

# HousingNorthwest

## **Growth and Regeneration**

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### **Market Change**

**(1996 – 2000)** Steady median prices across the NW, some evidence of modest increases

**(2001 onwards)** Rapid growth in house prices, further divergence between property types

**(2007)** Median prices reached circa £240,000 for a detached property and circa £125,000 for all properties.

There has been a significant reduction in the level of surplus stock in recent years. For example, the proportion of surplus stock in Manchester fell from 14% to 3% between 2000 and 2004. In areas where surpluses have increased, this has tended to be as a result of increases in the rate of second home ownership, i.e. in South Lakeland and Eden.

Low value sales have almost been eradicated – it is no longer possible to purchase a house for a few thousand pounds.

### **Impact on Regeneration in the North West**

Recent market trends have substantially increased the amount of resources required to pursue acquisitions/ CPOs and assist residents with relocation. They have also increased the pressure to refurbish units.

Is HMR yesterday's issue? Are the RHS priorities out of date?

There is a need to distinguish between low demand and HMR – they were never one and the same. Whilst low price is one indicator of market weakness, others still remain including vacancy rates, turnover, tenure imbalance, incomes, quality of stock and place.

The most pertinent questions are whether HMR areas have changed significantly? Whether they still require intervention?

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## **Growth and Regeneration**

Growth is critical to the NW and housing plays a vital role in supporting this - but even if draft RSS and NGP figures are delivered, this only equates to a 1-2% increase in the housing stock.

Need numbers, but these must be in context (type, location, size, tenure).

Growth in the wrong location and without regeneration will:

- Undermine economic potential
- Leave deprived areas lagging further behind
- Create unsustainable commuting patterns

## **Affordability**

Affordability is an issue no longer constrained to areas such as London and the South East. Access to affordable housing is now the key issue in developing mixed communities.

Growth and affordable housing provision are not the same. 'Cheap' properties in unpopular neighbourhoods and affordable housing provision are not same.

Whilst growth will serve to increase housing supply – this is only one element of tackling affordability. Need to consider:

- Quality of place
- Better use of the existing stock (private rented and social rented)

However, this is only one side of the equation. Many properties in the NW are unaffordable because incomes are so low. Need to consider:

- Income
- Opportunity
- Aspiration

*Recommended: DWP publication 'Ready for Work' (Dec 2007)*

Emphasis here is on obtaining a decent job, not just finding employment.

## **Discussion Topics**

### Regeneration in the NW

Shifting interest away from HMR (feels like 'yesterday's issue') but the core issues still remain. ID (2007) shows 9 of the 10 most deprived SOAs are located in HMR areas.

Feels like not much has changed/ some local people are cynical – but we must remember we are only a few years into a 15 year programme.

It was acknowledged that markets work a lot faster than public intervention and this had led to high levels of speculation in some areas. Existing commitments to communities are in place. Costs may be high – but there is a need to finish what has been started.

The average incomes of those working in Manchester are much higher than those living in the city. The city fails to capture the wealth associated with its economic development, as high earners tend to commute into the city rather than live there. Part of this is about the housing offer, but it is also linked to quality of place, access to good schools etc

There is real danger that regeneration issues will get down graded if the NW switches emphasis and simply follows Government funding. Urban renaissance should still remain as a priority for the region but it would definitely be a risky strategy to follow. Consider re-naming this priority 'Supporting Growth' - 'Market Making'?

Need to ensure that the new Housing Minister understands the issues in the North.

### Making Better Use of the Existing Stock

- More fluid use of stock
- Maximising the upward mobility of existing tenants – incentives?
- Encouraging residents to buy into the existing stock – rewards?
- Marketing opportunities – existing residents leading by example not leaving by example
- Aspiration is an issue

### Private Rented Sector

Conflicting opinions surround the private rented sector – does it offer solutions or cause problems? There is a need to understand this sector better, particularly in relation to migration. Are new migrants pushing existing residents out of the sector, thereby increasing the pressure on social housing?

Some local authorities have started to use the private rented sector to discharge cases of homelessness, and this is generally working well.

However, there is a big issue concerning the gap between housing benefit (HB) and private sector rents. In some cases discretionary payments have been required to bridge the gap between HB levels and the rent due. This presents long term funding issues.

Also, some landlords are reluctant to take on residents claiming HB due to such potential shortfalls.

Landlord accreditation (LLA) schemes are thought to be working well but a number of local authorities reported that they were experiencing difficulty engaging some landlords.

Can we increase stability in this sector – perhaps by improving tenancies?

23.01.08 - Government announced A Review of the Private Rented Sector (*Julie Rugg and David Rhodes from the Centre for Housing Policy at York University will head the review*)

### New Build

Surprisingly high levels of private renting had been found on a number of new build schemes in regeneration areas. Demand for greater levels of family housing was also apparent.

There was a perceived over supply of apartments. In some cases, developers had run into difficulty with sales and had approached local RSLs to purchase units that remained unsold. It was noted that such units could not be acquired with NAHP funds as they did not comply with the Code Level 3 and Building for Life standards. Service charges were also proving to be problematic.

### Access to Affordable Housing

What is intermediate housing? Can there be a single definition? Even within one local authority area, multiple markets may exist.

Can we adopt a more uniform approach to the provision of affordable housing across the NW? Negotiation/ S.106 skills vary widely between areas.

How does this relate to the Hill agenda?

- Homes for life?
- Staircasing
- Carrot and stick

A key element within the affordable housing debate is related to low incomes and in some areas, high levels of worklessness. We cannot focus

solely on the provision of cheaper housing; we need to address incomes, skills and aspirations.

What role can RSLs play in this? Some reluctance, as there are risks associated with people moving into employment. Low paid jobs affect rent arrears and better paid jobs may encourage people to move on. Could introductory tenancies linked to training, or incentive schemes (Pro-points to reward positive behaviour) be advanced?

### Growth

Cannot leave growth entirely to the market as this will lead to further polarisation. Need to pursue sustainable growth – as if people and places matter.

Tenure diversification efforts have had varying effects. Integrated and gradual developments (such as at Langley) were viewed positively, but distinct private sector development on the edge of deprived areas were thought to have achieved little for local people (no evidence of trickle down effects in such cases).

Divide – there was some concern that buyers would be unwilling to move into less popular neighbourhoods. Quality of place (environment, schools, safety, transport etc) will be crucial. As major stakeholders, RSLs can play a key role in improving the quality and image of existing neighbourhoods.

Also need to recognise that in some areas growth is constrained by the housing offer, whereas in others it is due to fundamental weaknesses in the economy. There is scope to target resources better.

Support for including housing in Local Area Agreements – Important mechanism for linking housing to the economy. Potential use of Supporting People fund to support 'access' to housing. Some good evidence of the region seeking to link housing and the economy including graduate retention.

### NW Housing Strategy: Are the Principles Still Valid?

General consensus that the principles are still valid and that there was a danger of these issues being downgraded if the region simply 'follows the money.'

Regeneration is an integral part of growth – may need to consider re-branding this though.

Need to consider greater spatial prioritisation across the region.

Need to engage with RDA and ensure the new Housing Minister understands the issues in the North West. Potential to showcase areas such as New East Manchester and Langley.