



House of Commons

ODPM: Housing, Planning,
Local Government and the
Regions Committee

Empty Homes and Low-demand Pathfinders

Eighth Report of Session 2004–05

Volume I

*Report, together with formal minutes, oral and
written evidence*

*Ordered by The House of Commons
to be printed 22 March 2005*

HC 295-I
Published on 5 April 2005
by authority of the House of Commons
London: The Stationery Office Limited
£15.50

The ODPM: Housing, Planning, Local Government and the Regions Committee

The ODPM: Housing, Planning, Local Government and the Regions Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Office of the Deputy Prime Minister and its associated bodies.

Current membership

Andrew Bennett MP (*Labour, Denton and Reddish*) (Chairman) ‡ §

Sir Paul Beresford MP (*Conservative, Mole Valley*) ‡

Mr Clive Betts MP (*Labour, Sheffield Attercliffe*) ‡

Mr Graham Brady MP (*Conservative, Altrincham & Sale West*) ‡

Mr David Clelland MP (*Labour, Tyne Bridge*) ‡

Mr John Cummings MP (*Labour, Easington*) ‡

Chris Mole MP (*Labour, Ipswich*) ‡

Mr Bill O' Brien MP (*Labour, Normanton*) ‡

Mr Richard Page MP (*Conservative, South West Hertfordshire*) ‡

Christine Russell MP (*Labour, City of Chester*) ‡

Mr Adrian Sanders MP (*Liberal Democrat, Torbay*) ‡

‡ Member of the Urban Affairs Sub-Committee

§ Chairman of the Urban Affairs Sub-Committee

The following member was also a member of the Committee during this inquiry.

Mrs Eleanor Laing MP (*Conservative, Epping Forest*) ‡

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at www.parliament.uk/parliamentary_committees/odpm.cfm.

Committee staff

The current staff of the Committee are Lynn Gardner (Joint Committee Clerk), Jessica Mulley (Joint Committee Clerk), Charlotte Littleboy (Second Clerk), Ben Kochan (Committee Specialist), Ian Hook (Committee Assistant), Ian Blair (Chief Office Clerk) and Emma Carey (Secretary).

Contacts

All correspondence should be addressed to the Clerk of the ODPM: Housing, Planning, Local Government and the Regions Committee, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 1353; the Committee's email address is odpmcom@parliament.uk

Contents

Report	<i>Page</i>
Summary	3
1 Introduction	5
2 The Pathfinder Programme	6
The Overall Objectives of the Pathfinder Programme	6
Long-term funding	8
Development Priorities	9
Compulsory Purchase Orders (CPO)	11
The Housing Markets	13
Creating Sustainable Communities	14
Community Support	15
Mainstream Services	17
Coordination with Regional Strategies and Agencies	19
3 Good Practice and Skills	21
Availability of Appropriate Skills	21
4 Areas outside the Pathfinders	23
Conclusions and recommendations	26
Formal Minutes	30
Witnesses	32
List of supplementary written evidence	33
List of unprinted written evidence	34
Reports from the ODPM Committee since 2003	35

Summary

The Committee's 2002 report on Empty Homes pressed for urgent, radical action to tackle the needs of areas where the housing market had collapsed, with large numbers of homes standing empty. The Government has allocated £1.2bn between 2004 and 2008 to the Housing Market Renewal Initiative which is seeking to make a significant impact in nine Pathfinder areas in the North and the Midlands. The Committee is concerned that the Government does not have clear objectives for the programme and is not collecting comparable data to determine whether its aim to eradicate the problems caused by low demand housing by 2020 will be achieved. The Government recognises that tackling low demand could take up to 15 years, but as yet has made no long term commitment to the Pathfinder initiatives so that they can enter into long-term agreements and start the Compulsory Purchase Order process which might take up to six years.

Some Pathfinders have begun to implement large-scale projects for refurbishment. Demolition, and redevelopment is also part of the programme and up to 200,000 homes could be demolished. Concerns have been expressed about the scale of demolitions envisaged and the impact on vulnerable communities. The Pathfinders need to consult better with local communities and consider different options for improvements, including more refurbishment of the existing housing so that the heritage of the areas is preserved and forms the basis for their regeneration.

There is broad recognition that the communities need support during this period of transition but the availability of revenue funding is extremely limited. The Pathfinder initiatives should be allowed to spend a significant proportion of their funds on helping communities through the transition. In some areas the property market is improving. The Pathfinders need to gather good market information and should be allowed to modify their programmes if the upturn appears sustained. Mainstream service providers need to make commitments to maintain and improve services as areas are redeveloped.

The Pathfinders only include about 50 per cent of the areas with serious problems of low demand and the other areas are not receiving any additional support. Action to address low demand should not be confined to the Pathfinder areas, and the Government needs to identify additional funds for the other areas. A more coherent strategy is required for intervening in housing markets so that housing demand is better balanced between the parts of the greater South East with a severe supply shortage and the areas suffering from low demand and housing surpluses in the Midlands and the North.

1 Introduction

1. Our 2002 report on empty homes highlighted severe problems in parts of the Midlands and North where the housing market had collapsed with large numbers of homes standing empty. Following our report, the ODPM developed the Housing Market Renewal Initiative with nine Pathfinder programmes. These have now been operating for two years. We therefore decided it was the right time to consider the effectiveness of the programme that the Government established.

2. We announced our inquiry on 16 December 2004. The terms of reference were to consider:

- The scope and scale of the initiatives proposed and underway in the Government's Housing Market Renewal Pathfinder areas and other areas with problems of empty homes
- The commitment and contribution of all Government departments and other agencies to tackling the underlying causes of empty homes
- The availability of resources outside the Pathfinder areas and the development of strategies to deal with weak housing markets
- The dissemination of good practice, innovation and co-ordinated interventions within and outside Pathfinder areas
- Whether Councils have sufficient powers to tackle the problem of empty homes in their areas
- The priority given to the demolition of homes and the consideration given to effective methods of refurbishment
- The availability of the necessary skills and training to support staff promoting projects to tackle the needs of areas with weak housing markets
- How housing market renewal is addressed in other strategies including local and regional plans and other regeneration programmes
- How Pathfinders are seeking to involve the private sector in their long term planning and programmes.

3. We received about 40 written submissions and held two evidence sessions. We would like to thank our specialist adviser, Ian Cole, Professor of Housing Studies at the Centre for Regional Economic and Social Research, Sheffield Hallam University, for his guidance and assistance, and all those organisations who made written submissions or gave oral evidence to this inquiry.

2 The Pathfinder Programme

4. Our report on *Empty Homes*, published in March 2002, called for urgent action to tackle the increasing problems of low housing demand and abandoned homes. It said:

Radical intervention is needed in some inner urban areas where the housing market has collapsed to make them attractive to a broad range of existing and potential residents. The housing market renewal approach needed to achieve this must be on a large, conurbation-wide scale. It will take a long time and so must be started as soon as possible and will require significant additional funding, of the order of hundreds of millions of pounds per annum.¹

5. Shortly after the report's publication, the Government announced the creation of nine Housing Market Renewal Pathfinders – in Birmingham/Sandwell, East Lancashire, Hull/East Riding, Manchester/Salford, Merseyside, Newcastle/Gateshead, North Staffordshire, Oldham/Rochdale and South Yorkshire.

6. The initiatives aim to restructure housing markets over ten to fifteen years, and to raise property values. All Pathfinder areas straddle more than one local authority (in the case of East Lancashire, five local authorities are involved) reflecting the housing markets in the sub-region. Eight of the Pathfinders have had broad strategic plans ('Prospectuses') approved by ODPM and the decision on the ninth – Hull/East Riding – is imminent. £500 million was initially set aside for the programme between March 2004 and 2006; a further tranche of funding was approved for 2006-8, taking the total allocation up to 2008 to £1.2bn. The ODPM's Five Year Plan for Sustainable Communities extended the Housing Market Renewal Initiative to three other areas – Tees Valley, West Cumbria and West Yorkshire – which have been allocated £65m between 2006 and 2008.²

7. Progress across the programme is uneven. Some Pathfinders have begun to implement large-scale projects for refurbishment, demolition, and redevelopment, coupled with plans for neighbourhood management to support those communities undergoing transition. Now that plans are taking shape, concerns have been expressed about the scale of demolition envisaged, the impact on vulnerable communities and the possibility of uncertainty and planning 'blight' across large areas.

The Overall Objectives of the Pathfinder Programme

8. Details of the Housing Market Renewal Initiative were first announced as part of the ODPM's Sustainable Communities Plan in February 2003. The broad objective for the programme was for Pathfinder strategic plans "to entail radical and sustained action to replace obsolete housing with modern sustainable accommodation, through demolition and new building or refurbishment. This will mean a better mix of homes, and sometimes fewer homes".³

¹ Empty Homes Sixth Report, Transport, Local Government and the Regions Committee, March 2002, page 7

² Sustainable Communities: Homes for All A Five Year Plan from the ODPM, January 2005

³ Sustainable Communities: building for the future, ODPM, February 2003

9. The overall objective were made a little more explicit in the ODPM's five year housing plan published in January 2005 which said that the aim of the programme was "to close the gap between those areas worst hit by low demand and the rest by one third by 2010; and eradicate the problems caused by low demand housing by 2020. Our vision is that, through market renewal, places once suffering from low demand housing will be transformed into places of real distinction, where diverse people choose to live, work, visit, and invest."⁴

10. The ODPM has allowed the Pathfinders considerable freedom to develop their own programmes, which address the varying market contexts in which they are operating. It has devised a list of general performance measures and provided us with an extensive paper called 'success criteria'. The status and importance of the ODPM 'success criteria' in the Programme are not clear and the manageability of the data required is open to question. To assess the programme as a whole, comparable data is required from each initiative. At present a whole raft of different indicators are in use, at different levels of geographical disaggregation and over different time frames.

11. Professor Ian Cole and Brendan Nevin, who carried out an assessment of the Pathfinder programme for the Joseph Rowntree Foundation, highlighted the importance of a set of clear indicators by which it can be assessed.

To be able to justify the continued long-term investment in the Market Renewal Process, central government should build up the evidence base to identify how the process of housing market renewal can be tracked...the contribution of Pathfinders to bringing a better balance to demand and supply could be measured through its impact upon surplus property, obsolescence and unpopular neighbourhoods; and all of these aspects are measurable.

The determination of success criteria for the HMR programme is a useful development in programme-wide thinking, and the links between these attributes and the array of renewal interventions at the disposal of Pathfinders needs further elaboration and evaluation, with a clearing house for information which can be used by practitioners established and maintained by ODPM.⁵

12. There are concerns that some of the projects funded up to now by the Pathfinders are poorly focused and do not necessarily relate to their overall objectives, and that they are not based on a good understanding of the housing market problems. The Audit Commission, which has been commissioned by the ODPM to act as critical friend to the Pathfinders and to monitor their progress, told us:

The lack of an in-depth understanding of the evidence about the true nature of the housing market problems, combined with the time pressure to achieve results, means that some early projects have been approved that have no clear link with the housing market problems. Pathfinders have distributed some early funding according to

⁴ Sustainable Communities: Homes for All A Five Year Plan A Five Year Plan from the ODPM, January 2005 page 49

⁵ EV 112, HC 295-II, Session 2004-05

various other criteria, such as sharing funding between different local authorities or areas, so that it is seen to be allocated fairly.⁶

13. The ODPM has now set out clearer bidding guidelines for the next tranche of funds to run from April 2006 to March 2008 which emphasise the importance of a clear view of the outcomes sought and a 15-year strategy to achieve them. The invitation to Pathfinders to bid for additional funds said:

Schemes are expected to define the outcomes Pathfinders expect to achieve and their ten to fifteen year strategy for achieving those outcomes. Based on an analysis of the state of the sub-regional housing market, they also incorporate projected programmes of interventions, and arrangements for monitoring performance and evaluating progress...Increasingly it will be important to demonstrate how individual elements of Pathfinders' programmes will contribute over time to creating places of distinction.⁷

Later in this report we highlight the need for improvements in local facilities and community support in many of the areas with low demand to create attractive areas and sustainable communities.

14. The target set in the ODPM's five year housing plan to reduce the gap between those areas with low demand and the rest by a third by 2010, and to eradicate the problems by 2020 is welcome. However, the programme requires a more detailed set of objectives and an endview by which progress can be measured.

15. Each Pathfinder initiative is developing its own strategy to meet the distinctive problems of its area. To assess the overall impact of the Housing Market Renewal Initiative, and whether the targets have been achieved, comparable data are required from each Pathfinder.

16. Pathfinder initiatives need to develop solid and comparable housing market data so that progress can be measured. At present they are using a range of different indicators, at different geographical levels and over different time frames. The Pathfinder programmes need a realistic view of the future market structure that should specify the range of property types and values envisaged to achieve sustainable neighbourhoods in healthy and thriving housing markets. All the Pathfinders need to develop robust indicators to measure changing levels of resident satisfaction with their area and the quality of services provided to assess whether more sustainable communities are being created.

Long-term funding

17. The Government has been clear that turning round failing housing markets requires a long-term effort, and the Pathfinders are expected to develop 15 year programmes. However, many submissions argue that as yet the Government has not made a long-term funding commitment to the initiatives. Elevate East Lancashire point out

⁶ EV 66, HC 295-II, Session 2004-05

⁷ Market renewal pathfinders: invitation to submit a scheme update and independent scrutiny framework, Audit Commission/ODPM, 15 February 2005

Long term support is required from Government if we are to secure transformational change. Although we appreciate the Government's commitment to this issue, no explicit financial commitment has been entered into for the long term. This uncertainty poses difficulties for Pathfinders in framing their long term strategies, and moves to put this on a firmer footing would be welcome.⁸

Later in this Report we highlight the time taken to process Compulsory Purchase Orders and suggest that the Pathfinders initiatives need to be set up on a long term basis to implement the orders which they are initiating.

18. Lord Rooker, the Minister for Regeneration and Regional Development, suggested that the Treasury would not approve a funding commitment beyond three years. However, there are precedents for this in the New Deal for Communities Programme, which received a ten year funding commitment, whilst the earlier City Challenge initiative got five year funding.

19. The Government acknowledges that it will take up to 15 years to tackle failing housing markets or undertake market restructuring and many of the mechanisms such as compulsory purchase orders have a long lead-in time before taking effect. The Government should make long term funding commitments to the Housing Market Renewal Initiatives to give them and their partners the confidence that they can enter into long-term agreements.

Development Priorities

20. The Chairs of the Pathfinder Initiatives argued that a significant number of homes would have to be demolished. They suggested that there were four reasons why demolition was necessary:

Many of the houses proposed for demolition have been the subject of improvement works in the past, especially in the 1980's. It was accepted then that improvement would only provide those houses with a limited life (usually fifteen to twenty years) and many are now time expired.

It does not provide good value to improve a house which is structurally of poor quality and will cost a considerable amount to refurbish, often providing only a limited extended life.

There is still a need to demolish unhealthy or poor quality dwellings but the desire to provide, through demolition, sites on which high quality modern housing of all tenures and prices can be constructed

In a limited number of cases demolition might be needed to rectify a problem of excess supply and the land can be put to leisure or other uses.⁹

Between 2004 and 2006, the Pathfinders expect to demolish about 10,000 homes and refurbish about 24,000. Over 20 years up to 200,000 homes could be demolished.

⁸ EV 69, HC 295-II, Session 2004-05

⁹ EV 59, HC 295-II, Session 2004-05

21. There are serious concerns that this programme could become dominated by demolition, rather than refurbishment, and that social and environmental problems and heritage issues could be neglected. Many witnesses suggested that the Pathfinders were not considering all the refurbishment options when approving demolition. The Merseyside Civic Society commented:

We are concerned that, in these circumstances, there seems to be no objective assessment of the qualities of, and opportunities to improve, the properties that have been left empty or even those that remain in proud occupation – and that the whole process lacks the scrutiny to which even the slum clearances of the 1950's and 1960's were subjected, over which independent inspectors had the opportunity to adjudicate.¹⁰

Peter Brown from Merseyside Civic Society told us:

Reference has been made to the way in which lessons have been learned from the clearance programmes in the sixties. As I understand it, it is the case that at that time, in order for a house to be cleared, it had to be demonstrated to be unfit – not a condition which is required in the current regime, where simply drawing a line on the map and declaring the property unfit seems to be adequate. On a property-by-property basis, if that form of survey can be undertaken, that would provide a more reasonable basis on which to make that ultimate judgment.¹¹

The community group, Home Environments at Redearth Triangle, suggested that insufficient survey work had been carried out before the East Lancashire Pathfinder, Elevate, had decided to demolish 150 homes in Darwen because of their physical condition:

The council is stating that the houses are unfit for human habitation based on a ten-minute survey... The council has not given us a list of repairs which they say is wrong with the properties. Residents were not given a fair chance to rectify any fitness problems. The council has failed to justify why it should be cheaper to demolish our homes instead of allowing owners to fix whatever it is the council has a problem with.¹²

Other witnesses questioned whether many of the homes were “obsolescent.” SAVE Britain's Heritage said:

The assumption that a primary cause of market failure is an 'obsolete' housing form, specifically the pre 1919 terraced house, has little evidential basis and collapses at the slightest scrutiny. We strongly question the concept of obsolescence in this context – a term widely used during the 1960s and 70s to justify clearance of hundreds of Georgian streets and squares that would now be popular.¹³

¹⁰ EV 31, HC 295-II, Session 2004-05

¹¹ Q48

¹² EV 9, HC 295-II, Session 2004-05

¹³ EV 39, HC 295-II, Session 2004-05

22. Many heritage organisations pointed out the danger that many areas could lose their distinctive historic character, something which should be seen as a positive benefit rather than a source of blight to be removed. English Heritage accepted that there were considerable problems. It argued that “the emerging strategies [should] recognise the positive benefits that the historic environment can offer in the creation of sustainable communities in locally distinctive settings. In the past, programmes of large-scale intervention have often cut across earlier settlement patterns, causing dislocation and a loss of community cohesion”.¹⁴

The key to unlocking the potential of the historic environment in the successful regeneration of these areas is by understanding their character. This understanding is best achieved by undertaking an assessment of the historic environment to inform the decision-making process. The assessment should consider the local community’s aspirations for the historic environment in the planning and regeneration of their area, and involve the local authority historic buildings officer, archaeological officer and English Heritage.¹⁵

23. Many submissions pointed to the differential levels of VAT charged on refurbishment and new-build housing projects acting as a deterrent to projects which reused existing homes and made demolition more commercially attractive. While new-build projects are zero-rated, the maintenance, repair and rehabilitation of the existing building stock attracts 17.5% VAT. In our report on the Role of Historic Buildings in Urban Regeneration, we recommended that the VAT levels for refurbishment and new-build schemes should be harmonised”.¹⁶

24. Some demolition is required but there is a risk that this initiative will be seen as a major demolition programme, which will repeat the mistakes of previous clearance programmes that destroyed the heritage of areas and failed to replace it with neighbourhoods of lasting value. The Government needs to set out clear procedures for the Pathfinders to follow when deciding which housing should be demolished and how the various options for refurbishment and redevelopment should be considered. The potential heritage value of the housing and its contribution to regenerating neighbourhoods should be considered an important part of any appraisal but houses should not be preserved for the sake of heritage if there is not the demand for them. The differential level of VAT on new-build housing and refurbishment schemes makes demolition more commercially attractive. The ODPM should put pressure on the Treasury to harmonise VAT on new-build and refurbishment housing schemes.

Compulsory Purchase Orders (CPO)

25. Most of the Pathfinder Initiatives need to use compulsory purchase orders (CPOs) to acquire the private housing which they are planning to refurbish or demolish. The CPO procedure is long and complex and can take up to six years. The Government made it easier for local authorities to identify the owners of properties and to prepare a CPO in the

¹⁴ EV 49, HC 295-II, Session 2004--05

¹⁵ EV 50, HC 295-II, Session 2004-05

¹⁶ The Role of Historic Buildings in Urban Regeneration, Eleventh Report of Session 2003–04, HC 47-1

Planning and Compulsory Purchase Act 2004. However, there is currently a lack of staff with experience of the CPO process. The problem is likely to get worse as the Pathfinders start processing more CPOs.

26. The Chartered Institute of Housing highlighted the need for better good practice guidance: “Many Pathfinders have had to embrace the previously discredited tool of stock clearance. Whilst staff in these areas are becoming more knowledgeable about the use of Compulsory Purchase Orders, other local authorities still lack confidence and expertise in this area. The ODPM guidance on CPOs is very long and technical, and a good practice guide ...could be very useful to local authority officers”.¹⁷

27. Jo Boaden from the Newcastle Gateshead Pathfinder suggested that local authorities and the Planning Inspectorate would need to prepare for the number of CPOs which the Pathfinders would be processing: “I think, in terms of speeding up that process we would look, certainly for the planning inspectorate, to gear up for ongoing CPO activity so that there is not a delay there”.¹⁸

28. With CPOs taking several years, the process has to be incorporated into Pathfinders’ long-term plans. The Manchester Salford Partnership suggested that the Pathfinders needed to be long-term agencies with appropriate funding commitments, over a much longer period.

Local authorities, in making CPOs, are entering into long term and irrevocable commitments. It has become clear to the Manchester Salford Partnership (MSP) that, as its CPO/Clearance programme increases, so does the extent of legally binding forward commitments, which are far in excess of any guaranteed future funding (at present the MSP has forward commitments which extend over a 5 – 6 year period, whilst HMR funding is only presently in place until March 2008). It is essential that Government addresses this issue and instils adequate confidence in the HMR programme by formal commitment to meet, at least, all forward CPO commitments which arise as a result of Pathfinder programmes.¹⁹

29. CPOs take a long time to process notwithstanding the recent Government reforms. Local authorities and the Planning Inspectorate need to prepare for the volume of CPOs, which the Pathfinders are preparing. There is currently a shortage of staff with experience of CPOs in local authorities. At the very least the ODPM should prepare basic good practice guidance, which is simpler than its current technical manual.

30. With CPOs taking several years to process, Pathfinders need to be established on a long-term basis with funding commitments to implement the orders when they have been confirmed. Current three-year funding allocations are insufficient. We recommend that the Government make indicative allocations to Pathfinders for at least six years.

¹⁷ EV 33, HC 295-II, Session 2004-05

¹⁸ Q31

¹⁹ EV 43, HC 295-II, Session 2004-05

The Housing Markets

31. Housing markets are prone to change in unexpected ways. We received conflicting information on changes in the housing markets in low demand areas which could affect the Pathfinder programmes. The ODPM said:

While the generally buoyant housing market over the last few years has clearly helped efforts to deal with low demand and empty homes, there have been some encouraging early signs that the tide is turning. There has been a small but steady decrease for each of the last five years in the total number of homes in England vacant for more than six months. And the number of homes reported as being in low demand in the North and Midlands has fallen from almost a million in 2002 to around 850,000 in 2004.²⁰

32. The Audit Commission said:

The low demand and long-term vacancy rate between 2001 and 2004 reduced, nationally, by 6.3%. However, the equivalent figure for the Pathfinder local authority areas increased by 9.2%. Within this was an increase of almost a third in low demand in the private sector that was partially offset by a reduction in the social rented sector.²¹

33. Many local organisations argued that the housing market was actually taking off in their areas. The Burnley Wood Community Action Group said:

In December 2003 the housing market in Burnley had totally collapsed, the price of terraced houses had fallen as low as £5,000, houses were withdrawn from sale with no interest from buyers. After the publication of the Burnley Neighbourhood Action Plan in that year (2003) the price of a shell terraced house (one that had been "gutted", everything removed including heating systems and even internal doors and floors) has now risen at the end of 2004 to £25,000 with a corresponding rise in surrounding properties from £35,000 to a local price of between £65,000 - £80,000...

As a result of this speculation we are now experiencing an acute shortage of houses available for habitation in Burnley, in the last six months we have had 55 houses cleared in this area, 28 were compulsorily purchased even though there were certified as "Good and fit for use", we understand that it is necessary to remove some good houses to create a new build site that will be attractive to builders but we are having problems housing the owners and tenants from these cleared properties. Some tenants have been re-housed by private property owners in properties that are in a worst condition than the house they have moved from.²²

As a result of the price increases in these areas, some of our witnesses raised concerns that house purchase is becoming unaffordable, particularly for first-time buyers. The Committee's report on homelessness raised concern that where homes are being demolished as part of the Government's Pathfinder initiative, "the effect on house prices

²⁰ EV 2, HC 295-II, Session 2004-05

²¹ EV 65, HC 295-II, Session 2004-05

²² EV 7, HC 295-II, Session 2004-05

and availability of affordable homes must be carefully monitored and a programme of provision of low cost housing to rent must be included”.²³ The market upturn may also suggest that in some areas, public intervention is less essential than before, as the market might be renewing itself.

34. The factors driving up house prices in the Pathfinder areas are diverse, including speculation following the establishment of the market renewal initiatives, property market cycles and the demand spreading out from the lively housing markets in nearby large cities. It is difficult to judge whether this is a short-term effect or part of a longer-term trend that will reduce price differentials in sub-regional housing markets.

35. There has been an overall drop in the number of empty homes in some of the areas which may be significant. The reasons are not clear and the scale and duration of the market upturn are not yet known. It is important that the Pathfinder programmes secure good housing market data and an understanding of the factors driving the market. Regional bodies and local authorities also need to have in place effective, accessible and up-to-date systems of monitoring market trends, so that changes in demand and in market ‘hot spots’ and ‘cold spots’ can be readily identified and programmes adjusted.

36. If there is strong evidence that the rise in housing demand is sustained and not just the result of an artificial boost to the market due to speculative activity, the Pathfinders should review their demolition programmes as a matter of urgency and concentrate on neighbourhood management and housing refurbishment. Housing markets are dynamic, and the ODPM should allow the Pathfinders considerable flexibility to review their programmes as demand changes.

37. Pathfinders need to ensure that there is a ready supply of affordable housing. The programme of demolition and redevelopment needs to be carefully planned to ensure that there are no interim shortages of affordable housing to the disadvantage of existing and incoming households.

Creating Sustainable Communities

38. There are concerns that the Pathfinder initiative may be reduced to a ‘numbers exercise’ about relative increases or decreases in the housing stock. SAVE Britain’s Heritage warned, “the approach to change and demolition appears to be based on crude top down statistical view of neighbourhoods – voids, turnover, ownership, value etc. This fails to see beyond the problems that may have little to do with the houses themselves. It also fails to obtain active community input until consultation exercises are carried out late in the day”.²⁴

39. Peter Brown from the Merseyside Civic Society questioned the commitment of some of the Pathfinders to achieving the Government’s objective of creating sustainable communities:

²³ Homelessness, Third Report of Session 2004-05, HC 61-1, page 47

²⁴ EV 39, HC 295-II, Session 2004-05

The sustainable community agenda sounds very empty to communities which are affected directly by the circumstances in which this presumption holds... They want to see support for the improvement of properties in which they live, but also the provision of the services on which they depend within that community.²⁵

40. The Pathfinders are engaging with their communities, with varying levels of success. English Heritage said that the way the schemes are being presented and the way the Pathfinders engage with the public could be improved: “Current practice suggests local residents are unclear about some of the terminology, options and possible outcomes that are being put forward by the Pathfinder partnerships.”²⁶ It highlighted the need for generic guidance on how communities should be consulted and engaged in each stage of the process.

41. Some are using innovative methods to develop schemes in collaboration with communities. Other evidence underlined the importance of involving communities early on in the development process before decisions about demolition have been taken. Many organisations cited the Enquiry by Design exercise in Whitefield in East Lancashire as a successful means of consultation with all the main stakeholders in the town working together on a joint regeneration strategy. English Heritage said:

A week long Enquiry by Design, carried out by the Prince’s Foundation on behalf of the key stakeholders, resulted in the agreement of all parties to a regeneration strategy and marks a significant turning point in the fortunes of Whitefield, where for many years there was no consensus of the best way to regenerate the area. Although an intensive and expensive process, it is a methodology that has much to commend it in places where it would otherwise be difficult to achieve an agreed approach to regeneration.²⁷

42. The Government has included the Pathfinder programme as part of its Sustainable Communities Plan. To demonstrate its commitment to creating sustainable communities, we recommend that the Government issue new guidance setting out how Pathfinder initiatives should consult with local communities to enable input at the earliest stages before any decisions are taken to demolish housing. Many of the areas need to increase their populations to make them viable. Pathfinders should consider how this is planned to ensure sustainable communities. Demolition and refurbishment plans should be part of an integrated regeneration strategy for an area agreed as widely as possible. The Enquiry by Design process used in Whitefield, Lancashire offers one model which could be widely replicated.

Community Support

43. Many of the submissions to our inquiry highlighted the need for community support as part of the strategies to improve the Pathfinder areas. Witnesses pointed out that

²⁵ Q41

²⁶ EV 50, HC 295-II, Session 2004-05

²⁷ EV 50, HC 295-II, Session 2004-05

- The availability of revenue funds for community support by the Pathfinder programmes and through mainstream providers is unclear;
- Communities need support to adapt to the changes to their areas;
- Most of the Pathfinder areas suffer from inadequate services; and
- Funding for local services might be affected as populations are moved around.

44. The Pathfinder funds are primarily for capital investment. According to the Pathfinder initiatives a very limited proportion of their funds can be spent on revenue funding which they find excessively restrictive. The submission by the Chairs of the Pathfinder initiatives called for greater flexibility in the use of funds.

One area of funding where we would like to see greater freedom is in the provision of revenue. The Housing Market Renewal Fund is a capital programme and revenue funding is difficult to provide. However, major housing improvement needs considerable planning, preparation and consultation as well as neighbourhood management. The process can, unless carefully managed, be traumatic for the families in the area. Some of the necessary revenue support is available for the preparation of individual projects but other support, for example for neighbourhood management, is not. We do not want to enter into long term neighbourhood management as that is not our responsibility – but we do believe that revenue support is necessary to ensure the smooth transition from the old to the new.²⁸

The Newcastle Gateshead Pathfinder highlighted the need to fund projects which help to stabilise an areas or support it through the transition.

Revenue projects however are still required to support neighbourhoods through difficult periods of transition. This could either be until we can rehouse residents and demolish their homes or, so we can ‘stabilise and improve’ an area showing signs of market weakness eg. the North Benwell Neighbourhood Management Project has improved and brought more than 100 homes back into use ...along with reducing crime by around 30% a month compared to the same period last year.²⁹

45. Many of the homes to be compulsorily purchased and demolished are privately owned. The owners need sufficient compensation to buy an equivalent home. Some may have problems securing a new mortgage. The Chartered Institute of Housing pointed out:

Implementation of demolition programmes has shown that owner-occupiers can suffer from lack of information and insufficient financial compensation. In North Staffordshire Pathfinder, owners whose houses are scheduled for demolition are only entitled to relocation compensation if they move to approved ‘sustainable’ areas where property prices are inevitably higher. For many this can mean leaving behind family and community connections, and not having sufficient resources to purchase a replacement property. Access to mortgages is obviously limited by age and income, which means these problems are worse for older, economically inactive, or low

²⁸ EV 57, HC 295-II, Session 2004-05

²⁹ EV 110, HC 295-II, Session 2004-05

income households. Those who find themselves unable to remain in owner-occupation not only lose the benefits of future property equity but may also find it difficult to access social housing due to long waiting lists. Some households have also complained that they were not able to get information from local councils about areas they could move to in time to make an informed decision. This indicates that processes need to be tightened up and further consideration of varying personal circumstances given.³⁰

46. Cole and Nevin suggested that Government should make an adjustment in the allocation of revenue funding to local authorities to support communities in transition: “In terms of service provision, central Government should reconsider how it allocates revenue support to those local authorities experiencing large scale restructuring, to incorporate the costs of community transition as well as the burden of social need”.³¹

47. Lord Rooker, the Minister for Regeneration and Regional Development, suggested that it was the local authority’s role to support communities in transition. He told us: “If it is a half decent local authority interested in the strategic issue of housing for its citizens it will embrace its role in community support”.³²

48. We recommend that the Government issue guidance on how Pathfinders and local authorities support communities during the period of transition as neighbourhoods are refashioned, including examples of best practice. Many of the homes being compulsorily purchased and demolished are privately owned. Support should be offered in all Pathfinder areas to homeowners whose homes are compulsorily purchased so that they can get a new mortgage.

49. The Pathfinder initiatives’ ability to fund revenue projects is very restricted. The Government should allow Pathfinders to use a significant proportion of their funds for community support or provide funding through local authority grant mechanisms explicitly targeted at helping meet the community costs of market renewal.

Mainstream Services

50. Areas with low demand suffer from many social, environmental and physical problems, and there is a clear awareness among the Pathfinder initiatives that other service providers are required to address the non-housing needs. There are concerns that the agencies responsible for non-housing issues such as education, community safety and crime and transport should contribute towards turning round those neighbourhoods. The Riverside Housing Group in Liverpool called for a fundamental review of all the non-housing services in low demand areas.

The Riverside Group believes that the scope of the intervention so far has been too narrow, and that much more work remains to be done on directing mainstream service provision and investment to support the objectives of housing market renewal. Work on non-housing issues, like the rationalisation of schools, will help in

³⁰ EV 34, HC 295-II, Session 2004-05

³¹ EV 113, HC 295-II, Session 2004-05

³² Q216

taking a holistic approach to the needs of neighbourhoods. Without it there is a danger of HMRI becoming another housing regeneration funding stream (albeit a very significant one) rather than a framework for transformational change.³³

51. Several of the Pathfinders are drawing up neighbourhood strategies and masterplans outlining the public services required from different agencies. Oldham Rochdale set out its approach.

The intention is to make those neighbourhoods identified as vulnerable to decline places where people choose to live and stay whatever their background or housing needs. This will be achieved through the development of comprehensive Neighbourhood Plans based on Neighbourhood Profiles and other research and consultation. Housing Market Renewal funding will complement other activity and funding within these neighbourhoods.

In establishing the joint vision for the future of the two Boroughs it became apparent that there was a need to set a framework for the physical developments that will complement the respective community strategies. Consequently, a Master planning process of the built and natural environment was commissioned both jointly and at individual Borough level. Although this master plan is still in development, it is envisaged that it will nest within regional, local and neighbourhood based strategic plans.³⁴

52. Our evidence highlighted how local authorities are represented on the Pathfinder boards and how the Pathfinders are talking to the various agencies about the needs of areas including the Police, education departments and social services. However, it will depend on the various departments within the council and in central Government to ensure that the funds are available and the needs of low demand areas are prioritised.

53. Lord Rooker, Minister for Regeneration and Regional Development, accepted that additional funds may be needed for facilities. He told us: “If you are going to put a new community there you want to start the school as early as possible. People are more encouraged to go to an area if a school is open than if it is promised”.³⁵ He did not confirm how these schools would be funded.

54. Low demand affects many areas but part of the solution lies in creating sustainable neighbourhoods with high quality services. The problems in many of the neighbourhoods are caused by the poor quality of the environment and failing public services as much as the condition of the housing and economic collapse. As neighbourhoods are redeveloped, there will be variations in the level of population which could, due to the funding formula, affect the grants available. Rather than cutting funds to areas, additional transitional support is required in some areas to improve facilities and thereby create a more attractive and sustainable neighbourhood as an incentive for new residents to move in.

³³ EV 47, HC 295-II, Session 2004-05

³⁴ EV 27, HC 295-II, Session 2004-05

³⁵ Q214

55. The ODPM needs to secure commitments from the Departments for Education and Skills, and Health, and the Home Office that the level of funding can be sustained as housing is redeveloped and population declines for a temporary period. Commitments are required to provide funds for facilities in advance of new populations moving in to the neighbourhoods.

Coordination with Regional Strategies and Agencies

56. Close coordination between the Pathfinders' programmes, sub-regional and regional strategies will be key to concentrating activity in areas with low demand within regions and also to providing wider support for the Pathfinder's work. The priorities of the different strategies often appear confusing, and, in some cases, fail to reflect the needs of low demand areas.

57. Lancashire County Council highlighted the need to coordinate a range of strategies emerging at a regional level to ensure market renewal is achieved.

There is clearly a need to harmonise and integrate strategies and planning processes at a sub-regional and regional level if we are to have a coherent and comprehensive response to the broad issues associated with housing market renewal and transforming the economic, environmental and social future of East Lancashire. There are significant challenges for all Lancashire Partners in trying to prepare coherent responses to a range of current strategic issues (Regional Spatial Strategy, Regional Economic Strategy, Northern Way) all of which have different drivers and often incompatible timescales and deadlines.³⁶

58. The Pathfinder Chairs highlighted the need for regional plans to address housing supply issues:

A greater challenge is ensuring that regional plans take proper account of the supply and demand for housing. As the Communities Plan pointed out, low demand and abandonment occurred because, in contrast to the south of England, housing supply in the north and in parts of the Midlands exceeded demand. Because of journeys to work this balance cannot be dealt with at a local or even at a sub-regional level. It is incumbent on the new Regional Spatial Strategies, as emphasised by the Barker report, to ensure that supply and demand are in balance... if overall demand is not increasing, new build can only be sensible if it is matched, over the long term by the demolition of poor quality and unwanted stock.³⁷

The Chairs urged the Government and its Regional Offices to ensure that the emerging Regional Spatial Strategies support market renewal: "Current work by Regional Assemblies in developing Regional Spatial Strategies to replace the Regional Planning Guidance provides a unique opportunity for the alignment of land use and spatial strategies. Support by Central Government and the Government Offices will be necessary to ensure that these and other opportunities are grasped".³⁸

³⁶ EV 122, HC 295-II, Session 2004-05

³⁷ EV 56, HC 295-II, Session 2004-05

³⁸ EV 58, HC 295-II, Session 2004-05

59. The Audit Commission raised concerns that in some areas new housing is being proposed in strategic plans, which could compete with plans in the Pathfinder areas. The Commission's Head of Housing Markets, Mike Maunder, raised concerns about housing proposals in Newcastle: "There is too much development outside the Pathfinder area, whether it is on green or brownfield sites, that will compete with what the Pathfinder is trying to achieve in Newcastle/Gateshead".³⁹

60. The need for economic development alongside the housing renewal was mentioned in many submissions. The RDA policy towards market renewal areas has yet to develop fully. The Chairs of the Pathfinders suggested that progress was being made in gaining support from the Regional Development Agencies for economic renewal in their areas: "Some RDAs, for example, had difficulties in the early days in taking account of the plans of the Pathfinders. This was largely because of the high level of forward commitment in their programmes. Recent experience has been far more encouraging".⁴⁰ The Northern Way, an initiative led by the RDAs, is seeking to spearhead the economic revival of many northern cities including Liverpool, Manchester, Hull and Newcastle. Many areas suffering low housing demand are on the fringes of these city regions and will benefit only marginally from the growth of the main centres.

61. Regional strategies need to be aligned to ensure that efforts to revitalise failing housing markets are maximised rather than hindered by promoting competing developments in other areas. The Government needs to issue guidance to regional planning bodies and the RDAs, emphasising the importance of prioritising the needs of areas with low housing demand.

62. Economic collapse is a major cause of low housing demand which will only improve if links to economic development are stronger than at present. Many of the areas with low demand will benefit only to a limited extent from the Northern Way initiative as they are on the fringes of the city regions where the RDAs are concentrating growth. The RDAs should consider how the needs of areas with low housing demand are addressed outside the core areas, particularly improved transport links to nearby cities.

³⁹ Q143

⁴⁰ EV 58, HC 295-II, Session 2004-05

3 Good Practice and Skills

63. The Pathfinder programmes are developing new approaches to tackling the problems of weak housing markets. Part of the Audit Commission's role is to disseminate good practice among the Pathfinders. It is unclear how the good practice is to be spread to local authorities, Registered Social Landlords and other bodies outside the Pathfinder area, or indeed how their good practice is collected and disseminated.

