fiscal climate. The case studies represent partnerships between public sector bodies, housing associations and the private sector. These partnerships are able to achieve higher standards of accommodation and deliver a wider range of outcomes than private provision alone.

Some of the key lessons from this research relate to:

- **Getting regeneration started.** The first phase of regeneration is usually the most difficult to deliver. Difficulties include accessing funding for planning, obtaining compulsory purchase and site development. It can take many years to finish the first phase of the project and start to obtain a return on the investment. Finding finance to support this initial phase can be particularly difficult and often depends on a substantial upfront investment from a housing association or other partner. It also requires time and resources to create partnerships and build trust across stakeholders.
- **Regeneration for people and places.** Housing-led regeneration seeks to improve places and the lives of people. Projects need to be focused on the needs and aspirations of existing residents. Any investment package should reflect the priorities of the local area. In many places, local residents expressed a desire for more diverse tenure options. The demographic and economic make-up of existing residents in these areas, means that there will still be a need for affordable rental products, as well as ownership options.
- **Regeneration as an investment.** Housing-led regeneration can be a very good investment for both the public and private sector. It can deliver a range of financial benefits as well as social and economic outcomes. Each of the case studies developed a different investment package from a range of funders, including private and public sector sources. Planned investment in major transport and infrastructure projects may also provide a foundation for regeneration activity in the future.
- **Understanding context.** Local context is very important to the success of housing-led regeneration. The case studies provide clear evidence of areas where regeneration is necessary because private provision alone is not sufficient to enable housing development. This might relate to low land costs, lack of an existing market or need for specific types of accommodation (e.g. for older people). The case studies provide examples of areas which require both public and private investment to meet a range of different needs. In some places, particularly in London, the relationship between transport investment and regeneration is crucial.
- **Management of regeneration.** With careful management it is possible to ensure that both existing residents and the wider community benefit from housing-led regeneration. The resources (financial and skills) required to ensure this occurs should not be underestimated.



4. Recommendations

These lessons lead on to the following recommendations for different groups.

For the new national advisory group:

- Should have confidence that regeneration schemes, when managed well and appropriately resourced, bring benefits for a range of stakeholders relative to the costs involved.
- All regeneration projects need to be based on extensive work to understand the needs of existing residents and the local context. For example, proposals for tenure mix should reflect both the aspirations and financial resources of existing residents.
- Grant funding will be required to support most regeneration schemes, particularly to get projects started. Loan funding from government can play a useful role in providing access to finance. If only loan funding is available, then it may limit the take up of the new regeneration programmes to high value markets.
- Members of the advisory group have an important role in drawing together experience and knowledge from existing regeneration projects.

For national government:

- The new funding is welcome, but is not sufficient to deliver the scale of change outlined by the Prime Minister in January 2016. Housing-led regeneration represents a good investment which will deliver economic and social benefits.

- Government can take the lead in ensuring high quality investment decisions are made with appraisal based on Green Book recommendations
- Regeneration areas may need flexibility in relation to some existing and proposed national policies. For example, it may be necessary to:
 - Consider whether properties from regeneration areas should be excluded from sales of high value council stock.
 - Provide housing associations with the ability to exempt stock in regeneration areas from the extension of right to buy.

For local stakeholders:

- A range of other stakeholders can also work to support delivery of more regeneration projects. They include both local bodies (e.g. devolved deals, local enterprise zones and local authorities) and housing providers (e.g. housing associations, ALMOs). These stakeholders should actively consider:
 - The needs and aspirations of their local communities
 - Where these needs and aspirations are not being met by private provision alone
 - How their resources and existing assets (such as land) could be used to help address these issues
 - Which partners might be able to help maximise the impact of their contribution
 - Potential opportunities for major transport and infrastructure projects to offer a basis for regeneration activity

- And they should recognise that successful regeneration often requires a single agency to take the lead with the appropriate level of resources and capabilities. This lead agency would need the support of key stakeholders, particularly the local authority.

For all stakeholders involved in regeneration:

- Ensure that regeneration is underpinned by sound appraisal and clear objectives are set consistent with HM Treasury guidance
- This will involve working to agree objectives that balance both national and local priorities
- Consider whether it is possible to deliver additional housing supply through densification. This approach will be beneficial in some areas but needs careful consideration and good management.

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