The evolution of housing renewal policies in the United Kingdom:
Purposes, priorities and procedures

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The online version of this article can be found at:
http://www.fbe.unsw.edu.au/cf/apnhr/

May 2010
Title: 2009 Housing Researchers Conference [electronic resource] : refereed conference proceedings / William Randolph ... [et al.]

ISBN: 9781740440325 (eBook)

Subjects: Housing--Research--Pacific Area--Congresses.

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Dewey Number: 363.5099


The papers published on the as part of the proceedings from the 4th Australasian Housing Researchers Conference have all been subject to a peer reviewing process.

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Abstract

Housing renewal has been a central feature of policy in the United Kingdom for more than forty years and since the 1980s has often been an important element in wider policies for urban regeneration. The two main strands of housing renewal policy have been (a) the improvement of older housing, initially as an alternative to slum clearance and redevelopment and (b) the regeneration of unpopular and unsustainable post-war public housing estates. There have also been housing elements in mainly private sector-led city centre urban regeneration projects, which in some cases have revived city centre living but not generally for those in need of affordable housing or family-friendly local services. Drawing on a recently completed cross-national study of the UK, Japan, the USA and South Korea, this paper reviews the UK experience of housing renewal, including information from case studies in Birmingham. It discusses the evolution of policy from an era of predominantly government-led activity to one of partnerships and mixed public-private funding. It also considers the gradual withdrawal of grants for private sector house improvement and the increasing reliance on personal borrowing to fund essential repairs and improvements. What lessons can be learnt from this experience? And what approaches are likely to be followed in future, where the purposes, priorities and procedures of housing renewal and regeneration are being re-evaluated in the light of present economic and political trends?

Key words: Housing renewal; urban regeneration; policy evolution

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Introduction

Housing renewal has been a central feature of policy in the United Kingdom for more than forty years and since the 1980s has often been an important element in wider policies for urban regeneration. The evolution of housing renewal and regeneration policies can be structured into four main phases, which are: high levels of government intervention and housing construction in the period from 1945 to the 1960s; the emergence of gradual renewal and community involvement in the 1970s; the shift towards private investment in the 1980s; and people-centred policies and better opportunities for community involvement from the 1990s onwards.

There have been two main strands of housing renewal policy: first, the improvement of older housing, initially as an alternative to slum clearance and redevelopment, a process that began from the mid-1950s and became very important from the 1970s onwards; and second, the regeneration of unpopular and unsustainable post-war public housing estates, a policy that began in the mid-1980s and gathered pace in the 1990s and 2000s. There have also been housing elements in mainly private sector-led city centre urban regeneration projects from the 1980s onwards.

The purpose of this paper, which draws on work prepared for a recently completed cross-national study of the UK, Japan, the USA and South Korea (Kyung et al, 2008, 2009) is to review the UK experience of housing renewal and regeneration, to discuss the evolution of policy from an era of predominantly government-led activity to one of partnerships and mixed public-private funding, and to consider future prospects in the light of present economic and political trends.

The evolution of housing renewal and urban regeneration policies in the United Kingdom 1945-2000

High levels of government intervention and housing construction from 1945 to the 1960s

Britain was faced with a housing crisis after the Second World War. It was estimated that around half a million homes were either destroyed or had been made completely uninhabitable while another three and a quarter million had been damaged (Malpass and Murie, 1999: 52). Therefore, high levels of housing construction were needed to reduce shortages and provide for a growing population. The number of new housing completions increased rapidly and in providing housing, the role of the local authorities, strongly supported by the post-war Labour Government, was much more important than ever before (Malpass and Murie, 1999: 53-63). Because of the housing shortage, slum clearance was suspended from 1945, and in 1949 grants were introduced for the first time to encourage landlords and owner-occupiers to improve the basic amenities of poor quality housing, or to install them for the first time. The slum clearance programme was not officially resumed until 1955.

Between 1955 and 1960, about 41,000 slum houses a year were demolished, rising to more than 60,000 a year between 1961 and 1973 (ODPM 2002: 64). Between 1960 and 1968, over 20 per cent of new council housing was in multi-storey blocks. However, financial constraints forced the standard of multi-storey blocks to be kept low and as Gibson and Langstaff (1982: 42) pointed out, the effects of this periodic lowering of standards became apparent in the growing phenomenon of ‘difficult-to-let’ estates.

Concerning the impact on the lives of the residents, the slum clearance programme faced increasing criticism. The process was characterised by repeated rescheduling of the dates when people were to be rehoused in satisfactory accommodation; by continually deteriorating living conditions both within the houses themselves and in the surrounding neighbourhoods; and by feelings of hopelessness on the part of residents in clearance areas since they had little contact with the authorities carrying out the programme and very little information about what was going on. When clearance eventually took place, the transfer of significant populations to new neighbourhoods with few facilities, such as shops
and good transport links, and away from their traditional social networks, destroyed long-established communities and led to isolation.

