
Theme 3: Housing Quality and Neighbourhood Quality
Evaluation of English Housing Policy
1975–2000

Theme 3: Housing Quality and Neighbourhood Quality

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The findings and recommendations in this report are those of the consultant authors and do not necessarily represent the views or proposed policies of the Office of the Deputy Prime Minister.
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Summary

This report is one of a series of ‘Theme Reports’ that was commissioned by ODPM as part of an Evaluation of English Housing Policy since 1975. The theme is Housing Quality and Neighbourhood Quality, reflecting the enduring high-level theme of ‘a decent home’ for every household, and the more recent extension of concern about decent living conditions to the neighbourhood environment.

The definition of decent homes is mainly taken from definitions of acceptable housing quality contained in legislation or policy. Over the period of the evaluation there has been increasing expectations about the acceptable quality of the housing stock, and in the future, more demanding quality standards area to be expected in line with rising aspirations.

How to define decent neighbourhoods is less clear. In the early period of the evaluation it meant little more than the spatial concentration of acceptable dwellings. Since the development of the National Strategy for Neighbourhood Renewal in 2001 and the publication of the Communities Plan in 2003, the official definition of acceptable neighbourhoods includes a wide range of social, economic, public service, physical environment and governance dimensions.

The coverage of the report is therefore wide, embracing all aspects of housing quality from basic fitness for habitation to the cultural attributes of housing design. Neighbourhood quality coverage is also wide, including physical, socio-economic dimensions and the quality of public services.

The evaluation is conducted by examining the scope of policies, their main economic, social and political drivers, examining the operation of polices, and then assessing their impacts and outcomes. However, a definitive evaluation of what policy has achieved in this area of policy (especially the neighbourhood dimension) is difficult for at least five reasons:

- There is a lack of good data, especially about changes in neighbourhood quality.
- It is difficult to identify the impacts of policy and government programmes in the context of other influences on housing and neighbourhood quality, such as the housing market.
- The outcome of policies especially towards neighbourhood quality are heavily influenced by other areas of government policy.
- There has been a continually changing conceptualisation of what the problem of problem neighbourhoods is, and therefore of the polices and programmes which have followed.

The evaluative material in the report is broken down into four main sections:

- Housing and neighbourhood quality in the private sector. This mainly examines policy towards older private sector homes, including grants regimes and area based improvement policy.
- Housing quality in the social rented sector: this includes programmes to improve council housing, and the use of the RSL/housing association sector as vehicles of housing improvement.

- Neighbourhood quality in ‘council built’ areas: this section examines the diversity of approaches that have been taken to improving neighbourhood mainly built originally as council estates.

- New housing and new neighbourhoods: this section looks at polices towards improving the quality of individual homes and of newly developing neighbourhoods in all sectors.

This is preceded by a general overview in changes to the housing stock and to neighbourhoods.

The main conclusions are as follows:

**New Housing and New Neighbourhoods**

There has been a general success in building new houses that meet official minimum standards, which have been increased over the period of the evaluation and have made an important contribution to the overall quality of the dwelling stock, including embracing new themes such as disabled accessibility and energy efficiency. However, there has been increasing dissatisfaction with what policy achieved in the 1980s and 1990s in terms of sustainable houses and neighbourhoods.

Policy aims concerning good design, densities and the better fit between housing development and transport strategies have been tackled through the planning system, again with a an increasing degree of sophistication and enthusiasm. While the signs are relatively promising, it is too early to fully assess the success of current policies. Government has expressed aspirations to build sustainable communities as part of a broad spatial plan to accommodate household growth and stimulate failing housing markets. However, recent commentary has expressed doubts about the penetration of this agenda to all relevant parties and about the governance arrangements that are necessary to deliver the Communities Plan.

**Older Housing**

On some measures the quality of older housing lags further behind expectations of quality at the end of the period of the evaluation. This is because expectations have increased. It is apparent that the physical quality of older private housing has improved markedly on a range of measures. What is more difficult to pull out is the impact of policy. For the private market, the pointers are to policy inputs providing a stabilising force, rather than an overturning of the market failures that lie behind poor conditions in the private sector. There is an overrepresentation of poor conditions in areas of the country with weak housing markets.

The private rented sector remains a major concern. Unlike social housing there are no good targets to improve quality that remains the worst of all tenures. There is a reluctance to regulate the sector further for fear of choking off supply, with further public policy consequences elsewhere in the housing system.
The council sector is now the most important focus of policy to improve quality. The evaluation suggests that the standard of council housing is perhaps disappointingly low given the high level of resources devoted to it and the overt management of the sector to meet housing needs. Current plans for all council housing to meet decency targets are to be welcomed, but it is certain that this will not be the end for the search to improve quality in the RSL sector, as expectations are certain to continue to rise.

**Neighbourhood Quality**

This is one of the most intractable areas of housing policy, yet one where policy resolve has strengthened in recent years. The difficulty of low quality neighbourhood stems from the distribution of people to places through the labour markets and housing markets. It is apparent that these basic forces have not been overcome through neighbourhood policy.

Assessing the impact of policy is a difficult exercise. Most evaluations of projects and programmes point to some positive short-term gains, and there is now a body of good practice that did not exist in the early 1980s. So a lot has been learned. But there has been little in the way of longer term assessments and the relative character and location of problem neighbourhoods has not changed much over 25 years, in spite of many different types of intervention. At best, neighbourhood renewal policy has perhaps stopped the worst areas becoming even worse that they would otherwise have been, and helped to sustain the quality of life for residents at a basic level.

Current policy looks to ‘mainstreaming’ in recognition of the small scale and temporary nature of even the most ambitiously funded area based initiatives; however, its success is uncertain.
1. **Coverage**

1.1 This theme covers housing quality in reflection of the enduring and central idea that housing policy should ensure the provision of a ‘decent home’ for every household. It also covers neighbourhood quality, reflecting the high profile of recent and current policies to improve the social, economic and physical environment outside the dwelling. Bringing these together means that the evaluation focuses on a wide range of individual policies and policy instruments (outlined below) that cut across all sectors of English housing, albeit that policy has traditionally developed tenure specific initiatives and funding streams.

1.2 The evaluation also reflects the wide range of elements that make up the idea of ‘housing quality’ and ‘neighbourhood quality’. Housing quality embraces everything from old-established questions of fitness through to emerging cultural issues associated with the appearance of new private housing. Neighbourhood quality also includes physical quality but extends to the social and economic characteristics of neighbourhoods and the quality of services.

1.3 A great deal of policy aimed at improving quality since the 1970s has been remedial in the sense that it has sought to find ways to eradicate existing bad housing and improve substandard neighbourhoods. This paper inevitably concentrates quite heavily on remedial policies. However, through attempting to influence new development of individual homes, and to a greater extent latterly, local neighbourhoods, policy has also sought to ensure that new development meets high standards of quality.

1.4 Until the late 1990s quality-related policies for private housing and policies aimed at the two main parts of the social housing sector were largely conceived of as three separate packages, rooted in separate legislation and distinctive financial arrangements for each sector. The remedial problems of quality were also seen as distinctive in each sector and policy adopted different aims. Much of the content of this evaluation paper reflects these historical divisions but at the present time, although distinctions still exist, a more integrated policy approach has emerged. This is particularly evident in the overall objective to achieve ‘decent homes’, which applies across the spectrum (even if the arrangements for the social rented sector are more robust than for the private sector). It is also present in the more integrated approach to neighbourhood renewal and regeneration that emerged from 1998 onwards. Greater integration was influenced by the blurring of spatial tenure divides resulting from the right to buy, the introduction of new private homes to former council estates as a regeneration measure, the transfers of nearly 20 per cent of council housing to RSLs, as well as more traditional RSL activity in older, mostly private neighbourhoods. It also came out of earlier experiments in regeneration that were not solely focused on housing, including the Single Regeneration Budget.

1.5 As with other themes, the evaluation is conducted by first identifying the main policies and dividing them into groups for the purpose of evaluation. Here we have developed broad groupings of polices aimed at distinctive issues of housing and neighbourhood quality, partly divided by tenure where policy has been tenure specific and partly divided by issue. Within these groups the evaluation proceeds by first setting out the scope and objectives of policy, identifying the main documentary sources of policy. It then examines the policy drivers, i.e. underlying social, economic and political influences on policy development. It then looks at policy operation, the detail of how policy was translated into practice through legislation, financial instruments, funding
streams and other powers. We then describe as far as the data allows the impacts of policy, that is we consider what were the main outputs of policy in terms of quality improvement. Finally, we attempt to provide an evaluation of what has been achieved in broader terms by the group of policies, and consider whether the evidence shows that the objectives of policy have been achieved.

**Housing Quality**

1.6 The objectives of housing policy in pursuit of quality embrace several dimensions, including:

- **Repair**: ensuring the upkeep of property, keeping it wind and water tight, damp free, and keeping the main components in good order
- **Improvement**: bringing houses up to modern standards by making material changes to their fabric
- **Amenities and services**: promoting modern services and amenities such as central heating or adequate kitchens and bathrooms
- **Space standards**: ensuring that newly built homes achieve minimum sizes
- **Health and safety**: ensuring that new and existing homes are safe in use
- **Accessibility**: considering the usability of houses for people with different physical capabilities
- **Energy efficiency and environmental impact**: ensuring that new houses meet minimum standards in construction and in use
- **Aesthetics**: the cultural value of dwellings in themselves and the collective contribution of houses to the townscape

1.7 It is fairly easy to identify the main elements of housing policy that are designed to improve the quality of individual houses. The focus is then on the following types of policies and programmes:

**Older housing**

- Enforcement of repair standards in the older private housing stock
- Grant aided improvement and repair in the private sector (e.g. renovation grants)
- Home Improvement Agencies (although these may also have a neighbourhood dimension)
- Council and RSL improvement and ‘modernisation’, including financial methods designed to ensure greater investment in older social housing most importantly stock transfer from councils to RSLs (‘Decent homes’ (new standards concerning services and amenities))
- Demolition of unfit or unsatisfactory housing
New housing

- Building control, as a route to regulating the quality of new homes in all sectors, including energy efficiency
- ‘Rethinking construction’, i.e. advice on housing procurement in pursuit of greater efficiency and effectiveness, including better physical quality
- House building by RSLs and council house building (in so far there has been any) supported by public spending
- Planning guidance and advice on design quality
- ‘Urban Renaissance’ polices which seek to influence housing design and densities in cities

In addition, there are other elements of housing policy that have in practice led to quality changes. Foremost among these is the impact of the Right to Buy.

Neighbourhood Quality

1.8 The focus is on the following:

*Improving quality in existing neighbourhoods mainly built by the private sector*

Area based housing improvement in the private sector, including GIAs, HAAs and Renewal Areas

- Market renewal, as the most recent response to failing neighbourhoods dominated by the private sector

*Improving quality in mainly public sector/RSL neighbourhoods (‘council-built’ neighbourhoods)*

- Housing-focused neighbourhood renewal programmes including Priority Estates Project, HATs, Estate Action, and stock transfers
- Neighbourhood regeneration programmes with a significant housing component, including the Single Regeneration Budget, and housing elements of National Strategy for Neighbourhood Renewal

*Creating new ‘sustainable’ neighbourhoods*

Beacon Policies

1.9 Because the main focus of policy interest has now swung to neighbourhood quality, at least on the basis of the emphasis of the most prominent policy statements, the two beacon policies suggested by ODPM concern neighbourhood quality in a). mainly private sector neighbourhoods and b). mainly public sector/RSL neighbourhoods (‘council-built’ neighbourhoods), including the four main strands above.
2. **Decent Homes and Decent Neighbourhoods: Definitions and Implications**

2.1 Before the evaluation material is presented it is worthwhile to consider how the concepts of decent homes and decent neighbourhoods can be defined and what issues arise in attempting to evaluate the impact of housing policy on their achievement.

**Definitions – Decent Homes**

2.2 In the immediate post-war years a ‘decent home’ most importantly meant the basic physical quality of the dwelling itself. The origins of this kind of policy lie in the links that were made between bad housing and ill health in the nineteenth century, and a resolve to remove those physical problems that were directly injurious to health or posed a physical risk to occupiers. This approach remains and legislation still defines unfitness, and it is used as the basis for intervention and regulation. However, over the past 40 or 50 years, many of the basic inadequacies of the dwelling stock have been resolved and the English have become mostly well housed by the standards of the classic housing quality indicators, and housing satisfaction rates are also high.

2.3 However, the concept of quality in housing is not timeless, but derives from societal norms, and a political willingness to deliver them to all citizens. The basic focus has moved away from minimum standards and throughout the post war period there has been a degree of inflation of expectations among the public and therefore among policy makers as time has passed of what is a good quality house. Partly this is a matter of technical change and improvement but, more importantly, there are increasing social expectations that accompany rising living standards for the majority. Policy has had to respond to these expectations and, as long as the overall standard of living for working people in England continues to improve, it can be anticipated that expectations of housing quality will inflate.

2.4 As time has passed adjustments have been made in the aims of policy to reflect growing expectations. For example, the basic definition of unfitness was changed in the 1980s. The most recent example is the emergence of new standards of modernity for housing that is encapsulated in the ‘decent homes’ standard (ODPM, 2002a) dating from policy changes in 2000 (DETR, 2000a). ‘Decent homes’ can be regarded as the current official definition of acceptable housing quality, although it is a product of policy, not legislation. The main object of the policy is to improve social rented housing which was recognised in the Green Paper to have been neglected by earlier policies.

2.5 To be regarded as decent a house must meet four criteria:

- It meets the current minimum standard for housing (the Fitness Standard defined by the Housing Act 1985, as amended by the Local Government and Housing Act, 1989)

- It is in a reasonable state of repair (key building components do not need immediate replacement or repair)

- It has reasonably modern facilities and services (covering kitchens, bathrooms, noise insulation and common areas in flats) (on these criteria a house fails if it lacks three or more elements out of six)
• It provides a reasonable degree of thermal insulation (both effective insulation and efficient heating).

(ODPM, 2002a)

2.6 Bathrooms are a good example of changing standards. Whereas until the late 1990s it was good enough to have a bathroom – any kind of bathroom – today the bathroom fittings have to be less than 30 years old in order to be regarded as ‘decent’ according to the new standard. It probably will not be long before a house designed for the occupancy of more than 1 or 2 people has to have an additional bathroom in order to remain decent, in line with the widespread aspiration towards ‘en suite’ facilities.

2.7 However, this approach is not without controversy. It introduces an element of subjectivity into assessments of housing quality which social landlords have argued make it difficult to implement and leads to wide variations between landlords in estimating the proportions of properties which fail to reach the standard. Some, including the Chartered Institute of Housing has also argued that the standard is too low, for example, because a house can have a non-decent kitchen and bathroom and still pass because of the 3 out of six rule in relation to modernity. Others have argued that it should include a measure of accessibility or suggested that the real issues about quality lie outside the home in the neighbourhood (see Wilson, 2003).

2.8 The future approach to defining housing quality is the Housing Health and Safety Rating System (HHSRS) (ODPM, 2003a), which will be implemented provided the Housing Bill, introduced in Parliament in December 2003, is successfully enacted. HHSRS represents a new, people centred, risk-based approach to assessing housing quality with the emphasis on identifying those elements of housing which are potentially harmful to the health and/or safety of occupants or visitors. It provides a modernised complement to ‘decent homes’, whose novelty is focused on elements of comfort and convenience after minimum standards have been met.

2.9 But housing quality is not just a question of basic physical standards and the amenities that houses provide. New policy issues have also emerged from a greater awareness by government of the wider importance of housing quality. These include the suitability of houses for different needs groups that are tied into community care and social inclusion agendas. So the question has also become ‘decent (or fit) for whom? The second important wider connection is the environmental impact of housing that is linked to the government’s commitments to international environmental treaties. There is, however, potential for conflict over environmental aims and meeting the expectations of the public. While there are some issues where the interests of consumers and the environment can come together, for example about energy use, others may be more difficult to resolve. For example, it seems clear that the most desirable dwelling type is the detached house with dedicated parking, (certainly reflected in house prices as an indicator of demand) yet production of such homes generally runs counter to many environmental sustainability and urban renaissance objectives.

2.10 Although there are social, economic and political issues relating to the definition of housing quality, how a decent home can be achieved is technically fairly straightforward in that it involves widely understood procurement and physical processes using capital resources to effect changes to the dwelling stock. Most of the policy issues in transforming the existing dwelling stock into decent homes centre on how public investment should be provided, or they are about the effectiveness of using
the power and influence of public sector agencies to lever in more private investment of the right kind. Although there have been new quality concerns introduced since 1977, the thrust of policy has been broadly in the same direction. All governments have wanted, albeit with different emphases, to see the elimination of bad housing and the promotion of high quality new housing. The key issue for policy is therefore to walk an acceptable political and public spending line between the two approaches (direct public spending and leverage planning) and thereby achieving positive changes in dwelling quality while representing acceptable value for money to the Exchequer.

2.11 Charting the changes relating to quality of the dwelling stock is also relatively straightforward. There has been a series of house condition surveys over the period offering information on dwelling conditions. What is less easy is to clearly distinguish the impact of public policy: while some dwelling quality changes are directly the result of public programmes (e.g. improvements within renewal areas or improvements in council housing), those in the private sector are the result of the decisions of individuals and companies to invest or disinvest, which may have taken place in the same way even in the absence of government intervention and leverage.

Definitions – Decent Neighbourhoods

2.12 Although there remain many concerns with dwelling quality per se, there is now less focus on the dwelling itself and more on the neighbourhoods within which dwellings sit, at least as far as can be assessed from high profile policy statements such as the National Strategy for Neighbourhood Renewal (Cabinet Office, 2001) and the Communities Plan (ODPM, 2003b) To a high degree the two issues are connected: it seems unlikely that it could be successfully argued that a neighbourhood was acceptably decent when the homes within it were not and, empirically, poor quality housing is often associated with areas that are socially deprived and have other problems into which intervention is sought. Certainly, the current approach to achieving the decent homes standard is to prioritise action in the more deprived areas of England where neighbourhood renewal is also targeted so decent neighbourhood policies are effectively linked.

2.13 However, the quality of the residential neighbourhood is now the more important of the two policy concerns as a reflection of its importance to residential satisfaction, life chances and quality of life. The contribution of neighbourhoods to environmental sustainability has also come into focus, recognising the quantitative importance of housing in the built environment and its implications for key environmental themes such as energy use, the use of non-urban land, and travel demands.

2.14 Unlike a ‘decent home’, what a ‘decent neighbourhood’ is lacks precise definition in law or in policy, and there are no minimum standards. Given the state of knowledge and the well-documented difficulties in achieving area renewal and regeneration this is probably appropriate. The policy objectives of the neighbourhood dimensions of quality, however, have many more ramifications than decent homes and have also shifted significantly over the period of the evaluation.

2.15 In the 1970s and 1980s sometimes the neighbourhood dimension was little more than a convenient spatial basis indicating greater numbers of dwellings to be targeted for action. In the context of private sector renewal housing quality has been seen as a victim of negative neighbourhood externalities, which required to be overcome. For a while policy toyed with the idea that upward shifts in housing quality in
neighbourhoods could instigate processes of positive neighbourhood change through attracting different population groups and creating greater sense of neighbourhood confidence (‘housing led regeneration’). More recently, housing problems at the neighbourhood level have been seen as just one of a conjoined set of problems that policy has to address in an integrated manner. Housing organisations were for a while put at the forefront of organising non-housing initiatives as a route to tackling such problems, a policy known variously as ‘housing plus’ or the ‘wider role’. Since at least the early 1990s there has been an increasing sophistication of thinking about the links between problems within neighbourhoods that has led to more conjoined policy intervention. While ideas and themes in this area have been changing constantly, there are two recent documents which provide some insights into what the present government considers to be a decent neighbourhood, with two distinctive but overlapping approaches.