64. Knowsley Council said:

We believe that sharing of good practice is at an early stage however, there is still some work to do to completely break down the traditional "inward looking" approach taken by many housing organisations and authorities. We believe that there is a danger of a "Pathfinder elite" which have resources in terms of staff and research budgets to invest in innovation and good practice, and that GOs and RHBs therefore have an important role to play to ensure, and to co-ordinate, "true" and practical dissemination of new tools beyond Pathfinder borders.⁴¹

65. Government should produce an action programme to indicate how the emerging lessons of the Pathfinder programme, including examples of innovation and good practice, can be disseminated to a wide audience of public and private sector agencies, not least local authorities and Registered Social Landlords.

Availability of Appropriate Skills

66. The shortage of staff with the necessary skills to manage regeneration schemes was noted in the Urban Task Force report in 1999 and in the subsequent Urban White Paper which proposed the setting up of regional centres of excellence. The Government then returned to the issue five years later when it appointed Sir John Egan to head a task force into skills for sustainable communities. As a result of Egan's report, the Government announced in January 2005 details of the Academy for Sustainable Communities to be established in Leeds.

67. The lack of adequately skilled staff threatens the Housing Market Renewal programme. The Pathfinder chairs pointed out widespread problems in recruiting skilled staff.

The skills required in Housing Market Renewal are not, in essence, different from those required by other regeneration initiatives. There is no doubt, however, that there is an acute shortage of such skills. This is reflected in the rapid growth of salaries offered to those experienced in the field.

The skills shortage pervades the whole programme and is not limited to the Pathfinder teams, who often have problems recruiting suitable staff. Local authorities, on whom the Pathfinders rely for much of the strategic input as well as local consultation and implementation of projects, find it difficult to man up to the

⁴¹ EV 40, HC 295-I, Session 2004-05

demands placed upon them. This is especially the case if they are smaller authorities, for whom the Pathfinder programme represents a step change in approach.⁴²

68. Expertise in delivering programmes for major neighbourhood remodelling has been lost over the years and the wide range of skills required is not adequately covered by 'traditional' professional areas of expertise. The Chartered Institute of Housing said that it was reviewing its professional qualification in terms of whether new areas of competence were required. Sarah Webb from the Institute told us: "We are reviewing our professional qualification at the moment ...without predicting the outcome of that, the kinds of skills we will identify as needing the profession to have in the next five years will be quite different".⁴³

69. The evidence also highlighted the problems experienced by new graduates seeking a career in regeneration because experience is required for most jobs. Bob Pringle, director of the Hull Pathfinder, told us: "Most people in regeneration want you to have some experience and the difficulty for most people is actually getting that experience".⁴⁴ Hardial Bhogal, director of the East Staffordshire Pathfinder, called for new opportunities to enable new recruits to get experience in working in regeneration projects.

There is a demand for very high skilled people because of the intensity of the work. Not only in the Pathfinders but in the external adviser consultancy fields and so on they are stretched; there is a colossal investment going on this and you will see they are also being stretched in terms of the submissions and the quality of submissions coming forward. Firstly, there is a general agreement there is a lack of skills and I think whatever can be done to incentivise more people coming into the field, trainee, graduate positions and so on for people to learn on the job, and the transferring of skills from consultancies to mainstream, the more that should be encouraged.⁴⁵

70. We welcome the recent announcement of the Academy for Sustainable Communities. It should give priority to training in the broad range of skills and expertise required to deliver housing market renewal. This should include immediate action to meet gaps in knowledge, analysis and implementation through short courses, networks and briefing notes. The Government should consider setting up new ways to develop regeneration skills. New pathways are needed to recruit graduates into regeneration programmes where they can get the necessary experience before taking on managerial roles, including graduate training schemes and work experience placements.

71. We welcome the Chartered Institute of Housing review of its professional qualification. We urge the other professional bodies including valuation, surveying, architecture and planning to review their qualifications and key areas of competence to reflect the demands of managing regeneration projects.

⁴² EV 59, HC 295-II, Session 2004-05

⁴³ Q149

⁴⁴ Q115

⁴⁵ Q115

4 Areas outside the Pathfinders

72. The Pathfinder programme covers about 50 per cent of the areas with serious concentrations of housing demand problems. The challenge of tackling low demand where the problem is more diffuse has yet to be effectively addressed. Some of the evidence suggested that these areas are indeed losing funds as a result of the Pathfinders being established. The Audit Commission pointed out that local authorities are required to consider the state of the housing markets in their housing strategies but they cannot effectively address them without additional funds.

Mainstream resources have in the past been insufficient to tackle weak housing market problems. This has now been acknowledged by Government and led to the establishment of Market Renewal Pathfinders. Nevertheless, this only addresses the problems in the intervention areas in the 25 local authorities included in the Pathfinders.

Pathfinders have identified a need for significant public sector resources to research the problems; finance a major portion of their early programmes; engage partners effectively; and gain the trust of residents. If interventions elsewhere are necessary to transform localities rather than ameliorate the current difficulties, they too will need proportional additional resources.⁴⁶

73. Our evidence suggests that in fact the areas with low demand outside the Pathfinders are losing funds, with the Housing Corporation, for example, concentrating on the Pathfinder areas in the North and Midlands. The Housing Company, Bolton at Home, told us:

Leaving aside our concerns that Bolton was not considered to merit Housing Market Renewal Funds despite our low demand issues closely mirroring those of Rochdale and Oldham, we have been reasonably optimistic in believing that the benefits of Housing Market Renewal Funds to the sub-region would spread wider than the Pathfinders, percolating across local authority boundaries. At the very least we expected that the six local non-Pathfinder authorities would not actually lose regional allocation in real terms but that the Housing Market Renewal Funds would result in a rise in regional resources, with no top-slicing to our detriment. When the Centre for Urban and Regional Studies identified 50% of regional low demand outside the Pathfinders our natural presumption was that Bolton, as one of these areas of low demand, would still be given priority for allocation as recognised in the Regional Housing Strategy. Unfortunately, in reality, there has been an overall diminution of resources directed towards non-Pathfinder authorities. The Housing Corporation for instance have reduced ADP within Bolton (for the period 2004/06) by over 90%, a swingeing cut that ignores the fact that our housing problems continue irrespective of the need to increase funding into HMRF Pathfinders.⁴⁷

⁴⁶ EV 65, HC 295-II, Session 2004-05

⁴⁷ EV 28, HC 295-II, Session 2004-05

Knowsley Council warned that the loss of funds could destabilise regeneration initiatives in areas outside the Pathfinders:

In itself the Merseyside Housing Market Renewal Pathfinder is unlikely to have any adverse affect on Knowsley's housing, social and economic regeneration. However, Knowsley's renaissance relies upon a mixture of public and private funding and there is evidence that the Pathfinders may be being resourced at the expense of other schemes...However, it is vital that the interrelated strategies and mix of public and private funding mechanisms, which are the ingredients of Knowsley's success, are not destabilised by the Housing Market Renewal initiative. Housing markets are both complex and unpredictable with even the most robust plans exposed to risk of collapse by the slightest, unexpected change.⁴⁸

74. The Audit Commission pointed out that the Pathfinder initiatives can recycle the capital receipts secured from the sale of sites. It suggests that, "If those authorities outside the pathfinders, with a clearly evidenced problem, were allowed to recycle capital receipts in the way Pathfinders are, this scope could be greatly enhanced."⁴⁹

75. Some of the submissions proposed a more strategic approach to tackling low housing demand. The Chartered Institute of Housing said that

Whilst the work of the Pathfinders should help to develop techniques and strategies for addressing the problems in these remaining areas, action to prevent further decline in non-Pathfinder areas is needed now. Regional Housing Boards have begun to tackle this as identified in Regional Housing Strategies but need a funding mechanism. To achieve this aim, a National Strategy for Housing Market Restructuring should be developed.⁵⁰

The ODPM has a PSA target "to achieve a better balance between housing availability and the demand for housing in all English regions while protecting valuable countryside around our towns, cities and in the greenbelt – and the sustainability of existing towns and cities – through specific measures to be set out in the Service Delivery Agreement."

76. The additional funds targeted at Pathfinder areas are needed to tackle their low demand problems. The Pathfinders' success will not be emulated on the same scale in other areas unless additional funds are identified for them. The Government should consider allowing local authorities outside the Pathfinders with areas of low housing demand to recycle their capital receipts where they are selling housing sites for redevelopment. It is vital that regional allocations do not take funds away from other areas, by concentrating funds solely on Pathfinder areas. The Housing Corporation should review its allocations so that they address the housing needs equally and achieve a better balance of support across low demand areas.

77. Measures to tackle low demand should not be confined to setting up the Pathfinder initiatives but should be part of a systematic sub-regional appraisal. The Government should also develop a coherent strategy for intervening in housing markets so that

⁴⁸ EV 39, HC 295-I, Session 2004-05

⁴⁹ EV 65, HC 295-II, Session 2004-05

⁵⁰ EV 33, HC 295-II, Session 2004-05

housing demand is better balanced between the parts of the greater South East with a severe supply shortage and the areas suffering from low demand and housing surpluses in the Midlands and the North. There should be a review of the extent to which infrastructure necessary to support growth in South East takes so many resources that it prevents necessary and similar expenditure in low demand and Pathfinder areas.

Conclusions and recommendations

The Pathfinder Programme

1. The target set in the ODPM's five year housing plan to reduce the gap between those areas with low demand and the rest by a third by 2010, and to eradicate the problems by 2020 is welcome. However, the programme requires a more detailed set of objectives and an endview by which progress can be measured. (Paragraph 14)
2. Each Pathfinder initiative is developing its own strategy to meet the distinctive problems of its area. To assess the overall impact of the Housing Market Renewal Initiative, and whether the targets have been achieved, comparable data are required from each Pathfinder. (Paragraph 15)
3. Pathfinder initiatives need to develop solid and comparable housing market data so that progress can be measured. At present they are using a range of different indicators, at different geographical levels and over different time frames. The Pathfinder programmes need a realistic view of the future market structure that should specify the range of property types and values envisaged to achieve sustainable neighbourhoods in healthy and thriving housing markets. All the Pathfinders need to develop robust indicators to measure changing levels of resident satisfaction with their area and the quality of services provided to assess whether more sustainable communities are being created. (Paragraph 16)
4. The Government acknowledges that it will take up to 15 years to tackle failing housing markets or undertake market restructuring and many of the mechanisms such as compulsory purchase orders have a long lead-in time before taking effect. The Government should make long term funding commitments to the Housing Market Renewal Initiatives to give them and their partners the confidence that they can enter into long-term agreements. (Paragraph 19)
5. Some demolition is required but there is a risk that this initiative will be seen as a major demolition programme, which will repeat the mistakes of previous clearance programmes that destroyed the heritage of areas and failed to replace it with neighbourhoods of lasting value. The Government needs to set out clear procedures for the Pathfinders to follow when deciding which housing should be demolished and how the various options for refurbishment and redevelopment should be considered. The potential heritage value of the housing and its contribution to regenerating neighbourhoods should be considered an important part of any appraisal but houses should not be preserved for the sake of heritage if there is not the demand for them. The differential level of VAT on new-build housing and refurbishment schemes makes demolition more commercially attractive. The ODPM should put pressure on the Treasury to harmonise VAT on new-build and refurbishment housing schemes. (Paragraph 24)
6. CPOs take a long time to process notwithstanding the recent Government reforms. Local authorities and the Planning Inspectorate need to prepare for the volume of CPOs, which the Pathfinders are preparing. There is currently a shortage of staff with

experience of CPOs in local authorities. At the very least the ODPM should prepare basic good practice guidance, which is simpler than its current technical manual. (Paragraph 29)

7. With CPOs taking several years to process, Pathfinders need to be established on a long-term basis with funding commitments to implement the orders when they have been confirmed. Current three-year funding allocations are insufficient. We recommend that the Government make indicative allocations to Pathfinders for at least six years. (Paragraph 30)
8. There has been an overall drop in the number of empty homes in some of the areas which may be significant. The reasons are not clear and the scale and duration of the market upturn are not yet known. It is important that the Pathfinder programmes secure good housing market data and an understanding of the factors driving the market. Regional bodies and local authorities also need to have in place effective, accessible and up-to-date systems of monitoring market trends, so that changes in demand and in market 'hot spots' and 'cold spots' can be readily identified and programmes adjusted. (Paragraph 35)
9. If there is strong evidence that the rise in housing demand is sustained and not just the result of an artificial boost to the market due to speculative activity, the Pathfinders should review their demolition programmes as a matter of urgency and concentrate on neighbourhood management and housing refurbishment. Housing markets are dynamic, and the ODPM should allow the Pathfinders considerable flexibility to review their programmes as demand changes. (Paragraph 36)
10. Pathfinders need to ensure that there is a ready supply of affordable housing. The programme of demolition and redevelopment needs to be carefully planned to ensure that there are no interim shortages of affordable housing to the disadvantage of existing and incoming households. (Paragraph 37)
11. The Government has included the Pathfinder programme as part of its Sustainable Communities Plan. To demonstrate its commitment to creating sustainable communities, we recommend that the Government issue new guidance setting out how Pathfinder initiatives should consult with local communities to enable input at the earliest stages before any decisions are taken to demolish housing. Many of the areas need to increase their populations to make them viable. Pathfinders should consider how this is planned to ensure sustainable communities. Demolition and refurbishment plans should be part of an integrated regeneration strategy for an area agreed as widely as possible. The Enquiry by Design process used in Whitefield, Lancashire offers one model which could be widely replicated. (Paragraph 42)
12. We recommend that the Government issue guidance on how Pathfinders and local authorities support communities during the period of transition as neighbourhoods are refashioned, including examples of best practice. Many of the homes being compulsorily purchased and demolished are privately owned. Support should be offered in all Pathfinder areas to homeowners whose homes are compulsorily purchased so that they can get a new mortgage. (Paragraph 48)

13. The Pathfinder initiatives' ability to fund revenue projects is very restricted. The Government should allow Pathfinders to use a significant proportion of their funds for community support or provide funding through local authority grant mechanisms explicitly targeted at helping meet the community costs of market renewal. (Paragraph 49)
14. Low demand affects many areas but part of the solution lies in creating sustainable neighbourhoods with high quality services. The problems in many of the neighbourhoods are caused by the poor quality of the environment and failing public services as much as the condition of the housing and economic collapse. As neighbourhoods are redeveloped, there will be variations in the level of population which could, due to the funding formula, affect the grants available. Rather than cutting funds to areas, additional transitional support is required in some areas to improve facilities and thereby create a more attractive and sustainable neighbourhood as an incentive for new residents to move in. (Paragraph 54)
15. The ODPM needs to secure commitments from the Departments for Education and Skills, and Health, and the Home Office that the level of funding can be sustained as housing is redeveloped and population declines for a temporary period. Commitments are required to provide funds for facilities in advance of new populations moving in to the neighbourhoods. (Paragraph 55)
16. Regional strategies need to be aligned to ensure that efforts to revitalise failing housing markets are maximised rather than hindered by promoting competing developments in other areas. The Government needs to issue guidance to regional planning bodies and the RDAs, emphasising the importance of prioritising the needs of areas with low housing demand. (Paragraph 61)
17. Economic collapse is a major cause of low housing demand which will only improve if links to economic development are stronger than at present. Many of the areas with low demand will benefit only to a limited extent from the Northern Way initiative as they are on the fringes of the city regions where the RDAs are concentrating growth. The RDAs should consider how the needs of areas with low housing demand are addressed outside the core areas, particularly improved transport links to nearby cities. (Paragraph 62)

Good Practice and Skills

18. Government should produce an action programme to indicate how the emerging lessons of the Pathfinder programme, including examples of innovation and good practice, can be disseminated to a wide audience of public and private sector agencies, not least local authorities and Registered Social Landlords. (Paragraph 65)
19. We welcome the recent announcement of the Academy for Sustainable Communities. It should give priority to training in the broad range of skills and expertise required to deliver housing market renewal. This should include immediate action to meet gaps in knowledge, analysis and implementation through short courses, networks and briefing notes. The Government should consider setting up new ways to develop regeneration skills. New pathways are needed to recruit

graduates into regeneration programmes where they can get the necessary experience before taking on managerial roles, including graduate training schemes and work experience placements. (Paragraph 70)

20. We welcome the Chartered Institute of Housing review of its professional qualification. We urge the other professional bodies including valuation, surveying, architecture and planning to review their qualifications and key areas of competence to reflect the demands of managing regeneration projects. (Paragraph 71)

Areas outside the Pathfinders

21. The additional funds targeted at Pathfinder areas are needed to tackle their low demand problems. The Pathfinders' success will not be emulated on the same scale in other areas unless additional funds are identified for them. The Government should consider allowing local authorities outside the Pathfinders with areas of low housing demand to recycle their capital receipts where they are selling housing sites for redevelopment. It is vital that regional allocations do not take funds away from other areas, by concentrating funds solely on Pathfinder areas. The Housing Corporation should review its allocations so that they address the housing needs equally and achieve a better balance of support across low demand areas. (Paragraph 76)
22. Measures to tackle low demand should not be confined to setting up the Pathfinder initiatives but should be part of a systematic sub-regional appraisal. The Government should also develop a coherent strategy for intervening in housing markets so that housing demand is better balanced between the parts of the greater South East with a severe supply shortage and the areas suffering from low demand and housing surpluses in the Midlands and the North. There should be a review of the extent to which infrastructure necessary to support growth in South East takes so many resources that it prevents necessary and similar expenditure in low demand and Pathfinder areas. (Paragraph 77)

Formal Minutes

Urban Affairs Sub-committee

Tuesday 22 March 2005

Members present:

Andrew Bennett, in the Chair

Mr Clive Betts

Chris Mole

Mr David Clelland

Mr Bill O'Brien

Mr Adrian Sanders

The Sub-committee deliberated.

Draft Report (*Empty Homes and Low-demand Pathfinders*), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 77 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Third Report of the Sub-committee to the Committee. —
(*The Chairman.*)

Ordered, That the Chairman do make the Report to the Committee.

[The Sub-committee adjourned.]

Formal Minutes

Tuesday 22 March 2005

Members present:

Andrew Bennett, in the Chair

Mr Clive Betts

Chris Mole

Mr David Clelland

Mr Bill O'Brien

Mr Adrian Sanders

The Committee deliberated.

Draft Report from the Urban Affairs Sub-committee (*Empty Homes and Low-demand Pathfinders*), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 77 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Eighth Report of the Committee to the House.

Ordered, That the provisions of Standing Order No.134 (Select Committees(reports)) be applied to the Report.

Ordered, That the Appendices to the Minutes of Evidence taken before the Committee be reported to the House.

[Adjourned till Tuesday 5 April at Nine o'clock.]

Witnesses

Tuesday 8 February 2005	<i>Page</i>
Mr Michael Gahagan , Chairman, Transform South Yorkshire Housing Market Renewal Pathfinder	Ev 1
Mr Max Steinberg , Chief Executive, Elevate East Lancashire Housing Market Renewal Pathfinder	Ev 1
Ms Jo Boaden , Director, Bridging NewcastleGateshead Housing Market Renewal Pathfinder	Ev 1
Mr John Glester , Chairman, NewHeartlands Housing Market Renewal Pathfinder, Merseyside	Ev 1
Mr Adam Wilkinson , Secretary, SAVE Britain's Heritage	Ev 9
Dr Peter Brown , Chair, Merseyside Civic Society	Ev 9
Ms Sylvia Wilson , Secretary, and Ms Kathy Fishwick , mentor, Whitefield Conservation Action Group	Ev 9
Mr John McHale , Chief Executive, Knowsley Housing Trust, and Ms Barbara Spicer , Director of Policy and Performance, Knowsley Council	Ev 13
Mr George Caswell , Chief Executive, Bolton at Home and Ms Glenys Campbell , Regeneration Manager, Bolton at Home, Bolton Council	Ev 13
Mr Bob Pringle , Chief Executive, Gateway HMR Pathfinder and Mr David Gibson , Corporate Director (Operations and Public Services), Hull City Council, Hull Gateway	Ev 17
Mr Peter Bounds , Chairman and Mr Hardial Bhogal , Director, RENEW North Staffordshire	Ev 17
Monday 28 February 2005	
Mr Roy Irwin , Chief Inspector of Housing, and Mr Mike Maunder , Head of Housing Markets, Audit Commission	Ev 22
Ms Sarah Webb , Director of Policy, and Mr Ian Richardson , President, Chartered Institute of Housing	Ev 22
Mr Jon Rouse , Chief Executive, and Mr John Carleton , Field Director, Housing Corporation	Ev 28
Rt Hon Lord Rooker , a Member of the House of Lords, Minister of State for Regeneration and Renewal, Office of the Deputy Prime Minister	Ev 30
Rt Hon Keith Hill , a Member of the House, Minister of State for Housing and Planning, Office of the Deputy Prime Minister	Ev 30

List of supplementary written evidence

Memoranda EMP 01 to EMP 40 were published as *Empty Homes and Low-demand Pathfinders: Written Evidence*, HC 295-II, Session 2004-05

	<i>Page</i>
Knowsley Housing Partnership (EMP 41)	Ev 39
Barry Joyce MBE (EMP 42)	Ev 41
Gateway HMR Pathfinder (EMP 43)	Ev 42
Shelter (EMP 44)	Ev 44
Birmingham City Council (EMP 45)	Ev 46
English Partnerships (EMP 46)	Ev 49
Supplementary Memorandum by the NewHeartlands HMR Pathfinder (EMP 21(a))	Ev 51
Supplementary Memorandum by G. W Parry (EMP 24(c))	Ev 51
Supplementary Memorandum by Alan Wilson , Goole Action Group (EMP 31(d))	Ev 58
Supplementary Memorandum by Kathy Fishwick (EMP 34(a))	Ev 59
Supplementary Memorandum by Sylvia Wilson, Secretary, Whitefield Conservation Action Group (EMP 37(d))	Ev 60

List of unprinted written evidence

Additional papers have been received from the following and have been reported to the House but to save printing costs they have not been printed and copies have been placed in the House of Commons Library where they may be inspected by Members. Other copies are in the Record Office, House of Lords and are available to the public for inspection. Requests for inspection should be addressed to the Record Office, House of Lords, London SW1. (Tel 020 7219 3074). Hours of inspection are from 9:30am to 5:00pm on Mondays to Fridays.

G. W. Parry:

EMP 24 (a) Letters received

EMP 24 (b) Lodge Lane Regeneration group – registration forms

EMP 24 (d) 'Examples of Contemporary Infill Along the lines of Borneo Sporenboiurg Docks in Amsterdam.'

EMP 24 (e) Comment on Birmingham University Centre for Urban and Regional Studies memo submitted to 2002 Select Committee inquiry.

Martin Edwards & Christiaan Zwart:

EMP 26 (a) Pendle CPO Closing Submissions

EMP 26 (b) CED Forward Strategy 18 Feb 2003

EMP 26 (c) J. Yacoub proof of evidence 18 Feb 2003

EMP 26 (d) Nelson Closing 2nd Enquiry 7 March 03

EMP 26 (e) Whitefield CED Action Plan

Alan Wilson , Chairman, Goole Action Group:

EMP 31 (a) Letter from Councillor Jonathan Owen, 15/11/04

EMP 31 (b) Front page of questionnaire

EMP 31 (c) Compensation package questionnaire

Sylvia Wilson, Whitefield Conservation Action Group

EMP 37 (a) ODPM document

EMP 37 (b) Chandan Statement

EMP 37 (c) Jamila Khan Statement

Background Papers:

B/P 01 Walsall Metropolitan Borough Council: Empty Property Strategy 2004, Nov 2004.

B/P 02 Email from David W Kent

B/P 03 Giroscope Report: 'Last one out please close the gateway'

B/P 04 Sylvia Wilson: supplementary evidence from seven residents groups and newspaper cuttings

B/P 05 Sylvia Wilson: 'Answers to Questions asked' from Residents Groups

Reports from the ODPM Committee since 2003

The following reports have been produced by the Committee since 2003. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2004-05

First Report	The Draft Regional Assemblies Bill	HC 62-1 (<i>HC 459</i>)
Second Report	Annual Report to the Liaison Committee	HC 149
Third Report	Homelessness	HC 61-1 (<i>CM 6490</i>)
Fourth Report	ODPM Annual Report and Accounts 2004	HC 58
Fifth Report	The Role and Effectiveness of CABE	HC 59
Sixth Report	Electoral Registration (Joint inquiry with the Constitutional Affairs Committee, First Joint Report of Session 2004-05)	HC 243-1
Seventh Report	The Role and Effectiveness of the Standards Board for England	HC 60-1
First Special Report	Government Response to the Committee's First Report of Session 2004-05, on the Draft Regional Assemblies Bill	HC 459

Session 2003-04

First Report	ODPM Annual Report and Accounts 2003	HC 102-1 (<i>CM 6141</i>)
Second Report	Annual Report to the Liaison Committee	HC 221
Third Report	The Fire Service	HC 43-1 (<i>CM 6154</i>)
Fourth Report	Coalfield Communities	HC 44-1 (<i>CM 6265</i>)
Fifth Report	Decent Homes	HC 46-1 (<i>CM 6266</i>)
Sixth Report	Social Cohesion	HC 45-1 (<i>CM 6284</i>)
Seventh Report	Postal Voting	HC 400-1 (<i>HC 973</i>)
Eight Report	The Role and Effectiveness of the Housing Corporation	HC 401-1 (<i>CM 6351</i>)
Ninth Report	Local Government Revenue	HC 402-1 (<i>CM 6328</i>)
Tenth Report	Supporting Vulnerable and Older People: The Supporting People Programme	HC 504-1 (<i>CM 6348</i>)
Eleventh Report	The Role of Historic Buildings in Urban Regeneration	HC 47-1 (<i>CM 6420</i>)
Twelfth Report	Draft Planning Policy Statement 6: Planning for Town Centres	HC 952
Thirteenth Report	Gypsy and Traveller Sites	HC 633-1 (<i>CM 6465</i>)

Oral evidence

Taken before the Office of the Deputy Prime Minister: Housing, Planning, Local Government and the Regions Committee (Urban Affairs Sub-Committee)

on Tuesday 8 February 2005

Members present:

Andrew Bennett, in the Chair

Mr Clive Betts
Mr John Cummings
Chris Mole

Mr Bill O'Brien
Christine Russell

Witnesses: **Mr Michael Gahagan**, Chairman, Transform South Yorkshire Housing Market Renewal Pathfinder, **Mr Max Steinberg**, Chief Executive, Elevate East Lancashire, **Ms Jo Boaden**, Director, Bridging Newcastle Gateshead, **Mr John Glester**, Chairman, New Heartlands HMR Pathfinder, Merseyside, examined.

Q1 Chairman: Welcome to this session of our inquiry into Empty Homes and Low-Demand Pathfinders. This is, in a sense, a follow-up by the Committee to an inquiry that we held three years ago. Could I ask you to identify yourselves, please.

Mr Glester: John Glester, the Chair of Merseyside Pathfinder.

Ms Boaden: Jo Boaden, Director, Newcastle Gateshead.

Mr Gahagan: Mike Gahagan, Chair of Transform South Yorkshire.

Mr Steinberg: Max Steinberg, Chief Executive of Elevate, East Lancashire.

Q2 Chairman: Does anyone want to say anything by way of introduction?

Mr Gahagan: Could I very briefly say something, Mr Chairman. You just said that it is three years since this Committee reported and on behalf of all of us and the Chairs generally I would like to say that we are very pleased with the follow-up that there has been. You recommended very fast action in your report and we think there has been a lot of progress, both on the ground and in terms of development of policy, especially in terms of working with communities and a lot happening in terms of housing improvement and so forth. I think all our answers have to be seen in that context. We have a long way to go—it is a 10 to 15-year programme—but we think we have made a pretty good start.

Chairman: Thank you very much.

Q3 Christine Russell: Good morning, everyone. You have half answered the question I was going to ask you, Mr Gahagan, so perhaps I will look to John Glester, Jo Boaden and Max Steinberg. You say you have achieved quite a lot in two years. Very briefly, could you tell the Committee what impact you feel you have had in those two years in your own particular pathfinder?

Mr Gahagan: Shall I start, as I did not deal with South Yorkshire. Because it is a 10 to 15-year programme, we have to do a lot of discussion with the communities, because we are dealing with house improvements/demolitions affecting families. There is a lot of that going on. We—and everyone, I think—would say that there is a lot of master planning going on. Also, in our case—and everybody else would say the same—we have already started, I have to admit, with projects that were already on the shelf, to an extent, because you cannot launch major capital projects like this instantly. We will have improved, by March next year, just over 2,000 houses. We will have demolished less than that. I think all of us are doing more improvements than demolitions, but we will have demolished probably more than 1,000, and that is in order to get some new high-quality replacement stock in place.

Ms Boaden: Echoing what Mike has already said, for us the first year or so of the programme has been very much around building our evidence base, understanding the drivers for housing market change and making sure that our plans are clearly laid for the future. This is a long-term programme and we need to be absolutely as clear as we can that these plans are going to work, that they are flexible into the future. That has been a huge issue for us, collecting evidence, understanding the drivers, collecting research.

Q4 Christine Russell: In your area, what was tangible to local communities?

Ms Boaden: I was going to come on to that, I just felt it was important to make that initial point. We have demolished some houses, around 480 up to now; we have improved many more, nearly 2,000 houses. We have done a lot of work around supporting neighbourhoods through what is a very difficult process, so we have supported neighbourhoods in transition. We have, for an example, a particular project in the West End of Newcastle which brings

8 February 2005 Mr Michael Gahagan, Mr Max Steinberg, Ms Jo Boaden and Mr John Glester

together a number of different agencies to improve that particular area and stabilise it. It was an area of falling demand. We have sought to bring together a number of people and now crime has reduced by 30% year-on-year without that being displaced. People are moving back into the area; a hundred houses have come back into use. We have a whole range of issues that have worked across the area, both straightforward clearance and improvement but also projects that support neighbourhoods through this difficult process.

Mr Glester: Again, a lot of work on area regeneration frameworks and then consulting very deeply with the local communities and others. We are beginning to start a programme of acquisition and demolition. We have demolished around 400 units, we have refurbished about the same number, and we have acquired getting on for 1,000. I think the key thing we are concentrating on is ensuring as far as possible that we are taking communities with us. We are consulting deeply with them. We are not going to please everybody—we know that—but we appear to be getting strong support on the ground for what we are proposing and what we are doing. It is really the beginning. It is the start of a long programme of transformation and change, so there is a lot of acquisition and demolition at this stage. We have also appointed lead developers in six areas within the pathfinder, and we are beginning to see the first fruits of that with new build coming out of the ground in parts of Bootle.

Mr Steinberg: Not to repeat what has already been said, I think an understanding of the drivers that have caused market failure, and, in some cases, market collapse, which often relate to things other than housing: education, health, and, fundamentally in East Lancashire, the economy. Besides major improvement programmes and some demolition work, I would point to developing construction skills in East Lancashire. We have some trainees on site now, being trained in areas to bring new skills into the sub-region. We have an accreditation project with private landlords to make sure they are operating in an effective way and a responsible way in the local areas. And we are working very closely and putting resources behind working through the communities and actually bringing communities together. So we are heavily involved in work between, in some cases, communities that are very fractured and actually trying to help them to work more closely together and to co-exist in a more effective way.

Q5 Christine Russell: Can I ask you about the criticism that the Audit Commission has made in a submission to us, which is that clearly you are undertaking projects which reflect really the kind of pet projects and wishes of the local authorities, rather than using market intelligence and saying what is going to work in this area. One of you mentioned about lifting projects off the shelf. How do you refute that criticism?

Mr Gahagan: No, I would not refute it totally. I think there is an element of truth in that, in the early stages. All of us, I think, without fail, had not

intended to do a second prospectus, but all of us are, because I think we realised the shortcomings of the first prospectus in looking at the ten- to 15-year programme. So we are all submitting to the Department, by dates they will give us, a revised prospectus looking across the ten years. Because we wanted to make our presence felt in the area: you cannot just do a major housing and at the same time align the education, health, and the things that Max has talked about, instantly. So, yes, we did pull some things off the shelf, and that is a perfectly valid criticism by the Audit Commission which we are taking note of and responding to.

Mr Glester: If I could give you an example from Merseyside. I would concur with Mike and I would not be defensive at all about taking some schemes which make a very early impact and which demonstrate, what I think we are trying to do with those schemes, which is to bring better design and a much more comprehensive approach to renewal in those new schemes that are coming forward than there might otherwise have been. So we are adding a little bit there. As a pathfinder, in addition to obviously getting a lot more information through research and intelligence so that we can have a better informed prospectus about what appears to need to be done and why it appears to need to be done and what are the drivers that underpin the lack of demand, we are also, as a board, getting ourselves together, with the agreement of all partners, to move towards strategic commissioning by the board of a number of projects. That will grow over time, with less coming up from the local authority portfolio, so to speak.

Q6 Christine Russell: Have there been cases where you have said to your local authorities, “I am sorry, this has been on your agenda—

Mr Gahagan: Yes.

Ms Boaden: Yes.

Mr Glester: Yes.

Mr Steinberg: I think, increasingly, as we all develop better market intelligence, there has been more evidence of challenging discussions between pathfinders and the authorities about approaches that will have to be very carefully discussed. I have two areas, one of which, to use extremes, was being proposed for wide-scale clearance, where again we have intervened and we are now looking with the community and others about what the future for that area is. In another area, where the authority indicated that properties could be retained, we are unclear about whether or not that is a real long-term future for that area. I think the market intelligence we are all gathering will help us to have these discussions over the next year or two with the authorities.

Q7 Chairman: Christine referred to the Audit Commission evidence. Could I point out that all the evidence we received promptly for the deadline has now been published. It is an expensive volume, £16.50, but you can find it on our web page and it will then only cost you the price of downloading it. That is just a bit of information. Now, could I ask

8 February 2005 Mr Michael Gahagan, Mr Max Steinberg, Ms Jo Boaden and Mr John Glester

you this question about property prices. There is a suggestion that really you were pretty irrelevant; that market prices for houses were moving ahead pretty rapidly in most areas in 1997 to about 1999; that market prices had not moved in your renewal areas but they are now moving; and that really that has nothing to do with you and is just the way in which the market was a bit slower catching up, being in more depressed parts.

Mr Glester: I would certainly refute that. We saw a movement in house prices probably in line or slightly below what else was going on in our regions. There has been research done by CURS and others to demonstrate that the movement of house prices, say, in the North West was greater than it was within the pathfinder areas.

Q8 Chairman: But you are catching up now, are you not?

Mr Glester: No. If I may take the specific example of Liverpool within Merseyside, there was a particular fillip to the housing market which was caused by the announcement of the City of Culture, the Year of Culture award, and a great deal of speculation took place in what was essentially a buy-to-let market. That speculation was often done at, shall we say, arm's length, and many of those properties which were acquired, have, by definition, being in parts of the pathfinder area, proved very difficult to let. They are not being let, and some are coming back on to the market, and prices are, indeed, falling from last year.

Q9 Chairman: As far as your area is concerned, the market is not responding to the fact that it is a pathfinder.

Mr Glester: The prices are higher than they were when they were designated as a pathfinder, but by no means the same rate as regionally or nationally, and, indeed, some fallback from the prices that were spiralled up a bit as a result of speculation.

Mr Steinberg: There have been some changes in house prices in East Lancashire, but it would be fair to say also that there are parts of East Lancashire which have largely been immune from any house price rises. 82% of sales last year were below £52,500 in East Lancashire, which is significantly below the North West average and significantly below the UK average.

Q10 Chairman: As far as most of those householders are concerned, the question is whether they are getting back more than they paid for them.

Mr Steinberg: Absolutely. In many cases, the cold spots remain very cold. We have postcode areas that we have tracked in which house prices are now lower than they were ten years ago. So I think the answer to your question is: Yes, there has been some change and, yes, the market intelligence is helping to inform us about where that is happening, but there are still significant areas where house price rises, as referred to, are not having any effect on certain postcodes and in fact the market in some areas is still declining, as John Glester has indicated.

Mr Gahagan: Overall the house prices have gone up at about the same rate as the regional average. We asked CURS to do some work. Overall the gap has not narrowed. There has been a lot of buy-to-let property acquisition. When CURS looked across the whole of the North West and the Yorkshire and the Humber pathfinders, they did find that, although house prices are increasingly generally, the gap with the region is widening and there are these pockets. I think we also need to remember that, whatever price they are going at, some of these are houses we should not be asking families to live in: they do remain pretty dreadful houses.

Q11 Chairman: Do you think your plans are sufficiently flexible to take into account changing markets?

Mr Gahagan: I think that is a very good question. I hope so, yes. I hope we have learned the lessons of the past. Because we are a 10 to 15-year programme, that is why I think all of us are putting a lot of effort into not only understanding the drivers but also monitoring what is happening. We are doing a big survey of a high percentage of people who come in. So there is a lot of that going on.

Ms Boaden: This issue of housing market intelligence which we keep coming back to is fundamental both to the flexibility of the programme and also the recognition of the problems. In terms of price, if you look across the North East you see huge increases in particular areas, but for the pathfinder area, when you unpick that and get down to a local level, these figures are very often skewed because of very small numbers of houses that come up for sale in some of these areas. We have some areas within some of our neighbourhoods where it is 80% social rented housing. There are big issues of how you understand that price differential between the regional and the local average and what it means for us as a pathfinder. That issue, moving on to housing market intelligence more generally, is crucial for the flexibility of our plans and understanding what is happening and what is working in the market place, and what we can build on and what we need to change. But obviously there are issues of funding into the future with that, regarding the flexibility of the programme.

Q12 Chairman: When we looked into this, the building societies denied there was any red-lining of areas, but it was pretty obvious that there were significant parts of the areas where you could not get a mortgage as an individual buyer. Is it not possible to get a mortgage on all the fit properties in your pathfinder area?

Mr Gahagan: It has not been raised as a big issue with me in my area, I have to say.

Ms Boaden: That remains the same. As far as we are aware, certainly from one lender, that is the case, that there is no red-lining that is happening at the moment.

8 February 2005 Mr Michael Gahagan, Mr Max Steinberg, Ms Jo Boaden and Mr John Glester

Q13 Chairman: So it is possible to get mortgages with most of the properties that are fit within your pathfinders now?

Ms Boaden: Yes.

Mr Steinberg: Chairman, I am glad you added the word “most” because that is the case. I think in a number of areas cost and value are still issues and there are a numbers of people who are in negative equity in East Lancashire, so I think there are still some areas where the market is expressing a degree of caution, but I would accept your “most” qualification.

Q14 Chairman: Have any of you put into place a mortgage scheme with a lender as part of your pathfinder activities?

Mr Gahagan: We have not, as yet, speaking for myself. We have various schemes to help people where clearance is taking place, for example, but that is a different issue. I know there is a scheme in Oldham, Rochdale, for example, the equity lending scheme which they are pioneering there, but, as I say, in South Yorkshire that has not been a big issue. I do not know whether Clive Betts would have other views, but that has been my experience.

Q15 Mr O'Brien: A lot of evidence has been submitted to the Committee and some witnesses have referred to the question of demolition to help the market renewal programme. But some are suggesting that it is just an excuse for wholesale clearance. How do you counter that perception?