By the end of the 1960s, the Labour governments elected in 1964 and 1966 decided on a change of policy. The large-scale slum clearance programmes carried out by local authorities had become too expensive and moreover they were considered socially unacceptable (Couch, 1990; Gibson and Langstaff, 1982; Malpass and Murie, 1999). A related reason was that most slum clearance so far had affected private sector tenants and their landlords in mainly inner city areas. It was clear that future waves of clearance would begin to have a greater impact on areas of older owner-occupied housing which were thought to be more complex to manage and likely to arouse greater opposition from residents.

The emergence of gradual renewal and community involvement: the 1970s

The 1970s started with a Conservative government, which supported the private sector and sought to reduce the level of public expenditure by local authorities on housing. The government believed that too great a proportion of national expenditure was being devoted to housing and particularly to public housing by local authorities. However, the policy of area-based renewal that had developed under the previous Labour government was maintained and developed throughout the 1970s. In part, it was thought to be more cost-effective than the high cost of slum clearance and rehousing; and that it would help to keep communities together, though both arguments were challenged as time went by.

The Housing Act 1969 marked a switch from a policy of slum clearance and replacement by new housing to one of housing improvement. The focus was on housing built before 1919 which accounted in 1969 for about one-third of the national housing stock. The improvement policy relied on incentives to stimulate the voluntary take-up of grants and stressed an area approach aimed at achieving comprehensive improvement to high standards. There was a recognition that individual property improvement was not an adequate response and that an ‘area approach’ would have more effect on private investment in the stock of the area (ODPM, 2005: 25). The local authorities were given the power to declare General Improvement Areas (GIAs), which marked the first policy designed to tackle the improvement of poor quality housing at a neighbourhood level (ODPM, 2005). GIAs were small areas covering around 200 to 300 dwellings, which were mostly owner-occupied and consisted of fundamentally sound houses capable of providing good living conditions for a period of at least 30 years.

In the early 1970s it was realised that those in greatest housing need, particularly poor tenants and low-income owner-occupiers, were deriving least benefit from the GIA programme. The government introduced the Housing Act 1974 in response to mounting criticism of its improvement policy in areas of housing stress. The 1974 Act involved a new emphasis on comprehensive strategies; the social objectives of renewal; housing stress areas; corporate working; and the concept of gradual renewal. Local authorities were given the power to designate Housing Action Areas (HAAs) where the physical state and social conditions of a predominantly housing area were considered ‘unsatisfactory’ based on a majority of dwellings failing to meet the statutory standard of ‘fitness for human habitation’. Most of them were in areas with a high concentration of private rented housing, reflecting the fact that improvement was much less attractive to landlords than to owner-occupiers in areas of older housing. The size of HAAs depended on particular local circumstances but normally was not larger than 300 houses.

The objectives of HAAs were to secure improvement of the housing conditions in the area as a whole; the well-being of existing residents; and the proper management of the housing (Gibson and Langstaff, 1982: 67). The aim also was to stimulate private investment. There was much local success in the implementation of individual HAAs but the projects were dependent almost entirely upon public sector repair and improvement grants (ODPM, 2005: 26).
How effective were these early policies on area improvement in ‘preserving the community’? In GIAs, there were considerable changes in tenure patterns and in population turnover and GIAs became somewhat notorious for their contribution to the process of ‘gentrification’, especially in inner city areas. HAA policy emphasised the importance of benefiting existing residents but in practice many found the improvement process too stressful and were willing to move house if they could. A national monitoring study of HAAs in England concluded that although many original residents moved out of HAAs, the characteristics of those who replaced them suggested that the HAAs continued to play a broadly similar role in the local housing market in terms of the type of people who lived there after the HAA programmes had been completed (Bradley, 1980). The original communities, however, had been disrupted in HAAs and GIAs, just as they had been in the slum clearance areas of the 1950s and 1960s.

In 1974, a Labour government came to power in a worsening economic climate. The role of local authorities in housing was reinforced. New subsidies were introduced to keep rents low and to protect public housing against continued rapidly rising costs. Furthermore, in the face of private sector disinvestments, the 1977 White Paper Policy for the Inner Cities (which preceded the Inner Urban Areas Act of 1978), saw an expanded role for the public sector at local level as a prerequisite for overcoming urban decline (Imrie and Thomas, 1999). The Labour government decided in favour of local authorities as the natural agencies to tackle inner city problems at the head of powerful partnerships encompassing all public sector agencies working at a local level. There were also acknowledgements of the potential role of the private sector, voluntary organisations and communities. But public sector resources were inadequate to make good the level of private sector disinvestments facing inner cities. Serious problems in the national economy, including stalled growth, high inflation and the intervention of the International Monetary Fund, meant cuts rather than increases in public funding. Lawless (1989: 50) criticised partnerships as a largely bureaucratic device with little influence and only minimal funding whilst Bailey (1995) found little evidence that, in the late 1970s, partnerships were able to develop consensus or strategic coherence. However, the concept of partnership was new and the approach was unlikely to succeed without a changed political environment.