2.16 The first of these focuses on poor quality and deprived neighbourhoods that already exist. Policy is essentially about achieving better equality of opportunity for people who live in such areas and derives from the concern evinced especially in the early years of the New Labour administration about social exclusion. Where social and economic conditions in a neighbourhood are worse than the norms enjoyed in society as a whole, a neighbourhood in need of renewal is evident. The National Strategy for Neighbourhood Renewal policy statement (Cabinet Office, 2001) can be read to suggest that neighbourhood decency might have the following components:

- Decent homes
- And levels of:
  - Worklessness
  - Crime
  - Health
  - and Skills

that are not disproportionate to the rest of England.

2.17 Neighbourhoods are therefore ‘non-decent’ if they perform less well on these measures than the country as a whole. The vision of the National Strategy for Neighbourhood Renewal NSNR is radical in that it aims to achieve an elimination of disadvantage based on place of residence within 10 or 20 years. This is a much firmer statement of the desirability of a more spatially equal society than governments have ever voiced before.

2.18 The second key document is the Communities Plan (ODPM, 2003b). It focuses on new neighbourhoods and sets out a much wider range of the requirements of a ‘sustainable community’, mainly in the context of new proposals to further urbanise the south east of England in response to population household growth and to tackle ‘low demand’ in parts of the Midlands and North of England. These are:

- a flourishing local economy
- strong community leadership
- effective participation by people and business interests
- a safe and healthy environment with well designed public and green space
• a neighbourhood dense enough to support basic amenities

• good transport links internally and externally

• buildings that can meet different needs over time

• a well integrated mix of decent homes of various types and tenures that support a range of households sizes, ages and incomes

• good quality local public services especially in relation to education, training, health care and community facilities

• a vibrant local culture encouraging pride and community cohesion

• a ‘sense of place’

• the right links with the wider regional, national and international community.

2.19 The Communities Plan also highlights ‘liveability’, which it defines as ‘essentially being about quality local environments’, including such aspects as design, cleanliness and maintenance. While the concerns of the NSNR can be subsumed within the Communities Plan it also includes criteria that are related to environmental, political and cultural agendas, as well as those about social exclusion. Delivering these proposals demands a close joining up of the planning and housing agendas. Similar themes are apparent in the government’s planning guidance document about housing, PPG 3 (ODPM, 2003c) and also reflect the concerns of the Urban Task Force (1999) and the Urban Paper (DETR, 2000b). It is clear, however, from a review by Kearns and Turok (2003) that there is a long way to go before all the issues raised by the idea of ‘sustainable communities’ are well understood.

2.20 On the basis of the contents of the NSNR and the Communities Plan, it is evident that achieving neighbourhood quality is a much less straightforward undertaking than achieving decent homes. Housing, as a physical element of neighbourhoods has an important role in achieving basic standards of living, and also contributing to environmental sustainability and liveability. Housing is also important because of the social implications that arise from housing management and the distribution of housing between different social classes and ethnic groups. Over the period of the evaluation housing has at some times assumed a central role in policy, then latterly more of a supporting one and it is now recognised that housing is an important but not the only factor in neighbourhood quality. There has also been an increasing sophistication of the thinking about the links between problems within neighbourhoods that has led to more conjoined policy intervention.

2.21 That housing problems are but one dimension of a complex, loosely defined and not always well understood agenda raises significant issues for the evaluation. It is not always clear where housing policy begins and ends in that it bleeds off into the territory of other social and economic policies including education, jobs, economic development, and measures against crime and disorder, as well as the operation of the land use planning system. This means that distinctive housing policy contribution is sometimes hard to identify, even where capital housing expenditure is significant. Current policy emphasis also overlaps with other areas of the evaluation including management effectiveness. Finally because the processes whereby neighbourhood
quality can be achieved are not well understood, this has been reflected in many approaches to policy that have been experimental and temporary.

2.22 It is also a challenge for the evaluation that changes in neighbourhood quality are far less well documented than changes in housing quality. There is some data from the English House Condition Survey but this is fairly limited. The new government investment in developing Neighbourhood Statistics was the result of recognition by Policy Action Team 18 (Social Exclusion Unit, 2000a) that evaluation of area regeneration was held back by a lack of longitudinal data, but the development of this database is still ongoing and there is little extant longitudinal data on neighbourhood quality. A great deal of evaluation is therefore reliant on the results of one-off evaluations of particular programmes. Many of them are quite small and short term but more recently the scale and sophistication of approach has increased enormously, for example the evaluation of New Deal for Communities.

2.23 Finally, there is the problem of scale: policy has rarely defined at what level neighbourhoods or communities should achieve ‘quality’ or ‘sustainability’.
3. Overview of Changes in Housing and Neighbourhood Quality

Changes in Housing Stock

3.1 The number of dwellings in England has grown over the period of the evaluation and the growth has been most marked in the owner occupied sector. Table 3.1 shows the changes in each sector and total dwellings. Total stock numbers grew by over five million dwellings between 1971 and 2003. During that time the owner occupied sector had risen from 52% to 71% of the English housing stock. The proportion of dwellings in the owner occupation was toward the top end of the European Union averages (Table 3.2) and higher than in the UK as a whole.

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</table>

Source: ODPM Housing Statistics Website, figures taken from Chart 105 (ODPM, 2003c)

3.2 The rise in the owner occupied sector was in part due to government policies such as the Right to Buy but also reflected the near cessation of local authority building since the 1980s. Most new social rented dwellings are now built for the RSL sector, which was virtually non-existent before the 1974 Housing Act. Although RSL new build is important it is dwarfed by the scale of private enterprise new building, mostly speculative private development for owner occupation, although the overall levels of building are around half of the peak output years of the 1960s (Table 3.2).
Table 3.2: Housing Completions by Sector

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Completed</th>
<th>Registered</th>
<th>Social</th>
<th>Local</th>
<th>All Dwellings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Private</td>
<td>Enterprise</td>
<td>Landlords</td>
<td>Authorities</td>
<td></td>
</tr>
<tr>
<td>1990/01</td>
<td>132,499</td>
<td>14,575</td>
<td>12,958</td>
<td></td>
<td>160,032</td>
</tr>
<tr>
<td>1991/02</td>
<td>132,045</td>
<td>15,974</td>
<td>7,113</td>
<td></td>
<td>155,132</td>
</tr>
<tr>
<td>1992/03</td>
<td>115,913</td>
<td>23,969</td>
<td>2,579</td>
<td></td>
<td>142,461</td>
</tr>
<tr>
<td>1993/04</td>
<td>116,050</td>
<td>30,213</td>
<td>1,451</td>
<td></td>
<td>147,714</td>
</tr>
<tr>
<td>1994/05</td>
<td>125,738</td>
<td>31,375</td>
<td>853</td>
<td></td>
<td>157,966</td>
</tr>
<tr>
<td>1995/96</td>
<td>123,616</td>
<td>30,226</td>
<td>757</td>
<td></td>
<td>154,599</td>
</tr>
<tr>
<td>1996/97</td>
<td>121,165</td>
<td>24,630</td>
<td>451</td>
<td></td>
<td>146,246</td>
</tr>
<tr>
<td>1997/98</td>
<td>127,835</td>
<td>1,397</td>
<td>323</td>
<td></td>
<td>149,555</td>
</tr>
<tr>
<td>1998/99</td>
<td>119,516</td>
<td>18,920</td>
<td>194</td>
<td></td>
<td>138,630</td>
</tr>
<tr>
<td>1999/00</td>
<td>124,290</td>
<td>17,363</td>
<td>102</td>
<td></td>
<td>141,755</td>
</tr>
<tr>
<td>2000/01</td>
<td>116,690</td>
<td>16,610</td>
<td>389</td>
<td></td>
<td>133,689</td>
</tr>
<tr>
<td>2001/02</td>
<td>115,644</td>
<td>14,326</td>
<td>80</td>
<td></td>
<td>130,050</td>
</tr>
<tr>
<td>2002/03</td>
<td>124,290</td>
<td>13,330</td>
<td>271</td>
<td></td>
<td>137,891</td>
</tr>
</tbody>
</table>

Source: ODPM Housing Statistics Website figures taken from table 113 based on LA P2m returns and NHBC returns (ODPM, 2003d)

3.3 The English House Condition Survey (ODPM, 2003d) also indicates the nature of the dwelling stock in terms of type of dwelling and key characteristics. Table 3.4 shows that a disproportionately high proportion of private rented dwellings were built before 1919. The spread of the age of owner occupied housing is fairly even across the bands while there are relatively few recent council dwellings and relatively many belonging to RSLs. However the housing stock in the UK as a whole is the oldest in the European Union (Table 3.10)

Table 3.4: Age of Dwellings by Tenure (per cent)

<table>
<thead>
<tr>
<th>Dwelling age</th>
<th>O/O</th>
<th>PRS</th>
<th>LA</th>
<th>RSL</th>
<th>All Dwellings</th>
</tr>
</thead>
<tbody>
<tr>
<td>pre 1919</td>
<td>22</td>
<td>43</td>
<td>4</td>
<td>9</td>
<td>22</td>
</tr>
<tr>
<td>1919-45</td>
<td>19</td>
<td>16</td>
<td>20</td>
<td>6</td>
<td>18</td>
</tr>
<tr>
<td>1945-64</td>
<td>19</td>
<td>11</td>
<td>51</td>
<td>15</td>
<td>22</td>
</tr>
<tr>
<td>1965-80</td>
<td>21</td>
<td>15</td>
<td>13</td>
<td>35</td>
<td>19</td>
</tr>
<tr>
<td>post 1980</td>
<td>18</td>
<td>15</td>
<td>13</td>
<td>35</td>
<td>19</td>
</tr>
</tbody>
</table>

Calculated from ODPM (2003d)
Dwelling Type

3.4 Table 3.5 shows dwelling type according to tenure. This highlights wide variations between the different tenures. Over half of dwellings in England are terraced or semi-detached. A fifth of owner occupied dwellings are detached houses compared with less than one per cent of local authority dwellings. Low rise and converted flats are significant in the local authority and RSL sectors accounting for a third of local authority dwellings and almost half for RSLs. Around 214,000 local authority homes (8%) are in high rise while the next highest absolute figure is amongst owner occupiers (63,000) but this represents less than one per cent of that tenure. Over a third of privately rented properties are terraced and a fifth are low-rise purpose-built flats. A significantly higher proportion of private rented dwellings consist of converted flats (16%) than in any other tenure.

<table>
<thead>
<tr>
<th>Dwelling type</th>
<th>O/O</th>
<th>PRS</th>
<th>LA</th>
<th>RSL</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terraced house</td>
<td>28</td>
<td>35</td>
<td>26</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>Semi-detached</td>
<td>32</td>
<td>16</td>
<td>21</td>
<td>15</td>
<td>28</td>
</tr>
<tr>
<td>Detached house</td>
<td>21</td>
<td>6</td>
<td>0</td>
<td>1</td>
<td>15</td>
</tr>
<tr>
<td>Bungalow</td>
<td>10</td>
<td>5</td>
<td>10</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Converted flat</td>
<td>2</td>
<td>16</td>
<td>1</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Low rise purpose built flat</td>
<td>7</td>
<td>20</td>
<td>33</td>
<td>42</td>
<td>14</td>
</tr>
<tr>
<td>High rise purpose built flat</td>
<td>0</td>
<td>2</td>
<td>8</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

Calculated from ODPM, (2003d)

3.5 Unsurprisingly, the EHCS 2001 (ODPM, 2003d) notes that the overall size of dwelling has fallen through time. The average size of pre 1980 dwellings is 88m² compared with 83m² for dwellings built after that date.

Facilities and Services

3.6 Overall housing standards have improved to the point where items which were considered luxuries at the start of the evaluation such as double glazing are now commonplace. Table 3.6 highlights that this is particularly the case in terms of central heating. It also shows that there remain considerable differences in facilities across tenures. Owner occupiers fare best in relation to all of the facilities listed in the table (except central heating where RSLs rate equally as well). There is a stark contrast between the 5 per cent of owner occupied dwellings that have a garage and the per cent of social rented houses. Smoke detectors are now common in all tenures but the relative lack of smoke detectors in private rented dwellings could cause concern to policy makers. Burglar alarms are found in a third of owner occupied homes but in less than 10% of social rented homes, again a potentially worrying statistic given issues of fear of crime and lack of insurance amongst poorer households.
### Accessibility

3.7 Improved building regulations and Housing Corporation Scheme Development Standards have sought to address inequality of opportunity for people with disabilities. This is in part reflected in new dwellings being built with better access. The EHCS collects data on four measures which are associated with this better access: flush thresholds, level access, bathroom/wc on entrance level and the existence of 750mm minimum doorway openings. Table 3.7 indicates the proportions of dwellings that have these characteristics.

<table>
<thead>
<tr>
<th>Facilities</th>
<th>O/O</th>
<th>PRS</th>
<th>LA</th>
<th>RSL</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full or partial DG</td>
<td>83</td>
<td>52</td>
<td>60</td>
<td>74</td>
<td>76</td>
</tr>
<tr>
<td>Central or programmed CH</td>
<td>95</td>
<td>85</td>
<td>92</td>
<td>95</td>
<td>94</td>
</tr>
<tr>
<td>Garage</td>
<td>55</td>
<td>21</td>
<td>8</td>
<td>8</td>
<td>42</td>
</tr>
<tr>
<td>Smoke detector</td>
<td>75</td>
<td>56</td>
<td>66</td>
<td>77</td>
<td>72</td>
</tr>
<tr>
<td>Second wc</td>
<td>42</td>
<td>20</td>
<td>16</td>
<td>18</td>
<td>35</td>
</tr>
<tr>
<td>Bathroom/wc at entrance level</td>
<td>57</td>
<td>36</td>
<td>42</td>
<td>55</td>
<td>53</td>
</tr>
<tr>
<td>750mm doorway opening</td>
<td>32</td>
<td>13</td>
<td>8</td>
<td>8</td>
<td>25</td>
</tr>
</tbody>
</table>

*Calculated from figures in EHCS 2001, p9 (ODPM, 2003d)*

### Decency Standards

3.9 The EHCS highlights the number of dwellings failing to meet the Decent Homes standard. These are homes that are unfit, in disrepair, in need of modernisation or failing to provide sufficient thermal comfort. There are marked variations across tenures with the most severe levels of non-decent homes in the private rented sector. It also indicates that there has been progress towards achieving this standard in all tenures between 1996 and 2001 as shown in Table 3.8.
3.10 There has been a significant decrease in the number of dwellings failing the decency standard. Improvements have been seen in the number of dwellings with central heating, double glazing, insulated cavity walls and roof insulation. The energy efficiency of dwellings measured using the SAP rating rose by per cent to 51 (ODPM, 2003d, p.4). The most common reason for the failure to meet the decent homes standard was lack of thermal comfort (ODPM, 2003d, p.5). Nevertheless, a third of dwellings still fail to meet the decency standard. Over 7 per cent of owner occupied and RSL homes meet this standard but only just over half of private rented dwellings.

3.11 EHCS data shows, perhaps surprisingly, that there is not a great difference between the north and south east of England in terms of proportions of non-decent homes. The figure in the north is 34.5 per cent compared to 32.6% in the south east. Non-decent housing is associated with city centre (48% of dwellings non-decent) and urban centre locations and most of all with remote rural locations -50% non decent. Suburban (30%) and rural residential (26%) areas have less non-decent housing (ODPM, 2003d, p.12).

3.12 Non-decent housing is also associated with deprivation as shown in Table 3.9.

<table>
<thead>
<tr>
<th>Deprived wards</th>
<th>Percentage of dwellings non decent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most deprived 10%</td>
<td>40.8</td>
</tr>
<tr>
<td>10–20%</td>
<td>38.6</td>
</tr>
<tr>
<td>20–30%</td>
<td>37.9</td>
</tr>
<tr>
<td>30–40%</td>
<td>31.0</td>
</tr>
<tr>
<td>40–50%</td>
<td>30.0</td>
</tr>
<tr>
<td>50–60%</td>
<td>30.7</td>
</tr>
<tr>
<td>60–70%</td>
<td>28.9</td>
</tr>
<tr>
<td>70–80%</td>
<td>30.4</td>
</tr>
<tr>
<td>80–90%</td>
<td>24.3</td>
</tr>
<tr>
<td>Least deprived 10%</td>
<td>24.3</td>
</tr>
<tr>
<td>Average</td>
<td>33.1</td>
</tr>
</tbody>
</table>

Source: extract from EHCS 2001 table B. iii) p12 (ODPM, 2003d)

3.13 While there have been significant reductions in the numbers of non-decent homes in recent years, the EHCS 2001 indicated that almost 6 million homes were still non-decent. The concentration of these homes in the most deprived areas lends support to the area-based approaches to renewal outlined elsewhere in this paper.
European Context

3.14 It is instructive to put the current English housing stock in context by comparison with other Western European countries. Table 3.10 shows that UK housing (of which England represents by far the largest part) is relatively old, with 41 per cent built before 1945, exceeded only by Denmark and with only 13 per cent built since 1980, the 3rd lowest level of recent construction after Italy and Germany. The dwellings in the stock are also relatively small, with the 3rd lowest average floor area at 85 square metres after Finland and Greece, and the smallest recently built dwellings at 76 square metres. In terms of key amenities England occupies a mid way position in Europe. In common with five other countries, 99 per cent of England’s homes have bathrooms (only the Netherlands officially reaches 100%), while seven other countries have an inferior provision, with Greece at the foot of the list at 86 per cent. Eighty eight per cent have central heating (1996 data), which represents 9th position on a list of 14 European countries for which data is available which stretches from 40 per cent (Spain) to 99 per cent (Sweden). Ownership of housing is also an important dimension when considering policy towards housing quality. The UK still has one of the higher rates of social rented housing with only the Netherlands and Sweden ahead. However, it also has one of the highest proportions of home ownership at 69 per cent (although four EU countries have more) with implications for the organisation and finance of repair and maintenance of the older stock.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Average Floor Area- all Dwellings (m²)</th>
<th>Average Floor Area- new Dwellings (m²)</th>
<th>% of Dwellings with Central Heating</th>
<th>% Built pre 1945</th>
<th>% Built pre 1980</th>
<th>% owner occupied</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Belgium</td>
<td>86.3</td>
<td>119.0</td>
<td>60</td>
<td>29</td>
<td>21</td>
<td>74</td>
</tr>
<tr>
<td>2</td>
<td>Denmark</td>
<td>108.9</td>
<td>137.0</td>
<td>98</td>
<td>41</td>
<td>16</td>
<td>51</td>
</tr>
<tr>
<td>3</td>
<td>Germany</td>
<td>86.7</td>
<td>109.2</td>
<td>88¹</td>
<td>291</td>
<td>111</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Greece</td>
<td>79.6</td>
<td>126.4</td>
<td>45</td>
<td>12</td>
<td>17</td>
<td>74</td>
</tr>
<tr>
<td>5</td>
<td>Spain</td>
<td>85.3</td>
<td>96.6</td>
<td>40</td>
<td>22</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>France</td>
<td>88.0</td>
<td>112.8</td>
<td>84</td>
<td>33</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Ireland</td>
<td>83.3</td>
<td>87.7</td>
<td>83</td>
<td>21</td>
<td>43</td>
<td>79</td>
</tr>
<tr>
<td>8</td>
<td>Italy</td>
<td>90.3</td>
<td>81.5</td>
<td>79</td>
<td>29</td>
<td>10</td>
<td>68</td>
</tr>
<tr>
<td>9</td>
<td>Luxemburg</td>
<td>125.0</td>
<td>104.1</td>
<td>96</td>
<td>27</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Netherlands</td>
<td>98.0</td>
<td>115.5</td>
<td>90</td>
<td>20</td>
<td>28</td>
<td>53</td>
</tr>
<tr>
<td>11</td>
<td>Austria</td>
<td>90.6</td>
<td>96.0</td>
<td>83</td>
<td>29</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Portugal</td>
<td>83.0</td>
<td>82.2</td>
<td>N/A</td>
<td>N/A</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Finland</td>
<td>76.5</td>
<td>87.1</td>
<td>92</td>
<td>11</td>
<td>32</td>
<td>58</td>
</tr>
<tr>
<td>14</td>
<td>Sweden</td>
<td>89.8</td>
<td>83.0</td>
<td>99</td>
<td>33</td>
<td>12</td>
<td>39</td>
</tr>
<tr>
<td>15</td>
<td>UK</td>
<td>85.0</td>
<td>76.0</td>
<td>88</td>
<td>41</td>
<td>13</td>
<td>69</td>
</tr>
</tbody>
</table>

¹. Not including former GDR.