Mr Gahagan: First, we are improving a lot more than we are demolishing. Secondly, if you look right across the country—and there are about 20 million homes in this country—we clear less than 20,000 a year, so we are clearing about less than 0.1%. Another way of putting that, which we mention in our evidence, is that every home built now has to last for 1,000 years, so we have a very ageing asset in our housing stock and we are storing up problems for future generations. Let's be clear about that. I think there does have to be demolition. Often, where houses are grouped, it is sensible to do clearance of an area, not only because the houses generally tend to be in a neighbourhood of poor quality but by that way you can assemble sites of sufficient quality for further development. You do not demolish for its own sake; you demolish for a purpose. A lot of the demolition is to provide sites for good quality replacement housing. The reason why it has such a bad name, as I am sure everyone is aware, is because of the memories of what we did in the sixties and seventies when we did break up communities. We did some dreadful things. I had a very minor part in some of that in those days and I hope and I think we have learned our lessons. All of us have spent a lot of time and energy—John has already mentioned it—working with communities to help them through this process. I think we have a real culture problem in this country and I think we need to do more demolition not less.

Q16 Mr O'Brien: As you say, the amount of demolition taking place is very limited, but, in some areas, when you clear a large swathe or area it is significant to that area. In the past, the question of recovering the community costs for that demolition, and re-location of the community, and support for vulnerable residents, have all been issues that have given rise for concern. Has the pathfinder programme given sufficient recognition to the problems to which I have referred?

Mr Glester: I believe we have. I will use specifics from Merseyside. We have something called Living Through Change, which is a development of something which one of the local authorities has been using and we have spread it across all three authorities now. This deals with communities where there is substantial change taking place—demolition and other major refurbishment schemes taking place in an area—ensuring safety and ensuring continuity and those sorts of things and working with communities. We are also putting in place an equity loan product, which is particularly where a number of private lenders are coming together, but also we are putting resources of the pathfinder behind it specifically for those who are more vulnerable, the elderly, maybe the disabled or whoever, who cannot get anything on the commercial market. We are working with those. Of course the key to all of this is to try to keep communities together and to learn, as Mike says, very strongly from the lessons in the past, where whole communities were wiped out. This is about keeping communities together, providing a greater choice of housing within those local areas.

Q17 Mr O'Brien: What about the relocation of services like schools, health centres and libraries?

Mr Glester: I think there we have to work very closely with providers of those. It is not our programme that is going to do those but that takes us into the area of working very closely with others. We would not want to see—and I think all pathfinders' chairs have made these representations to the Department and elsewhere—a formulaic approach to the closure of a school or a health centre or whatever because the population for a while is going down. The whole essence of a sustainable community, when you come back, is that you have a good quality school and a good quality health centre. We would rather be working not to see the things close but actually to improve them when the community comes back.

Q18 Chairman: Some places are not going to come back. Historians look at the loss of medieval villages of the Yorkshire Wolds; presumably in 50 years time they are going to look at the lost counties of Lancashire. In places like Darwen, you are going to half the population. Is Darwen viable in the future?

Mr Steinberg: I am not sure which of those questions I would like to answer first. If I may, I will start with the fact that, in an area which has 85,000 dwellings—which the area I work in has—and where 9% are currently vacant, I think your first assertion is absolutely right. There are some areas which have been housing areas for a long period of time that

8 February 2005 Mr Michael Gahagan, Mr Max Steinberg, Ms Jo Boaden and Mr John Glester

probably now cannot continue to be housing areas because the market has moved against those areas. I think we have to recognise that and we have to deal with that. That means working, as your previous question says, with communities about that change. There are, however, a lot of areas where there has been outward migration or population loss, where there is still community that can be worked with, where we can improve existing housing or provide new housing, but, crucially, as John Glester said, it has to be in the context of working with other service providers. The Building Schools for the Future programme in Burnley and Pendle will be one of the key drivers for the housing market in Burnley and Pendle alongside housing. In Darwen, to go back to your question, I think Darwen as a town, yes, does have a long-term future. The new proposed academy which hopefully will come on stream in two or three years' time will be a major driver for housing market renewal and housing market prices. The final point I would make is that in an area which has 67% of its properties as terraced properties, of which 90% plus are two-bed terraced properties and where there is a significant black and ethnic minority population with aspirations sometimes for large properties, creating some choice will make those communities more sustainable for the future.

Q19 Mr Betts: As well as housing problems, most of the areas you are dealing with have a number of other problems: social, economic, environmental. Is there a danger of just becoming housing focused? Should you be able to spend some of your budgets on other provision as well—and there have been some tensions about that, I think—or is it your objective to try to get in other streams of funding to go alongside the housing spend you have been doing?

Mr Gahagan: I have to be honest, there has been a difference of opinion, certainly among the chairs, when we have discussed this question. I am firmly of the view, based on my own experience, that we need this fund for housing but we must apply other programmes alongside it. That is for three reasons. Firstly, housing is enormously expensive and it is usually the thing that gets left out. Secondly, there is always a danger, if you use the money for other things, that what happens is that money is grabbed by those bodies and they then invest their own funds elsewhere, so it is not a genuine addition. That has happened before in some of our regeneration programmes. Thirdly, and possibly most importantly, remember the scale we are dealing with here. In my area there are 144,000 houses. If we were to try to influence through our own funding, the education, the health services, the police services, etcetera, that money would go nowhere and we just would not get the impact of scale. We are trying, if you like, to use this as a stimulus—I hesitate to use the word “bribe” but as a stimulus—to get the other programmes alongside—you know, the new schooling and everything. In fact we have to present a prospectus and I am sure the Audit Commission is going to ask us: “Where is your alignment of main programme? Show us how it is happening?” and we

are heavily dependent on the local authority, the RDA, English Partnerships, the Local Strategic Partnerships, on all them coming together. Personally, I am all for keeping it as housing but making sure that that acts as a stimulus to bring the other programmes alongside. Others may have a different view.

Ms Boaden: Could I support Mike's view in that. The ingredients of a sustainable community are very wide. You could make a case, make an argument, to fund police, education, health, whatever, within that. We only have a limited amount of resources. It is imperative that we concentrate those resources on restructuring the housing market and making sure that we have other resources aligned alongside those: English Partnerships, the RDA funding, local authority funding, etcetera. But, unless we are able to narrow our resources into our particular areas around the housing markets, then I think we will not have sufficient quantum of resources to make a change.

Mr Glester: I think the important thing is that we do need mention to be made of English Partnerships and the Development Agency and others. We are dealing with housing market failure, if you like, which to our mind is a symptom of a wider market failure. There is no point us doing what we are doing in isolation: we do want to see demand rise as well as the quality of the supply. We are working very closely with those. We are not looking as a pathfinder for extra resources to spend on health and education; we are looking for those programmes to be worked in coordination with ours. Where we perhaps would like to see some movement—and it may be common across pathfinders—is the ability to use money in a housing way, whether it is neighbourhood management or whether it is the sorts of things we do on Living Through Change and other programmes, where there is an element of revenue expenditure there that is required to set alongside all the capital activity.

Q20 Chris Mole: Is there not significant overlap between your programmes and neighbourhood renewal fund investment areas? Is that not a revenue stream that would be ideal for supporting capacity building and the sorts of activity to which Mr Glester was just referring?

Mr Glester: If I may answer that from the Merseyside perspective: Yes, renewal fund does provide those sort of things, but the scale of what we are seeking to achieve and the time scale over which we will be working might challenge some of those resources that are in those renewal fund areas. We need complementarity as we go along.

Mr Gahagan: We are often dealing with a relatively short period of time, a transition, where there is quite a lot of money needed for a short period of time. It comes back to Mr O'Brien's question. Especially in these areas of transition, you need quite a lot of careful preparation and then management. I see Ian Cole over there, and in the work he did for the JRF Foundation he suggested that this should be taken account of in the local authority settlement, which is

8 February 2005 Mr Michael Gahagan, Mr Max Steinberg, Ms Jo Boaden and Mr John Glester

another way of doing it, but it is really seeing us through that transitional period. Whatever resources are there are handy, yes.

Q21 Mr Betts: Most of your funding is capital, is it not?

Mr Gahagan: Yes.

Q22 Mr Betts: It is a small amount of revenue to enable you to carry forward certain projects. But, in terms of the wider issues of neighbourhood consultation, planning and involvement of management, do you have the necessary revenue to back the capital up?

Mr Gahagan: My answer would be: No, not completely. We can capitalise a lot of the revenue in project development, etcetera, and the auditors will allow you to do that, but, when it comes to the sort neighbourhood management you need in a period of transition, although I think Newcastle Gateshead have managed to fund some of this, it is a capital programme, and, to be honest, the Department does not really like us doing that too much. So they are as flexible as I think they are able to be, because they recognise the problem. But it is a problem for us and it will increasingly be a problem for us as this programme grows, I think—the revenue funding element.

Q23 Mr Betts: You are all relatively small organisations with relatively small numbers of staff but you are dealing with powerful, large organisations who you have to get to cooperate. Is that going to be a problem? Some of you work with more than one local authority—which must be interesting in itself.

Mr Gahagan: We all work for more than one local authority. Personally, I do not want a bigger staff because we are there to act as a catalyst. We cannot deliver all this on our own. On the whole, we cannot do the detailed discussion with the community; that has to be the local authority. It would just confuse matters if we were to do that. Because we are working across authorities, we need to take that wider strategic view. Are there some over-mighty subjects, as it were? I do not think so. I have been surprised at the extent to which they have worked together. Having quite a lot of money at your disposal helps there as well!

Q24 Mr Betts: Now, is the chance to say if you have problems with these organisations. Do you have any examples where authorities might be positively changing to your agenda or do you have examples of problems where you are still meeting resistance?

Mr Gahagan: I can give you one of both and then others will join in. I think the RDAs had problems in the early days. They had problems because their budgets were heavily committed, and they had problems possibly, I think, because they did not properly understand what the whole thing was about. I have found a distinct change there. Now, as we work up our new prospectus, they are much more on-side and talking with us about how we align the

spend. I do not know whether others have examples but they are a good news' story from my point of view.

Ms Boaden: I would agree with that. There are issues of cultural change and some very positive examples of working across local authority boundaries and across the River Tyne for Newcastle and Gateshead, and I think just the issues around housing market restructuring are so well-recognised that people are committed to this project and we do see that very powerfully. There has to be some movement from entrenched views about what small-scale programmes can help with, and I think certainly for us we are moving to the strategic commissioning process that we talked about earlier on to make sure that happens in our next prospectus, so that we get to the big issues of transformational change for the future. But I am certainly seeing more and more people signed up to that.

Mr Glester: I would hope that when we pursue the strategic commissioning approach we will be able to bring in EP and the development agencies and others alongside us, because we will begin to look at the larger scale things.

Q25 Chairman: Does that imply that EP is a bit of a problem at the moment?

Mr Glester: EP has not been a problem thus far in terms of support in areas where it is appropriate to put its money. We would want that to continue. I think all of us would want that to continue. We see signs that EP may be changing its approach or its tack and we need to continue to work with them to try to ensure that they engage with us.

Mr Steinberg: Linking that question with your previous question, in an area where there is no urban economy driving the economy and based on the medium-term economic findings that we are looking at, I think where the jury is out, because we have not yet had the full debate, is going to be with other parts of government about transport, about education, about ensuring that some of those issues that might link a sub-regional economy to the major economic centres will enable those transport connections to be put in place and the other things that will make that economy function better, because, without that, the housing market itself will not function more satisfactorily. So I think there is some work yet to be there that we have to pursue over the coming 12 months as we put our new prospectuses together.

Mr Gahagan: In my experience, it is not a matter now of will; the issue is much more around this area of capacity, I think.

Q26 Mr O'Brien: In some areas the pathfinders seem to have lost the support of their local communities. Has this hindered progress in your areas?

Ms Boaden: We are absolutely committed to working with local communities and engaging local communities in our plans, because the programme will not work without that. We do it in a number of different ways, and Mike has already mentioned through the local authorities, from the board downwards, in terms of the overarching plans, at a local level, using different mechanisms. For

8 February 2005 Mr Michael Gahagan, Mr Max Steinberg, Ms Jo Boaden and Mr John Glester

example, we recently held a community design enquiry in the East End of Newcastle, five days working with local people, for their involvement in a massive planning process. That started off as quite a difficult process, because there were a lot of difficult things that people were uncomfortable with—we are talking about their homes, homes they have lived in for maybe 30 or 40 years—but at the end of the process, when we had explored all the options, we got a broad degree of consensus. There will always be people who will not have that degree of consensus, for whom the decision to move or to clear their property is very difficult for them personally and however hard we engage and consult they will not be able to agree to that. We need to make that issue as easy for them as possible as does some of the projects we have already outlined. But we need to work with local communities in a number of different ways. We are doing area-based planning across some of our pathfinder in Gateshead. We are doing Planning for Real with local school children, to understand what their views of sustainable communities are for the future. We are not always going to get it right, but it is at the heart of the programme that we engage and consult with local communities through a wide range of key stakeholders or we fund those particular programmes. But we do need to look for community leadership and housing market intelligence to understand what plans should be going forward into the future and to gain support around those.

Q27 Mr O'Brien: How does it lie in your area, Mr Steinberg?

Mr Steinberg: Very much the same. I will not repeat all the examples, but we are doing many of the same things. I suppose the example the Committee will be particularly aware of is the failed CPO that was made in Nelson, where the response by Elevate initially was to fund an area development framework or to be one of the contributory funders to that and we drew in the other funding. We have contributed to the Enquiry by Design process which has just concluded. Although it is not one of the initial 11 areas in which Elevate is investing, because it does not have agreed area development framework status, we are investing significant other resources in a demonstration project in that area. But actually over the last year and a half—and it has been a long period, probably too long in all sorts of ways—there has been a process of re-engaging the community about how they see their future. All of the other 11 areas around the frameworks were the subject of local consultation. We have done the same sort of work as Jo Boaden referred to with children, about how they see the future of their town given that they are the future residents of the towns. There is a great deal of master plan going on working with communities. We are also funding a lot of neighbourhood management work, working with communities about how they see the futures of their areas. But, as the Chairman said before, there are some areas where we will have to face some difficult decisions about whether or not they can continue to be housing areas, and in those areas there will

inevitably be some very difficult decisions that have to be taken where not everyone will agree with them. But not to take those decisions will not produce necessarily a viable future for that area, so those decisions have to be faced.

Q28 Mr O'Brien: The Whitefield Conservation Action Group said, “hundreds of thousands of pounds have been spent on high powered consultation firms from outside of the target areas who (allegedly) obey the instructions of the local authority and Elevate, and who know nothing . . .” about the town itself. Is that a fair statement?

Mr Steinberg: The firm who were employed to do the areas development framework in the area specified were from outside the area. I will not comment on “high powered”. I think they were there to do an important job and I believe they did that job. I believe that what they did helped to form the basis of the Enquiry by Design. It has been put to me outside this Committee room that either my pathfinder or the local authority had an agenda about numbers of units to be cleared or whatever. I have been on the record and I will be on the record in this Committee as saying that I have no agenda about numbers of units to be cleared. What I wanted was a solution that provided a sustainable future for that area. I think we have now come to a happy conclusion or are coming to a happy conclusion. We have not seen the report from the Enquiry by Design—it is due very shortly—but, when we see that, that will give a basis on which I believe the community are fully engaged and fully behind a long-term sustainable future for that area.

Q29 Mr O'Brien: There is a further report from SAVE that says that the terminology that is used when people are sent a letter saying that their house is going to be demolished is without proper explanation, and the trauma and stress that follow that are significant. How do you prevent that kind of thing happening?

Mr Steinberg: I do not know the particular example SAVE have referred to, so I do not have the benefit of that, but I think it is true to say, as Mr Gahagan said and as Jo Boaden said, that we are dealing often with very difficult and very intense circumstances for individuals and they have to be handled very sensitively and very properly. I think, in some cases, numbers of authorities, whether they are pathfinders or local authorities, are still learning skills in that area and there is more work we can do to get our approaches more effective. Having said that, I believe that a lot has already been learned over the last few years, and, where mistakes have been made, hopefully we will learn from them.

Q30 Mr O'Brien: Would it be better to move a little slower and ensure that communities understand exactly what is taking place?

Mr Gahagan: Sometimes, yes. We have faced the situation where a community has said, “We do not agree with what you want to do,” and we have not been able to persuade them. There we have had to go back and rethink. But often it is not possible to give

8 February 2005 Mr Michael Gahagan, Mr Max Steinberg, Ms Jo Boaden and Mr John Glester

the community what they want—if they want high quality refurbishment and we are not going to get the life out of those houses. We have the taxpayers' interests as well to safeguard. We would hope that by demonstrating in other areas what is happening, we can show that community that there is something worthwhile we can do. But you do have to adjust your programme in the light of community consultation, there is no doubt, and it does slow you down sometimes. You just have to accept that on occasions, yes.

Q31 Chris Mole: You expressed frustration with delays in the CPO process. How do you think CPOs can be speeded up whilst still recognising justifiable fears residents may have?

Ms Boaden: One of the problems is that the CPO process comes at the end of a long process. For many of us, we have been trying voluntarily to acquire properties or to work with people in terms of negotiations. So we already have a time lapse in the process to begin with. The process itself is for the long term, so it involves huge investment both in terms of resources and staff skills for the future. I think, in terms of speeding up that process, we would look, certainly from the planning inspectorate, to gear up for ongoing CPO activity so that there is not a delay there, and from the pathfinders themselves and the local authorities we work through, their commitment to ensure that they have sufficient skills and capacities to do these quite difficult processes in the best way possible and actually commit those resources into the future—which is quite difficult when we are only getting two-year tranches of funding for work along these lines. There are specific issues within the CPO process itself; for example, landlords can delay the process; they can bring different people into the properties that are undergoing the CPO process, and all of these things can act as a delay. But I think the way forward really is working together across local authorities' boundaries, learning from good practice, making sure that we have sufficient skills and resources, to make what is a difficult process as quick as possible.

Q32 Chris Mole: Are you worried this is going to impact on your ability to further your programmes?

Ms Boaden: It is absolutely a concern, particularly if acquisition costs go up during the CPO process, and we have to be able to take as much as we can into account with that. But we are where we are with CPOs and we just have to make the best case we possibly can within understanding the process, resourcing the process and getting the skills and capacity right around it.

Mr Steinberg: I would agree with that. The other thing I would add is preparation. I think there is an onus on pathfinders and local authorities, for what is a reasonably long lead-in time, to be properly prepared for the process. That means working together with the authority, and working together with community—to go back to your previous question. I think, equally, to be prepared, we have to be in discussion with government offices and the planning inspectorate about what may be numbers

of CPOs coming forward over the next few years, so that the necessary gearing up to deal with this can be put in place. Because, rather than leave it, and let some kind of bulge occur with this, we actually need to be discussing now the plans for the next two or three years, because most of us will know what is hitting the system, and I think that preparation will stand us in good stead and actually help these things to move through more quickly.

Q33 Chris Mole: That is starting in the inspectorate. Do local authorities have the people with the skills to do CPO processes?

Mr Gahagan: It is hugely variable actually. I think for some authorities it is a real step-change—the whole pathfinder initiative is a real step-change—and they are having difficulties manning up. And a lot of the CPO skills have been lost because we have not done many. They were there in some major urban authorities 10–15 years ago and they are having to re-learn those skills. This skill problem goes right across the piece.

Q34 Chris Mole: What do you think the Government should do about that?

Mr Gahagan: They are doing something. They are doing something in the new college in Leeds that was announced by the Deputy Prime Minister. I am slightly surprised, to be honest, that the market has not done something about it. I am surprised that the further education system has not delivered more people. There is good money to be earned in these jobs now. I do not think it is only the Government. I would like to see the further education system doing a bit more as well.

Mr Glester: In a small way, having a partnership which goes across two or three authorities, does allow—as we have seen in Merseyside—the authorities saying, “You have expertise in this in your authority, you have an expertise in that. Will you come and help train our staff up?” We have seen that in the context of CPOs, where one authority which has had a reasonable amount of experience is working with the other two to bring their staff along.

Q35 Mr Betts: You mentioned in your evidence the need for the Government to support “innovation”. Would you understand that might set alarm bells going in certain quarters, where you have been looking to sort some housing problems out in a fairly basic way and you bring in experimentation and innovation. You do not have tremendous track record in some areas of experimenting and innovating and getting it right.

Mr Gahagan: I agree. There is nothing worse than innovation for its own sake. I would hate innovation to be pushed—because most experiments fail, besides anything else. Because we have a lot of freedom from the Department as to how we develop in our own areas, there is quite a lot of innovation going on, but we do not always regard it as innovation. We are all developing things that suit our circumstances. If you take the home swap scheme, or the equity sharing in Oldham and Rochdale that I have mentioned, we are working

8 February 2005 Mr Michael Gahagan, Mr Max Steinberg, Ms Jo Boaden and Mr John Glester

with CABE and the Housing Building Federation about getting better design. There is a whole lot of stuff going on, so there is innovation happening, and there is quite a good exchange of information, so each pathfinder can take that product and tailor it to its own circumstances.

Q36 Chairman: Is the Government helping you with that sort of innovation or hindering?

Mr Gahagan: No, helping. There are things called the York Conferences—and we are going for the fourth one—where we are all booked together with some private sector people, so there is good exchange of information. All I am saying is that I do not want to see innovation for its own sake.

Christine Russell: The Government has announced three new pathfinder areas. Do you think that is a good idea, before there has really been an evaluation of the work you are doing? Do you have any concerns or worries that the jam might be spread too thinly?

Q37 Chairman: Very quickly: thumbs up or thumbs down?

Mr Steinberg: Thumbs up in the sense that low demand is concentrated in the pathfinder areas, it is not exclusively in the pathfinder areas. Thumbs up in the sense that I think there are already lessons that are being learned in the pathfinders that can be exported to these areas. Neither thumbs up nor thumbs down in the sense that in the 10 to 15-year journey that these pathfinders need to make to turn round the kind of failing housing markets we are seeing and actually make them sustainable without public money, we need to ensure that the Department keeps the concentration of resources into those areas so that we can finish the job we were set out to do.

Mr Gahagan: It is useful there was more money with it, so that we are not pepper-potting—and that is a real danger, I think. At least the Regional Housing Boards now have some flexibility to tackle the areas just beyond the pathfinders, for example, where there were problems. I think we all welcome that and are very happy to share experience.

Chairman: On that note, could I thank you very much indeed.

Witnesses: Mr Adam Wilkinson, Secretary, SAVE Britain's Heritage, Dr Peter Brown, Chairman, Merseyside Civic Society, Ms Sylvia Wilson, Secretary and Ms Kathy Fishwick, member, Whitefield Conservation Action Group, examined.

Q38 Chairman: Welcome to our committee.

Ms Wilson: Sylvia Wilson, secretary of the Whitefield Conservation Action Group. I would like to introduce Kathy Fishwick as our mentor.

Mr Wilkinson: My name is Adam Wilkinson, I am the secretary of SAVE Britain's Heritage.

Dr Brown: Dr Peter Brown. I am chairman of Merseyside Civic Society and senior lecturer at the University of Liverpool.

Q39 Chairman: Do any of you want to say anything by way of introduction or are you happy to go straight to questions?

Mr Wilkinson: Straight to questions.

Q40 Chris Mole: The Government has allocated a lot of money to tackle the problems of low housing demand in these pathfinder areas. Is the funding not welcome in these areas?

Mr Wilkinson: No, the funding is absolutely welcome; it is the way that the money is spent which is the worry. Our concern at SAVE is that so much money has been put towards the demolition of buildings that are essentially sound, decent and lived in by communities rather than towards their renewal.

Ms Fishwick: I think this is the fear. It is: "many a slip between cup and lip": it is how these actions have been translated and transmitted to the people who live in the streets that are affected. The wave of anticipation or the wave of fear of what is going to happen has spread before the action very much indeed.

Q41 Chris Mole: What do you think the pathfinders' funding priorities should be?

Dr Brown: I think critical here is the fact that much of the housing stock in these areas is clearly in need of improvement, and, on some modest scale, perhaps demolition, but the presumption has been one of large scale clearance, it would seem. As I put to John Prescott on *The World at One* the other day, we are dealing with sound housing stock. The sustainable community agenda sounds very empty to communities which are affected directly by the circumstances in which this presumption holds. It is the community that requires support and involvement in its activity in retaining the community in which they live themselves and in which they wish to remain. They want to see support for the improvement of properties in which they live, but also the provision of the services on which they depend within that community. In conditions in which there is a presumption of decline, market collapse and failure, and ultimately demolition, clearly this is going to have an effect on the property market, so reference has been made particularly to the Merseyside circumstances, in which there has been a considerable upsurge in property values, prompted by the Capital of Culture declaration partly but also by further confidence in the city's future, and the conditions are radically different from those in which this policy was initially adopted. I would like to see firm acceptance of this and recognition of it and readjustment. It is very reassuring to hear that the shortcomings of the first prospectuses are now acknowledged and they are to be re-submitted, and I hope they will reflect this really marked change of conditions, and we will see fuller acknowledgment of the role that the local community should be playing in this process.

8 February 2005 Mr Adam Wilkinson, Dr Peter Brown, Ms Sylvia Wilson and Ms Kathy Fishwick

Q42 Christine Russell: When we visited the North West we saw rows and rows of Victorian terraced houses that were empty and had been abandoned, despite the fact that many of them had had thousands and thousands of pounds spent on them in improvement grants and so structurally they were sound. Do you support the argument that there is nothing physically wrong with the properties, that what is wrong is the neighbourhood and social and environmental factors?

Dr Brown: Indeed. That is a good starting point. In many cases what you have described as “rows” of cottages which are boarded up can be in part attributed to the efforts of the registered social landlords and the way in which they have themselves in the past got actively involved in acquiring such properties but have seen problems with lettings and so on, and who ultimately have just come to see this opportunity, in some ways, and I would say have recognised that there is some prospect of securing funding to enable them to provide newer properties on the strength of the current initiative. But I think it is a matter of confidence in finding ways in which those properties themselves can be retained and new ways found of bringing them back into the property market. I think you would find that in many of those areas now, certainly as far as Merseyside is concerned, there is significantly more interest amongst both individuals but also architectural firms that would love to get their hands on those properties and to be given the opportunity to bring them back onto the market.

Q43 Christine Russell: Are all three of your organisations saying the same thing, that there is nothing basically wrong with these properties, the Government has got its priority wrong and should be spending money instead on regeneration of the social, the economic and environmental aspects of the neighbourhood?

Ms Wilson: Exactly what you say, yes. There is nothing wrong with any of the houses that cannot be put right. It is not the houses, it is the people.

Q44 Christine Russell: How are you going to reform the people?

Ms Wilson: I am talking about the social landlords and that kind of thing who come in, board up a house because of what is going on in the area, and then they keep it boarded up in order to get a higher price from the councils, by keeping them off the market. It is generally felt that many problems would be solved by the more effective control of absentee landlords. They have no interest in the general welfare of the area, and a high proportion of rented properties are in poor repair, leading to a proliferation of social problems. A Landlord Accreditation Scheme should be pursued in all areas as a matter of urgency to deter irresponsible landlords from buying up properties and neglecting them.

Q45 Christine Russell: Should there be a law that prevents absentee landlords from buying up properties?

Ms Wilson: Yes. As I said before, the main problem is with people (ie irresponsible landlords and anti-social tenants) not with the properties. Also, just going back to houses being abandoned, I am thinking in this particular case of Whitefield in Nelson. The houses in Whitefield were not abandoned, not boarded up, until the council came in, purchased the houses through a compulsory purchase order and boarded them up themselves, and this has created the blight which is now ongoing. That was not through abandonment or anything like that: these houses are needed and wanted.

Ms Fishwick: That was due to a previous scheme which was mentioned by our previous witnesses. That was a previous scheme that was taken on board and which is distorting the picture.

Q46 Chairman: Is there not a fashion, amongst young people particularly, in that they want the sort of kitchens and bathrooms they have seen advertised on the telly for 20 years of their lives and that they do not want a converted Victorian dwelling?

Mr Wilkinson: That is not borne out by the evidence which is put together by the CPRE in their report *Useless Old Houses*, which shows very clearly that there is still popularity amongst these buildings and for their re-use. Indeed, it is borne out in the South of England, when you look at terraced housing and how popular it is there, and also in Stoke-on-Trent, one of the pathfinder areas, where terraced houses change hands for up to £100,000. I think that need should be met in historic buildings, through their re-use and their application.

Q47 Chairman: People do not have much choice in the rest of the country, do they? They either take those older properties or they cannot afford one.

Mr Wilkinson: It is the same case in the North as well, in these pathfinder areas where there is a ready supply of cheap housing available through these houses.

Ms Wilson: It is that very case, that, because they are affordable, they are also adaptable. These days, specifically in the Whitefield area, where we have a majority of Asian families, the youngsters like to be near their family, so they buy a house next-door or next-door-but-one so that they are near their family. They will also knock through and make two into one, three into one, that kind of thing. There is very great adaptability with these houses. Instead of everyone calling them two-ups and two-downs, you can have six-up and six-down, with three kitchens, or a spare room or two to use.

Q48 Mr O'Brien: Could I draw attention to the question of demolition, because you have all questioned the need for more demolition. How should the pathfinder programmes decide which homes to demolish? Because of the high level of poor quality housing that you have referred to, is some demolition required? Is the progress of that demolition a matter for community involvement?

Mr Wilkinson: I would question the issue of poor quality. Much of terraced housing appears initially to be of poor quality but, on further inspection, this

8 February 2005 Mr Adam Wilkinson, Dr Peter Brown, Ms Sylvia Wilson and Ms Kathy Fishwick

is not the case. It has been the case in many of the clearance areas that very brief surveys have been done—maybe ten minutes looking at the outside of the building—upon which the Housing Act is called in as a means of demolishing these buildings by saying they are bad quality. Upon further inspection by qualified surveyors who understand the buildings—in particular, this was the case in Darwen, which was done by Brian Clancy—a very thorough inspection of buildings, 15 of them to be condemned, revealed them all to be in fair to good condition. So there is a real problem with the basic evidence base which is calling for the demolition of these buildings and it has to be wholeheartedly and thoroughly questioned and looked at again.

Dr Brown: Reference has been made to the way in which lessons have been learned from the clearance programmes in the sixties. As I understand it, it is the case that at that time, in order for a house to be cleared, it had to be demonstrated to be unfit—not a condition which is required in the current regime, where simply drawing a line on the map and declaring the property unfit seems to be adequate. On a property-by-property basis, if that form of survey can be undertaken, that would provide a more reasonable basis on which to make that ultimate judgment. The point is that in many of these properties there is a significant amount of additional life. I think that English Heritage have pointed to the energy efficiency argument, that the significant savings in cost that could be achieved as a consequence of refurbishment rather than new build in these circumstances, and I think the presumption should be very much in favour of refurbishment before demolition is considered. Demolition should only be pursued once that building has been condemned as unfit for human habitation.

Q49 Mr O'Brien: Would that not impede progress?

Dr Brown: It would, but it would lead to a result which would be much more satisfactory from the point of view of the residents, who are keen to retain their properties rather than to have the roof taken from above their heads.

Q50 Mr O'Brien: How long would it take?

Mr Wilkinson: You cannot put a time on these things. It takes time for communities to be properly consulted rather than hurried through in some kind of sham consultation—which occasionally, it appears, happens. I am sure Sylvia can relate her experience of consultation and how satisfactory this was.

Ms Wilson: Originally, we had no consultation at all—or the basic requirement. It was not satisfactory. We were being told not asked what we wanted—the very fact that the local authority came in with their aspirations, not the people's. We challenged, because they are our homes. No one has the right to take our home, our roof over our head away from us, against our will. We stood up and we fought this, but we had very little or non-existent consultation over that. It was not until we got sandwiched between Elevate and now the EbD! The actual letter we received back from the Secretary of

State and the ODPM, actually stated that the housing in Whitefield had to be retained and renovated, and still we are being pushed into a corner for demolition in the very area that the ODPM and the inquiries that we won said, "Keep up."

Ms Fishwick: The EBD that was called with the Prince's Foundation was actually put together by the local community in Whitefield. That was initiated by pressure from the local people, that week's Enquiry by Design.

Q51 Mr Betts: It seems the argument is coming that we should not do any demolition at all. I drove through a pathfinder the other day, not in my own constituency, and I could see some excellent refurbishment work going on amongst slightly larger terraced properties, on the front of the street, bay windows, a bit of garden, etcetera. Behind those were lots of small streets of two-up/two-down: very difficult to extend, very small back gardens, straight out into the street, hardly a tree in sight or a blade of grass. Is that really the sort of area we want to keep for improvement for the next 50 years?

Ms Wilson: That is for the versatility of the people. If someone wants to live in a two-up/two-down, that is okay. If someone wants to live in a four-up or a three-up and there is the possibility of knocking two houses together, that is fine also. If people want to live in semis, that is fine, but the people who live in the houses are being evicted by Elevate and this pathfinder for the simple reason that they want a nice square area for building something new. These Victorian terraces have lasted over 100 years now, and all they want is a little bit of TLC and they will last more than another 100 years. At the end of the day, for the new build that goes up today they are giving them a life of 30 years. That is not what one of the gentlemen who previously was talking about, the thousand years—that they were going for a thousand-year build.

Mr Wilkinson: We would have to admit that in some cases there may have to be a small amount of demolition, perhaps selective demolition, to create public parks or to add a small amount of greenery, but not the wholesale clearance that is being proposed at the moment which will wipe out vast areas of historic townscape. The townscape imparts a sense of place which is so important and helps bind communities together. It is that visual continuity which has a civilising influence that is easily forgotten in the headlong rush towards demolition and clearance.

Dr Brown: I think we have seen many examples of very sensitive treatment of housing in this part of the country. It is done as a matter of course in popular parts of Central London and it could equally be applied in these conditions. The structures are essentially the same. You can create equally attractive spaces between them. It is a matter of sensitivity and imagination.

Q52 Mr Betts: You are suggesting that the housing market has improved, perhaps since the pathfinders have been introduced. Is that something they have

8 February 2005 Mr Adam Wilkinson, Dr Peter Brown, Ms Sylvia Wilson and Ms Kathy Fishwick

achieved or is it due to other factors? Is it universal across every pathfinder area or it is patchy improvement?

Mr Wilkinson: I think it is quite hard to claim that it is solely down to the pathfinders the fact that the housing market has picked up. There is a wider thing going on here. Obviously in the case in Liverpool it has been very interesting to see what his happening there, where the market has picked up and people have moved in and taken on buildings—and people love taking on buildings and doing them up. We have a constant supply of people phoning us up asking for old buildings to take on and repair and obviously in the pathfinder areas there are plenty they can take on and do there. I do not think you can say at the end that it is purely down to the pathfinder that the housing market has picked up. Yes, there has been some speculative buying, but with careful management you can avoid that speculative buying.

Dr Brown: As far as Merseyside is concerned, we have already stressed the point about the Capital of Culture declaration and the confidence that has given. I think there are signs that this has led to an effect, which was mentioned earlier on by John Glester, of a certain amount of speculative “buy to let”. A lot of new properties have been put up—and there are a lot of empty apartments as a consequence—but, in the case of older properties, I think there is a much more widespread pattern of them being converted for adoption and for occupancy rather than to be for lettings—and failed lettings at that. I think it is an opportunity that ought to be seized upon, something which should be built into the programme, an acknowledgement of the fact that market conditions now are significantly different from the way they were two years ago, three years ago.

Q53 Mr Betts: Speculation. Are people moving in now and seeing a quick profit possibly in some of these areas? Is that of concern? You mentioned about managing this: how on earth do you manage it?

Mr Wilkinson: There is one particular case in Liverpool where a team took on an area and very carefully bought up strategic units to prevent them being bought up by speculators and therefore breaking up the chains of speculation which you can get. I am sure we could provide more information for you on that if that would be helpful.

Chairman: Yes, please.

Q54 Christine Russell: Could I pursue the question I was asking before. Around the country there are rows and rows and rows of two-up/two-down Victorian terraced housing. Should we preserve all of them? Do they really meet the aspirational needs of young families and young people? Why have they been abandoned in Liverpool? Is it not that young families have moved out to places like Warrington New Town? Would you be less concerned about the families if the quality and design of the new properties was higher perhaps than what it has been in some of the pathfinder areas?

Ms Wilson: Firstly, on preserving them all. No, there is not a call for every single last property to be preserved. That would be entirely unreasonable. But there is certainly a good call to look at the townscape and look beyond what is—

Q55 Christine Russell: How would you define the ones that should be retained and the ones that should be demolished? What is your definition of the one that is okay to demolish?

Mr Wilkinson: You have to look beyond the red line that is the designation of places for protection. A conservation area frequently will not tell you that everything outside that can be knocked down. That would be a naïve way to look at the heritage. You have to look at where the townscape is complete. You have to look at where you can make interventions which in fact knit the townscape back together. There are vast areas where in the past demolition has taken place and left blight that needs to be repaired.

Q56 Christine Russell: So it is purely physical. You would not look at: Is there still a community here?

Mr Wilkinson: You have to balance that as well. But that, in it, cannot be a reason for demolition, for saying, “Okay, the school has gone, let’s demolish the buildings.”

Ms Fishwick: It is just that the assumption that everything in these areas is two-up/two-down can be challenged.

Q57 Christine Russell: No, but I am asking you about the Victorian two-up/two-down terraces, not the larger properties. I am trying to find out from you whether you think that every single row of two-up/two-down Victorian terraces should be retained. If not, how would you define the ones that you would be happy to see go?

Ms Fishwick: From our experience, the two-up/two-down terraces are not in block masses. They are interspersed amongst other buildings and other terraces with three, four, sometimes more bedrooms. They do not happen to be, in my experience, in huge masses together. They are part of a flexible community, so that you will have a row of two-up/two-down houses and across from it a bigger family house. In the terraced street in which I live, it is a mixture of two and three bedroom houses in the same road, and my own house has five bedrooms. In that one street, you have flexibility and the image of the two-up/two-down *en masse* does not apply to all of these areas. They are flexible communities. You can also knock the two-up/two-downs into one and make four bedrooms, as Sylvia said, or six-up/six-down. These are flexible shells around these homes which still have the opportunity of being moved about inside. They are not as stereotyped as they are made out to be.

Mr Wilkinson: This is a hugely important point. Terraced housing has not been studied on a national scale, even though it is the most popular form of national housing. What may appear like a regular façade can hide a whole variety of different housing. That should be looked at more carefully. There

8 February 2005 Mr Adam Wilkinson, Dr Peter Brown, Ms Sylvia Wilson and Ms Kathy Fishwick

should be a proper study of what might possibly be lost and a proper understanding of what is really there before we start clearing away.

Q58 Chairman: Could I take you on to the question of consultation. There is a problem, in that, if you consult with people already in the area, you are not really consulting with the people you want to go back into an area, are you?

Ms Wilson: We have a list of more people than we have houses boarded up by the council who want to purchase these houses. The thing about all of this is that the people do want to come back into Whitefield; it is a very popular ward.

Q59 Chairman: You feel that people who want to buy can be consulted?

Ms Wilson: Yes.

Q60 Chairman: You are obviously not too happy with the Pathfinder teams. Are you happy with the local authority and everybody else in the area, or are the Pathfinders part of a group of people you are unhappy with?

Ms Fishwick: I would agree with what Mr Mole said earlier, that there is a tremendous lack of skills. I would also agree with our friends from the Pathfinder project, that during the development of the Pathfinder process they have found there is lack of skills. What those skills are and their interpretation of them and ours is very different; but there are certainly skills lacking at a local authority level which are now being shown up.

Q61 Chairman: You feel there is a lack of skills as far as the whole problem is concerned?

Ms Fishwick: Yes.

Dr Brown: Pathfinders are enablers. They are not equipped to have the staff to complete the range of activities essential to this whole programme. They rely upon local authority staff and yet (to cite one case in point) in Liverpool we have a conservation officer with six staff looking after 2,000 listed buildings and numerous conservation areas and those are the areas which are of particular concern to them; and yet we are dealing with properties in many of these Pathfinder areas which really require equal care and attention in order to check out and demonstrate the ways in which they themselves display equally attractive features which demand retention and are a part of our heritage. To expect those six members of staff to even fulfil their normal obligations to look after the statutorily protected areas is quite a tall order and we have made representations on this very issue. To expect them to be equally able to respond to the scale of the task confronting them in the Pathfinder area is equally unrealistic. I think further support in providing those skills is something that should be very much welcomed.