The shift towards private market investment: the 1980s

With the election of a Conservative government in 1979, the 1980s saw an ideological shift. The basis of the Conservative reforms was a desire to ‘roll back the frontiers of the state’ and create better opportunities for the private market. Housing policy was caught up in the overall support for owner occupation and this weakened its effectiveness in addressing the problems of older housing areas (Mullins and Murie, 2006; ODPM, 2005). The government implemented a number of measures to stimulate owner-occupation, requiring local authorities to sell council housing under the ‘Right to Buy’ introduced in the Housing Act 1980. Housing policy was no longer seen as an attempt to meet needs but to reflect what the country could afford and what the market would provide; housing was considered a matter of individual choice and responsibility, with the state playing a minimal role. It was argued that the public sector ought to be concerned only with the provision of housing for special groups, such as the elderly and the disabled, and the very poor.

It was a period that saw many new policy instruments whose objectives were to ‘lever’ private-sector investment into urban areas. To take control of large areas of inner city dereliction, quasi-government agencies were set up, such as Urban Development Corporations (UDCs), Enterprise Zones (EZs), and Housing Action Trusts (HATs). At the same time ad hoc public bodies were established, such as City Action Teams and Task Forces to determine policies at the local level. UDCs were given local planning powers and they had public resources to acquire and reclaim sites, create a new infrastructure of roads and other services, divide the site into marketable plots and then dispose of them to private industrialists, entrepreneurs and property developers. Although successful schemes brought disused land into use and transformed the appearance of derelict areas, the costs to the Exchequer were high and their impact in creating genuine economic opportunities for the urban poor was negligible (Groves and Watson, 2001: 51-2). These interventions were mostly driven to address
the creation of economic prosperity, not the well-being of poor communities (Brownill and Darke, 1998; Duffy and Hutchinson, 1997). Consequently, social needs became subordinate to the needs of the market and the whole value system accompanying intervention in urban space changed fundamentally in this period. The overall strategy of the Conservatives differed strikingly from that of the previous Labour government, and of previous Conservative governments, too.

However, the Thatcher administration in its early years had launched a series of experimental private sector housing renewal programmes to use grant aid on a block-by-block basis to improve conditions in the older housing stock (Groves and Watson, 2001). Under this initiative, known as the ‘envelope’ scheme, local authorities rehabilitated the external fabric of entire streets of houses at minimal cost to the owners and improved whole neighbourhoods in an efficient and effective manner. This short period of unlimited spending on grants was driven by the Conservative government’s support for home ownership (ODPM, 2005). But the Thatcher government curtailed expenditure after its re-election in 1987 and changed the direction of renewal policy. Means testing of grant aid was introduced for the first time but house improvement grants continued to be available for residents living in unfit property whose income levels qualified them for assistance.

By the late 1980s, there was increasing recognition that housing problems could not be treated effectively on their own. A holistic approach, which connected with other areas of policy such as employment, training, social services, transport, retailing, environmental improvement and health, was seen as necessary. To meet these needs, the ‘envelope’ scheme was replaced in a comprehensive overhaul of the different types of grant and under the Local Government and Housing Act 1989, the designation of areas as ‘improvement areas’ was replaced by ‘Renewal Areas’ (RAs), which became the subject of a systematic process of appraisal and declaration (Groves and Watson, 2001). However, the government began to place much greater stress on local economic development and the need to regenerate the local economy than had been the case during the 1970s and early 1980s (Groves and Niner, 1998). As a result, the funds for intervention through housing renewal programmes were more limited, and inner city housing renewal programmes became a part of more holistic and integrated regeneration approaches (Groves and Watson, 2001).

The Renewal Area scheme is an area-based approach to the renovation of areas of older private housing. It aims to improve housing conditions and amenities where poor housing is concentrated and where it is likely to be accompanied by economic, social and environmental problems. The scheme is designed for areas much larger than previous improvement areas, such as HAAs, in an attempt to involve the private sector in its implementation. Cooperative working amongst the statutory authorities is expected to improve local service delivery. The aims are to achieve an inclusive, community-based approach supported by local residents; and to deliver a partnership approach with other important potential contributors to the programme, such as local businesses, voluntary agencies and other housing providers (ODPM, 2002; 2003). A Renewal Area programme runs for ten years and is preceded by a comprehensive assessment of the area, its problems and possible solutions in the form of a Neighbourhood Renewal Assessment (NRA).

