



Department for  
Communities and  
Local Government

# Estate Regeneration – Statement

February 2016  
Department for Communities and Local Government



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February 2016

ISBN: 978-1-4098-4782-3

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## Introduction

The Prime Minister has called for an ambitious new estates regeneration programme – ambitious at every level. We will engage with up to 100 estates from around the country, to stimulate proposals for the transformation of those estates, a significant increase in housing, and, most importantly, improvements in estate residents' quality of life.

£140m of loan funding has been set aside by Government to be used as a springboard for partnership and joint venture arrangements, with the active involvement of communities.

We have established an Expert Advisory Panel, with a focused remit of work. The Panel will consider how to foster partnership models of estate regeneration, and will determine which financial approaches can fuel regeneration in both high and low land value areas.


The Panel will also consider the quality of design options and, of course, how to ensure existing estate residents are fully protected in future schemes, as well as how to engage communities in preparing proposals.

Our Panel has commenced its work, and will report by the Autumn Statement. Here, we set out some illustrative principles to help guide initial expressions of interest. We invite people to get in touch – local authorities, community groups, developers, investors, whomsoever may be interested in this field. A team in DCLG is ready to help develop your proposals, regardless of whether they are at an early or advanced stage.

Our goal is a long-term sea change in estate regeneration, to build more quality new homes, and to transform the life chances of residents, both current and future.



**Lord Heseltine**



**Brandon Lewis**

# Expressions of interest

The Government is seeking expressions of interest that would lead to estate regeneration proposals. There are no limitations about the stage these may be at – fully developed, or at an early stage, or from whom the expression comes. However, the expression will be needed as a precursor to a formal engagement with the Government team. The team will be in a position to assist with advice to potential bidders, and will also convey key issues to the Panel for wider consideration, for example where there are strategic or policy questions which need to be addressed.

Below, we set out some guiding principles for expressions of interest. We are not necessarily expecting fully worked up proposals. However, evidence suggests that these principles do guide success so we suggest that all proposals address them.

Your responses will also provide us with a measure of the types of support and engagement the Government may need to provide, so we can tailor and target our responses. If there are areas where your project has yet to develop particular thinking, or there are gaps, then please do indicate what these are.

## Guiding principles

- Schemes must deliver regeneration through the redevelopment of existing social housing estates.
- Ultimately, schemes will need to be viable, so financial considerations need to be paramount in early planning, including which partners or joint ventures could potentially be included to support or fund proposals. To maintain the trust of existing residents and to ensure transparency, those submitting regeneration proposals should expect to make public the results of the viability assessments underpinning their proposals at all stages of the development process.
- Development vehicles should be private sector bodies or joint ventures and their leveraged finance be classed as private sector borrowing. This still allows scope for the involvement of public bodies and use of public sector funding to seek an economic and community return for the investment.
- Are multiple or innovative funding sources being considered, including, for example, S.106 agreements, PRS partners, or innovative approaches such as social impact bonds? A wide variety of supportive Government housing funds are now available (see table at end of this document), which can also be drawn on to support schemes.
- What preparatory work has been undertaken, such as land assembly, identification of land ownership, initial construction work, or identification of infrastructure links or opportunities?

- Design – what levels of design are the proposals targeting? Do they rely on large-scale masterplans or smaller-scale initiatives? Indicate how far proposals have reached in terms of options appraisals and consolidating specific designs. Are these designs innovative and do they directly respond to the needs of the local community?
- Community engagement – an indication of the level of community support, and what sort of consultation has been undertaken, and with whom. How accountable are community representatives in any such process? Is there a robust community management structure in place? Is there support for increasing densities (since this will often underpin scheme viability)? It is important to stress that before agreeing to support a scheme we will wish to be confident of wide local support.
- How arrangements for existing residents are expected to operate – such as for leaseholders, tenants, owner-occupiers and non-resident property owners. Indicate what alternative housing arrangements may be needed. This is a particularly important aspect of the programme. The package must be clear, reasonable, and fully supported. Is the new accommodation acceptable compared to what there is now? Existing residents – including leaseholders – should be entitled to remain on the redeveloped estate or offered equivalent accommodation locally.
- What tenure mix is proposed, including affordable housing provision?
- What is the local planning context – are there plans in place, or existing permissions? Conversely, are there particular planning problems or issues which need addressing? The Government is particularly interested in identifying what these may be, and to see if there is anything which can be brought to bear to resolve them.
- What is the position of the Local Authority? Authorities are often key partners in estate regeneration schemes, so their active participation and support will underpin rapid progress. It is difficult to conceive of a successful scheme that does not command the support of the local planning authority.
- Ultimately, schemes should deliver a net increase in new housing supply and be value for money.
- Are wider societal benefits demonstrated by the proposal, such as positive effects on local employment, health, poverty and education and training?
- Is there a delivery plan in place, with a workable and reasonable timetable?
- What non-housing projects are involved as part of the concept to make the estate more attractive a place to live (for example, associated infrastructure schemes)?

# Next steps

If you would like to respond, a specific account has now been set up for receiving expressions of interest – [EstateRegeneration@communities.gsi.gov.uk](mailto:EstateRegeneration@communities.gsi.gov.uk)

The team are also interested in receiving general enquiries too, including about how the programme is anticipated to operate, or to resolve any other related questions.

The expressions of interest process will be used as an initial engagement with prospective new schemes. A formal arrangement for accessing the £140m Estate Regeneration Fund, and for the assessment of bids for that Fund, will be set in train in due course.

## Estate Regeneration – Profiles of Example Schemes by DCLG Programme

This section provides some examples of models of estate regeneration schemes which have been implemented in the past to illustrate some different approaches to scheme design, finance, and structuring. These are illustrative. The Government is not necessarily proposing they are replicated, and will embrace innovation, since circumstances will differ widely across the country. However, good practice is available from looking at these schemes, and there are common lessons which can be drawn which should be shared.

## HRA Housing PFI Programme

### **Brunswick Estate – Manchester City Council**

Work on Manchester City Council's Brunswick Estate Regeneration HRA Housing PFI scheme commenced on site in January 2014.

Brunswick is a residential neighbourhood situated within the inner-ring suburbs of Manchester city centre and consisting of 1112 homes, of which 879 are Council-owned. The housing market in Brunswick is weak and the area is dominated by 1970s Council housing of variable quality, requiring substantial investment. The design, environment and connectivity to surrounding economic and employment opportunities is also poor and the neighbourhood continues to suffer from many of the conditions associated with inner city deprivation including poor housing quality and choice, high levels of crime and anti-social behaviour, high unemployment and low levels of educational attainment.

The Brunswick neighbourhood was within the top 5% of the most deprived neighbourhoods in the country. The Council's vision is to create '*a transformed and successful neighbourhood of choice with a wide range of high quality housing, shops and services set within a safe and attractive environment*'. The project will also support access to surrounding employment and enterprise opportunities with targets of 295 local labour jobs and 58 trainees.

The Brunswick PFI project directly involves the demolition of 270 council and leaseholder homes, redesign of estate layout and remedial land works, refurbishment and redesign of 654 council homes, provision of 200 new-build council homes and a 60 bed sheltered extra care facility. In addition, the PFI scheme will facilitate the provision of 322 homes for market sale. The scheme has a five to six year development programme.

DCLG provides capital funding support to the Council in the form of PFI special grant paid on an annuity basis over the 25 year life of the contract. The NPV of the Department's grant support is £113m. This is paid in the form of an annual revenue support grant over the contract term. The Council combines the Department's capital support with its own revenue and capital funding to pay the Contractor's for its investment and services over the contract term. The Contractor's investment is provided through bond finance.

## Estate Renewal Challenge Fund Scheme Programme

### **Church End and Roundwood Estates – LB Brent**

The Church End and Roundwood scheme works commenced in 1998 with the establishment of the community-based Fortunegate Housing Association and transfer of Brent Council Church End and Roundwood estates to the new association.

The scheme has focused on:

- demolition and redevelopment of the Church End (resiform) estate, involving demolition of 752 former council and leasehold properties of problematic construction and their replacement with 556 new-build properties;
- comprehensive repair, refurbishment and improvement works to another 664 former council and 70 leasehold properties on the Church End (traditional construction) and Roundwood estates; and
- development of 161 homes for market sale, which helped cross-subsidise and finance the wider scheme.

The estates area had the second highest level of deprivation in Brent, with 65% of households in receipt of benefits and levels of unemployment well above the London average. The scheme also focused on making local environmental, social and economic improvements for residents, including a new community centre.

The transfer of the council's housing stock to a housing association allowed the necessary investment to be raised through private sector finance on the basis of the long-term business plan of the new community-based housing association, with the financial support of the Ealing Family (now Catalyst) HA (which became the parent sponsor of Fortunegate) and £24m gap funding from DCLG.

DCLG closed a funding gap in Fortunegate's business plan through provision of £24m in phased payments over the initial two years. Refurbishment works were completed in the first five years and the new-build works undertaken in four phases were completed in 2015. (Fortunegate is now integrated with Catalyst HA).



## Landed Estates Model

This model operates around the principle of land assembled in common ownership (or joint venture) by a management company, and held in perpetuity in this format. The area is redeveloped for a variety of uses – housing, mixed use, commercial, leisure – which are then in large part held as rentable assets, also in perpetuity, rather than private sale.

Most of the income from these sites is recouped as rent over an extended period of time (decades), as opposed to relatively rapid sales, and so the income stream is cumulatively much larger. The model is most ideally suited to “patient capital” – i.e. investors seeking steady and reliable returns over an extended period of time. Some parts of central urban areas (such as London) have operated on this landed estates basis for many years, and the model has been reflected in recent work by Savills. There are, however, no recent examples of the approach being used for more recent estate regeneration schemes, so it is untested as a new approach.

### **A Council Initiative – Hull, Orchard Park Estate**

Hull’s Orchard Park estate was built on the extreme north western edge of the city in the late 1960s and early 1970s. In 2010 the council estate comprised 2,880 dwellings; a mixture of high-rise flats, bungalows and houses. A significant proportion of the housing stock was of non-traditional construction, of poor quality with poor neighbourhood design and was also unpopular.

In 2008 the Council proposed to demolish c. 1,000 mostly high-rise council dwellings and provide 1,700 new-build homes for sale and social rent. Parallel area regeneration developments and proposals included a new integrated District Health Services Centre, a new District Retail centre, a new Academy school and improved local employment and training opportunities. However, the Housing PFI scheme through which the housing redevelopment was to be funded did not proceed due to a reduction in the PFI programme in 2010.

Hull City Council has continued to take forward its transformational strategy for the Orchard Park estate though, notwithstanding the loss of PFI funding. The Council’s aim is for Orchard Park to be place where people want to live.

Over the past five years, the Council has funded and demolished tower blocks on the estate. Improvements to the remaining housing stock have been funded by the Council, in particular energy efficiency improvements (insulative cladding) to low-rise houses. The Council has entered into a partnership with Riverside Housing Association to deliver a major house-building programme. More than 400 affordable homes are being built on the estate where the tower blocks once stood. An extra care sheltered housing facility has also been constructed.

The demolition of the tower blocks, improvements to retained dwellings and the new-build programme have been part of the Council’s masterplan for Orchard Park, with redevelopment, demolition and new-build provision being undertaken in stages. To achieve its aims the Council has used its own funding for demolition and improvement works, funding delivered by its housing association development partner and has also accessed other funding available through DCLG.

# Gap-Funded Stock Transfer Programme

## Packington Estate – LB Islington

The Packington Estate in Islington, London, has been transformed from a place with 538 structurally defective flats into a thriving community which now provides 791 mixed-tenure houses and flats (491 of the new homes are for social rent, 135 of which are three, four, five and six bedroom family homes).

When it became apparent that the estate had structural defects, Islington Council and residents looked at possible ways of funding the demolition and building of a new Packington estate. Residents favoured a gap-funding stock transfer option which was supported by the Council and by DCLG.

Hyde Housing Association was selected by the Council in 2005 as its development partner and therefore owner and landlord of the new estate which they would build. Hyde were selected through a competitive procurement process which involved residents assessing the various housing associations and their bids, the Council assessing the financial and commercial viability and value for money of the business plans, including with regard to the level of gap-funding being sought from DCLG, and the Masterplan proposals being assessed by the Council and residents. Hyde and their development partner Rydon were selected as the preferred contractor/developer partner through this competitive procurement and due diligence process.

A series of consultations, workshops and interviews during and following bidder selection demonstrated a desire by residents to return to the type of community preceding the 1960s estate. Requests included provision of family houses with front doors at street level and private space. Long-standing social residents were offered housing in the best locations - in canal-side homes by Regents Canal, in private mews and in Union Square. The masterplan focuses on opening-out the estate, opening access routes and reconnecting the community with the surrounding area. Clusters of low-rise buildings blend with neighbouring terraces. The historic street pattern has been reinstated and Union Square restored with a street of replica Georgian townhouses.

The local environment now includes a newly created canal side park, community centre, adventure playground and youth centre. The playground wraps around the youth centre and contains a main activity space, an arts and crafts space and a computer/quiet room. Innovative employment and training initiatives form an integral part of the estate's economic regeneration.

The project is being delivered in a 50:50 joint venture partnership by Hyde with Rydon Construction over an eight-year, six-phase programme. A total of 538 structurally defective flats on the estate are being replaced with 791 mixed-tenure houses and flats. These new homes are being funded through a combination of £29m gap funding from DCLG, which was successfully secured by the Hyde Group on the basis of its business plan, which included substantial private sector finance cross subsidy from the development of 300 open market sale apartments and new infrastructure. 491 of the new homes are intended for social rent, 135 of which will be three, four, five and six bedroom family homes. Three

of the six phases are now complete and overall works are scheduled to be completed in 2018. The Packington's regeneration success has received wide recognition and many awards.

## **H.A.T. (Housing Action Trust) – Castle Vale, Birmingham**

Castle Vale was an extremely deprived and stigmatised neighbourhood on the outskirts of Birmingham which underwent a large-scale programme of regeneration from the mid-1990s. The housing estate was built in in the 1960s. Much of this new housing was built using pre-fabricated construction methods which resulted in poorly insulated homes. Within a decade, the area had become adversely affected by high levels of unemployment and crime. The present situation is now markedly different.

The process of regenerating Castle Vale began in 1993 when plans to create a Housing Action Trust (HAT) were passed by a resident ballot. Castle Vale was one of six HATs set up in particularly blighted urban areas of England in the 1980s and 90s. HATs were designed as public bodies that would oversee improvements to deprived neighbourhoods over a time limited period. Each was governed by a board which included active residents, representatives of resident organisations and members of the local authority. HATS received significant government funding support, with Castle Vale receiving around £198 million over its lifetime as a HAT.

The Castle Vale HAT existed for 12 years between 1993 and 2005 and was charged with a number of targets for the estate:

- To improve and redevelop the existing housing.
- To improve quality of life for residents, including their economic, social, health and environmental conditions.
- To provide wider choice of housing tenure.
- To be an effective landlord.
- To maintain these improvements into the future.

Its initial focus was to remodel the estate's housing. Almost all of the tower blocks – 32 of 34 – were demolished, many residents were resettled away from the estate and around 1,500 new homes were built in their place. The focus then moved to improving safety and quality of estate life, including through a community warden scheme which came into effect in 2002. The estate has continued to prosper since the end of the HAT regeneration project. The reputation of the area has also improved dramatically, to the point where demand for housing is high.

Castle Vale Community Housing Association (CVCHA) was set up in 1997 as a community-focused organisation with resident involvement to manage the new housing that was developed on site. A positive tenant vote in 2003 led to the transfer of 98 per cent of the HAT's housing stock to CVCHA.

A Neighbourhood Partnership Board brings together representatives from Birmingham City Council, the police, the Primary Care Trust (PCT), CVCHA, the Learning and Skills Council and the resident community to strategically plan and monitor Castle Vale's progress. It manages an endowment fund bequeathed by the HAT for the benefit of the community.

Since 2007 the priorities for the Neighbourhood Partnership Board have shifted from improving the quality and safety of Castle Vale's public spaces to improving longer term educational and economic outcomes for residents. Much of the HAT and CVCHA's work has helped to tackle some of the barriers preventing residents from being able to work: poor quality housing, poor health and lack of childcare. Particular focus is now being applied to training and educational opportunities for local people. This work continues.

**Summary of Government support for housing investment in England. These funds could be further explored by prospective estate regeneration schemes for potential synergies with their project proposals**

Programme	Period	Grant	Loan	Guarantee	Notes
Affordable Homes Programme	2016/17-2020/21	£5,700m	-	-	This grant funding is comprised of:  - £4.1billion for 135,000 Help to Buy: Shared Ownership homes, which will allow people to buy a share in their home and increase that equity over time;  - £1.6billion for around 100,000 affordable homes for rent.
Starter Homes	2016/17-2020/21	Gross investment of £2.3bn	-	-	Land facilitation and direct delivery to builders and Local Authorities to help build 200,000 starter homes by 2020, available to young first time buyers at 20% discount.
PRS Guarantee	2013/14 2015-Dec 2016	-	-	3.5bn	Guarantees for bond finance for new build rented homes.  Ends Dec 2016 or (if renewed) Dec 2017.
Housing development financial transactions programme	2016/17 to 2020/21	-	£2bn	-	£2 billion in loans was allocated in the Spending Review to invest in infrastructure needed

					for major housing developments.
Local Growth Fund (Housing Revenue Account and Local Infrastructure Fund)	2015/16 to 2020/21 (Housing money only runs from 2015-16 to 2016-17).	-	£350m	-	£12 billion Local Growth Fund, of which: - £35 million Local Infrastructure fund - £300m HRA borrowing cap.
New Homes Bonus	2016-17	£210m	-	-	As in previous years, the Government will set aside an amount of funding to part fund the New Homes Bonus. In 2016-17 this amount will be £210 million. Again, as in previous years, the remaining funding will be provided from Revenue Support Grant, expected to be £1.25 billion in 2016-17.
Estate Regeneration	14/16 to 20/21	£290m	-	-	Loan funding only. £150 million already allocated.

Notes: 1. This table is intended to be indicative. 2 Whilst every effort was made to exclude overlaps, this is not guaranteed, hence totals are not provided. 3. Schemes generally apply only in England.