Mr Wilkinson: If I can add that in East Lancashire seven of the local authorities there do not actually have conservation officers in the first place.

Q62 Chairman: If they created the posts would they be able to recruit conservation officers or is there a national shortage?

Mr Wilkinson: There is a national shortage. There is a seriously wide problem with conservation officers in the country, and a lot of that comes from the degree of priority they are given within local authorities. When you take on a conservation officer position you sit there and you are ignored and your advice is overruled by planners or the highway department. It is a pretty disheartening situation.

Chairman: On that note, can I thank you all very much for your evidence.

Witnesses: **Mr John McHale**, Chief Executive, Knowsley Housing Trust, and **Ms Barbara Spicer**, Director of Policy and Performance, Knowsley Council; **Mr George Caswell**, Chief Executive, Bolton at Home and **Ms Glenys Campbell**, Regeneration Manager, Bolton at Home, Bolton Council, examined.

Chairman: Welcome to the third session into Empty Homes and Low-Demand Pathfinders. If you do not want to say anything by way of introduction then we will go straight into the questions.

Q63 Christine Russell: Can you tell the Committee how the designation of a Market Renewal Pathfinder has affected your authorities and your ability to regenerate your areas?

Mr McHale: From the Merseyside perspective at this stage the answer is, none. They are still in their infancy. They have not yet put together assets so is limited. Our worry and concern at this stage is the effect of sucking away funding; and that is funding which is essential for us to carry on with our own plans, strategies and proposals. We believe that money going into the Pathfinders, justifiably because that money is needed, is at the expense of other areas.

Q64 Christine Russell: You think that housing need is as great in your area as it is in parts of the Pathfinder areas?

Mr McHale: In our case, we know. Knowsley invented low demand. We have been living with low demand since Knowsley came into existence in 1974, and previously had a social housing stock of something like 40,000 which is now down to 16,000, with plans to take it down to 11,000. The Pathfinder areas are somewhat different. They are coming into the problem obviously much later, on the experience we have had, and they are dealing with a different type of market. You have just heard that much of it is older, terraced stock and owner-occupied.

Mr Caswell: The situation in Greater Manchester is somewhat similar. We and a number of authorities have lost skilled staff and skilled senior managers to Pathfinders on a fairly small scale so far but that may change. Like John, there is a view that it is about all

8 February 2005 Mr John McHale, Ms Barbara Spicer, Mr George Caswell and Ms Glenys Campbell

the other funding that is attracted to the Pathfinders. Most of us agree that that should happen—it is the scale. We were involved in the early days with trying to understand low demand and how to deal with the CURS study and where it was coming from. At that time we had a twin-track approach where we had those suffering abandonment who would get something in the region of about 80% of the funds; and those suffering low demand adjacent to the Pathfinders who would get about 20%. That has not happened and that is the cause of some difficulty. The Pathfinders have largely got 100% and those adjacent have not got anything and that is a big problem.

Q65 Chairman: Would you both like to see yourselves become Pathfinders? Would it be a badge of merit or a black spot?

Mr Caswell: I do not think you can go backwards. I was surprised at a statement earlier that there were three new Pathfinders. With the kind of money that is being directed there would have to be mini Pathfinders. I think that is more a recognition of the twin-track I referred to earlier. If you take Bolton's position—Manchester and Salford are much worse. We are in about the same position as Oldham and Rochdale. I do not think you can go backwards; rather, I think we should look at it in terms of the twin-track approach and ensure that there is funding to tackle the low demand outside of the Pathfinders. As has been stated before, some 50% of properties at risk lie outside the Pathfinders.

Ms Spicer: In terms of Knowsley I think the argument is, no, we do not believe we need to be a Pathfinder. The partnership delivery is very strong in Knowsley, and our neighbourhood planning is predicated on the premise that each of the partners will come to the table, put the resources that they have and that we can make best and most effective use of public resources through partnership, working and delivery. It is key to us then that the housing partnership has the resources available to it to match that of our education partnership which will bring in £160 million worth of build into the future; our health partnership, where we have an integrated health and social care agenda; and the LIFT programme. The argument is one of proportionality and resources to enable us to deliver at a local level.

Q66 Chairman: If the Merseyside/Liverpool one was really successful, and it drew an awful lot of people back into the housing which is under-used in Merseyside, would that not make your problems worse?

Mr McHale: It is a dilemma. 81% of Knowsley stock is supposed to be at risk. It should have been a Pathfinder on that alone, but the reality is that it does not need to be. We do not need another body for that because the work is already going on. What is happening in Merseyside is that there is potentially a risk because of planning issues rather than Pathfinder issues, whereby if the Pathfinder is successful (and I am sure it will be because everyone not just the Pathfinder area but all surrounding local

authorities are trying to help and assist with that, including making some concessions on some of its own new build) we are actually sacrificing at this stage some potential developments so that we will not suck more people out of the Pathfinder areas. The problem comes that as the Pathfinders become successful (answering the question direct) there is a real danger of population drift back towards the city and that is of serious concern. The reality is that in Merseyside's case there is this huge economic renaissance that is taking place and people are coming back to the region. The issue that needs to drive that move back is quality housing. With the Pathfinders getting rid of the obsolete housing and replacing that with quality housing, as we are doing and the other surrounding local authorities are doing, that is what people want. They do not want what the last speaker was saying, retaining these pre-1919 two-up and two-down. They want new quality housing.

Q67 Mr Betts: Regional housing strategy—is that what is really lacking here? You are going to have some authorities with Pathfinders and some without and there will be some broad approach at regional level to ensure there is a fair allocation of resources to different authorities with different needs and different approaches?

Mr Caswell: The first thing is that you have to get the region to have the right kind of resources. The consultation paper which is out at the moment has a massive redirection of funds to the south for new build—absolutely massive. 71% of the indicators go through new build, on an 8:1 purchase ratio of which there is nothing in the north and therefore all the monies go to the south. Regeneration picks up less than 10%. It is an absolute nonsense. So what regional housing resources one has to play with in the first instance is not enough and is disproportionate. Thereafter I actually think it is for the Regional Housing Board to determine what happens regionally. I think that is a good move. I am sure what both Merseyside and Manchester will attempt to do is to work within the framework of the Northern Way. I think that is the issue. I feel a little differently from John and am quite happy for the population to move back to the city, and I think that is a good thing. What we have to find is the borders of the cities and the cities coming into something more of a better balance so that the concept of a city region can actually take off.

Q68 Mr Betts: Will it help when the Regional Planning Bodies and Regional Planning Boards come together? Is that going to be of assistance?

Mr McHale: Yes, it should.

Ms Spicer: That would very much depend on which is their lead policy driver. I think it is very important for us that when they come together the Regional Housing Board and the Planning Authority take into account things like the Deprived Areas Review. Knowsley has pockets of mass deprivation, and some of the most deprived areas in the country within Knowsley. So it is important—whilst looking

8 February 2005 Mr John McHale, Ms Barbara Spicer, Mr George Caswell and Ms Glenys Campbell

at one spatial strategy—the other areas, the surrounding areas and the city region are not lost because of that.

Q69 Mr O'Brien: What can the Market Renewal Pathfinders achieve that local authorities cannot?

Mr McHale: In their current state they have an impetus and a funding regime that local authorities do not have. What local authorities have got in some cases, Bolton, Knowsley and elsewhere, is years and years of experience which we are trying to help the Pathfinders with; but the reality is that they are not bringing anything new other than a concentration of resources.

Q70 Mr O'Brien: When you say “resources” you are talking about government grants?

Mr McHale: Yes.

Q71 Mr O'Brien: What about private sector investment? Local authorities working with private sectors can be a success?

Mr McHale: Indeed, and that is what is causing the successes outside the Pathfinder areas. It is partnership with the private sector which is making them work.

Q72 Mr O'Brien: Can all the local authorities do that? Do they need a new body, a new quango to come in and tell them what to do?

Mr Caswell: The issue is: do you think the local authority should do anything, or do you not? Do you think the local authority is an enabler or a doer? I think most people these days think the move towards local authorities is more with the local authorities as an enabler. You have half a billion pounds going into the Pathfinders; I suppose if you were to give half a billion pounds to the local authorities they would be absolutely delighted. Whether they would use it directly on the purposes that the Pathfinders are using it is doubtful because they have so many other interests and so many other pressures. The key thing to understand—and I think the government does through its Neighbourhood Renewal Strategy—is that local authorities are at the core of urban regeneration and urban renewal. They are the people who have all the partnerships. They are the people who can bring together issues whether it is health, education, whatever, to work with the Pathfinders to make it a success. That is the role of the local authority; it is not an either/or.

Q73 Mr O'Brien: You are saying, with that background, with the historic reality of local authorities, that we need something from government to push off market redevelopment?

Mr Caswell: Yes.

Q74 Mr O'Brien: If so, what role should demolition play in tackling the needs of areas with low housing demand? How extensively should demolition play a part?

Ms Campbell: In Bolton we have got a very good example of how we have done what we call “remodelling”, which is a mixture of retaining terraced houses and also demolishing some.

Q75 Mr O'Brien: Where do you draw the line?

Ms Campbell: The market actually draws the line. The market drew the line in this particular area. We had a huge number of private landlords which, by the very nature of some of the tenants that moved in and moved out, were causing specific problems; and, therefore, the market dictated where we actually targeted our purchases and, eventually, the clearance of them. That opened up green spaces and the opportunities for new build as well. You retain but you also look at demolition within that area.

Q76 Chairman: Is there not a danger with demolition that you make the pubs, corner shops and other services less likely?

Ms Campbell: With wholesale demolition, yes.

Q77 Chairman: If you are just taking one block out of four or five terraces then you are actually reducing the viability of the rest, are you not?

Ms Campbell: Not if they are empty, and not if they are of an age that they themselves are causing the problem, no, I do not think so. You need to look at the area and then you bring the solutions to the area. You find out what the problems are first of all and then you look at what tools you use to create communities. You do not go in with a full-scale demolition programme without really understanding the nature of the area—which includes shops, businesses and education—and you do a whole host of work beforehand. You then come forward with a range of different initiatives and tools that are suitable for that particular area.

Q78 Mr O'Brien: Can I put it to no-one in particular that we have the Pathfinders, we have the Northern Way who are involved in regeneration of the areas, where do communities come into this? How do you get communities involved in consultation?

Mr McHale: I think communities become involved on two counts: one is, they speak with their feet and move wherever they can, because as areas decline, as Bolton was saying, the demolition issue, clearance and market dictate. People do not want to live there if they have a choice; they do move and that area then declines even further. The community then has a second role—what remains of a community and what a new community will be: because clearance leads to the potential to redevelop, and that redevelopment done sensitively (both with the existing community and the new community that comes with it) is what will then make a cohesive society.

Q79 Mr O'Brien: Do communities move because they are not involved in consultation and are not part of the decision-making in their own areas over their own destinies; is that why they move?

8 February 2005 Mr John McHale, Ms Barbara Spicer, Mr George Caswell and Ms Glenys Campbell

Mr McHale: I think the reality is that they move for different reasons—whether it is the housing stock; which for technical or social reasons it becomes obsolete; for social reasons it may become obsolete; or it could be because there are social factors creating an area moving into a downward spiral of decline—those people with choice, rightly or wrongly, are able to move; they move because they have the buying power to move, or they move because they have other access. That then starts a self-perpetuation of decline. Those who have no choice are unable to move.

Q80 Mr O'Brien: Do you have experiences where people in communities ask for their properties to be demolished?

Ms Campbell: Only once have I ever come across that. I think the Environmental Health Officer was applauded at the time when he said, “We’re going to clear your houses”, which was unique. In the main, in most of the consultation we undertake, people actually want to stay there and we do give them choices. We do say, “What do you want to do? Do you want to stay here?” Because there is no point in us putting huge amounts of money into areas if it is not sustainable, and the people who will sustain it are the people who live there. They are the ones who are going to commit; and they are the ones who are actually going to be there when we move away; and it is getting their hearts and minds alongside what we are trying to do so that they are a partner in what we are trying to do. They are the basis of everything we do, basically, in Bolton. If we do not get people committed to staying in the area, there is really no viability for any future for the area.

Ms Spicer: We have experienced communities asking for properties to be demolished. In terms of our neighbourhood renewal process we see communities as one of the key partners in that process. We have also seen communities working with us to agree to demolish secondary schools as well. In terms of an overall plan of an area, there are issues around fall in demand, fall in school numbers and communities alongside. All the partners have taken some very difficult decisions about the things they need to do to regenerate and be able to stay in the area.

Q81 Mr Betts: Bolton has talked about the non-flexibility of funding powers to enable local authorities to deal with areas with low housing demand. Is it more flexibility you want or more money?

Mr Caswell: The Neighbourhood Renewal Fund is a good example. You would use the Neighbourhood Renewal funding for capital or revenue—that is the choice. That is almost unique in the funding schemes from government. Most funding schemes from government are capital or they are revenue—with

very little revenue and quite a lot of capital, on the whole. What we need is far more funding along the lines of the NRF.

Ms Spicer: Could I just back that up. We are a local area agreement pilot and one of the flexibilities where we are seeking to draw a pilot is a move between capital and revenue on a number of funding streams to support that kind of renewal process, including health funding.

Q82 Mr Betts: Has that been agreed, the actual flexibility, or are you still asking for it?

Ms Spicer: We will not know until the end of February.

Q83 Mr Betts: You referred earlier to the issue of the amount of resources going to the south-east. Is not one of the problems, indeed one of the issues that highlighted the need for Pathfinders, that it was actually discovered the Housing Corporation was funding houses in the Newcastle area which were never lived in because there was simply no demand for them. Does that not show that in the past we have got our distribution of funding wrong?

Mr Caswell: No. That is a joke. It was not a joke that it happened. The issue was about 30 properties, and that was it. The real reasons for the Pathfinders were the CURS studies, introduced by the M62, and Merseyside and Greater Manchester local authorities started that off. Subsequently all the northern regions and areas looked at it. What the first CURS study showed was that there were 300,000 properties at risk in the north-west, in fact the M62 Basin, and 100,000 of those were in the public sector, but the great majority were in the private sector. It was because of the work there done by that group, and followed up by the Cities Group, that we ended up with the Pathfinders. The stuff that happened in Newcastle was neither here nor there.

Q84 Chairman: Newcastle was not unique. The select committee, when it looked at the problem three years ago, went to parts of Harper Hey in Manchester and we saw some very nice, modernised terraced houses with big sums of money spent on them, £80,000 plus, and they were empty because people preferred the shoeboxes that were being built across the road as new properties.

Mr Caswell: I was asked a question on new build. I do not think the Committee has got any evidence at all that you can get into three figures in terms of new build and having to be demolished. The issue about refurbishment is this self-impression with the housing corporation, the RSLs. They move into areas where they have not done sufficient research and then they spend the money, and spend the money on communities who are already on the move, and that is the problem there

Chairman: On that note, can I thank you very much for your evidence.

Witnesses: **Mr Bob Pringle**, Chief Executive, Gateway HMR Pathfinder and **Mr David Gibson**, Corporate Director (Operations and Public Services), Hull City Council, Hull Gateway; **Mr Peter Bounds**, Chairman and **Mr Hardial Bhogal**, Director, RENEW North Staffordshire, examined.

Chairman: Good morning. If no-one wants to say anything by way of introduction we will go straight into the questions.

Q85 Christine Russell: Given the relative economic weakness of your two areas compared to, say, Manchester and Birmingham, what grounds for optimism have you?

Mr Pringle: Certainly on the whole we could be fairly optimistic about the future. There is a lot of new investment coming into the city to be levered in by Urban Regeneration Company. The real challenge for the city will be to try and restructure its employment market so that we have more of the professions coming in then. This again links back to the housing issue, because in Hull the problem is mainly about choice and quality of housing; and until we actually improve that housing offer we will not attract those people in and, therefore, that will not have a beneficial effect on the economy.

Q86 Christine Russell: Which comes first, the chicken or the egg; is it the jobs or is it improving the housing?

Mr Pringle: I think it is both. You have to take both things at the same time, so that you get a beneficial effect on the economy and then you get people moving in; but you need to have the houses there, the sorts of houses that would attract those kinds of people into the area; and at the same time you need to attract in the sorts of companies who will employ those kinds of people. It is a dual approach that is actually needed in the economy and in terms of the housing market.

Q87 Christine Russell: If you have been sitting in here this morning you will have heard the two different points of view that the two-up, two-down Victorian terraces must be retained at all costs, and those who say that actually people do not want to live in them any more. What is the view from Hull?

Mr Pringle: Most of the housing in Hull tends to be of a more modern construction although in West Hull there are terraces of Victorian construction. What is clear is that there is not the demand to live in terraced housing. The CURS report suggested that over half the housing was at risk of low demand; and something like over 50% of it is terraced, and one-third of all the housing is social housing. What we need to do is to mix up the tenure within the city so that we can have the kinds of housing that would attract the high income earners, and try and capture that money within the city. Pathfinder itself hopefully will have a role in doing that, because what we need to do is to capture the investment we are making in construction jobs and all the other jobs within the city. When the council itself looks to improve its stock to the decent homes standard we need to try and capture as much of that money within the local economy as we can.

Q88 Christine Russell: What is the view from RENEW?

Mr Bounds: On the first question, the reasons for optimism perhaps lie a bit in some of the references you have made to other places that have gone through a lengthier period of regeneration than North Staffordshire. That is one of the characteristics of North Staffordshire that a lot of the experiences we are going through at the moment are relatively new. We do not have the experience, to some extent the capacity, to some extent the culture, which embeds regenerations as a core activity in the area. In terms of some of the issues you have had evidence on this morning about these famous two-up/two-down properties, I do not know exactly about the mix but the simple fact is we have 7,000 void properties in North Staffordshire. It is a population with a high level of loyalty to its own areas, so a lot of the movement that takes place in the housing market is people moving up the quality ladder, if you like, within the North Staffordshire area. Listening to people talking about a great demand for these sorts of properties, that is not our experience at all. We have got this significant number of properties and, one way or another, we have to get a better match between the number of houses available of a condition that people want and the number of people who are seeking housing in the area.

Q89 Christine Russell: Can I just ask you one other question which is from your evidence rather than from Hull, where you seem to imply that there is still not very much progress on getting all different agencies working together: do you want to elaborate on that?

Mr Bounds: The regeneration partnerships in North Staffordshire are less mature than they are in many other places.

Q90 Christine Russell: Do you think that is the only reason? You do not think there are any particular problems?

Mr Bounds: No, I do not think there are any particular problems; in fact, I think we have a sense of making increasing impact on the agencies that we need to work with. For instance (and I think this is a unique arrangement), we are setting up a joint delivery agency between ourselves and the Regeneration Zone in North Staffordshire, which is a subsidiary of the Regional Government Agency; and new forms of partnership in North Staffordshire are coming on very well, I think.

Q91 Chairman: Just on the question of Hull for a moment, progress has been pretty slow, has it not? I suppose you could claim to be the tortoise while most of the other Pathfinders are the hare. The other view is that you are never going to get going at all.

Mr Pringle: We are in the midst of our negotiations with the ODPM.

Q92 Chairman: And you think October to now is a good speed? You submitted your plan in October, did you not?

8 February 2005 Mr Bob Pringle, Mr David Gibson, Mr Peter Bounds and Mr Hardial Bhogal

Mr Pringle: Yes.

Q93 Chairman: You think that not to have got it all sorted out by now is “doing alright”?

Mr Pringle: I think the negotiation process is probably about the same length as some of the other Pathfinders. We have had the intervening holiday period in there as well. We are still negotiating but we are very confident we will reach an accommodation some time towards the end of the month.

Q94 Chairman: What are the difficult sticking points?

Mr Pringle: There are one or two issues about deliverability, because there are concerns—

Q95 Chairman: In other words, they do not think the plan is much good!

Mr Pringle: We have had some discussions about the plan, and we have suggested some modifications to it which the ODPM team have agreed with and we now feel we have a product that both of us are comfortable with, and we can move forward in that way.

Q96 Chairman: You raised people’s expectations in Hull almost three years ago when it was announced as one of the Pathfinders. What have you actually achieved on the ground in that period of time?

Mr Pringle: I think the important thing is that what the people of Hull want to see is some sort of progress and some action.

Q97 Chairman: What action?

Mr Pringle: We are now coming to the point where we can start delivering if we reach this accommodation with the ODPM. What that progress perhaps masks a little bit is the extent of the consultations that have gone on with people right across the city. It is the most extensive consultation programme that has ever been undertaken in the city. Also, the way the Pathfinders work, it has brought together a number of partners in a cohesive way which probably, for the first time, is starting to put together a package of measures that will tackle all the key issues across the city, ranging from education to community safety and obviously to the housing issue.

Q98 Chairman: There is not all that much controversy in Hull about what you are planning to do?

Mr Pringle: There may be controversy in certain pockets of Hull about what we want to do. If I can give you an example: I am relatively new to the city and I started the job on 1 November, and when I have gone out and spoken to people, particularly in the western part of Hull, they are just desperate for something to happen.

Q99 Chairman: Is that not part of the problem? It appears that perhaps in both cases the people who started the Pathfinders have not stuck with it?

Mr Pringle: I do not think that is true. I think the key thing is that we are now getting to the point where we will have some resourcing, we hope, coming in from the ODPM and we can begin to tackle those challenges. The important thing is that we actually get the approach right, rather than charge headlong into it and get it wrong. What we have been doing is watching carefully what the other Pathfinders have been doing and we are hoping we are learning some important lessons from them.

Q100 Mr O’Brien: North Staffordshire, in your evidence submitted to the Committee you talk about the council having sufficient powers to tackle the problem of empty houses in their areas, and you go on to say that the question of demolition is “testing the bond between elected members and their electorate” because of the bitter pill of demolition. In answer to a question you say you have about 9,000 voids?

Mr Bounds: 7,000.

Q101 Mr O’Brien: How do you reconcile this question that there could be a breach of the void between elected member and their electorate?

Mr Bhogal: The issue of remodelling housing estates and dealing not with the bricks and mortar but dealing with the community is always going to be painful. Some communities have been there for a number of years and the elected councils have clearly represented them and have an affection with the area. However, with the drivers of decline, depopulation and in North Staffordshire ground conditions are a particular issue, it is necessary in order to deal with the number of voids, in order to create housing choice which can attract and retain people that there will need to be some remodelling. Moving from the question of where we are to where we would like to be is clearly going to be challenging. We will have to persuade and create a mind-shift in terms of enabling communities to understand that what may be relevant today is not going to be relevant for future populations and that is a difficult journey. The consultation process and the community engagement process involving councils has to take them through that journey to see what reconfiguration is necessary for the future which will mean demolition of some of the existing stock.

Q102 Mr O’Brien: If you have got void properties which are boarded up and are blighting the area surely the local representatives would be arguing to either refurbish those, to restyle and remodel them so they can be habitable or clear them away. A councillor using that kind of approach will be popular with his area, will he not?

Mr Bhogal: I think in some cases, certainly in the peripheral estates where there is a lot of evidence of boarding-up and so on, the 7,000 are not equally distributed; they are in greater evidence in the peripheral estates and I think there is a greater willingness there to have clearances there and that is where our initial programme will have impact. In the city centre primarily, where we need to offer a housing tenure choice which is not available at the

8 February 2005 Mr Bob Pringle, Mr David Gibson, Mr Peter Bounds and Mr Hardial Bhogal

moment, we may also have to clear properties which are not empty at the moment and that is a reconfiguration which is going to cause a challenge for everybody involved.

Q103 Mr O'Brien: In a further submission in your evidence you talked about building first and demolishing later. How will you avoid making the low demand problem worse by increasing supply? What about the blight in that area?

Mr Bhogal: The issue is one of scale. If we are going to persuade communities about what is a better tomorrow than it is building new—and it does not mean that we will build 2,000 or 3,000 new properties, it is about 20 or 30 in a particular estate—to demonstrate to the communities what a new offer may look like. Hopefully, we can obtain acquisitions voluntarily and by agreement rather than by compulsory purchase, and then slowly move through the estate in that way. So the build first, demolish later is not build 2,000 first, it is build 20 or 30, decamp and then slowly move through the estate in that way.

Q104 Mr O'Brien: Does that not create problems for the people in the low demand houses? Does it not create blight in that area?

Mr Bhogal: I think we need to have parallel holding or neighbourhood management strategies, whereby we try to stabilise that. The issue of blight and the issue of low demand affecting communities adjacent to the intervention areas is going to happen, regardless of the intervention technique we are proposing will hopefully minimise the extent of blight. You do need other holding strategies, community safety, environmental, maintenance and so on to try and deal with this potential danger of blight.

Q105 Mr O'Brien: Have you researched or considered the option of obtaining a mortgage in areas where that kind of blight can apply? Has that been researched in your areas?

Mr Bhogal: Yes, Chairman, we have worked with three local building societies and we have formally asked them whether or not they are red-lining or stopping mortgages being available in those areas. We have also sought reassurances from them that they will not actually do that, and we have been given reassurance that they will not stop mortgages being available in those areas.

Q106 Chairman: Are they making them available though?

Mr Bhogal: The answer is, yes. What we have not had is anybody formally telling us they have been rejected.

Q107 Mr Betts: Looking at the situation in Hull, you have both a Pathfinder area which includes the whole of the City of Hull and some parts of the East Riding. What you have decided to do is concentrate all your activity in the area in Hull. Is that causing you any difficulties?

Mr Pringle: The Pathfinder area is the City of Hull plus the two adjacent wards in the East Riding. I think it is interesting to look at the whole of that area, because what we are proposing to do is to tackle the challenges both within Hull and within the East Riding, and the Pathfinder interventions will help us to do that. The issue in Hull is low demand; the issue in the East Riding is high demand and that puts pressure on Greenfield sites and on local services. If we can tackle the difficulties that there are in Hull, that will not only help to bring a renaissance within the city and provide a boost to the whole city region concept, it will also tackle some of the pressing issues that there are in the East Riding. Although the interventions are spread across the City of Hull and they are all concentrated in there, the East Riding itself will feel that benefit both in terms of alleviating pressure on services, reducing the overheating in that local economy and providing a boost to the City of Hull so that residents of the East Riding will have a more attractive city in which they may want to spend their leisure time and their access to cultural facilities and so on.

Q108 Mr Betts: You must have a wider aim to try and ensure that the general housing structure across the East Riding fits into what you are trying to do in Hull because for the East Riding to carry on, wherever it is, it is going to drag people out of the city and encourage that move out. How much success have you got in that role of persuasion?

Mr Pringle: There is currently an agreement between the two authorities about the numbers of new build units that there will be in each of the areas. Essentially that is about constraining the number of new build units in the East Riding and trying to boost those within the City of Hull. That agreement is up for review in 2006, and we are already in negotiations not only with the two councils but also with the regional planners about the future of the regional spatial strategy, because in the longer term that will determine the actual numbers of housing units to be built. It is crucial that we actually get our case across to the regional planners so they can assist us in trying to achieve the aims of Pathfinder.

Q109 Mr Betts: Have you been having some problems in getting agreement with the East Riding?

Mr Pringle: Not at all. The two authorities have worked very well together on the Pathfinder and other initiatives, such as the Building Schools for the Future which has borne fruit through £200 million grants coming in from government. There is a track record now developing of the two authorities actually working very closely together. I do not think that is an issue at all.

Q110 Chairman: Are things working out between Stoke, Cheshire and Staffordshire restricting the number of new houses being built outside the Stoke area?

Mr Bounds: The debate there has not developed as far as it needs to yet.

8 February 2005 Mr Bob Pringle, Mr David Gibson, Mr Peter Bounds and Mr Hardial Bhogal

Q111 Chairman: In other words, it is going badly?

Mr Bounds: No, I do not think it is going badly but it is going slowly. Certainly until the Pathfinder policies came to the fore there was very much an instinct about welcoming development opportunities in the area. Stoke has been mindful for a long time of its responsibility to contribute to its share of the demand for increased housing in the West Midlands region. Stoke is very awkwardly placed in terms of regional boundaries. The Pathfinder boundary is actually the regional boundary. I think one of the important things about developing regional housing and planning policies together is to ensure that there are sensitivities to the local circumstances of particular places, both in terms of demand for housing numbers and also housing issues. We need to do more work to develop a relationship across the regional boundary on some of these planning issues.

Q112 Chairman: You are doing all right as far as the areas to the south are concerned with the West Midlands, but you are really not getting cooperation from Cheshire?

Mr Bounds: I could not say that we are not getting cooperation. The debate is at a very early stage and we need to give more attention to that constituency.

Q113 Chairman: To both, this problem of skills: can you tell us a bit more about it?

Mr Pringle: I think it has generally been rehearsed prior to us coming to talk to the Committee about the consensus that there is about the shortage of skills in the regeneration area.

Q114 Chairman: Is that skills in terms of recruiting people for your Pathfinders?

Mr Pringle: We are currently in the throes of starting to recruit our team, and the recruitment consultants we have used have informed us there is a national skills shortage. I can give you some anecdotal evidence from my previous job where we tried to recruit people with regeneration skills very unsuccessfully for a period of a couple of years, and then offered a couple of traineeships to graduates and had over 300 applications for those. There is a hunger to get into regeneration.

Q115 Chairman: There are people coming through from the academic institutions who would like to go into regeneration but it is the first jobs that are missing?

Mr Pringle: That is absolutely right. Most people in regeneration want you to have some experience and the difficulty for most people is actually getting that experience.

Mr Bhogal: Chairman, I would like to agree with that. The other issue is that this job does not bode well for people with L-plates on, without being pejorative or negative about that. There is a demand for very high skilled people because of the intensity of the work. Not only in the Pathfinders but in the external adviser consultancy fields and so on they are stretched; there is a colossal investment going on this and you will see they are also being stretched in

terms of the submissions and the quality of submissions coming forward. Firstly, there is a general agreement there is a lack of skills and I think whatever can be done to incentivise more people coming into the field, trainee, graduate positions and so on for people to learn on the job, and the transferring of skills from consultancies to mainstream, the more that should be encouraged.

Q116 Chairman: Both of you are in areas where the local authorities do not have outstanding reputations. Are there problems of lack of skills within the local authorities that you have to work with?

Mr Pringle: Perhaps David can pick this up, but certainly my experience of working with people in the council is that there is an awareness of the key importance of the Pathfinder and a willingness to invest the right people to help to resource the Pathfinder up so that we can actually deliver.

Q117 Chairman: You think the local authority have got people in Hull with the skills to cooperate and work with you?

Mr Pringle: In terms of the Hull local authority and the East Riding, we have got people who we believe can make a real contribution towards the work of the Pathfinder.

Mr Gibson: I would acknowledge that, I think that is true although I think we would acknowledge in Hull certainly that we have a shortage of project management skills, and that is something we are looking to address in the immediate term. In terms of other lower scale regeneration skills, there is clearly a big climate of regeneration coming into Hull. Bob has mentioned the Building Schools for the Future. We are currently letting contracts for securing the Decent Homes Standard in our large stock, so we can anticipate a need for skills in the construction industry; and we are working with local schools and colleges to grow those skills and we are hoping to influence the new young apprentice scheme so that construction skills will be included within that new issue.

Mr Bhogal: Chairman, in our instance broadly the three areas where we are working with the local authorities are: one, trying to get congruent planning frameworks and strategies; two, streamlining decision-making; and, three, accepting that there is a skill gap, as you have just mentioned, and the willingness, I have to say, of the local authority to agree all of those and to bring in private sector skills to improve our ability to deliver.

Q118 Chairman: In Stoke you have got a specific problem with the areas that used to have coal mined underneath. Are you getting full cooperation with the people who are responsible for the old coalmines?

Mr Bhogal: Yes, Chairman. In Silverdale we are working with the Coal Board and there is a programme there which is part of the Pathfinder, and other parts of the clay mining and coalmining areas. Again, the main problem is, it is not that we are not getting cooperation it is just that there is

8 February 2005 Mr Bob Pringle, Mr David Gibson, Mr Peter Bounds and Mr Hardial Bhogal

perhaps an unwillingness to accept the ground conditions causing problems with the property; and therefore we need to intervene in terms of people with a lot of demand in those areas. The ground conditions are unstable because of the mining

history. There is clearly going to be some emotional tie into there and we will have problems moving communities out of there to deal with that problem. **Chairman:** On that note, could I thank you very much for your evidence.

Monday 28 February 2005

Members present:

Andrew Bennett, in the chair

Sir Paul Beresford
Mr John Cummings
Chris Mole

Mr Bill O'Brien
Christine Russell

Witnesses: **Mr Roy Irwin**, Chief Inspector of Housing; **Mr Mike Maunder**, Head of Housing Markets, Audit Commission; **Ms Sarah Webb**, Director of Policy, and **Mr Ian Richardson**, President, Chartered Institute of Housing, examined.

Q119 Mr Cummings: The Government is claiming major progress in tackling the problems of low demand. Do you agree with such a broad and bold statement?

Ms Webb: I think they are making significant progress. I think the Pathfinders have been a very important initiative; lots of extremely positive work is being done under the Pathfinder initiative. It has not been going very long. We need to give it more time to bed down. Our only real concern is about areas outside the Pathfinder, where it is harder to make progress.

Q120 Mr Cummings: Are you all in agreement with that particular statement?

Mr Irwin: I think that the Government have responded quickly to a problem that was identified relatively recently in public policy terms, and responded by creating a framework in which Pathfinders can operate and, in the context of a 15, possibly 20-year programme of work, I think you could say it is a good beginning, but the evidence as to whether it is successful will not be capable of being addressed at this early stage in such a long period of time. So I think it would be a good start but not necessarily at this stage something you could actually guarantee will be successful in the long run.

Q121 Mr Cummings: How effective can the Pathfinders' housing programmes be unless the loss of the original economic base is tackled or perhaps a new economic base established?

Mr Irwin: Clearly, what the Pathfinders are trying to tackle is the physical manifestation of whether places actually have a future or not, and people have decided in some consequences, because of economic downturns and crime, perceptions of crime, to move on. The key issue that faces both Pathfinders and their local authorities is to establish a longer term future for both the locality in general and the areas which have suffered from decline. So you cannot disconnect one from the other because, if there is not an economic prospect, there is no purpose for people just living in what would otherwise be a dormitory.

Q122 Mr Cummings: Are you saying that the HMR fund is not too constrained, or should Pathfinder initiatives spend more time, effort and resources on economic development?

Mr Irwin: I think that is where the work of the Pathfinders and the authorities links with the efforts of the regional development agencies, which have been set up specifically for the purpose of generating outcomes in economic terms. If they do not connect, then they will just undermine each other. If they do connect, the fact that they are in different agencies should not make a difference if they work well together.

Q123 Mr Cummings: So you are not finding the HMR too constrained?

Mr Irwin: Not in the context of the work of the RDAs at this stage, no.

Q124 Chairman: Do you think the RDAs are giving them the backing that they should be giving them?

Mr Irwin: The position of RDAs is not exactly the same across the three northern regions nor in the West Midlands.

Q125 Chairman: Some thumbs up, some thumbs down? You are giving some of them a seal of approval, and you are saying that others are not getting engaged enough?

Mr Irwin: They are all at different stages, and they have all now engaged further than a year ago. If we go back a year, what were they trying to engage with? It would not have been clear at that stage, but clearly, the link between economic regeneration and housing markets is direct, and they cannot afford to go off in different directions.

Q126 Mr Cummings: Surely, that is not brand new rocket science.

Mr Irwin: No, it is not rocket science, but it is a reflection on how government and local and regional agencies are organised.

Q127 Mr Cummings: So they have not been well organised in the past?

Mr Irwin: They have not always seen the connection between one programme run by one outfit and a programme run by another outfit. I think what market renewal needs to address is seeing how those two things, economic and human regeneration issues, need to sit side by side.

Q128 Mr O'Brien: Can I press you a bit further on that, Mr Irwin? The Audit Commission have criticised the early projects funded by the

28 February 2005 Mr Roy Irwin, Mr Mike Maunder, Ms Sarah Webb and Mr Ian Richardson

Pathfinders because they are saying they are just projects that have been taken off the shelves of local government, with no new initiatives and no new priorities. Could you give us an example of any projects you think they should be pursuing?

Mr Irwin: In terms of what we were saying in our best practice report, we said that too many of the projects were projects that had been developed not for market renewal purposes; in other words, they were projects that local authorities had wished to finance but they had not got the finance so they were on the shelf. We are also saying that, because of the availability of resources for market renewal and the pressure to make a difference locally, some of those have been brought off the shelf and are being financed. Some would be projects that were around rehabilitation of existing stock without being clear how that fitted into an overall perspective on the market. So we were not saying that these projects should never proceed. We were just cautious about whether they were going to make a real difference.

Q129 Mr O'Brien: What should be put in their place? Have you any suggestions?

Mr Irwin: I think some of the proposals of the market renewal Pathfinders relatively shortly after they made the original funding decisions would be better placed because they have now taken a strategic view of their marketplace and could actually choose based on some rationale as to that project and not that project.

Q130 Mr O'Brien: If the local authority has done research into a project, and it is only lack of funding that prevents them from doing it, and funding comes along, surely that is a sensible approach? Why do you criticise it?

Mr Irwin: It depends on the quality of the research and how wide-ranging their view is.

Q131 Mr O'Brien: Have you questioned them before you criticised them?

Mr Irwin: We have looked at what the Pathfinders have done and their level of market research, which is improving and increasing, and even that is not yet sufficient. So I think it is not unreasonable to deduce that local authorities have not seen in isolation the consequences of some of their projects and how it affects the overall market.

Q132 Sir Paul Beresford: You mentioned lack of co-ordination. We are looking at areas where the economy, to put it mildly, has had a savage downturn. Down in the South East we have exactly the opposite problem. We have a very hot economy, we have not enough houses, we have Mr Prescott showing little boxes into little corners, concreting over the South East. Should there not be a co-ordination by government departments to try to take the steam, perhaps using the planning system, out of the South East, to try and encourage more movement to these sorts of areas?

Mr Irwin: I think there has been quite a long history of governments of various persuasions trying to in effect influence the economic prospects of different

parts of the country with intermediate areas in the 1960s and subsequently. My understanding is that the regional development agencies have been given a brief to make sure that their regions, and the economic growth in their regions, actually try to establish the best possible level playing field. I do not think RDAs are necessarily within ODPM's gift; they may well be part of the DTI as well, but simultaneously with the idea of trying to make the market work is trying to make the economic fortunes work and, as I said earlier, if you do not try and do that, then just trying to stimulate the housing market will be insignificant.

Q133 Mr O'Brien: So the Government has a role that they are not using fully.

Mr Irwin: The Government has a role. Whether they are using it fully is not something that I have knowledge about.

Q134 Mr O'Brien: Last week we had the chairmen of Pathfinders before the Committee and they told us that the projects were chosen, those local government projects, to get initiatives going. Is it your opinion that the funding timetable is too tight and are their initiatives under too much pressure to spend the money?

Mr Irwin: I think on such a significant programme the availability of significant resources means that inevitably everybody within the programme feels under pressure to do the right thing and to do it quickly. Inevitably, early schemes, whether off the shelf or new ones specifically, are under pressure to spend, given the amount of resources which are available under the Comprehensive Spending Review, so I can understand chairmen and executives of the Pathfinders feeling they have to deliver quickly. I think the issue that the Commission would want people to think about is that getting it right first time is also important, as well as spending the money.

Q135 Mr O'Brien: When will you revisit the programmes you have been looking at?