UK position in Table in brackets. Data is the most recent available at the time of preparing the report and comes from various national surveys. ODPM (2003d) shows 94% of homes had central heating in 2001. Source: Saks and Raponi (2002)
3.15 Overall, this review shows that houses in England have improved on many quality measures over the period of the evaluation, and compare not unfavourably with other European countries on the limited range of measures available. Recent dwellings are however, smaller than older ones – and the smallest in Europe – although it is open to question whether this is a good or bad thing. However there remain important challenges, particularly achieving the relatively modest decent homes standard that now represent the main policy benchmark for older housing. The very small proportion of housing meeting accessibility standards is also a potential problem.

Neighbourhood Quality

3.16 Longitudinal data concerning neighbourhood quality effectively does not exist. The EHCS has enquired into aspects of neighbourhood quality since 1991, but the definitions of a poor quality neighbourhood differ between the 1991 and the later surveys, and the available tabulations from the 1996 and 2001 surveys are constructed in different ways. According to ODPM sources, this was done to minimise fallacious comparisons across surveys. Therefore from this source it is not possible to take a clear view how the condition of neighbourhoods in England has changed. Table 3.11 assembles the evidence from EHCS.

<table>
<thead>
<tr>
<th>Year</th>
<th>Definition</th>
<th>Total No. (millions)</th>
<th>% of National Stock</th>
<th>Local Authority Rented</th>
<th>Owner Occupied</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>‘Poor Environment’</td>
<td>2189</td>
<td>11.2</td>
<td>35.5%</td>
<td>42.8%</td>
</tr>
<tr>
<td>1996</td>
<td>‘Poor Living Conditions’</td>
<td>1306</td>
<td>6.6</td>
<td>33.1%</td>
<td>41.7%</td>
</tr>
<tr>
<td>2001</td>
<td>‘Poor Neighbourhoods’</td>
<td>2372</td>
<td>11.2</td>
<td>26%</td>
<td>49%</td>
</tr>
</tbody>
</table>

1. Based on households not dwellings. Data on dwellings would give a higher figure.
Source: EHCS 1991, Table A9.11; EHCS 1996, Table A8.6; EHCS 2001, main report p.73 and Table A5.1. (DoE, 1993; DETR, 1998; ODPM, 2003d)

3.17 In 1991 the quality of the environment surrounding houses was assessed according to the surveyor’s overall impression and on the incidence of specific problems. Where there was at least one significant problem or where the overall environment was poor an area was defined as having a ‘poor environment’. Overall 2.2 million dwellings (11.2% of the national stock) were found in poor environments. The incidence of rented housing was disproportionately high; 37 per cent of local authority houses were found in such areas whereas the national proportion of council houses was about 20 per cent. (DoE, 1993, Table A9.11).

3.18 In 1996, a new definition of ‘poor living conditions’ was identified, based on where there were over 10 per cent seriously defective dwellings, or where there were other serious environmental problems, or where there visual quality of the local area was very poor. The overall percentage of households living in such areas was 6.6 per cent (representing 1.3 million households) but, again, with about double that percentage of all council (and private) tenants living in such areas, although disproportionately few
RSL tenants. The tables available for 1996 do not include vacant dwellings of which there were just under 800,000 (DETR, 1998, p.13). Other surveys show these to be found in poor quality areas to a greater extent than elsewhere, so in terms of dwellings these figures undercount.

3.19 The same definition as 1996 was used in 2001, although this time it was presented as ‘poor neighbourhoods’ and the discussion is couched in terms of dwellings rather than households, so the two surveys cannot be compared. Overall in 2001 there were 2.4 million dwellings in ‘poor neighbourhoods’ (11% of the national stock) (ODPM, 2003d, p.73). As in previous surveys the proportion of local authority housing found in such areas was disproportionately high: 26 per cent of dwellings in poor neighbourhoods were council rented. The 2001 survey, reflecting tenure diversification in areas originally built as council estates, identified which neighbourhood were predominately council-built and which predominately privately built. Again, local authority areas come out badly with just under 40 per cent of poor neighbourhoods ‘council-built’ compared to 52 per cent ‘privately built’.

3.20 The difference between the 1996 and 2001 figures is partly accounted for by their different base. However, even if every vacant house were in a poor quality area there would still have been a rise in the proportion of the national housing stock found in poor quality areas between the two surveys. The 1991 EHCS for example found that just under a quarter of all vacant dwellings (twice the expected proportion) were in poor environments (DoE, 1993, Figure 4.1 and Table A9.13).
4. Results of the Main Evaluations

Housing and Neighbourhood Quality in the Private Sector

Scope and Objectives of Policies

4.1 The quality of existing private sector housing has consistently been a focus of government policy and intervention. However, responsibility for property condition lies clearly with property owners, and most maintenance and reinvestment takes place privately.

4.2 Government’s role dates back to the urbanisation of the early nineteenth century and public health legislation dealing with the excesses of overcrowding and unsanitary conditions ranging from London’s cellar dwellings to back-to-back (single aspect) housing common in the north of England. Conditions had changed markedly between then and the period under review with improved standards and tenure diversification leading to a position where the majority of private owners were owner-occupiers and the public sector represented a significant element of the country’s housing stock. Although, as discussed elsewhere in this paper, the public sector had significant quality problems, many of the worst problems were located in the private sector and policy was directed towards eradicating slum conditions in older owner-occupied and privately rented housing.

4.3 There have been traditionally three dimensions of poor housing conditions. *Unfitness* indicates those houses that fall below a legally defined minimum standard, most recently legislated for in 1989. This includes key quality measures such as structural stability, and dampness. Second, *Lacking amenities* refers to the extent to which houses have an absence of the 5 basic amenities of a kitchen sink, a bath or shower in a bathroom, a wash hand basin, hot and cold water serving the sink, bath and basin, and an indoor WC. Lacking amenities also means a house is unfit. *Disrepair* refers usually to a situation where building elements require expenditure to bring them to an acceptable standard, usually measured according to costs of remedy. Severe disrepair is also an unfitness element. The 1996 English House Condition Survey (DETR, 1998) also used the idea of ‘poor housing’ as a catch-all for unacceptable conditions, indicating housing that was either unfit or in serious disrepair, or needing ‘essential modernisation’. Since 2000, the concept of *decent homes* follows the same approach. This represents an approach that better reflects aspirations as well as basic needs.

4.5 Broadly, there are four possible social and economic reasons that underlie the problem of lack of investment in older private housing (Thomas, 1985), leaving aside the more straightforward issue of ageing and deterioration of the physical elements of the housing fabric. These are macro-economic factors concerning the strength of the economy in general and the housing market in particular, which provide the context for individual investment decisions. Second there are locationally specific micro-economic factors that are related to the question of whether the market rewards good quality through increased rents or property values. Third, there are factors related to the management of maintenance and repair, such as perception, skills, knowledge and procurement of construction works. Fourth, there are factors related to the occupant or owner of the property, including their ability to afford appropriate maintenance.
4.6 There are at least three sets of policy instruments available to government to take on the problems of poor quality private sector housing. First, throughout the immediate post war period the approach was dominated by demolition and comprehensive redevelopment, with houses compulsorily purchased and qualifying residents rehoused in council housing. This approach came on stream in the mid 1950s and was in its last throes at the start of the evaluation period. Second, tenure transfer either to councils (i.e. municipalisation) or to housing associations/RSLs was used as device to shift housing out of the private sector, to improve it using public funds and let it thereafter as (what now would be called) social rented housing. Third, there are a set of leverage polices – private owners were encouraged to improve their property either by means of enforcement of minimum standards by local authorities and/or by the provision of grant aid.

4.7 With respect to most of these instruments, a recurrent theme has been experimentation with different kinds of area-based approaches. On one hand, area based approaches have the potential to take on some of the neighbourhood based social and economic factors in property disinvestment and reinvestment. On the other hand, their broad sweep introduces the potential problems that some owners may benefit from financial support who do not need it, while there remain many poor quality properties outside targeted renewal areas. Policy in this area has always been buffeted by the sometimes-conflicting objectives of this area focus and the desire of governments to encourage owners to maintain older property more generally.

4.8 Although the focus of this evaluation is the period from 1975, the origins of policy date to the Housing Act, 1969. This brought in the first of policies designed to tackle poor quality housing at a neighbourhood level with a recognition that individual property improvement was not an adequate response given the negative externalities of poor housing and its effect on private investment in the stock of the area. This area focus was maintained through 1970s with the 1974 Housing Act introducing stronger area focus in the form of Housing Action Areas, new grant making powers for local authorities, and creating a framework within which the Housing Corporation could direct funding to housing associations to tackle area renewal.

4.9 Several forces were at work that meant that resources being committed were not producing the area improvement anticipated at the rate that was sought. First, government investment had been expected to be a springboard for greater private investment and this was not happening – most improvement work in targeted neighbourhoods was overwhelmingly grant funded. Finite grant resources were being expended over a less focused area of stock including neighbourhoods that were not in general decline. Finally there was little targeting on need so that it was believed that owners who were able to afford to pay a greater share of improvement costs were being helped.

4.10 Illustrating the policy swings being described here, the 1989 Housing Act sought better targeting in terms of people who needed to be helped through means testing and the introduction of Renewal Areas to target work more effectively on areas. Assistance through Home Improvement Agencies would also allow people who found participation difficult to be assisted. The area focus of private sector renewal has remained and been enhanced since the 1990s. Subsequent legislation and policy has attempted to set this in a more strategic context (e.g. Housing Grants, Construction and Regeneration Act, 1996).
4.11 Post-1997, private sector renewal policies have been subsumed within a broader concern for the condition of urban places and particularly cities, evident in *Towards an Urban Renaissance* (Urban Task Force, 1999) and the Urban White Paper (DETR, 2000b). This has led to the blurring of distinctions between private sector and public sector renewal, and policies directed towards failing neighbourhoods in general. Policies aimed at improving housing conditions, such as Housing Market Renewal Pathfinders, attempt to apply flexible local solutions based on an understanding that regional and sub-regional housing markets impact on local neighbourhoods. Increasingly, policy is based on this analysis and the contention that neighbourhood solutions require improvement in services, economic conditions and skills bases in addition to physical regeneration (e.g. Social Exclusion Unit, 2000; Cabinet Office, 2001; ODPM, 2003b). The current policy direction is consistent with the development of housing renewal policy, particularly the emphasis on a strategic approach, but is not uncontroversial, particularly with respect to the perceived de-emphasis of physical improvement, within the context of finite resources.

**Policy Drivers**

4.12 The post war period was a time of rapid increase in public sector housing aimed at meeting overall housing shortages and included wholesale slum clearance, which, by the early 1970s was running at around 70,000 dwellings per year (Holmans, 2003). By the 1970s absolute housing shortages were no longer acute and there was concern over what have since been described as the “soulless” environments that had been created through poor design and the uprooting of communities (e.g. Bentley *et al*., 1985). This disenchantment with the new urban environments was not simply a British phenomenon but had been highlighted in North America by Jacobs (1961) and Newman (1976). These factors came together with the elimination of the worst slum areas to create a mood in which investment in regeneration of older housing was a possible and more desirable alternative to slum clearance and council house building.

4.13 Renewal policy in the Housing Act, 1974 was designed to improve the quality of housing and the well being of residents of that area. But the aim was also to stimulate private investment by helping to overcome two classic microeconomic problems. These are the gap between the value of unimproved and improved property being insufficient to provide a financial reward to improving owners, and the ‘prisoner’s dilemma’ of being a would-be pioneer improver in an otherwise unimproved and low value neighbourhood, but not having the confidence to do so in the absence of other improvers.

4.14 However, despite this initial aim of using public sector investment to lever in more private investment, the system immediately became dependent almost entirely upon public sector repair and improvement grants. The call on these grants went beyond Housing Action Areas and as the emphasis in housing policy shifted so did the allocation of this funding. By the early 1980s the policy had become caught up in the overall support for owner occupation and this diluted its effectiveness in addressing area problems. The short period of unlimited spending on grants during the first Conservative administration underlines the influence of a politically driven agenda to support home owners. Policy continued in the 1980s untouched partly as a response to inner city ‘unrest’.

4.15 The problems of neighbourhoods failed to disappear but pressures to target funding more closely to those who needed it and direct funding towards disadvantaged neighbourhoods reasserted themselves. This led to means testing and a general
withdrawal of funding for grant aid. However, with the election of Labour administrations in the late 1990s policy was boosted by social inclusion concerns that led to a drive to eliminate disadvantage stemming from place of residence (Cabinet Office, 2001). The re-emergence of regional policy concerns precipitated by housing market failure in the Midlands and the north and, most recently, by the drive for sustainable communities have continued to inform the current area based approach. The old question of whether resources are sufficient to meet needs remains.

Policy Operation

4.16 The Housing Act, 1969 that gave local authorities the power to declare General Improvement Areas (GIAs) marked the beginning of government focus on area renewal. These powers were superseded and substantially strengthened by the Housing Act, 1974 (Part IV) which gave local authorities the power to declare Housing Action Areas (HAAs), where the local authority regarded the physical state and social conditions of a predominantly housing area to be ‘unsatisfactory’ based on a majority failing to meet the fitness standard. The objective of the declaration would be the ‘improvement of housing in the area as a whole’, the ‘well-being’ of residents of the area and ‘the proper and effective use and management of that accommodation’.

4.17 HAA status gave the local authority compulsory purchase powers and the power to give assistance towards environmental works. The 1974 Act also set out local authority powers in relation to financial assistance of improvement, repair and conversion works and these were set at a higher level in HAAs than elsewhere: 75 to 90 per cent compared with a maximum of 50 per cent elsewhere.

4.18 Part III of the 1974 Act gave the Housing Corporation the powers to give financial assistance to registered housing associations by introducing Housing Association Grant (HAG). Among other things, HAG could be given for approved housing projects for improving or repairing accommodation, and housing associations became active in area renewal for the first time.

4.19 In spite of an early policy emphasis on Housing Action Areas and General Improvement Areas, after a review of priorities in 1978 and 1979 the majority of grants were in fact spent outside these areas (Leather and Mackintosh, 1992). The grants regime in the 1980s was closely tied up with the Conservative government’s support for home ownership.

4.20 In the late 1980s the problem of the management of maintenance of private sector stock began to come into focus with the introduction of various types of home improvement agency (Leather and Mackintosh, 1992). Their role was enhanced by the 1989 Local Government and Housing Act that empowered local authorities to finance such schemes. Leather considers improvement agencies to have been one of the ‘success stories of housing regeneration over the last two decades’ (2000, p.34) and notes that by 1999/2000 there were over 250 schemes receiving government support in the UK.

4.21 Nevertheless, the policy in pursuit of achieving basic quality in older private housing faltered from the late 1980s onwards, as grant aided improvement became less well funded and RSLs switched away from rehabilitation in consequence of the incentives offered by the new HAG regime introduced in 1989. Policy changed as an indirect consequence of the move towards new building where the financial risks were lower.
4.22 The 1989 Local Government and Housing Act introduced new improvement grant regime that came into force in 1990. A single 'renovation grant' replacing earlier separate grants for improvement and repair, and means testing applied for the first time. However, grants were available as of right to bring unfit houses up to standard and for adaptations for disabled people. A minor works grant also came in.

4.23 The 1989 Act replaced HAAs with Renewal Areas (RAs). Renewal Areas are larger than HAAs, have a wider focus including non-housing issues and are underpinned by Neighbourhood Renewal Assessment. This is a significant development in terms of future policy since it can be seen as setting in place the non-housing led regeneration approaches which have come to prominence over the last decade.

4.24 However, concern about the effectiveness of Renewal Areas as a tool for delivering renewal has been the subject of policy debate centred on the relatively small number of areas that were declared (Leather et al 1994; Bramley and Pawson 2002). Issues have included the complexity of identification and declaration and perceived disincentives for local authorities to declare them, including their large size and lack of dedicated resource allocation. Tying up resources due to the mandatory nature of the grant system (at that time) was also seen as a major disincentive to Renewal Area declaration. Nevertheless, in spite of their shortcomings, Renewal Areas have been seen as a broadly sound approach (DETR, 1997).

4.25 The system was reformed again by primary legislation in the 1996 Housing Grants, Construction and Regeneration Act and again in 2002 by subordinate legislation (the Regulatory Reform Order on Housing Renewal, ODPM, 2002b). The 1996 reforms were partly designed to make the system more flexible, but also to reduce its cost as mandatory grants for unfit properties were abolished, which it was hoped would overcome a major disincentive to Renewal Area declaration. But a more strategic approach to private sector renewal also emerged at this time (e.g. Circular 17/96 ‘Private Sector Renewal a Strategic Approach’, DoE, 1996), which is discussed below in relation to private sector neighbourhoods.

4.26 These policy developments throughout the 1990s represented a shift from a housing and area focus to a more strategic approach in which older private sector neighbourhoods were seen in the context of city wide and regional and sub-regional issues. The micro-economic ‘prisoner’s dilemma’ experienced by individual householders could not be tackled at the neighbourhood level alone but in relation to the problems experienced by cities, (particularly northern former industrial cities). Bramley and Pawson (2002) highlight increases in numbers of local authorities reporting private sector low demand (27% of English authorities). Although they recognise micro social processes such as stigmatisation they cite the impact of migration at a sub-regional scale. DETR published figures showing that over 375,000 private sector homes are in low demand or unpopular neighbourhoods. While nationally this represents 2.6 per cent of private stock, in the worst areas it accounts for up to 60-70 per cent of stock (DETR, 2000c).

4.27 The Urban Task Force (1999) report, Towards an Urban Renaissance emphasised a need to tackle the wider malaise of English cities. It called for policies and investment that would make cities attractive for people. High quality urban environments would attract investment but structures had to be put in place through the establishment of ‘national public/private investment funds and regional investment companies to attract investment to area regeneration projects’. The Task Force envisioned a strategic
approach, and an Urban White Paper (DETR, 2000b) followed which tied in departments across government.

4.28 The White Paper called for a more strategic approach to all housing -private and public – by local authorities. It sought to give local authorities more flexibility in dealing with housing problems and meeting the needs of local communities. This is reflected in the Neighbourhood Renewal National Strategy (Cabinet Office, 2001) which seeks to target resources and make new resources available to deal with the worst neighbourhoods.

4.29 Increased flexibility can be seen in encouragement from government to address private sector problems in ways that are appropriate to local needs. The latest reforms to the arrangements to private sector renewal of 2002 are designed to cut out the detailed rules, and give local authorities wider powers to deal with local problems, including acquiring dwellings and refocusing their occupier elsewhere e.g. pilot agreements with RSLs allow them to use the ADP for selective acquisition and demolition of private sector stock (Social Exclusion Unit, 1999).

4.30 Renewal policy is now aimed at tackling the problems that lead to concentrations of deprivation as part of a strategy to end disadvantage caused by living in a particular area. The health of the economy and lack of social cohesion are identified as the main problems to be addressed. However, the scale and low quantity of public sector assets are seen as major disincentives for investment for work living and investment (Audit Commission, 2002). The poor state of mainstream services including, for example, education, is implicated in the low demand for private and social housing in an area. Investment through the Neighbourhood Renewal Strategy is therefore directed to mainstream services and not just physical renewal.

4.31 Although there are additional resources associated with the Neighbourhood Renewal Strategy, a more important aim is to alter the way in which services are delivered using existing budgets. A question mark remains over the extent to which this will happen, and it requires leadership from central and regional government agencies. Within local authorities there is a need for the policy to be “owned” at the chief executive level rather than the housing department (Audit Commission, 2002). Pathfinders are receiving additional finance to pilot models that can be applied more generally.

4.32 There is also concern about whether there will be enough investment in physical renewal through the National Strategy. This has been accepted as a problem in the northern and midlands urban areas where the extent of low demand means there are such that substantial investment e.g. in demolitions, reclamation and rebuilding will be required. Additional investment is therefore being made through the Housing Market Renewal Pathfinders.

