

## **Sustainable Communities Policy Review – Manchester/Salford**

[Evidence collated from an SDC visit, Audit Commission Manchester Salford Pathfinder reports (2003 & 2006) and materials provided by Urban Splash.]

### **Headlines**

- The Pathfinder proposes a net increase of 22,500 homes in its area over the next 13 years
- There is significant coordination between funding streams to support delivery
- Key challenges include addressing the wider causes of housing market failure (including the attractiveness of local environments, crime levels and the quality of local public services like schools) and encouraging owner occupation, especially given low wages, recent rises in house price levels, and the continuation of buy to let and speculation on the capital values of new homes

### **Context**

The Manchester Salford Pathfinder sits at the core of the Greater Manchester conurbation as the regional centre of the North West, encompassing areas surrounding the city centre. 40% of all homes within the Manchester and Salford local authority areas fall within the Pathfinder. The Pathfinder area has been divided into four Area Development Frameworks (ADFs) – Central Salford, East Manchester, North Manchester and South Manchester. The intervention area covers 19 of Manchester's 33 wards and 8 of Salford's 20 wards.

The structure of the Pathfinder's housing stock is distinctive – only 36% of residents own their own homes compared with the national average of around 69%. The Pathfinder area has an oversupply of older, smaller terraced housing and flats that have declined in value leaving owners in negative equity. Just over half of residents who rent their homes do so from the two local authorities, but private landlords and housing associations also provide very large numbers of homes for rent. Just over 50% of all homes are terraced houses, and the average sales value of those terraced homes in December 2004 was £55,000, compared with an average for England & Wales of £136,000. Terraced house price rises in Pathfinder neighbourhoods between March 2001 and December 2004 ranged from -1 per cent to +268 per cent, suggesting rapidly changing markets.

Post-war slum clearance and the collapse of manufacturing employment contributed to declines in population density in many parts of the Pathfinder area. Manchester and Salford lost around 36% of their populations between 1951 and 2001, with a large swathe of the Pathfinder area losing around 60% of its population. However, the population of Manchester is now rising, and losses in Salford have stabilised. There were declining numbers of jobs in Manchester until 1997, since when there has been a dramatic turn around. Levels of employment in Salford have been improving since the early 1990s. Recent economic growth rates have exceeded UK averages, and the Manchester city region now has the largest economy of a regional centre outside London.

Despite the recent economic, employment, and population growth within the conurbation, the Pathfinder area is characterised by some of the country's highest concentrations of deprivation. The physical infrastructure and quality of life in the Pathfinder areas are extremely poor. The Pathfinder sees its task as using the opportunity of improved economic performance to transform the character of the inner parts of the city, accommodating rising numbers of households, and creating mixed communities where people will choose to stay. This will in turn support continuing improvements in the city's economic performance.

### **Housing & community facilities**

Activity is directed towards increasing the level of private sector development so that a greater choice exists for new and existing residents while supporting improvement in the choice and quality of homes offered in all tenures. The detail of the interventions ranges from strategic site assembly to action on private rented sector dwellings, support in partnership for RSLs and neighbourhood

renewal activities aimed at dealing with anti-social behaviour and crime problems. Each of the four ADF areas has implemented detailed schemes focused on securing development, supporting home ownership, progressing home improvements, working with registered social landlords and other landlords in the private rented sector, and neighbourhood management measures.

The Pathfinder's outputs over the next four years include a high level of new homes to be constructed and continuing clearance activity. Proposed refurbishment activity will be greatest in the next two-year programme (2006/7 and 2007/8) and then reduce to a much lower level. In the longer term, the level of development of new homes is anticipated to remain at a high rate, sustained by private sector investment as Pathfinder funded activity decreases. The Pathfinder proposes a net increase of 22,500 homes in its area over the next 13 years – the number of new homes minus the number that will be demolished, responding to household growth forecasts and analysis of density and services provision that determines a need for repopulation to achieve sustainable communities in the inner part of the city. The level of additional homes planned goes some way towards delivering the requirement for between 37,000 and 104,000 additional homes across the Pathfinder area to achieve sustainable residential densities.

There are currently very low rates of home ownership within the Pathfinder area. There are high rates of private renting to tenants on low incomes in the older housing stock and high rates of private renting to more affluent tenants in new homes in the city centre. This presents a challenge to find ways of encouraging owner occupation, especially given low wages, recent rises in house price levels, and the continuation of buy to let and speculation on the capital values of new homes. The Pathfinder is investing in helping existing owner occupiers affected by clearance to own new homes, bridging the gap between the values of old and new homes through equity loans.

During 2003-2006, the Pathfinder funded the following:

- 13,400 properties refurbished, repaired or upgraded
- 1,000 new modern family homes
- 1,700 redundant properties demolished.