Department for  
Communities and  
Local Government

# **Estate Regeneration National Strategy**

## Executive Summary

December 2016  
Department for Communities and Local Government

## Executive Summary

1. Estate regeneration can transform neighbourhoods by delivering well designed housing and public space, a better quality of life and new opportunities for residents. It provides an opportunity both to improve housing for existing residents and to provide much needed new homes, particularly in urban areas, where estates have been built at relatively low densities. We believe estate regeneration has the potential to deliver thousands of net additional homes over the next 10 to 15 years.
2. We recognise that estate regeneration can often be challenging. This national strategy aims to support local partners to improve and accelerate local estate regeneration to deliver more and better quality housing, drive local growth and improve opportunities for residents.
3. We have seen some excellent examples of regeneration schemes in all parts of the country. Whether finished, in delivery, just getting going or still an idea, it is clear that no two schemes are the same and different places face different challenges. A 'one size fits all' national approach is not appropriate. But we think there are three key principles that underpin successful estate regeneration:
  - a. Community engaged as partners
  - b. Support and leadership of the local authority
  - c. Willingness to work with the private sector to access commercial skills and lever in investment.
4. We have seen many estates in need of regeneration, characterised by poor quality housing, unattractive buildings in physical decline, and large areas of underutilised and degraded open space. They are often inward looking and physically, socially and economically disconnected from their surroundings, leading to higher concentrations of social deprivation and lack of opportunities for communities living there.
5. Through a combination of practical advice and guidance, the national strategy addresses the common elements and challenges that most schemes will need to consider. It is particularly aimed at the early stages of regeneration, as schemes move from aspiration and concept to developing tangible options and plans. We know from our discussions that getting this right is critical to the success of a scheme.
6. We recognise that there is already a considerable body of good practice, published guides and reports. We have sought to draw on and signpost these whilst providing guidance where we have identified gaps. Our intention is to add to this resource as we continue to work with schemes.
7. The national strategy has been developed with the Estate Regeneration Advisory Panel, co-chaired by Lord Heseltine and the Housing and Planning Minister. [A list of panel members is here](#). It has also been informed by our discussions with over 100 areas, from all parts of the country that came forward to work with us. We will continue to work with these areas to help them progress their plans.
8. We are grateful to everyone who has given us their time, hosted visits and shared their experiences and expertise. Their input has been invaluable in ensuring the national strategy is grounded in what works in practice.

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9. The national strategy comprises:
- a. **Resident engagement and protection:** sets out Government expectations for ensuring that residents are at the centre of re-shaping their estates, in partnership with authorities and developers, and are protected during the lifetime of an estate regeneration scheme.
  - b. **Role of the local authority:** sets out the importance of wider place making, strategic use of public sector land, design and effective use of the planning system.
  - c. **Financing and delivering estate regeneration:** provides options for building a sound financial base, including setting out the key challenges, advice on particular aspects and de-mystifying the processes and terminology.
  - d. **Good practice guide:** steers schemes through all the key stages, from developing the initial idea through to build out and delivery; includes checklists on process design and quality to ensure important issues or stages are not overlooked; provides a framework for overall sequencing.
  - e. **Better social outcomes:** reports on Government's work with four estates on mapping public spend in estates, in the broader context of looking at how estate regeneration schemes can be part of a place based approach to tackling poor life chances.
  - f. **Alternative approaches:** provides advice on community-led housing development as an effective means of putting the community at the heart of housing delivery.
  - g. **Case studies:** illustrate and highlight particularly positive elements from a range of schemes, including design and quality, community engagement and strategic and innovative financing.
10. Government recognises that without some public investment early on, many schemes will not get off the ground. The estate regeneration funding prospectus enables areas to bid for a share of £140m of loan funding, £30m of enabling grant, and £2m of capacity building funding. This financial support from government is directly targeted at de-risking the early stages of regeneration schemes and providing support to areas for such activities as community engagement, feasibility studies, scoping of proposals and masterplanning. There is also support available for preconstruction activities such demolition and moving residents. More information is in the Funding Prospectus.
11. Alongside this, where appropriate, estate regeneration schemes can make use of other government measures designed to boost delivery of new homes, particularly in areas of high need. These include the £7 billion that the government has made available to support delivery of new affordable homes, including Shared Ownership, Rent to Buy and Affordable Rent and the £2.3 billion of housing infrastructure funding. Schemes can also benefit from the government's commitment to release land from the government estate and to work with local authorities to release their land, offering the potential to cross-subsidise development at a local level. Local authorities will also be able to make use of changes to planning policy and benefit from the Housing Zones programme.







Department for  
Communities and  
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# **Estate Regeneration National Strategy**

## Resident Engagement and Protection

December 2016  
Department for Communities and Local Government

# Introduction

This section of the Estate Regeneration National Strategy sets out the government's expectations for how landlords, developers and local authorities should engage with residents throughout an estate regeneration scheme and how residents should be protected.



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December 2016

ISBN: 978-1-4098-4945-2

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# Transparency, choice and opportunity for estate residents

## 1. Early and ongoing engagement

Residents are key partners in any regeneration scheme, particularly where they are personally affected. They should be given opportunities to be involved throughout the process, including developing the vision, initial decisions, options appraisal, design, procurement and delivery of schemes.

Early and ongoing discussions about plans for the estate and residents' personal housing needs, choices and opportunities build relationships and trust between parties to the scheme. This helps create the conditions for a collaborative approach to regenerating the estate, ensuring plans meet the needs of residents, reducing the likelihood of future challenges and delays and encouraging residents to actively participate in transforming their neighbourhood.

Open and honest dialogue between landowner and residents about the overall goal of the regeneration should include all the factors that need to be considered. Landowners should make sure residents have a good understanding of the necessary technical processes that will take place, such as procurement and planning permission, so that they can fully participate in the regeneration process.

Training should be made available for residents if it is needed to enable effective participation. Where residents need to assess options, all financial and other information they need to make informed decisions should be made available to them. Plans and business cases should be available in an accessible format in non-technical language.

Residents should not be engaged separately by councils, developers and landlords but via a joint approach. This should be owned and led by the landlord or the local authority, possibly using an independent third party to facilitate the engagement.

In the initial stages of engagement, connecting with existing forums such as resident boards or panels and community anchor groups may be most effective. Existing groups can help develop plans for communicating with residents and the community more widely, once there is a realistic proposition.

Engagement should be with all tenants, owner-occupiers and private landlords. It may also be appropriate for local groups with a vested interest in the area, and adjacent neighbours whose lives may be affected by the scheme, to be included in discussions.

There should be a formally agreed approach for developing and maintaining a relationship with residents throughout the lifetime of the regeneration scheme. There should also be a formally agreed approach to estate management after the regeneration has been completed. This could be conducted through using resident representation on boards and steering groups, resident panels or by regular contact with local community anchor organisations.

Engagement should be inclusive and enable all voices to be heard. This might mean investing in participation support for under-represented groups of residents such as young people or new migrants. Inclusive engagement will help build stronger relationships with and across different communities, as well as ensuring that any scheme is part of the wider regeneration of the area.

## 2. Demonstrating resident support

All approaches to regeneration should have the support of a majority of the residents whose lives will be affected by the scheme. Working collaboratively with residents by testing support for regeneration proposals at the start and throughout the regeneration can help to build trust and consensus on regeneration activities.

Estate residents and the wider community should have the opportunity to have a say at the milestone stages where there are choices to be made, such as at option appraisal, master-planning, procurement and design stages. Where Neighbourhood Plans exist or are in development, these should be taken into account in all discussions.

It is particularly important that residents have the opportunity to express their views on the final options for regeneration, whether as individuals or via a democratic process using representatives. The mechanism chosen for residents to do this should be agreed locally and should be suitable for the activity being taken. For example, a vote may be appropriate before complete demolition, whereas workshops or surveys could be used to communicate views about partial demolition or refurbishment.

It may be appropriate for the wider community who may be impacted by the scheme, whether as individuals or businesses located in or adjacent to the estate, to take part in decision making. Whether or not to include the wider community should be a local decision.

The status of residents (e.g. secure tenant, leaseholder, freeholder, private landlord, private renter) and the variation in the impact of the regeneration on these different groups should also be reflected in the way the process is managed. Whichever approach is taken, the wishes of residents should be understood and respected.

### 3. Protection, choice and opportunities for residents

Estate regeneration can mean an uncertain time for residents. Agreeing and setting out a clear set of commitments about how the regeneration process will work, and the housing options available, should help minimise the uncertainty and anxiety faced by those affected. Providing this security and confidence early on will help to establish trust and foster positive discussions about the scheme.

A residents' charter which defines commitments and opportunities for all tenants and leaseholders should be developed in collaboration with residents as early as possible in the process. This is a good way of agreeing commitments and should include specific tenant rights, residents' entitlements for home loss and disturbance payments, and opportunities for shared ownership and equity. It should also contain information about how people can participate in the regeneration process and in the ongoing management of the estate. A charter template is available in **Annex A: Residents' charter template**.

We believe that all existing council and housing association tenants, whether on a lifetime or fixed-term tenancy, should have the option to return to the estate, alongside at least two other housing options which address their needs, in accordance with the social housing policy of the local authority.

It is a legal requirement for leaseholders to be compensated if their home is demolished. However, we expect that schemes will go further and offer leaseholders a package that enables them to stay on the estate or close by. We also expect leaseholders to be offered the option of an independent valuation of their property.

Home purchase options could include shared ownership (if the percentage payable in rent is affordable) or an equity stake with alternative funding approaches to address the gap including compensation payments to mitigate the risk of displacement from the neighbourhood. It is good practice to offer residents the opportunity to change tenure and rent where they have previously owned, or buy where they have previously rented.

Shared ownership has an important role to play in helping those who aspire to home ownership but cannot afford to buy and should be offered as an option for tenants and leaseholders. Other options that could be offered to residents include cash-back deals and home swaps. Definitions of these are included at **Annex B: Definitions of models for resident offer**. Providing a number of options to buy will enable more residents to take up an offer that suits their situation and aspirations.

### 4. Minimising disruption to residents & maintaining community ties

The regeneration process should be carefully planned so that community ties are not undermined. The aim should be to move residents only once, from their existing home to a new home on the estate. This usually requires a phased approach to regeneration.

It is important that, where possible, people are able to remain close to family and friends, work and schools. Maintaining these community links could help reduce the burden on public services from displaced people. In particular, consideration should be given to how elderly and disabled people, families with young children and residents with strong religious and cultural ties will be able to maintain their support networks.

Making sure residents only need to move once could also reduce the requirement for disturbance payments and remove the requirement for and cost of temporary accommodation. In addition, it means that residents can follow the building of their new homes, and are likely to feel more connected with the scheme as a result.

When taking a phased approach to construction, it is important to understand what temporary community facilities and amenities residents may need and to provide necessary support during the regeneration process.

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## 5. Residents' involvement in the management of estates

The ongoing management of the estate is vital to its sustainability. Residents should have the opportunity to participate in the ongoing management of the regenerated estate. In some cases this may be through a formal tenant or resident management organisation or through a resident-led board. Ongoing opportunities should be provided for residents to influence decisions and develop the necessary skills to take on more responsibility, if they choose.

Where elected or self-selected residents represent the estate, landlords should provide them with the resources to communicate and engage with all residents to ensure their representative approach is inclusive. This could include a place to meet or computers for preparing and distributing communication materials.

Estate regeneration schemes can play an active role in identifying community facilities which can be owned and managed by resident and community groups. Where community assets are run by the community, people are more likely to have an active and sustainable voice in their neighbourhood.

It is also important to undertake post-occupancy evaluation to understand the impact of regeneration, and to demonstrate an ongoing commitment to residents by acting on the results of any evaluations. This maintains trust with the local community, and encourages social sustainability and community cohesion.

Annex A:  
Residents' charter template

Annex B:  
Definitions of models for resident offer



# Annex A:

## Residents' charter template

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A suggested format and content for the charter.

### Summary:

*Summary of the offer for residents.*

### Background and context:

*Rationale for the regeneration of the estate and how it fits with the wider regeneration plans for the area.*

### Offer to Residents:

*Details of the offer to residents, setting out clearly what this means for each group, for example:*

- *Secure tenants*
- *Resident freeholders*
- *Resident leaseholders*
- *Non-resident homeowners*
- *Other resident groups, such as non-secure and private tenants*

### Commitments to residents and the wider community affected by the regeneration:

*For example:*

- *How and when will people be able to be part of the process*
- *The housing options for residents*
- *The rights of secure tenants, including rent levels*
- *The offer to leaseholders and freeholders*
  - *buy back offer?*
  - *shared ownership and equity offer?*
- *Energy efficiency savings and other improvements for new or refurbished homes*
- *Maximum expected number of moves*
- *Disturbance payments – criteria, when payment is due, etc.*
- *Support for vulnerable residents*
- *Maintenance of the estate during the regeneration process - individual properties, community spaces, local infrastructure*

### Residents' commitments:

*Summary of the commitments agreed with residents*

### Contact details:

*Provide scheme partners' contact details. These should be named people/person that can deal with enquiries without referring on elsewhere and should include email, telephone details and opportunities to meet in person.*

## Annex B: Definitions of models for resident offer

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### Shared ownership model

This enables residents to buy a share of a property that they can afford. This is generally between 25% and 75%. They will also pay rent on the share that they do not own but at a level below market value. They will have the option to increase their share as and when it is affordable. The estate landlord retains a long term investment in the property and is able to generate an ongoing income from the rent.

### Shared equity model

This gives residents an opportunity to purchase a property which is of a higher value or larger than their current home. The estate landlord retains a share in the property until such time as the leaseholder or the freeholder can purchase the remainder of the property or sells the property. The homeowner is not required to pay interest on the value of the share or rent. The estate landlord will have a long term investment that they can expect to appreciate in value.

### Early buy-back model

Freeholders and leaseholders are given the option to purchase a property at less than the forecasted market value during the early stage of the scheme. This enables the estate landlord to secure revenue early on.

### Home swap model

Leaseholders receive market value for their home plus a home loss payment. Residents can use this payment to move elsewhere, or take a Home swap option to use the payment to buy property on the estate. The difference in value becomes a charge on the property that is repayable if the property is sold within seven years. This enables the estate landlords to secure revenue early on.

### Cash-back deals model

Residents will undertake some of the finishing touches to the home e.g. tiling in return for a reduction in the market value or rent. Can be beneficial for custom built or community-led schemes.





Department for  
Communities and  
Local Government

# **Estate Regeneration National Strategy**

## **Good Practice Guide - Part 1**

December 2016  
Department for Communities and Local Government

# Introduction

The estate regeneration good practice guide sets out key considerations for schemes at the early stages and a model process for successful regeneration.

This guide is for all stakeholders in estate regeneration schemes – landowners, residents, local authority officers and members, consultants, developers, public service providers, businesses and charities. It should be read in conjunction with the other components of the estate regeneration national strategy, including guidance on resident engagement and protection, finance and delivery.

The guide sets out the principal activities, considerations, key participants and source material for typical regeneration projects at the preparation, planning or delivery stages of projects.

This guidance does not intend to set out a list of mandatory requirements for estate regeneration schemes. It is intended as a general good practice guide for all stakeholders to consider in relation to the characteristics and challenges of each individual scheme.

Two additional documents complete the good practice guide: 1) an activity map, that sets out the path of a model estate regeneration scheme; and 2) a design and quality checklist that provides additional considerations related to the design and masterplanning of schemes.



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December 2016

ISBN: 978-1-4098-4948-3

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# 1. Setting out the objectives

Have the aims and objectives for regeneration been clearly set out?

*Successful regeneration projects are supported by clearly stated objectives based on a full appreciation of the physical, social and economic issues of the estate and wider area. The principal reasons, main aims and objectives for estate regeneration should be set out at the start of the process.*

Key Issues	Key Considerations	Key Participants	Sources
<ul style="list-style-type: none"> <li>• Purpose</li> <li>• Objectives</li> <li>• Narrative</li> <li>• Location specific factors</li> <li>• Wider area considerations</li> <li>• Understand public spend on the estate</li> <li>• Understand resident wellbeing and aspiration</li> </ul>	<ul style="list-style-type: none"> <li>• Setting out the evidence on the need for change and why the project is being proposed. This may be to improve the quality and quantity of housing stock and contribute to improving the life chances of existing residents. Include the public-spend implication costs of doing nothing.</li> <li>• Understanding key issues that impact on local residents.</li> <li>• Establishing the red line boundary of the estate and related land.</li> <li>• Initial assumptions regarding type of regeneration, whether refurbishment, infill, part or full redevelopment.</li> <li>• Understanding where neighbourhood and/or other plans have been created and the impact of those on regeneration options.</li> <li>• An understanding of how the project relates to other social and economic objectives, regeneration initiatives and development programmes in the wider context.</li> <li>• Publishing agreed objectives so they can be referred to and help decision making throughout the project.</li> </ul>	<ul style="list-style-type: none"> <li>• Landowner</li> <li>• Local authority</li> <li>• Residents</li> <li>• Community groups/ community anchors</li> <li>• Client advisers</li> </ul>	<p><a href="#">Altered Estates</a> – HTA, LBA, PTE, PRP Guide to estate regeneration</p> <p>Risk assessment</p> <p>Public spend analysis guide</p> <p><a href="#">Wellbeing assessment</a> – Warwick/Edinburgh mental wellbeing scale</p> <p><a href="#">Asset based community development</a> – guide to taking an asset based approach to community engagement</p>

## 2. Ensuring landowner commitment

Are the landowners committed and the appropriate resources in place?

*For successful regeneration, it is critical that at every stage of the project there is executive-level support for and engagement in the aims and objectives of the project. Deployment of the necessary resources from local authority, strategic landowners and stakeholders will be required.*

Key Issues	Key Considerations	Key Participants	Sources
<ul style="list-style-type: none"> <li>• Local authority engagement</li> <li>• Landowner engagement</li> <li>• Project 'champion'</li> <li>• Inter-departmental collaboration</li> </ul>	<ul style="list-style-type: none"> <li>• Producing a strategy to ensure local authority cross-party political support and a commitment to effective consultation.</li> <li>• Assembling an internal team with adequate and appropriate skills, authority, processes and leadership in place.</li> <li>• Identifying a project champion at political and executive officer level to drive the project forward.</li> <li>• Enabling close collaboration between departments including Planning and Housing and if appropriate Transport, Education, Social Services and other local public or voluntary sector agencies.</li> <li>• Understanding of the relationships, roles and remits of other agencies to ensure investment decisions are aligned with regeneration objectives.</li> <li>• Identifying the need and appropriate route for compulsory purchase orders (CPO). Mapping the six key stages of a CPO.</li> <li>• Securing formal support at committee level from the local authority.</li> </ul>	<ul style="list-style-type: none"> <li>• Councillors</li> <li>• Ward Councillor</li> <li>• Housing officers</li> <li>• Planning officers</li> <li>• Other departments</li> </ul>	<p>National Housing Federation</p> <p>Chartered Institute of Housing</p> <p>Local Government Association</p> <p><a href="#">Guidance on CPO, DCLG, 2015</a></p>



### 3. Ensuring resident engagement

Have residents been empowered to participate at all stages?