Since 1990, local authorities throughout England and Wales have been declaring, running and sustaining RAs. Birmingham was a leading exponent of this approach, declaring four of the first Renewal Areas in Britain (Birmingham City Council, 1991). According to Revell and Leather (2000), in England and Wales, around 135 RAs had been declared by March 1998. In total some 160,000 dwellings were included in RAs in England which were predominantly located in the North (64 per cent) and the Midlands (25 per cent).

Reviewing the RAs scheme in 2003, the Office of the Deputy Prime Minister (ODPM) expressed the belief that RAs had enabled local authorities to develop effective partnerships with residents and other private and public sector interests; to stimulate private investment alongside the use of public resources by giving residents and others such as developers, housing associations and financial institutions greater confidence in the future of an area; to provide a local strategic framework for housing renewal assistance and a catalyst for wider regeneration action; and to demonstrate local
authorities’ long-term commitment to the designated areas in partnership with residents (ODPM, 2003).

Nevertheless, there have been concerns about the effectiveness of RAs including the complexity of identification and declaration, the perceived disincentives for local authorities to declare them, together with their large size and lack of dedicated resource allocation (ODPM, 2005: 28). The number of RA declarations fell during the late 1990s as there were no public resources dedicated specifically to RAs (Groves and Watson, 2001). The RAs scheme, introduced in 1989, was modified in 1996 and again in 2002 by the introduction of the Regulatory Reform Order on private sector housing renewal (discussed in more detail below).

**People-centred policy and better opportunities for community: the 1990s**

In the early 1990s there was another major reorganization of urban policy in Britain. The new approach was different from the ‘welfare’ initiatives of the 1960s and 1970s and the ‘entrepreneurial’ culture of the 1980s. Its most important feature was ‘competitive bidding’ (Oatley, 1998); local authorities with the most serious problems were invited to bid for resources. To make a bid, local authorities required the involvement of local communities. The needs of communities as voiced by themselves started to be reflected in the development of urban policy. This change in emphasis followed on from a period of considerable criticism against property-focused urban regeneration initiatives, which essentially, and without any surprises, left those living in disadvantaged areas worse off.

In 1991 the City Challenge scheme was launched and 31 City Challenge programmes ran in deprived urban areas between 1992 and 1998. Each programme was eligible to bid for a share of £37.5m over five years (DETR, 2000). The basic aim was to encourage sustainable improvements in deprived areas through a process of competitive bidding. Local authorities were encouraged to produce plans to revitalise run down areas. This scheme forced local authorities to work differently: they had to put together plans for the regeneration of neighbourhoods that could benefit the area in partnership with businesses, the community, the voluntary sector and other public bodies such as the police (Atkinson and Cope, 1997: 211). Key features of City Challenge included its holistic approach to the regeneration of relatively large geographical areas through strategies developed by partnerships of key actors and agencies active within the locality (DETR, 2001: 20).

However, in practice, those involved in City Challenge initiatives were concerned with the difficulties facing the development of such institutional mechanisms and its capacity to offer rapid and flexible delivery (CREUE, 1994: 8): the delicate work of building up community and business trust was threatened by the speed and national profiling of the initiatives and there was tension between the time needed to build up collaborative networks and the competitive form of the initiative both between authorities and within the individual City Challenge areas. Moreover, City Challenge gave little voice and actual control to the community and progress was dominated by traditional local authority practice (Davoudi and Healey, 1995: 172). It also suffered from a lack of resources as central government did not commit any new funds to its execution because of the economic recession of the early 1990s (Oatley, 1998).

Following on from City Challenge, the government reorganized a number of different urban programmes into a single budget and a new approach, entitled the Single Regeneration Budget (SRB), was introduced in 1994. The first round began in 1995/6 and the sixth and final round was announced in 2000/2001. Expenditure on the programme varied considerably in each of the six rounds but in total some £5.7 billion of funding was committed through the SRB programme involving a total expenditure of £26 billion of which £9 billion was from the private sector. The duration of the schemes was from one to seven years and proposals for funding could come from any area in England since there were no formal geographic boundaries (DETR, 2002: 2). SRB had many similarities to the City Challenge programme - the bidding process, the requirement for partnerships, the focus on local economic development and the principle of ‘leverage’ (Hall and Nevin, 1999). The SRB was
intended to promote locally devised solutions to complex, socio-economic problems. It was to be delivered by ‘inclusive local partnerships’ (Hall and Nevin, 1999: 2) through the provision of a flexible funding source allocated through regionally managed competition.

Within a short time, however, the SRB approach was criticised for its lack of transparency, inadequate resources and poor strategic approach at regional and local levels (Loftman and Beazley, 1998; Nevin, Loftman and Beazley, 1997). In order to win projects, it encouraged the setting of unachievable objectives in terms of, for example, gearing ratios (to lever in private finance) and job creation. Instead of targeting deprived neighbourhoods, SRB was made available to all geographical areas across England (Loftman and Beazley, 1998: 30). The competitive bidding process, moreover, was considered by many to be hugely wasteful, with large numbers of professional staff engaged in the development of bids which were always likely to be unsuccessful given the limited resources available.

The SRB was supposed to engage with local communities but in practice, there was little genuine participation by inner-city communities, and minority ethnic groups were almost disregarded in the process (Loftman and Beazley, 1998). The SRB programme is still continuing, but has taken on a specifically economic role administered by the Regional Development Agencies and no new projects have been designated since the Labour government was elected in 1997.

In parallel with these area-based initiatives, estate-based regeneration schemes were introduced in the mid 1990s to tackle the problems of the ‘worst estates’ (Hall et al, 2004). This scheme was oriented around the transfer of local authority housing stock to the housing association sector and was designed to attract significant levels of private finance for estate regeneration.

The Estates Renewal Challenge Fund (ERCF) was launched in 1995. Under ERCF, local authorities were invited to submit bids for funding to underpin the transfer of ownership of run-down council estates to newly formed housing associations, as a means of achieving neighbourhood regeneration (ODPM, 2005). According to ODPM (2005: 64-5), ERCF appears to have been very successful in reversing the decline of what had been highly run-down and stigmatised estates. ERCF housing associations have contributed significantly to wider neighbourhood regeneration through investment in community facilities and community participation in projects aimed at promoting social, economic and community development. The report points out, ‘the most innovative aspect of ERCF has been the way it has involved local residents in vital decisions over the shaping and re-shaping of transfer Housing Association business plans’ (ODPM, 2005: 65).

In 1997, when a Labour government came to power, it did so with a commitment to regenerate Britain’s cities through social inclusion, neighbourhood renewal and community involvement. The Labour government recognised that a number of initiatives tackling the problems of poor neighbourhoods since the 1960s had failed (SEU, 1998). None of them had achieved a holistic result with regard to ‘improvements in jobs, crime, education, health and housing’ (SEU, 1998: 9).

For many commentators the consequence of the Thatcher-style social and economic agenda, which was dominated by property-led renewal, minimised community involvement in its implementation, and increased inequality and poverty in the cities (Burgess and Propper, 2002; Imrie and Raco, 2003; Imrie and Thomas, 1999; Logan et al, 1992; Merrifield, 1996; Schoon, 2001). Property-led renewal also tended to ignore the widespread existence of large areas of poor quality older housing. Nearly 1.3 million (6.6 per cent) households were classed as being in ‘poor living conditions’ by the English House Condition Survey (EHCS) in 1996. This was particularly so for ethnic groups which were often socially excluded from mainstream opportunities. About 60 per cent of households in poor living conditions were social or private sector tenants and they were most likely to be both socially or economically ‘disadvantaged’. According to the government’s Social Exclusion Unit, these figures demonstrate that past urban policies had failed to deliver on many of their ambitions and were part of the problem of inner-city decline (SEU, 1998; 2000).
The failure of past policies was blamed on a tendency to ‘parachute’ solutions in from outside, rather than engaging local communities; and on too much emphasis being given to physical renewal instead of better opportunities for local people (SEU, 1998). As noted by the SEU, which was established in 1997 to target ‘neighbourhood decline’ in the poorest neighbourhoods and worst estates, there has been ‘too much reliance on short-term regeneration, with governments failing to harness the knowledge and energy of local people (SEU, 2000: 7) or to develop their own solutions’ (SEU, 2001: 2). Therefore, dialogue with the community has been fundamental in framing the policy agenda for the revitalisation of cities, and the activation of communities has been at the core of Labour’s approach (Imrie and Raco, 2003).

Housing renewal in the 2000s

A wide-ranging review of social policy undertaken by the government and culminating in the Sustainable Communities agenda (ODPM, 2003a) encompassed the impact of policy on all sections of the housing market. At first, the focus of attention had been on public sector housing but this soon turned to the private sector, the largest sector of the housing market, accounting in England for about 80 per cent of the stock: 70 per cent in owner-occupation and 10 per cent in private rental. Broadly, the government’s review of housing policy had two outcomes: it re-affirmed the key principles underpinning the role of local authorities in the field of private sector housing renewal; and introduced or confirmed some far-reaching changes to existing private sector renewal policies. The changes included:

- The introduction of a new minimum statutory standard for house condition, the Decent Home Standard, analysed in accordance with the Housing, Health and Safety Rating System (HHSRS);
- Discretionary powers for local housing authorities to provide ‘assistance’ for owner-occupiers and landlords in the form of loans as well as grants for residential repairs and improvements;
- A new area based strategic approach to the renewal of ‘failing’ local housing markets in the Midlands and North of England which are considered unsustainable without government support (the Housing Market Renewal Area programme).

The changing role of private sector housing renewal programmes in government housing policy

The discussion so far has shown how the nature of housing renewal in the private sector changed in the period from the 1960s to the 1990s. What was seen initially as a physical task of improving and repairing older housing developed quite rapidly to one in which resident and community involvement was given much greater emphasis. Moreover, the focus on housing, though it remained central, was widened into a much more holistic approach in which broader economic and social considerations were seen as essential elements in the process of renewal.