4.33 Finally, it should be noted that the fitness standard, which has underpinned the allocation of renewal resources for the period of this evaluation, is currently planned to be replaced. Legislation is before Parliament (the Housing Bill, 2003), which is intended to replace fitness for human habitation with a more subtle Housing Health and Safety Rating System. The implications of this for quality are taken up elsewhere in this paper but clearly it has potential to impact upon the direction of resources for improvement of older stock.
Policy Impacts

4.34 In this section consideration is given to the level of financial inputs and the evidence of changes in the condition of the private sector housing stock (and private sector housing neighbourhoods), which have occurred.

4.35 As discussed, a new grant regime was introduced in 1969 and strengthened in 1974. MacIntosh and Leather (1993) note that grant levels peaked in 1974, with a focus on economically depressed areas and then again in the early 1980s when 90 per cent grants were briefly available in areas outside HAAs. Spending increased from £558m in 1979/80, peaking at £1397m in 1984/5 and tailing off to £556m in 1994/95 (Leather and Morrison, 1997, p.169). Housing association renovation expenditure was steady at around £350-£400m in the early 1980s, falling to £280m by the end of the decade. Unpublished ODPM data show that by 2000/01 expenditure of renovation grants had fallen to just £159m. In the 1990s housing association renovations were beginning to include ex-council stock but the general pattern is a continuing decline in activity through to at least the mid 1990s (Wilcox, 2002, p.111).

4.36 Until the late 1990s the main intention of this policy was to find ways to overcome problems of affordability of repairs and improvements and to counteract the negative influences on housing conditions of the microeconomics of home improvement. The logic of declaring priority areas was partly about concentrating public money to create a cumulative effect, and partly about finding a rough and ready way to benefit poorer households who were found disproportionately in poor neighbourhoods.

4.37 In the late 1990s a new challenge emerged in the form of ‘low demand’ private sector neighbourhoods. These were neighbourhoods not just with poor housing conditions, but often with owners in negative equity and unable to sell, and abandoned houses with untraceable owners. Many of these ‘low demand’ areas were likely to have been former housing action areas.

4.38 By 1982 it was estimated that were just over 500 HAAs containing 173,000 dwellings (Thomas, 1985) (no comprehensive official data is available), although the 1981 EHCS suggested that three were 408,000 dwellings which potentially fell into HAAs (Leather and Morrison, 1997). In the 1980s between 15 and 22 per cent of grants per annum were applied to properties in HAAs. Renewal Areas replaced HAAs in 1990; these were larger in size and had a wider focus than housing conditions but were even less prevalent. Unpublished ODPM data supplied to us shows there were just 139 Renewal Areas declared in 130 authorities up to 2000, with half of these in the north west and Merseyside.

4.39 The number and cost of renovation grants is another indication of improvement activity. In the period approximately 446,000 grants were awarded under legislation of 1984 or earlier, 749,000 under the 1989 Act and a further 334,000, giving a total of over 1.5 million grants of all types (Wilcox, 2002 and unpublished ODPM data).

4.40 ODPM collates statistics for grants approved and spent but does not identify the amount of this activity that has been directed to Renewal Areas. Renovation grants represent a relatively small proportion of grants approved annually but a high proportion in terms of expenditure since more numerous Home Repairs Assistance grants tend to be in the £1000-£2000 range. The following tables (adapted from ODPM figures) indicate trends in renovation grants throughout the 1990s.
4.41 Table 4.1 shows renovation grants paid under the 1989 Act and, from 1997, those paid under that act and under the 1996 Act combined. Grant levels were higher during the first half of the 1990s and then fell sharply after 1997 and had shown no sign of recovery by the beginning of the current decade.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number paid</th>
<th>Amount paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>England</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1991/92</td>
<td>24,860</td>
<td>202,257</td>
</tr>
<tr>
<td>1992/93</td>
<td>36,039</td>
<td>343,706</td>
</tr>
<tr>
<td>1993/94</td>
<td>36,790</td>
<td>350,148</td>
</tr>
<tr>
<td>1994/95</td>
<td>36,963</td>
<td>345,598</td>
</tr>
<tr>
<td>1995/96</td>
<td>36,678</td>
<td>311,472</td>
</tr>
<tr>
<td>1996/97</td>
<td>33,772</td>
<td>279,664</td>
</tr>
<tr>
<td>1997/98</td>
<td>23,022</td>
<td>199,789</td>
</tr>
<tr>
<td>1998/99</td>
<td>17,052</td>
<td>166,554</td>
</tr>
<tr>
<td>1999/00</td>
<td>17,311</td>
<td>177,719</td>
</tr>
<tr>
<td>2000/01</td>
<td>15,276</td>
<td>159,442</td>
</tr>
</tbody>
</table>

Amounts = £ Thousands
Source: Adapted from ODPM Website tables 311 and 312 updated June 2002 (ODPM, 2003e)

4.42 Funding now is also increasingly targeted to the worst areas through Government Offices in the regions and 9 housing market renewal pathfinders have been launched. Nevertheless there are concerns about whether there will be enough investment to substantially turn around failing markets and whether there will be successful integration of approach between councils, Government Offices and central government. While it is too early to see major outputs in terms of turning areas around (in what is acknowledged to be a 10-20 year process), progress towards achieving better integration and leadership has been mixed (Audit Commission, 2002).

4.43 The following table summarises the current investment priorities identified for this expenditure:
Table 4.2: Current Spending on Renewal (all sectors)

<table>
<thead>
<tr>
<th>New Commitment to Neighbourhood Renewal – National Strategy Action Plan</th>
<th>New deal for Communities Pathfinder Areas</th>
<th>Housing Market Renewal Pathfinders</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Funding type</strong></td>
<td>Regional Renewal Fund known as “single pot”</td>
<td>New Deal – public, private and voluntary</td>
</tr>
<tr>
<td><strong>Targeting</strong></td>
<td>88 most deprived areas over 10-20 years</td>
<td>17 pathfinder areas, extended to 39 areas over 10 years, to provide lessons for National strategy</td>
</tr>
<tr>
<td><strong>Funding amount</strong></td>
<td>2001–2004: £900 m on mainstream services including housing, 2004–2006 £975 m (of which £800m is for original 88 areas)</td>
<td>£2 billion housing and non-housing.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Compiled by authors from ODPM sources

**Evaluation**

4.44 Thinking about what has been achieved by the improvement grant regime, HAAs and Renewal Areas from the perspective of 1975, it is quite difficult to pull out the connections. There have certainly been some important gains. Studies tend to show that policy was workable and improved housing conditions. There has been a long-term reduction in the number of private houses that are unfit (the most serious quality problem) since 1986 from 769,000 (6.6%) in the owner occupied sector and 361,000 (25.4%) in the private rented sector to 468,000 (3.2%) and 238,000 (10.9%) respectively in 2001 (Wilcox, 2002; ODPM, 2003d)

4.45 The data on unfitness is affected by continuous churning. While there are always houses moving out of unfitness, whether as a result of grant action or purely private investment, and some demolitions, the impact is undermined by the numbers of other dwellings becoming unfit. Most of the unfit dwellings are in the private sector – 53 per cent of all unfit dwellings – and the private rented sector – 27 per cent. In the early 1990s, when the English housing market was in recession, the EHCS of 1996 estimated that of all the unfit dwellings in 1991 about a third (roughly half a million) became fit, while at the same time about the same number became unfit by 1996 (DETR, 1998). In the more recent period, with a more buoyant market in most places, more progress had been made with number of unfit dwellings falling by an impressive 40 per cent from 1996-2001, in spite of the historically low level of public support for renovations in the private sector (ODPM, 2003d)

4.46 A tiny proportion of the housing stock in any tenure lacks amenities now. By 1996 it was less than 1 per cent of which more than half was not occupied, and the figure was reported as being the same in 2001. Over the period of the evaluation there was a substantial fall from about 1.5 million in 1976 to 207,000 in 1996. For the first time in the 2001 EHCS, there was no separate account of this measure because of its relative unimportance as a quality measure. It is reported that most such dwellings are awaiting or undergoing refurbishment (ODPM, 2003d, p.27)
4.47 The 2001 EHCS (ODPM, 2003d) also shows that 68 per cent of all owner occupied houses have some repair problems, with a total repair bill estimated at £17 billion. But half of all houses in all tenures have outstanding repair costs of less than £450 (figures for a house of average size). Trends in repair are difficult to assess because of differences in interpretation and changes in methodology between surveys. The EHCS estimates that overall outstanding repair costs fell between slightly between 1986 and 1991 and then remained static up to 1996. The latest survey estimates there has been approximately a 15 per cent improvement in outstanding repair costs since 1996, with a third of this being attributed to new house building, rather than improvements to the existing stock, and a reduction in the number of properties with faults from 78 per cent to 69 per cent. Disrepair is disproportionately found in the private rented sector and in pre 1919 houses.

4.48 ‘Decent homes’ is a relatively recent measure of quality and data is available only from the 1996 and 2001 surveys. The top line figure is 4.4 million non-decent homes in the private sector in 2001 (29 per cent of the owner occupied stock and 49 per cent of the private rented stock) but this masking a large fall since 1996. Of owner occupied homes in 2001 23 per cent failed the standard on thermal efficiency, 8 per cent on disrepair, 3 per cent on grounds of unfitness and 1.5 per cent lack modern facilities. The private rented sector has 40 per cent failing on thermal grounds, 17 per cent on disrepair, 5 per cent on fitness and 4 per cent on grounds on modernity of facilities (ODPM, 2003d, Table Bii).

4.49 Socio-economic data from the EHCS provides important clues about the limitations of policy. Non-decent houses in the private sector are disproportionately associated with:

- Vulnerable (i.e. poor households and unemployed households)
- Deprived areas (as defined by the Index of Multiple Deprivation)
- Minority ethnic groups
- Single people
- Houses in multiple occupation
- Certain regions of England – the West Midlands, the Northwest, Yorkshire and Humberside, and London are all above average.

4.50 The regional inequalities and the important and highly visible emergence of ‘low demand’ in some older housing areas of northern and midlands towns and cities indicates a lack of success in reshaping housing markets in the face of changing local economies and higher aspirations among those with choices. Low demand areas serve to emphasise that 30 plus years of policy towards improving the standards of older private neighbourhoods has been insufficient to permanently overcome the stronger market forces operating at city or regional level that are ultimately driven by population and job loss. At the same time rapid gentrification, e.g. of parts of London’s east end, showed that in hot markets, area-based initiatives were largely irrelevant to investment activity. The response to low demand in the Green Paper of 2000 (DETR, 2000a) was to revise the renewal area system to make it much more flexible, and to give local authorities wider discretionary powers to intervene in local housing markets, for example funding purchase and demolition of unwanted homes. From 2001 for the first time, tackling problematic private sector neighbourhoods has come under the same umbrella as public/RSL dominated neighbourhoods, i.e. the National Strategy for Neighbourhood Renewal. Subsequently, market renewal pathfinders with extra money were announced as a new, targeted approach to the worst areas of low demand.
4.51 The very high level of ‘non-decent’ homes reinforces the point made in the introduction that improving housing quality means chasing a moving target as expectations increase. Nationally, the most serious problems lie in the private rented sector, particularly the cheaper end (ODPM, 2003f). It seems clear that policy has not been able to fundamentally restructure the incentives and disincentives provided by the market to invest or disinvest in older housing in the private rented sector, and conditions there still present a major challenge. Private landlords seem to be able in many markets to continue to rent low quality property, such is the demand for accommodation.

4.52 The government’s stated policy towards private renting deriving from the Green Paper of 2000 is to try to develop a bigger and better sector. Its aim is to support ‘well-intentioned’ landlords by developing voluntary accreditation, although it is unwilling to put any money into such schemes which are intended to be self financing, and it is recognised that the incentives for landlords to become involved, where schemes exist, will not be universal. The Housing Bill proposes regulation schemes only for Houses in Multiple Occupation (HMOs) and for private lets in low demand areas and in areas where antisocial behaviour is a problem. If these are effectively implemented by local authorities, this should remove some of the worst conditions. An ODPM working paper (ODPM, 2003f) expresses misgivings that the scale of the market (and therefore its important contribution to meeting housing needs among particularly young and mobile people), is sensitive to the threat of regulation, with about 70 per cent of supply provided by small, amateur landlords who could easily ship out. However, the whole approach stands in contrast to the universal approach to regulation that is found in the social rented sector, where conditions, on average, are much better. Neither are private landlords offered tax incentives for investment (except in some highly special circumstances), which would be one obvious way of encouraging better conditions, and in fact they face a less favourable regime than home owners whose capital gains are untaxed. All of this suggests that, where market demand is strong, poor conditions in the private rented sector will continue to be a problem in the future.

4.53 Recent housing renewal policy also dates from the Green Paper of 2000. Private sector renewal is now more important as an element of policy than any time since the 1970s. It involves a rethinking of traditional grant regimes in favour of better targeting of individuals in need, rather than property in poor condition, and towards more flexible, strategic approaches to achieving sustainable housing markets in older urban areas. It chimes in with the emergence in the mid 1990s of the phenomenon of ‘low demand’ in some north of England and midlands locations and a reinvigorated concern with disadvantage and social exclusion.

4.54 The proposed Health and Safety Rating System in the current Housing Bill is intended to replace the fitness standard that has been criticised for being too static, finite, and limited in scope with a system that assesses the hazard posed to human health and safety by housing conditions (Stewart, 2002). Extensive guidance on implementation is under consultation (ODPM, 2003a) but at the core of the system is an expectation that local authorities will inspect dwellings on 29 hazard areas and produce an overall hazard score. The vulnerability of the occupant will also be taken into account. Intervention will be mandatory for the most hazardous dwellings, and will include improvement notices and prohibition notices.

4.55 The new approach has been widely welcomed by housing professionals, academic commentators and pressure groups as a more sensitive approach more geared to human needs. However, it is not clear how it fits in with overall priorities, the emphasis
on achieving ‘decent homes’, and the need for local authorities to develop local strategies for hoisting in partnership with other agencies, including tackling, where appropriate, low demand. The issue of where resources are going to come from to support the approach is also an issue (Stewart, 2002).

4.56 Renewal of private sector housing has been a policy that has had success in improving the standard of particular properties and of the physical condition of particular neighbourhoods. The lack of success in levering in significant private investment has been noted and lack of focus at various times has reduced its area impact. Administrative complexity has combined with lack of resources and fear on the part of local authorities about taking on commitments that were not necessarily matched with resources has impeded the implementation of policy. Legislation and policy has attempted to overcome these obstacles to success, but they are still apparent.

4.57 The current National Renewal Strategy and associated policies highlighted in the above summary of current investment priorities represents the most recent and far reaching (since 1974) attempt to address the renewal in a strategic manner. The most eloquent indication of the lack of progress over the past 30 years is that this policy covers areas including 40 per cent of the population of England, 70 per cent of the black and ethnic minority population, all inner London Boroughs and disproportionate numbers in the North and Midlands (Audit Commission, 2002).

Policies Towards Older Houses in the Council and the RSL Sectors

Scope and Objectives

4.58 This section concerns policies to improve or maintain the quality of existing houses in the council and RSL sectors. The traditional role of these sectors has been to provide an alternative to the private market which is at least of acceptable quality.

4.59 In the post war period up until the mid 1970s when council housing was at the peak of its output, it was intended to provide for the excess of housing need over private sector supply, and to replace (mostly privately rented) slums. For at least the 25 years after the Second World War, the quality improvement was revolutionary compared with the normal standards that ordinary households were accustomed to. The problem since then has been to find the resources to adequately maintain that stock in good condition and improve it in order to meet more modern standards.

4.60 Resolution of quality problems in the council sector during the period of the evaluation has been tied up with its financial position as part of local government at a time when control of public spending has been prominent. Throughout the years of large scale council building, councils became accustomed to being able to borrow freely for investment and to have the cost of managing and repairing council house subsidised both by grants from government and transfers of sums from the proceeds of local property taxes (rates). But Governments since the late 1970s set tight limits on new borrowing by local authorities for capital spending, withdrew recurrent government subsidy and made rate transfers illegal. Council housing finance systems in most authorities were then left exposed as inadequate for the task.
4.61 The improvement of the quality of council housing as a whole was not an overt concern of government during the evaluation period until the Green Paper of 2000. However, during the 1980s there was an enormous switch of capital spending away from building new houses and towards improvement and modernisation; such spending approximately quadrupled in the first ten years of the evaluation period. However, it is not apparent that central government had any specific policy towards this spending in respect of the quality standards that were sought or in respect of terms of the wider social and economic impacts of spending. Although, ultimately, government provided the sanction for council capital spending as part of the PSBR process, priorities and views on the standards which should be aimed at were not matters which were neither pronounced on in green or white papers, nor legislated for. Where there were government views these were expressed in relatively low-key ways through advice to councils on planning capital programmes. The emergence of the period of hitherto unprecedented capital spending on older council stock in the 1980s and 1990s was, rather, a result of local decisions by individual councils. An era of straitened spending coincided with a realisation among landlords that much of their stock was ageing or otherwise in need of ‘investment’.

4.62 The other relevant expenditure head influencing the quality of council housing is the spending on repairs and maintenance. These were usually funded out of revenue and again, not subject to overt policy aims.

4.63 At the end of the 1980s from a central government viewpoint, the policy making the headlines was its determination to find ways to transfer housing out of council ownership, by individual right to buy or by large scale stock transfer (LSVT) either compulsorily via tenants choice and Housing Action Trusts (DoE, 1987a; 1987b) or, more successfully, by voluntary transfer methods. Stock transfer did have the advantage of bringing forward the improvement of transferred council stock but, arguably, stock quality was originally not the primary aim of the transfer policy when it first emerged in the late 1980s. Rather it was mainly promoted on the grounds of providing greater choice of landlord for council tenants, and enhanced management effectiveness.

4.64 There were also some specific initiatives led by central government that had the effect of improving the physical quality of council housing but whose aim was more broadly area regeneration, such as Estate Action in the 1980s and early 1990s and the Estates Renewal Challenge Fund in the late 1990s. Such initiatives as these are discussed in a separate section, below. Local authorities also carried out many area-based priorities involving extensive housing improvement work without specific central government branding.

4.65 The emergence of ‘decent homes’ targets following the Green Paper of 2000 (DETR, 2000a) marks an important departure for policy in the government’s approach to achieving quality homes in the council sector in two respects. First, there is a new official definition of what a ‘decent home’ is, the use of the terminology echoing the traditional high-level ‘quality’ objective of housing policy. Second, although the ‘decent homes’ standard is, at face value, intended to be applied across all tenures, it is in fact the social rented sector, particularly the council sector which is the subject of the clearest polices and implementation plans. So, for the first time, government has a clear view on what should be the minimum quality of the housing stock in the social rented sector, and has established means of achieving it.
4.66 The RSL (or housing association) sector, at least as a significant part of the housing market, is a much more recent creation than the council sector. The sector was first subsidised by government in the 1970s primarily as an alternative to the policy of slum clearance and in the early part of the evaluation period one of the most important roles of the sector was to improve pre-1919 houses. An important turning point was the Housing Act, 1974 that established Housing Association Grant as an important subsidy, strengthened the role of the Housing Corporation as a regulator of the sector, and pointed associations towards a role in rehabilitation of older homes. Before 1974 housing associations were regarded more as private organisations that received some public support; after that they played a much stronger role in the delivery of housing policy and were seen as important, dirigible vehicles. The main mechanisms for government to influence the role of housing associations were primarily financial; after establishing an Approved Development Programme (ADP) in agreement with Ministers, Housing Corporation managers were tasked to deliver by negotiation with associations a mix of types of projects that matched policy aims.

4.67 This situation prevailed through the 1970s until the Housing Act, 1988, when associations were given some more freedom to act independently, funding levels became less generous for development projects, and associations were expected to borrow privately to make up the difference. At this point, the emphasis on the stock improvement role was effectively lessened, with more emphasis on new building emerging as a result of a framework, which passed much greater financial risk to associations.

4.68 At the same time, however, there was an emerging role for RSLs in stock transfers. The 1988 Act introduced Tenants Choice – giving tenants of councils the ability to choose a new landlord and force a transfer of stock, and Housing Action Trusts, which were intended to be government-led initiatives to transfer problematic council estates to non-departmental public bodies, with a view to improving the stock an social conditions, and then transferring the estates on to new owners. While neither of these policy instruments was successful at least in their original form, the subsequent emergence of LSVTs sanctioned by government meant that from the early 1990s RSLs were increasingly taking over council stock in need of improvement.

4.69 In both these roles (as an agent for rehabilitation of pre-1919 houses in the 1980s and as ‘stock transfer’ RSLs in the 1990s and 2000s) the RSL sector is distinctive. Rather than being a sector whose houses have been seen as problematic and targeted for improvement, as the private and council sectors have been, the RSL sector has been regarded more as providing a solution to the quality problems in other sectors. However, it has recently become apparent, partly as a result of the housing transferred form local authorities, that there is a significant proportion of the RSL stock in England which fall short of the decent homes standard in the RSL sector, assessed as being 28 per cent by the EHCS (ODPM, 2003d).

**Policy Drivers**

4.70 The policy towards quality in the existing council sector until 2000 was driven very strongly by the prevailing attitude of the governments of 1979-1997 towards public sector housing provision, which was shaped by a vision of a minimal public sector catering for a small section of the population, with private or at least quasi-private markets providing for the majority. There were obvious problems with the council stock in many places but these tended to be seen by Ministers as the result of ineffective and
inefficient council housing management that was unresponsive to consumer needs. Hence there was an emphasis on ways to introduce competition and consumerism, and to promote individual ownership. However, given that the transformation of council housing was necessarily a long process, given the scale of the sector, and that councils did not have internal financing systems that provided for the lifetime of their properties, it was necessary to continue to provide some capital for re-investment.

4.71 The arrival of ‘decent homes’ post-2000 marked a new emphasis on quality and a new vision for the 21st century offering ‘good quality, well designed, well managed, affordable social housing’ (DETR, 2000a, p.56). This was closely linked with the government’s wider agenda to surmount the problems of social exclusion and poverty of opportunity (DETR, 2000a, p.57). Behind these aspirations lay a realisation that a great deal of the remaining council stock was deteriorating, much of the better stock having already been transferred through right to buy, and the first official recognition that council housing had become ‘residualised’ (DETR, 2000a, p.55).

4.72 The appeal of RSLs as policy vehicles has always been that they occupy a mid way position between public and private sectors, which provides political advantages. As private organisations at a distance from the state, free market thinkers can accommodate their existence; a good example is the conflation of RSLs and private landlords by Ministers in the late 1980s as ‘the independent rented sector’. At the same time, they also appeal to social democrats as being socially oriented and at least in part socially controlled organisations. They also offer practical advantages. It is the position of housing associations as independent of government that allows them to use private loan finance without an impact on the PSBR. In the early 1990s up until today following the 1989 Act the aim of government has been to provide part of the support the sector to deliver new homes to meet housing needs, while money also comes from private borrowing. It is this structural feature that also explains the most basic attraction of transferring council housing stock to RSLs as a route to improving the quality the houses. RSLs can readily borrow on the money markets in order to fill the investment needs gaps that are evident under the local authority financial regime.

Policy Operation

4.73 The improvement of the quality of council houses was and is a process largely planned and led by councils themselves. In so far as the capital required for this process is sanctioned by central government, there is the possibility for government to influence the size and nature of capital programmes, and require certain kinds of output. Until the late 1970s this is the system that prevailed with capital projects requiring express approval. Over most of the period under review although the councils’ Housing Investment Plans (which indicate broad priorities for spending) were scrutinised and sanctioned by government, there has been no project-by-project approval in respect of the councils’ improvement programmes. However, there was influence over council spending at the general level: HIP spending was partly determined by a needs based formula but there was also a discretionary element, and central government used this to influence the way that councils invested in their stock.

4.74 Council housing quality improvements that have resulted from area-based policies have typically been subject to greater steering by central government. The most important tool in this respect has been the development of ‘challenge funds’ from the mid 1980s onwards, such as Single Regeneration Budget and, later, the Estates Renewal Challenge Fund. These polices have operated by requiring local authorities with their partners to bid
for a share of available spending, and to have these bids approved and then monitored in some detail by government. Area based policies are considered separately below.

4.75 The policy to use RSLs as vehicles to improve the quality of older houses transferred form private ownership has been achieved using a carrot and stick approach. The carrot is the availability of funding; the sticks are the ability of the Housing Corporation to regulate RSLs, including sanctioning their development plans when they are publicly funded, and regulating their overall approach to governance and management. Until the late 1980s the output of the sector was controlled by means of the published Approved Development Plan that showed targets for different kinds of development, and by steering money between the regions of England by means of the Housing Needs Index. There was also, generally, project-by-project approval for housing association developments. Reforms, led by the 1988 Act, brought about a more competitive housing association sector, with associations bidding for available resources to carry out investment programmes encompassing several individual projects, although the ADP and arrangements for the distribution of money by region remained in place.

4.76 The other way in which RSLs have delivered housing improvement is through stock transfers. Although it was first envisaged that dissatisfied tenants would lead transfers, in fact local authorities have initiated nearly all transfers, albeit sanctioned by government after scrutiny of the financial proposals and the level of tenant support. Stock transfer typically involves establishing a new RSL as a vehicle for taking over the ownership and the management of the transferred stock. There are a variety of motives for transfer but the most important has often been to achieve the improvement of the housing stock. Up to 1996, all transfers were of stock with positive net valuations – no subsidy was available. Almost by definition, a lot of the stock transferred was in good condition. But the introduction of the Estates Renewal Challenge Fund in 1996, which lasted until 2000, allowed some housing stock in poor condition with negative valuations to be transferred with the aim of improvement. After the ‘decent homes’ policy was introduced from 2000 onwards stock transfers were highlighted as an important means of meeting targets, and local authorities were positively encouraged to transfer their stock or to find another way of refinancing their housing in order to effect improvements, and some government funding was available.

Policy Impacts

4.77 Using figures collated by Wilcox (2002) and expressed in constant (2000/01) prices, between 1980/81 and 2000/01 local authorities’ capital spending on their existing stock amounted to £43.4 billion. Up to 1996, this spending resulted in 2.87 million houses being renovated (including new town dwellings). Output in the early 1980s was running at 50-80,000 per annum; by the end of the 1980s it had reached 195,000 p.a., and rose through the 1990s to 330,000 renovated houses in 1996, which was the last full year of the Conservative era (Table 4.1). Altogether the average spend per house was £13,385; allowing for the unknown number of new town dwellings renovated perhaps £13,500 would be nearer the mark.
4.78 If each house was renovated only once during this period, these figures mean that approximately 53 per cent of all the council houses that existed in England at the 1981 census, a total of over five million homes had been the subject of capital investment within 15 years, in spite of a lack of any overt policy in that regard. Furthermore, a significant number have been transferred to other owners under LSVT (see below) as well as 1.5 million council houses sold under the right to buy between 1980 and 2001. There can hardly be a council house in England that has not had some 'investment'.

4.79 Spending on repairs by councils is also shown in Table 4.3 for the period 1980/1 to 2000/01 (derived from Wilcox, 2002). In that period the total spend was £23 billion; this equates to an average annual spend of £610 per unit. Taken together for the same period capital plus repairs spending equates to a total of £43 billion, or an average of £1,116 per council dwelling per annum. This does not include spending by tenants themselves. Unpublished figures taken from the EHCS of 1996 supplied by ODPM show that council tenants themselves spent an additional £179 p.a. on average on upgrades, repairs and decoration to their homes, bringing the average spend per annum on council homes to approximately £1,300. However the same source provides a lower
estimate of landlord’s annual spending, £983, making the total spend per council house £1,162 in 1995. The same unpublished data source shows that home owners in 1995 spent approximately £1,278 on average. On the face of it spending by councils plus their tenants and home owners are remarkably similar. The council spending figures without doubt hide marked variations and cannot take into account, for example, the often exceedingly high costs associated with work to high-rise buildings. However, the headline figures for the owner occupied sector have to be put in the context of an older housing stock, which might be expected to need more maintenance, and higher costs in the absence of bulk procurement efficiencies.

4.80 Renovations of housing association dwellings were running at between 11,000 and 18,000 a year in the 1980s (Table 4.4). In the latter part of that decade and especially under the post-1988 financial regime, its development activities were dominated by new building and renovations fell back to 6,000 or 7,000 a year in the early 1990s, rising again to 1980s levels by 1995 as LSVTs began to take off.

<table>
<thead>
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<td>1995</td>
<td>10596</td>
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<td>Total</td>
<td>183,605</td>
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(Source: Wilcox, 2002)

4.81 Since stock transfers began in earnest in the early 1990s, RSLs have taken over poor quality council stock and used their more flexible financial position to access private finance for the purposes of rehabilitation and modernisation. By early 2003, 143 authorities had carried out 180 transfers of nearly 3/4 million houses, representing 18 per cent of the council sector that had existed in 1988 (National Audit Office, 2003). The same report indicates that £11.6 billion private in finance has been raised, including £5.4 billion for improvement and repairs, and that the programme was having generally very beneficial impacts on housing conditions and resident satisfaction.

4.82 The financial models that RSLs use typically plan the flows of expenditure and income over a notional period representing the life of the property. This kind of financial modelling has become more sophisticated since the late 1990s and the aim is that after
any initial subsidy, such as Social Housing Grant, each housing scheme is self-financing, with repairs, maintenance and replacement being funded, along with any loan repayments, out of rental income. There are many assumptions built into the models and they can be inaccurate. However, broadly speaking, RSLs have been able to adequately maintain their improved stock in good condition, although there may be problems in funding improvements that are necessitated by the unforeseen changing expectations of tenants or governments, for example houses which have been improved but which fail the decent homes threshold.

Evaluation

4.83 The results of the quite high levels of spending on council housing spending, however, are perhaps disappointingly poor. It is certainly possible to argue that a better set of quality outcomes might have been expected from the level of spending on council housing discussed above. Compared to the quality of the two main parts of the private sector, council housing occupies a mid-way position. There are proportionately fewer council houses that are unfit or ‘non-decent’ than in the private rented sector, but proportionately more than the owner occupied sector on both measures, in spite of council housing being professionally managed in a way that the homeownership sector is not and spending on the two sectors being apparently comparable. The 1996 EHCS suggested that 55 per cent of council houses were non-decent and 6.8 per cent were unfit for human habitation, although non-decency fell to 43 per cent and unfitness to 4.1 per cent by 2001 (ODPM 2003d) as a consequence of the combined impact of improvement, transfers and sales to sitting tenants, and demolitions.

4.84 It can be concluded from these figures that policies towards achieving (or maintaining) housing quality in the council sector have not been successful for most of the period under review. There was a lack of attention to the problem at central government level until 2000, and the data shows that an unacceptably large proportion of the council stock does not meet the modest standards of the ‘decent homes’ initiative. It largely was left to councils themselves to find ways to reinvest in the stock, but they may not always have spent to good effect. Their ability to spend at higher levels was also compromised by strong restrictions on borrowing set by government as part of its strategy to hold down public spending.

4.85 RSLs are acknowledged as a successful instrument for improving the quality of transferred stock. In the 1970s and 1980s the key to the improvement of mostly pre-1919 stock transferred from private owners was a generous funding regime. After it became less notably generous and more risky for RSLs in the 1990s, RSLs' development activities tended to turn to new building. A new breed of RSLs was formed through the stock transfers in the 1990s and 2000s whose success in housing improvement was largely down to a financial position that was distinctive to local authorities. The stock of RSLs offers the best average conditions of all the main tenures. It has the fewest quality problems, and many of them are accounted for stock that is awaiting planned improvement programmes. Because of the role of the RSLs as vehicles for stock improvement, the number of non-decent homes in the RSL sector actually rose between 1996 and 2001 as a result of transfers from councils, although the proportion fell from 38 per cent to 28 per cent. Three per cent of RSL households live in unfit dwellings, down only slightly (from 3.8%) in 1996 (ODPM, 2003c).
The current policies are clearer and more determined than before and this is to be welcomed. There are targets and strategies for achieving minimum standards across all the social housing stock and government statements provide assurance that the targets can be delivered. However, some critics have pointed to significant holes in the approach; if tenants do not vote to transfer and government is unwilling to fund local authorities themselves to bring their houses up to standard, it is not clear how improvements can be effected. There were reportedly between a 100 and 120 local authorities in 2002 who were at risk of not meeting the decent homes standard by 2010 and in 2003 there were still some hundreds of thousands of houses which were not subject to stock transfer or other kinds of investment proposals (Wilson, 2003). New ‘gap funding’ announced as this report was being finalised will help in some cases (ODPM, 2004a)

Public Sector/RSL Neighbourhoods

Scope and Objectives

Attempting to turn round difficult neighbourhoods dominated by council, or latterly RSL, housing has been a theme of policy across the period of the evaluation. Since the 1970s, at least, it has been recognised that the most difficult neighbourhoods combine housing stock and housing management problems with a range of socio-economic problems (including high levels of deprivation), and poor quality services. These have made such areas unpopular and difficult places to live in. Difficult ‘council-built’ neighbourhoods represent the most intractable of all housing related problems, and this is one of the main reasons for identifying their improvement as a ‘beacon’ policy.

There have been many different initiatives that have attempted to improve existing neighbourhoods dominated by council or latterly by other social sector housing. Some of these can be characterised as housing-led approaches, while others are more multi-sectoral. Typically, policies in this area aim at improving the quality of a neighbourhood in multiple respects, including the quality of the housing and the housing service, the quality of the environment, improving other services and facilities, and reducing social problems and crime. While they broadly aim to impact on the same set of problems, there have been important differences in emphasis of policies and in the underlying ‘theory of change’. Therefore they are perhaps better understood as a series of related policies rather than as one policy.

Policy Drivers

Policy in this area has been driven by a wide range of concerns that reflect two features. First, there has been and remains a shortfall in the understanding of the processes which lead neighbourhoods to decline and become unsatisfactory places to live, and therefore also how best to turn them around. It is generally recognised, however, that processes of decline and turn-around have both physical and socio-economic elements, and the physical and the socio-economic elements are linked together. Second, there have been many changes in emphasis about the aims and objectives of public policy. Over the period of the evaluation there has been a series of distinct diagnoses of the problems that seem to underlie the existence and persistence of problem areas and it is these diagnoses that have shaped the response. Diagnoses have sometimes overlapped with each other but a clear evolution of policy can be seen. Some of them and their responses are part of ‘housing policy’ while others may
be better placed in a category of ‘urban’, ‘neighbourhood’ or ‘community’ regeneration. Some have focused only on council or other social housing estates, but others have had a wider focus on deprived areas without reference to tenure, again reflecting different understandings of the problem.

4.90 The diagnoses discussed below are the authors’ analysis of the main drivers based on a consideration of the main objects and content of policy. Lying behind these, however, are broader political considerations regarding the purpose and value of social housing and of public services more generally. Perhaps three main approaches to the public sector can be identified. First, there are attempts to make it work better without changing its structures and functions in any radical way. Therefore policy focuses largely on non-structural administrative changes. Second, there are attempts to incentivise a better performance through market measures. Typically, policy centres on introducing competition or quasi-markets within public services. Third, there are approaches which recognise the value and legitimacy of the public sector, but which believe that is fundamentally flawed. Typically policy focuses on remaking or modernising the public sector by changing its governance and its relationships with service recipients, with an emphasis on community involvement. Raco describes the New Labour approach as ‘a hybrid of new ways of thinking about state-civil relationships and existing traditions of state action’ (2003, p.245).

4.91 At least seven principal diagnoses that have informed policy developments can be identified:

- The failure of the welfare state
- Difficult to let housing, including the defensible space diagnosis
- Housing management failure
- Absence of enterprise
- Effort fragmentation
- Housing is not enough
- Social exclusion

4.92 The ‘failure of the welfare state’ as a diagnosis goes back to the mid-1960s when it was beginning to be realised how great were the problems in some recently built council estates. The diagnosis led the way to the first area-based programmes, including the controversial Community Development Project of the 1970s (Community Development Project, 1977) and, through the Urban Programme, to the development of the first of the many quality of life and anti-poverty programmes and initiatives that still characterise most deprived areas. There are some common features between this approach and where policy is now, particularly the emphasis on inadequate public services and the recognition that the main focus should be deprived areas in general, not just council estates.

4.93 The ‘difficult to let’ diagnosis dates from the early period of the evaluation (DoE had carried out major research in the late 1970s) (Burbidge et al, 1981). Although the research showed that the roots of ‘difficult to let’ housing were diverse, many councils arrived at the conclusion that the low physical quality of some estates was the main cause of their unpopularity. Councils ‘invested’ in modernisation and other physical changes in order to pursue greater lettablility with a mixed degree of success (although to be fair such initiatives were often accompanied by other management changes too). The theory of defensible space (Newman, 1972), developed by the DICE experiment of the 1980s (Price Waterhouse, 1997), provided a powerful backing for
physical changes in pursuit of lower crime rates. This, plus a growing emphasis in the 1980s on target hardening, surveillance and other anti-crime measures gave further credence to purely physical approaches to neighbourhood improvement.

4.94 The ‘management failure’ diagnosis was first associated mainly with the Priority Estates Project, where the emphasis was on the improvement of housing management per se through the decentralisation of service delivery and the involvement of residents. It chimed in with general trend of multi purpose decentralisation experiments that were developed within some local authorities at the same time in the early 1980s and were seen as way of popularising local government and improving service delivery. PEP set out to show that sensitive local management could turn around DTL estates and to publicise this approach across the country. Eventually there developed a ten-point plan for PEP projects (Power, 1987) and, with a low budget, PEP successfully popularised the idea of local housing management.

4.95 Management failure in the 1990s was further developed as a theme. There was increasing focus on anti-social behaviour and social landlords were placed in the front rank of combating it. The development of neighbourhood warden services as part of the National Strategy for Neighbourhood Renewal is recent scheme relying on the management failure diagnosis.

4.96 The ‘absence of enterprise’ diagnosis was prevalent in the early and middle years of the Conservative administrations. Applied in a housing estate context it led to the promotion of home ownership mainly but not only through RTB, and also to the encouragement to tenants to exercise choice in favour of alternative landlords who would, in theory, provide a better service. It also diagnosed a lack of a ‘can do’ attitude among councils, whose approach in the absence of new policy would have been to continue to rely on their own efforts, and solely on the improvement of council housing itself, as a way to improve estates. Such themes were evident in Estate Action and ‘compulsory’ transfer initiatives in the 1980s and 1990s.

4.97 A diagnosis implied at least since the early 1990s is ‘effort fragmentation’. This holds that housing interventions have been ineffective when separated from action in other related spheres such as employment, training, health, policing and the wide physical environment. While this kind of thinking is now commonplace the first policy to fully embrace it was the Single Regeneration Budget (SRB) from 1994 on. Targeted capital funding for estate improvements (Estate Action) was included along with 19 other previously separate central government budgets in the SRB Challenge Fund, SRB ran to seven rounds, with different emphases each year, and bidding had to come from partnerships of agencies, e.g. local authorities plus agencies concerned with health, crime, the local economy etc. plus the local community. From this point onwards, central government policy on improving housing conditions in difficult estates has been tied into a vision of a more comprehensive, strategic approach to urban regeneration, involving a variety of actors, including the community and the private sector and a variety of sectors.

4.98 A more micro variant of effort fragmentation is ‘housing is not enough’. This placed housing organisations to the fore as important players in regeneration, with significant capital and revenue resource on which a wider regeneration effort could be built. The programme which best typifies this approach is ‘Housing Plus’ sometimes known as ‘the wider role’, which encouraged RSLs to develop social and economic regeneration activities alongside their traditional housing development and management roles.
(Fordham, 1998). ‘Housing Plus’ was seized on as an important development by the housing lobby in the mid 1990s, partly because it was seen as a way to strengthen the position of RSLs and give them greater weight and legitimacy.

4.99 Under the policy that emerged as the National Strategy for Neighbourhood Renewal in 2001 the central diagnosis has turned away from institutional or housing system failure to focus on the individuals and households who are the victims of poor living environments. This is the ‘social exclusion’ diagnosis, which has the advantage of stressing the processes that operate in neighbourhoods and on individuals and households, which trap them in poverty and distance them from the mainstream. There can be no doubt that governments since 1997 have given more attention to the problems of poor neighbourhoods than any of its predecessors, evident in the establishment of the Social Exclusion Unit in the Cabinet Office in 1997, and its series of Policy Action Team (PAT) reports on aspects of social exclusion (Social Exclusion Unit, 2000b; 2001).

Policy Operation

4.100 There are two levels of policy operation. First, there are mechanisms that are designed to ensure that central government policy is effectively translated into appropriate local action in pursuit of the improvement of neighbourhood quality. Second, there is the question of how the policies and programmes achieve the improvement of neighbourhood quality. This requires a consideration of what the assumptions are about the links between the actions and the desired changes.

4.101 There has been a range of mechanisms that are designed to translate central government policy into local action in pursuit of better quality neighbourhoods. Although some of the approaches have been enabled by legislation, most approaches have been based on the use of financial powers. These may be direct – the provision of funding for approved initiatives or programmes – or indirect.

Funding targeted on small areas/area based initiatives (ABIs): A large number of policies have involved additional funding from government directed at approved target areas, often with local authorities or other bodies as an intermediary. For example, Housing Action Trusts were heavily funded directly by government as non-departmental public bodies. More recently, New Deal for Communities is targeted at small deprived areas within local authority areas that are themselves among the most deprived in England.

Challenge funding: Estate Action, SRB and some of the many elements of the NSNR are funded by government as a result of bids from local authorities and their partners. Available funds are typically top-sliced and made available on a competitive basis. Challenge funding was invented as a way for governments to persuade local authorities to better reflect central rather than local priorities in their spending programmes. Money is also used as a lever to encourage innovation and experimentation. Projects within challenge-funded programmes are typically subject to intensive scrutiny and monitoring with the aim of ensuring a good fit with the programme aims and appropriate delivery plans. Government Offices of the Regions have latterly taken on this role.

Experiments and demonstration projects: Most of the initiatives discussed here, not just the very small ones such as PEP and DICE, can be regarded as experiments or trials. The idea behind them is to use additional government money to try out a range of
approaches. Even New Deal for Communities, which is funded to the tune of £2 billion over 10 years, has always been seen as a pilot initiative through which to learn, and to disseminate, lessons in relation to "what works and why" (Neighbourhood Renewal Unit, 2003, p.3).

**Dissemination:** To have any impact the lessons of experiments, pilots and research and review have to be rolled out. Therefore policy implementation is heavily dependent on the effectiveness of dissemination and actual extent to which the ideas are more widely adopted either by future mainstream government programmes or by local authorities and other bodies 'on the ground'. In the late 1990s, learning 'what works and why' became an important theme for government. In the field of neighbourhood renewal it led to the establishment of the Neighbourhood Renewal Unit in Whitehall in 2001 with its programme of good practice dissemination.

**Research and review:** This approach to policy operation became important after 1997. The remit of the Social Exclusion Unit was to 'develop integrated and sustainable approaches to the problems of the worst housing estates' (Cabinet Office, 1998). A large part of its activities was to review what was known about good practice towards the 'worst estates' through Policy Action Teams (PATs), and to produce summary reports. Part of the purpose of these was to inform the emerging NSNR, but the wide dissemination of the reports was also presumably intended to attract a wide audience of housing and other regeneration professionals. Housing was part of the set of problems identified by the SEU teams, but recent policy developed from the analysis of the SEU has de-emphasised, but not removed, housing change as the root of neighbourhood change (Cabinet Office, 1998; 2001). Instead reliance is placed in better strategies, 'joining up' between departments, and, at the centre of the strategy, improving public services by 'bending the mainstream' towards the needs of poor areas.

Research and review was also a feature of other government departments. The main elements of the NSNR became concrete in 2000 after a crosscutting review of government interventions in deprived areas (H.M. Treasury, 2000) conducted as a part of the 2000 spending review, i.e. it has powerful Treasury backing.

**Target setting:** Another new feature post-2000 is target setting in relation to deprived areas. For the first time ever, government has set out a clear policy aim to narrow the gap between deprived areas and the rest of the country. Targets have been set in relation to health, education, crime, employment and housing, with responsibility for meeting the targets carried up all the way to the political leadership of government departments.

**Mainstreaming:** This is a new idea that emerged along with the NSNR. Although there is a fair amount of confusion over what this means (e.g. ODPM, 2003g) it is now seen as the preferred approach in the long term. The basic idea is that policy towards neighbourhoods should move away from time-limited initiatives, delivered by specially established structures and processes. Instead, it is intended that mainstream public spending programmes should themselves addresses more closely the needs of difficult neighbourhoods, either by taking on area initiatives as a normal part of their activity, or by 'bending the mainstream' (i.e. shifting the pattern of resource distribution) in favour of the places that most need it. (ref). Local Strategic Partnerships, established from 2001 onwards, are intended to be the means whereby mainstreaming is agreed between local authorities and other service providers.
4.102 The operation of policy at the local (neighbourhood) level (how regeneration ‘works’ to turn around failing neighbourhoods) is also critical to the success of this area of policy. Typically, policy is based on a large number of often unstated assumptions concerning the links between actions and desired outcomes, which are only loosely connected if at all, to theoretical frameworks or to previous experience. Actions in regeneration areas are often described as ‘initiatives’, a term which captures both the idea of a first step and also of unprompted experimentation. For example, take the relatively new programme of neighbourhood wardens mentioned above. Achieving success through this measure assumes:

- There problems and incivilities which exist on the streets in targeted areas
- These problems adversely impact on residents’ quality of life
- Suitably qualified and experienced staff can be found to take the jobs as wardens
- The wardens will be successful in identifying the problems and incivilities through surveillance
- There will be appropriate liaison with other bodies such as public service providers and the police
- Follow up action can be put in place which will suitably alleviate the problems
- The alleviation of the problems will improve the quality of life and the overall popularity of the residential area
- Improving the area in this way will have social and economic impacts either through changing the opportunity structure for existing residents and/or attracting outsiders to live in the targeted area.
- That these results will contribute to the overall targets of the NSNR

4.103 It is evident from this example that achieving regeneration is uncertain, and subject to both the extent to which a complex set of conjoined assumptions hold up and to the context in which they are applied. The same observation can be made of virtually all similar initiatives which depend on shaping human decisions and attitudes, and hence the social and economic aspects of neighbourhoods, through public policy action.

4.104 Finally, it is worth mentioning the time limits that have been associated with neighbourhood renewal programmes. Typically, specially funded initiatives are time limited to five, seven, or ten years. It therefore seems to be assumed that policy will operate as a series of special measures that will turn around an area, so that by the end of the period of intervention conditions will be such that ordinary policies and programmes will suffice. What is sought here is often described as ‘self-sustaining regeneration’, that is where neighbourhood change is on an upward trajectory without special measures and extra spending. In practice, this has proved to be difficult to achieve.
Policy Impacts

4.105 Most of the main programmes designed to improve the quality of local neighbourhoods have been evaluated in some respect:

4.106 **Priority Estates Project:** Because PEP was a demonstration project, its managers produced several reports designed to report on the progress of the project, and produced ‘lessons’ for other authorities to adopt (Power 1987). Later it was evaluated by Glennerster and Turner (1993). The conclusion was that the PEP was valuable but that this was not sufficient to arrest the decline of the estates it was aimed at. The reason for this was that the overall popularity of council housing was falling and it was increasingly becoming residualised. However, the benefits of the decentralisation of housing management and tenant involvement became widely accepted.

4.107 **Estate Action:** This was a major programme run as a challenge fund, which aimed to encourage (initially) reluctant local authorities to experiment with a range of approaches to improving estates, not just to carry out traditional council house improvement (DoE, 1986). Altogether nearly £3 billion was spent on 317 schemes involving the improvement of 490,000 dwellings. This represents approximately 7 per cent of all spending on local authority housing improvement in the 1980s and 1990s. A significant element was the encouragement of the transfer of council houses to housing associations and the private sector, often for improvement for sale. In all 93,000 houses were transferred. (All figures from Wilcox, 2002).

4.108 Estate Action was an important experiment in several respects. First, it was one of the first regeneration-focused challenge funds which reshaped the financial relationship between central and local government. At the outset, many local authorities refused to participate on the grounds that their priorities differed from those of the initiative, but by the early 1990s challenge funds were almost universally regarded as at least acceptable. Second, Estate Action started to bring into focus the social and economic problems of council-built neighbourhoods, not just the housing ones. Third, the whole approach was conceived of as ‘housing led’ regeneration, i.e. it was believed that significant housing change at a neighbourhood level could lead the social and economic transformation of estates by altering the pattern of housing demand and therefore changing the socio-economic and demographic profile. Fourth, it raised the prospect of mixed tenure areas replacing mass council housing. This was perhaps the most important impact of Estate Action as experiment – local authorities came to accept the value of housing for sale as part of estate regeneration. Estate Action led the way to the widespread acceptance by the end of the 1990s that successful neighbourhoods should offer a choice of tenure and of landlord, and a social mix.

4.109 Evaluation of Estate Action was limited to case studies and was relatively short-term. The evaluation showed that the scheme had been generally effective in achieving physical regeneration (the most obvious improvement was better housing) and had been important as a learning process. However it showed that there were considerable difficulties in achieving wider social and economic regeneration purely through housing spending. For example, it had led only to minimal reductions in crime and anti social behaviour (Capita, 1996). The most cost effective schemes were one where the estate had been genuinely run down prior to Estate Action, and where resident’s priorities, as well as the local authority’s had been addressed.
4.110 **Tenant’s Choice and Housing Action Trusts**: While Tenant’s Choice was effectively not taken up (see above), its sister policy Housing Action Trusts (HATs) was developed more successfully, albeit not in its original form. Both of these were outcomes of the 1987 White Paper *Our Future Homes* and the 1988 Housing Act, which emphasised new ways of transforming council housing. However, HATs did not materialise in their projected form as a kind of housing-related Urban Development Corporation. Compulsory transfer of selected estates, without landlord or tenant approval, was heavily resisted. Eventually HATs were established as time limited quangos. They were not important quantitatively – there were six of them and expenditure between 1991/92 and 2003/04 ran to just over a billion pounds – (Wilcox, 2002) but in practice they were an important test bed for ‘housing led regeneration’. Their activities included various forms of neighbourhood management and stock transfer to housing associations that were adopted by later governments as mainstream policies, and showed positive impacts on their estates (DETR, 2000c)

4.111 **City Challenge**: There were 31 City Challenge schemes that ran in deprived urban areas between 1992 and 1998. After a bidding process they each had a flat rate allocation of £37.5million, plus other substantial funds that were levered in. The evaluation commissioned by DETR and conducted by KPMG Consulting concluded that housing was an important component of most City Challenge initiatives and overall 110,000 houses were improved or built in the 31 areas. The context in which housing improvements projects took place was often poor and deteriorating conditions and low demand, leading to high turnover, voids and stigmatisation. Successful improvement programmes were found to be linked to crime prevention projects and other local initiatives such as environmental improvements and employment and training projects. The involvement of residents was regarded as being crucial to ensuring sustainable regeneration. It was also noted that tenure mixing (houses for sale and rent) contributed to creating a more viable local economy and to community cohesion (KPMG, 2000).

4.112 **Single Regeneration Budget**: SRB brought together 20 previously separate spending heads into one budget, including Estate Action. SRB was run as a challenge fund with invitations to bid going to partnerships of local authorities and other bodies. It ran to 7 annual rounds and more than a thousand individual funded projects between 1994/5 and 2001/02. After that it was combined with other regeneration funds to be distributed by the RDAs. The largest slice of SRB funding went to deprived areas, although it was not just targeted to such areas. SRB projects tended to be a mix of spatially targeted initiatives within a local authority area, and projects which were not spatially targeted but instead aimed at a particular group in the population (e.g. young people), so by no means all of SRB can be considered as part of neighbourhood regeneration policy.

4.113 The objectives of SRB were broadly concerned with improving employment and skills, local economies, BME communities, crime, environment and infrastructure, the quality of life and community participation, as well as housing. SRB was a broadly based regeneration programme rather than a central part of housing policy, but housing was a prominent spending head, at least in the early years. Total SRB spending over 6 rounds ran to £5.7 billion of which housing made up about a third. While SRB projects are still ongoing, it is forecast that 308,000 houses (in all sectors) will be improved or constructed by the end of the programme and a further 393,000 will have improved security measures installed (Rhodes *et al*, 2002).
4.114 The overall significance of SRB is high. It was important in shaping a partnership approach and in developing clearer strategies for regeneration at a local authority level. However, assessment of its impact in respect of the regeneration of neighbourhoods of council built housing is weak. The main evaluation (Rhodes et al., 2002) reports numerous methodological problems. In consequence, there are effectively no results from the evaluation that are useful in evaluating the contribution of housing investment through SRB to the creation of better neighbourhoods. However, there are some mildly positive indications of improved quality of life, such as increased satisfaction and decrease in serious neighbourhood problems. However, the evaluators conclude that SRB has not turned around the underlying problems of weak economies and high levels of deprivation in the areas that were targeted, nor changed the map of deprivation in England.

4.115 New Deal for Communities: NDC was announced in 1998 as the first general purpose ABI of the New Labour government. It is now wrapped up with the National Strategy for Neighbourhood Renewal (see below). A national evaluation of NDC is being led by Sheffield Hallam University, aiming to learn ‘what works’. As yet, ‘it is not possible to provide any substantive body of evidence in relation to outcome achievements’ (ODPM, 2003f, para. 1.7) but the following summarised information is available relating to the programme (all from ODPM, 2003f):

4.116 There are 39 NDCs and all of them are within the 88 most deprived local authority areas in England that are targeted for neighbourhood renewal spending by the NSNR. NDCs are typically based in medium sized neighbourhoods with an average population size of 11,000. Each NDC has a different mix of problems and opportunities but the focus of the scheme is designed to make an impact on the five key indicators identified by the NSRN, that is crime, education, health, worklessness, and housing and the physical environment. NDCs are run by partnerships of local authorities and other relevant agencies and there is intended to be a strong focus on involving the community and it is the responsibility of individual NDC partnerships to identify appropriate strategies and delivery plans. In most respects, NDCs follow the traditional pattern of ABIs. Total spending from the national NDC budget is likely to be of the order of £2 billion over 10 years.

4.117 Housing conditions are a prominent concern of most of the NDCs. On average NDCs are dominated by social housing with an average of 58 per cent living in council/RSL housing (national figure approx. 20%) but with the proportion ranging from 90 per cent to below 30 per cent. Typically, NDCs are looking to improve the quality of housing and the environment, and to increase housing satisfaction. They are intending to do this by various physical improvement schemes and by management initiatives. Information on spending within NDCs shows that in 2001/02 housing spending was the most important of all headings amounting to over £14m of which £9m was accounted for by capital spending. The report suggests that housing poses an important challenge in technical, financial and political terms.

4.118 Social Exclusion Unit: The SEU was established shortly after the election in 1997 inside the Cabinet Office with a remit to ‘develop integrated and sustainable approaches to the problems of the worst housing estates, including crime, drugs, unemployment, community breakdown and bad housing’ (Cabinet Office, 1998, p.74). Social Exclusion was a key idea of the incoming government in 1997 and typified ‘third way’ thinking. The emphasis in policy thinking was on the processes whereby people become disadvantaged and on the processes whereby they could be better connected to the
mainstream economy and society. The first report of the SEU recommended a new cross departmental approach to the worst estates, and de-emphasised housing management and housing improvement (but did not eliminate them) compared to previous approaches. The thinking seems to be that there has been a lot of housing spending within previous initiatives but its success in turning around deprived areas had been limited, at best. SEU set up 18 Policy Action Teams (PATs) investigating particular issues; these tended to be made up of officials, community representatives and independent people who considered the available evidence, including the experience of regeneration initiatives. Together the 18 teams made 569 recommendations. The culmination of the work of the SEU was the National Strategy for Neighbourhood Renewal, published in final form in 2001 (Cabinet Office, 2001).

4.119 National Strategy for Neighbourhood Renewal: The NSRN marks an important departure in policies towards deprived areas in England (Lupton, 2003). While the period up to 2000 was marked by a continuation of the emphasis on ABIs, for example, SRB, the NSNR shifted the emphasis away towards using ‘mainstream’ service budgets to tackle the problems of deprived neighbourhoods. Reliance is placed in better strategies and ‘joined up-ness’ between departments, and meeting national targets. The idea is that instead of area-based regeneration initiatives of a traditional kind, Local Strategic Partnerships, working in conjunction with Government Offices of the Regions, will pull together all the agencies whose work impinges on deprived areas. In practice, ABIs continue in the form of SRB schemes (a continuation of previous policies) and a range of ABIs announced during the first term of ‘New Labour’ including New Deal for Communities, and nine other kinds of topic-based ABIs, focusing on topics such as health, education, jobs and young people. There is also a range of special funds, which are open for bids, associated with the NSNR. Overall, researchers have counted that there are now 150 separate programmes relevant to urban policy (Imrie and Raco, 2003).

4.120 A distinctive element of the NSRN is that for the first time, government developed high level objectives in relation to neighbourhood renewal, with the vision that ‘within 10 or 20 years no-one should be seriously disadvantaged by where they live. People on low incomes should not have to suffer conditions and services that are failing, and so different to what the rest of the population receives’ (Cabinet Office, 2001. p.10). This policy became concrete after work by the SEU but also after a crosscutting review of government interventions in deprived areas (HM Treasury, 2000), which informed the 2000 spending review. Great emphasis is placed on achieving targets or ‘public service agreements’ that are established between individual departments and the Treasury, and are intended to galvanise action across the board. These targets relate to health, education, crime, employment and housing, with responsibility for delivery carried up all the way to the political leadership of government departments.

4.121 The NSNR contains 105 separate commitments 11 of which relate directly to housing. Effectively the list wraps together all the main actions of the government towards housing that might be regarded as having the potential to have some kind of local impact, summarised:

- £1.6 billion to reach the decent homes target
- Other innovative ways of increasing investment in housing
- Baseline assessment of low demand and unpopular housing
- Monitoring low demand with a view to turning it around
- £80m for housing management
- £12m for tenant participation in local authorities
- Modernisation of the financial framework for local authorities
- A wider role for RSLs
- £11m for choice based lettings
- More flexibility for local authorities in designing lettings policies in pursuit of sustainable communities
- Ensuring tenancies have ‘no harassment’ clauses.

**Evaluation**

4.122 Most commentators agree that the main problems in poor quality council-built neighbourhoods derive from two sources. The first and ultimately most important is structural change in the labour market surrounding the neighbourhoods which leads to changes in population and employment levels. The second is the role of the housing system in translating labour market derived inequalities into spatial concentrations of poverty (e.g. Lee and Murie, 1997; Atkinson and Kintrea, 2002; Lupton, 2003). Poor quality neighbourhoods are invariably those where poverty is high and where people have suffered the ‘sharp end’ of social and economic change. Public services typically have then not been able to cope adequately with the consequences of concentrated poverty (Lupton, 2003, p.207).

4.123 Evaluating the impacts of housing policy on neighbourhood quality in England raises significant problems. A review of the evidence base for regeneration commissioned by DETR showed that much of it was partial, lacked rigour, was unable to tell who benefited from interventions, and usually did not indicate ‘what works and why’ (Dabinett et al, 2000, p.12). Most of the evaluations of individual programmes, including those related to housing briefly reviewed here, are positive at least in the short term, However, evidence falls short that they have had a positive effect in the long run or have done anything permanent to improve the conjoined social, economic and housing problems that they have tried to address.

4.124 Cole and Reeves (2001) took an overview of the evidence base relating specifically to housing and physical environment as part of the evaluation of NDCs and also came to the conclusions that in many respects the evidence base was weak. In relation to housing management approaches to area based regeneration they comment: ‘although there is virtually universal agreement that localised housing management can bring a wide range of benefits, there is little concrete evidence to demonstrate this’ (Cole and Reeves, 2001, p.47). With respect to physical improvements to the housing stock they note that although many programmes have been evaluated as successful at the basic level (i.e. spending money led to better houses and more satisfied tenants) there is little evidence of the impacts of investment in the longer term, or on the impacts of investment in the wider urban context. Nor is there much understanding of the
difference that local conditions make to the impact of capital programmes (Cole and Reeves, 2001, p.37).

4.125 Most studies show that the kinds of housing-related policies reviewed here have had beneficial effects. Typically, houses have been improved, living conditions have been made better and residential satisfaction has increased. One thing that is clear is that physical housing improvements have often been compromised by a failure to deal with wider problems. Most commentators would agree with the conclusions drawn by Evans (2000) in the course of identifying good practice that critical pointers towards successful regeneration are:

- Housing improvement as part of a well considered, multifaceted strategy involving a range of agencies
- Implementation of physical improvements along with high standards of housing management
- Effective partnership between agencies, and a willingness of social landlords to look beyond the traditional housing role
- Strategies which look beyond the present, and consider how regeneration is to be made sustainable in the face of withdrawal of special regeneration funding and possible changes in the housing market.

4.126 But what seems clear is that over 20 plus years of policy initiatives has not resolved the complex problems that exist in ‘council built’ neighbourhoods, which are associated with high levels of poverty and deprivation and low levels of satisfaction. It is difficult to say exactly how conditions in council-built areas have changed over the years owing to data problems, but the EHCS provides evidence of a continuing link between poor environmental conditions and deprivation. Kearns and Parkes (2003) use data from the 1991 and 1996 surveys and demonstrate that the unhappiness of people living in poor areas is twice as prevalent as in other areas on three main dimensions: the condition of the home, crime and disorder in the neighbourhood, and the general environment of the neighbourhood. Further, using modelling techniques to delineate the influence of different socioeconomic and housing factors on dissatisfaction, they show that being a local authority tenant is a consistent predictor of dissatisfaction.

4.127 These kinds of findings are supported by evidence from other surveys. The General Household Survey of 2000 included a special social capital module that asked numerous questions about people’s neighbourhoods. The headline result that concerns us is that tenure had the highest independent association with a neighbourhood having a high problem score, with social renters having the highest score (Coulthard et al, 2002).

4.128 The most recent EHCS identifies ‘poor neighbourhoods’ as ones where there are ‘significant problems relating to the quality, condition, use or upkeep of buildings’ (ODPM 2003d, p.73). Forty per cent of poor neighbourhoods are ‘council built’ nearly twice the general proportion of council-built neighbourhoods. What is more, they are associated closely with social and economic deprivation, with 80 per cent of homes in poor neighbourhoods also in the most deprived 40 per cent of wards.
4.129 It seems probable, although again there is no clear evidence, that without the range of initiatives that policy has produced in the last 25 years, the worst neighbourhoods would be in even a worse state than they are now. However, taken overall, this area of policy can be regarded as a failure if its overall intent was to turn the most difficult estates in England into ‘normal’ residential environments. The problems are faced by policy now are more or less exactly the same as they were at the beginning of the evaluation period. These include low demand, poor housing, a poor environment and multiple social problems. Many of the estates where these problems now occur are exactly the same ones that were targeted for intervention in the past; indeed many are subject to multiple initiatives at the present time. At best what has been achieved is perhaps adequate management of the worst problems (Carley and Kirk, 2000) rather than a ‘turn around’.

4.130 Perhaps the overall result is not surprising. Regeneration policy has had to struggle in the face of adverse economic change, and other government policies that were countervailing. Through most of the 1980s and 1990s residents of estates were getting poorer as a result of changes in the labour market and through the restructuring of welfare benefits. Social housing also continued to become more ‘residualised’ as a result of the interplay of household choices and a housing system that advantaged owner-occupiers. Poor people found themselves increasingly trapped in unpopular council built neighbourhoods.

4.131 Nor is it difficult to see why ‘regeneration’ has not been up to the job, given how it has been delivered. Many of the initiatives were partial in their coverage or designed as experiments whose lessons were at face value seemingly intended to filter down to policy makers at the local level. The budgets for most of them, although the numbers sometimes look big at first sight, were small in relation to the overall scale of public spending within the neighbourhoods that that were aimed at. Programmes and policies were usually ‘initiatives’ which had little substantial foundation in theory or from good evaluation.

4.132 However, a lot has been learned about regeneration. The recent conjunction of housing policy with other action on neighbourhood renewal is to be welcomed. All analysts and commentators agree with the current diagnosis of joined-up problems requiring matching joined-up solutions. However, the rise of multi-sectoral regeneration provides an additional problem in identifying what has been achieved through specific housing action because budgets, outputs and outcomes are mixed up. A recent report on NDCs, itself a multifaceted initiative, for example, reports that the NDC localities overlap with up to ten other area based initiatives, most of them initiatives of the current government, as well as those which represent a hangover from previous regimes, such as SRB (ODPM, 2003g), and that is also to overlook the emergence of mainstreaming as an approach to improving neighbourhoods.

4.133 There have been important moves to improve evaluation through extensive evaluations of key initiatives such as the New Deal for Communities and through improved collection and collation of routine information into Neighbourhood Statistics in order to provide better evidence of what is being achieved. However, it is too early yet to see any substantial evidence relating to the impacts of current policies.

4.134 Policy in this area has come along way, but it would be difficult to say that in any sense it has been successful given the substantial continued association of council-built neighbourhoods, poverty and difficult neighbourhood conditions.
New Housing and New Neighbourhoods

Scope and Objectives

New housing

4.135 Policies relating to the quality of new housing have developed through a three main routes. First, building regulations have been used to ensure safe and ‘decent’ homes. Second, some control over external appearance and layout of housing schemes has been achieved through the planning system while allowing provision to be largely market driven. Third, for social housing and for subsidised ‘low cost home ownership’ regulation by government agencies, principally the Housing Corporation since the virtual cessation of local authority building, is a third factor determining the quality of new housing. Private sector developers submit that their products are also regulated by what their customers want, a view that has been challenged on the grounds that consumers have little choice given the dominance of the products of a small number of very large developers (Carmona, 2001).

4.136 However, there are two other important policy considerations to consider. The first of these is the quality of construction, i.e. the extent of physical defects, but because the most important defects are usually remedied within a short period, this is more a matter of the effectiveness of the process rather than its outcomes. Nevertheless, widespread dissatisfaction with quality of the construction process has led to a concerted effort to improve the process and its outputs. Implementation of the ‘Egan Agenda’ has had a significant impact in the process of housing development since the late 1990s.

4.137 Second, many of the more substantial concerns about quality can be considered under the heading of ‘sustainability’, both in the physical environmental sense and in the sense of being likely to remain usable and desirable in the future. This broad concern has run through the development building regulations and planning policy since the early 1990s, and continues to exercise critics.

New neighbourhoods

4.138 The importance of the focus on new neighbourhoods has increased substantially in importance in the last five years approximately. ‘Quality’ now extends to a wide range of themes under the overall heading of ‘sustainable communities’ (see definition in section 2), including aspects of the economy, society and governance, and services of a place as well as more traditional concerns about the physical design and appearance of neighbourhoods.

Policy Drivers

4.139 By the 1980s the overwhelming majority of new house completions in the UK were by private sector builders and aimed at the home ownership market. During this period the government, in accordance with the free-market principles being promoted at the time, discouraged planning’s influence on design control (Carmona, 2001). However, this developer dominance was perceived by many to have led to the triumph of uniformity, suburbanisation and corporate identity over any sense distinctiveness in the built environment (CPRE 1995, quoted in Carmona, 2001).

4.140 Concern for the impact of large-scale speculative development in the 1980s was followed by changes in the planning system in which design gradually became an important consideration in the planning process. The Planning and Compensation Act,
1991 stated that development control decisions should conform with Development Plans unless there are material reasons why they should not, therefore creating a ‘plan led’ system. At this time, Planning Policy Guidance Note 1 (PPG1) (DoE, 1992) introduced the idea that design could be a ‘material consideration’ on which planning permission might be withheld.

4.141 The emergence of sustainability as a concern in the 1990s put pressure on, and, encouraged, government to use the planning system to influence design and development in ways that were consistent with international treaty obligations on the reduction of carbon dioxide emissions. More recently Building Regulations have moved to address these issues, partly spurred by European Union directives.

4.142 Concern about the sustainability of the built form of English cities also led to the formation of the Urban Task Force. While the Task Force sought to improve the quality of existing neighbourhoods and cities, it also looked for ways to encourage good design in new development as a way to make urban living more popular and sustainable, and hence reshape the predominant urban form of English cities. The Task Force shared many of the concerns about the poor design of suburban developments that had been voiced at the end of the 1980s and start of the 1990s. The revised Planning Policy Guidance Note 3 (PPG 3) (Housing) (ODPM, 2000d) therefore sought to strengthen the hand of planners in encouraging high quality urban design in new developments. The Government sees it as a means to achieve higher quality design in new housing, less suburbanisation of the countryside and to assist in the regeneration of cities (The Government’s Response to the Environment, Transport and Regional Affairs Seventeenth Report, 2000)

4.143 A related development is the establishment by the government of the Commission for Architecture and the Built Environment (CABE), intended to have a leading role in driving up standards through advice and information. It produced By Design: Better Places to Live (Commission for Architecture and the Built Environment, 2001), a companion to PPG3, and has commented, often adversely, on the quality of many new developments, and organises prizes for good design.

4.144 The 1990s also saw the emergence of greater awareness of the rights of people with disabilities and housing standards have moved to address inclusivity. Initially such ideas were taken up in the social rented sector, encouraged by the work of the Joseph Rowntree Foundation and the development of ‘Lifetime Homes’ standards (Brewerton and Darton, 1997). This lead has been followed up through Building Regulations in response to the 1995 Disability Discrimination Act and good practice has been legislated for in the private sector.

4.145 In parallel with all of these developments, the government has moved to improve the efficiency of the development process. Two reports are important in shaping subsequent changes in development practice. Starting with an analysis of the problems within the development industry the Latham report (1994) outlined low levels of productivity and profitability and its causes, including a fragmented and adversarial approach among the various professions groping in the development industry. This was followed by the Egan report which used concepts of supply chain management derived from manufacturing industry to suggest that an important route to improving the construction process was to better integrate processes and products (Egan 1998). Egan specifically identified house building, with its broadly similar products produced in considerable numbers, as a key area of the industry where efficiency and
effectiveness gains could be made. Both reports were followed by the development of bodies to disseminate good practice under the 'Rethinking Construction' banner. These approaches have potential to improve the quality of housing through greater efficiency and more use of factory built and standardised components. However, in this very efficiency there is also the potential for standardisation to undermine the principles of good urban design.

Policy Operation

Planning for new private housing

4.146 In the five years 1997-2001 over 90 per cent of the new housing was constructed by the private sector (Holmans, 2003) and most of that was speculative building for sale. Many commentators, including the governments’ own Commission on Architecture and the Built Environment (2001) believe that the design and quality of new homes built by the private sector are driven by what house builders believe can be sold to their immediate customers, who are an atypical group of households, younger, more affluent and of larger size than average. Immediate saleability is held to be the neglect of innovative design, the character of the built environment, usability by disabled or infirm people, and the environmental impact in construction and in use. It does not help that inadequate land release compared to the scale of demand in many parts of the country inflates the value of sites and makes housing scarce. Relatively speaking, this devalues the worth of the structure in comparison to the land, and reduces the incentive for innovation or good design as a marketing strategy.

4.147 The task of policy is to regulate the quality of housing output in the public interest while still maintaining a system that is market-led. The delivery of new housing and of residential areas is subject to control by local planning authorities. It has been the practice of government to issue planning policy guidance to local authorities to signal the key points of government policy. This is important in the planning system because government policy is a ‘material consideration’ that must be heeded when planning decisions are made. Therefore planning guidance is a key means whereby the quality of new housing and new neighbourhoods are shaped, although locally determined policy and the outcomes of representations and appeals are also important.

4.148 Using planning powers to impact on private sector housing development has always been hampered by the non-statutory nature of design guidance. Design guidance for developers is delivered through Supplementary Planning Guidance (SPG) which counts as a material consideration in decisions about an application but which should not be a ‘burden’ and, if not clearly supported in legislation or national guidance, it can be appealed against. For example, a planning authority cannot impose higher energy efficiency standards than are contained in Building Regulations (Raemaekers, 2000).

Social Housing

4.149 Policy to improve the quality of new housing is perhaps more effectively implemented in the special circumstance of RSL sector production funded by social housing grant SHG (formerly housing association grant, HAG), where there is far greater leverage over the developers. In the early 1990s there were two significant reports that criticised low standards in new housing association development by Karn and Sheridan (1993) and by Page (1993), particularly in the context of the early reactions to the post-1989 financial regime. Briefly, many association schemes were ‘poor homes for poor people’ characterised by poor space standards, inflexible layouts, lack of adaptability, stigmatising appearance and often built, for cost reasons, on unsuitable and unattractive sites.
4.150 The general approach by the Housing Corporation in the 1990s has been to try to continuously raise standards, while keeping subsidy and rents to acceptable levels. The Corporation publishes *Scheme Development Standards* (the latest is the 5th edition) (Housing Corporation, 2003). These specify the quality standards that housing has to meet in order to qualify for grant funding, covering six themes: the external environment, the internal environment, accessibility, safety and security, energy efficiency, environmental sustainability and noise abatement, and maintenance, durability and adaptability. Under each main heading there are subheads and then detailed points of essential and recommended items for inclusion in a scheme's design. Over the years of the evaluation there have been many innovations, often supported by further background research and good practice advice.

4.151 Policy towards social housing has also paid attention to process as well as product, on the grounds that outcomes can be continuously improved if relationships between the main parties in construction procurement can be improved. Taking lessons from other industries, all RSLs have been recently required to modernise their procurement processes. The source for this is recommendations on supply chain management by Egan (1988), and the sector has altered their development practices as a result. (Local authorities are also starting to pick up on this now).

4.152 Clearly, if recommended standards are being followed, RSL houses are being built to reflect closely the government's housing quality agenda. What is harder to know is what the RSLs would have built without regulation. While there are many RSLs that are keen to be innovative and ‘best practice’ developers, the bad experience of the early 1990s suggests that it is sensible to continue to make compliance with approved standards a condition of grant funding. Also, good information is lacking on the comparison between RSLs and privately built housing. While it seems likely that RSL housing will be superior in many technical respects, it is unlikely to compete on other, more aspirational aspects of quality, such as garages and en suite shower rooms.

4.153 Council house building has dwindled to almost nil; only 324 starts in 2001. Output has fallen consistently every year since 1980 when almost 35,000 new homes were started (Wilcox, 2002). As with council housing improvement, central government has set no particular objectives, beyond those general ones that apply to all house building, in fact there has been no encouragement by policy for councils to build at all during the period.

4.154 Recent guidance relating to housing, specifically the current edition of *Planning Policy Guidance Note 3* (PPG3) (ODPM, 2003c) has increased its scope following the theme of sustainable communities and is the most important statement of government policy on housing in its neighbourhood context which has weight in planning decisions.

**Building regulations and sustainability**

4.155 Building Regulations are based on the provisions of the Building Act 1984 but have been amended to take account of changing technical and policy considerations. There is an increasing awareness in government that the two arms of Building Regulation and Planning Policy should constitute a complementary approach to housing quality (and building quality more generally) and this is beginning to occur in relation to sustainability. Part L of the Building Regulations has been updated to reflect the major concern that carbon emissions are a fundamental cause of environmental damage (Statutory Instrument (2001) No 3335). This is the first of four stages planned to 2008 to improve the energy performance of buildings (ODPM, 2003h). The 2003 Energy White
Paper has a long term agenda of meeting the target of 60 per cent reduction in CO₂ emissions by 2050 and sets shorter term goals relating to learning lessons from other European countries, raising standards for heating boilers, beginning the next stage of revisions to part L, and improving enforcement systems to achieve higher ‘as-built’ standards (Department of Trade and Industry, 2003).

4.156 The European Directive on the Energy Performance of Buildings also influences policy in this area including calculating and setting standards for energy performance of buildings and introducing requirements for building energy certificates. Article 15 requires implementation by 4th January 2006 with the possibility of a three-year delay beyond that in certain circumstances. (ODPM, 2003h).

4.157 While they are often criticised for creating unsustainable environments, developers through the House Builders’ Federation (2003) points to rising levels of sustainable products and greater energy efficiency of new housing, including the sponsorship (in partnership with the World Wildlife Fund) of an award for sustainable housing which takes account of a holistic lifecycle view sustainability.

4.158 Sustainable development policies also encourage higher density development and in this respect the acceptability of flatted and attached properties is greatly influenced by the level of noise nuisance that is generated by occupiers of adjoining properties. Changes to Part E of the Building Regulations coming into effect in 2003 are aimed at decreasing problems of sound between attached dwellings. In general house builders have welcomed the approach while they have had some concerns over details and implementation (House Builders' Federation, 2003).

Building regulations and accessibility
4.159 The social housing sector has taken accessibility of dwellings on board through the Housing Corporation’s scheme development standards and acceptance of the benefits of barrier free and lifetime homes. However, mass-market private sector housing was not built with the needs of people with disabilities in mind until the introduction of amendments to Part M of the Building Regulations in response to the 1995 Disability Discrimination Act. Since 1999 new housing must be built to allow ‘visitability’ and access to housing for people with disabilities. An important aspect of this included provision of a ground floor toilet.

4.160 There have been concerns that lack of knowledge and understanding of the concepts of inclusive design are widespread amongst developers e.g. the attitude that only a certain percentage of properties need to be accessible and lack of understanding that all dwellings should achieve visitability standards. It is likely that attitudes will change as the standards become the norm and Imrie (2003) notes a degree of success in the implementation of Part M although pointing to a lack of adequate design guidance.

‘Rethinking Construction’
4.161 Despite compliance with Building Regulations, by the 1990s there was a widespread dissatisfaction with the performance of the construction industry that impacted on its efficiency, profitability, and quality. Harvey and Ashworth (1997) characterises the problems as relating to fragmentation of the design and development process which led to:

- legalistic and confrontational development process
- dangerous working conditions and practices
- unreliable and low profitability
• low investment in capital and research and development
• projects delivered late and over budget
• large number of defects
• dissatisfied clients

4.162 The Latham Report, *Constructing the Team* (Latham, 1994) stated that clients should drive improvement and that the government as a major client had a key role. It should seek to become a “best practice client”. The role of the client in promoting good design was also recognised by Latham. The areas in which improvements were sought were:

• Performance
• Efficiency
• Fairness
• Teamwork

4.163 A key recommendation of the Latham report was that the contractual relationship should move from a confrontational one based on partnering. In partnering ‘the parties agree to work together in a relationship of mutual trust to achieve specific objectives by maximising the effectiveness of each participant’s resources and expertise’ (Harvey and Ashworth, 1997). As a result of Latham a Construction Task Force was set up which produced a report *Rethinking Construction* (Egan, 1998). This set out to show the way forward in implementing and extending the recommendations of Latham and identified leadership, customer focus, integrated processes and teams, a quality driven agenda and commitment to people as key drivers for change. Improving the way in which construction was procured and carried out would lead to improvements summarised in the following Egan targets.

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<th>Table 4.5: Egan Targets</th>
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<tr>
<td><strong>Indicator</strong></td>
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<td>Capital costs</td>
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<td>Construction time</td>
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<td>Predictability – on time and budget</td>
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<td>Defects</td>
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<td>Accidents</td>
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<td>Productivity</td>
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<td>Turnover and profits</td>
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*Source: Construction Excellence, 2003*

4.164 DTI is the lead department in taking forward the taking forward Rethinking Construction. However, housing is at the heart of the approach and the Housing Corporation now anticipates that all funded developments will be ‘Egan Compliant’. A group of organisations, involving the construction industry, clients and government agencies, are now working to promote the Rethinking Construction agenda and are grouped under the Rethinking Construction banner:

• The Housing Forum
• Movement for Innovation
• Local Government Task Force
• Construction Best Practice Programme
4.165 Rethinking Construction aims to provide examples of best practice and the report Rethinking Construction 2002 gives examples of progress of housing and non-housing demonstration projects in housing against a number of Key Performance Indicators, and compared with the industry averages and found to outperform them across most of these:

- Client satisfaction with product
- Client satisfaction with service
- Defects
- Safety
- Predictability – design cost
- Predictability – construction cost
- Predictability – design time
- Predictability – construction time
- Profitability
- Productivity
- Cost
- Time

4.166 Rethinking Construction claims that the benefits have arisen from:

- Performance measurement and benchmarking,
- Long term partnering
- Integrating supply chains
- Sharing risks and rewards
- Establishing a culture and providing incentives for the elimination of waste in all its forms
- Improving working conditions for employees

4.167 There is, however, concern that improvements in the construction industry will be held back by the lack of appropriate skills in the industry. While this has traditionally been seen in terms of a lack of skilled trades people, the focus has now moved to include the professionals who will be involved in delivering on the Communities Plan. ODPM therefore launched the Egan Review of Skills. The Review examined skills and training required by developers, professionals and planning (ODPM, 2003i) and reported as this report was being finalised (ODPM, 2004b), recommending attention to processes of decision making as well as training.

**New neighbourhoods**

4.168 While the private developers can argue that they build houses which people want to live in and that have higher levels of comfort and performance than in previous years there remains concern that at the level of the street and the neighbourhood they do not create sustainable, high quality environments. Carmona (2001) summarises the criticisms of private developments as failing to adequately deal with:

- Context
- Sense of place
- Community
- Urban space
- Legibility
- Connectivity
- Movement
- Car dominance
• Security
• Innovation
• Flexibility
• Choice
• Sustainability
• Mixing issues

4.169 Taking its cues from the concerns of the Urban White Paper of 2000, and the government’s commitments to environmental sustainability, PPG3 (ODPM, 2003c) sets out the main desiderata for new housing area. Summarised, new residential areas should:

• Be linked to public transport
• Incorporate mixed use
• Incorporate high quality design
• Make the best use of land
• Specify maximum rather than minimum parking standards.

4.170 The importance of this area of policy has been heightened by the publication of the Communities Plan (OPDM, 2003b). This envisages the largest programme of planned new communities since the creation of the New Towns in the 1950s and 1960s, with major development areas identified in the area to the east of London (the Thames Gateway), and elsewhere in the south east. As discussed in the introduction, objectives for new communities include issues concerned with the economy, public services and participation and governance as well as physical development factors. Clearly this agenda extends far beyond the reach of ‘housing policy’, and is reminiscent of the approach that was taken to planning the post war new towns, which also were planned on a vision of fully functioning, well integrated communities. The exception is that, this time, less reliance will be placed on the role of government agencies in delivery but instead an approach will be used which leans more on leverage and regulation of private sector actors.

Policy Impacts and Evaluation

4.171 Achieving ‘decent homes’ by new construction is a very different undertaking from housing renewal, where the results of policy are uncertain. Given effective administration of building regulations through the Building Control system, low levels of corruption and high levels of compliance, building control seems to work well at the basic level, unlike in some European countries where extra legal building is common. So new dwellings in England almost always meet legal minimum standards of construction and dimensions. Building regulations are also revised from time to time to keep up with minimum expectations and technical innovation. So at one level there is not a concern with policy in ensuring quality in new housing: it gets delivered according to current legal standards.

4.172 However, the other question is whether current regulations are adequate given the new emphases in policy. There has already been significant movement in the building regulations reflecting the changing aspirations of society but there remains much progress still to be made. In 2001 the Building Regulations Advisory Committee indicated that regulations have expanded progressively to new areas concerned with energy conservation, access and facilities for disabled people, and environmental and health issues such as noise insulation and ventilation. However, BRAC notes that issues surrounding sustainability and quality and how these may be reflected in the Building Regulations are still relatively ill defined and being explored.
4.173 Government inputs to other aspects of new housing development in the private sector have been largely related to policy development. Without capital input and without direct subsidy, the government has sought to use the private sector to deliver public policy aims. Carmona provides a review of the history of planning guidance on housing in the 1980s and 1990s; he concludes that the approach in the 1980s was ‘generally non-interventionist’ (2001, p.34). What policy interest there was in improving the design of housing areas was coming from local planners, not central government. However, by the time of the 1992 revision of PPG3 he detects a ‘mellowing of the government indulgence of the house building industry, and increased design emphasis, but marketing judgment (i.e. the views of house builders on what designs were was profitable) still prioritised’ (Carmona, 2001 p.36).

4.174 Increasingly the planning system has been concerned with achieving sustainability objectives. This has extended to encouraging brownfield development, and affordable housing provision, dealt with under separate themes. Government now recognises the importance of high quality design and is encouraging this in planners and developers. The planning system has delivered some change; e.g. where planners have issued design guidance there has been a positive impact on quality. Central government has sought to increase awareness of good design e.g. through CABE. On the other hand developers have argued that there has been unwarranted interference leading to delays in planning approvals undermining other public policy objectives.

4.175 The implementation of PPG3 was recently reviewed (ODPM, 2003j). This offers encouragement that there is a greater attention to design in recent schemes. More planning authorities were refusing some developments on grounds of design (mostly the smaller sites where there was more of a context to defend). There was evidence of a market response to good design, and most authorities were seeking to increase densities and were reviewing parking standards. There was also better joint working with transport planners. However, it is too early to say whether the significant gap between good practice in housing design and the majority of schemes is appreciably narrowing.

4.176 Rethinking Construction has been able to claim improvements in a number of performance indicators but not notably in a measure of “quality” although this has been seen as a potential driver of change. There is also an issue with the projects being closely monitored under this initiative being largely self-selecting, and there may also be a Hawthorne Effect apparent. There is also a degree of contradiction between the standardisation implied by efficiency in the construction process and the aim for respect for local context expressed through urban design guidance (e.g. Commission on Architecture and the Built Environment, 2001; Urban Task Force, 1999).

4.177 In the RSL sector, if recommended standards are being followed, houses are being built to reflect closely the government’s housing quality agenda. What is harder to know is what the RSLs would have built without regulation. While there are many RSLs that are keen to be innovative and ‘best practice’ developers, the bad experience of the early 1990s suggests that it is sensible to continue to make compliance with approved standards a condition of grant funding. Also, good information is lacking on the comparison between RSLs and privately built housing. While it seems likely that RSL housing will be superior in many technical respects, it is unlikely to compete on other, more aspirational aspects of quality, such as garages and en suite shower rooms.
4.178 Assessment of the impact of policy is also difficult because it is hard to get any overview of the changing quality of new homes. For the last two years, a system of Housing Quality Indicators has been put in place which is a measuring tool designed to evaluate new housing on the basis of quality. The first published data were made available (Housing Quality Indicators UK, 2003) but as yet there are no trend data. Some information is also available on various aspects of quality for housing schemes that have been put forward as demonstration projects under the 'modernising procurement' banner. However, because these schemes are self-selecting and thus probably atypical, the quality and performance gains that are claimed may not reliably reflect the rest of the sector.

4.179 As for the impact of policies on new neighbourhoods, it is fair to say that there is widespread dissatisfaction among commentators and policy makers about what has been achieved in the 1980s and 1990s. House building has largely proceeded without a clear perspective on what aims should be pursued apart from those of providing for housing demands and meeting minimum standards of construction. Now there is emerging a fairly clear view of what the characteristics of a sustainable community are.

4.180 While evaluation of current policy would be premature, Kearns and Turok (2003) identify some important challenges in delivering this policy, including:

- The lack of penetration of the sustainability agenda into the mindsets of the public, firms and part of government
- The effective transition of environmental objectives from the arena of political debate to local policy making (at present, concerns about competitiveness and economic growth predominate)
- The acceptability of higher residential densities by the public
- The level of new services required for new communities and how they should be phased in
- The effective fitting together of transport polices with planning
- The need for planning to deliver social balance across all types of communities
- Clarification of the roles and responsibilities of different authorities and agencies.
5. Conclusions

5.1 This report has examined government policy in England on housing quality and neighbourhood policy and has attempted to provide an evaluation of the success of the government's polices, both on their own terms and in relation to wider issues. The exercise has been very wide ranging, crossing almost 30 years, and examining issues as a diverse as technical standards for construction, and social exclusion in neighbourhoods. The breadth of the material serves to emphasise the complexity of the forces that are in operation, perhaps particular in respect of neighbourhoods, and therefore the difficulties that are faced by policy in making a predictable difference. In many areas the information base for the evaluation of policy is weak; for example in relation to neighbourhood quality and the quality of new housing, systems have only recently been developed to capture the kinds of output measures which might have been useful for this kind of evaluation. Furthermore, published evaluations of many initiatives tend to be partial and very short term. A lot of policy then, is also made without a very good factual grounding.

New Housing and New Neighbourhoods

5.2 These areas of policies have seen a fairly recent upsurge in interest with earlier policy tending to let market forces prevail. There is widespread dissatisfaction with the outcomes of policies towards the quality of new housing and new neighbourhoods in the 1980s and early 1990s.

5.3 The main question about new housing is whether current polices are adequate given the current emphasis in policy on sustainability in housing construction, and sustainable communities. Generally, the evidence points to improvements in the technical quality of housing through more sophisticated building regulations that have taken on themes such as accessibility and energy use. The social rented sector's production largely fully achieves government aspirations, but represents a small proportion of total output.

5.4 Policy aims concerning good design, densities and the better fit between housing development and transport strategies have been tackled through the planning system, again with a an increasing degree of sophistication and enthusiasm. While the signs are relatively promising, it is too early to fully assess the success of current policies.

5.5 Government has expressed aspirations to build sustainable communities as part of a broad spatial plan to accommodate household growth through new settlement in the south east of England. However, recent commentary has expressed doubts about the penetration of this agenda to all relevant parties and about the governance arrangements that are necessary to deliver the Communities Plan.

Older Housing

5.6 Of the two policy areas (homes and neighbourhoods), achieving quality homes is the most technically straightforward. However, trying to improve the quality of England's housing stock is like attempting to hit a moving target. There are two different elements that are always in motion. First, houses deteriorate over time without maintenance and can fall into disrepair and unfitness, which can counter efforts made to improve quality. Second, expectations of standards (and then the policy interpretation of these expectations), which are a product of generally increasing standards of living, tend to ratchet up over time. Although most of the historical problems of the housing stock have gone during the period of the evaluation, recent attention to ‘decent homes’ has
shown there exists a wide gap between what the stock delivers and the fairly modest expectations of current standards. Many houses fail on grounds of thermal efficiency that is both a key factor for social justice on the grounds of fuel poverty and relevant to health and the environmental impact of the dwelling stock, but is a relatively recent quality concern.

5.7 These dynamic factors, and especially the second, mean that is unlikely that a desire to improve housing quality will disappear as an element of housing policy, even through there have been very substantial improvements in the housing stock both over the period of the evaluation, or taking a longer perspective, right through the twentieth century. In the mid 1980s, the most important measure of housing quality was whether a house was unfit. On that measure, about nine percent of the dwelling stock was unsuitable for human habitation (DoE, 1993). Today, the decent homes standard has been adopted as the benchmark, albeit that this is not set in legislation, it informs the most important thrust of policy towards improving housing quality. In 2001, 33 per cent of the housing was assessed as non-decent (although the OPDM (2004a) suggests that this has fallen significantly in the last three years, at least in the social rented sector). But on the basis of this, it could be argued that the gap between expectations and what the housing stock is delivering is wider now than it was 20 years ago. Policy and market – led programmes have made an impact but expectations have moved faster. Looking forward, even when the decency standard in the social rented sector is achieved, it is almost certain that new quality problems will be identified by policy in line with increasing expectations.

5.8 It is genuinely very hard to pull out clearly what public policy towards the improvement of older private housing has achieved. It is apparent that the quality of the housing stock on a whole range of measures has improved. The grants regime and area based prioritisation in the private sector seems to have had beneficial effects, but it wider forces in housing markets have been more influential. Public policy has not been able to overcome ‘market failure’ where the economics of spending on older housing leads to deteriorating stock condition, nor is there much evidence that it has been able to lead significant renewal movements. For example, houses in England improved quite quickly in the 1990s when the improvement grant regime was relatively neglected as part of housing policy; its profile was low and spending was much lower than the in the 1980s. At the same time, low demand and disinvestment opened up in many midlands and northern towns and cities, often exactly in those neighbourhoods which had previously been subject to area based improvement programmes, the theory of which was that would help overcome negative externalities. This suggests that the operation of the housing market is much more important in shaping housing quality in the older private sector stock than is government policy, even if there have been some local quality improvements gained as a result of area prioritisation and grant funding. Perhaps at best such approaches have been a holding operation.

5.9 The current approach to older private housing is more flexible, and more focused on finding solutions to problematic areas, and is intended to be much more strategic within its market context. However, even if it can remove some of the worst problems in hard-hit areas, it seems doubtful that it can be more than a temporary prop for housing demand that is fundamentally weak at the urban or regional levels.

5.10 The private rented sector as a whole remains the most problematic part of the housing system in terms of housing quality, particularly on the traditional measures of repair and unfitness. Some critics believe it should be subject to further regulation to improve
standards (including standards of management). The current Housing Bill intends to bring in licensing of HMOs and provide for regulation in low demand areas. However, a recent review seems to rule out increased regulation of the sector as whole as a route to better provision on notably because it is believed that supply of homes would shrink in the face of regulation when it is government policy to sustain the size of the sector (ODPM, 2003f). Clearly, housing supply and choice concerns are over riding concerns about quality in this sector.

5.11 Among the country’s older housing, the council sector is now the most important focus of policy concern about housing quality. This reflects the relative neglect of quality issues in council housing through most of the period of the evaluation, and a realisation by government that it now houses many vulnerable people who have little choice to put up with what the social rented sector has to offer. On one hand it is easy to say that the anti-council housing policies of the 1980s and early 1990s expressed through the housing finance system can be blamed for the situation that was faced in the late 1990s. On the other hand, it is hard not to be critical of the quality standards which were achieved by council housing, and, looked at from a high level, it might be asked how a sector which was professionally managed, and where expenditure by landlords was only a little less than that by home owners, could attain fail to attain even modest standards of quality.

5.12 It is not that spending on improvement and repair of council housing was set aside. Since the turn of the 1980s most of the capital spending that has gone into council housing has been spent on reinvestment, rather than new building, and there has also been considerable capitalisation of rental income for improvements. Overall spending seems to have been somewhat less than in the owner occupied sector, but this might be expected given the relative cost inefficiencies of individualised consumption by owners, the older owner occupied stock, and the tendency towards expensive improvements rather than essential repairs. On the other hand, much of council housing is middle aged and was not built very well to start with and a lot of ‘investment’ has been prompted by neighbourhood, rather than housing problems per se, and may have not sought to address the same issues that ‘decent homes’ has highlighted. So it is hard to draw definitive conclusions.

5.13 There are good plans now to eliminate the gap between current conditions and decent homes. Although there are continually misgivings expressed by commentators about whether it can be achieved in the specified period, very recent announcements made about funding packages for housing stock with a negative valuation are to be welcomed (ODPM, 2004a).

Neighbourhood Quality

5.14 Policies to improve neighbourhood quality – in predominately private and predominately social rented sector areas – were identified as ‘beacon policies’ in this evaluation. The concerns in this area of policy are wide ranging, including the physical aspects of neighbourhoods but also social and economic dimensions. A great deal of ‘neighbourhood quality’ policies has been aimed at improving the socio-economic profile of disadvantaged areas and breaking the link between poverty and poor living conditions.

5.15 Perhaps one of the reasons for the ‘beacon policy’ status asked for by ODPM is the long-term difficulty of making progress, as well as the recent strengthening of intentions in this area of policy. Our assessment – along with many others – is that there are fundamental difficulties in achieving permanent success in improving neighbourhood
quality owing to two overriding socio-economic processes. These are the role of the labour market in structuring economic advantage and disadvantage across groups in society, and the role of the housing market and social housing letting systems in distributing socio-economic groups within the housing system, including into different neighbourhoods. Poor quality neighbourhoods lived in by predominately poor people are the spatial representation of an unequal society. Furthermore, it is widely believed that such neighbourhoods are a source of further disadvantage and not only a symptom of it. Public services struggle to cope with the consequences of concentrated poverty.

5.16 It would not be surprising that policy to improve neighbourhood quality has not made huge inroads as long as social and economic inequalities in the population inequalities remain wide and there remains a considerable spatial segregation of poor neighbourhoods linked to the historical patterns of the housing development. This is especially apparent in spatially and physically distinctive ‘council built’ estates, in spite of their increasing fragmentation in the last 15 years.

5.17 Right across the period of the evaluation, policy to improve neighbourhood conditions in the most disadvantaged areas has faced additional difficulties arising from social and economic change, and as a result of outcomes of other elements of housing policy. ‘Swimming against the tide’ or ‘pushing water uphill’ are apt analogies. There is evidence for growing inequality in income distribution and increasing spatial separation of the poor from the better off. Social housing has faced a long-term trend of residualisation or marginalisation as its share of the market falls and its residents become relatively poorer. While household preferences – and the ability to follow them – account for some of this – other housing policies are also culpable.

5.18 The impact of the right to buy has been spatially uneven, leaving relatively unpopular estates largely intact as heavy concentrations of social housing. Although there have been some attempts to encourage a more balanced population distribution in social housing by choice-based lettings these initiatives are very recent and far from universal. In any case the advantages of home ownership, including its unequal tax treatment compared to other forms of investment, which is a product of policy, continue to overwhelmingly attract those who can afford it. Low cost home ownership schemes in social rented areas as a part of regeneration packages tend to be modest in scale and self contained. Putting this together means that social housing overwhelmingly houses the poor (Stephens et al., 2003) and continues to be spatially concentrated.

5.19 At the same time in the private sector, weak regional economies have undermined demand for poorer quality neighbourhoods in some parts of the country. In these circumstances there has been a failure of markets for private housing, leading to disinvestment and abandonment. This applies to many low cost home ownership properties built in regeneration areas and to ex-RTB stock.

5.20 These trends make the need for neighbourhood renewal more urgent but at the same time militate against the success of investment programmes in turning around estates. There is typically an outflow of more economically successful residents and an inflow of households in extreme social need. This has important implications for service delivery in key areas such as health and education.

5.21 There is no doubt that there has been considerable learning from area-based approaches to unsatisfactory neighbourhoods over the last 20 years. Housing-led approaches to regeneration are now generally part of more wide-ranging, multi sectoral
programmes. The current approach is purposeful, better resourced and more sophisticated in its thinking compared to the past and looks out beyond the confines of deprived areas themselves. There is a considerable emphasis on mainstreaming, which is convincing on paper as a better approach than ABIs alone, as it is clear that the resources available through the ‘special’ initiatives’ approaches of the past have been small in comparison to the task. However, there seem to be already some misgivings about whether mainstreaming can really deliver what it promises.

5.23 In conclusion, if the intent of this area of policy was to turn the worst neighbourhoods into average environment, it has been a failure. However, policy does seem to have been means to manage the worst problems and therefore maintain a higher quality of life for residents and a greater degree of social stability that might have been absent otherwise. In spite of improvements in approach, current policy is also likely to fall short of ultimate success owing to the interplay of social advantage and disadvantage and a housing system that inevitably sifts those with least resources to the most disadvantaged neighbourhoods.
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Note

DoE = Department of the Environment

DETR = Department of Environment, Transport and the Regions

DTLR = Department of Transport Local Government and the Regions

ODPM = Office of the Deputy Prime Minister

The renaming and restructuring of the ministry responsible for housing has caused some confusion over the authorship and publisher of some publications. Some publications taken from ODPM websites during the research period have been rebranded as ODPM publications, even though at the original date of publication they were issued by one of the earlier versions of the department.
This report is one of five theme reports promised as part of the Evaluation of English Housing Policy. It considers the extent to which policy has achieved improvements in housing and neighbourhood quality.