The Pathfinder is developing an affordable housing strategy, which is perceived as essential since the lowest average price for a house is still above what it is estimated that a typical key worker could afford. The affordability toolkit includes strategic use of section 106, intermediate housing from the Housing Corporation, co-equity packages with industry, and some bringing empty homes back into use through using the full range of powers available through the Housing Act. Since some housing markets are slowing down (e.g. the market for city centre flats in Salford), the Pathfinder suspects that the gap between wages and house prices may narrow in the future.

Refurbishments funded through the Pathfinder programme are done to the 'Salford Standard'; this is above that required by Decent Homes and has been agreed with the community. It involves standards for thermal efficiency, the use of sustainable materials, being easily repairable, with good quality street furniture and routine maintenance. The Pathfinder has not chosen to refurbish large areas of terracing, perceiving that there would not be sufficient demand for that type of housing in those areas.

Neighbourhoods retaining a community have been rebuilt in dialogue with the community in question, in the most cost-effective way possible (scrutinised by the Pathfinder board and the Audit Commission). The Pathfinder aspires to encourage people who have migrated out of those areas to return, and acknowledges that a package of improvements needs to be provided alongside the housing. The Pathfinder has worked to ensure that schools provision is integrated into its local planning, and in some cases new schools have been built in advance of new housing development. New schemes have been tailored to meet the existing community's needs – for example Higher Broughton's predominantly Orthodox Jewish community is being encouraged to stay in the area through the provision of housing tailored to provide for their extended family sizes; 440 new houses

will replace 550 existing properties, alongside other community and business investments that will also be provided in the area.

The Home Swap scheme was an early strategy employed by the Pathfinder to sustain existing neighbourhoods. For example, in one area the Pathfinder purchased a row of terraced houses at around £8000 each, modernised them and offered them to local residents with the result that the value of these properties increased tenfold. The Home Swap scheme has been so successful that it is no longer financially viable. The acquisitions programme covers approximately 12,000 homes; initially it was possible to purchase some homes for as little as £500, but the average price now is £50-90,000. Where low value properties have been bought by the Pathfinder and the owners and their mortgages have subsequently moved to another property, the resultant significant increase in house prices in these improvement areas have meant that the Home Swap scheme is now unworkable.

Prior to Urban Splash's Chimney Pot Park development in 2003, 90% of the 385 terraced properties were vacant. The area had a bad reputation for crime and poor design. Urban Splash managed to revitalise these properties by retaining the elements of good design and remodelling the properties into an innovative 'upside down' layout, creating bedrooms on the ground floor and living space in the loft, retaining the streetscape and providing gardens on first floor terraces with secure parking underneath. Urban Splash were forced to demolish more than they initially planned to as a result of the perverse incentives around the VAT system that encourage demolition over refurbishment. The regeneration of the Chimney Pot Park area includes a refurbished local church, a new school and a new local Tesco, and SRB funding has been used to revitalise local shops.

New Islington is a Millennium Community delivered by a partnership between Urban Splash, English Partnerships and Manchester City Council. The site is situated close to the public transport network, with Manchester Piccadilly railway station a 10 minute walk away. Planning permission for the 1700 new homes was granted in 2003 and the first residents are expected to move in at the end of 2006, although it will take 10-15 years to fully complete the project. The new development is on the site of a former council estate that was failing due to poor design that encouraged antisocial behaviour. Despite the estate being only half occupied at the beginning of the project, the remaining community was closely knit and the partnership have sought to involve them throughout the renewal works. Unlike typical construction projects where developments tend to be tackled on a whole site basis, rolling the same designs out across the whole site and building at the same time, Urban Splash have divided the New Islington site into 25 plots (of between 14 and 200 properties). Each plot has its own design team to ensure the development will have its own distinct character, with a build rate of 200 properties a year. New Islington will be built to a density of around 100 homes per hectare, which is a similar density to the properties that have been replaced. Shared ownership properties will be pepper-potted throughout the scheme.

### **Environment**

With regard to the enhancement of the existing physical environment, audits of environmental quality have been carried out in East Manchester, with improvements to parks and open spaces funded from funding sources external to the HMR programme. Work with communities on neighbourhood planning has identified and protected heritage features where they are identified as being important to local people.

Developments across the Pathfinder area are required to meet the EcoHomes 'very good' standard as a minimum. There is evidence of some pockets of best practice in the new developments, but there are also some barriers to the widespread adoption of some measures.

