

Innovation and Market Response

Housing Market Renewal Pathfinders

Framework for Review

May to August 2009

Background and Approach

Introduction

- 1 The Audit Commission is to carry out a review of **Innovation and Market Response** to explore how Housing Market Renewal (HMR) pathfinders are responding to latest market conditions. This work has been agreed with the Homes and Communities Agency (HCA) as part of our 2009/10 work programme. This document outlines the approach, timetable and framework for the review.

Approach

- 2 We will focus on exploring the strategic approaches being taken and initiatives being developed and delivered by pathfinder partnerships to maintain momentum. The output from this work will not be scored, but will provide a report outlining the pathfinders understanding and response to specific challenges in the context of latest market conditions. It should also provide useful examples of innovative activities that can be shared and potentially replicated more widely, and feed into the refresh of the good practice compendium.
- 3 We will be particularly interested in policy response and new products that are being developed in response to current market conditions, and the processes being used to assess the relative merits of different potential approaches.
- 4 As part of our work for the Housing Market Annual Review we have identified that, as with the rest of the UK, 2009/10 will be a difficult period for HMR. Pathfinders are developing their response to changing market conditions, but it is likely that progress, as measured by new build, will slow over this period. Targets will need to be renegotiated and plans revised, and this is not without risk. Exceptional times and conditions will also test the pathfinders understanding of key drivers of local market change, and will require reflection and reinvigoration to ensure maximum benefits are derived for these strategic regeneration areas when the upturn begins.
- 5 This work will follow up on the emerging issues for pathfinders, and will examine the progress the pathfinders are making in addressing the challenges arising from current economic conditions.
- 6 In keeping with the Audit Commission's aims to reduce the burden of inspection, this review will minimise the amount of disruption to pathfinder's work, with limited on site work and remote document review wherever possible.

Background and Approach

Timetable and methodology

- 7 We will undertake this review between **May and August 2009**. We will hold an initial set up meeting in May to discuss in general terms the approach being taken by each individual pathfinder. Pathfinders will then be asked to submit relevant documents¹ which illustrate the approaches being adopted. Pathfinder **submissions should be with us by 29th May**.
- 8 We will carry out a detailed desk top review of the submissions, identifying how pathfinders are addressing the Key Issues, highlighted in the section below. At the set up meeting we will agree a date for a **one day site visit** to clarify any issues and interview relevant parties. We will also maintain an on going dialogue throughout the process. We will share a draft report with pathfinders for their input by 31st July. **Final reports** will be made available on our website.

Framework

- 9 In addition to meeting HCA requirements, this work seeks to take into account the key themes emerging from our Housing Market Annual Review. The work will also inform the development of our understanding of local housing markets as part of our CAA work.
- 10 This review will examine the approaches being taken by pathfinders regarding:-

Understanding and responding to market change

- 11 This publicly financed programme should provide confidence and encouragement to the private sector to engage in HMR areas. Pathfinders have been using their market intelligence to review programmes and interventions in the light of market change. In the current market conditions, it will be important for pathfinders to maintain regular dialogue, and provide commentaries and good quality statistics on how the market is evolving during the downturn, evidencing the resources being applied and offering a clear plan.
 - What systems and processes are in place to keep all stakeholders informed of changes in the market and what analysis is being carried out
 - How are pathfinders responding to the market intelligence
 - How are pathfinders maintaining appropriate and regular communication and how are they interacting with stakeholders, including lenders and developers

¹ Existing documents such as Board reports, Research Papers, Partner Documents. There is no need for a self assessment or to create new papers specifically for this review.

Background and Approach

Maintaining progress and momentum

- 12** While some elements of the HMR programmes may slow down as a result of the current market conditions, there may be opportunities to speed up other elements such as to upgrade homes and the environment and bolster local economic activity.
- How are pathfinders sensitively adapting plans to maintain momentum and ensure that short and long term impacts on the programme are considered, through appropriate and careful discussion with appropriate partners
 - What products are being considered such as rent to buy, to promote sustainable mix of housing on new housing developments in the long term
 - What new approaches are being pursued to support those living in the existing housing market, including those affected by pathfinder interventions
 - How are pathfinders maintaining a focus on improving efficiency and effectiveness including the use of option appraisal processes, establishing success criteria for any new approaches and ensuring the appropriate use of gap funding
 - How are pathfinders retaining a clear emphasis on quality and keeping an eye to the future, ensuring right decisions are made now so places are ready to benefit from the eventual upturn, including an emphasis on attracting long term private sector investment.
 - How are pathfinders ensuring that changes in the programme fit with agreed HMR strategic priorities

Developing and delivering innovative responses

- 13** In keeping with the innovative nature of the HMR programme, and building upon work already underway, pathfinders are in a good position to liaise with partners and sponsors to develop a range of alternative interventions to pilot new market responses and build resilience.
- How are pathfinders making use of government approaches
 - How are pathfinders working with partners, including local authorities, developers and housing associations, to develop and implement other local approaches
 - How are pathfinders ensuring that new interventions are evidenced-based with an appropriate consideration of risk
 - How are pathfinders ensuring an appropriate focus to address a range of local issues including maintaining the environment, attracting new buyers, developing infrastructure, marketing areas
 - How are pathfinders promoting learning and more widely replicating successful products and interventions that maintain quality and momentum during difficult market conditions

Background and Approach

Working with Partners to Support communities

- 14** Pathfinders have been effectively supporting communities through change, promoting community capacity building and contributing to local employment and training initiatives. They are well placed to work with partners in helping local communities through the downturn especially in terms of supporting vulnerable households.
- How are pathfinders working with their partners in helping local communities through the downturn
 - How are pathfinders and their partners maintaining investment in community infrastructure and capacity building
 - How are they identifying who is at risk and the responses required to assist vulnerable households
 - How are they keeping communities well informed through the process