*Successful estate regeneration projects involve communities effectively and meaningfully in the assessment, options, design and master`planning process from inception to completion.*

Key Issues	Key Considerations	Key Participants	Sources
<ul style="list-style-type: none"> <li>Empower effective engagement</li> <li>Joined up engagement from scheme partners</li> <li>Choose resident engagement process</li> <li>Ensure resident commitment</li> <li>Consider resident training</li> <li>Create a Resident Charter with residents</li> <li>Consult on options</li> <li>Visit similar regeneration projects</li> </ul>	<ul style="list-style-type: none"> <li>Having an honest and open engagement with residents from the outset.</li> <li>Selecting the most appropriate consultation engagement or co-design method so that all parts of the community have effectively participated in the design process.</li> <li>Dedicating appropriate amount of time and resource to resident engagement, including identifying community leaders empowering and training residents to participate in the process effectively.</li> <li>Appraising all aspects of the existing estate including inside the home, the block, the neighbourhood, the external environment and landscape as well as connectivity to the wider community.</li> <li>Ensuring residents understand the range of options for redevelopment, infill or refurbishment including the 'do nothing' option.</li> <li>Defining strategies that maintain community commitment and momentum when faced with delays and uncertainty.</li> <li>Recording the consultation processes to demonstrate clear evidence of engagement with all community interest groups.</li> <li>Setting out a clear vision for the physical, social and economic potential of the estate informed by issues articulated by residents to establish community buy-in and support.</li> <li>Making a clear and deliverable commitment to existing residents set out in a formal document. This could take the form of a Residents' Charter, designed with residents and setting out the offer for tenants, leaseholders and freeholders and opportunities for resident management of the estate post-regeneration.</li> <li>Engaging with residents, businesses and other stakeholders, including special interest groups beyond the red line boundary for their input in the proposals.</li> </ul>	<ul style="list-style-type: none"> <li>Community</li> <li>Residents</li> <li>Leaseholders</li> <li>Freeholders</li> <li>Commercial tenants</li> <li>Landowner</li> <li>Consultation adviser</li> <li>Masterplanner</li> </ul>	<p><a href="#">Consultation for scheme approval (statutory)</a></p> <p><a href="#">Gov code of practice on consultation – 2008</a></p> <p><a href="#">Unleashing the potential of residents.</a> JRF, 1995 – a guide to taking an asset based approach to community engagement</p> <p>Community Engagement Methodology eg</p> <p><a href="#">Planning for Real</a> – a community based engagement tool</p> <p><a href="#">BREEAM Communities</a> – a framework to help improve, measure and certify the sustainability of large-scale development plans</p> <p><a href="#">BIMBY Housing Toolkit</a> – a design engagement tool</p> <p><a href="#">LEED for Neighbourhood Development</a></p> <p>Co-design techniques</p> <p><a href="#">Neighbourhood Planning Guidance</a> – National planning policy framework guide to Neighbourhood planning</p> <p><a href="#">Community led Design and Development</a> – Design Council Cabe</p> <p><a href="#">Collaborative Planning - Participation not Consultation</a> – Princes Foundation</p>

3. Ensuring resident engagement (continued)

Key Issues	Key Considerations	Key Participants	Sources
	<ul style="list-style-type: none"> <li>• Ensuring all members of the community, including minority or hard to reach groups, have been involved in the process and that information is accessible and available for all.</li> <li>• Options for a co-design approach and use of codes so residents set design parameters for a range of developers.</li> <li>• Co-design, charrettes and visual preference surveys to determine community character preferences.</li> <li>• Appreciating that the views of a minority must be balanced with the views of the majority and take account of the future community as well as the existing community.</li> <li>• All information which residents need to assess options for estate regeneration and propose alternatives in an informed way should be made publicly available.</li> </ul>		<p><a href="#">Estate Regeneration - 6 Steps to Success</a></p> <p><a href="#">Collaborative Planning</a>                      – Participation not Consultation</p> <p><a href="#">Asset based community development</a> – guide to taking an asset based approach to community engagement</p> <p><a href="#">Creating strong communities</a>: Berkeley Group - a guide to measuring the impact of housing developments from a community perspective</p> <p>Resident commitments eg                      Neighbourhood Charter                      Residents Charter</p>

## 4. Defining the brief

Are the objectives and vision clearly set out by the landowner in a brief for change?

*A clear brief will be required that sets out project vision, objectives and requirements, supported by a programme and a process.*

Key Issues	Key Considerations	Key Participants	Sources
<ul style="list-style-type: none"> <li>• A vision for change</li> <li>• Initial project requirements</li> <li>• Design and performance standards</li> <li>• Re-housing requirements</li> <li>• Wider regeneration objectives</li> <li>• A clear process and programme for change</li> </ul>	<ul style="list-style-type: none"> <li>• Setting a clear vision for change and broad regeneration objectives.</li> <li>• Principles of commitment to existing residents including re-housing and addressing local housing need.</li> <li>• Client requirements and standards to be met.</li> <li>• Aspirations to address housing needs of existing residents and future community.</li> <li>• Addressing specific issues in terms of quality (eg quality of housing stock, fuel poverty) and quantity (eg tenure diversity, housing supply)</li> <li>• A clear process and programme for regeneration and timescales for delivery.</li> </ul>	<ul style="list-style-type: none"> <li>• Landowner</li> <li>• Residents</li> <li>• Core team</li> </ul>	<p><a href="#">Creating Successful Masterplans – a guide for clients</a> – Design Council Caba</p> <p><a href="#">“Landscape architecture – A Guide for Clients”</a></p>

## 5. Testing viability

Has an indicative financial appraisal been carried out for a deliverable option?

*An indicative viability appraisal based on an initial feasibility is necessary to determine whether regeneration is deliverable prior to an in-depth study.*

Key Issues	Key Considerations	Key Participants	Sources
<ul style="list-style-type: none"> <li>• Indicative appraisal</li> <li>• Establishing a viable option</li> <li>• Confirming the preferred delivery method</li> </ul>	<ul style="list-style-type: none"> <li>• Whether the preferred option for the vision of the project is financially viable.</li> <li>• Further land that might enhance financial deliverability.</li> <li>• Assessing the property cost-estimate for assembling the freehold and leasehold interests.</li> <li>• A robust approach to project delivery.</li> <li>• If the landowner lacks capacity to meet these costs, a partner may be required to support delivery. This is likely to require a formal procurement exercise.</li> <li>• Delivery options have been set out with pros and cons against each, for discussion</li> </ul>	<ul style="list-style-type: none"> <li>• Property</li> <li>• Finance</li> <li>• Consultation adviser</li> <li>• Legal</li> <li>• Procurement</li> </ul>	<p><a href="#">Joint Ventures</a> – A guidance note for public sector bodies forming joint ventures with the private sector, HM Treasury, March 2010</p> <p>The Green Book, HM Treasury, July 2011</p> <p><a href="#">Financial viability in planning. Guidance Note 1st edition (GN 94/2012).</a> <a href="#">RICS</a></p>

## 6. Assembling a skilled professional team

Has a team with the appropriate strategic and technical skills been assembled?

*Estate regeneration requires a wide range of expertise, and benefits from professionals with experience of similar projects.*

Key Issues	Key Considerations	Key Participants	Sources
<ul style="list-style-type: none"> <li>• Core expert advisers appointed by landowner</li> <li>• Appropriate track record and experience of resident led estate regeneration</li> <li>• Consultation expertise</li> <li>• Appropriate technical support for delivery team</li> </ul>	<ul style="list-style-type: none"> <li>• The full range of skills that will be needed over the course of the project by the landowner and the delivery team.</li> <li>• How time can be allocated to make the right choice of adviser/team before work commences on that aspect of the project.</li> <li>• How to ensure the team's objectives are shared and align with regeneration objectives.</li> <li>• Effective financial and property, design development and community engagement skills, appropriate to the project.</li> <li>• A strategy for continuity of design leadership and supervision throughout the lifetime of the project.</li> <li>• The procurement strategy to obtain these skills.</li> <li>• Funding to meet the professionals' fees.</li> </ul>	<p><b>Client advisers:</b></p> <ul style="list-style-type: none"> <li>• Masterplanner</li> <li>• Property</li> <li>• Finance</li> <li>• Consultation adviser</li> <li>• Procurement</li> </ul> <p><b>Delivery team:</b></p> <ul style="list-style-type: none"> <li>• Development management</li> <li>• Technical support eg engineering, landscape, surveyor</li> <li>• Sustainability</li> <li>• Funding</li> <li>• Legal adviser</li> <li>• CDM adviser</li> </ul>	<p>Professional Institutes</p> <p>Design advisory bodies</p> <p>Approved lists of professional advisers</p>

## 7. Assessing the estate

Has the estate been fully appraised?

*Time spent undertaking a thorough evaluation of the configuration, physical arrangement, landscape, character and social demographic of the estate will support better decision making and outcomes.*

Key Issues	Key Considerations	Key Participants	Sources
<ul style="list-style-type: none"> <li>• External environment</li> <li>• Existing housing</li> <li>• Social and community infrastructure</li> <li>• Commercial uses</li> <li>• Ownership and tenure</li> <li>• Historical background</li> <li>• Cultural background</li> <li>• Social infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Mapping existing constraints including easements and other legal, land ownership and services.</li> <li>• Existing infrastructure that may constrain or offer opportunities in the design.</li> <li>• Referencing land ownership including freeholders, leaseholders, rights of way and easements.</li> <li>• Whether a condition survey of the existing stock and capital investment plan has been prepared to justify future decisions.</li> <li>• Conducting research into the history of the site to establish whether there are any characteristics that could influence the design.</li> <li>• Mapping existing open space, amenities, schools, health, community and commercial uses on the estate.</li> <li>• Assessing education, community, training and employment needs of the existing community.</li> <li>• Understanding existing housing need including under and over-occupation.</li> <li>• Assessing the health and wellbeing of residents and mapping their needs.</li> <li>• Identifying community infrastructure in terms of community groups, local organisations and interest groups.</li> <li>• Appraising usability and provision of open space, play and fitness amenities and ease of access to the wider landscape.</li> <li>• Early agreement on approach to use of CPO and whether the local authority has a clear policy and necessary resources in place.</li> </ul>	<ul style="list-style-type: none"> <li>• Community</li> <li>• Landowner</li> <li>• Local authority</li> <li>• Multiple agencies</li> <li>• Masterplanner</li> <li>• Technical team</li> </ul>	<p>Place assessment tools eg</p> <p><a href="#">Place Check</a> – Urban Design Skills</p> <p><a href="#">Walking audits</a> – assessment of walkability or access of an external environment</p> <p><a href="#">Place Alliance</a> – a movement for place quality</p> <p><a href="#">UDG - Urban Design Group</a></p> <p><a href="#">Wellbeing assessment</a> – Warwick/Edinburgh mental wellbeing scale</p> <p>Public spend analysis guide</p> <p><a href="#">Section 149 Equality Act 2010</a></p>

## 8. Assessing the wider area

Have the immediate surroundings and the wider area of the estate been fully analysed?

*A full understanding of the wider context will help inform the project objectives and strategic approach, leading to long-term enduring solutions for the regeneration of estates.*

Key Issues	Key Considerations	Key Participants	Sources
<ul style="list-style-type: none"> <li>• Transport and connectivity</li> <li>• Parks and gardens</li> <li>• Access to facilities and employment</li> <li>• Schools, Nurseries</li> <li>• Health and Social Services</li> <li>• Other regeneration initiatives</li> <li>• Availability of adjoining land</li> </ul>	<ul style="list-style-type: none"> <li>• Assessing existing social, community and commercial uses, access to employment, local amenities and neighbouring housing stock.</li> <li>• Whether there are costed and funded proposals for new or upgraded transport, education, healthcare and community facilities.</li> <li>• If there are other regeneration and investment programmes in the vicinity of the site.</li> <li>• Whether there is additional land adjoining or in the vicinity of the estate that could support regeneration objectives.</li> <li>• The social infrastructure beyond the estate, such as residents' groups, special interest groups and other relevant bodies.</li> </ul>	<ul style="list-style-type: none"> <li>• Community</li> <li>• Landowner</li> <li>• Local authority</li> <li>• Multiple agencies</li> <li>• Masterplanner</li> <li>• Technical team</li> </ul>	<p>As Section 7.</p> <p>Local Strategic Regeneration Frameworks</p> <p>Local Development Frameworks</p> <p>Neighbourhood Development Plans</p>

## 9. Evaluating the options

Has a comparative study been carried out and consulted on to ensure the best long-term solution is chosen?

*An appraisal to determine viability and deliverability of regeneration including physical, social, economic and environmental factors, is vital to determine the optimum long-term solution. This helps to reduce risk to delivery.*

Key Issues	Key Considerations	Key Participants	Sources
<ul style="list-style-type: none"> <li>• High level appraisal</li> <li>• Surveys and data</li> <li>• Feasibility study</li> <li>• Financial appraisal</li> <li>• Quantifiable and non quantifiable assessment of benefits</li> <li>• Viability assessed</li> </ul>	<ul style="list-style-type: none"> <li>• Generating a range of options including a 'do nothing' option and assessing costs and benefits, taking into account social and environmental impacts, and taking into account the physical condition of the existing stock, housing need and local market conditions.</li> <li>• Selecting the most advantageous option in terms of financial and quantitative issues.</li> <li>• Justifying the need for a CPO.</li> <li>• Environmental issues that might add weight to arguments for demolition or retention of existing buildings.</li> <li>• Cost of existing public sector services being expended and assessment of potential savings and how cost benefits can be measured.</li> <li>• An option should be chosen with support from all stakeholders ensuring that the implications are understood by all including costs, impact on long-term management and maintenance cost and service charges.</li> </ul>	<ul style="list-style-type: none"> <li>• Masterplanner</li> <li>• Technical team</li> <li>• Local authority</li> <li>• Residents</li> <li>• Market testing,</li> </ul>	<p><a href="#">Altered Estates</a> – HTA, LBA, PTE, PRP</p>



## 10. Financially appraising preferred option

Has the preferred option been financially appraised, funding streams identified and the preferred delivery vehicle agreed?

*Understanding the financial implications of a range of options is necessary to validate a chosen approach as the most financially advantageous. The business plan will be developed as the masterplan evolves to achieve a deliverable development and to inform the resident offer. The preferred model for delivery will be influenced by the business plan.*

Key Issues	Key Considerations	Key Participants	Sources
<ul style="list-style-type: none"> <li>Financial appraisal</li> <li>Business planning</li> <li>Viability</li> <li>Funding</li> <li>Equity</li> <li>Delivery model</li> <li>Soft market testing</li> </ul>	<ul style="list-style-type: none"> <li>Understanding the implications of a 'do nothing' option.</li> <li>Sensitivity tests of density and tenure options.</li> <li>Identifying finance and funding to enable the preferred option to be delivered.</li> <li>Identifying need for grant or other financial support if necessary for viability.</li> <li>Confirming internal financial capacity, need for borrowing or partnership delivery.</li> <li>Market test the preferred option with prospective partners for deliverability and robustness.</li> <li>Testing all options for scheme content and capacity for third party land.</li> <li>Explore all possibilities to introduce private investment.</li> <li>Explore options for early partnerships between the public and private sectors.</li> <li>Pursue all options for government support in terms of grant, loan funding and guarantees.</li> <li>Ensure that the landowner is satisfied that Best Consideration will be obtained.</li> </ul>	<ul style="list-style-type: none"> <li>Delivery partners</li> <li>Property</li> <li>Finance</li> <li>Legal</li> <li>Procurement</li> <li>Potential partners</li> </ul>	<p><a href="#">Joint Ventures</a> – A guidance note for public sector bodies forming joint ventures with the private sector, HM Treasury, March 2010</p> <p>The Green Book, HM Treasury, July 2011</p>

## 11. Gaining resident support

Do residents support the selected option and has opinion been tested?

*Residents must have decision making powers over the final options, whether as individuals or via a democratic process using representatives.*

Key Issues	Key Considerations	Key Participants	Sources
<ul style="list-style-type: none"> <li>• Resident support</li> <li>• Test of opinion</li> <li>• Resident status</li> </ul>	<ul style="list-style-type: none"> <li>• Using a recognised method for testing resident opinion to move forward with regeneration proposals, whether a ballot, referendum or other approach appropriate for the circumstances.</li> <li>• The status of residents (eg secure tenant, lease-holder, private landlord) and the variation in the impact on these different groups should also be reflected in how the process is managed.</li> <li>• Ensuring the wishes of residents are understood and respected.</li> </ul>	<ul style="list-style-type: none"> <li>• Masterplanner</li> <li>• Technical team</li> <li>• Local authority</li> <li>• Residents</li> </ul>	<p><a href="#">Gov code of practice on consultation – 2008</a></p> <p><a href="#">Collaborative Planning - Participation not Consultation</a> – Princes Foundation</p>

## 12. Gaining landowner approval

Has landowner approval to proceed been formalised?

*The landowner's board or committee will need to be provided with a detailed report for approval at key stages of the project. This will then lead to a decision to proceed.*

Key Issues	Key Considerations	Key Participants	Sources
<ul style="list-style-type: none"> <li>• Political support</li> <li>• On-going support</li> <li>• Formal approvals</li> </ul>	<ul style="list-style-type: none"> <li>• Formal approval to proceed documented and recorded.</li> <li>• Reports that might include:               <ul style="list-style-type: none"> <li>◦ The case for change</li> <li>◦ The preferred option</li> <li>◦ Resident support for the preferred option</li> <li>◦ Viability</li> <li>◦ Funding and Delivery options</li> <li>◦ Next steps</li> </ul> </li> <li>• Agreeing a strategy for ongoing local authority political support over the cycle of the project.</li> </ul>	<ul style="list-style-type: none"> <li>• Landowner</li> <li>• Committee members</li> <li>• Political leaders</li> </ul>	

## 13. Agreeing approach to planning policy and process

Is there a clear approach to embedding the project in local planning policy and navigating the statutory planning process?

*The landowner and local planning authority should agree the appropriate planning process for setting new or complying with existing local plan objectives, and the necessary steps for obtaining a planning consent.*

Key Issues	Key Considerations	Key Participants	Sources
<ul style="list-style-type: none"> <li>Local and national planning policy</li> <li>Plan making</li> <li>Approach to obtaining planning consent</li> <li>Statutory planning application process</li> <li>Process tools, PPA's</li> </ul>	<ul style="list-style-type: none"> <li>An appropriate Development Plan Document, Supplementary Planning Document, Local Development Order, Neighbourhood Development Order or other planning policy tool, and the implications they may have on programme.</li> <li>A Neighbourhood Planning approach if agreed by residents, landowners and with the agreement of the LPA.</li> <li>Benefits of using Planning Performance Agreements.</li> <li>The approach to planning applications, whether hybrid applications including a masterplan and first phase detail application.</li> <li>Use of masterplans supported by design codes and parameter plans to facilitate multiple approaches including custom build and self build.</li> <li>Approach to applications for future phases.</li> <li>Ongoing engagement with local communities, planning committees and ward councillors to manage information and sustain momentum.</li> </ul>	<ul style="list-style-type: none"> <li>Local planning authority</li> <li>Planning Policy team</li> <li>Planning Development Management team</li> <li>Planning consultant</li> <li>Masterplanner</li> <li>Residents</li> <li>Neighbourhood Forum</li> </ul>	<p><u><a href="#">Planning tools eg: NPPF &amp; NPPG</a></u></p> <p><u><a href="#">Supplementary Planning Documents (SPD)</a></u></p> <p>Development Planning Documents (DPD)</p> <p><u><a href="#">Local Development Orders (LDO)</a></u></p> <p><u><a href="#">Neighbourhood Planning and Neighbourhood Forums</a></u></p> <p><u><a href="#">Neighbourhood Development Orders</a></u></p> <p><u><a href="#">Planning Performance Agreements (PPA)</a></u></p>

# 14. Developing a plan

Has a masterplan, design code or delivery plan set out a vision for regeneration?