One exemplar development is Urban Splash's New Islington development. The design of New Islington includes a water park, which has been planned with advice from a local ecologist, and links the development with the two canals that bound the site on either side. Materials have been

recycled on-site at New Islington; materials resulting from demolitions have been used to fill and reprofile a natural dip in the ground that will go on to host a primary school and health centre. The new homes will be served by a district heat and power network, and Urban Splash intend to create a separate utilities company to manage this; water will come from a borehole on-site; most of the water falling on the roofs of the new houses will make its way into the canals in order to avoid overloading the sewer network; and each of the 25 development plots has to achieve a site-specific sustainability plan that includes amongst other things that they must be EcoHomes 'excellent' rating.

Community and district heating systems are not advocated by the Pathfinder on the basis of bad experiences with similar systems in social housing in the 1980s. Whilst Urban Splash's New Islington development does embrace CHP technology, they found that it could not be made economically acceptable for their Chimney Pot Park development and so was not incorporated there.

Local representatives on the issue of waste are statutory consultees; thus if the systems in place aren't considered sufficient to cope with a new development, the proposal will be refused unless payments are made available through section 106 or a similar vehicle. The Pathfinder is working on developing a sustainable urban drainage strategy but has not been able to engage effectively with United Utilities, leading to delays and potentially inappropriate decisions arising from their reliance on population predictions originating from before the Pathfinder programme started its regeneration.

### **Society & Economy**

Pathfinder partners have worked extensively with local people to develop plans for local areas, from strategic regeneration frameworks to neighbourhood plans and the design of particular new homes. There has been wide-ranging community consultation; a number of surveys have sought the views of existing residents – including statutory resident surveys on local service provision and surveys related to existing regeneration initiatives. Where significant actions are proposed in particular neighbourhoods, local communities are involved in producing neighbourhood plans.

There is inevitably a tension between making plans for changes to the structure of local housing markets by introducing higher quality homes for sale which are relatively unaffordable, and meeting existing residents' priorities and aspirations; this is especially the case where clearance is required. Whilst a significant proportion of the local community support the regeneration work, there is still some opposition; for example a local magazine, the 'Salford Star' with a significant local readership opposes the renewal work. The Pathfinder is committed to talking to local residents individually to provide equitable solutions, using HMR funds to support relocation; yet there have still been some instances where the Pathfinder has been required to evict residents who have refused to move.

The local authority partners have managed to undertake clearance activity by agreement with the majority of residents affected over many years. Plans for major change are only advanced where a large majority of existing residents support them. A great deal of investment is going into enabling existing residents to move to new and existing homes in the same areas. Delivery teams attempt to improve conditions for residents left in streets awaiting major interventions, such as through the use of temporary alley gating to maintain security.

The Pathfinder is committed to ongoing delivery being overseen by community representatives. One local residents group, the Seeley and Langworthy Trust (SALT), has long been active in the area and will work with the Pathfinder on Community Land Trusts – where community groups will have a say in how profits arising from sales will be reinvested back into their communities.

Urban Splash have engaged with the local community throughout the development of the New Islington site. Initially, the whole community was invited to comment on the development framework for New Islington. The community was then invited to choose the architects for each

plot, and the successful architects worked with the local community in order to provide a mix of housing tailored to community aspirations and needs. Existing members of the community are invited to choose their new properties before the development is advertised more widely, and Urban Splash have hosted a number of street parties and other events to encourage members of the new and existing community to get to know each other. Urban Splash hosts websites designed to be used by local residents to advertise clubs, services and events, to facilitate community cohesion. Another Urban Splash development, Chimney Pot Park, involved local people in its construction through a local construction skills initiative and advocate this approach as improving the local acceptability of a scheme and for dealing with security issues.

The Pathfinder's strategy makes strong links to the Manchester city region development plan (CRDP). The CRDP includes the market renewal programme as a critical aspect of improving economic competitiveness and has drawn on the Pathfinder evidence base. The Pathfinder intends to contribute to improved economic performance by providing significant numbers of new homes to meet the expected increased demand, and to provide homes that attract and retain workers in the future. In return, the Pathfinder areas rely on continued economic success to create more mixed and successful communities.

In Langworthy a retail scheme similar to 'Home Swap', funded by SRB, improved local shops in order to reinvigorate the local SME business community. It is hoped that a new centrally located Tesco food store, as part of a wider scheme to diversify the range of shops available in the urban centre, will encourage local people to shop locally rather than travel to go shopping. Salford Quays has also benefited from the regeneration programme; a new mixture of office space and housing now supports 15,000 jobs, and will host the recently announced BBC relocation.