Another dimension to the role of private sector housing renewal programmes was introduced by the international agenda on sustainable development which led to the introduction of a national strategy for improving the energy efficiency of the housing stock including the availability of grants. The links between poor housing and health have also been reasserted in recent years, for example, through a government Green Paper which acknowledged that bad housing conditions can contribute to the poor health of the occupants, a lower quality of life, disparities in economic opportunity and social exclusion (DoH, 1998). Recognising that its policy for improving the energy efficiency of dwellings did not necessarily address this problem directly, the government introduced a national fuel poverty strategy in 2001 with the aim of eradicating fuel poverty amongst ‘vulnerable’ households by 2010. Moreover, the changes which were being discussed over the method of assessment of housing conditions (the HHSRS) and the new housing standard (the Decent Home Standard), both placed the issue of thermal efficiency at the core of an appropriate housing standard for the new millennium.
Hence, it may be seen from this review that the role ascribed by governments to private sector housing renewal programmes has not only changed over time, it has also become broader and more complex. In recent years, the comprehensive neighbourhood-based approach to improving conditions in the private sector which characterised much of the 1970s and 1980s (with the notable exception of the Housing Market Renewal Area programme, which is not discussed in detail in this paper), has been discontinued. Under the current Labour administration, a more holistic ‘sustainable communities programme’ is the dominant focus of government urban policy and within that context, private sector housing renewal programmes essentially have three main elements:

- an ‘affordable warmth’ programme which seeks to eliminate fuel poverty and improve the thermal efficiency of the older, private sector housing stock;
- a willingness to intervene in circumstances where older, private sector housing markets are deemed to be ‘failing’ and are not considered to be sustainable without government support, (the HMRA programme); and
- a client-based approach focussing more on the individual needs of elderly, disabled and low-income ‘vulnerable’ households.

**Policy mechanisms**

An important feature of the approach to housing renewal in Britain from 1949 until the late 1980s was the availability of grants for the improvement of older housing. Some were mandatory: for example, if a house lacked specified basic amenities, the owner was entitled to a grant towards the costs of installing them. Most grants, however, were discretionary. The grant system was funded by government and administered by local authorities. The decision to provide a grant was based on the condition of the property and the works to be undertaken, not on the income of the owner or the tenant. The success of the GIA and HAA programmes in the 1970s and the ‘enveloping’ schemes of the 1980s is partly attributable to the administrative simplicity and relative generosity of the grant scheme.

By the late 1980s, however, the days of discretionary grants for all came to an end. The Local Government and Housing Act 1989 introduced a means test for improvement grants to limit public spending on house improvement and repair but also introduced mandatory grants to make dwellings ‘fit for human habitation’. In 1996, these mandatory grants were discontinued, except for disabled facilities grants (Mullins and Murie, 2006: 274).

In 2002, the Regulatory Reform (Housing Assistance) (England and Wales) Order repealed the framework of grants and assistance to home owners and required all local authorities to develop strategies to improve local housing conditions and to invest a mixture of public grants and private funds in renewal (ibid: 274).

The Regulatory Reform Order (RRO) marked a considerable shift in post-war private sector housing renewal policy in that it gave discretionary powers to local housing authorities to provide ‘assistance’ in ‘any form’ and to ‘any person’ for the purposes of acquiring, adapting, repairing or improving living accommodation and to demolish and reconstruct residential accommodation (ODPM, 2002). The RRO enabled authorities to give loans as well as grants for these purposes, either themselves or through a third party. This was intended not only to enable local authorities to stretch their modest public resources and give a significant impetus to the national private sector housing improvement/repair programme, it was meant also to signal to owners their responsibility for the maintenance and repair of their own properties rather than future dependence on grant aid. During the latter part of the 1990s while the overall subsidy available for grants had been declining, there was a significant rise in average house prices across all sectors of the market. This trend continued until the market began to cool in 2006/7. The thinking behind the idea of loans was that owners should use the ‘equity’ in their home to contribute to its improvement and/or repair. Loans would ‘release’ at least some of the enormous equity which had accumulated in the private housing stock: for example,
between 1996 and 2006, average house prices in England rose by 180% per cent from £73,000 to £207,000 and the government’s expectation at the time was that an upward trend would continue.

There have been difficulties, however, in introducing the ‘loans agenda’ into the private sector housing renewal programme. Even before the recession, commercial lenders effectively shunned the scheme arguing that such loans constitute a high risk not only from the security provided by the property (invariably old stock in poor condition) but also because at the time the loans are made the lender does not know when they will be repaid, there are no interest payments in the meantime, and the ‘interest’ is all payable at the end of the loan and is an unknown quantity. Some local authorities have chosen to set up loan schemes of their own and a number of not-for-profit intermediaries have been established in this market, but so far the results of this change in policy have been rather disappointing. The implication of this lack of success in generating additional private sector funding leverage is that, with the exception of the HMRA programme, the scope of local private sector renewal programmes is limited to the amount of public subsidy through government grant which is now at historically low levels. It follows that if the sums of money available to support the programme from central government are very modest (around £360m per annum), the political priority accorded to the implementation of the programmes at local authority level is also likely to be low.

Despite these difficulties, a ‘loans-based’ pilot programme (‘Kickstart’) has been moderately successful in the West Midlands region (centred on Birmingham) and the principles underpinning the initiative have been strongly advocated by the government’s regional offices in England. One of the major implications of the pilot programme, however, is that a ‘loans-based’ approach requires a significant change in attitudes, skills and procedures when compared with the former grant-based private sector housing renewal regime (Groves, 2008).

Housing Renewal and Urban Regeneration

Much of the emphasis in housing renewal policy from the 1970s onwards has been on the improvement of older housing, mainly from the nineteenth and early twentieth centuries. It is estimated that in 2007, nineteen per cent of England’s total housing stock of nearly 22 million dwellings were built before 1919, of which most are in private ownership. The task of maintaining and improving this stock is substantial.

Alongside these policies for older housing have been other programmes of renewal and regeneration directed mainly at post-war housing estates, some of which have been referred to earlier in the paper; and all of which have been undertaken with a mixture of public and private funding, following the principles of ‘partnership’ that first emerged in the 1970s in the Inner Cities Programme and which have come to take centre stage in the past thirty years or so. Of particular relevance in a housing context have been the Estates Renewal Challenge Fund, the Housing Action Trusts, and New Deal for Communities. Government support, including funding, has been essential to all these programmes and they have levered in substantial private sector investment, led to a new way of working, and delivered greatly improved housing conditions to those able to benefit from the programmes.

At the same time, there have been programmes of urban regeneration, such as those of the Urban Development Corporations of the 1980s and the Urban Regeneration Companies of the 2000s. The work of the URCs benefited from a long period (until recently) of economic growth which led many key actors to assume that all areas are able to grow and perform; that there are certain ingredients, such as culture, retail opportunities, waterfront development or city-living, that can almost certainly ensure the success of any regeneration project or programme; and that these factors apply equally in all areas of the country, regardless of their present stage of economic prosperity or development. In the light of the recession, these views are being re-thought and new ideas developed for the future.
A government White Paper (DETR, 2000) ‘Our Towns and Cities: the Future. Delivering an urban renaissance’ set out the government’s plans for urban renaissance. The White Paper supported a view that the ‘competitive city’ was important and that city centres and ‘city living’ would be engines for growth. City living draws together investment in retail, leisure and city centre housing. At its peak in the period from 1998 to 2004, there was an emphasis on high density urban living, both to attract people to live in new city centre developments and to achieve planning gain compensation for the delivery of broader based ‘public good’ developments. The focus on city centre residential development helped create a housing pathway that was not previously available and is viewed by some as the catalyst for urban renaissance. But a key question is who have been the main beneficiaries of such renaissance? Many of these housing developments became tradeable commodities (‘buy-to-let’ apartments) rather than long term homes for local people. They did little to enable local housing needs to be met, or to provide social rented or ‘affordable’ private housing. Fundamentally, therefore, such developments have not had a significant impact on the social and economic opportunities of adjoining deprived neighbourhoods: in Birmingham, for example, while the regeneration and renewal of the city centre is seen as an example of what can be achieved, the Parliamentary Constituency of Ladywood, which encompasses much of the city centre, continues to be home to some of the most deprived communities, with the majority of children defined as being in poverty.

Similar criticisms can be levelled at other ‘flagship’ policies of the early 2000s, for example, the Sustainable Communities Plan of 2003, with its significant growth agenda for the south and south-east of England, has been criticised for not taking sufficient account of those parts of the housing stock that are no longer suited to present-day living, and focusing instead on key projects and programmes to deliver new housing. This does not sit well with the rhetoric of ‘sustainability’, ‘communities’ or even ‘planning’.

**Purposes, priorities and procedures**

The approach to housing renewal and urban regeneration as practised in the United Kingdom can be summarised under the headings of purposes, priorities and procedures. It is not suggested this approach is necessarily appropriate to or replicable in the different situations of other countries; and there are aspects of the UK experience, for example, the complexity of the policy environment that has developed over a period of more than one hundred and fifty years and particularly since the late 1960s, that reflect the specific nature of the UK situation and its policy evolution over time.

**Purposes**

The ultimate aim of policy interventions in the United Kingdom on housing and urban regeneration is to improve the quality of life of those in the poorest conditions and to create ‘sustainable communities’. At first, it was believed that to physically improve housing and its surroundings would benefit the people who lived there, both now and in the future. But often, the original residents moved elsewhere and those who replaced them were of a higher social and economic status. This experience led, in time, to the adoption of a more holistic approach in which social and economic factors, including education and skills, formed an important element in regeneration programmes. It had become apparent that it is not sufficient simply to improve the physical environment and the viability of the local economy and there is much evidence to show that the most disadvantaged people are seldom the beneficiaries of ‘urban regeneration’ or ‘urban renaissance’, particularly in city centre regeneration, which has been an important feature of the past ten to fifteen years. The need for social inclusion remains a key challenge in Britain and, it is suggested, in other countries, too.

**Priorities**

A major criticism of housing and urban regeneration in the UK is the complexity of the policy environment, leading to fragmentation of effort and duplication of responsibilities. Greater clarity is needed in the respective roles of local government, regional agencies and national government.
National government sets the policy framework but recognises that local circumstances vary and acknowledges the need for local accountability in housing and urban regeneration programmes. In theory, ‘bottom-up’ is supposed to meet ‘top-down’ but since most resources, especially financial resources, are controlled by central government, either directly or by giving local authorities ‘permission to borrow’, there is a tendency for the ‘top-down’ approach to prevail and for government priorities to take precedence over those emanating from the local level.

Successive governments have taken the view that different types of urban regeneration problems require different approaches. Thus, the regeneration of areas of industrial dereliction is likely to require a different approach to that of city centres, areas of nineteenth century housing, or post-Second World War public sector housing estates. Each of these approaches is likely to require different legislative powers, delivery agencies and sources of funding.

With an over-reliance on private sector funds to achieve regeneration, there is a danger that social, economic and community objectives may be compromised. The availability of public sector finance and/or public sector equity is important, not only in initiating programmes but also as a means of trying to ensure that broader objectives are not lost sight of. The use of ‘planning gain’ as a condition of new private development is a valuable instrument here but one which developers are claiming, in the present economic climate, they can no longer afford.

To achieve social inclusion, housing and urban regeneration programmes need public subsidy. The market alone can never meet the needs of the poor and disadvantaged but nor can the public sector be expected to subsidise everything that has a specifically social purpose. Thus, the role of public sector funds in urban regeneration has become increasingly complex.

Over a period of more than twenty years, the United Kingdom has adopted the United States principle of financial ‘leverage’ and from simple beginnings using ‘subsidy’ there has been considerable success in attracting private funds through financial partnership vehicles. Disadvantages with this approach have been, as noted already, the tendency for increased private sector involvement to be at variance with the social objectives of programmes, for example, overcoming entrenched social exclusion. Furthermore, the financial downturn that began in 2008 has highlighted the unsustainability of mixed funding in present circumstances.

There has been a move in the UK away from subsidy towards the more frequent use of public sector equity finance, where government takes the role of an equity shareholder to ensure the commercial viability of projects and programmes. This is likely to become more significant in future. The availability of flexible public funds over the long-term is very important in underpinning housing and urban regeneration programmes and attracting private finance.

In the implementation of programmes, there has been a growing acknowledgement in the UK of the need for partnership arrangements based on the premise of ‘comparative advantage’, in other words, using the services of the sector most appropriate to achieving specific advantages. The government is re-establishing local authorities at the core of these arrangements.

Procedures

In the 1970s, there was an expectation that publicly desirable programmes should be the responsibility of the public sector. In the 1980s, a strong role for the private sector was promoted by government. In the 1990s and beyond, there has developed a sense of partnership in which many of those involved or affected, including the voluntary sector and the community, have a part to play in achieving regeneration. Experience of travelling this road over the past thirty years shows that partnership has to mean equal partnership; and that good leadership is essential if partnership working is to succeed. Often this leadership will come from the local authority. The availability of adequate finance helps partnerships to work and to achieve results; and there is a central role here for the public sector,
including at the supra-national level with the contribution from the European Union that has been so important in many urban regeneration schemes in the UK.

Local delivery partnerships need to be locally accountable. Unlike the Urban Development Corporations of the 1980s, the Urban Regeneration Companies of the late 1990s and their successors are strongly connected to their local communities and to democratic local government. This is essential.

Local communities must be involved in the formulation and delivery of housing and urban regeneration programmes. They are, or should be, one of the partners and are important stakeholders in the process. Their involvement is an antidote to ‘top-down’ approaches to regeneration yet even today there can be hesitancy and a reluctance to let local people become involved.

All regeneration involves substantial investment of time and money and requires subsequent management and monitoring. It is recognised increasingly that the success or otherwise of programmes needs to be assessed in terms of outcomes rather than outputs; and these need to be evaluated both initially and over time. Only in this way can the physical, social, economic, community and other aspects of the programmes be evaluated, alongside their contribution to creating better places for people to live and work.

Birmingham
July 2009
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