Mr Irwin: We are revisiting them now. We are into monitoring the impact now, so having looked at the prospectuses, we are now actually seeing what is happening on the ground.

Q136 Chairman: Is it not clear that in some areas, just getting off to a good start, psychologically changing people's attitude to a neighbourhood, and therefore you got feedback which was worth a lot more than the money spent because people suddenly had confidence themselves to invest in the area?

Mr Irwin: Clearly, confidence in an area is what makes a market work, whichever market you are looking at. What I think everybody is trying to establish is whether that confidence is long-term and sustainable confidence around a place or whether it is a mixture of that and some short-term opportunism around trying to make a fast rate of return. There is a clear difference between the two.

28 February 2005 Mr Roy Irwin, Mr Mike Maunder, Ms Sarah Webb and Mr Ian Richardson

Q137 Christine Russell: Perhaps I could continue on that theme, because there do seem to be conflicting views about what really is happening to housing markets in the Pathfinder areas, because ODPM in their evidence has told us that the tide has turned and the markets are recovering, but you seem to question that a little in your submission.

Mr Irwin: Although the speed of the decline in housing markets took a lot of people by surprise relatively quickly, that things that had been seen as sustainable over perhaps three or four years had become less sustainable, and I think confidence and perception of confidence is quite important, but I am not sure that confidence in a long-term kind of way has returned so quickly. I find that counter-intuitive at this stage, and it may be just the confidence that comes from labelling the programme of intervention but that is different from saying that the areas in Pathfinders will feel like the ones outside, and that is where you have sustainable communities. So I think it is too early to tell that and I would think there needs to be more positive conclusive trend signs about house price sales going to owner occupiers rather than just house price sales going to nobody in particular.

Ms Webb: Even if house price sales have gone up, which they have in some of the areas that previously have been characterised as low demand, that does not mean that you have solved the underlying problem. It means that there was another problem that came along and, just because you can pay £60,000 for a house that might previously have been identified in a low demand area or even obsolete does not mean that that housing market is not still in need of some kind of restructuring and that individual property might actually still be in need of a considerable amount of work. But the initiative is still important, I think. It is still important that house prices are going up in those areas and that confidence is coming back. As Roy said, it is about making sure that that is sustained confidence, not just a short-term blip.

Mr Richardson: If I can, what I think it highlights is the complexity in the scale of the task and the need for a long-term programme rather than to expect quick fixes. The questioning so far has given us the opportunity to highlight that, in the sense that it is not just about addressing housing conditions; it is about also addressing the economic base, because the housing market restructuring on its own will not be sufficient to contribute effectively to the sustainability agenda. The questioning of support earlier suggested that perhaps there needed to be some regional restructuring of markets to take some of the heat off the growth areas in the South East for example. That is not something that is going to be easily achieved overnight. It takes a long period of time to achieve that. I think what it highlights is a number of things. Firstly, that the programme has to be seen as long term and sustained. It is not something that can be a relatively short life policy objective. Secondly, that the Pathfinders were determined as best they could at the time but there are plenty of non-Pathfinder areas which display almost exactly the same characteristics that still need

to be addressed, and we need to find a way of rolling out the benefits of Pathfinders to those, which again, points to the need for long-term investment. We need to ensure that there is the will and the commitment to properly integrate the various policy streams of economic, social and housing regeneration.

Q138 Christine Russell: How confident are you that the people who are running the Pathfinders really do have the knowledge and the experience of housing markets?

Mr Richardson: I think we need to be fair to the people who are doing that job at the moment. It is a very difficult and very complex job, and a lot is being expected of them quite quickly. If it is to be effective, I would much rather we were patient with the responses than expected too much too quickly, because that is likely not to give us the best long-term benefits. I know there is some frustration in some of the Pathfinder areas that things are not perhaps happening on the ground more quickly but it is quite a slow process dealing with things like land assembly if we are going to achieve the critical mass investments from the private sector, for example, that will bring about the mixed neighbourhoods and sustainable tenancies and the investment in areas that will enable us to support local communities in the longer term, that make those places the sort of places people want to live in and choose to stay in.

Q139 Chairman: If you take East Manchester, they have this mortgage guarantee scheme in place, and that is a long-term commitment by the people putting in the mortgage money.

Mr Richardson: It is, and I think that is a useful example of how the commitment does need to be long-term and it also gives us a useful opportunity to remind ourselves that the dissemination of good practice is something that we should be featuring. The Chartered Institute of Housing is proposing later this year to run a regeneration masterclass trying to bring together and disseminate best practice in so far as that has been learned so far in the Pathfinders. That is something I would like to see us learn from and develop from.

Q140 Chris Mole: You have both suggested the planning system is not really geared up to address issues of low demand. What more do you think could be done to make it proactive in managing the housing supply across districts, both with low demand and high demand?

Ms Webb: I think there is a very simple starting point, which is actually that engagement. I do not think we have seen enough active engagement from planning authorities yet in the Pathfinder areas generally and in the low-demand problem specifically. It has been their responsibility as well as everybody else's responsibility to try and solve an important starting point. I do not under-emphasise how important that is. There are specifics around site assembly and the use of CPO powers, which I think could be improved. It is very difficult to get CPO powers to work effectively, particularly in

28 February 2005 Mr Roy Irwin, Mr Mike Maunder, Ms Sarah Webb and Mr Ian Richardson

areas of mixed tenure. There is work we can do there to improve how planning legislation supports that process.

Mr Maunder: I think there is a major issue in terms of planning and that is to do with regional spatial strategies and the extent to which they will reflect and support the work that the Pathfinders are doing. There is a potential I think—and it is something that we have highlighted in our best practice handbook—that some regional spatial strategies could actually work against the success of Pathfinders by potentially allowing building which would compete with Pathfinders and the work that they are trying to do. So we highlight a need for some better co-ordination from a national and local government office level, to try and ensure that both the regional spatial strategy and the strategies being developed by Pathfinders complement each other rather than compete.

Q141 Chairman: Can you give us a concrete example of where it is not happening then?

Mr Maunder: Regional spatial strategies are still going through their developmental phase, and they are each at different positions at the moment, but it does appear that potentially, with some of the things that are on the table at the moment, if those discussions proceed in the way that they are, then there could be that level of competition.

Q142 Chairman: Can you be a little bit more specific: where is the difficulty?

Mr Maunder: The area that would give us most concern at the moment in terms of the draft regional spatial strategy would be in the North East.

Q143 Chairman: What you are saying is that there is too much greenfield development still being talked about in the North East?

Mr Maunder: There is too much development outside the Pathfinder area, whether it is on green or brownfield sites, that will compete with what the Pathfinder is trying to achieve in Newcastle/Gateshead.

Q144 Sir Paul Beresford: You have answered the first part of the question. The second part of the question was how could planning be proactive in high demand areas. I see proactive there as helping the low demand areas: proactive in the high demand areas to stem growth and try to induce it to go further into the low demand areas.

Mr Maunder: I think what you are highlighting is tension between what the Government's national policy might be in relation to growth areas and how that is reflected through what is happening at a local level through regional spatial strategies, and the need to ensure that there is clarity of guidance, I think, to those people who are writing regional spatial strategies.

Mr Richardson: Again, if I can add to that, I think there is some cause for optimism. It is early days but the bringing together of the regional housing boards and the regional planning functions, one would hope, will help to bring about a culture change that

enables planning to serve as a facilitator of the delivery of the housing market restructuring generally rather than something which focuses unnecessarily or unduly on development control, so that it enables rather than inhibits the delivery of our objectives.

Q145 Chris Mole: Would the Commission share that view of the coming together of regional planning and housing boards?

Mr Irwin: I think if there is some consistency in terms of regional policy that actually links the planning arrangements for spatial strategy and the resource distribution issues, then that would make sense. The context that is slightly different to market renewal currently is the market renewal funding, and the options and review processes do not go through regional arrangements in terms of allocation of resources. That does not mean that that is a problem, but if you do not deal with it, it could be.

Q146 Mr Cummings: Many of the submissions made to this inquiry have referred to skills shortages and recruitment difficulties. Can you tell the Committee how serious you believe these problems to be.

Mr Maunder: We referred earlier to people that have been recruited to the Pathfinders, and there is no doubt that there have been some good quality people that have been recruited at that sort of fairly high level. I think there are concerns that there are some shortages of skills within the regeneration profession, and I think that has been recognised by ministers with some proposals that have recently been announced, but those are not going to deliver in the short term and there is some concern. I think there is concern about the construction industry. In terms of northern cities that make up Pathfinders, there is a lot of construction work going on at the present time, and one is concerned that there will be some competition between some of the works that are currently going on and Pathfinders, what that might do to prices and what that might actually do to the potential for contracts to be tendered and not to find takers. We in our best practice handbook talk about some prospects for trying to develop staff by using consultants. We are slightly critical of the use of consultants . . .

Q147 Chairman: Bringing all these consultants in is just taking money away from the Pathfinders. It is going down to the South of England. Almost all the consultants come from the South of England, do they not? They come up on the train—ever so expensive.

Mr Maunder: Chairman, I started by saying that we were slightly critical of the use of consultants, the over-use of consultants, and what we are suggesting is that they could be used to try and develop the skills within Pathfinders and within the constituent local authorities. There is a role for consultants; there is no question about that. They do have some skills but the challenge for Pathfinders is to ensure that they get the best value that they can out of the consultants that they use.

28 February 2005 Mr Roy Irwin, Mr Mike Maunder, Ms Sarah Webb and Mr Ian Richardson

Q148 Mr Cummings: Who taught the consultants?

Mr Maunder: I am sure that many of them will have worked in local authorities and other areas.

Q149 Mr Cummings: The people that you are proposing to train come from local authorities and the private sector. I am just following on from the comments made by the Chairman concerning the prolific use of consultants in this particular dimension.

Mr Maunder: There is no doubt there has been considerable use of consultants in this area. What we are saying is we do not think that they have been used as effectively as they could have been. There is no doubt that they could have done some very good work, but there is also some work that has been produced that we would question in terms of the value that it has added to the work that the Pathfinders wanted to do.

Ms Webb: I think there has been a clear step change in the last couple of years in some of the thinking from people who work in the Pathfinder areas, in particular, in thinking strategically, in project management skills, in working with the private sector, in linking planning and housing together, in all those things. What I do not think we have yet is enough of a critical mass of that. We would see it as very much part of our responsibility to try and build that critical mass. We are reviewing our professional qualification at the moment, just as one example of doing that, and my guess is, without predicting the outcome of that, that the kinds of skills we will identify as needing the profession to have in the next five years will be quite different from the ones before that. But I do not think there are no skills; I just do not think we have enough of them yet. Our job is to prepare people to be intelligent clients of all kinds of support mechanisms, whether it is consultants or anybody else.

Q150 Mr Cummings: This particular question is to the CIH. I do notice that you are running some two three-day residential workshops. They are very short courses indeed. How are you planning to tackle the fundamental skills shortages required to manage market renewal programmes?

Mr Richardson: I think we need to see this in a number of ways. Firstly, we are making a response to this. Secondly, those three day masterclasses are a first initiative, short-term bringing together of people who have been developing those skills, and looking at how that can be replicated more widely. That is in some senses a short course response, and that is not unusual in any area of skills development. I think what is important though is Sarah's earlier point, which is that we are reviewing currently our whole education and training front, our professional qualification, with a view to ensuring that we are geared up to delivering the sort of skills and experience that people need to deal with the current problems that we are faced with. At the moment the responses to your questions have concentrated, perhaps understandably, on the need for project planning and management skills to deliver the programmes in the Pathfinder, but what I think is of

at least equal importance is the need for skills in the construction industry. There is major investment going on associated with the Pathfinders and more broadly with areas of low demand, many of which have witnessed stock transfer and so on. There is an awful lot of investment can go on there. All the evidence points to an acute shortage of skilled labour and craftsmen, the likelihood that many of those people will be lost in the relatively short to medium term as a consequence of the age profile of the people within the sector, and the need for people to come in quite quickly, otherwise what we will be faced with is poorer value for money than would otherwise be the case in these investment programmes, as we compete with each other for the relatively short supply of those skilled people.

Q151 Mr Cummings: Any thoughts as to who should fund these programmes?

Mr Richardson: I think, at the risk of sounding slightly glib, it points to the need for partnership.

Q152 Chairman: Who are the partners?

Mr Richardson: The partners are those organisations which are commissioning the work, whether they be local authorities, housing associations, the private builders and so on, and the construction companies themselves. We all stand to benefit; we all have a vested interest in seeing this skills development, and I think it points not only to the need for long-term apprenticeship that gives people proper skills, but in the short term we need some quicker fixes. Those investment programmes need to hit the ground running pretty quickly, so there is a need for the development of some skills which do not require long-term apprenticeships and so on but enable people to deliver that investment programme effectively.

Q153 Chairman: Is there a training levy left in the building industry? I know most of the others have gone.

Mr Richardson: I do not know, Chairman.

Ms Webb: I think there are some important small scale initiatives happening within individual Pathfinder areas around apprenticeship schemes and that kind of thing, but there is probably a need for some kind of DTI/ODPM level partnership as well.

Q154 Mr O'Brien: Mr Irwin, the Audit Commission is recognised as a "critical friend" of the Pathfinders. They are also the auditors of some of the agencies that are helping with these schemes. How do you reconcile these two conflicting views that you have?

Mr Irwin: First of all, the people who do the relative work are totally detached from each other, so they are not the same people who are auditing the accountable bodies, which is the audit role, and those people in the "critical friend" role. The second thing is that, quite rightly, local authorities across the country ask their auditors for their views on issues, which you could see in advance of them actually making a decision could be seen as a critical friend role in another respect anyway. Is this local,

28 February 2005 Mr Roy Irwin, Mr Mike Maunder, Ms Sarah Webb and Mr Ian Richardson

does this comply with national guidance, etc? So I do not think the two roles are conflicting at all. One is for the accountable body and one is for the Pathfinder, which is the oversight . . .

Q155 Mr O'Brien: Which is the accountable body?

Mr Irwin: The accountable body will be one of the principal authorities within the constituent area, so it could be either a metropolitan authority or a county council.

Q156 Mr O'Brien: But they are helping with the programme. They want to see the programme succeed too. You are auditing that.

Mr Irwin: We are auditing their compliance . . .

Q157 Mr O'Brien: You are also a critical friend of the Pathfinders. Is there not some conflict there?

Mr Irwin: No, I do not think so.

Q158 Chairman: So you think it is perfectly easy for the critical friend to say "Yes, go ahead," and then the auditor to say "You shouldn't have done that"?

Mr Irwin: I do not think a critical friend's role is to say "Yes, go ahead." A critical friend's role would be to say "Have you thought this through properly? Where is your evidence? Are you sure this is going to actually make a difference to the programme?" A critical friend is not about sanctioning actions; it is about questioning actions.

Q159 Chairman: But if you question it, and are satisfied with the answers to the questions, it is a bit upsetting if one of your colleagues, although totally separate, says "You shouldn't have done it."

Mr Irwin: I do not think that is likely to be the case. I do not think that the role of critical friend is to sanction things; it is just to make sure that people have made their decision, and, by definition, their decision is not our decision.

Q160 Mr O'Brien: Is not part of the programme of the Audit Commission to scrutinise the prospectus and provide timebound recommendations in a public report for the Office of the Deputy Prime Minister, as part of their assessment and allocation of resources? Does that not help the ODPM in allocating resources?

Mr Irwin: We provide information in the public realm that obviously ODPM and the Pathfinder, and obviously the Select Committee in this context, can use, so it is intended to help people improve their performance.

Q161 Mr O'Brien: As a critical friend?

Mr Irwin: The scrutiny is not performed as a critical friend role. It is the scrutiny of a written document. It is not a relationship.

Q162 Mr O'Brien: When you scrutinise the prospectus of a Pathfinder, is that not a critical friend role?

Mr Irwin: Not really. A critical friend does not tend to publish their comments in public.

Q163 Mr O'Brien: But if it is passed to the ODPM, then it comes into the public domain.

Mr Irwin: I was saying a critical friend is unlikely to pass comments back to their friend in public by publishing a report, so that is a separate exercise to any critical friend role.

Q164 Mr O'Brien: If the local authorities have a low Comprehensive Performance Assessment, what chance is there that they will successfully turn round their housing markets? How can their performance be improved?

Mr Irwin: We have been looking at local authorities on Comprehensive Performance Assessments, certainly upper-tier authorities, for two full years now, and in that time period, for the authorities covered by market renewal, four authorities are excellent, two having improved from good over that period of time; ten are now good authorities, four having improved from fair in 2002; three are weak and two poor, and they have not actually changed. So what we have is some evidence of some authorities improving both generically and also in housing and environment over the last two years, the first two years of the Pathfinder programme. The Commission and a number of other bodies will be working with the ones who have not improved appropriately to lift their game to make sure they can deliver education, social care, benefits in housing and environment, as well as being able to manage and influence an input into the market renewal programme.

Q165 Mr O'Brien: How many local authorities have transferred their stock away from local authority charge?

Mr Irwin: I do not think I could guess off the top of my head but I know a number of the authorities have and a number of the authorities now have arm's length management organisations.

Q166 Mr O'Brien: Does that change your view on how the authorities are handling their market stock?

Mr Irwin: I do not think there is a correlation between having stock and being good at being a strategic housing authority. Some authorities who transfer their stock lose interest in housing; some authorities who transfer their stock actually do then focus on the enabling role. It depends really on the attitude of the authority.

Q167 Mr O'Brien: What about balancing of the housing provision in the area?

Mr Irwin: Again, some people think it is a very serious issue to do with the economic fortunes of the place and some people decide it is something that somebody else has to do.

Q168 Mr O'Brien: Where do they stand in the form? Fair, good, bad?

Mr Irwin: I think if somebody is actually good at enabling and looking at their marketplace, then they are likely to be a good authority progressing up to excellent. If they are learning or indifferent, they are likely to be fair or worse than fair.

28 February 2005 Mr Roy Irwin, Mr Mike Maunder, Ms Sarah Webb and Mr Ian Richardson

Q169 Chairman: So you think it is not coincidence that Hull appears to be one of the local authorities whose performance is at the bottom end of the scale and it appears that their Pathfinder has been the slowest off the mark?

Mr Irwin: I do not think it would be coincidence, no.

Q170 Chris Mole: With the Market Renewal Initiative only covering about half of the areas that have been identified as having a serious housing demand problem, how do the Government help the other half?

Ms Webb: We have seen the first signs of some help. In the Spending Review there was a limited amount of money for three other areas. I think there are undoubtedly some parts of the good practice that have been shown in the Pathfinders that can be replicated in non-Pathfinder areas, but you get to a point where you cannot make enough of a change in renewing those housing markets without some cash. We get back to the fact that only 50% were covered by the funding for the first nine, which was very important, but still leaves the other 50%. There comes a point when you say we need some money for the other 50%. What I think is probably quite important is that we do not just try and replicate the nine Pathfinders. You will be aware from our evidence that we suggested a national strategy because we were aware of these other 50%. We were not calling in that for another nine Pathfinders. If you go back to the fact that the Pathfinders are about understanding the causes in a fundamental way, then there is a variety of different causes in different places. Not all low demand and abandonment is on the scale of the original nine Pathfinders, although there are some areas in the country, most obviously Tees Valley in the North East and parts of West Yorkshire, where it looks very similar.

Q171 Chris Mole: So you are saying your intelligence suggests that the next strata would have different sorts of problems that would need different sorts of solutions?

Ms Webb: Yes. I suspect that probably they need a pick and mix from the existing Pathfinders rather than a whole scale Pathfinder approach, although I would argue that Tees Valley and West Yorkshire probably do need something so like a Pathfinder you might as well call it a Pathfinder. But there are other

areas—Barrow is a very good example—where some of the academic work that has been done on markets in Barrow showed that 100% of the housing stock in Barrow was at risk. Barrow does not look like any of the other large Pathfinder areas, but it still has need for some kind of support for its housing market. At the moment, there is no funding mechanism to support that. There are very few tools for local authorities to try and tackle private sector housing generally outside the Pathfinder areas.

Q172 Chris Mole: But you are acknowledging that there is a risk that the jam is spread too thinly if you just replicate it?

Ms Webb: I think there is that danger, but one of the main objectives of the Pathfinders was to leave room in private money. There are other areas already working. Tees Valley is a good example where they are already beginning to talk about leveraging in private money, but they need that public money to pump prime the initiative.

Q173 Sir Paul Beresford: On the same sort of theme, do you not feel that one of the risks of having designated areas with special help, special finance, etc, sets up a form of osmosis, that draws everything into those areas, and there is consequential deprivation in the outside areas that do not get special treatment?

Ms Webb: There is always that danger, but I think one of the benefits of this initiative being run through or with local authorities and with housing associations and with other partners is that they will not do that because they will learn from one another, and neighbouring local authorities will try and tackle problems together rather than separately. That is the point of the regional approach. The more we take seriously regional housing strategies, regional spatial strategies, regional economic strategies, working together and working at the regional and sub-regional level, the more you reduce the danger that the actions in one area will have a negative impact on the action in another, although, as we heard earlier, in the North East we have not quite solved that yet. Regionalism will help.

Chairman: On that note, thank you very much for your evidence.

Witnesses: Mr Jon Rouse, Chief Executive, and Mr John Carleton, Field Director, Housing Corporation, examined.

Q174 Christine Russell: What percentage do you feel of housing association stock is actually in Pathfinder areas? It is not easy to work out how much.

Mr Rouse: In a sense, a related and probably more critical question is how much stock is in the Pathfinder areas and suffering from problems of low demand, and the answer to that is about 70,000 units, which I understand is about 8% of the total stock within the Pathfinder areas.

Q175 Christine Russell: What is your view about the viability of some of the housing associations, perhaps some of the more recent stock transfers,

where they are actually struggling to find tenants for some of the properties and therefore their rental income is falling rather than increasing? Is that a cause for concern?

Mr Rouse: Yes, it is a significant risk. We work out that there are around about 120 associations that own about 60% of the HA stock in the Pathfinder areas. The rest is pretty fragmented, bits and pieces. It is those 120 that we are really talking about here. For each of those, we adopt an asset management approach. Indeed, we adopt an asset management approach to all housing associations, but it is particularly pertinent in the case of these

28 February 2005 Mr Jon Rouse and Mr John Carleton

associations. We are obviously looking at impacts on asset values, we are looking at loss of rental income, we are looking at their potential to earn income from other sources, for example, by getting involved in private sector leasing or helping local authorities with empty homes strategies. So there are mitigation approaches that we can adopt, but it is those 120 on which we are focusing.

Q176 Christine Russell: Of all the Pathfinders, are there particular ones where you have the greatest concern for the associations?

Mr Rouse: It is all to do with stock holdings. Clearly, the more intensive and concentrated the problems, the longer it is going to take to deal with those problems and the more concerned we have to be.

Q177 Christine Russell: Which are the particular ones that cause concern?

Mr Rouse: I would pick out North Staffordshire, Humberside, East Lancashire and Merseyside.

Mr Carleton: I would agree. In Merseyside particularly you have large concentrations of RSL stock and specific RSL stock within parts of the area development frameworks. One of the things in respect of the transfer organisations that we tend to look at also is to ensure that within their business plans there is a significant amount of headroom to allow for quite significant variances in performance.

Q178 Mr Cummings: It would appear that the Housing Corporation tends to concentrate more on funding new build for housing association development than helping housing associations and local authorities to restructure their stock in areas with low demand. Would this be the case?

Mr Rouse: I think it is a more complex picture than that. I think nationally you would be right. Of course, our primary task is to fund more affordable homes. That is our principal investment target. Within the Pathfinders, our strategy is much more complex and diverse than that. We are involved in funding two into ones; we use our new tool, Require To Demolish, which we gained in 2001, so we are using that to enable housing associations to take out properties in very specific circumstances, and yes, there is a degree of new build as well to improve the mix of housing stock that is offered and to do replacement where stock has reached the end of its useful life, and also, in some cases going beyond that in stimulating market interest in investing in those areas.

Q179 Mr Cummings: How do you help associations and local authorities to restructure their stock where there is low demand?

Mr Rouse: In terms of their existing stock, there are a number of approaches that we can adopt. First of all, helping housing associations and local authorities identify who actually owns what stock in what places. So it is basically a mapping exercise. For example, we did such a study in Manchester a couple of years ago. The second is by helping housing associations and local authorities sort out respective roles. For example, in Merseyside we have

an initiative called LIFE, which stands for Lead, Influence, Follow, Exit, where within the Pathfinder area different RSLs and the local authority identify themselves in those roles. The only problem with LIFE is that too often it becomes LIF, because nobody actually wants to exit, and facilitating exit is the hardest task that we have. To try to help that, one of the things that we try to get involved in is stock swaps, whereby you work out with RSLs where their stock holdings would make more sense if they were actually to transfer stock, maybe with a cash payment needing to move in one direction or the other. We recently facilitated one of those between Riverside and Liverpool Housing Trust as an example.

Q180 Mr Cummings: Can you tell the Committee what proportion of your funds is spent on demolition, and do you expect this figure to increase in the future?

Mr Rouse: Yes. In the last programme we spent £15.8 million on demolition, which involved 745 properties, and in the next two years we intend to spend £7.5 million on 248 properties. It is pretty small against our total sum. If you think we are investing £200 million over the next two years in Pathfinder areas, demolition constitutes about 10%.

Q181 Chris Mole: The Audit Commission said that the Corporation has appointed a lead officer at national level to work specifically in Pathfinder areas, but that the engagement between housing associations and Pathfinders is variable. Do you have a feeling for why this is?

Mr Rouse: Yes. We sit on each of the Pathfinder boards and I think from that perspective I would agree that the degree of RSL/Pathfinder interface is more mature in some areas than others. I think Merseyside, for example, despite or maybe because of the amount of housing association stock in the area, has a very sophisticated and mature relationship between the local authority and the RSLs and the Pathfinder, and is reaping the benefits. I would say that South Yorkshire was another example of where there is a really good relationship between the local authority and individual RSLs. We are already beginning to see the product of that on the ground in places like Fir Vale, Norfolk Park, to give just two examples. Frankly, it tends to be the Pathfinders themselves that are, if you like, slowest off the mark or furthest behind in terms of development, such as Humberside and East Lancashire, where we have got much more work to do in terms of getting those relationships between the RSLs and the local authority.

Mr Carleton: I think it is also fair to say that, as the Pathfinders have improved their evidence base, they have increasingly seen the RSLs as more important strategic partners.

Q182 Chairman: If we look at where you are spending your money, you are not exactly spending much money in the North of England, are you? Almost 50% of it is going to London and the South

28 February 2005 Mr Jon Rouse and Mr John Carleton

East to start with, and when we start looking at one or two of the northern regions, it really is a very small amount of money. Is that not unfair? You could argue that in the South East the market ought to be able to look after the provision of housing if the demand is there, and it clearly is. Would it not be better for you to be spending your money where there was more need for help?

Mr Rouse: This is where I deflect responsibility. The Government, in terms of the Department, makes the decisions about how much money goes into each of the single regional capital pots.

Q183 Chairman: And you, of course, approve absolutely of what the Government is doing?

Mr Rouse: I do what the Government tells me to do in that respect. In terms of the regional capital pots, the regional housing boards, of which we are a member and therefore we have some responsibility, determine how much or recommend to ministers how much resource should go into existing homes and into new build, and once ministers have approved that, the pot that is available for new build does come to us and we spend it. So our job is to make best use of the resources that are made available for us in each region.

Q184 Chairman: So you think the amount of money you are able to offer the Northern Way is reasonable?

Mr Rouse: I would like to offer more money to each of the regions across the country, if I were able to, but we try to make best use of the resources that we are given.

Q185 Chairman: Those areas in the North of England which have housing weakness but are not in the market renewals are caught in two ways, are they not, because you are putting money into the South

East, you are putting money into the Pathfinders in small amounts, and they are left with virtually no money coming in and no help at all. Do you not feel guilty about that?

Mr Rouse: We have done what we can. I think the Housing Corporation with RSLs has been instrumental in getting things going in those non-Pathfinder areas, and Tees Valley Living is a very good example of that, which has got RSLs at the heart of the strategy. We are putting some resource into that, but clearly that is within a context of regional housing strategies. They are asking us to put 60% of the money into the Pathfinders. So we are following the regional housing strategies, and that does leave areas outside the Pathfinders with less resource than perhaps we would like to put in if we were able to.

Q186 Chairman: So you would like to put more money into Tees Valley, as an example?

Mr Rouse: If we had more resources available, I think there is a case for putting more money into Tees Valley, yes.

Mr Carleton: I think it is fair to say that each of the three northern regional housing boards were quite prescriptive as to the level of the resource that they wished us to assign in percentage terms to Pathfinders in the first instance and to more general regeneration in the second.

Q187 Chairman: Quite prescriptive?

Mr Carleton: Yes, they were.

Q188 Chairman: Are you saying that they should not have been?

Mr Carleton: No. I think the shaping of the priorities for the northern regional housing boards was probably correct.

Chairman: On that note, can I thank you very much.

Witnesses: **Rt Hon Lord Rooker**, a Member of the House of Lords, Minister of State for Regeneration and Renewal, and **Rt Hon Keith Hill**, a Member of the House, Minister of State for Housing and Planning, Office of the Deputy Prime Minister, examined.

Q189 Christine Russell: A really general question to start off with: your evidence claims that a great deal of progress has already been made since we conducted our inquiry in the low demand areas. Can you give us the evidence that you are basing that submission on? What evidence is there?

Lord Rooker: Since your Committee's original report in 2002, which led to the setting up of the Pathfinders, we set up nine, as clearly indicated from your own advice. We only have eight operational and working. We have the prospectus for four in the Department at the moment and the signs are that it will be OK. They are set up and they have actually started spending. The spend has been quite low at the present time. At the current date the total spend has been about £170 million from the first phase. A lot of it was planning. There were some quick wins, it is true. Our prospects by 2006 overall are to get round about 21,000–24,000 homes refurbished, about 10,000 demolished and about 3,000 new. So

there will obviously be decline in the stock but that is the scale. Basically, there will be more than twice as many refurbished as demolished. That is up to about 2006. Pathfinders at the present time are being asked to look at the second phase of their work, not go back over all the red tape involved in the first phase, which I have to say was astronomical, beyond belief in some ways.

Q190 Chairman: Whose fault was that?

Lord Rooker: That is a good question. I am not going to disown it, because everything comes back to ministers, but the quantity and volume of paperwork that I saw on a window ledge of one Pathfinder, which was about four feet wide, and they said that was not all the prospectus that they had been required to submit. Public money is involved here on a grand scale. We are talking about, with the current Spending Round, the new Spending Round

28 February 2005 Rt Hon Lord Rooker and Rt Hon Keith Hill MP

that is, up to 2008, £1.2 billion into the Pathfinders. It is substantial. But it is early days. By and large, they could always have been quicker. I am frustrated. Like anybody else, I wanted scaffolding, bulldozers and brickies on site a lot more quickly, as much for social cohesion reasons as many other factors. These are not unimportant matters. We think we have made a good start. We could have done it a lot quicker. So far we have been very careful. There is a lot of consultation required with the communities concerned, and putting the teams together. The Pathfinder teams are quite small, seeking not to duplicate other efforts, and that will change in pattern over a period. We are ready now to have much more involvement from the private sector, for example.

Q191 Christine Russell: How do you answer the criticism that came earlier that a lot of the money has been spent on consultants?

Lord Rooker: It has not. I did not hear any figures. At the moment it is £165 million. I can get some advice on that, but it is a very small amount on consultants. There has been a lot of planning work, it is true. This is a big enterprise. These are 10, 15, 20-year programmes. This is not like other housing renewal programmes. It is quite different, in the sense that there is one key ingredient, that it is an avowed policy intention to raise property values. That has never been a specific policy intent in any other housing renewal programme in my experience in your House, so nearly 30 years. It came as a spin-off, inevitably, but in this case it is about intention. So we do need to think it through and be very careful about the programmes that we do start up. To that extent, I make no apology for doing proper planning and preparation, which prevents poor performance.

Q192 Christine Russell: Have you got one or two examples that you could give us that do highlight some delivery? If someone said "Come on, show us the evidence", where could you take us to and say "Here is the difference on the ground in this community"?

Lord Rooker: I have visited all the Pathfinders on more than one occasion and I am going round them all again. By Pathfinders, I have been in every local authority area of every Pathfinder. Hull I have left apart because it was not up and running and the purpose of my visit would not have been relevant. Recently I was in Gateshead, and you had the Chief Executive of Gateshead here who made no mention of problems caused by other building in the North East, as I heard from an earlier answer a short while ago, I just checked the statement. You will see examples there of communities in Gateshead, existing properties, which would have deteriorated and gone, but where the community has been rebuilt. I have been in people's homes, I have listened to them, I have seen some of the dereliction and heard about the changes that have taken place from people who have been long-term residents. With regard to South Yorkshire you had Mr Gahagan here, who is the Chairman of the Pathfinder, former Director of Housing at ODPM, he could give you

and show you on-site examples. In Blackburn, for example, parts of East Lancashire, there have been successful revamps of terraced housing because, contrary to popular belief, we have not avowed a massive demolition programme of terraced housing. There are good examples all round. Even in the Sandwell part of the Birmingham Pathfinder—I should not say that—I can show you some brilliant examples where with old terraced housing, through an experimental operation at the present time, we have made sure that we can use existing, well built housing and revamp it to better than modern day environmental standards. I was in the house before it was finished and the lady who was going to live there knew there would be lots of visitors. When I met her about three or four weeks ago she had had 200 visitors. A lot of money has been spent—this is an experimental operation—but the point is these houses have got communities, like a railway station, shops and everything else. There is no purpose coming in and getting rid of them. The issue was could the Pathfinder find a way of making modern quality living for people in what were substantially good skeleton arrangements. My final example—there are others but I will give you one final one and then shut up—would be to go the Salford part of Manchester, which I went to a few weeks ago, where I saw and listened to people who have had their terraced housing, their long-term community and their shops maintained and that has kept the community together. They feel a lot safer because of what has happened with the work of the Pathfinder and the community has come together in a way they have never done before. Also, I saw a street about to be started on where the terraces will be knocked two into one, and not two into one side-by-side but back to front with very innovative work by Urban Space which is just about to start on site. There are plenty of examples. You can go and visit other areas where you can look at property and stand in the street and wonder why people are still living there because quite clearly the houses are all over the place because they were built on no foundations or former factory waste, as in the case of parts of Stoke-on-Trent, where there are some really serious problems. I can give you lots of examples, quite specific, with people, because that is what it is about, and their homes who have seen major changes.

Christine Russell: Thank you.

Q193 Mr O'Brien: On the point you made earlier, Minister, about reducing the number of houses in the Pathfinder areas, on the basis of assumed future growth in some areas, is it not planned to build more properties than there are at the present time?

Lord Rooker: The example I have given you at the moment is in 2006 there will be a net reduction. There will be 10,000 demolitions and 3,000 new builds, so there will be 7,000 taken out. Let us make no bones about it, there has got to be quite a fair number taken out otherwise it would be good money after bad with some of these properties, particularly some of those houses in Burnley and maybe some of the ones in Stoke where, frankly, you could not make modern living in those houses. I think it would

28 February 2005 Rt Hon Lord Rooker and Rt Hon Keith Hill MP

be an absolute waste of public money to believe that you could do that. We have got to try to mix up and use the Pathfinders to create sustainable communities by creating a mixture. I will give you one other example which is relevant to what you were told in your previous evidence gathering. In Stoke-on-Trent, 96% of the dwellings are council tax bands A, B or C. That comes from the Pathfinders' Annual Report that they have just published. In other words, there is no mix of housing and some of it is very poor quality. You have got to be able to look at the other growth factors, it is not just down to Pathfinders, it is the RDAs and the Northern Way in particular, although that does not apply to Stoke. There will be areas where there are major pockets of growth. There is pressure on house prices in parts of the North and North East just as much as in London but they are pockets. Overall, there are a huge number of empty properties, of course.

Q194 Mr O'Brien: Is there any programme in any of the Pathfinder developments that would embrace the Deputy Prime Minister's £60,000 house?

Lord Rooker: Yes. In fact, the Housing Corporation are going to run the competition, as it were. I understand that in the house that has been built that was at the recent sustainable communities' site, which is the first and second floors of that house rather than the whole of it, there will be a family living in it later this year in a Pathfinder somewhere in the North. That will be one of the first £60,000 houses. The industry is queuing up. Because there is a land value issue that has to be taken into account it requires work by English Corporation as well as other bodies. The £60,000 is construction costs.

Q195 Mr O'Brien: Is this going to be the norm throughout Pathfinders?

Lord Rooker: No, far from it. The norm amongst the Pathfinders is to get a mixture. Certainly in the Stoke example I have given, it is quite clear that there is a desperate need for a mix of properties to create sustainable communities. We are not building monotone estates, whether in Pathfinders or in growth areas, it is just out of bounds. The Commission for the Architecture of the Built Environment will rule against that and they are working in the Pathfinders as well as the growth areas.

Q196 Mr O'Brien: Some of these schemes are what were proposed by the councils before the Pathfinders came in and all they have done is taken those off the shelf and developed them, so where does the new initiative come in if they are using the same programmes set by the local authorities?

Lord Rooker: I take that and I think it was admitted by the Chair of Pathfinders in the early days. Most of them only had their allocation of money about 12 months ago. I can remember doing two in one day in around about May last year. Manchester was way ahead of the others, it had got programmes up and ready to go. It was several months before the other Pathfinders moved. We are in very early days at the present time. I make no apology, I was asking for

quick action. In some of those northern towns I wanted action. I wanted scaffolding; I wanted posters; I wanted the bulldozers and the brickies on site. In some of those areas in the North East and North West where there had been real problems in 2001 people needed to know that help was on the way and it was no good people saying, "We have got to spend three or four years looking at this. We want to invent our own schemes". Any decent local authority taking a strategic view of housing would have had plans, not exactly on the shelf but ready to go and it was right that the Pathfinders would take those up. I make no apology, they would have done some early win schemes because there would have been plans for some of these areas before they got the strategic prospectus put together. We gave each of the pathfinders £4 million before the prospectuses were even improved for some quick early wins so that people locally knew help was on the way.

Q197 Chairman: Just on Stoke-on-Trent, it is not going to be one of the places where Ikea is going to be providing a lot of flat pack houses, is it?

Lord Rooker: I am not ruling anything in or out but the implication of the question was we would have row upon row and estate upon estate of houses of the same value, the same shape, the same size, same colour and the answer is no.

Q198 Chairman: What you are telling us is that Stoke needs some more expensive houses?

Lord Rooker: Yes, it does. It needs a greater mixture of housing.

Q199 Christine Russell: You mentioned earlier that heritage groups, like the people who gave evidence to us last time round, have criticised the demolition of Victorian housing. How confident are you that perfectly sound Victorian terraced housing, which in my constituency would go for £200,000 a house, is not actually threatened with demolition? How confident are you that the only Victorian properties that are threatened with demolition are those that have structural problems or are beyond reasonable repair?

Lord Rooker: That is a very fair question. I have been a strong supporter of SAVE Britain's Heritage, make no bones about it, for many, many years, I think they do a good job. The picture painted that terraced houses around the country—I can give you the quotes—were mixed up with other housing and there were not lots of places where there was one row of terraces after another is not true. Certainly if you go to Burnley or East Manchester, it is row upon row of the same kind of house, of the same small house which means that once families start people are up and off and, therefore, you cannot really have sustainable communities. While I cannot answer for any specific property, it is always the case that in a scheme for an area, because the idea is to uplift the areas in an area not in a pepper potted way, there might be a house or a road of dwellings that gets in the way of the grand plan, and the grand plan is one that is accepted as good for the area and, therefore, there are dwellings that are not crumbling

28 February 2005 Rt Hon Lord Rooker and Rt Hon Keith Hill MP

down. I could not answer for that. First of all, that is the only reason I accept it would happen because we do not want to destroy good properties that are well built and I have to tell you now that there are loads that are not. We are not talking about dwellings from the last century or dwellings from the century before, but dwellings built without foundations. There comes a point when they might have lasted for 100 years but the idea, as was said in the evidence, that we can tart them up, spend a few bob and they are okay for another 100 years—that was what you were told—I simply reject that, as a general point to make. There are some terraced houses that are wonderful but, with respect, you gave an example in my constituency of Chester where other people say “If these houses were in London they would be worth a lot more”, but they are not in London, they are in Chester. One has to look at the location of where they are. In other words, they form part of the housing market and are then assessed using the housing market’s intelligence in the location where they are.

Q200 Christine Russell: Therefore, have we got the chicken before the egg? Should we not have looked at the economic prosperity of the area before we looked at housing?

Lord Rooker: I think that was done when Pathfinders were designated originally. They are quite wide areas because one has to take account of the knock-on effect on nearby housing markets. I have been surprised at the scope of them geographically but the reason is because of making sure that account is taken not to distort a nearby market by actions in the Pathfinder. While most of their function is housing, that is what they are, housing market renewal Pathfinders, they cannot operate in isolation being ignorant about what is happening in terms of job generation and making sure that the shops and schools are there. In some cases populations run down and the calculations say the schools should be closed but if they know they are going to run the population up because of work from the RDA, the Pathfinder and other efforts, we need to work in co-operation with our colleagues in education to make sure that the schools are in the right place. Work is going on in examples I have seen to make sure that it is joined-up and we get those decisions right.

Q201 Christine Russell: Can I ask you about CPOs because we have had evidence that one of the excuses, perhaps, why some of the schemes have been slow to proceed is because of the cumbersome CPO process. I am aware of the Planning and Compulsory Purchase Bill, or Act as it is now, but what more can we do on the CPO front to speed that up?

Lord Rooker: In a way, the answer is in the Planning and Compulsory Purchase Act. The Government proposed amendments to that Act, which were fully accepted in both Houses, there were no disputes about it, to make Compulsory Purchase easier. I do

not think it is in force at the present time but it cannot be far away. In some ways, that is an important element to get an ease on CPOs.

Q202 Chairman: But it is not going to be easy to start with, is it, because people have got to work out how the new system works?

Lord Rooker: Yes, but they are going to do that with the planning system anyway. There is more consultation built into the planning system now than ever before. No-one is going to argue about that, it is going to take time. We need to get more buy-in to the decisions and we are more likely to get more buy-in to the decisions, whether it is new build, refurb or demolition, if there has been better and, indeed, adequate and genuine consultation.

Keith Hill: There are two principles in the new CPO arrangements which I think came into effect in the autumn of last year. One is it makes it easier to identify the owners of properties. I remember visiting the constituency of Mr Cummings earlier last year and I have got in mind Easington Colliery where there are properties which have been bought on a speculative basis and it has been terribly difficult to identify the ownership of those properties. The new CPO arrangements make that process considerably easier and we have now built in additional allowances which have the aim of incentivising owners to relinquish their properties. On the whole, we do think that CPO reforms will assist the process of land assembly in the Pathfinder areas which is vital for regeneration purposes.

Q203 Christine Russell: Finally, can I ask you how successful the Pathfinders have been in attracting innovative, imaginative and creative developers, like Urban Splash in Manchester? Have we been able to engage them in some of the other areas to look at ways we can keep the Victorian terraced dwellings but do schemes like the Salford one you mentioned earlier, perhaps knocking two or three properties together?

Lord Rooker: It is invidious in a way. Certainly Urban Splash are innovators and they operate in many parts of the country, but they cannot operate everywhere. Certainly the techniques employed are innovative and they are always looking to make use of interesting buildings and to make as much use of the existing buildings as possible. I have to say it is not always possible because of the tax treatment of some of the issues. I have visited areas—I think I said in answer to the original question—where I have seen some really well done, restored, refurbished communities as opposed to dwellings themselves. Looking at isolated dwellings will not work, you have got to listen to the people who live there. I will tell you about the differences. Sometimes it relates to better security as well built into the properties, which it was not to start with. People have to think about these things with modern planning. As I say, our presumption is certainly not demolition for demolition’s sake, far from it, but the idea that every property can be done up to last another 100 years, I have to say flies in the face of the evidence.

28 February 2005 Rt Hon Lord Rooker and Rt Hon Keith Hill MP

Q204 Chris Mole: You proudly indicated that this was the first programme where increasing property values are a key aim. Is there not a concern that by jumping straight from deprivation to gentrification you could end up importing some of the affordability problems from the South into the North and Midlands?

Lord Rooker: If affordability problems are getting a house up from £15,000 to £20,000 and someone pays £25,000 for it, it is not on the same scale as the South. It can be a problem, I do not deny that. I was taken aback or frustrated realising that the minute the Government indicated it was going in anywhere, because obviously we are providing seed corn capital in a way, the Pathfinder money is designed to lever in sometimes two or three times, hopefully, other funds from other agencies, and indeed, the private sector, people will know an area is going to go up, the speculators would move in and that in itself can force up the price, which in cases where we are doing would CPO would make the issue a bit more expensive. That is something I have to live with at the present time although there is an indication that in one area the speculators have had their fingers burnt, which is quite pleasing to note. The fact is confidence in an area means people will invest, they will buy properties they would not have bought previously, either for letting, occupation or for businesses. That is a good thing but I have to say that I do not think there is any danger of that at the present time. Nobody ever uses the word “gentrification” when I am in a Pathfinder, it is very much a Southern yuppie kind of phrase, Chris.

Q205 Chris Mole: I will take that with the sentiment with which I am sure it was made. So some of the price uplift could be cyclical market swing, some of it could be just stemming from the announcement that this is a Pathfinder area. Where do you set the threshold and make judgments about when it is appropriate for Pathfinders to exit from an area and you move back to letting the market deal with it?

Lord Rooker: That is a very fair point. In some ways, it is one of the toughest questions to ask how you know what you have done has worked and you can walk away from it and it is sustainable. It is almost the test of sustainability that when the Government walks away it is okay, it does not collapse. We have got some factors that we put in the five year plan, *Homes for All*, where we look at issues relating to the prevalence of empty properties tied in with some of the price factors of properties in an area. We are a long way off that. I think Mr Steinberg, who is the Chief Executive of Elevate East Lancashire—they cover five local authorities, they have probably got the most difficult task of all the Pathfinders—said they had identified properties that were of less marketable value than 10 years ago. To talk to people about falling property values on radio and TV in the South, when you mention it they say properties do not go down so you have to explain to them what has happened in pockets in the North, that they have not got back to where they were ten years ago. We are some way off that and it is very early days to judge whether we will be a success. I am

not saying we have won, it has worked, I am saying that the early indicators are that we have been able to make a difference in attitude to people’s lives and that is part of the confidence building. It will be some years down the road before we know whether we have made a real difference and we are probably at least a decade away in any Pathfinder before we can say it is time for an exit strategy.

Q206 Chairman: When the Select Committee originally reported, we were very keen on the idea of putting mortgage guarantees or a floor into the market. In East Manchester they have got mortgage guarantee schemes in place. Is that not an indication that has got a long-term future almost secured because there are mortgage guarantees in place?

Lord Rooker: All the Pathfinders are different, doing things in different ways. They have got these general factors but they are all different. In some areas they might have low demand but they have not got abandonment, for example, street by street of abandoned houses. That is not the case in every Pathfinder. There have been issues to try and use some innovative techniques with finance to give comfort as much as anything to people in the Pathfinders because some of them are owner-occupiers and because of what might happen within the Pathfinder we do not want to convert them back to tenants because they cannot carry the mortgage over from one property to another if they may be out of work for a period. It does require some innovating but I do not think the fact there is a mortgage guarantee means we can walk away from it, the issue is too deep rooted for that. It needs a strategic plan for the area. It covers two local authorities and I think that is good because housing markets do not necessarily go with local authority boundaries. They might go with the odd postal code boundaries in some areas where people pay a lot more for a post code but by and large I do not think that is the case in the Pathfinders.

Q207 Mr Cummings: Several submissions to the Committee refer to a skills gap in market renewal teams. Can you tell the Committee why it has taken five years to establish the Academy for Sustainable Communities? This was first identified some five years ago.

Lord Rooker: No, it was not. I thought it came out of Sir John Egan’s report and I do not think that was five years ago.

Q208 Mr Cummings: The Urban Task Force Report in 1999.

Lord Rooker: If it went back that far then I apologise for my previous answer. No, I cannot explain why there is the delay. The Urban Task Force identified some of the areas but John Egan’s work identified some other areas in terms of sustainable communities where there is a skills gap, not necessarily in brickies and plasterers, let us say, but in leadership, project management. These are major issues when you have got an army of skilled workers and we have got some real skills gaps in those areas which we are seeking to address by the

28 February 2005 Rt Hon Lord Rooker and Rt Hon Keith Hill MP

announcement of having the centre in Leeds, if I remember rightly, which will be up and running fairly soon.

Q209 Mr Cummings: When will you expect the Academy to have any impact?

Lord Rooker: I hope in a very short time. It will certainly be up and running this year as we are only in February at the present time, so it had better be. It should not take that long. I hope for a very early impact. The willingness is out there and people know there is Government investment, they know we have got the growth programme and the Pathfinder programme as well as others and it is not a North/South issue, it is a national academy although it happens to be located in Leeds, it is not a Northern issue.

Q210 Chairman: You are demonstrating your enthusiasm for the scheme but is there any evidence that any of the other Government departments are signed up to it?

Lord Rooker: I speak for the Government.

Q211 Chairman: Would you like to tell me how enthusiastic the Department for Education and Skills are?

Lord Rooker: I go back to what I said earlier. We have had discussions with other ministers and other departments, whether it is the Home Office, the Health Department or Education, about these issues relating to the Pathfinders in the same way as we do with the growth areas. In fact, they are covered very much by the same Whitehall operation simply because we, for example the Government, are interfering, if you like, with markets and we are doing that in the growth areas in some ways by concentrating the growth. As opposed to what was said by Sir Paul, we are not concreting over the South East. We will use about 1.5% of the extra land if we get the whole of the growth programme, so the urbanisation of this country will run to about 12.5% instead of 11%, the rest of it will be green. We are working with them. It is health because where there has been abandonment, for example, it is not just the houses that have been abandoned, the shops have closed, the school population has gone down and even the doctors lose their patients. We are in discussion.

Q212 Chairman: I understand that, but let us just come back specifically to education and the funding. The new funding mechanism they are talking about for schools is going to be money for children on seats, is it not? The problem with some of the renewal areas is that population is going to come down before it can come back up and there is a danger that schools cease to be viable in that coming down. How far are you going to persuade your colleagues that there has to be transitional funding so that those schools are there for when the communities come back?

Lord Rooker: We have to. This issue was raised with me by Pathfinders at the Conference in York a week ago. It is not unique, there have been other areas of

the country where particularly where there has been large scale demolition of properties under the Housing Defects Act. I know from my own constituency that I lost 900 houses on one estate, Boot houses, and in the middle of it was a primary school. We all knew that the houses were going to come back but there would be this gap. On the other hand, if a school goes really, really low you have got a problem with the quality of education for the pupils in there. The Education Department has got to take account of this and I am confident that they will from the discussions that we have had. It is very similar to what is happening in the growth areas. I have been to areas where a school was built that would not have started up under all of the calculations. You do not start a primary school with 60 children—this was last September—but by the time I got there a few weeks later they were up to 90 and classes and forms were being doubled up, but they needed to get the infrastructure there because they knew it was going to grow. They are amenable to these distortions of the market that we are doing, if you like.

Q213 Chairman: So you are confident that in the case of Burnley its new PFI schools are going to be supportive of the Pathfinders rather than disruptive of them?

Lord Rooker: I certainly hope so. Burnley faces particular problems, all the Pathfinders do. I do not know what the current state of the stock is but in Burnley 10% of the housing stock was empty and abandoned. Out of 40,000 there were 4,000 just empty, a huge number, street by street. It was literally eerie to stand there. I have visited on more than one occasion. If you are going to put a new community there you want to start the school as early as possible. People are more encouraged to go to an area if a school is open than if it is promised. That means you need to take different—

Q214 Chairman: You have to have the funding coming in before the pupils arrive.

Lord Rooker: You may have to do that, yes. If you like, that is part of the cost of what we are engaged in.

Q215 Christine Russell: Can I ask you who should pay for the community support? Obviously when an area is being regenerated it may involve demolition or refurbishment or whatever, it will lead to some disruption and some upset. There seem to be differences of opinion as to who should pay for that community support. Should it be Pathfinder monies or direct support from the local authorities in the area?

Lord Rooker: I am not sure because I am not sure of the specifics. When you say “community support”, the Pathfinder essentially is housing market renewal housing and others are expected to work with it in partnership.

Q216 Christine Russell: Some local authorities within the Pathfinder areas are claiming that it is costing them more money to employ Community

28 February 2005 Rt Hon Lord Rooker and Rt Hon Keith Hill MP

Support Officers to help advise and support communities where there is going to be redevelopment and they are picking up the bill for that.

Lord Rooker: If it is a half decent local authority interested in the strategic issue of housing for its citizens it will embrace its role in community support in the kind of example you give. If they are less than half decent they will not and, therefore, they will score, as Mr Irwin said, pretty weak or poor and we will have to get them up.

Q217 Mr Cummings: Do you not think that some areas of market failure are effectively beyond the pale now, Minister? Are some of the Pathfinders in danger of holding out false hopes to people who reside in these areas?

Lord Rooker: No, I am not prepared to agree that an area is so blighted that it has got no hope. That is what the role of Pathfinders is. It is difficult and very sensitive and you have to take some tough decisions in some areas but we are not abandoning these communities. Some of them have had double or triple whammies, they have lost large swathes of industry in a very short period of time. I do not say that is directly led but on top of that, because of the demographics, if you like, they have had some really serious issues to deal with. That does not mean to say that we, as a society, should abandon them, we are trying to help them to rebuild their community.

Q218 Mr Cummings: Do you believe that the Pathfinders in Hull and Stoke should concentrate on managing decline in these towns?

Lord Rooker: I am not commenting on Hull, I have never been there. The prospectus has not been approved at the present time, although it is ready for approval so there is good news that they will be joining the other eight Pathfinders that are up and running. As for Stoke, Stoke has got some particular problems. It lost its steel and coal industries all during the period of a decade and the potteries have not been doing too well in terms of the mass production side of it and, of course, there is a very strange history in the way the housing was provided for all the workers in one area. The managers, the overseers and everybody else obviously cleared off, or were never there in the first place, and they ended up with this incredibly monotone structure of housing which we are trying to deal with in a different economic situation. We are not abandoning the towns that make up Stoke but it is true that there will have to be some radical action there.

Q219 Mr Cummings: Do you not equate that a managed decline in the area can certainly be of benefit to the area in certain instances where the economic base has been so eroded that there is not any possibility of it being revitalised?

Lord Rooker: I will give you an example as to why I reject that as a proposition. When I was on a visit quite a while ago to one of the Pathfinders, maybe 18 months ago, before they got their prospectus money, they said to me, "We are not using the language of

decline in our prospectus or our attitude, we are using the language of growth. We are going to grow this area. We are going to make people want to live here, be proud to work here and be part of the community. We are not going to use the language of decline, abandonment and all that goes with it. It does mean we will have to take dwellings out for various reasons but the language is going to be growth. We are going to grow this community and make it sustainable and viable". That is an attitude I have found when I have visited Pathfinders that permeates the others as well. I accept that there has got to be some radical surgery in some of these Pathfinders.

Q220 Chairman: In New Deal for Communities the money is supposed to be guaranteed for ten years and in Housing Market Renewal programmes it is for three years. Is there not a slight illogicality in that?

Lord Rooker: Yes, but you will have to call for the Treasury to answer that. It may look illogical but the NDC programme is quite separate. As you said, it was set up for 10 years with two billion. The Neighbourhood Renewal Fund is also fixed to the spending round. All I can say is that since 1997, doing it on two and three years is better than doing it on one year. It is important because we are asking communities—it applies equally to growth areas—to make decisions on the basis that it is ten or 20 years down the line for some of the infrastructure projects or some of the decisions that have been made. There is a 10 to 15 year programme for the Pathfinders but the money from Government is flowing in two or three tranches, so there is a paradox there, if you like, but that is the overall way the Government expenditure programmes are done. It is working at the present time, nobody is coming to me and saying "We cannot get the investment from other sectors because they think it is all going to collapse and finish after 2006–08". No-one is saying that to me at the present time.

Q221 Chairman: There are people who are talking about taking the money away from Pathfinders to use elsewhere, are there not?

Lord Rooker: Are there?

Q222 Chairman: Other political parties?

Lord Rooker: I have said to Pathfinders "If you are a low spending Pathfinder", and at the moment I have not found any, "I will make sure that we go to the Pathfinders that can spend the money". The NDC operation is slightly different. To be honest, any serious responsible political party, looking at what is happening now on the ground in those communities, in all seriousness could not say "We will abandon the programme". They may want to make changes to it but I could not conceive of anybody wanting to abandon it. This is an extension, if you like, of four or five different housing renewal, urban renewal, housing action programmes over the years. You could argue that some of those worked but a lot of them did not because they were not that sustainable. In this case

28 February 2005 Rt Hon Lord Rooker and Rt Hon Keith Hill MP

we are trying a different technique. We have got abandoned housing markets and it would be quite irresponsible to simply say let the magic of the market provide because the market has failed in these areas.

Q223 Chairman: You do not think there is any prospect of the present Government moving the money to regional housing allocations rather than specifically to Pathfinders?

Lord Rooker: It depends. The Regional Housing Boards and the Planning Boards are a new animal, if I can put it that way, the new kid on the block, and we would expect them to take these factors into account. For example, the new announcement about the three areas for the £65 million would be done in a different way and it may go via the regional route but with a very strong steer from ministers, which we are entitled to do, as to how the funding should be spent. That would be not down to the last pound or the last penny but certainly in the areas. What we do not want to do is spread it too thin. We have not got enough money to deal with everything, we freely admit that, therefore it has to be targeted and it is as much targeted in those three areas that were announced at Manchester in *Homes for All* as it is in the Pathfinders.

Q224 Chris Mole: This is the afternoon when all of my questions are answered just before I get to them. On that point about the nine that you have got, which is about half of the areas identified as having serious housing demand problems, what do you think should be happening in the other half of the areas?

Lord Rooker: I always took the view that they are called Pathfinders for a reason, ie they are out there finding new ways, new techniques of rebuilding these communities and we want to learn the lessons from them to apply to other areas of the country to stop them becoming candidates for housing market renewal Pathfinders, whether it is in Cornwall or anywhere else. There are areas of the country where the market does not quite work to everyone's satisfaction. We have no plans for creating more. In some ways, if someone said "What is your evidence for creating more based on the present ones", I have not got the answer.

Q225 Chris Mole: That was going to be my next question. If it is a learning exercise, why have you moved to another three at this stage? What confidence do you have? You have just told us it is a 10, 15, 20 year programme and we are quite near the beginning, so what is the trigger for moving on to another three?

Lord Rooker: I freely admit that of the three, I do not really know two of the areas. In West Cumbria I certainly know the issues relating to housing and social services in some of those towns that I have visited on many occasions, both officially and privately. We think that we have learned enough about the targeting from the existing Pathfinders, both from the community point of view, the consultation, and what we might need to do in terms

of remodelling the communities, if you like, to think that it is worthwhile saying to these three, who might have been candidates in the first round of Pathfinders in fairly small areas, that a small amount of money levered in a strategic way may be of considerable assistance. In some ways it gives us an opportunity to see whether or not we can do that.

Q226 Chris Mole: What did you think of the Chartered Institute's point that maybe the solutions will be different?

Lord Rooker: I am sure they will be. All the eight Pathfinders I have visited are quite different. They have some of the same factors but physically they are different and demographically they are different. Some of them do not experience abandonment on the scale that others have, some have got houses that can be rebuilt and renewed quite successfully, and that is fine, but others have got houses where no amount of public money is going to save them. There will be differences.

Q227 Chris Mole: For the time being, nine of three and no more plans for any more?

Lord Rooker: That is enough at the moment.

Keith Hill: It is worth just adding that it is part of the remit of the Regional Housing Boards to target some of their resource on particular areas of housing market failure. Just to add that in the extra £65 million announced for Tees Valley, West Cumbria and West Yorkshire, we are now at 60% of what has been identified as housing market failure in the country.

Q228 Chairman: Because of the market weakness in one or two areas some of the stock transfer companies and some of the housing associations are pretty short of rent income. Are you worried that some of them may find it difficult to survive in those circumstances?

Lord Rooker: I was just looking at the Housing Minister then! I heard Jon Rouse earlier. I do not have the details on this. I can well understand that in some areas because the housing association movement have been big players and that was how they started in a way, going to the inner cities and doing things with old properties that nobody else wanted to know about. Getting the supply and demand right when you are at this level of abandonment and this number of empties I can well understand can cause a difficulty for them. I do not have any further details on that.

Q229 Chairman: Perhaps you would like to send the Committee a little bit more thought, not just about the possibility of if one of them went bust, which would be very bad for housing associations in general—

Lord Rooker: It certainly would be, yes.

Q230 Chairman:—but in terms of the deal the existing tenants get. It has been put to me that for one or two of the housing associations that have got the greatest cash flow problems, the only way to solve them is to cut back on the quality of

28 February 2005 Rt Hon Lord Rooker and Rt Hon Keith Hill MP

management and service for their existing tenants, which makes it more likely that they will find it difficult to get more tenants.

Lord Rooker: I would imagine Mr Irwin's team will have something to say about that in terms of the inspection process if there is a deliberate attempt to short change tenants requiring their services who are paying their rents. On the other hand, you are quite right, it would not be good if one of them went to the wall. There has been a very successful financial arrangement with the housing association movement. Movements have stopped between associations. There are a lot of associations and some of them are major players, big developers, others are just small landlords. I am not knocking it but there is an enormous range.

Q231 Chairman: Traditionally, the Housing Corporation has always been able to deal with the small ones that got into difficulties by getting them

taken over by a bigger one and all sorts of assistance and things given, but if one of the bigger ones goes then there is a much greater problem, is there not?

Lord Rooker: There would be, that is true. I am not aware, and probably it would not be wise to discuss it in a public forum if I was aware, that there is a major one about to go. I do not have any information to that effect. It is true, these factors have got to be taken into account with what is happening in the areas of the North Midlands and the North East and North West. There are major problems which we are trying to deal with in the Pathfinders to rebuild those communities.

Q232 Chairman: On that note, can I thank you both very much for your evidence.

Keith Hill: It has been a pleasure, if I might say so. I feel this has been one of my best performances before the Committee, Chairman!

Written evidence

Memorandum by the Knowsley Housing Partnership (EMP 41)

BACKGROUND: THE KNOWSLEY CONTEXT

1. Knowsley borough forms the eastern fringe of the Liverpool conurbation and lies outside, but adjacent to the New Heartlands Housing Market Renewal Pathfinder. Our social housing stock has reduced from almost 40,000 units in 1974 to 17,100 at the transfer of ownership, under LSVT, to Knowsley Housing Trust (KHT) in July 2002. KHT's business plan provides for the stock to reduce to approximately 11,000 by 2012. This stock reduction is the result of a combination of right to buy and significant levels of demolition in response to low demand. Knowsley has, therefore, a wealth of experience of the low demand phenomenon and, as shown by KHT's business plan, expects the problem to continue for many years.

2. Despite the above, Knowsley was excluded from both the initial Pathfinders and the recently announced extension of the initiative. This scenario being set against a 2003 study by CURS into non-pathfinder areas most at risk from low demand, Knowsley being identified as the worst with 81% of its stock at risk. Our own, commissioned, research confirms the continued problem of low demand which reflects the socio economics of the area, with Knowsley being the third most deprived borough in England and Wales (IMD 2000), together with a significant imbalance of both tenure and house type mix.

However, unlike housing market renewal areas, Knowsley does not have large numbers of pre 1919 terraced units, and most of the clearance/demolition to date and planned relates to the social rented sector.

3. Knowsley Council's previous strategy of demolition, now pursued by KHT, has proved to be an effective solution and provided the basis for restructuring the housing market. Significant new (private sector) house build programmes over the last 12 years (mainly on brown field sites) and major economic/employment initiatives in the area are resulting in changes to the tenure/quality of the housing stock, improvement in the physical/environmental landscape and a growing confidence to invest. Other initiatives such as the DES "Building Schools for the Future" programme add to the sense of optimism.

However, it is vital that the interrelated strategies and mix of public and private funding mechanisms, which are the ingredients of Knowsley's success, are not destabilised by the Housing Market Renewal initiative. Housing markets are both complex and unpredictable with even the most robust plans exposed to risk of collapse by the slightest, unexpected change.

In itself the Merseyside Housing Market Renewal Pathfinder is unlikely to have any adverse affect on Knowsley's housing, social and economic regeneration. However, Knowsley's renaissance relies upon a mixture of public and private funding and there is evidence that the Pathfinders may be being resourced at the expense of other schemes.

(a) The scope and scale of the initiatives proposed and underway in the Government's Housing Market Renewal Pathfinder areas and other areas with problems of empty homes

- (i) The Knowsley Housing Partnership fully supports and endorses the Government's commitment to low demand housing through the introduction of HMRF areas. The unprecedented level of resources allocated, reflect the severity of underlying problems in many inner city areas in the North and Midlands, and sits easily with the vision laid out in the Northern Way, which encourages the restructuring of failing housing markets through increased use of housing clearance.
- (ii) The recent upswing in the housing market in the North West has helped to mask many of the underlying symptoms of low housing demand. The number of empty homes, for example is merely one indicator of homes which are at risk of low demand and this number will always be dependent on the current state of a local housing market, together with any progress a landlord has made in addressing the problem through clearance and other programmes.
- (iii) We believe that to date, one unfortunate and perhaps unintended consequence of housing policy in recent years has been the crippling drop in resources to address "at risk" housing areas outside HMRF pathfinders.

(b) The commitment and contribution of all Government departments and other agencies to tackling the underlying causes of empty homes

- (i) Whilst we believe that Government departments at both a national and local level are, like many of us, still developing a full understanding of the issue of low demand and empty homes, there can be no doubting the commitment that has been shown to tackle the underlying causes.

(c) *The availability of resources outside the pathfinder areas and the development of strategies to deal with weak housing markets*

- (i) As we alluded to in (a)(ii), we believe this to be the weak link in the Government's strategy to tackle low demand housing. Whilst we endorse the prioritisation of resources to tackle low housing demand in inner cities, with all the potential benefits to surrounding areas if the economic core is regenerated; we believe it is short-sighted and counter productive to ignore the plight of adjacent weak or "at risk" housing markets.
- (ii) There are two dimensions to the resources available to local authorities outside of the pathfinder areas. By definition these authorities are not benefiting from the many tens of millions of pounds available to support land assembly and development within the pathfinder areas. The second dimension is that of the resources directed by the Regional Housing Board. In the case of the North West, for the two-year period 2004–05 and 2005–06, the entire allocation for "urban renaissance" has been directed into the 11 local authorities that have pathfinders within their areas.

The strategy of the Regional Housing Board for 2006–07 and 2007–08 is currently out for consultation. There is a concern, by local authorities outside of the pathfinder areas, that the lack of balance in allocations for the period 2004–05 and 2005–06 will be replicated for a further two years or more. If this is the case it will make it extremely difficult for areas outside of housing market pathfinders to manage their low demand problems.
- (iii) Local authorities such as Knowsley are responding as best they can to gather together existing capital resources and to target them on only a small number of the numerous housing priorities that have been identified. Knowsley is also at the forefront of attempts to introduce equity loans into private housing programmes, but again this will require up-front capital resources, at least until private lenders can be persuaded to enter this market on a wider basis.

(d) *The dissemination of good practice, innovation and co-ordinated interventions within and outside pathfinder areas*

- (i) From discussions with regional agencies and HRMF pathfinders, we believe that additional resources being targeted at HMRF areas are leading to innovation and good practice around housing renewal and affordable home ownership schemes. This work is beginning to be disseminated to non-pathfinders via regional and sub-regional groups and seminars, albeit sometimes on a "need to know" basis.
- (ii) We believe that sharing of good practice is at an early stage however, and there is still some work to do to completely break down the traditional "inward looking" approach taken by many housing organisations and authorities. We believe that there is a danger of a "pathfinder elite" which have resources in terms of staff and research budgets to invest in innovation and good practice, and that GOs and RHBs therefore have an important role to play to ensure, and to co-ordinate, "true" and practical dissemination of new tools beyond pathfinder borders.
- (iii) The North West Regional Housing Board's Commissioning Programme round 1 was an excellent project which, although on a small scale, did allow non-pathfinder authorities such as Knowsley to bid for additional housing resources around the issue of developing innovation and good practice in delivering decent homes for vulnerable households in the private sector. In Knowsley's case this has led to a pilot programme in one of our regeneration areas to address non-decent RTB homes which sit within KHT improvement programme areas, combining housing renewal grant, equity release and HECA grants. This project is managed by FUSION 21, the innovative Knowsley based procurement and training partnership.
- (iv) GONW have recently invited authorities with commissioning projects to share findings and progress via a series of seminars and presentations and these are to be welcomed, particularly if these sessions are rolled out to include pathfinders and other authorities.

(e) *Whether Councils have sufficient powers to tackle the problem of empty homes in their areas*

- (i) It is the view of the Knowsley Housing Partnership that new CPO powers and greater flexibility around housing renewal following introduction of the Regulatory Reform Order for private housing, do give Council's sufficient powers to address empty and low demand housing.
- (ii) We maintain the view however, that without sufficient resources to improve, acquire, demolish and re-provide homes, these powers will be ineffective.

(f) *The priority given to the demolition of homes and the consideration given to effective methods of refurbishment*

- (i) The Government's Sustainable Communities plan and the HMRF pathfinders which arose out of it, have in tandem with principles behind the Northern Way, rightly re-introduced the concept of

large scale clearance programmes to tackle concentrations of surplus or obsolete housing stock, where markets have clearly failed and where restructuring of local housing markets is the only option for sustainable regeneration.

- (ii) It is our view however, that outside these failed housing market areas, demolition should be more selectively used and should in any case be part of detailed master planning exercises which incorporate residents views into decisions about clearance, improvement, environmental works, local lettings and management policies in the social sector.

(g) The availability of the necessary skills and training to support staff promoting projects to tackle the needs of areas with weak housing markets

- (i) In the North West, the combination of LSVT and ALMO improvement programmes, introduction of HMRF pathfinders; and the heightened state of the housing market over the last five years have severely impacted the ability of housing organisations to attract and retain skilled staff and have forced up construction costs. This issue is particularly being felt by local authorities and housing organisations suffering from low demand outside pathfinders, as they do not have the same scale of resources to respond to this environment.
- (ii) There are good examples of collaboration between housing partners in Merseyside to mitigate these problems. The FUSION 21 partnership combines both supply chain linkages to reduce unit costs of materials, with training and skills programmes to create a steady flow of skilled labour into the industry. Merseyside RSLs are also working with local schools and colleges to introduce a regeneration academy, to help to fill this skills gap.

(h) How housing market renewal is addressed in other strategies including local and regional plans and other regeneration programmes

- (i) At the NW regional level, there have been clear attempts to merge the agendas of the Regional Housing Statement/Strategy, Regional Planning Guidance/Spatial Strategy and the Regional Economic Strategy over the last five years and this process has increased following the Sustainable Communities Plan, and proposals to merge RHBs and Regional Planning Assemblies.
- (ii) We are concerned however, that despite the joined up language and horizontal awareness of the various strategies there is more work to be done to ensure that Regional Planning frameworks are compatible with and supportive of local regeneration programmes. Most notably, the positive vision of economic growth and increased aspirations espoused by the Northern Way and reflected in regional housing and economic thinking, could be constrained by a planning orthodoxy which is still based on a “housing numbers game” linked to past demographic trends, rather than the unlocking of potential that HMRF and other regeneration programmes can create.
- (iii) We are particularly concerned about the tight timetabling of the drafting of the Regional Spatial Strategy for the North West. It is clear that the housing market in the Merseyside sub-region is complex, and probably more volatile now than for at least fifteen years. There is also a significant amount of research taking place, much of it being led by the New Heartlands Pathfinder itself. This will contribute to a much more sophisticated understanding of the housing markets in and around Merseyside. It seems quite likely that these will not be available to influence the drafting of the Regional Spatial Strategy and if this is not the case will represent both a significant missed opportunity and create the potential that Spatial Strategy from 2006 could be misdirected.
- (iv) At the local level in Knowsley there are clear links between the regional strategies and the local Housing Strategy, UDP and Economic Strategy and these are brought together via an areas based Community Plan. This allows a good understanding of the strategic links to community regeneration programmes such as the North Huyton NDC, which covers an area suffering from low demand and now subject to a major housing market restructuring project.

(i) How Pathfinders are seeking to involve the private sector in their long term planning and programmes

- (i) Although this is more appropriate for a pathfinder response we would simply suggest that many authorities outside of HMRF pathfinders have a long and successful history of working with private developers. Involvement of the private sector is crucial to the planning, delivery and sustainability of HMRF initiatives.

Memorandum by Barry Joyce MBE (EMP 42)

I know that many representations have already dealt with the important issue of waste. I believe English Heritage has made a submission saying that the repair of Victorian terraces is 60% cheaper than newbuild (*Daily Telegraph* 29 January). In addition there is of course the matter of all the material and embedded energy wasted in clearance and rebuild.

This is a very important issue and one so obvious that it hardly needs elaboration. However the issue I wish to bring to the attention of the inquiry is the damage caused by clearance to the physical and social coherence of the communities concerned, ie what defines “sense of place.”

Many of the urban areas in question already manifest this problem, as a result of partial clearance in the 1960s and 1970s. Much urban housing in Lancashire is in the form of clusters of terraced streets punctuated by large, useless, empty spaces, half heartedly “landscaped”. These places have lost their urban coherence. They no longer work well as urban PLACES.

What is desperately needed is not just upgraded housing but upgraded PLACES. The further clearance of urban forms that were originally laid out to a coherent pattern, with ancillary shops, schools, halls, chapels, workshops and their replacement with new dwellings alone will exacerbate the problem of the degradation of PLACE.

Instead of further clearance what should be done is the “healing” of these places by sensitively knitting back together the dislocated surviving clusters.

All this was of course well rehearsed in the 1960s and 1970s, and the argument was eventually largely won. It seems incredible that in 2005 the argument against this unintelligent course of action should need to be repeated.

Memorandum by Gateway, the Housing Market Renewal Pathfinder for Kingston upon Hull and the East Riding of Yorkshire (EMP 43)

1. Gateway, the Housing Market Renewal Pathfinder for Kingston upon Hull and the East Riding of Yorkshire, is pleased to have the opportunity to submit this memorandum to the Inquiry on Empty Homes and Low Demand Pathfinders.

2. Gateway is one of a number of partnerships between Hull City Council, the East Riding of Yorkshire Council and other parties.

3. The Pathfinder provides the basis for tackling in a holistic way the problems of low demand for and abandonment of housing within the City of Hull by producing a housing market restructuring scheme. Together with the Northern Way concept and the award Building Schools for the Future status, which could realise up to £200 million of additional investment in secondary schools, the Pathfinder is recognised as a once in a lifetime opportunity to revitalise the sub region as a whole.

4. All housing Authorities in the North will welcome the Housing, Planning, Local Government and the Regions Committee’s interest in the challenges they face in tackling low demand and empty homes. However, given the stage of development the Gateway Pathfinder has reached, it is too early for us to be able to comment substantively on the issues being examined by the Committee.

5. We submitted our prospectus to the Office of the Deputy Prime Minister at the end of October last year and are currently in negotiation with ODPM. We are optimistic that these negotiations will conclude positively within the next six weeks, and have watched with great interest how the other eight Pathfinders have set about implementing theirs and are learning from their experience.

6. At the same time as our proposals were under development during 2004, Hull City Council was placed under a strategic direction by the Minister for Local Government in December 2003. This followed critical Corporate Governance Inspections in July 2002 and September 2003. Since then, the Council has made considerable progress in a number of areas including Housing Strategy and service provision.

7. We are taking the necessary steps to ensure that any programme of interventions agreed with the ODPM can be delivered successfully by us and our partners.

BACKGROUND

8. The Pathfinder area covers the whole of the City of Hull and a number of wards within the East Riding comprising all the contiguous wards and those adjacent to these. All of the proposed areas of intervention are within the City of Hull.

9. The Pathfinder is a crucial ingredient in the future success of the City. It has conceived an integrated package of measures with partners and key stakeholders that represent a vision for its future. Together with Citybuild (Hull’s Urban Regeneration Company covering the City centre and parts of West Hull) we plan to bring about significant change across the City.

10. Hull has been identified as an area of acute and intense market failure. For the purposes of Pathfinder planning, the City has been divided into four areas—the West, the East, the North and the City Centre. Each area has developed its own masterplan setting out the interventions for the proposed lifetime of the Pathfinder.

11. Over recent decades the population of Hull has declined whilst that of the East Riding has increased. The principal cause of this population drift has been migration with a substantial movement from the City to the East Riding. Over the 10 years to 2001 the population of the East Riding has risen by 21,000 (an increase of 6.3%) whereas the city of Hull has fallen by almost 20,000—a 7.6% drop. Within the City itself the population of inner East Hull has increased slightly.

12. In 1999–2000, some 11,000 people left Hull whilst 8,000 moved in. Equivalent figures for East Riding of Yorkshire were 13,000 and 16,000. Just under half of the Hull migrants moved to East Riding whilst a quarter of East Riding migrants moved to the City. In fact, for every 10 people leaving Hull for East Riding, seven were going in the other direction.

13. This population loss represents a significant challenge to the future of the City. However, other major challenges it faces include:

14. Low levels of economic activity—Hull’s economy is dominated by low wages, high unemployment and inactivity rates.

15. Movement and linkages—movement across Hull is hampered by localised and cross city congestion.

16. Poor condition of the housing stock—the City has an over-representation of terraced stock housing, system-built houses and a concentration of social housing. The lack of quality in the housing stock undermines the ability of the area to retain existing residents as their housing needs and aspirations change, and it also reduces the attractiveness of the area to new residents.

17. Low average house prices—prices are lower than the regional average and significantly lower than the national average.

18. Structurally deficient non-traditional housing—Hull has several types of non-traditionally built housing which suffer from structural defects.

19. Low educational attainment and poor perceptions of schools—Hull’s primary schools are generally perceived to perform well but overall its secondary school performance is the worst in the country.

20. Higher than average levels of crime—although falling, Hull has the worst community safety indicators compared to the other Pathfinders.

21. Deprivation—Hull ranks in the top 10 of the most deprived Local Authority area in the country.

22. The lack of choice and quality in the Hull housing market together with deprivation, crime, education and environmental factors combine to create a push factor away from Hull into the East Riding and beyond, leading to out-migration of predominantly economically active households. The obverse situation applies in the East Riding resulting in pull factors away from the City. These factors result in relatively low housing values in Hull.

GATEWAY’S PROPOSALS

23. Gateway’s interventions, uniquely amongst the nine Pathfinders, are proposed for one Local Authority area only, that of Hull City Council.

24. They are spread across the City. The initial activity is principally centred around five priority neighbourhood areas where market failure is most acute.

25. Additionally Gateway has proposed measures to aid the development of the local economy and stabilise neighbourhoods in danger of further decline. To achieve this, close working relationships are being established with key stakeholders including all of the key public sector regeneration agencies, Hull City Council, Registered Social Landlords, Developers and other agencies and organisations with an interest in the City’s housing and ongoing regeneration.