### **Governance & Making it Happen**

Investment is well-coordinated, with a wide variety of other funding sources directly supporting housing market interventions, together with extensive complementary investment in wider regeneration activity. Out of a total of £1,274 million for 2005-6, the Pathfinder will receive just over £113 million from the HMR fund and £646 million from private sector investment. A further £110m for 2006/7 and 2007/8 has been requested from the HMR fund. In addition there is new investment in education, health and transport initiatives, and new commercial developments are being pursued through other routes. These other investments amount to several billion pounds and are helping to create the momentum for transforming perceptions of the Pathfinder area. Key funders have been included in the strategy development process.

The majority of housing market renewal (HMR) resources will be used to fund strategic acquisitions - the acquisition of land and property, including compensation and relocation costs, and the costs of demolition. This is backed up with developer support - land remediation and gap funding to enable high-quality new build development, and supporting home ownership which helps people affected by clearance to access new homes. These categories of funding facilitate major change in the structure of local areas, reflecting analysis that emphasises the need for this radical action in some parts of the Pathfinder. There is also significant funding for works to existing stock and neighbourhood management.

There is a clear framework setting out the sorts of activities that the Pathfinder will fund, with broadly consistent approaches across the four ADF areas. These have been informed by experience of past regeneration activities and the desire not to fund activities that could be funded from other sources. For example, there is a policy of limiting Pathfinder investment to areas of predominantly privately owned housing because of the availability of alternative investment streams for social housing. There is a common policy of limiting refurbishments to face lifts - works to improve and repair front elevations to lift the perceptions of an area and its housing. Internal repairs and additional works to achieve the Decent Homes Standard - a nationally defined standard for housing conditions - are not carried out by the Pathfinder because it is expected that private owners will

fund these improvements as local housing market conditions improve. The Pathfinder is working with the two local authorities in continuing the development of consistent policies on the use of delivery tools.

The Pathfinder Partnership Board includes representation from the two local authorities through their lead members for housing, funding agencies, and independent Board members from the academic, development and financial services sectors. This small group balances representation from statutory and funding partners with independent private sector perspectives. The Pathfinder has engaged in an extensive dialogue with the key regional policy and funding bodies (North West Development Agency, English Partnerships, Housing Corporation, Regional Housing Board) and with other local authorities through the Association of Greater Manchester Authorities. At the ADF level, regeneration agencies are in place in Central Salford and East Manchester that themselves have representation from a range of local stakeholders and have responsibility for taking forward the market renewal programme in their areas. The private sector has been engaged through discussions with financial institutions and developers, and both the financial services sector and the development sector are represented on the Pathfinder Board. A Registered Social Landlord (RSL) Forum has been established, and both city councils have well-established relationships with RSLs in their area.

The Pathfinder has added value by co-ordinating its work with existing public policy, and influencing other agencies' strategies to support market renewal. The Pathfinder has produced proposals that are well-integrated into existing strategies, including Community Plans, Neighbourhood Renewal Strategies and Strategic Regeneration Frameworks. The Pathfinder's analysis has been used in the development of the city region development plan, and its actions to deliver housing market change are seen as critical to the city's economic success. The Pathfinder has worked to achieve a consensus within the sub-region on the need for new housing to be directed to the Pathfinder area to support the Pathfinder's strategy, backed up by the draft regional spatial strategy. Planning and regeneration policies within the local authority areas are consistent with the Pathfinder's priorities, and the Pathfinder has co-ordinated its activity well with other regeneration agencies within its area.

The Pathfinder has improved understanding of the sub-regional housing market and the development of appropriate policy responses. It has undertaken a comprehensive analysis of the factors affecting its housing market, and the improvements that will lead to its transformation. Impressive systems have been established to map and monitor housing market changes and plan investment, and investment is well-focused in priority areas that are shown to be those most in need of major change. The programme builds on existing activity and established regeneration and service delivery frameworks and sets ambitious outcome targets. The prioritisation of investment between areas reflects the Pathfinder's analysis, focusing on those areas with the most deep rooted housing market problems that are unlikely to be addressed by the market. At the same time, the Pathfinder is funding less radical intervention in other areas where stabilisation is required, but where there is more potential for sustainability without major public investment. The Pathfinder is working to achieve lasting transformation in areas of major change rather than spreading investment so thinly that more limited changes do not last.

The Tracking Neighbourhood Change model uses a Geographical Information System to plot indicators of neighbourhood conditions including employability, crime and social cohesion. It is linked to another system, 'Mapping Neighbourhood Interventions', that plans and monitors investment in each area. As well as allowing the Pathfinder to consider alternatives for investment, changing market conditions can be analysed and conclusions drawn about the impact of investment on conditions in local areas. These systems provide a suite of analytical tools to understand and monitor housing markets at different spatial levels, and plan and evaluate Pathfinder interventions. The Pathfinder has the potential to respond to changing market signals in allocating its investment, especially management measures to stabilise areas that are at risk of deterioration.