*A comprehensive and robust plan, supported by planning policy documents if appropriate, will set a clear vision for the project for all stakeholders.*

Key Issues	Key Considerations	Key Participants	Sources
<ul style="list-style-type: none"> <li>• Vision</li> <li>• Refurbishment and/or new build</li> <li>• Housing density</li> <li>• Social and community infrastructure</li> <li>• Commercial &amp; mixed use</li> <li>• Retained homes</li> </ul>	<ul style="list-style-type: none"> <li>• Wider regeneration objectives, including use of available adjoining land.</li> <li>• The innate nature of the community and its interests.</li> <li>• The landscape, including topography and other natural features.</li> <li>• Which elements should be retained for improvement, which should be demolished and opportunities for infill.</li> <li>• How the estate can be integrated into its surroundings by eroding its 'red line' boundary and blending with existing streets.</li> <li>• Whether an increase in density can be achieved by better use of under-utilised land and can be accompanied by improvements in physical infrastructure, transport, open space, social and community infrastructure.</li> <li>• How can economic activity be boosted with mixed uses, including commercial and employment.</li> <li>• Local residential design guides, other approved planning policy documents and a design review process to deliver design quality.</li> <li>• How to phase development to ensure a deliverable first phase and built-in flexibility for future phases to adapt to changing circumstances.</li> <li>• New facilities required to deliver improvements to public services.</li> <li>• Involving residents in drawing up the masterplan, and urban or design codes prior to, during and after procurement of a partner.</li> </ul>	<ul style="list-style-type: none"> <li>• Masterplanner</li> <li>• Technical team</li> <li>• Residents</li> <li>• Private sector partner</li> <li>• Planning consultant</li> <li>• Political and officer support</li> <li>• Multi agency input</li> <li>• Employers Agent</li> <li>• CDM advisor</li> <li>• Non residential technical team</li> </ul>	<p><a href="#">Creating Successful Masterplans – a guide for clients</a> – Design Council Caba</p> <p><a href="#">Building for Life 12</a> – Evaluation tool for good places to live and well designed homes</p> <p><a href="#">Placemaking and Value RICS</a> – relationship between 'better' places to live and value generated</p> <p>Local authority supplementary planning guidance and local Design Guides</p> <p><a href="#">Design Review – Principles and Practice</a> – Design Council Caba</p> <p><a href="#">Landscape architecture – A Guide for Clients</a> – Landscape Institute</p>

## 15. Meeting the needs of all

Will the regeneration result in balanced, inclusive neighbourhoods that meet diverse local housing needs?

*A clear housing assessment will establish the level of local housing need for existing and new residents and what tenures are needed to create inclusive, balanced communities.*

Key Issues	Key Considerations	Key Participants	Sources
<ul style="list-style-type: none"> <li>• Meeting local housing need</li> <li>• Replacement housing for renters, leaseholders and freeholders</li> <li>• Additional market, intermediate or affordable housing</li> <li>• Other typologies and tenures eg, students, housing for older people</li> <li>• Market renting social renting and , intermediate tenures</li> <li>• Tenure integration</li> <li>• Mixed uses</li> </ul>	<ul style="list-style-type: none"> <li>• The housing needs of existing residents and options for re-provision.</li> <li>• The balance of tenures and housing typologies needed to reflect housing needs of the wider local area which may be set out in the local plan.</li> <li>• How the mix of new housing should reflect changing demographics of the area including housing for older people, family housing and accommodation for younger people.</li> <li>• Addressing the specific needs of people with disabilities and an ageing population through inclusive design.</li> <li>• The extent to which different tenures, including market rent, low-cost home ownership and intermediate models, should be provided and at what scale and pace to meet local need.</li> <li>• A tenure-blind approach and how tenures are integrated.</li> <li>• The impact of an increase in homes and range of housing on social infrastructure such as education and health facilities.</li> </ul>	<ul style="list-style-type: none"> <li>• Local authority</li> <li>• Potential partners and housing market</li> </ul>	<p>Estate specific rehousing requirements</p> <p><a href="#">Local Plan SHMA - Local Housing Need</a></p> <p>Section 149 Equality Act 2010</p> <p><a href="#">Health &amp; Wellbeing Report in Homes</a> – UKGBC</p>

## 16. Improving retained buildings

Is there a clear strategy for the retention and refurbishment of existing buildings?

*Re-use of existing buildings can offer an environmentally sustainable alternative to full demolition and new build. Where the preferred option involves the retention of some or all existing buildings, it is necessary to deliver high quality improvements and enhanced technical performance that address their design and technical shortcomings.*

Key Issues	Key Considerations	Key Participants	Sources
<ul style="list-style-type: none"> <li>Retained and improved</li> <li>Appropriate tenure and typologies</li> <li>Environmental improvements</li> <li>Public/ semi-public realm</li> <li>Landscape</li> <li>Safety and security</li> <li>Image and identity</li> </ul>	<ul style="list-style-type: none"> <li>How retained buildings can accommodate appropriate housing types that meet local housing need and how internal arrangements can be adapted to achieve this.</li> <li>How energy performance of retained buildings can be improved.</li> <li>Whether there is a need to transform the appearance and identity of existing buildings.</li> <li>What improvements to streets, open spaces, private amenity, landscape and public realm may be needed to ensure retained and refurbished buildings have equivalent amenities to new buildings.</li> <li>Involving residents throughout the development of refurbishment plans including proposals for re-housing and phased improvements.</li> </ul>	<ul style="list-style-type: none"> <li>Masterplanner</li> <li>Technical team</li> <li>Residents</li> <li>Private sector partner</li> <li>Planning consultant</li> <li>Political and officer support</li> <li>Multi agency input</li> <li>Employers Agent</li> <li>CDM advisor</li> <li>Non residential technical team</li> </ul>	<p><a href="#">Creating Successful Masterplans – a guide for clients</a> – Design Council Caba</p> <p><a href="#">Building for Life 12</a> – Evaluation tool for good places to live and well designed homes</p> <p><a href="#">Placemaking and Value RICS</a> – relationship between 'better' places to live and value generated</p> <p>Local authority supplementary planning guidance and local Design Guides</p> <p><a href="#">Design Review – Principles and Practice</a> – Design Council Caba</p>

## 17. Implementing the plan

Is there a robust and flexible strategy to implement the masterplan?

*Effective regeneration proposals consider how the project will be delivered. The delivery plan will consider construction phasing that recognises the needs of and minimises disruption to existing residents.*

Key Issues	Key Considerations	Key Participants	Sources
<ul style="list-style-type: none"> <li>• Site assembly</li> <li>• Meanwhile works</li> <li>• Re-housing strategy</li> <li>• Phasing</li> <li>• Flexible masterplan and phasing</li> </ul>	<ul style="list-style-type: none"> <li>• Approach to CPO and land assembly including use of statutory powers and negotiation with all who have ownership interests on the estate.</li> <li>• Approach to rehousing existing residents, their choices and the impact on the masterplan.</li> <li>• What will be the minimum disruption for existing residents who choose to remain that is reasonably able to be delivered.</li> <li>• How immediate improvements that might be temporary can be used to improve the quality of life of existing residents during construction phases.</li> <li>• How social, community, transport and green infrastructure is delivered, by whom and how this is funded.</li> <li>• Ensuring that the masterplan and phasing strategy is flexible, robust and adaptable to economic, social, physical and environmental change over time.</li> <li>• Ensuring that each phase is self sufficient with a proportion of amenity and landscape provision provided during each phase of works to maintain quality of life for residents.</li> </ul>	<ul style="list-style-type: none"> <li>• Local authority</li> <li>• Masterplanner</li> <li>• Technical team</li> <li>• Residents</li> <li>• Developer/contractor</li> </ul>	<p>Section 149 of the Equality Act 2010</p> <p><a href="#">Guide to CPO, DLCCG 2015</a></p>



## 18. Ensuring appropriate finance and delivery structure

Is the delivery structure, supported by the required financial capacity and viability strategy and process for land assembly in place?

*The start of a regeneration project must be done with a clear understanding of how it will be completed.*

Key Issues	Key Considerations	Key Participants	Sources
<ul style="list-style-type: none"> <li>• Phased delivery plan</li> <li>• Phase 1 proposal</li> <li>• Sensitivity analysis</li> <li>• Partners</li> <li>• Land Assembly</li> <li>• CPO</li> </ul>	<ul style="list-style-type: none"> <li>• A phased delivery plan, and detailed risk and mitigation register.</li> <li>• A detailed plan for the first phase.</li> <li>• Sensitivity analyses of potential cost and value changes over time.</li> <li>• Robust delivery contracts with suitably capable and robust partners.</li> <li>• Clear resident communication channels.</li> <li>• Whether the local authority has a robust statement on CPO and is willing to exercise the policy.</li> <li>• Whether meaningful attempts at negotiation have been pursued or at least genuinely attempted, save for land where land ownership is unknown or in question.</li> <li>• Carry out the CPO been prepared in conformity with the Compulsory Purchase of Land (Prescribed Forms) (Ministers) Regulations 2004.</li> </ul>	<ul style="list-style-type: none"> <li>• Local authority</li> <li>• Masterplanner</li> <li>• Technical team</li> <li>• Residents</li> <li>• Developer/contractor</li> </ul>	<p><a href="#">Compulsory Purchase and Compensation, DCLG, October 2004</a></p>

## 19. Offering community benefits during construction

Does the procurement strategy consider clear benefits to existing residents?

*Estate regeneration offers opportunities for continued involvement of residents during the construction phase, such as customising their homes and benefiting from employment and training programmes.*

Key Issues	Key Considerations	Key Participants	Sources
<ul style="list-style-type: none"> <li>• Employment and training</li> <li>• Resident benefits</li> <li>• Health and safety</li> <li>• Separating construction and resident access</li> </ul>	<ul style="list-style-type: none"> <li>• Providing opportunities for residents to engage during the construction process, for example, choosing finishes and fittings for their new homes, and providing custom build and self build programmes.</li> <li>• Ensuring local residents and businesses benefit from construction activity through employment and training programmes and contracts with local contractors and suppliers.</li> <li>• Engagement with local schools and colleges for outreach to young people.</li> <li>• Addressing the needs of older residents early in the development programme.</li> <li>• Health and safety of existing residents during the construction programme through clear separation of residents and construction activity phase by phase.</li> <li>• Effective management and maintenance of existing properties during phases of construction activity.</li> </ul>	<ul style="list-style-type: none"> <li>• Developer/contractor</li> <li>• Local authority</li> <li>• Residents</li> </ul>	<p>Local Planning Authority Conditions</p>

## 20. Planning for management

Has the future management of the development been fully considered?

*The future management of the development and the vehicle for delivery should be considered at the outset and throughout the masterplan, detail design and delivery stages. This should involve residents at appropriate stages.*

Key Issues	Key Considerations	Key Participants	Sources
<ul style="list-style-type: none"> <li>• Review management structure with residents</li> <li>• Define resident involvement in management</li> <li>• Resident involvement</li> <li>• Legal structure</li> <li>• Neighbourhood management</li> <li>• Service charges</li> <li>• Waste</li> <li>• Parking/cycling</li> <li>• Maintenance</li> </ul>	<ul style="list-style-type: none"> <li>• How residents can be involved in future management arrangements. This will have been discussed during the development of the Residents' charter.</li> <li>• The impact of built form, configuration, tenure mix, facilities, access arrangements, concierge and other design matters and clear communication with existing residents on the impact of regeneration on future service charges.</li> <li>• The benefits of involving residents in future management structures.</li> <li>• The necessary scope of the management plan including neighbourhood and building management for all tenures, allocations policy, sales and service charges.</li> <li>• Scope of the management plan including waste management, parking, maintenance of public realm and common spaces, the building fabric and M&amp;E installations.</li> <li>• Using low maintenance durable materials, ensure ease of access for cleaning and other design approaches to minimise future management and maintenance.</li> </ul>	<ul style="list-style-type: none"> <li>• Developer/contractor</li> <li>• Local authority</li> <li>• Management company</li> <li>• Residents</li> </ul>	<p><a href="#">Superdensity the Sequel</a> – HTA, LBA, PT, PRP</p> <p><a href="#">HAPPI 3</a> – approaches to management in housing for older people</p> <p><a href="#">Build to Rent: A Best Practice Guide</a> – Urban Land Institute</p>







Department for  
Communities and  
Local Government

# **Estate Regeneration National Strategy**

## Financing and Delivering Estate Regeneration

December 2016  
Department for Communities and Local Government

# Introduction

Estate Regeneration is a long term process that often requires significant investment to support a wide range of activities. In many cases the risk profile of investment changes over time and can present challenges to ensure viable and sustainable delivery.

This guidance document aims to help landowners explore the options available to them when beginning an estate regeneration project. It outlines different routes to private investment and the ways in which the public and private sectors can create effective partnerships to deliver successful schemes.



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December 2016

ISBN: 978-1-4098-4947-6

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## Financing and delivering estate regeneration

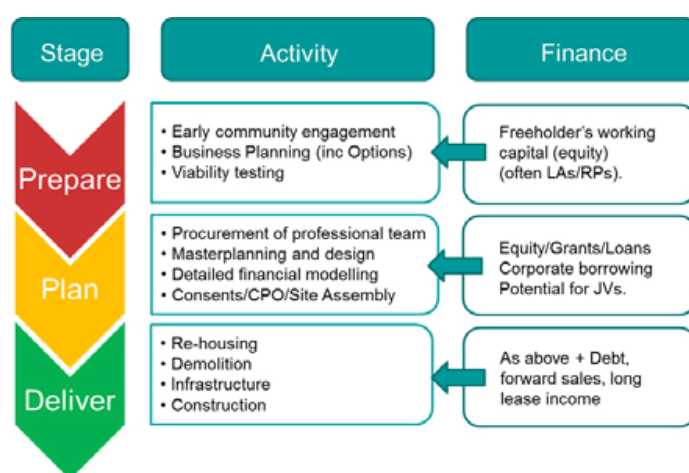
The Estate Regeneration National Strategy aims to support and encourage estate regeneration throughout the country while seeking to reduce reliance on public finances by encouraging investment from the private sector.

Regenerating a housing estate requires significant investment, over an extended period of time, to support a wide range of activities. Attracting private finance can be difficult, particularly for the up-front and riskier expenditure that is required to achieve financial viability, especially when the financial returns can take many years to realise. Government acknowledges that the financing and delivery of any regeneration project is one of the greatest challenges faced by a landowner.

There are many good examples from across the country of landowners working with partners and residents to regenerate estates (see the case studies section of the national strategy). These include some highly innovative funding and delivery structures with the potential for wider application.

Unfortunately, a large number do not progress beyond the concept stage. This can be due to a combination of factors including a lack of staff or financial resources to take projects forward or test their potential, low public support or the underlying economic viability of a scheme.

In general terms, there has tended to be a three-stage process to the funding of estate regeneration programmes, each with their own finance requirements. These are referred to as Prepare, Plan and Deliver – more detail of which is provided in the estate regeneration **good practice guide**.



This guidance seeks to help more schemes progress and is particularly for those at the earliest stages of project preparation and working through the viability considerations of estate regeneration. It is intended to supplement the existing body of published research by providing advice on how estate owners might prepare for and undertake the process of estate regeneration. It does not set out to be exhaustive, but seeks to illustrate approaches that may help with the key challenges and common issues faced by landowners.

# 1. Overview of challenges

It is evident from our discussions with estate owners across England, and feedback from other estate regeneration stakeholders and practitioners, that there are common challenges that landowners and communities face when considering the financing and delivery of estate regeneration.

## Managing the range of perspectives

A key challenge in any regeneration project, but especially housing estate regeneration, is managing the competing demands that need to be balanced to promote and deliver a financially viable scheme.

For residents, estate regeneration can be an uncertain and anxious time; the prospect of moving house, and seeing homes demolished is likely to bring with it many emotions, and there may be ongoing disruption for many years if the scheme goes ahead. But regeneration also provides an opportunity for residents to be involved in transforming their neighbourhood and improving the quality of life for the local community.

Landowners need to work with residents to understand how they feel about their area and what they might like to see change. They need to find ways to address their particular needs, involving them throughout the process in discussing and making decisions on options for the estate. Alongside this, landlords also need to create the legal, property and financial conditions for development to take place, ensuring residents understand the full range of issues and factors for regeneration of an estate to take place; and that this will include some necessary and often complex processes, such as ensuring viability, procuring services and seeking planning permission. Where a public body is leading a project, the need to undertake compliant procurement can create processes that seem 'closed' to scrutiny and public engagement and risk suspicion of 'done deals'. Being clear at the early stages about the need for these processes will help to mitigate these risks.

Not surprisingly, there is the potential for these different perspectives to lead to confusion and misunderstanding over the interests, intentions and incentives of the different parties. It is therefore critical that a plan for an inclusive, robust and resilient regeneration programme is at the heart of any estate regeneration scheme, and is understood, accepted and agreed by all the parties involved.

## Ensuring financial viability

Estate regeneration, given its complex nature, is a long-term undertaking. For the landowners and investors, the fact that it may take six or more years from first expenditure to the start of receipts, results in an investment profile that presents a number of material risks that can prove difficult to resolve. Planning, land assembly, re-housing of existing tenants and residents and the building of new homes for sale can combine to create an overall risk profile that can be difficult to finance. Committing to spend money on the basis of returns linked to market conditions in six or more years' time can make for a difficult commercial decision.

Historically, estate regeneration schemes have almost always relied upon some government investment in the form of grant. A major ambition of the new approach to estate regeneration is to explore and promote innovative methods of financing estate regeneration, in ways that deploy limited public finance more effectively and ultimately reduce the need for such significant recourse to the public purse.

A key element is often the promotion of a mix of tenures on previously single tenure estates. Some element of increased density to enable build for sale or private rent is therefore likely to be a pre-requisite within schemes – either on site or elsewhere, to enable similar levels of affordable housing to be retained. Maximising the effective use of land through higher densities on estate schemes can also contribute to meeting local authority housing targets.

Government recognises that this is challenging even in high land value areas such as London and the South East, where development for sale is often viable and can generate cross subsidies to assist with mixed-tenure solutions, including sub market rents. In mid-range and lower land value areas the challenge is much greater. Contributions to solving this challenge can include the incorporation of further public land holdings and co-ordinated business planning and expenditure between public authorities (those bodies responsible for housing, education and health, for example).

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In 2006, the Policy Press and the Joseph Rowntree Foundation produced a report on the conditions of 20 housing estates over the 25 years from 1980 to 2005.<sup>1</sup> The study concluded that:

“The experience of the past 25 years shows that it is possible to make progress over the long term but narrowing the gaps takes sustained commitments of capital funding, revenue funding and attention from central government, landlords and housing manager and residents’ groups.”

In the context of the need for ‘sustained commitment’ and co-ordinated engagement, over the last 10 years the Chartered Institute of Housing (CIH)<sup>2,3</sup>, the Investment Property Forum (IPF)<sup>4</sup> and the Royal Institution of Chartered Surveyors (RICS)<sup>5</sup> have published research into the financing and delivery of regeneration projects. The IPF was particularly interested in how to increase the participation from institutional investors in the regeneration process.

All studies seem to recognise that regeneration programmes demand specific finance packages that are able to deliver long-term project resilience. Both the IPF and RICS reports acknowledge the significant interest in regeneration investment from the private sector, whilst illustrating the challenges faced by potential funders. These challenges have also been acknowledged previously by DCLG<sup>6</sup> and the GLA.<sup>7</sup>

“The great challenge is: how do we attract the long-term investment opportunities that could come along with pension funds, for example, to regenerate these houses and make an incredible difference.”

HRH the Prince of Wales.<sup>8</sup>

The need for long-term project resilience suggests that the question of how to raise the required finance for a given opportunity is directly linked to the delivery structure.

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<sup>1</sup> *Twenty five years on twenty estates*, Policy Press/JRF, 2006.

<sup>2</sup> *Transforming Estates*, CIH, October 2009.

<sup>3</sup> *Regeneration revival? Making housing-led regeneration work across England*, CIH, April 2016.

<sup>4</sup> *Institutional Investment in Regeneration: Necessary conditions for effective funding*, April 2006.

<sup>5</sup> *Innovative Finance for Real Estate Development in Pan-European Regeneration*, March 2015.

<sup>6</sup> *Evaluation of mixed communities initiative demonstration projects*, DCLG, 2010.

<sup>7</sup> *Knock it down or do it up? The challenge of estate regeneration*, GLA, 2015.

<sup>8</sup> *Estate Regeneration: Six steps to success*, The Prince’s Foundation and Hyde Housing, 2015.

## 2. Developing the delivery structure

The process of project delivery is one of setting a vision, creating a strategy to realise the vision and then letting and managing the contracts to implement the strategy. The process of letting contracts, the question of who pays and the appetite for exposure to the risk of performance all inform how a landowner might approach a given opportunity. The differing appetites for risk, the source of finance and the processes through which construction is procured can combine to create a wide variety of methods for implementation.

There are some key aspects that demand very particular responses and considerations when selecting a delivery strategy and structure. These include:

- Legal and regulatory frameworks (that guide delivery structures or Compulsory Purchase Orders (CPO), for example) that influence what the landowner can and cannot do.
- Public sector ownership and existing tenants (both social and private) preclude the early raising of debt (charging) against assets.
- The costs of site assembly, CPO, demolition and re-provision of existing homes create high costs early in the process. The question of how to finance these costs is a key issue in estate regeneration.
- If the landowner is a local authority, that the housing estate will be held in the Housing Revenue Account (HRA) which brings with it borrowing restrictions.
- That resident communities have a long-term interest in helping to create successful outcomes. These long-term interests demand long-term delivery strategies to accommodate changing circumstances over the lifetime of the project and beyond.
- That estate regeneration demands a combination of professional skills (services) and finance. Where the public sector buys services, procurement (Official Journal of the European Union – OJEU) considerations arise.
- The legal obligation on local authorities to demonstrate that any transaction is delivering Best Consideration.

Much has been written on good practice in estate regeneration. The CIH, the Joseph Rowntree Foundation<sup>9</sup>, the G15 Registered Providers<sup>10</sup>, the Centre for London<sup>11</sup>, ResPublica<sup>12</sup> and the 4 Housing Architects<sup>13</sup> have all produced papers directly in response to, and in support of, the work of the Estate Regeneration Advisory Panel chaired by Lord Heseltine and the Housing and Planning Minister. In 2015, The Prince's Foundation and Hyde Housing produced a short paper on best practice based on their experience on the Packington Estate in Islington.<sup>14</sup> From these, and our work with over 100 estate regeneration schemes, there are several common themes emerging on best practice in estate regeneration.

### Robust project preparation

The desire for estate regeneration tends to arise from three key sources:

1. The local community in response to particular estate conditions or design issues.
2. Freeholders/leaseholders/tenants due to property condition issues.
3. Statutory bodies seeking to increase local housing supply

Regardless of the origin, however, development of an estate regeneration scheme should be undertaken in a robust and objective manner.

Government has developed an estate regeneration good practice guide to support all stakeholders in developing estate regeneration schemes. It is not intended to be prescriptive but aims to help to ensure all matters are considered and addressed. For landowners in particular, it should assist them in developing robust and comprehensive plans, including consideration of the process needed for testing the development options and the legal and corporate relationships required to deliver them.

For local authorities, some of the key questions that will arise during the preparation stage will relate to statutory obligations such as the need to demonstrate best consideration in any transaction and the sourcing of professional support and finance. All matters will also raise procurement considerations. These two matters are expanded on in the next section.

<sup>9</sup> *Estate Regeneration: Briefing for expert panel*, Joseph Rowntree Foundation, May 2016.

<sup>10</sup> *Meeting the challenge of urban renewal, The G15's contribution to regenerating London's estates*, October 2016.

<sup>11</sup> *Another Storey: The real potential for estate densification*, Centre for London, Sept 2016.

<sup>12</sup> *Great Estates: Putting communities at the heart of regeneration*, ResPublica, November 2016.

<sup>13</sup> *Altered Estates: How to reconcile competing interests in estate regeneration*, HTA Design; Levitt Bernstein; Pollard Thomas Edwards; PRP, 2016.

<sup>14</sup> *Estate Regeneration: Six steps to success*, The Prince's Foundation and Hyde Housing, 2015.

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## Selecting the right approach

There are a number of ways in which the public and private sectors might work together to implement property development and regeneration projects. These range from land sales through to development agreements and the creation of jointly controlled, special purpose companies.

Each different approach has its own project and financial risk and reward profile. In 2014 the Local Government Association published a detailed introduction to the wide variety of delivery options open to the public sector, including case studies.<sup>15</sup> Many of the options described have relevance to estate regeneration. This work has more recently been supplemented by the work of the Housing & Finance Institute (HFI) which has identified 26 techniques for local authorities, in particular, to lever-in private finance and housing related expertise to support local housing activity and estate regeneration.<sup>16</sup>

The HFI's 26 techniques are formed of three groupings:

### Money/Investment

- Borrowing
- Investment

### Creating Value

- Masterplanning
- Consents
- Agreements

### Cashflow/Value Enhancers

- Deferred considerations
- Pre-lets

There are many combinations and variations to all of these options, but in relation to structuring delivery, the following five mechanisms are generally at the heart of the variations in some form and often in combination.

1. Unconditional land sales
2. Conditional land sales
3. Development Agreements
4. Corporate joint ventures
5. Self delivery

More detail on these options is provided in **Annex A: Delivery Transactions**.

It is important that each of these options, and any variations, are properly considered and tested for a given estate regeneration opportunity. Each route will have implications for financing, procurement and project management. In many cases, the challenge of how to structure delivery is likely to be addressed by a combination of approaches.

### Land sales

The challenge of using land sales at the early stages of estate regeneration tends to centre on the loss of control on the part of the landowner and wider community. Development Agreements can be used to help the landowner retain some controls but the use of these contractual agreements can lead to difficulties in ensuring that all scenarios can be equally planned for and that land value is fairly apportioned. Development Agreements can also be complex for a landowner to procure and usually require an OJEU Competitive Dialogue process. In addition, in many cases the actual development within the 'red line' of the project boundary will be influenced by regeneration activities that are taking place outside of it. This creates a challenge when seeking to capture the financial benefits of infrastructure investment. For example, public sector investment in offsite infrastructure is likely to enhance the value of the land, but capturing the benefit of this investment becomes much more difficult if the land has been sold.

### Self-delivery

Self-delivery, either through the use of public finance (HRA headroom for example), corporate finance or through the creation of a wholly owned local housing company, provides greater control for a local authority. It exposes them to full cost risk but also to any value enhancement over time. Local authorities have the power to create wholly owned Local Housing Companies (LHCs) under the Localism Act 2011, to deliver mixed tenure developments. The transfer of land to the LHC must be undertaken at 'open market' rates, as must be the supply of services back to the council, and government has been clear that affordable housing should be managed through the Housing Revenue Account. There are an increasing number of examples of LHCs developing across the country – most schemes being relatively small compared to most estate regeneration schemes. The complexity and financial resources required for estate regeneration, to date, appear to have precluded the use of LHCs to promote such projects.

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<sup>15</sup> *Supporting Housing Investment*, LGA, 2014.

<sup>16</sup> *Overcoming challenges using finance and structuring opportunities*, Housing & Finance Institute, 2016.

A number of LHCs, however, have the stated aim of helping to facilitate regeneration and it may be just a question of time, experience and up-skilling before this option becomes more popular amongst local authorities.

Some examples of LHCs are below.

- LB Ealing - Broadway Living
- UAC Thurrock - Gloriana
- Blackpool Housing Co. Ltd

### Joint Ventures

Feedback suggests that, currently, the most favoured option for the delivery of estate regeneration is the creation of joint venture companies (JVs). If supported by robust business cases and created relatively early in the regeneration process, these have the potential to give landowners the long-term control they require, help open up the market for institutional investment in estate regeneration and facilitate efficient procurement processes.

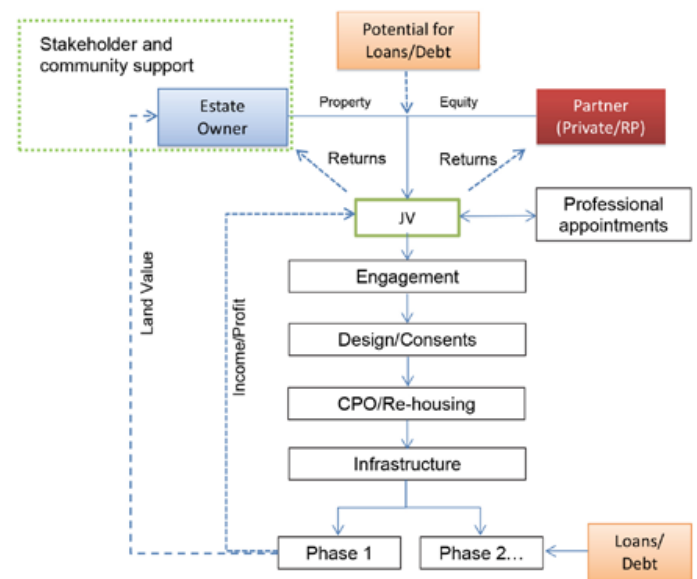
Where a public body is using the procurement process to test for design ideas and needs to develop the contract through that process, a competitive dialogue will often be required. This process involves at least two parties staying in competition until the public body is ready to sign with one of them. Competitive dialogue can be a time consuming and expensive process. If the public body is creating a joint venture – the contract for which is restricted to defining behaviours and not services or outcomes – then it may be possible to pursue alternative procurement routes. Specialist advice should be sought when considering procurement options.

A further potential benefit of the use of JV structures is that they can enable resilient project delivery by ensuring that both the public and private sectors are represented properly throughout the process and risks can be readily identified and managed. A detailed guidance note for local authorities considering the use of joint venture companies to deliver against their strategies was published by HM Treasury in March 2010.<sup>17</sup> As noted in the Treasury’s report, the guidance is not a replacement for independent specialist advice and those who use it should ensure that they take appropriate legal, financial and technical advice.

The use of JV structures is intended to allow the public sector to be able to commit its land interests alongside private sector finance and expertise to facilitate the appointment of professionals, detailed community engagement, the design of outstanding schemes and the eventual letting of construction contracts.

Such delivery models can also facilitate early third party and government investment and can also deliver enhanced transparency from the community’s perspective.

Example JV structure



<sup>17</sup> Joint Ventures: a guidance note for public sector bodies forming joint ventures with the private sector, HM Treasury, March 2010.

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There are a number of benefits of JV partnership models. For example, they:

- Create a singular body for overseeing the entire regeneration process.
- Allow the early pooling of skills and resources to ensure the best outcomes for all parties.
- Help reduce reliance on public finance.
- Keep open the potential for central government investment (as shareholder).
- Allow the transparent management and mitigation of risks.
- Create early chargeable (shareholder) interests.
- Enable simplified procurement and delivery mechanisms (creating a private entity through which services are procured).
- May reduce the need for OJEU Competitive Dialogue in favour of alternative procurement routes.

However, there are also risks that will require local review including:

- Tax implications for the owners of the JV.
- State aid considerations if public money is invested, in addition to land.
- The potential dilution of control, away from sole discretion of the landowner.
- The need for strong governance and board representation.
- Mechanics for securing best consideration as land is transferred to the vehicle.
- Partnership documents must make clear provisions for deadlocked decisions and disputes.
- Roles and responsibilities of the partners (and to what extent will they be responsible for both infrastructure and development).

Examples of JV delivery partnerships:

- Sheffield Housing Company - Sheffield City Council, Keepmoat and Great Places Housing Group.
- Brent Cross South - London Borough of Barnet and Argent Related.
- Evolution Gateshead - Gateshead Council, Home Group and Galliford Try Partnerships North East.
- Barton Park, Oxford - Oxford City Council and Grosvenor Developments Ltd.
- Haringey Development Vehicle - London Borough of Haringey, in procurement at time of writing.

The encouragement of the use of such methods does not and should not preclude the selection of any of the alternatives available to promoters of estate regeneration. All parties will need to consider how their delivery model is addressing their particular needs and circumstances.

### 3. Financing estate regeneration

While robust preparation and the right partnership arrangements are important, the final key to effective estate regeneration is the investment itself.

Finance for estate regeneration can be complex due to the changing requirements and risk profile of the project over time. Due to this, the investment package tends to be a combination of public and private finance; comprising grant, loans, equity and debt. This finance may be sourced from public borrowing but can also be raised through issuance of bonds and forward purchase commitments. A glossary of some of these key terms is appended.

Uncertainty or the risk of not receiving a return is 'priced' for by an investor. This 'price' is the cost of the money being offered. The price of any investment will be the product of the investor's perception of the risk of the project failing to deliver on its promises. Any investor will demand a clear plan of action to return the investment (with interest), a risk mitigation strategy and usually some form of security.<sup>18</sup>

The landowners' commitment to estate regeneration must therefore be shown to:

- Enjoy the support of all the key stakeholders.
- Be broadly supported by the resident community.
- Be financially viable.

Reference to the estate regeneration good practice guide will assist in meeting these criteria.

In terms of being satisfied of scheme viability, it is usual for any project proposal to be accompanied by a cashflow model – a residual appraisal or a Discounted Cash Flow (DCF) appraisal that shows both the expenditure and receipts and the time frame across which these will take place. In estate regeneration appraisals, these appraisals will inform investors with a projected viability, Internal Rate of Return (IRR) or Net Present Value (NPV) (see Glossary). The rate of return (the target profit or Discount Rate) that the investor will apply to their investment in the project, and thereby informing the scheme's viability, will depend to a great extent on the way in which the landowner agrees with the assumptions within the appraisal. It is important, therefore, to ensure that the early project preparation and planning stages are comprehensive and robust. Professional advice in support of these assumptions should be obtained wherever possible. The Homes & Communities Agency (HCA) can assist with the procuring of this support.

In addition to a detailed project appraisal and cashflow model, the investor will need to know that landowners have explored all options available to create the best possible chances for a viable scheme – namely that revenues are likely to be in excess of project costs. Landowners should include in this process:

1. Testing of the underlying assumptions around density, mixes and tenures and the potential to introduce private rented accommodation and sales;
2. Contribution of further public or third party land and property assets to assist with viability and phasing of delivery;
3. Use of long-term institutional investment and/or other long-term partnerships with private sector investors.

Local authorities have a key role in estate regeneration, particularly, but not only, where estates are in their ownership. The need for local authorities to view estates as a long-term, income generating asset, with the associated revenue from affordable rents, private rented stock and commercial property projected over a 30-50 year period, has been identified by investors as key to encouraging private investment.

Our research and engagement, and the work of the HFI, has shed light on a wide number of solutions and innovations in the area of regeneration finance. These go beyond borrowing or the use of Registered Provider corporate finance options. Many local authorities have been proactive in driving this innovation.

It is likely that a combination of strategies will provide the long-term financial resilience that is required to deliver estate regeneration. Amongst these are the use of other public sector land, the role of private rented housing and opportunities for long lease income investment.

<sup>18</sup> Detailed guidance on the management of project risk is provided in HM Treasury's "Green Book: Appraisal and Evaluation in Central Government", July 2011.



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## Public sector land and assets

The contribution of third party or further public sector land and assets to estate regeneration projects can help to both support the provision of new homes for existing tenants, minimising disruption, and provide interim income and bring uplifts in land value and capital receipts that can support the broader agenda. The value uplift that can be achieved through development can be captured and recycled to support regeneration.

A common challenge faced by local authorities when seeking to pool property resources is the specific obligation to achieve best consideration under the Local Government Act 1972. The responsibility to obtain consideration that is the best that can be reasonably obtained for surplus property can create a particular tension when seeking to promote broader social and economic outcomes that may serve to reduce the value of the land in question.

Early collaboration between public bodies and co-ordinated asset strategies within the One Public Estate agenda may help to resolve this tension, as it creates the framework within which the land can be valued.

Government guidance on the disposal of public sector land states that disposals should be “rooted in local plans”.<sup>19</sup>

As part of the One Public Estate programme, co-ordination of planning policy allocations across public sector land interests will help to address concerns over best consideration whilst supporting estate regeneration.

Providing a site has been allocated in the local plan, and in connection with an estate regeneration proposal (for affordable housing for example), this will be a material consideration in the valuation process. The planning process can therefore be a tool for addressing best consideration concerns between willing public sector institutions. This however requires the respective bodies to be collaborating for a broader collective social-impact interest than their own specific financial gain. It is acknowledged that this will require senior commitment at a local level.

## Private Rented Sector

Encouraging mixed and balanced communities is an ambition of many places. This has often been interpreted as a balance between private and affordable housing tenures, but it actually encompasses the provision of housing products suited to people at every stage of life and all situations.

Institutional Build to Rent can provide high quality homes and contribute to meeting this ambition. In addition to creating opportunities for people who cannot, or choose not to, buy their own home, market rented accommodation can help to create certainty of capital and revenue income for a project. At the early stages this can help to populate and activate a scheme without being subject to open market sales or the need for pre-sales. This can speed up delivery and lead to greater programme and funding efficiencies.

Market rented accommodation within estate regeneration schemes, therefore, can contribute to creating mixed and balanced communities, a greater range of housing products and also encourage long-term institutional investment.

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<sup>19</sup> *Local Authority Assets: Disposal Guidance*, March 2016, DCLG.

## Long lease income

Some high profile housing and regeneration schemes have been facilitated through the use of institutional investment in long leases, sometimes referred to as 'income strips'.

'Income strip' relates to a forward funding deal where an investor and a developer deliver new homes (e.g. rental units) on an estate regeneration site. The landowner or JV partner (such as the local authority or housing association) commits to the development by agreeing to taking on a long lease on the units (say 35 to 45 years). At the end of the lease term the homes revert to the freeholder who can do with them as they see fit. The benefit for the investor is they acquire an income from the asset for an extended period. The benefit for the landowner is they gain a new development on the basis of a revenue commitment as opposed to a capital sum.

One example is the Thames View estate in Barking and Dagenham, where the local authority partnered effectively with Longharbour. Capital costs of development were met by Longharbour and these will be paid back through the rent receipts. The local authority oversaw lettings and management, and the land will transfer back to them once the investor has achieved their target return. The new 'Legacy' development vehicle (led by Rio Ferdinand, Mark Noble and Bobby Zamora) also demonstrates an appetite for partnerships between long-term investors and estate regeneration opportunities.

Long lease/income strips have a role to play in raising finance for the creation of income-producing assets and should be considered when seeking to deliver new housing.

## Government support

Feedback from the sector suggests that Government investment in the form of recoverable investment at the early stages can help to de-risk schemes. Government also recognises that some schemes may need some funding in the form of capital grant to help with, for example, feasibility studies, viability assessments, masterplanning, community engagement and partner or procurement advice, in order to progress.

Before committing any investment in support of estate regeneration, the government will expect landowners to have explored all available options to create the best possible chance for success. These include:

1. Testing of the underlying assumptions around density, tenure mix and the potential to introduce private rented accommodation and sales.
2. Contribution of additional public or third party land and property assets to assist with viability and phasing of delivery.
3. Use of long-term institutional investment and/or other long-term partnerships with private sector investors.

# Glossary

## 1. Bank and non-bank debt

Debt (or senior structured finance) is one of the lowest cost sources of finance available to a development project. This is due to the debt provider having priority return and a risk ranking security against the asset. Pre-2007, development finance in the UK was dominated by banks and, currently, they remain the largest source of senior secured development finance. However, on the basis of the IPF 2015<sup>20</sup> research sample, the banks' overall dominance is being eroded by the increasing prominence of alternative lenders. These lenders include debt funds and alternative non-bank lenders deploying professional or institutional money from multiple sources. The growth of non-bank (i.e. non-regulated) debt being in part a response to the more stringent 'slotting' regulations that banks must now abide by.<sup>21</sup>

The key features of debt (or senior secured development finance) are a need for certainty in all respects. This can include:

- First charge on the registered title and/or charge over shares in SPV.
- Loan to development cost of generally between 50-65% (with equity spent first).
- Town planning certainty and detailed cost plans (and in some cases cost-overrun guarantees).
- Minimum hurdle for pre-lets and/or sales, based either on the percentage of space or interest cover.

Due to these requirements, it can be difficult to fund infrastructure with debt. Infrastructure tends to require equity or corporate finance solutions. Average interest rates for debt are presently around 3% over LIBOR (London Interbank Offered Rate).<sup>22</sup> It should be noted that there are usually further fees charged by the lender including arrangement fees, exit fees and non-utilisation fees (on undrawn funds that are being reserved for the purpose). In addition, there may be an array of management and monitoring fees. These transactional costs tend to add a further 2-4% to the rate of borrowing.

## 2. Mezzanine debt

The mezzanine lender typically takes a second charge over the development which ranks behind that of the senior lender. In practice, this means that in the event of default by the borrower a mezzanine financier will only get paid after the senior lender's debt has been paid off. This increased risk is reflected in the cost of the mezzanine finance.

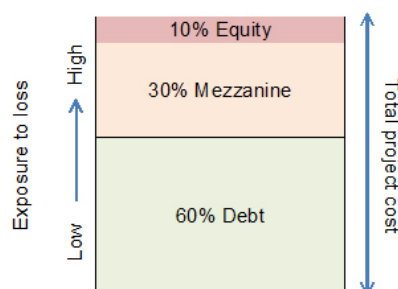
Mezzanine lenders can be invited to 'top up' the senior lender up to 90% of the total development cost, leaving not less than 10% to met by equity. Due to the increased exposure to default or underperformance, the IPF (2015) notes that there is less scope for mezzanine finance on speculative projects and this type of finance is typically associated with projects funded on a profit share basis. The price of mezzanine finance will depend on the loan to cost ratio but could range from 7-15% over LIBOR.<sup>23</sup>

## 3. Equity

Equity financing typically refers to the provision of capital through the sale of shares in a development project (usually the particular SPV delivering the scheme). Equity can also take the form of land or other assets being committed to a JV. It is through the shares, or proportionate value of contribution, that profits are distributed to the investor on the completion of the project, after all costs have been covered. Because of this, equity is sometimes referred to as 'junior' to the debt. Given the low ranking in the 'debt-stack', it is the equity that is at the greatest risk. To reflect this risk property developers are generally pursuing returns on their equity of equivalent to 15-20% per annum. This rate is referred to as the Internal Rate of Return (IRR).

The diagram below illustrates how debt, mezzanine and equity can combine to fund construction of an opportunity that is capable of securing debt. Costs are normally met through the generation of receipts, by selling completed properties.

An example 'debt stack' for project finance



<sup>20</sup> UK Development Finance Review 2015, IPF.

<sup>21</sup> See Appendices to UK Development Finance Review 2015, IPF, for more detail.

<sup>22</sup> 6-month LIBOR, 0.91%, May 2016.

<sup>23</sup> May 2016.

## 4. Corporate Bonds

Corporate bonds are a way for a company to raise debt for unspecified operational purposes. They can be issued in many forms but all bonds are essentially promises to pay back both the principal debt and a return to the purchaser over a defined period of time. Generally bonds pay a fixed rate of interest and over a relatively long period (15-25 years) and are often traded, providing the added advantage of liquidity to investors.

Bonds can be both secured (against assets held by the company) or unsecured – unsecured bonds are sometimes also called debentures. Debentures are backed solely by the good faith and credit of the borrower. The issuance of bonds are an effective way for companies to raise finance as in some cases they can be more keenly priced than debt (in part due to banking regulations governing debt). The interest rate payable by companies will depend on the perceived risk of interest rate rises and the risk of default.

Corporate bonds are always considered to be higher risk than government issued bonds. Credit spread is the difference in yield between a corporate bond and a government bond at each point of maturity. As such, the credit spread reflects the extra compensation investors receive for bearing credit risk. Therefore, the total yield on a corporate bond is a function of both the market price of government bonds and the credit spread, which is greater for lower-rated bonds.

The risks associated with a given company and bond are judged by credit rating agencies such as Standard and Poor's (S&P), Moody's and Fitch. Each agency has its own format for reporting risk. For example, Standard and Poor's highest rating is AAA – once a bond falls to BB+ status, it is no longer considered investment grade, and the lowest rating, D, indicates that the bond is in default (the issuer is failing to make interest and principal payments to bondholders). Credit rating agencies are therefore a useful indicator of the financial strength of a given company at a point in time.

Dependent on the need of the project in question the money can be deployed by the company to reflect the behaviours of debt, mezzanine or equity.

## 5. Revolving Credit

Revolving credit facilities (RCFs) provide companies with similar access to funds that could potentially be raised via a bond or project debt but without having to draw down the entire amount at the outset and without necessarily having to charge any assets. It helps to consider an RCF on the lines of a company credit card. The lending institution grants a maximum credit limit, which can be drawn down at any time and for any purpose. Any income can be recycled back in to the facility and drawn back down at a later date, giving flexibility.

Generally, companies pay the price for flexibility through slightly higher rates than might be achieved through bond or debt structures. Depending on the creditworthiness of the company, rates can vary between 17 and 25%.

RCFs can be helpful in the context of providing certainty through land acquisition and the financing of certain aspects of early stage property development where debt may not yet be possible. RCFs can also be useful to address unforeseen costs or where the project is at a stage where there is both income and expenditure 'coming and going', potentially being more cost effective than debt.

## 6. Forward funding and forward sales

In the case of a planned development, a further method through which a developer can fund delivery is via 'forward funding' and 'forward sale' agreements.

A forward sale is a commitment from a buyer to purchase a property from a developer on completion, whereas 'forward funding' is the process through which a purchaser of a property provides the finance for the actual construction in return for the completed scheme. The key difference between the two is that under a forward sale contract, the developer will still have to separately raise the finance for the construction process.

Forward funding is commonly used by developers when selling to pension funds, life assurance companies and other institutions.

The benefit of this method is that the developer can remove market risk and secure a very efficient finance structure.

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## 7. Residual Appraisal

This is a valuation approach which deducts the gross development costs (including profit and bank interest) from the scheme's gross development value. The balance (residual) is the value of the development land. Generally, for a scheme to be considered 'viable' the residual land value must be in excess of its existing or alternative use value.

## 8. Discounted Cash Flow (DCF)

This is a technique for appraising investments. It reflects the principle that the value to an investor (whether an individual or a firm) of a sum of money depends on when it is received.

## 9. Discount Rate

This is the annual percentage rate at which the present value of a future pound, or other unit of account, is assumed to fall away through time.

## 10. Net Present Value (NPV)

This describes the discounted value of a stream of either future costs or benefits. The term Net Present Value (NPV) is used to describe the difference between the present value of a stream of costs and a stream of benefits. A negative NPV suggests rate of return lower than the discount rate, whereas a positive NPV suggests rate of return in excess of the discount rate – subject to the assumptions used.

## 11. Internal Rate of Return (IRR)

This is the discount rate that would give a project a Net Present Value of zero, i.e. all costs would be covered by revenues, allowing for the discount rate.

## Annex A: Delivery Transactions

Structure	Description	Benefits	Constraints
<b>Land Sales (unconditional)</b>	<p>Sale of land to highest bidder.</p> <p>With or without planning consents.</p> <p>Often the later stages of a project, when the sites have been serviced and consented.</p>	<ul style="list-style-type: none"> <li>• High certainty of income.</li> <li>• Full transfer of risk and cost.</li> <li>• Relatively simple contracts.</li> <li>• No need for OJEU 'procurement'.</li> <li>• Receipt of income can be deferred to aid cash flow.</li> </ul>	<ul style="list-style-type: none"> <li>• Compared to alternatives, a high price of risk transfer (i.e. higher profit margins requirements reduce land receipts).</li> <li>• Limited capacity for vendor to inform processes, pursue social and economic benefits.</li> <li>• Land price can create pressures on other outcomes (e.g. affordable housing).</li> </ul>
<b>Conditional land sales</b>	<p>Sale of land to highest bidder, the sale being subject to specified events.</p>	<ul style="list-style-type: none"> <li>• Tends to involve a pre-agreed land price (or can be 'open book').</li> <li>• Sale can be linked to agreed outcomes.</li> <li>• Can be conditional on anything – planning, infrastructure etc.</li> <li>• Allows vendor to inform outcomes.</li> <li>• Income is contracted for.</li> </ul>	<ul style="list-style-type: none"> <li>• Contracts can be cumbersome to draft and enforce.</li> <li>• Risk transfer comes at a price.</li> <li>• Once in contract, limited scope to inform processes, performance long-stop dates can be many years away.</li> </ul>
<b>Development Agreements</b>	<p>Contractual agreement and relationship between landowner (vendor) and developer (buyer).</p>	<ul style="list-style-type: none"> <li>• Creates opportunities for landowner to inform processes and behaviours of the developer.</li> <li>• Clear statement as to share of costs and proceeds.</li> <li>• Can allow for sharing of profit.</li> </ul>	<ul style="list-style-type: none"> <li>• Greater share of project risk for landowner.</li> <li>• Contract must provide for a wide range of eventualities – can be time consuming to agree, and unlikely to capture all eventualities.</li> <li>• Disputes can be hard to resolve without recourse to third party support.</li> <li>• Procurement process can be complex.</li> </ul>
<b>Corporate Joint Ventures</b>	<p>Jointly controlled and owned corporate entity (limited company, limited liability partnership for example).</p>	<ul style="list-style-type: none"> <li>• Full transparency and shared input in to all decision making, costs and revenues.</li> <li>• Joint ownership and control create flexibility in decision making.</li> <li>• Less reliance on contracts to manage relationships.</li> </ul>	<ul style="list-style-type: none"> <li>• Demands senior commitment and assumption of legal obligations to the new entity.</li> <li>• Full sharing of risk.</li> <li>• Distribution of returns subject to full Board approval.</li> </ul>
<b>Self-delivery/ Wholly Owned Company (WOC)</b>	<p>Landowner self-finances and procures development services and contractors</p>	<ul style="list-style-type: none"> <li>• Retain full control over all costs and revenues.</li> <li>• Full discretion over professional appointments.</li> <li>• Innovative models emerging (e.g. pre-sales paying for construction finance).</li> </ul>	<ul style="list-style-type: none"> <li>• Complex procurement processes (unless WOC).</li> <li>• Demands experienced client team.</li> <li>• Landowner retains all project and cost risk.</li> <li>• Public sector borrowing regulations may limit capacity.</li> </ul>





Department for  
Communities and  
Local Government

# **Estate Regeneration National Strategy**

## The Role of Local Authorities

December 2016  
Department for Communities and Local Government



# Introduction

This section of the Estate Regeneration National Strategy outlines the important place-leadership role local authorities can play to support estate regeneration. Whether as direct owners of estates, local planning authority or as conveners, local authorities have a significant role in promoting housing supply, commissioning services, providing wider place-based growth and regeneration, and supporting cohesive communities.



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December 2016

ISBN: 978-1-4098-4946-9

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# The role of local authorities

Government continues to demonstrate its commitment to devolution and empowering local places to have more control over decisions affecting their area.

As the custodians of place, local authorities understand the wider context, challenges and opportunities. They can and should ensure that estate regeneration contributes to meeting local housing need and estate residents benefit from wider efforts to deliver growth and public service reform. They also play a key role in ensuring residents and communities are engaged in decision making about their area. An estate regeneration scheme is much more likely to succeed and reach its full potential when it has the backing of its local authority.

## Place leadership

Adopting a placemaking approach to regeneration can generate value for residents and the local community through improved neighbourhood pride, a locally informed housing offer, better connections to local opportunities and improved services.

All regeneration policies and plans should be developed from broad engagement with the community and stakeholders to understand local need and how the built environment and public services currently impact on the lives of residents. Local authorities have a key role in considering how plans for estate regeneration can help to promote integration and create more cohesive, resilient communities. Local authorities are well placed to lead or support high quality community engagement, given their direct links through ward councillors and officers to communities and community groups.

As place leaders, local authorities can maximise opportunities for estate regeneration, linking schemes to wider regeneration and housing delivery objectives. Many local authorities have significant land holdings and government has committed to work with them to use this land for building 160,000 additional homes by 2020. Local authorities can also play a key convening role in encouraging all public sector land holders to utilise their land and equity holdings in support of delivering housing. At a local level, such housing development may be able to provide cross-subsidy for an estate regeneration scheme. This kind of financing arrangement can often make all the difference in achieving scheme viability.

Working with Local Enterprise Partnerships, local authorities and combined authorities are able to identify regeneration priorities as part of their broader growth strategies. Some local authorities are already considering how local growth funds and deals may form part of the overall financing package for a scheme, particularly where there are wider strategic benefits.

We have seen good examples of strategic leadership and co-operation. For example, combined authorities in the Tees Valley, the West Midlands and Greater Manchester are exploiting opportunities to consider wider issues, such as transport, infrastructure and skills; and how to combine physical change with other place-based initiatives to improve social outcomes.

There are numerous examples of estates connected or close to broader regeneration initiatives. For example, there are some that are in or adjacent to Housing Zones, some are close to town centre regeneration schemes or form part of coastal communities, and others are near to train stations undergoing regeneration or new transport opportunities such as HS2, Crossrail or local tram networks. All of these are opportunities that, when combined with local available public or private land, can provide an attractive development proposition to investors.

Such regeneration can act as the catalyst for delivering place-based services and infrastructure, for example through new service centres and schools. Considering estate regeneration in parallel with wider improvements and opportunities such as infrastructure development, new commercial or retail facilities *and bringing streets of empty homes back into use*, can be the key to addressing socio-economic issues and creating mixed and balanced neighbourhoods.

Estate regeneration is most likely to succeed when it is a collaborative effort involving local authorities, housing associations, local public service providers, local business and residents and community groups. Local authorities are well placed to lead this type of partnership working, given their ability to engage with residents and communities and their knowledge of the pressures on land availability, infrastructure, services and facilities. Inevitably there will be tensions given the range of perspectives. These need to be resolved openly and honestly and local authorities can play a very important role in leading this local dialogue.

## Placemaking and design quality

Local authorities play a key role in ensuring regeneration delivers well-designed buildings and high quality spaces. Local planning authorities have a responsibility for this through the planning process, using recognised procedures such as design review, the use of local design guides and applying optional national standards.

Each estate will be unique and have a range of design improvements to address, including comprehensive redevelopment, intensified use, refurbishment, or a mix of approaches.

Whatever the intervention, the objective should be to create enduring places that are popular with those living there, with those in the immediate vicinity and with visitors. There should be a structured approach to community engagement, and that this includes offering a range of design options to identify community preferences. Local authorities will want to ensure residents are consulted on and engaged in shaping all the design aspects of regeneration, including configuration of urban form, spaces between buildings, character of the neighbourhood and the appearance of the homes as well as the wider built environment and public spaces. High quality design can also help to generate financial value that will support such transformation, funding new homes and the delivery of community facilities and new shared spaces.

The application of good urban design principles can lead to the transformation of estates into well connected, attractive neighbourhoods that integrate with their surroundings. A placemaking approach to design can create value for all involved, including the occupants, the wider community and the developer, by delivering more diverse and inclusive neighbourhoods that cater for a range of local housing need. With effective design this can be delivered through densification and more efficient use of land. Alongside this, it is important that external environments are high quality, safe, accessible, secure and healthy, offering improved amenity, including through the use of green space. To ensure sustainability, management arrangements need to be considered through all stages of the design and delivery process for places to be robust for the future.

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## Using the planning system

Estate regeneration can help to boost net housing supply, diversify the housing mix and provide more homes for private sale. Local authorities and partners should consider, at an early stage, how the planning system can anticipate and plan for high quality future schemes and ensure they are delivered quickly. Opportunities for estate regeneration should be considered as part of the evidence base when local plans are put together.

In setting local policies for estate regeneration, national policy needs to be taken into account. This encourages authorities to maximise the effective use of land through higher densities, where possible, to help meet their local housing targets.

The Development Plan Document (DPD) and core strategy processes offer opportunities to consider estate regeneration and can enable potential schemes to fit within a broader vision for the future development of an area. DPDs are the bedrock of the local plan process and, while they can take time to produce, they go through a formal planning consultation and examination and consequently must be taken into account in local decision making. DPDs are based on a wide evidence base and set out policies for managing strategic priorities including the forward supply of homes, jobs, infrastructure, the environment, and community facilities. They enable a 'wide lens' view to be taken of the priorities across a whole local authority.

If needed, a detailed type of DPD can be produced. This is called an Area Action Plan (AAP). These focus on the development needs of specific areas, and allow for more detailed policies about sites, such as the size of developments being encouraged, the provision of particular commercial facilities, health care centres, affordable housing provision, infrastructure and transport links, and also how social improvements can be secured.

Plan policies that set site specific expectations for design, density, layout and open space will help set the parameters necessary to underpin any site specific viability assessments. They are particularly helpful for landowners seeking to bring forward schemes. However, such policies should not be overly prescriptive, since that may preclude the viability of individual schemes.

Where more flexible local planning approaches are needed, masterplans and Supplementary Planning Documents (SPD) can be produced to cover specific sites. These can do a similar job as an AAP. They should build upon and provide more detailed advice or guidance on the policies in the Local Plan, for example by setting out site specific criteria to be followed. They are also quicker to produce, since they do not need to go through a formal planning examination. However, masterplans and SPDs cannot be produced unless a supportive DPD policy already exists, and they must be in alignment with any relevant strategic policies in existing DPDs.

Local authorities should also consider whether use of a local development order (LDO) could unlock schemes on a site specific basis. Local development orders give a grant of planning permission to specific types of development within a defined area. They streamline the planning process by removing the need for developers to make a planning application to a local planning authority. The Planning Advisory Service (PAS) guidance on preparing housing-led LDOs is a helpful source of information for local authorities considering their use.<sup>1</sup>

At a very local level, neighbourhood plans or Neighbourhood Development Orders (NDOs) are powerful vehicles for supporting estate regeneration schemes. Neighbourhood plans and NDOs are initiated by communities, rather than local authorities and give a voice to communities enabling them to propose what they would like to happen in a given (self defined) area. Once agreed (by local referendum) they have to be taken into full account by local authorities in making local planning decisions. In this way communities are enabled to have a strong voice in shaping estate regeneration proposals.

Some places have developed a formal neighbourhood plan alongside the masterplanning process. This helps to set the future direction of development for the area, minimises duplication of effort on all sides and demonstrates to communities the value of their involvement.

All engagement with communities to develop masterplans or neighbourhood plans for specific schemes needs to be properly resourced. The involvement of communities in plan making processes, at all levels, helps build local ownership and a sense of local responsibility for areas. It also builds private sector confidence that any development proposals which align with the strategy will attract support and be easier to implement.

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<sup>1</sup> *Preparing Housing Led LDOs*, Planning Advisory Service, April 2016.

## Effective use of the statutory planning application process

Managing the planning application process effectively and securing the most appropriate consent route will help accelerate delivery of estate regeneration schemes.

High quality consultation approaches and the involvement of key stakeholders (such as statutory and non-statutory consultees, local councillors, and local community representatives) will ensure there are no hidden surprises when a planning submission is submitted. This will help ensure the planning application process is a validation of a scheme rather than a contentious process that galvanises local concerns or objections.

Large-scale estate regeneration schemes can require specific local authority expertise and resourcing to manage the planning application process. Planning performance agreements are useful tools that an applicant and authority can use to set clear expectations and timescales for all partners in a scheme. They can also be used to agree outsourcing arrangements to deal with the abnormal costs of processing the application.<sup>2</sup>

One of the most common approaches for granting consent to estate regeneration schemes is a hybrid planning application. A hybrid application will include both a full planning application for the first phase(s) of the scheme and an outline application for future phases. Hybrid applications offer a flexible approach and enable an applicant to start construction on the first phase, while securing the principle of development for future phases. Hybrid applications, however, may not always be appropriate for all situations, and schemes can opt to submit standalone applications for each phase.

The 2016 Act introduced a new form of planning consent called 'permission in principle' to be granted for housing-led development when sites are identified on the new brownfield registers, or are allocated in local and neighbourhood plans. 'Permission in principle' will provide up-front certainty that an amount and type of development is established once, and will create a far more certain and streamlined planning process for developers, local authorities and communities. 'Permission in principle' therefore presents an opportunity to substantially de-risk regeneration schemes. Once brownfield registers and the 'permission in principle' mechanism have been established, local authorities should consider ways they can make use of these to streamline their planning process on their estate regeneration proposals.

<sup>2</sup> *National Planning Policy Framework*, March 2012.





Department for  
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# **Estate Regeneration National Strategy**

## **Case Studies**

December 2016  
Department for Communities and Local Government



# Introduction

The complex nature of estate regeneration schemes mean that even experienced developers and local authorities can benefit from case studies that showcase the latest in estate regeneration good practice, to inform their own approaches.

These case studies are drawn from across the country and include examples from a wide range of themes and areas, including placemaking, cross-subsidy, good design, partnership working, community engagement and resident offers.

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## Case study 1: Agar Grove Estate, London Borough of Camden

### LOCAL AUTHORITY LEADERSHIP AND FUNDING MODEL.

*A local authority led scheme, Agar Grove Estate, is radically changing the layout and its relationship with the surrounding area, reinstating a traditional street pattern, community spaces and gardens. The scheme is part of the council's largely self funded Community Investment Programme that finances housing, schools and community facilities using its own land, cross-subsidy from private sale and borrowing.*

The estate was built in the 1960s and all 249 existing homes require significant investment. The scheme includes the demolition of 112 low-rise dwellings and the remodelling of an 18-storey tower block containing 137 flats. In their place 493 new homes will be built to higher standards of design, space and environmental performance together with an increase in community and commercial space.

As the Council is the landowner and has low finance costs, this option is favourable in terms of return on investment. This approach does however mean that Camden assumes all of the market risks associated with the development in order to maximise the benefit to the council.

The project has six phases to be built over approximately 10 years and offers a single move to all existing tenants. All new build blocks will be highly sustainable, reducing heating costs for residents and improving long term maintenance and management of building services. Tenants were involved throughout and supportive of increased density to fund regeneration, attributable to a good quality design approach and the resident offer.

*“This is considered to be an exceptional proposal which is strong in all aspects of design, from the master plan right through to the detailed consideration of the doorstep experience. Underlying this is a good commitment to high quality detailing and materials.... The spaces and buildings form a legible townscape which is familiar and contextual. It is considered that the site will become truly permeable and accessible..”*

Planning Officer's Report.

Aerial view of the existing estate



CGI of the redeveloped estate



Case study 1: Agar Grove Estate, London Borough of Camden



## Case study 2: Anfield Regeneration, Liverpool

### COMMUNITY LED, PLACE-FOCUSSED REGENERATION.

*The regeneration of Anfield in North Liverpool has focused not just on housing, but on the place as a whole, including the commercial offer and infrastructure. A strong joint partnership and long-term community engagement has transformed Anfield into a place where people want to live.*



Connecting with the community has been vital. Historically an engaged community, Anfield residents were becoming disillusioned by regeneration projects which did not have the desired impact due to delays. Your Housing and Liverpool City Council have worked hard to build trust and include the community in planning regeneration activities, such as opening up the first renovated properties so residents could see what was possible and on offer.

Tenant satisfaction has significantly increased as a result of engaging the community in the regeneration of the area. A greater mix of tenure types has also increased the likelihood of social and economic sustainability. Encouraging residents to remain in the area by retaining social housing and providing new home ownership opportunities has maintained community cohesion.

Connecting housing regeneration to wider growth and development, including commercial and service offers, is making Anfield an area people want to live in. This place-based approach is attracting new residents as well as improving the reputation of the area.

Case study 2: Anfield Regeneration, Liverpool



## Case study 3: Beechwood Village, Basildon

### CROSS-SUBSIDY.

*A partnership approach which is using additional land to provide custom built homes for private sale will deliver a mixed tenure development, including homes for social rent.*



Beechwood is an area of 38 hectares, comprising Craylands Estate and the former Fryerns school site. A 1960s Radburn estate, it has a lack of identity and character and a profusion of roads and alleyways that are confusing to navigate. Parking arrangements and open space can feel unsafe and the buildings are in poor condition.



This is a partnership between Swan Housing, Basildon Borough Council and the Homes and Communities Agency. The developer is 'NU living', the trading name of Swan New Homes, a subsidiary of Swan Housing.

The project requires significant buyouts, demolition and infrastructure work. Therefore the identification of additional land to enable the development of homes for private sale was crucial to the viability of the scheme. Profits will be gift aided back to the registered provider, to be reinvested in homes and services.

Already 407 homes have been constructed and are occupied across a mix of tenures. The approach to the layout is to create a traditional street pattern. New retail units and a community centre have also been built to bring facilities to Beechwood.

The next phase of this project will include 250 new homes for custom build private sale. The homes will be delivered by off-site manufacture in a factory Swan is opening in Basildon. The factory will allow Swan to deliver homes, constructed locally using innovative off-site construction techniques, whilst avoiding delays from the external factors such as the weather and ensuring high levels of quality control.

Case study 3: Beechwood Village, Basildon

CGIs from Planning Submission to Basildon Council





## Case study 4: Hillington Square, Kings Lynn

### DESIGN AND PARTNERSHIP.

*Hillington Square has been transformed from an isolated, inward-facing estate to a place in which people are choosing to live, thanks to a design-focused approach and strong partnership between community, design and development partners.*

The Hillington Square estate is adjacent to the town centre and was constructed in the late 60s. Its design was inward-facing, and it was isolated from the wider community, with interlinked blocks and concrete 'walkways in the sky' making dealing with the social issues challenging. It became a place to live for people that had little choice.

Freebridge Community Housing Association (CHA) partnered with Hemingway Design to refurbish and open up the estate so that it would be more integrated with the local town centre.

After extensive dialogue with residents, funders, public agencies and local community groups, Lovell LLP was appointed to undertake the construction work on a 'phase by phase' basis through a partnering contract. This approach ensured that Freebridge CHA would maintain an active involvement in the design and procurement process as the project evolves.



The first two phases of the development have been completed. This included separating the blocks to provide them with their own identity and relocating walkways away from the blocks so that those living at ground floor level have their own space. A street scene approach was developed with careful configuration of hard and soft landscape areas to retain block specific parking areas and open spaces.

The project has attracted interest both nationally and internationally and has been shortlisted for awards for architectural and building control and for the marketing and branding of the completed work.

## Case study 5: Kibblesworth Village, Gateshead

### COMMUNITY DEVELOPMENT.

*Kibblesworth was a mining village in decline until the charity arm of the Gateshead Housing Company, Keelman Homes, engaged the community to regenerate the estate.*

Kibblesworth Village was an isolated, rural former mining community in Gateshead. In 2008, structurally defective and hard to heat properties were becoming very unpopular and residents were leaving the area. A partnership between Gateshead Council, Keelman Homes and Keepmoat was set up to demolish and rebuild the estate, providing 150 new homes for a mixture of private sale, rent and shared ownership. The scheme was completed in 2015.



The lead partner, Keelman Homes, invested time and resources in engaging with the community to understand their needs and ensure the regeneration went smoothly. They made use of the recently refurbished community centre to hold consultation events, art workshops and other activities designed to build positive relationships with the community.

Keelman worked closely with the local school to develop play schemes and worked with the children to design the playground. They held small business development activities in the school itself.

Residents were also given a degree of control over their own homes through the use of a bathroom and kitchen catalogue providing them with a choice of kitchen and bathroom designs.

## Case study 6: Kidbrooke Village, Greenwich

### PRIVATE SECTOR-LED REGENERATION AND PLACEMAKING.

*Kidbrooke, by developer Berkeley Homes, is an example of private sector-led regeneration and placemaking delivering social sustainability.*



Kidbrooke Village replaced the run down Ferrier Estate, comprising 1900 homes. It was beset by social problems, cut off from its surroundings and notorious for crime and vandalism.

The Royal Borough of Greenwich selected Berkeley Homes to deliver comprehensive redevelopment and regeneration in partnership with the community. Over a period of 20 years, Berkeley Homes will deliver over 4,800 new homes through a phased programme, more than doubling the density and creating significant green open space.



There will be a mix of tenures and typologies including options for private, social, shared equity and senior living. Thirty five percent of homes will be classed as affordable housing. The development will also have a strong social infrastructure. A new school has been built, as well as health, community, sport, retail and transport facilities, alongside substantial green infrastructure. The aim is to create a new urban village.

The local community have been closely involved in the regeneration process. Some 500 people moved from the old estate into new homes in the re-housing programme.

Berkeley support ongoing social sustainability and monitor continuing engagement post-occupancy by assessing residents' ability to influence local decisions and through resident surveys to test levels of satisfaction.

Case study 6: Kidbrooke Village, Greenwich



## Case study 7: North Prospect, Plymouth

### COMMUNITY ENGAGEMENT AND RESIDENT OFFER.

*A strong resident offer is improving the diversity of North Prospect, increasing the long term social and economic sustainability of the area.*

Built from the 1920s through to the 1950s, North Prospect was once a desirable place to live, but it fell into disrepair and crime became common. Poor construction standards led to damp homes which were expensive to heat.

In 2009, the ownership of the estate transferred to Plymouth Community Homes (PCH). PCH has led the regeneration which was funded by a combination of disposal proceeds, affordable rent conversions, the sale of open market plots to developers, direct PCH subsidy, loan funding, and HCA grant funding.



In the first construction phase, the £4m Beacon community and enterprise hub was built, including a new library, shops, Sure Start nursery, a café and health service provision. This made a strong impression on the local community and, together with a comprehensive offer to residents, increased support for the regeneration programme, helping make the neighbourhood sustainable for future generations.

The scheme has made excellent progress due to proactive and early community engagement. Tenants are supported by a dedicated rehousing team, with the offer to move to another property within existing PCH stock at a preferential rate, or to move to social housing with alternative providers. The majority of tenants have elected to stay on the regenerated estate.

Homeowners are given a valuation by an independent surveyor, with PCH offering a 10% premium and payments to cover the cost of buying a new home. Options to home swap or become a PCH tenant are also available where home ownership cannot be sustained. This approach has negated the need for compulsory purchases of owner-occupied properties.

By completion, the scheme will have delivered 1102 new homes to replace the 794 existing properties, and PCH has also invested in an extensive refurbishment programme.

Case study 7: North Prospect, Plymouth



## Case study 8: North Solihull Regeneration

### EDUCATION-LED REGENERATION.

*A strong joint venture (JV) partnership and a focus on education, community and placemaking has led to an increase in educational standards at this Birmingham estate.*

North Solihull was created on greenfield land during the late 1960s to provide overspill housing for Birmingham. The residential development was mainly owned by the council, and included 42 tower blocks surrounded by areas of underused open space.

In 2003, Solihull Metropolitan Borough Council (SMBC) began the procurement of a development partner to lead a 15-year regeneration programme to address health, education and housing inequalities. In 2005, North Solihull Partnership (NSP) was formed, with SMBC as the accountable body. Bellway Homes was the housing developer; WM Housing the affordable housing provider; and Sigma InPartnership the commercial developer. The regeneration set out to change the lives of 40,000 people by restructuring the housing market, building new homes of mixed tenure, developing brand new, state-of-the-art schools, and creating new village centres with enhanced health and enterprise facilities.



Eleven years on, there are 6 new primary schools with another one planned. Around 1700 new homes have been built or have planning permission, replacing 887 demolished homes, including 5 tower blocks. Around 50% of the new homes are affordable rent and there is dedicated extra care, assisted living and homeless accommodation. There are two new village centres which have been created at the heart of the local communities.

The major success factors are: a strong formal partnership vehicle with complementary skills and resources set up to consider the holistic needs of the area; the injection of land by SMBC alongside pump-priming from other public and private sources; a strong focus on active community engagement and an overall increase in education standards.

There are also new opportunities, with the local plan identifying new strategic site opportunities, the potential for new Starter Homes, the possibility of growth driven by HS2 and a proposed new metro link between Birmingham city centre and the airport.

## Case study 9: Oval Quarter, London Borough of Lambeth

### PARTNERSHIP WORKING AND PLACEMAKING.

*The regeneration of the Myatts Field Estate demonstrates the benefits of partnership working and a placemaking approach to delivering a new residential urban neighbourhood.*

The low rise housing at Myatts Field Estate in Lambeth was unsafe, with alleyways and an undulating landscape that led to criminal behaviour in the area. Extensive consultation with residents included a structured options appraisal process to determine the best way to approach the regeneration of the estate. The preferred option was extensive redevelopment with the retention of some existing buildings.

The rebranded Oval Quarter is a new urban village with 808 new mixed tenure homes, including 146 shared ownership homes provided by the housing association, and 172 refurbished properties. The site is retained by London Borough of Lambeth and is being developed, marketed and managed by a PFI consortium.



An off-site manufacturing approach was used to build the new homes, using an SM light gauge steel superstructure and building information modelling to design, manufacture and coordinate the build.

Existing residents have been rehoused and the retained blocks have been refurbished. The estate now has a new urban park and community facilities including a new function hall, café and crèche. The project demonstrates how delivering 'affordable quality' homes can fund regeneration.



## Case study 10: Park Central, Birmingham

### HOUSEBUILDER LED REGENERATION AND PARTNERSHIP WORKING.

*Park Central demonstrates the benefits of house builder-led regeneration and partnership working between the developer, the local authority, the housing association and the local community.*

This project required a comprehensive regeneration of Lee Bank Estate, located on the city centre fringe. It was delivered by a partnership of Crest Nicholson, Birmingham City Council and Optima Community Association. The area was derelict with high levels of crime which contributed to the poor perception of the area, despite its proximity to the city centre.

Over 1,600 new mixed tenure homes have been built, of which 25% are affordable, and the retained tower blocks were refurbished to provide a further 400 affordable homes. There is no visual distinction between tenures, and some innovative housing types have been introduced.

At the heart of the development is a new 4 hectare managed urban park with something for all sections of the local community. Leisure and retail facilities have also been added to the new development, making the neighbourhood far more desirable than before.

Residents, the wider community, the local authority and other stakeholders have been closely involved throughout the estate renewal process. The project was based on a strong and flexible masterplan that has created a sense of place and responded to market fluctuations throughout the 10-year programme. The character of the area has been transformed, which has contributed to the wider regeneration objectives for the centre of Birmingham. The project has won a number of awards for regeneration including the DCLG sustainable communities award.



Case study 10: Park Central, Birmingham



## Case study 11: Portobello Square, North Kensington

### PLACEMAKING AND DESIGN.

*The Wornington Green Estate in North Kensington suffered from poor design, high levels of crime and overcrowding. Great design, strong engagement and increased density have resulted in a well-supported and successful regeneration project.*

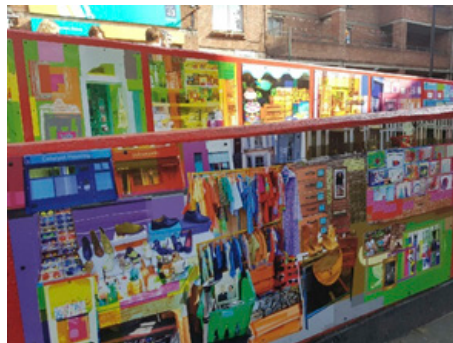
Built in the 1970s, Portobello Square was a poorly designed, expensive to manage mono-tenure estate suffering from overcrowding and under-occupation. Blocks of stacked maisonettes linked by continuous access decks suffered from low quality spaces between buildings and underused green spaces. Stock improvement was needed, along with increased density to address overcrowding. The lack of commercial activity and the limited life chances of the residents also needed to be addressed.

A strong partnership between Catalyst Housing and the Royal Borough of Kensington and Chelsea, along with a GLA grant and effective community engagement led to a strong shared vision for the future estate which addressed the issues and created a place where people wanted to live.

Following early and active engagement with residents and local stakeholders, including consultation on a variety of options, it was clear that full redevelopment was the most beneficial option. Plans were drawn up in partnership with local residents and partners for a high density, mid-rise development with a street based style, connected to the wider regeneration of the area. The high quality design includes 540 social and shared ownership homes and 500 additional houses and apartments for market sale, with no visual distinction between tenures. The design included a new public square with a mix of uses and community facilities to replace the existing park.

Support for the redevelopment can be attributed to early and ongoing engagement with the residents and wider stakeholders including regular consultation, a clear resident charter, individual support and move plans, effective on-going management of the estate and investment in the wider community. Great design, intelligent use of assets, sensitively designed higher densities with supporting social infrastructure, and strong partnerships were all equally important factors in the success of the project. And even in a fashionable part of London, with sale values over £1m, public investment was necessary to ensure the scheme's success.

The community is still engaged in estate management and their involvement in art projects around the estate demonstrates how much they have invested in their new neighbourhood.



Case study 11: Portobello Square, North Kensington



## Case study 12: Rayners Lane, London Borough of Harrow

### PHASED DEVELOPMENT.

*The regeneration of the Rayners Lane estate demonstrates how families can benefit from redevelopment, particularly when communities remain intact, and are rehomed on the same site.*



Rayners Lane was originally built in the 1960s but by the late 1990s it was clear the housing stock needed updating and the neighbourhood's poor design had made it difficult to manage. It had become unpopular, unsafe, and a magnet for anti-social behaviour.

Following a residents' vote, in 2002 the stock was transferred from the London Borough of Harrow to Home Group, a not-for-profit housing provider. Work to transform the estate started in 2003 and is now nearing completion. A flexible business model has enabled the cross subsidy of affordable rental homes from the revenue generated by private sales.

The regeneration has seen many of the original 539 properties demolished and replaced with modern, energy efficient homes. Thoughtful, high quality design, informed by residents, has enabled the number of homes in the neighbourhood to increase to 800.



Existing residents have been guaranteed the right to remain in affordable housing on the estate, with the extra 260+ homes creating a vibrant mixed tenure community through the introduction of outright sale and shared ownership.

Resident, local authority and stakeholder involvement has been fundamental to the £140m regeneration of Rayners Lane. In addition to building new housing, Home Group has invested in the community, providing dedicated youth work programmes, a community centre, play areas, education and skills classes, initiatives to reduce anti-social behaviour and sports facilities. These new facilities and services and a residents' committee have transformed the neighbourhood into a desirable and valuable destination.

Research from the London School of Economics shows that residents value the 'social model' of regeneration which enables them to remain in their community through the use of phased regeneration.<sup>1</sup> This regeneration example demonstrates the success of this model.

<sup>1</sup> *Moving on without moving out: the impacts of regeneration on the Rayners Lane Estate*, LSE Housing and Communities <https://www.homegroup.org.uk/~media/Files/News/Rayners-Lane-Final-Full-Report.ashx?la=en>, May 2016.

## Case study 13: South Acton, London Borough of Ealing

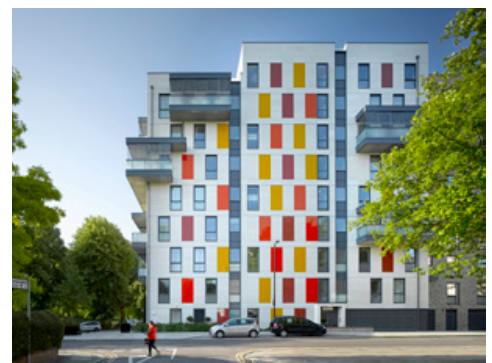
### WIDER PLACEMAKING AND REGENERATION.

*South Acton estate, an extensive area of linked neglected housing sites is being transformed into a new, vibrant mixed tenure neighbourhood, by a joint venture consortium of Countryside and London & Quadrant Housing Association. Residents were closely involved throughout.*

The medium to high-rise post war buildings of 1,800 homes were disconnected, with unsafe spaces and footpaths between blocks isolated from the rest of the neighbourhood. The 15 year scheme will see significant investment in the 52-acre site to improve the area and deliver 2,850 homes, 50% of which will be affordable homes.

A key objective has been to transform the area in order to attract a diverse range of new residents whilst fulfilling the needs of existing occupants. A masterplan was developed with the existing residents to recreate a traditional street pattern and network of open spaces to better integrate the estate with the wider area. It has been important for the development that the new high density design integrates well with the surroundings. The quality building design is supported by a good transport infrastructure and quality public realm.

Extensive collaboration between Ealing council, the Greater London Authority, Transport for London and local residents is at the heart of the redevelopment project. The partnership is bringing this plan to life by investing in social and economic regeneration such as new community and retail facilities, extensive public open spaces and enhanced transport links.



## Case study 14: Spirit Quarters, Coventry

### PARTNERSHIP WITH COMMUNITY TRUST.

*Spirit Quarters is a multi-million pound housing redevelopment scheme in North East Coventry which will deliver up to 1400 new homes, new community facilities and public open space improvements to transform the neighbourhoods of Wood End, Henley Green, Manor Farm and Deedmore.*

Spirit Quarters is one of the largest housing regeneration schemes in the Midlands. It is being delivered through a partnership including Whitefriars Housing, Coventry City Council, the HCA, Moat House Community Trust and a developer consortium of Bovis Homes, Keepmoat Homes and Persimmon Homes.

The Wood End, Deedmore, Henley Green and Manor Farm estates in North Coventry were built in the 1950s and 1960s as council owned stock during Coventry's post war reconstruction. The estates were once award-winning, but fell into poor condition with a reputation for high levels of crime and unemployment.

The area has been undergoing intensive regeneration since 2001 through the £54 million New Deal for Communities programme, which invested in environmental improvements, employment, education and community safety measures. The programme funded some £3 million of masterplanning between 2002 and 2006, and enabled acquisitions and demolitions. Over a similar timescale, Whitefriars invested over £3 million in demolition of its low demand and vacant stock.



The Spirit Quarters redevelopment continues and builds on the ethos of the NDC programme of being resident-led through the Moat House Community Trust and in 2012 was nationally recognised by being awarded the 'Best Community Led Regeneration Project' by Regeneration and Renewal magazine.

The Trust has set up three social enterprises - a community café at Moat House Leisure and Neighbourhood Centre, Purple Patch Communications and Moat House Business Centre. As well as running local businesses, Moat House Community Trust gives residents opportunities to speak up about priorities in their area, helping to improve local services and promote a positive reputation for the area.

In addition to the physical transformation of the area, there have also been improvements in many other physical, social and economic indicators that impact on the quality of residents lives since 2001 such as:

- Overall reported crime in the area has reduced 19.5% - from 200 per 1000 households to 161 per 1000 households.
- Residents claiming Job Seekers Allowance has reduced 44% - from 8.4% to 4.7% - compared to 40% city wide.
- The percentage of students leaving school with 5 or more GCSE grades A\* - C has increased from 5% to 33%.

## Case study 15: Thames View East, London Borough of Barking & Dagenham

### INCOME STRIP MODEL.

*Innovative partnership and investment models have been used to fund the Thames View East redevelopment, negating the need for grant funding or subsidy.*

The original 1950s nine-storey tower blocks and poor quality low-rise stock have been demolished and new high-quality traditional homes have transformed the estate. The scheme has 151 family houses, 35 duplex flats and 90 one and two bedroom flats. All Thames View East properties are affordable homes. The council nominates the tenants who live on the estate, and provides a housing management service.

The scheme has good quality family homes complemented by five detached apartment blocks. The duplexes include homes suitable for disabled residents, many with private gardens. Each block is distinguished by a unique colour scheme and artwork. Space for refuse, bicycles and plant is all integrated within the building, avoiding the need for external stores and shelters.



The long-term investment model that funded Thames View East was made possible by the council granting a lease over their land to Long Harbour for a fixed period. Long Harbour, working in partnership with Laing O'Rourke, financed and constructed the scheme and will cover all lifecycle and maintenance costs in return for a regular income derived from rental receipts. The council retains the land freehold and will own the properties, at no extra cost, at the end of the investment period.



## Case study 16: West Gorton, Manchester

### CREATING NEW HOUSING MARKETS.

*Manchester City Council, the Homes and Communities Agency, Guinness and developer Keepmoat are working with the local community to deliver a transformational regeneration programme in West Gorton.*

West Gorton was a low-value area with complex issues such as high levels of crime and poverty. An ambitious Masterplan was developed to create a more balanced, stable and prosperous community, living in an attractive neighbourhood with high quality public facilities.

Public and private funding of over £100 million has been invested in the neighbourhood, allowing 144 homes to be renovated and 400 obsolete properties to be replaced by over 200 new, spacious, energy efficient homes built by the council and Guinness.

The 'Space Project' TV and drama production centre has been created as part of the regeneration programme. Improvements have also been made to the Armitage Primary School.

Work is on-going to complete this renaissance in West Gorton, including the successful Keepmoat 'Connell Gardens' development of homes for private sale, a new health, retail and community hub and a new community park. Together with the vibrant community in the neighbourhood, these make West Gorton a place where people choose to live and work.



Case study 16: West Gorton, Manchester







Department for  
Communities and  
Local Government

# **Estate Regeneration National Strategy**

## Partner Engagement

December 2016  
Department for Communities and Local Government

## Partner Engagement

Government has met with over 200 organisations since we issued the [Estate Regeneration Statement](#) in February 2016.

As can be seen from the partner engagement list below, this includes over:

- 70 Local Authorities.
- 60 Housing Associations.
- 30 charities and community organisations.
- 30 private developers, consultants and investors.

Our engagement has been through:

- Local and regional workshops, bringing together partners to discuss challenges in a particular place, or across a region.
- Working groups with expert practitioners to discuss good practice in resident engagement, resident protection and engagement in design.
- Working groups with expert practitioners to discuss good practice in resident and engagement, protection and design.

The scale and depth of this engagement has enabled us to develop a comprehensive package of support and guidance.

We will continue to work with partners and places to help maximise the impact of any funding to accelerate individual schemes. We will also develop further resources to help places simplify and speed up the process.

Organisation	Type
Heseltine Institute	Academic institution
London School of Economics	Academic institution
Sheffield Hallam University	Academic institution
Social Research Centre	Academic institution
Groundwork	Charity
Prince's Foundation	Charity
Rebalancing North Notts	Charity
Trafford Hall	Charity
Social Finance	Charity
Back on the Map	Charity
Moat House Community Trust	Charity
New Wortley Community Association	Charity
Leathermarket JMB	Community organisation
Saffron Lane Neighbourhood Council	Community-led housing organisation
Witton Lodge Community Association	Community-led housing organisation
Community Gateway	Community-led housing organisation
Freebridge Community Housing	Community-led housing organisation
Goodwin Trust	Community-led housing organisation
Liverpool Mutual Homes	Community-led housing organisation
Shal Housing	Community-led housing organisation
Capita	Consultancy
Capita Property	Consultancy
Farrells	Consultancy
First Ark	Consultancy
GL Hearn	Consultancy
GVA	Consultancy
Quod	Consultancy
Tetlow King	Consultancy
Torus	Consultancy
Trade Risks	Consultancy
Turnberry UK	Consultancy
Urban Engineering Studio	Consultancy
Mears Group	Contractor

Organisation	Type	Organisation	Type
Argent	Development company	Gloucester City Homes	Housing Association
Ballymore Group	Development company	Great Places	Housing Association
Countryside	Development company	Green Square Group	Housing Association
Galliard Homes	Development company	Guinness Partnership	Housing Association
Lipton Rogers	Development company	Hyde Housing Group	Housing Association
Mount Anvil	Development company	Incommunities	Housing Association
R-Gen	Development company	Liverpool Housing Trust	Housing Association
Aberdeen Asset Management	Financial institution	Linin Housing	Housing Association
Aviva	Financial institution	Metropolitan Housing Trust	Housing Association
Axa Investment management	Financial institution	New Charter	Housing Association
Barclays	Financial institution	Northwards Housing	Housing Association
Hermes Investment management	Financial institution	Orbit Homes	Housing Association
Igloo Regeneration Fund	Financial institution	Peak Valley Housing Association	Housing Association
LaSalle Investment	Financial institution	Pierhead Housing	Housing Association
M&G	Financial institution	Plus Dane	Housing Association
Royal Bank of Canada	Financial institution	Plymouth Community Homes	Housing Association
Royal London Asset Management	Financial institution	Poplar Harca	Housing Association
BEIS	Government	Richmond Housing Group	Housing Association
Department of Health	Government	Riverside Housing	Housing Association
DWP	Government	Six Town Housing	Housing Association
GLA	Government	Sovereign Housing Association	Housing Association
HCA	Government	SW9 Community Housing	Housing Association
HMT	Government	The Pioneer Group	Housing Association
Public Health England	Government	Thirteen Group	Housing Association
Adactus Housing	Housing Association	Wakefield & District Housing (WDH)	Housing Association
Arches Housing	Housing Association	Waterloo Housing Group	Housing Association
Bee Housing Limited	Housing Association	Weaver Vale Housing Trust	Housing Association
Berneslai Homes	Housing Association	Wigan and Leigh Homes	Housing Association
Bromford	Housing Association	Wolverhampton City Homes	Housing Association
Catalyst Housing Group	Housing Association	Wulvern Housing	Housing Association
Circle Housing	Housing Association	Your Housing	Housing Association
Coast & Country Housing	Housing Association	North Devon Homes	Housing Association
Coastline Housing	Housing Association	Ocean Housing	Housing Association
Cobalt Housing	Housing Association	Swan Housing Association Limited	Housing Association
DCH Group	Housing Association	Rochdale Boroughwide Housing	Housing Association
East Thames Homes	Housing Association	Affinity-Sutton Housing Group	Housing Association
Endeavour Housing Association	Housing Association	Curo Group	Housing Association
Family Mosaic Housing Association	Housing Association	One Housing Group	Housing Association
Gateshead Housing Company	Housing Association	Trafford Housing Trust	Housing Association
Genesis Housing Association	Housing Association	White Friars Housing	Housing Association
Gentoo Group	Housing Association	Home Group	Housing Association

Organisation	Type
Aspire Housing Group	Housing Association
Magna Housing Group	Housing Association
Mendip Council	Local Government
Basildon Borough Council	Local Government
Basingstoke Council	Local Government
Bath and NE Somerset Council	Local Government
Birmingham City Council	Local Government
Brighton and Hove City Council	Local Government
Bromsgrove and Redditch Council	Local Government
Burnley Borough Council	Local Government
Bury Borough Council	Local Government
Calderdale Council	Local Government
Cheltenham Borough Council	Local Government
Colchester Borough Council	Local Government
Darlington Borough Council	Local Government
Derbyshire Dales Council	Local Government
Durham Council	Local Government
Gateshead Council	Local Government
Gloucester City Council	Local Government
Gravesham Council	Local Government
Great Yarmouth Borough Council	Local Government
Greater Manchester Combined Authority	Local Government
Hampshire County Council	Local Government
Havant Borough Council	Local Government
Kingston upon Hull City Council	Local Government
Leicester City Council	Local Government
Liverpool City Council	Local Government
London Borough of Barnet	Local Government
London Borough of Brent	Local Government
London Borough of Ealing	Local Government
London Borough of Greenwich	Local Government
London Borough of Hackney	Local Government
London Borough of Haringey	Local Government
London Borough of Harrow	Local Government
London Borough of Hounslow	Local Government
London Borough of Islington	Local Government
London Borough of Lambeth	Local Government
London Borough of Merton	Local Government
London Borough of Southwark	Local Government
London Borough of Tower Hamlets	Local Government
London Borough of Westminster	Local Government

Organisation	Type
Manchester City Council	Local Government
Middlesbrough Council	Local Government
Newark and Sherwood District Council	Local Government
North East Lincolnshire Council	Local Government
North Tyneside Council	Local Government
Northumberland County Council	Local Government
Plymouth City Council	Local Government
Rotherham Council	Local Government
Royal Borough of Kensington and Chelsea	Local Government
Royal Borough of Kingston-Upon-Thames	Local Government
Royal Borough of Richmond-Upon-Thames	Local Government
Sedgemoor District Council	Local Government
Sefton Council	Local Government
Sheffield City Council	Local Government
Solihull Metropolitan Borough Council	Local Government
South Gloucestershire Council	Local Government
South Oxfordshire District Council	Local Government
Stockton on Tees Council	Local Government
Stoke on Trent City Council	Local Government
Sunderland Council	Local Government
Taunton Deane Borough Council	Local Government
Tees Valley Combined Authority	Local Government
Thurrock Council	Local Government
Waltham Forest Council	Local Government
Warwick District Council	Local Government
West Norfolk and Kings Lynn Council	Local Government
Westminster City Council	Local Government
Wigan Council	Local Government
Woking Borough Council	Local Government
Wolverhampton City Council	Local Government

Organisation	Type
Confederation of Co-operative Housing	Members organisation
Landscape Institute	Members organisation
LGA	Members organisation
Locality	Members organisation
National Federation of Tenant Management Organisations	Members organisation
National Housing Federation	Members organisation
RIBA	Members organisation
RTPI	Members organisation
Tenants and Residents organisation	Members organisation
The Housing Forum	Members organisation
UK Green Building Council	Members organisation
Urban Design London	Members organisation
Savills	Property consultant
Delancey	Property Developer
Keepmoat	Property Developer
Lendlease	Property Developer
Matsim developers	Property Developer
Pinnacle Group	Property Developer
Places for People	Property Developer
U+I	Property Developer
Ebbsfleet Development Corporation	Regeneration partnership
New Tyne West Development Company	Regeneration partnership
North Solihull Partnership	Regeneration partnership
Centre for London	Research and Advisory
Design Council Cabi	Research and Advisory
Design for Homes	Research and Advisory
Joseph Rowntree Trust	Research and Advisory
Place Alliance	Research and Advisory
Urban Design Alliance	Research and Advisory
Centre for Social Justice	Think tank
London First	Think tank
ResPublica	Think tank
The Joseph Rowntree Foundation	Think tank







Department for  
Communities and  
Local Government

# **Estate Regeneration National Strategy**

## Alternative Approaches

December 2016  
Department for Communities and Local Government

# Introduction

This section of the Estate Regeneration National Strategy outlines alternative approaches to regeneration, focusing on community-led housing.

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ALTERNATIVE APPROACHES	
Community-led housing and estate regeneration	04
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## Alternative Approaches

## Resources

There are a number of alternative approaches to housing supply, many of which sit under the broad heading of community-led housing. This term is commonly used to describe homes that are developed and/or managed by local people or residents, most commonly in not-for-profit organisational structures. These can include co-operative housing, community land trusts, development trusts, self-help and self-build housing, community-led housing associations, mutuals and almshouses.

Community-led housing approaches fully engage local people and cater for different local needs and markets. They are likely to result in increased community sustainability as all parties involved in the development have a vested interest in its success.

Recent assessments of community-led housing approaches have indicated that developments are innovative, built to a high standard and are often environmentally sustainable. They relate directly to local housing need and are affordable.

Co-operative home ownership options may also make the transition from affordable rented homes to home ownership more accessible for the local community.

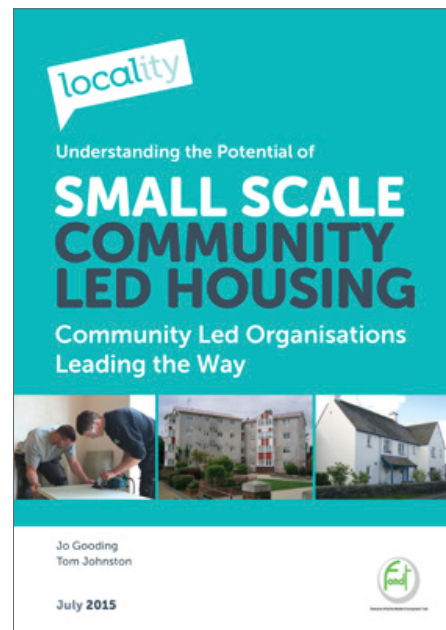
### Community-led housing and estate regeneration

The benefits of community led-housing approaches to regeneration include:

- Smaller overheads and increased local accountability
- