

# Notes from National Audit Office report on HMR

## GENERAL

- Pathfinders have helped to provide capacity and focus to understanding and addressing housing market issues

## DEMOLITION

- The demolition element of the programme has been controversial and can carry particular value for money risks where the acquisition of old properties, clearance of sites and development of new homes is more expensive than the refurbishment of existing homes.
- Extent of demolition has reduced.... (as a result of) greater knowledge of local housing markets, changes in these markets and pathfinders focusing on a smaller number of intervention areas.
- We found that in areas planned for demolition and where vibrant communities still exist, having an extensive community engagement programme in place is not enough.
- Demolition has environmental benefits.

## TARGETS

- Progress against ...targets varies considerably between different neighbourhoods.
- Housing markets in local authorities chosen for pathfinder intervention have on the whole performed better than in local authorities without pathfinder intervention.....it is not possible to identify the extent to which changes in local housing markets are the direct result of pathfinder activity as there may be many factors at work.
- Pathfinders' interventions have inevitably in some cases exacerbated low demand problems in the short term as houses have been vacated in advance of demolition or refurbishment.
- In some areas, speculative purchases by private sector landlords have added to the already transient nature of the communities in many of these areas.

## DELIVERY

- Pathfinders have improved intelligence about local housing markets but a potential lack of alignment with regional housing and spatial strategies poses a risk to the effectiveness of the plans.
- The need to make early progress meant that much early intervention was undertaken with more limited intelligence about local housing markets or the heritage of the housing stock was the case on later schemes.
- The development of pathfinder strategies need to have close regard to the development of wider regional housing and spatial strategies.....(for example)....in 2006, BNG faced the risk of a substantial supply of new homes being built in the wider region.

- Many of the interventions proposed were not clearly linked to solving the problems of the housing market e.g. investment in Decent Homes.
- We found that pathfinders were committed to good quality design for the new houses being planned and many were working closely with CABE.

### **IMPACT OF PROGRAMME**

- Ambiguity over the contribution of the pathfinders to wider aspects of renewal extends to the targets set for the programme.
- BNG has developed a vitality index.
- The number of low demand properties in pathfinder neighbourhoods has fallen.
- Performance in reducing vacancy levels is mixed.
- House prices are increasing in pathfinder neighbourhoods but remain well below regional figures.
- Performance has been better than in other low demand areas.
- But...the extent to which pathfinders are responsible for progress is unclear.

### **IMPACT ON COMMUNITIES**

- The risks of increasing community stress can be high,
- Community engagement can be challenging for pathfinders who have a sub-regional rather than neighbourhood focus.
- Effective neighbourhood management is required to help communities through change.

### **DCLG**

- Before funding announcement, a lack of clarity about the long-term financial commitment to the programme has weakened local delivery.

### **OVERALL VFM CONCLUSION**

- There is no guarantee that intervening in the housing market in this way will address the causes rather than the symptoms of the problems experienced in these neighbourhoods.
- The Department (DCLG) needs to provide greater certainty and clarity over the future objectives and governance of the programme.

### **RECOMMENDATIONS**

- DCLG should.... clarify role of Government offices; be clearer about its expectations of HMR; assure itself that demolition based on robust and up-to-date market analysis; clarify how HMR should achieve alignment; further develop performance framework.

- Pathfinders should follow key principles that underlie engagement with communities in HMR neighbourhoods.