The recent announcement that Hull is to benefit from BSF is welcome. It is important that these two significant investment programmes are aligned both at government and local level.

COMPULSORY PURCHASE

26. A compulsory purchase programme is underway in the West Hull area. The initial programme of CPO will be declared using housing powers in an area of large scale empty, abandoned and unfit homes.

27. Hull City Council is reviewing all powers available including those recently made available through the Planning and CPO Act 2004 but have concerns that this is still untested and the timescales to deliver are as yet unclear.

LINKS WITH THE PRIVATE SECTOR

28. Gateway’s current principal link with the private sector is through the Developer’s panel and Registered Social Landlords which it has recently established following a comprehensive selection process. Developers selected will assist Gateway to take forward the regeneration of neighbourhoods and specific sites.

SKILLS

29. Gateway is aware from its discussions with specialist recruitment agencies that the skill sets which it requires to take forward its plans are in short supply. This includes housing/regeneration specialists but also key implementation skills such as EHO's right through to construction workers. Gateway is working with other government agencies to develop training and capacity building in these areas. Further government assistance as highlighted in the Northern Way is welcome and should be accelerated.

Memorandum by Shelter (EMP 44)

Shelter is the UK's largest provider of independent housing advice, helping over 100,000 homeless or badly housed people every year. Our services include:

- Over 50 housing aid centres providing information, advice and advocacy to people with housing problems.
- Shelterline, our free national housing helpline.
- The National Homelessness Advice Service which provides second tier housing advice through citizens advice bureaux.
- Our Homeless to Home and other tenancy support services working with homeless households, or those at risk of homelessness, to help them sustain their tenancies.

This evidence is based on the experience of our front line staff and the local campaigners working with Regional Housing Boards and local authorities covering the Housing Market Renewal Pathfinder areas and other areas experiencing low demand.

(a) The scope and scale of the initiatives proposed and underway in the Government's Housing Market Renewal Pathfinder areas and other areas of empty homes

Shelter welcomes the Government's commitment to deal with low demand and abandonment, and the designation of specific funding in Spending Reviews 2002 and 2004. The increased funding, rising to around £450 million by 2007–08 delivered in Spending Review 2004 will need to be sustained for many years to come if the problem is to be fully addressed.

(b) The availability of resources outside the pathfinder areas and the development of strategies to deal with weak housing markets

Shelter welcomes the recent commitment in ODPM's Five Year Plan to make available £65 million to tackle low demand in the Tees Valley, West Cumbria and West Yorkshire. As only around half the total number of properties affected by low demand in England fall within the nine original Housing Market Renewal Pathfinders, this is a very welcome initiative. We note that ODPM currently expects the Regional Housing Boards to support programmes to tackle smaller areas of low demand, but believe that it may prove beneficial to focus specific Housing Market Renewal Funding in those areas too in future spending review periods.

(c) The dissemination of good practice, innovation and co-ordinated interventions within and outside the pathfinder areas

We believe that there is a need for greater dissemination of best practice by the Pathfinders, particularly around the community consultation process and monitoring the impact of the demolition programmes on affordability and homelessness.

(d) Whether councils have sufficient powers to tackle the problem of empty homes in their areas

Shelter believes that local authorities in areas of both low and high demand have growing expertise in the use of Compulsory Purchase Orders as a way of dealing with the problem of empty homes.

The Housing Act 2004 gives local authorities new powers to designate private landlords in a selected area as subject to licensing if it suffers from either low demand or anti social behaviour. This is subject to the Secretary of State's approval and can last for up to five years. These provisions are expected to come into force from autumn 2005. Shelter believes that these measures have the potential to improve community stability in areas at risk of suffering low demand and neighbourhood decline.

Local authorities will also be allowed to include specific conditions in the licences they grant. These conditions may include a requirement that the licence holder attend a training course in residential property management or to take steps to prevent or reduce anti-social behaviour by occupants. We believe that the inclusion of such a condition would raise management standards of landlords, helping to prevent areas falling into decline in the first place. Failure to obtain a licence for a licensable property is punishable by a fine of up to £20,000. A breach of a licence condition is punishable by a fine of up to £5,000. Housing Benefit paid on an unlicensed property may also be subject to a Rent Repayment Order.

Shelter also strongly supported the inclusion in the Act of powers for local authorities to compulsory lease long-term empty homes. A number of authorities are already well placed to make use of these new powers and we hope ODPM will ensure that the necessary secondary legislation is laid before Parliament at the earliest opportunity and that local authorities are encouraged to make use of them.

(e) *The priority given to the demolition of homes and the consideration given to effective methods of refurbishment*

The ODPM Five Year Plan estimates that as many as 850,000 properties are affected by low demand. The Centre for Urban & Regional Studies (CURS) in Birmingham estimates that around 1,500,000 homes are “at risk”. Both these estimates are well above the 167,000 homes projected for demolition if current rate of clearance continues over the decade ahead. The Northern Way: First growth strategy report therefore concludes that ODPM should accelerate the rate of stock clearance.

Shelter questions this approach, particularly the demolition of existing social housing. Although Government statistics predict a decline in the population in northern regions, they also predict increases in household formation. For example, the population of the North West region is predicted to fall by 1.2% by 2021. However, the increase in the number of single person households means that the overall number of households is predicted to rise by 8% or 248,000 during the same period. Growing student populations and the use of homes leased by the National Asylum Support Service to provide accommodation for asylum seekers will also add to the pressure on housing in the years ahead.

There is already growing evidence that house prices in a number of the Housing Market Renewal Pathfinder areas have picked up in the past two years. For example, the *Manchester Metro News* recently reported that house prices had risen by 22% in Beswick and 25% in Moss Side.¹ Although percentage increases will certainly look high because they reflect the low actual prices a year ago, they do nevertheless represent substantial real increases in values. Speculative purchases by those hoping to benefit from the compensation paid to owners of properties subject to a CPO has contributed to these increases, but they do also demonstrate more widespread market confidence in these Pathfinder areas. CURS has attributed this growing confidence during 2002 and 2003 to national factors, such as the historically low and stable interest rates, easier access to mortgage credit and increased availability of buy-to-let mortgages, as well as activity in the Pathfinders themselves.

In its recent memorandum to the committee’s inquiry into homelessness, Salford City Council noted that:

“there are emerging issues of affordability in Salford, reflected in a growing number of mortgage repossession (20), RSL arrears (10) and loss of Assured Shorthold Tenancies (84). Salford and Manchester are a Housing Market Renewal Pathfinder along with neighbouring authorities. This will have an impact on affordability, particularly for homeless people and other vulnerable groups as areas are cleared and new accommodation is not available due to (a) construction of replacement (accommodation) taking some time to complete, and (b) those (replacement) properties not being accessible or affordable to homeless people.”²

Other areas not yet granted Housing Market Renewal Pathfinder status but likely to benefit from Regional Housing Board funding to deal with problems of low demand have also seen house price rises. In Sunderland, house prices have increased by 80% since 2001.

Wigan Metropolitan District Council recently published a report saying that homelessness applications had increased 65% in the past five years. They attribute this to expected causes, such as relationship breakdown, but also say that rising house prices have been a significant factor, especially for young people and single parents. Its report stated:

“As house prices have risen significantly in recent years, single-income families find it more difficult to access affordable accommodation and are therefore more likely to ask the Council for assistance.”³

Rising house prices impact on homelessness in the following ways:

- Private sector landlords may evict tenants to sell properties with vacant possession in a rising market. New landlords attracted by rising house prices are particularly less likely to be aware of existing legislation protecting tenants rights. Shelter’s Housing Advice Centre in Lancashire reports a spate of illegal evictions from the private rented sector. These are thought to be connected to attempts by landlords to take advantage of capital appreciation.
- Newly forming households and young people are not able to get on the housing ladder. Unable to afford owner-occupation, they may turn to a short-term tenancy in the private rented sector, which will expose them to the risk of homelessness on expiry. They may also be more likely to present as homeless when asked to leave the parental home, since affordable housing options have

¹ *Regeneration makes housing “too costly”* Manchester Metro News (17 December 2004).

² ODPM Select Committee: Homelessness Inquiry: Written Evidence p39.

³ *Home Truths* (Wigan MDC) Press Release 9 August 2004.

contracted. The recent CURS report on housing market trends in the North West explains how potential first-time buyers are being priced out of the market by speculators, who are buying property in the region as an investment rather than for owner occupation.

- Right to Buy applications may increase, reducing the total stock of properties held by local authorities, and hence those potentially available for letting.
- Councils experience lower turnover in council stock, as those who might otherwise have relinquished their tenancy and moved into owner occupation without taking advantage of the Right to Buy can no longer afford to do so. Sunderland Borough Council has seen a fall in the natural rate of stock turnover in recent years from 13.5% to 9%. This has meant several hundred fewer properties becoming available for re-let each year, increasing waiting times for rehousing.

While relatively few demolitions will take place in the Pathfinder areas in the next two years, this figure is scheduled to increase significantly after 2006. Shelter believes that the Housing Market Renewal Pathfinders must be required to ensure that their plans for demolition, particularly of existing social rented housing, take account of the most recent assessment of local housing needs. The Regional Housing Boards should also be required to oversee the pattern of activity in the Pathfinder areas, including monitoring the supply of social housing, the affordability of private housing and ensuring that advice and assistance is available to help those displaced as a result of market renewal work secure alternative accommodation.

(f) How housing market renewal is addressed in other strategies including local and regional plans and other regeneration programmes

We believe that the Housing Market Renewal Pathfinders should be required to work much more closely with the Regional Housing Boards, and in particular with the regional and local homelessness forums. We also believe that the Pathfinders should be required to undertake more in depth consultation with affected communities, before expanding their programme of demolition.

Memorandum by Birmingham City Council (EMP 45)

1. INTRODUCTION

1.1 The Birmingham and Sandwell Pathfinder (Urban Living) received ODPM funding approval last June. The Pathfinder comprises the north-western segment of the City and that of east Sandwell. The area displays many characteristics similar to the other pathfinders where poor housing, environmental, social and economic factors have led to risk of market failure or market collapse. The scale of empty homes within the Pathfinder when compared to the rest of the City was one of a number of underpinning key drivers that led to BCC and SMBC seeking Pathfinder status. The City Council therefore very much welcomes the opportunity afforded by the Pathfinder to address the specific issues relating to empty homes as it starts the process of market restructuring.

1.2 Although rapid progress is being made on many fronts, it is perhaps too early in the potential 15 year time frame of the Pathfinder to make any real assessments of the impact of the Pathfinder programme on specifically tackling privately owned empty homes in the area. This is principally due to the fact that a number of projects specifically targeted towards this initiative are just about to be realised on site. Nevertheless based on our understanding of the situation it is possible to make the following contribution to the Inquiry.

2. SCOPE AND SCALE

2.1 There are approximately 37,500 properties in the Birmingham portion of the Pathfinder. 49% of the properties are owner occupied, compared to the 60% figure for Birmingham and Sandwell as a whole. Property vacancy levels in the area stood at 5.1% in 2001, compared to 3.2% for the City. The level of empty privately owned properties in the area is more than double the City average and is an outcome of dysfunctional market. The level of vacancies in this sector would be even higher were it not for the large number of properties occupied by refugees and asylum seekers under NASS contracts. Empty properties in north-west Birmingham are distributed through out the area, and whilst there are no large areas of abandonment as evident in some northern towns and cities, significant clusters of vacant properties exist in many neighbourhoods.

2.2 Clearly there are specific issues relating to the high rate of privately owned void homes in north-west Birmingham and consequently the City Council has dedicated an empty properties officer to deliver a programme of advice and enforcement action to bring empty properties back into use. The initiative is dovetailed with one of the strategic aims of Urban Living, namely, Neighbourhood Stabilisation, where projects are being developed that will respond to and anticipate housing market issues at the neighbourhood level. These involve amongst others a number of Active Neighbourhood pilots targeted on areas of greatest number of voids that aim to stabilise the neighbourhoods by concerted action on both voids and intensive

neighbourhood management. It goes without saying that such measures command both capital and revenue resources, with experience already suggesting the need for the pathfinder programmes to give due consideration to the necessary revenue support for such initiatives to succeed.

3. COMMITMENT AND CONTRIBUTIONS

3.1 The resources being made available by ODPM to the pathfinders is recognition of the scale of the challenges that lie ahead, and the pro-active approach being encouraged is very welcome. It is also clear that for the pathfinders to succeed a holistic and comprehensive approach must be taken towards regeneration of such areas by aligning the pathfinder and local authority's programmes with those of key agencies like the RDA; EP; Housing Corporation; LSC. Whilst it is acknowledged that re-alignment of strategies and more importantly the funding of the necessary agencies will take a little time, it is encouraging to see their active involvement in Urban Living structures and increasing commitment to joint working on actually achieving delivery on the ground.

4. DEVELOPMENT OF STRATEGIES

4.1 Birmingham has a citywide empty property strategy that is currently in the process of being reviewed. This review is being informed by a MORI census of owners of empty properties in Birmingham in order to establish why properties are kept empty and what specific actions are needed to bring them back into use. The results of this research will be stratified by Housing Market Areas within the city, and will inform the future programmes of tackling the issues within north-west Birmingham/Urban Living as appropriate.

5. DISSEMINATION OF GOOD PRACTICE

5.1 The support and networking mechanisms already developed around the pathfinders, for example, the Pathfinder Policy Working Group (and the related sub-groups), York Conferences, and pathfinder seminars offer ample opportunity for the exchange of good practice. The role of the Audit Commission has also been important in ensuring strategic learning across the pathfinder. As the pathfinder movement gathers momentum there will be increasing opportunities for practitioners to be sharing knowledge and more importantly develop and test new approaches to tackling empty homes as part of the wider Housing Market Renewal initiative.

5.2 Birmingham is also a member of both the West Midlands Empty Property Forum and the National Association of Empty Property Practitioners. Through these fora Birmingham is able to share best practice and keep up to date with new initiatives.

6. COUNCIL'S POWERS

6.1 The enforcement powers available to local authorities to tackle empty properties: compulsory purchase, empty dwelling management orders and enforced sale are useful and powerful tools. The City has traditionally provided a reactive service (through the Housing Enforcement Team) around empty properties which includes tracing owners and if necessary boarding up properties. Owners are given advice and encouragement about bringing their property back into use through renovation and sale or letting. Where an owner fails to bring a property back into use the Council has powers of compulsory purchase (CP) and is able to take the property into Council ownership for onward sale. However, the inadequacies in the CP process (particularly timescales) have meant limited exercising of this option.

6.2 In north-west Birmingham, where the problem is most acute, the employment of a dedicated empty properties officer means that a more pro-active approach can be taken by using Council Tax data and instigating compulsory purchase, particularly where concentration of empty properties can facilitate wider Urban Living objectives. It will be important to see to what extent the introduction of revised Planning CPO powers will expedite matters. In the light of this and the potential changes stemming from the Housing Bill 2003, it is perhaps too early to say whether additional powers might be needed to tackle empty properties as part of clearance and redevelopment schemes.

7. DEMOLITIONS VS REFURBISHMENT

7.1 As part of its strategy to restructure the local housing market Urban Living is seeking to achieve a balanced approach towards clearance, redevelopment and refurbishment within the Pathfinder area. It therefore cannot be assumed that demolition of empty homes is automatically the way forward particularly as they are well dispersed in north-west Birmingham. Proposed actions will need to pay regard to property conditions and the cost of refurbishment and redevelopment, the extent to which large clusters of vacancies undermine the neighbourhoods, or whether such properties sit within areas subject of redevelopment.

7.2 As part of “best course of action” Birmingham/Urban Living is developing new initiatives to bring privately owned empty properties back into use as affordable housing through:

- (a) Private Sector Leasing where an RSL will take out a five year lease on an empty property, renovate it and bring it back into use to house clients from the priority homeless waiting list.
- (b) Gap funding the purchase and renovation of empty properties by RSLs, using commuted sums. Empty properties purchased in this way will also be used to house clients from the priority homeless waiting list within the area.

These schemes will not only bring refurbished empty properties back into use, but will also increase the supply of affordable housing and reduce the number of clients on the priority homeless waiting list.

7.3 Once the framework for a private sector leasing scheme is in place, Birmingham will be able to implement the new Empty Dwelling Management Orders provided in the new Housing Act. Under this provision owners will be compelled, where aid and advice has failed, to lease their property to the Council or an RSL, and the property will be used as affordable housing for the period of the compulsory lease.

8. NECESSARY SKILLS

8.1 The skills needed to tackle weak housing markets are in essence no different to those required by many other regeneration initiatives. However, given the sheer size, scale and complexity of pathfinders there is immense demand for people with both specialist and rounder regeneration skills in precisely the areas currently experiencing national shortage in both public and private sectors. However, the multi-disciplinary and partnership approach adopted by Birmingham/ Urban Living means that the best of the available talent can be sourced, although increasing resources will need to be directed towards continued development of existing staff and “growing our own”.

9. MARKET RENEWAL AND OTHER STRATEGIES

9.1 Urban renaissance, low demand and restructuring of housing markets is a priority investment theme for the Regional Housing Strategy (RHS).

9.2 The RHS identifies areas at risk of low or changing demand. Apart from the two HMR Pathfinders in North West Birmingham/Sandwell and North Staffordshire the wider significance of the theme is recognised in other parts of the Black Country, East Birmingham/ North Solihull and parts of Telford being identified as at risk due to changing patterns of demand. Crucially, the Strategy recognises the need for more than housing interventions to address the complex issues presented, highlighting the requirement to integrate housing, economic development and regeneration interventions. Market restructuring is placed within a context of economic and demographic change.

9.3 Birmingham’s Draft Housing Strategy complements the themes of the RHS. Addressing changing demand is one of the priority themes of the strategy. Once again the approach is to make pro-active interventions to prevent market decline and to provide opportunities for economic growth. Empty properties in the City are placed within the context of neighbourhoods. In some locations they are a symptom of market decline (as with Urban Living) whilst in other areas of high demand they provide an opportunity to increase the supply of housing to meet need.

9.4 The strategy for Urban Living is informed by and influencing both City Council’s as well as strategies and programmes of other statutory agencies and partners like the RDA, EP, Housing Corporation and RSLs. Indeed as stated earlier there is a strong working relationship between Urban Living, statutory agencies and other partners. It is also expected that the spatial planning frameworks rooted in the New Planning System will now start to deal with the practicalities of delivering the necessary physical changes for Housing Market Renewal.

10. INVOLVEMENT OF THE PRIVATE SECTOR

10.1 The strategy for Urban Living is governed by market led regeneration of the area, where bulk of the investment will be undertaken by the private sector. The early programmes are very much geared towards providing the foundation for such investment, eg through land assembly and development planning programmes. It is envisaged that the physical transformation of the area coupled with the complementary social and economic initiatives and improvement in local services will lead to an increased popularity of the area, and that these allied with enhanced community wealth will become the drivers for the longer term sustainability of the area. Increasing popularity should also lead to a natural decline in empty homes in the area.

11. CONCLUSION

11.1 Birmingham is one of a number of key drivers for Urban Living as it starts the process of restructuring the local housing market and creating and tackling the scale of privately owned empty homes in north-west conditions for longer term investment, particularly from the private sector. Given the distribution of empty homes within Urban Living a balanced approach between clearance and refurbishment is being taken. However, both approaches require significant capital and revenue resources targeted at a local level, which in conjunction with other initiatives will lay the foundations for achieving sustainable neighbourhoods.

Memorandum by English Partnerships (EP) (EMP 46)

English Partnerships welcomes the opportunity to contribute to the Committee's enquiry. This memorandum comprises general background information, followed by contributions to the areas to be addressed by the Committee that are of particular relevance for English Partnerships.

1. CONTEXT

1.1 English Partnerships is the national regeneration agency, helping the Government to support high quality sustainable growth in England. English Partnerships' role is summarised as follows:

- Developing its own portfolio of strategic projects.
- Acting as the Government's specialist advisor on brownfield land.
- Making sure that surplus Government land is used to support wider Government objectives, especially the implementation of the Sustainable Communities Plan.
- Helping to create communities where people can afford to live and where people want to live.
- Supporting the urban renaissance by improving the quality of our towns and cities (eg through support of URCs and town centre regeneration).

1.2 English Partnerships is represented on both the Regional Housing Boards and the Pathfinder Partnership Boards.

1.3 In addition English Partnerships manages the National Coalfields Programme working closely with the Regional Development Agencies, the Housing Corporation, the Coalfield Communities Campaign, Coalfields Regeneration Trust and other key local partners to regenerate areas that often suffer from significant problems of low demand.

2. EP INVOLVEMENT IN INITIATIVES PROPOSED AND UNDERWAY IN HOUSING MARKET RENEWAL PATHFINDER AREAS

2.1 The Sustainable Communities Plan confirmed that EP would be a key partner in each of the nine HMR Pathfinder areas. We have therefore played an important and proactive role in the development of the regeneration partnerships and strategies within each Pathfinder area. Our precise role and approach has varied in line with the differing nature of, and challenges faced by, each of the Boards. One important aspect of this—before the initial £500 million dedicated funding line had been confirmed by ODPM and where project proposals were already sufficiently advanced—was to fund the acquisition by local authorities of run-down sites and properties within the Pathfinder areas. We have also provided, working closely with CABE, best practice expertise to the Pathfinders on demolition and remediation, governance arrangements, procurement advice and, in particular input on development of masterplans/development frameworks, for instance through the recently completed "Enquiry by design" exercise in Nelson in East Lancashire.

2.2 EP has carried out an enabling role in many pathfinders, before and immediately after the approval of the prospectuses. We have been careful not to displace the ODPM funded activity and have therefore concentrated on strategic acquisitions and demolitions and feasibility work to prepare the ground for future Pathfinder programmes.

2.3 Given its strategic, early-stage role, EP is expecting its funding contribution in Pathfinder areas to peak during this financial year (at around £30 million on programmes and projects across the nine areas for 2004–05) although this figure may change as project negotiations and decisions progress through the final quarter of the year. This follows expenditure of £21.8 million in 2003–04.

2.4 With all but Hull and East Riding's (Gateway) fund confirmed up to March 2006 from the initial £500 million pot, and with significant additional dedicated resources promised from the Spending Review 2004, EP's funding for the delivery of projects will reduce in future years. EP's future expenditure is likely to focus more on those enabling functions described earlier and a limited number of strategic interventions as exemplar projects rather than larger scale land assembly/demolition and direct delivery functions.

2.5 The figures illustrate we have provided a significant investment in Pathfinders, taking a role in Liverpool/Sefton, Manchester-Salford and Sheffield where project action plans were already well advanced, particularly where we already have a role in adding value through strategic investment sites (Edge Lane, Liverpool) or through established or embryonic Urban Regeneration Companies and the Millennium Communities Programme.

3. AVAILABILITY OF RESOURCES OUTSIDE THE PATHFINDER AREAS AND THE DEVELOPMENT OF STRATEGIES TO DEAL WITH WEAK HOUSING MARKETS

3.1 Members may recall that English Partnerships, on behalf of ODPM, undertook an exercise to map the scale of the problems associated with low demand and abandonment within coalfield communities outside of the Pathfinder areas. This exercise, completed in November 2003, identified 56 hotspot areas within 15 local authorities. Each of the hotspots has distinct physical characteristics, community and market context. These include over-supply of housing type, unfitness, anti-social behaviour and non-performing private sector landlords (following large scale transferral of housing stock from the Coal Board in the 1980s).

3.2 The Government's response to the House of Commons Select Committee hearing on the coalfields in June 2004 recommended that more needs to be done to tackle housing problems in the Coalfields and that increased flexibility in English Partnerships' programme needs to be turned to housing needs.

3.3 The new flexibility EP has been allowed in the Coalfields Programme is limited by the funds available and can only be expected to support action on low demand housing areas through indirect activity as an extension to existing coalfields site projects in the programme. An example of this is where our investment in Frickley Colliery in Yorkshire can play an important part in repositioning South Elmsall and South Kirkby as a location for private investment.

3.4 EP is discussing with ODPM how assistance might best be provided to housing market renewal projects within those coalfield areas that are not already benefiting from Housing Market Renewal Pathfinder monies or could not otherwise be assisted through other programmes.

4. THE NATIONAL COALFIELDS PROGRAMME IS ALREADY DELIVERING HOUSING CHANGE IN SOME AREAS, AS PART OF ITS 8,000 NEW HOMES TARGET TO BE ACHIEVED OVER THE NEXT DECADE, FOR EXAMPLE, EP HAS APPROVED FUNDING FOR:

- 300 new units at Silverdale Colliery in Newcastle-under-Lyme, North Staffordshire with the North Staffs Partnership.
- 400 new homes at Bickershaw Colliery in Wigan.
- 340 houses at the former Lampton Coke works site in Sunderland.

3.5 EP is able to influence the timing of investment in these areas to best suit the wider Pathfinder strategies.

3.6 EP has also "bent its mainstream programme" to housing needs in the coalfields areas. For example, EP has:

- set up Meden Valley Making Places SPV in Bolsover and Mansfield with local authorities and EMDA to support housing renewal alongside our joint commitment to Shirebrook colliery and other local coalfield sites. The Committee will recall its recommendation that this model could provide a way forward for tackling similar problems found elsewhere in the coalfields. We have since provided several HMR Pathfinders with briefings on Meden Valley and ODPM is using it as a best practice example in its support to Pathfinders. EP will review progress on Meden Valley during 2005 as the first stage of a formal evaluation of its performance;
- funded some local authorities to carry out housing market renewal research and other assistance—including in East Durham, Sunderland, West Yorkshire and West Cumbria; and
- liaised with the Regional Housing Boards to ascertain which of the 56 hotspots identified in the mapping exercise are also identified within the Regional Housing Strategies, identify where action is currently underway in these areas, and highlight whether further analysis/research is required to understand in more detail the market dynamics of these areas. This is intended to inform the revision of Strategies currently underway.

3.7 EP is also active in other non-coalfield low demand areas. For example, we are working jointly with Lancaster City Council, NWDA and the Housing Corporation to fund a masterplan to transform the West End of Morecambe by increasing the proportion of owner-occupiers and the range of house type and tenure available, reducing the empty homes in the area and enhancing the overall environment.

CONCLUSION

As well as direct project delivery, given our national remit EP can play a role in the dissemination of best practice across Pathfinder areas and low demand areas in a similar way to that already underway for other national programmes such as coalfields, URCs and Millennium Communities.

Supplementary memorandum by the NewHeartlands Housing Market Renewal (HMR) Pathfinder (EMP 21(a))

You will recall that whilst the Chairs were giving oral evidence to the Select Committee on Tuesday 8 February the matter of English Partnership investment in pathfinder areas was raised. We said then at the Committee Hearing that we had had excellent support from English Partnerships to date and that our hope was that we would continue to enjoy a similar arrangement in future.

Since the Committee Hearing there has been an example of how English Partnership might in future deal with requests for funding, appropriate to their purposes, within this Pathfinder, and maybe others. A decision was taken at the English Partnership Executive Board last week not to proceed with an award of some £3.5 million to one of the Merseyside Pathfinder Authorities. Leaving to one side some specific concerns surrounding that particular case I was disturbed to learn that two of the reasons advised at the Executive Board were: firstly, that Pathfinders were to receive an increased allocation of resources from ODPM, and secondly in the light of that and budget challenges that English Partnerships face they are looking to reduce their overall commitment in pathfinders.

There is no question of Pathfinders receiving extra resources or increased allocation in this financial year or next. The increase in allocations for Housing Market Renewal is contained with the recent CSR outcome and relates to the years 2006–07–08. There is however no scope in the short to medium term for the Pathfinder resources to take the place of a reduction in English Partnership's commitment.

I have arranged to meet as a matter of urgency with the English Partnership Regional Director to explore both the scope for English Partnership's to continue to work closely with this Pathfinder at the scale of resources originally indicated, a sum of £55 million over the lifetime of the NewHeartlands programme. We will consider jointly ways in which the respective obligations of both organisations' can be dovetailed to ensure maximum mutual benefit and outcome. For example, bringing together, perhaps joint commissioning of strategic projects.

I am concerned, however, at the messages that appear to be emerging from the recent discussions, and second hand from elsewhere in ODPM, that English Partnerships priorities are now changed and that there might be a need to look elsewhere for financial support, the example of RDAs has been given which, until now we had looked for English Partnership to cover.

Supplementary memorandum by G W Parry (EMP 24(c))

Having considered memoranda submitted by Riverside Group ("Riverside") and having first hand experience of the activities of this organisation, the properties, market and conditions to which they refer, I note a number of inaccurate assumptions and conclusions and am compelled to submit this supplementary memoranda for fear that such inaccurate material will unduly and inappropriately influence any policies or decision making brought about as a result of this select committee hearing.

POINT NUMBERS REFER TO POINT NUMBERS IN RIVERSIDE'S MEMORANDUM

Point 1.2: Decent Homes

1. Riverside point out that the Decent Homes standard applies only to social housing and it is an anomaly that it does not apply to private dwellings as well. In reality under the HMRI process it is a standard applied to both social and private homes within the Pathfinder area. Riverside claim that the benchmark should apply to private dwellings generally which is wholly unrealistic and undesirable and it would be better to drop it altogether as a benchmark for either sector. The reason for this is because it puts an unrealistic requirement on social housing, which greatly perverts and distorts the costs of property refurbishment to the public sector when compared to the private sector. For instance, the criteria requires perfectly good hardwearing fabrics of building such as bathrooms, window frames or roofs to be replaced on a day one basis due to the requirement that these fabrics should be expected to last for a period of 30 years into the future. This is wholly unrealistic and wasteful when these same fabrics may have decades of service left in them and ordinarily, in the private sector either by owner occupier or private landlord, would be replaced only as and when required. This gross distortion of cost calculations for the social sector then forms a critical basis for decision making over a property's future, not surprisingly the inevitable misinformed and inappropriate decision is made that clearance and newbuild are the cost effective options.

2. Riverside go on to suggest that most of the substandard properties are in private ownership. This is certainly not the case in Liverpool where it is actually the social housing, Council or housing association properties that are kept in, by far the worse condition.

3. In this point again, Riverside make reference to the need for demolition and replacement to generate decent neighbourhoods yet this takes no account of the fact that any property can be renovated and made very attractive and habitable regardless of condition and that there is not necessarily a need to demolish. The decision not to demolish is only one of cost, based on the social and economic end value of a property. To demolish a house and replace it with a similar house in the same location, then, with all other matters being equal, the end value of both will be extremely similar yet the financial and social and real cost will be vastly more for newbuild. Given that end values have risen across the board in recent years then renovation has to be the better option were it not made artificially more expensive by virtue of the fact that there are VAT discrepancies between it and newbuild, the Decent Homes Standard sets additional unnecessary costs and further that grants are more readily given for new build than refurbishment. Socially and economically demolition and new build can only change one of the barriers to demand, namely the type of house and it is the most expensive and least acceptable to the affected community who value their heritage and sense of place. Riverside consistently sees only one solution, namely demolition.

Point 1.2: Empty Homes

4. Riverside claim that they have been forced to withdraw property from letting where it is uneconomic to continue letting. Riverside commonly admit to the community in my own area that otherwise perfectly decent properties readily in demand are “voided” for want of minor items, for instance, central heating at a cost of some £2,500 per property yet they happily strip out all fittings and attach steel sheeting to all doors and windows at a cost of some £1,500 per property following which they meet an annual void 50% Council Tax charge of some £500–600 per annum and suffer the loss of a rental income of some £2,500 to £3,500 per annum. This represents an opportunity cost of more than some £3,500 per annum per property.

5. Riverside advocate strengthening of Compulsory Purchase Orders as a way to improve local difficulties thereby suggesting that the problem with disrepair etc lies at the doors of others rather than themselves, when in Liverpool it is fully acknowledged that it is Riverside and other housing association groups that have the highest disrepair levels causing environmental decline within neighbourhoods. In the matter of urging the Housing Corporation to make quicker decisions about whether housing associations can dispose of properties then this is to be wholeheartedly supported and even encouraged.

6. Riverside claim that the problem is fundamentally one of area decline caused by wholesale housing market restructuring as a result of changing tastes and wider economic decline, yet this is not the case. Housing is one of the most economically cyclical of all asset classes being susceptible to fashion and emotive factors as well as normal economic variables. All the reports pointing towards market restructuring were prepared at a time when housing demand was at, or at least near to the bottom of the economic cycle. The cycle has now come half to full circle and housing is in demand again. Importantly however, in the meantime Government Policy has been to adopt fiscal measures (such as interest rate independence) which, although early days, I believe will help to avoid the large peaks and troughs of previous economic cycles in housing. This being the case, then the current housing market is far more stable and therefore indicative of the long-term trend than when the current reports drawing inappropriate conclusions about market restructuring were written. This being the case, the need to consider the draconian housing market restructuring to which Riverside and other commentators refer needs to be thoroughly reviewed and reconsidered to justify it in the new more stable market environment framework.

Point 1.3

7. Riverside restates its view that all regeneration measures can only be addressed by significant external investment. This may be the case in some instances but certainly not in all instances. Much benefit can be brought about by using single regeneration initiatives and funding merely to pump prime regeneration. Again this needs to be thoroughly reviewed in the light of new more stable housing market conditions where indigenous organic sustainable and powerful market forces, if set free in empty property areas in a controlled manner could regenerate these areas perfectly well without need for major public subsidy and intervention.

Point 1.4

8. Riverside are quite right to point out that decent neighbourhoods are essential to the revival of housing markets. Again, however, they lay the blame at the private sector’s doors holding themselves out to be bastions of well-maintained quality property upholding safe communities. This is not the reality of the situation on the ground. They claim that the answer is greater CPO powers to bring this private property into their care and custody although from their current performance this would be a most unadvisable policy.

9. In the same point Riverside further claim that “sustainable properties in sustainable areas drive the empty homes agenda just as much as the issue of oversupply . . .” in low demand areas. There is some considerable merit in this point because in Liverpool as an example, the housing market even within the same locality is highly polarised with low demand areas separated by only a street from some of the most popular housing in the entire city yet the house types and styles are virtually identical. Since the house types and location are identical then one can only reasonably deduce that other factors have affected the market,

which will not be cured by demolition and newbuild. It is a fact that Victorian housing in Liverpool as in other areas is in considerable demand and that such stock locked in an area of high voids and empty properties (deliberately so as a policy of major housing association and council stakeholders in the area). Such policies to withdraw this much sought after stock from the market has a negative effect on the subject (Pathfinder) area itself but it also reduces supply to the market generally. The result is that ripple out affect cannot take place and other high demand areas suffer from artificially high demand which drives up prices to unaffordable levels and prices many out of the market. This is not in anyone's interest and unacceptable and could go a long way to explaining why people choose to live quite far out of city centres and commute into work each day which is contrary to the aims of sustainable policy.

Point 1.6

10. Riverside refer to general obsolescence (ie of a property) being the key driver to the work of the Pathfinder or cause of low demand this is in total contrast to their point they have made in *Point 1.2—Empty Homes* above where they claim that the fundamental problem is area decline. In fact neither is correct as the low demand areas are brought about by the barriers to demand such as :

- (a) Fear of crime/Antisocial behaviour.
- (b) Poor transport links.
- (c) Poor local services and facilities ie shops/ surgeries (health)/schools and education/infrastructure.
- (d) Poor condition of housing stock (due to lack of maintenance/abandoned stock).
- (e) Poor environmental conditions (litter collection and road sweeping /boarded up houses).
- (f) Perceived low quality of housing stock.
- (g) Planning Blight by demolition threat to the area/Council Policy and uncertain future prospects for the area.
- (h) Type of tenure choice available, if people want to buy they will not stay in an area where they have to stay in rented accommodation.
- (i) Availability of property coming to the market for sale or let.
- (j) Type and style of Housing Stock.

THIS LIST IS INDICATIVE ONLY AND IS NON EXHAUSTIVE

As such these barrier factors can be identified, quantified and addressed by proactive action. Demolition can only ever deal with one of the above factors/ barriers—namely j) (Type and style of housing stock).

All the other items above can be dealt with by retaining the existing properties and in fact if these other items aren't dealt with or addressed in some way and an area is demolished and rebuilt with all the other factors remaining then it will still be a low demand area shortly after it has been rebuilt.

11. Riverside refer to local surges in demand in areas of market failure being short term where the property condition remains poor. I am pleased that Riverside acknowledge these surges in these low demand areas but don't agree that they will be short term although the full natural factors at play causing these surges will not reach their full potential while non market orientated organisations such as housing associations continue to hold property, keeping it from general occupiers and in poor condition. These acknowledged surges in price are driven by increasing demand for two main reasons:

- (A) due to ripple over effect from nearby high demand areas;
- (B) due to classic location theory well proven time and time again which has shown how demand for housing ripples out from the City Core to the outskirts in concentric circles and beyond until it goes full circle and demand returns to the City centre again where the cycle recommences. This will mean and the inner city core in Liverpool and other northern cities will become the next most desirable areas as the current "loft living generations" mature and want a slightly slower pace of life in character properties, with more space in established communities with good facilities but they are not prepared to commute for miles as were their parent's generation. I would suggest that the current rapid price rises in these areas could well be attributable to this factor rather than untargeted uninformed speculation which is getting the blame.

12. Riverside go on to refer to “Victorian and Edwardian housing as being 100 years old with associated problems of . . .” the following:

“Heat loss”—Insulation and double-glazing can be installed to a Victorian or Edwardian property to make it equally if not thermally more insulated and thereby sustainable than modern housing. In addition the footprint of the building and the party walls between properties mean that there are usually only ever actually two external walls unlike detached housing.

“Poor light”—Victorian properties were designed prior to, or in the very early stages of electric lighting and were designed for maximum light ingress—in addition features such as bay windows and roof lights maximise natural light—It is incorrect to claim that Victorian properties have a lesser standard of natural light than modern properties.”

“Inadequate Parking”—In high-density urban neighbourhoods such as those afforded by Victorian terraces, the tendency is that the high population justifies good quality shops, facilities and services nearby (a high density of mixed and varying activities in line with PPG 6). This includes good quality public transport services. The tendency is therefore that less trips are generated to other destinations and that those generated can be met by public transport which greatly reduces the need for cars and therefore car parking.

“Lack of Privacy” Contrary to Riverside’s claims, terraced housing provides considerable privacy as they have been designed such that few houses overlook each other or their gardens/ yards, the design does however minimise the opportunity for crime as it is designed out in the symmetry and parallel nature of the streetscape with no places for persons to lurk in corners and bushes. Victorian and Edwardian terraced housing allows people to enjoy an extremely good quality of life in a high density safe environment where services can be enjoyed locally and children can play safely in close to their homes without fear.

Point 1.7

13. Riverside claim that property obsolescence is the problem, which I refute in the strongest terms. Identical properties in other parts of the same cities are some of the most popular and well maintained available. Erroneously, however, Riverside then go on to claim that demolition is essential to cure obsolescence when in fact it has been proven time and time again that properties can be very successfully refurbished from extremely poor condition into successful and popular period housing, where absolutely necessary, modified and adapted to retain the character of an area and hence the identity of the indigenous community.

14. Riverside do, however, acknowledge that factors such as education and health (two of the barriers of demand raised earlier) must also be taken into account, which is tacit acknowledgement that demolition and new build alone cannot solve anything!

Point 1.8

15. Riverside makes reference to being more radical with the necessary clearance as the way forward yet I would invite them to advise exactly how they think that this can be the solution when the negative affects on the communities and their heritage are so clear for all to see. Economic resurgence will never be achieved whilst they seek to drive a community’s wealth creators, decision makers and role models away to remote areas where they cannot contribute to the very community to which they belong and would prefer to stay if the option was available to them.

Point 2.1

16. Riverside claims that the scope of intervention (clearance) so far has been far too narrow and that more resources need to be directed towards HMRI (clearance). As must be clear from my preceding text, and the memorandum evidence of others, clearance is very far from the optimum solution yet Riverside as a Housing Association, removed from the balanced sustainable stimuli that exposure to the real housing market would provide, do not recognise this and in the absence of those necessary market signals and messages, rely on influencing policy as in Riverside’s point 2.1 to release greater funding to them to enable them to embark on policies that are yet further removed from a sustainable market orientated solution. A sustainable solution can only be achieved by reference to the real market and by securing community “buy in” which demolition most certainly does not.

17. Riverside fully acknowledge beyond any doubt again here that non-housing issues are paramount (ie the barriers to demand mentioned above) and they state absolutely that “without . . . (focus on non-housing issues) there is a danger of HMRI becoming another housing regeneration funding stream rather than a framework for transformational change”.

I couldn't agree more strongly with Riverside's point here, but would go further to say that the "non-housing" issues are more important than any housing issues other than tenure change and choice and poor environmental quality. On their own and completely in the total absence of clearance and new build the non-housing issues could restore these empty property areas to their rightful levels of demand at a fraction of the cost of clearance and so to a much lesser burden on the public purse thereby ensuring far superior value for money.

Point 2.2

18. This is a plea for funding to pursue an unpopular and unworkable solution (clearance), which will fail to achieve its objectives. This is coupled with a further plea to remove tiers of decision making bodies so that they can get down to the nuts and bolts of clearance quicker. This enthusiasm for clearance on the part of housing associations is in no small part due to the resultant funding streams and job creation that result that safeguards their reason for continuing in business.

Point 2.3

19. Riverside claim that values are being driven up in Pathfinder areas due to speculation. This is refuted for the reasons outlined in my point 11 above. I would further add that speculation could actually be viewed as a positive thing due to the fact that professional investors who by definition and by their trade are exposed to real markets signals and react accordingly can see the very real and true potential of these areas that non market orientated organisations such as Riverside cannot and who can only suggest demolition as a solution.

Point 2.4

20. Again this is a plea for resources and funding to implement this totally unsustainable and inappropriate solution (clearance). The example of Rochdale and Middleton cited by Riverside indicates how they do not understand how markets operate and how organisations such as housing associations are not able to comprehend using a small amount of public funding to pump prime regeneration but instead see such public funding as a means to an end regardless of the recovery taking place around them and the need for continuing funds.

Point 2.5

21. This seems to be indicating that Riverside would prefer not to be accountable for their actions via bodies such as the Audit Commission as they ask for less supervision, control and even community involvement/scrutiny. As they seem to be acting contrary to all acknowledged community wishes, against the public good and with large amounts of public funds would seem to be a most unsatisfactory suggestion.

Point 2.6

22. This seems to be another plea again for yet more funding or a suggestion that some of the Pathfinder areas should be dropped. I strongly refute that further funding is required unless it is channelled at more non-housing options and I totally support the release of some (if not all) community's housing being dropped from the Pathfinder areas.

Point 3.1

23. Riverside refer to repairs and refurbishment being the "easy" option and that its cost will be higher than new build. It has been categorically proven by heritage bodies and other professional property bodies that it is cheaper to refurbish an older property than to new build and that it is only the prevalence of grants for new build and an unequal VAT regime that make new build more attractive to Housing Associations and Councils. It compensates for their lack of ability to understand the market and therefore how true sustainable regeneration might work. In any event the challenge for HMRI should be to empower the perfectly capable residents and community's within the Pathfinder areas to better meet their full potential so that they can feel confident and empowered enough to deal with such issues as building repair and maintenance themselves. The first step on that ladder to achieving empowerment and interdependence with society is by giving them a stake in their own community ie by assisting them to become homeowners.

Point 3.2

24. Riverside again erroneously lay the blame at stock obsolescence and the requirement for public funding to resolve the repairs, which will be short-lived. Riverside do however interestingly note that the housing market is aspiration driven which is quite correct. People these days increasingly aspire to be homeowners and a person or family with the means to be homeowners are extremely unlikely to then choose either social or private rented accommodation. Liverpool has one of the lowest levels of home ownership in the country which needs to be addressed yet Riverside and other housing associations in Merseyside continue to board up properties claiming that no one wants to rent them when the owner occupation market for the same properties might be extremely buoyant. Recently another housing association in Liverpool offered void, semi derelict properties to the market to local owner-occupiers. This is known as the Hartington Road scheme and was seven times over subscribed. A strict interview process had to be carried out to ensure that applicants were local and intended to refurbish and occupy themselves. A number of very suitable potential purchasers were disappointed. Local housing associations such as Riverside have declined to try any further sales such as this as they clearly felt threatened by the immense demand.

25. Notwithstanding my point in 24 above, it is now an acknowledged fact that there are now 18,000 people on the Liverpool city council/housing association joint waiting list, and only 1,300 properties available. There are 17 applications for every single housing association and council home, and a growing problem of "homelessness". Yet organisations like Riverside deliberately keep properties void. New Heartlands calculations that all voids and demolitions are unavoidable is based on five year old figures and simply does not square with this kind of up to date evidence which needs a thorough update and review.

Point 4.2

26. This seems to be indicating a deficiency in capacity of the private sector for quality regeneration experience yet this again is refuted. There is more than adequate pool of project managers in the North West and the wider area that could undertake high quality regeneration work achieving superb results. I would suggest that quality regeneration managers see solutions beyond clearance and new build, which do not correlate with Riverside and other housing association's visions for regeneration.

Point 4.3

27. I am pleased to note Riverside's comments here that they receive a mixed response to housing association's involvement in regeneration. Clearly all housing associations can offer to regeneration is clearance and new build which is unacceptable and is at an unaffordable financial, economic, and social cost. The fact that Riverside have commented so gives me a reason for optimism that solutions other than clearance are capable of being considered although there is not yet any evidence of this on the ground.

Point 4.5

28. Riverside's interests in forming joint ventures with the private sector is, on the face of it a positive move, however with volume housebuilders is a deeply worrying trend as such other parties will further wish to influence events to secure cleared sites to enable volume housebuilding and their mass produced construction practices. Where such joint ventures exist, a regeneration construction package that was individually tailored to providing bespoke repairs and maintenance to individual properties with varying requirements would merely be a millstone or hurdle to be replaced with clearance and newbuild.

Point 4.2

29. Riverside claim that empty home and "low demand" problems are resolvable using long term planning and delivery. I do not accept that there is a low demand problem in pathfinder areas but rather that the market has been artificially suspended by these large area stakeholders who are far removed from exposure to sustainable market forces and signals. Riverside's claims that "Funding must be committed for years into the future and way beyond the early demolition phases otherwise regenerative recovery cannot be guaranteed". The solution to the problem is not to fund any demolition whatsoever and only limited new build, which preserves the existing character and identity of the neighbourhood thereby engendering sustainable communities. By enabling innovative arrangements to refurbish and where absolutely necessary adapt and modify units together with addressing tenure issues ie solutions to encourage homeownership and tackle non-housing issues, including preventing the artificial suspension of an area's property market, then a much more successful arrangement can be devised that brings about sustainable organic regeneration at a fraction of the cost both to the public purse and wider national resources than would draconian clearance and new build which is doomed to fail as has been proved time and time again.

30. The Lodge Lane Regeneration Group, a community group in Liverpool, have suggested preservation of as many of the historic properties in our area as possible combined with quality contemporary infill rebuild in the Borneo Sporenbourg Dock Scheme in Amsterdam (as shown in Appendix 1) which we believe

will meet the objectives of HMRI, housing associations and the Council, as well as safeguard and meet the aspirations of the community. Our suggestions however, have been rejected for no discernible reason time and time again. We believe that such a scheme would have the following non exhaustive benefits:

- (i) It will provide a high density quality development with flexible space provision of interest to the existing population and potential newcomers.
- (ii) The existing population can be retained in-situ and will not suffer the upheaval and stress from having their homes taken forcibly from them.
- (iii) The area can be repopulated with ease to form a sustainable community and achieving a capital receipt to the Council.
- (iv) The existing population will not have to suffer the financial loss of having their homes compulsorily taken from them whereby they will not be able to afford a replacement and have to move out of the area or into rented accommodation.
- (v) It would not mean the loss of yet more historic property in the City unnecessarily.
- (vi) It will complement and enhance the character of the area sympathetically to the heritage.
- (vii) Will preserve the historic street grid which was laid out by highly professional town planners and architects in an era of immense civic pride and design excellence.
- (viii) The development will keep resident population density high which will support a vibrant trading centres nearby.
- (ix) There will be economic savings to the public purse from not having to pay compensation for compulsorily purchasing properties unnecessarily and from being able to use existing drains and utility services and streets that are already in place in these areas.

Point 5.1

31. Riverside claim that “The key to local neighbourhood regeneration will be for the neighbourhoods to drive the agenda themselves—and this is not yet happening . . .” How absolutely correct this statement is although I would strongly suggest that the communities are trying their best to engage in the process but their voices are not being heard because organisations such as Riverside are unable to understand why it might be that the communities which they are supposed to serve do not wish to have their homes taken from them in a programme of cultural, ethnic and physical clearances where they will be relocated to other areas to make way for occupation by others.

Points 5.2 and 5.3

32. For reasons outlined above, points 5.2 and 5.3 in Riverside’s memorandum are wholly inaccurate in their assumption and conclusions

CONCLUSION

33. It appears clear from the above that organisations such as housing associations like the Riverside Group have, in no small way contributed greatly towards the causes of empty properties in so called low demand areas.

34. “Low demand” areas themselves are not actually low demand areas at all but are more likely characterised as areas where large stakeholders in the area have artificially suspended the free operation of that area’s property market. This is thoroughly borne out by the fact that immediately adjacent to supposed “low demand” Pathfinder areas there are streets of extremely popular housing which are identical in terms of age and type and style and location. These highly abnormal market discrepancies cannot therefore be due to housing issues in isolation. The solution cannot therefore be demolition and clearance. The market distortions themselves are highly damaging within a conurbations since they artificially reduce the ready supply of housing stock from the market in a larger given area thereby driving up the surrounding stock prices to an unsustainable and unaffordable level so that many are priced out of and excluded from the market as is happening in Liverpool at the moment.

35. These organisations’ motivation for doing this is unclear, however it is beyond doubt that a large contribution has been made by the fact that these large stakeholders are not exposed to, and therefore do not respond to, the essential market stimuli to which normal private property owner-occupiers, developers, and investors would respond and take measures to address long before the situation reached artificially reached crisis as has happened in these Pathfinder areas.

36. The inability of these organisations to respond to market forces is now most commonly evidenced by the fact that whilst the UK’s aspirations have moved away from wanting to live in rented accommodation in favour of owner occupation, organisations like Riverside continue to offer only rented accommodation (or in some cases, simply void the property so that it is not even available for rent) and make no attempt to meet the market’s demand. Instead they see the solution to be the release of enormous amounts of public

funds for inappropriate clearance projects, which will destroy many communities' rich heritages whilst shattering, alienating and dispersing the resident members unnecessarily at enormous economic and social cost.

37. Notwithstanding the above, there is an easy, workable and affordable solution still available in these Pathfinder areas which lies in removing the fetters to the operation of the market by restructuring tenure, improving environmental conditions and addressing the non-housing barriers to demand so that the market returns and operates normally. Any successful regeneration scheme should take the community with it rather than clear them out and repopulate by others from outside. In light of this, it is important to safeguard the indigenous communities by enabling innovative homeownership solutions (ie equity loans and Sharia mortgages) to be implemented so that the original community are not alienated when powerful sustainable natural market forces return to these areas.

38. Increasing homeownership where appropriate, will in turn, empower communities and individuals as stakeholders, to take a greater interest in their neighbourhood and therefore in other areas of their lives enabling them to reach their full potential and contribute more fully to the social and economic framework of their community and wider region.

39. Restoring demand to these Pathfinder areas has further benefits and is a desirable objective since it will have the added advantage of increasing the ready supply of housing in a particular area thereby taking the pressure off surrounding high demand/high price "hotspots" and keeping prices at affordable and sustainable levels. These "hotspots" exist largely due to location and property type and people being driven to live in them. The demolition of similar period houses in the same location and their replacement with modern homes will not satiate the demand for period homes and the opportunity to redress market imbalances whilst providing popular affordable homes will be lost.

40. Housing associations do have an important role in the community, however they need to recognise that their client base has shrunk as British people now, on the whole, aspire to own rather than rent their homes. This calls for a thorough evaluation by housing associations of the market available to them, whereupon they will no doubt conclude that there needs to be some considerable rationalisation of provision. In turn they also need to realise and be motivated so that their provision should be restricted to concentrating on providing accommodation for those that truly need it rather than trying to safeguard their unsustainable businesses future by helping to engender and secure future generations of people dependent on social housing who as tenants, secure housing associations' ongoing cashflows into the foreseeable future. If people who are truly capable of doing so are permitted to take control and responsibility of their own homes and therefore their lives then there is every chance that they will aspire to even greater independence again and reach their full potential in society to the benefit of all.

Supplementary memorandum by Alan Wilson, Chairman, Goole Action Group (EMP 31(d))

On reading the memoranda submitted by Riverside Group ("Riverside") I feel compelled to respond to a number of inaccurate assumptions and conclusions.

EMPTY HOMES

1.1 I feel that large housing groups such as Riverside must accept the major share of responsibility for the decline in their areas. They do have the power to regenerate, by careful management of their streets, and the empowerment of the residents and landlords. Unfortunately, housing associations such as Riverside believe that their responsibility ends when the bathroom or kitchen are replaced. They take very little stock of the external and environmental conditions. I believe that one way to ensure people remain in their environment and play a key part in its sustainability is to ensure that attitudes and environment are fully repaired before the kitchens and bathrooms are replaced.

1.2 A repaired and renewed community that has accepted responsibility for its own regeneration will do more to kick start any regeneration programme and in a far quicker turn round time, and at a far lower cost, than any demolition programme.

1.3 Makes the assumptions that social housing is in some way "more decent" than private homes and that this is an indicator as to whether or not the community is sustainable. Anyone who has ever lived in a such a community knows that it is not the state of the property that is the "sustaining" fact, but the attitudes and environment of the people who live there.

1.4 The whole concept of using empty homes as a negative indicator is flawed. Homes can be empty for a number of reasons, illness, death, sale, renovation. Before inclusion in any statistics the reason for its "emptiness" should be established and included or excluded as appropriate.

1.5 This statement is amazing. Have Riverside never heard of property auctions? There are thousands of established and potential property developers that would readily accept the challenge of "obsolescent housing stock", and managing the problems of "heat loss, poor light levels, inadequate parking, and lack of privacy". The truth of the matter is that housing associations are more interested in profit than renovating

the character and heritage of such housing. If the housing associations are not up to the challenge of renovation, the housing associations must then be prepared to release the property to people and organisations that are, and at the earliest opportunity.

1.6 Area based improvement programmes fail because they do not tackle the real factors of decline. Throwing money at property in the forms of grants means nothing unless the residents accept responsibility for their environment. But you will not involve the community until you can convince them that their views and concerns count, and that they, the community, will be included in any decision making process.

1.7 According to Lord Rogers, one of the founding fathers of Pathfinder, Pathfinder has more than teething problems. In the *Daily Telegraph* 26 February 2005, he calls for a major rethink. Lord Rogers says: “We recommended very strongly that you should first of all conserve existing buildings wherever possible, for they are part of our history and create a spirit of place. If we can use buildings which already exist, that strengthens the concept of the urban renaissance, the liveable city. After seven years we still do not have a development that we can be proud of.”

Pathfinder certainly is “making massive changes to lives”. In my home town of Goole, 100 families will lose their homes if demolition goes ahead. There are no spare houses in Goole, so therefore the demolition of these houses will lead to a huge increase in house prices, as housing stock is depleted. The majority of home owners will move from a non-mortgage situation, into one where for the first time in many years they will have to pay for the roof over their head.

Landlords, who invested in property as part of their pension fund, now find that this avenue of pension has been suitably squashed. I would have expected another 20 years of income—approx £85,000, less maintenance (£20,000), yet no compensation is paid for this loss of income.

Supplementary memorandum by Kathy Fishwick (EMP 34(a))

I am most grateful for the opportunity to have given evidence before the Select Committee on 8 February 2005, and would like to submit the following observations.

I have had a lifetime’s interest in Town Planning and took part in the “New Life in Old Towns” study of 1970 initiated by the then Minister of Housing, Anthony Greenwood, as an answer to the unpopularity of the mass demolition of the 1960s. I have since been involved deeply in the Civic Trust movement both at local and national level, and am well aware of recent concerns of sustainability and revitalising our town centres.

I first became aware of “Pathfinder” at a meeting of local voluntary organisations called by the East Lancashire Partnership in June 2002. It is safe to say that many of those present were horrified by the proposals, which seemed to be setting up a programme of mass demolition completely contrary to all we had come to accept as sustainable practices.

By means of community networks, I became aware of the creation of “Elevate” as the East Lancashire arm of “Pathfinder” and other similar bodies in other areas. I attended some of Elevate’s initial meetings, which gave much time to eulogising the attractions of the area, but did not emphasise clearly enough that whilst there was to be some refurbishment of older properties, it was only by agreeing to a large proportion of demolition that local authorities could access money for this.

Guidance sought directly from the ODPM at this point brought the information that “Pathfinder” was not aimed at demolition, but it was up to the local authorities themselves to interpret their approach. There seemed to be no written guidelines available, despite the insistence on demolition from “Elevate.”

In East Lancashire, the only place I can personally vouch for through experience, there was initially little or no consultation with the public about what was to happen in their areas. Local Authorities were given only a few months to “sign up” to Elevate’s proposals or lose what to most of them looked like a great deal of money. If this is also what happened in other areas, the present massive backlash is only what can be expected.

The ODPM Committee meeting on 8 February was a most enlightening experience. This was the first time that I had had the opportunity to hear views from all parties involved at once, and the many concerns about “Pathfinder” actually voiced. Two points in particular stood out:

- (1) The “Pathfinder” bodies represented admitted that they had taken existing local authority schemes on board to give them a start.
- (2) The Local Authorities represented had been working slowly but steadily on programmes to solve their individual problems before “Pathfinder” came on the scene and forced their hand.

This seems to be the basis of what has gone wrong.

Tracing the origins of “Pathfinder”, it now appears that it was based on information that has been taken as blanket coverage when it needed much more detail in individual areas, and that that information was only relevant at that specific point in time. Things have changed since.

Neither the “Pathfinder bodies nor the local authorities had time to go into that detail. Whereas the holistic vision of developing an area and the need for this to be done at local authority level were sound principles, they were undermined by the speed at which the money had to be taken up and the lack of staff and a skill base at local authority level to grasp the full implications.

At this point, it must be relevant to look at what is actually happening on the ground. Again, although reports reach me from several community sources and the national press, I can only vouch for what has happened in East Lancashire.

Basically, the key wording of the “Pathfinder” remit—“Inquiry into EMPTY HOMES” does not apply.

We are seeing people being removed from OCCUPIED homes, many of which are perfectly sound and not unfit, for reasons they can not fully understand. We see no provision made for re-housing these people, many of whom are in great distress; some taking expensive legal action, some just giving in.

We see a “witch hunt” on pre-1919 properties, which are somehow deemed to be automatically unfit, despite having to meet very tight by-laws and building regulations brought in in the 19th century. These properties are usually the historic core of the towns, many in Conservation Areas, and most meeting the needs of sustainable living in being close to town centre facilities and public transport.

As yet, we see no examples of anything to replace these houses, and from the Inquiry on 8 February, no hope of this for some time.

We see no holistic vision being the base of what is happening so far, although there does seem to be some more hopeful thinking emerging that will, however, take time.

We see consultation taking place later rather than sooner. Where that consultation is taking place, in Nelson and Rossendale, it is being done by private consultants commissioned by the local authorities, and is bringing a very strong public reaction against demolition. Where it is not taking place, in Darwen, local people are left in a state of utter confusion, their lifestyle and finances at stake.

We must question “Pathfinders” finances, as no long-term major evolution of our towns and cities can be based on funding on a two-year basis. Nor can we see how a programme of such magnitude can be priced up anyway.

In conclusion, I feel that the Inquiry threw up all the right questions, which, being familiar with the way “Pathfinder” is being handled, need serious consideration.

There must be clear definition of what “Pathfinder” is all about.

Setting out to solve the problem of empty houses is one thing; upsetting whole existing communities is another.

There must be a fresh look at the way decent, hardworking citizens of this country are being treated as a result of failure to understand their living conditions.

There must be recognition that the infrastructure of out towns and cities that has grown up over hundreds of years will not be improved by short-term initiatives.

There must be realisation that skills and understanding can only come with time, experience and consultation, be they skills of management, public relations, or practical building or engineering.

Welcome though the realisation is that holistic development rather than piecemeal change is needed, it is no use going about it in a piecemeal way, which is what is happening.

We need to slow down and get things right for the sake of both the people affected and the local authorities being forced into financial and decision making chaos.

The whole “Pathfinder” structure seems to be so flimsy and insubstantial that it cannot work.

Please can we think again?

**Supplementary memorandum by Sylvia Wilson, Secretary,
Whitefield Conservation Action Group (EMP 37(d))**

The following memorandum was submitted to the Committee to elaborate upon answers given at the oral evidence session on 8 February 2005.

Q40 CHRIS MOLE: The Government has allocated a lot of money to tackle the problems of low housing demand in these pathfinder areas. Is the funding not welcome in these areas?

A40 The funding is very much welcome, what is most worrisome is the way it will be spent. 47% of the total funding is for Clearance, Acquisitions and Demolition etc, and the remaining funding of 53% is for approximately *a dozen other* much needed schemes such as Health, Education, etc. and a small portion on refurbishment. We have witnessed the kind of refurbishment that costs far too much for the little good it does, and *only* for external repairs, no funding has been used where the authorities have alleged it was needed—*inside* the homes of the residents! Costs of the work is based on the National Price List of Builders and Construction Companies, which means that the people and Local Authorities in the North are being

charged the prices of the South—for instance, a re-roof in London would cost about £1,800, the same re-roof in Whitefield would cost £700. The difference in wealth between the two halves of the Country is not being taken into consideration! Not only is this extortion in this respect, the North will never be as affluent as the South and this kind of imbalance needs to be adjusted accordingly.

Q41 CHRIS MOLE: *What do you think the pathfinders' funding priorities should be?*

A41 After a complete and thorough assessment/consultation of the area targeted, "Funding Priorities" should follow the lines of the assessment and consultation. Each Area, Ward, Town is different and unique to anywhere else and should be looked at *as* individual Areas. Whitefield for instance, has asked for Individual Housing Grants to do their homes up and are refused help unless the application is based on a doctors letter to say that their homes are so unfit to live in as to make the residents ill before any work has to be done! This is a farce!

Residents in Whitefield want the housing that is boarded up, opened and refurbished and the Ward put to rights. They want Flexible Grants to do the homes up that need help, the Streets, Sewering, Lighting to be repaired/renovated/renewed, Vacant properties such as the Church, Mill and the "Old Co-op" put back into active productive use, CCTV cameras to keep an eye on things, and this is before anyone has any idea of demolition . . . demolition has to be the last thing on the list! Not the other way around, as is happening all over the North!

Q42 CHRISTINE RUSSELL: *When we visited the North West we saw rows and rows of Victorian terraced houses that were empty and had been abandoned, despite the fact that many of them had had thousands and thousands of pounds spent on them in improvement grants and so structurally they were sound. Do you support the argument that there is nothing physically wrong with the properties, that what is wrong is the neighbourhood and social and environmental factors?*

A42 All of the areas targeted by Pathfinder have unfortunately been included in a broad-brush-approach, which is a fundamental mistake in projects like this. The fact that the areas in which the Select Committee visited were full of "empty and abandoned" properties, and at this point has not told us why they are empty and abandoned or where? That hundreds of thousands of pounds have been spent on them in improvement grants begs us to ask the question, what did the LA do to improve the areas alongside the renovation of the properties, such as industry/work places, areas such as play parks, improvement to local shops, and transport to town centres?

In answer to the second part of the question:

1. Neighbourhoods can alter by degrees over a long period of time, generally, I have found, they come under three items:
 - The human factor:* ie, that youths gathering on street corners, or wandering the streets, this leads to a sort of feeling of intimidation especially at night,
 - Solution* = Promote somewhere or something for the kids to do!
 - The streetscape factor:* ie, too much street furniture, front gardens with bushes and trees over growing into and onto the paving areas in the street and the none painting of the lamp-posts etc give an air of tattiness to an area.
 - Solution:* Remove surplus street furniture and utilise those there for other signs as well, clipping back and pruning of bushes from pavement, painting all lampposts one uniform colour on a three to five year basis.
 - The cleanliness factor:* ie, litter, dog mess, fly-tipping and dumping.
 - Solution:* more litter bins, dog bins, high fines and enforcement on them for the fly-tipping and dumping.
2. The social structure already exists and has formed a cohesive, working, integrated, community that is already sustainable.
3. As for environmental factors, better street lighting, cleaner streets, drain maintenance, pavement and road repairs.

Q43 CHRISTINE RUSSELL: *Are all three of your organisations saying the same thing, that there is nothing basically wrong with these properties, the Government has got its priority wrong and should be spending money instead on regeneration of the social, the economic and environmental aspects of the neighbourhood?*

A43 Ms Wilson: Exactly what you say, yes. There is nothing wrong with any of the houses that cannot be put right. It is not the houses it is the people. (*) Note: * Government has got its priority wrong, the preconceived ideas (of market collapse) are not happening on the ground, Pathfinder is based on out dated information such as the 1991 and 2001 census reports, and Council Rate Books, which have so many anomalies as to render them useless as facts, (over 1 million papers were not returned on the 2001 census alone) Exaggerated reports have been put forward from them, of poor condition and deprivation and

Pathfinder, with the knee-jerk reaction to the “alleged” low demand is instigating proposed mass demolition to solve the “alleged” problem. Taking with them the history, heritage and communities with it—Pathfinder is in danger of creating something contrived, rather than allow things to develop naturally.

Q46 CHAIRMAN: *Is there not a fashion, amongst young people particularly, in that they want the sort of kitchens and bathrooms they have seen advertised on the telly for 20 years of their lives and that they do not want a converted Victorian dwelling?*

A46 Any dwelling can be converted to fashion and that includes bathrooms and kitchens in any Victorian, Georgian or Edwardian Buildings. I have been into quite a few Victorian dwellings that have been converted by young people and couple's, one or two have made half-loft bedrooms over an original bedroom, and converted that original bedroom into office/library/other use status! There are many wonderful ways to internally re-design a two up two down just as it is!

Q48 MR O'BRIEN: *Could I draw attention to the question of demolition, because you have all questioned the need for more demolition? How should the pathfinder programmes decide which homes to demolish? Because of the high level of poor quality housing that you have referred to, is some demolition required? Is the progress of that demolition a matter for community involvement?*

A48 *Firstly*. It seems that there is a theme running through here, the fact that the ODPM have stated that Demolition should be used only as a “last resort, when all other options have been exhausted, and then used in a sympathetic/sensitive manner!” *Secondly*, deciding which homes to demolish, unless the property is structurally unsound and a liability to the public at large, Pathfinder should not touch them other than to refurbish/renovate them, it would be cheaper in the long run and vastly more economic within the realms of the environment—oil, pollution, other resources! *Thirdly*, as far as I am aware we have not referred to any high level of poor quality housing at any time? *Fourthly*. SOME demolition may be required, but not on the scale and scope of the Pathfinders agenda! *Fifthly*. Of course it is. If it has been proven that some of the properties are in sever disrepair, the residents need to know all the details and be shown the proof, they then can make decisions on that! If they have Heritage value or there is merit to the buildings and or community, then the residents have a “right of say” as to what happens to them for the long run. It is only right and fair!

Q49 MR O'BRIEN: *Would that not impede progress?*

A49 It may do, but better now to sort things out, than a CPO and Inquiry later on.

Q52 MR BETTS: *You are suggesting that the housing market has improved, perhaps since the pathfinders have been introduced. Is that something they have achieved or is it due to other factors? Is it universal across every pathfinder area or is it patchy improvement?*

A52 Yes, *Firstly*, the housing market has improved tremendously, house prices are through the roof, mainly because so many houses have been taken off the market and are either boarded up or not put on the market because of the RSL's or speculators, or because so many areas are in a twilight zone of upheaval. *Secondly*, No, the HM improvement is not down to the Pathfinders, as the HM prices began to rise gently in late 1998–99 and soared at a rate of £1,000 per week by the year 2000. Pathfinder was not in evidence until mid 2003.

Q53 MR BETTS: *Speculation. Are people moving in now and seeing a quick profit possibly in some of these areas? Is that of concern? You mentioned about managing this: how on earth do you manage it?*

A53 Speculators who enter a vulnerable area, should have to relinquish the properties for the prices they paid for them and not be allowed to make profit on others misery, yes it is of concern, it stops other people wanting property to live in, hikes the HM prices up further because they are taken off the market and holds the councils to ransom for extortionate “quick profit” fees.

Q54 CHRISTINE RUSSELL: *Could I pursue the question I was asking before? Around the country there are rows and rows and rows of two-up/two-down Victorian terraced housing. Should we preserve all of them? Do they really meet the aspirational needs of young families and young people? Why have they been abandoned in Liverpool? Is it not that young families have moved out to places like Warrington New Town? Would you be less concerned about the families if the quality and design of the new properties were higher perhaps than what it has been in some of the pathfinder areas?*

A54 Ms Wilson: *Firstly*, on preserving them all. No, there is not a call for every single last property to be preserved. That would be entirely unreasonable. But there is certainly a good call to look at the townscape and look beyond what is, just because the houses are two up, two down doesn't mean that people don't want them. *Secondly*, Yes, the houses fit the aspirational need of those who are possibly first time buyers. Of those

who love a “doer upper”. Single parents. Family downsizing. Retirement/OAP properties. Young families who find themselves financially strapped because of new baby. Single people wanting to try their wings! The list really can be endless in this respect! Thirdly, “Why have they (houses) been abandoned in Liverpool?” I would imagine that the Select Committee who have visited the areas would have asked that question with the residents there? My basic understanding of this, is that the industry and work within the areas have declined over the years, with little or no direction or even awareness of the situation until too late, for their councils to do anything about it, people go where the work is, this has not happened over night, but over a period of time when things could have been rectified efficiently and easily keeping the areas and communities together! Fourthly, Young families are in a position to commute as a rule, it is usually the older end of the family . . . (mums and dads) that find the constant troll to and from their work more exhausting, and so move closer to it and have moved out to places like Warrington New Town! Fifthly, Our concern is with the residents who already live in the properties that their local Councils and the Pathfinder are targeting for demolition and giving the residents no option of what they want. They are saying that they do not want to leave the homes they own, whether because of the financial aspect or the safety of the communities they are living in? Demolishing the original Victorian Housing to replace them with New build properties, will not in these cases, “Renew the Market” “Encourage the return of genuine house hunters” nor will it “Provide a community network that has been installed and integrated over decades.” Sixthly the quality and design of new build, nothing can compare with the sturdy build of Victorian dwellings, homes built of natural materials that have and will stand the test of time, New build has a place but, if the quality is man made stone and the designs are box-like, rooms smaller than the terraced housing’s, internal kitchens, which take a room away, and tiny porches stuck on the frontages, it cannot recreate the unique sense of charm, character and robustness, which Victorian properties have, which in turn gives a community a sense of belonging and place, which will be destroyed in the event of clearance and new build.

Q55 CHRISTINE RUSSELL: *How would you define the ones that should be retained and the ones that should be demolished? What is your definition of the one that is okay to demolish?*

A55 Any and all properties can be retained and renovated and depends on the physical state, the fabric of the building and of its historical status to the area. Due to the intangible significant benefits from retaining older properties in terms of charm and character and the sense of place and belonging to the community then very careful consideration to a properties modification and adoption to suit modern day requirements should be given prior to its demolition. For instance a terrace of properties could be adapted by knocking two into ones to former larger dwellings. This would be as economic as new build, if fact more so, while at the same time it will preserve the external appearance of the frontage and the sense of place for the wider community. This has got to be a win, win situation that meets HMRI objectives whilst at the same time preserving and maintaining the community. On the other hand, houses that are so structurally unsound as to be a liability to the public at large and uneconomically unviable for repair needs to be listed in order of dereliction, and if all else fails, dealt with!

Q56 CHRISTINE RUSSELL: *So it is purely physical. You would not look at: Is there still a community here?*

A56 No it is not purely physical! And, Yes, the communities are as important as the buildings they live in, without one you don’t have the other. If a dwelling is as bad as I have said then that building has to be taken down and the space utilised for, say a green area, what you do not do is demolish the whole row for the sake of that one building, it would contradict a common sense approach! The fact that nearly all of the targeted areas in the Pathfinder Project Areas have living, breathing, sustainable communities still living in them, and are willing to fight for what they have, because to many, it may be all they have in the way of assets, councils are not prepared to pay out the HMV to purchase another home in the same condition or better, nor are the councils willing to offer a key for key exchange home . . . Yes you do have to look to the communities, they are people not cattle to be shunted elsewhere on a government whim!

Q57 CHRISTINE RUSSELL: *No, but I am asking you about the Victorian two-up/two-down terraces, not the larger properties. I am trying to find out from you whether you think that every single row of two-up/two-down Victorian terraces should be retained. If not, how would you define the ones that you would be happy to see go?*

A57 As Ms Fishwick stated in her reply “The two-up/two-down terraces are not in block masses. They are interspersed amongst other buildings and other terraces with three, four, and sometimes more bedrooms. They do not happen to be, in my experience, in huge masses together. They are part of a flexible community.” Mr Wilkinson also commented that, “this is a hugely important point. Terraced housing has not been studied on a national scale, even though it is the most popular form of national housing. There should be a proper study of what might possibly be lost and a proper understanding of what is really there before we start clearing away.” At the EbD our group took on the responsibility within a selected area, to find out what size, type and mix of housing we had in Whitefield, the result was 158 two bed roomed houses, 262 three bed roomed, 158 four bed roomed, and 226 larger (5/6) units. We can boast that we are the only area to have done this in the UK and submit to this select Committee that this is the way forward to ascertain the multi-mix and variation of housing, before assuming that all houses in the North are of small, two bed dwellings in which people have no choice!

Q58 CHAIRMAN: *Could I take you on to the question of consultation? There is a problem, in that, if you consult with people already in the area, you are not really consulting with the people you want to get back into an area, are you?*

A58 Ms Wilson: We have a list of more people than we have houses boarded up by the council who want to purchase these houses. The thing about all of this is that the people do want to come back into Whitefield; it is a very popular ward.

Note: People who already live in a specific area have what we call, “a right of say” in that they are the ones who are extant to that area, know how that area works, and have first “dibs” on what they want and need to promote a healthy, safe, working and living environment that fits the needs of the residents in that area.

Q59 CHAIRMAN: *You feel that people who want to buy can be consulted?*

A59 Ms Wilson: Yes.

Note: (I need to qualify my answer to the chairman’s question) I had in my mind the list of people who want to return to Whitefield, to the houses the Council have boarded up, and hopefully after the ADF and the EbD has been got out of the way, the start of proposed refurbishment of these properties with and by The Heritage Trust for the North West’s Building Preservation Trust, the Trust is more than happy to discuss and implement the designs and the plans for the properties with those particular residents and also those who already live there. In the general scheme of things, people who want to move into an area do not need to be consulted on anything, they buy houses, that they can afford, in an area that they like, where it is reasonably convenient for the amenities they need, the community they can be involved with . . . this is what people do as it is the natural way of things. If they do not like the area or people etc, they will go somewhere else, but that doesn’t mean others won’t buy and settle in the area! Consultation is for the people who live in a certain pinpointed area, where that area is pinpointed for an uncertain future ie, demolition of homes, the eradication of the history and heritage and the break up of living, breathing, viable sustainable communities.

Q60 CHAIRMAN: *You are obviously not too happy with the Pathfinder teams. Are you happy with the local authority and everybody else in the area, or are the Pathfinders part of a group of people you are unhappy with?*

A60 I will take this question literally . . . We have no input with the Elevate Pathfinder, they do not consult, nor have any contact with us! We are not at loggerheads with any of the Council/Groups/Teams that you have mentioned or anyone else. But, we are not happy with what the Pathfinder Teams are doing, or our council who seem to be “allegedly” in league with each other. Our Councils are falling over backwards in order to get the funding that should have been given freely by Government, but they have been told by pathfinder to sign up to quotas for demolition or they get no funding, and we yet again lose out as we have done for two decades.

At this Government Inquiry, We have learned several things from Elevate that we had no notions of before, for instance . . . at a preview of the ADF results in Sept 2004, our group were given five Options for Whitefield Ward:

- (1) 1st option (minimum) was for the demolition of 102 dwellings.
- (2) 2nd option (medium) was for the demolition of approx 245 dwellings.
- (3) 3rd option (intermediate) was for the demolition of approx 325 dwellings.
- (4) 4th option (maximum) was for the demolition of 435 dwellings.
- (5) 5th option was, that if we did not choose one of the above options, everyone would pull out of Whitefield and the ward would be left as it is—with the approx 120 houses (that Pendle Council had acquired prior to and during the two Inquiries held in Nelson,) boarded up, and leaving the people and the ward to deteriorate as it stood!

When we attended the ADF Presentation two weeks later, Option one’s figures had dropped from 102 to 95 dwellings to be demolished and the option five had been removed altogether, when we queried this with the ADF people they said that they had decided to drop that one, we could not find out why or get further answers from them!

It took the ADF, 10 months to reach that decision, ignored everything that we told them, and all of the dwellings to be demolished was in the same Order Lands that The First Secretary of State and the ODPM had told Pendle Council “to retain and renovate.”

After all that, Whitefield does not even have ADF status! Mr Steinberg in his answer to question Q27 (taken from the uncorrected minutes) states “Although it is not one of the initial 11 areas in which Elevate is investing, because it does not have agreed area development framework status,” Mr Steinberg also says “I believe that what they (ADF) did helped to form the basis of the Enquiry by Design” If this is correct,

then we have been shafted yet again, as the Inquiry by Design came up with 60 dwellings for demolition . . . again in the same Order Lands that the Secretary of State and the ODPM told our Council to retain in September 2003.

None of the Pathfinders are handling this farce in anyway very sensitively or very properly!

Knocking down houses will not accomplish anything except holding house prices to ransom and making the poor homeless and poorer in the areas of less affluence, it is also making Estate Agents and Construction Companies richer at the resident's expense!

Pathfinder has no structure, transparency and no safety nets or back up for those it applies to!

We all believe that Pathfinder has parted from the remit of the ODPM and are making it up as they go along, as they have admitted in this Inquiry? The trouble is that we are the ones that will suffer for their mistakes in the long run! Are we happy with any of the above people? No!

Q61 CHAIRMAN: *You feel there is a lack of skills as far as the whole problem is concerned?*

A61 Three-quarters of Whitefield has been made a Conservation Area, (after five years of lobbying) and covers the areas that were the former Order Lands, we have no full time Conservation Officer to look after us and protect us from the proposed Clearance that our Council seems determined to get one way or another, although there are two other Conservation staff, (one of them being a treeman, the other is part time and has to deal with the rest of the Borough). It is correct that the former Council Officer was told to mind his own business with regard to Whitefield Ward and restricted in his job by our Council! He has since left Pendle Council!

Q62 CHAIRMAN: *If they created the posts would they be able to recruit conservation officers or is there a national shortage?*

A62 The posts for Conservation Officers already exist, the trouble is that there is a shortage of committed people to do the job, and do it well!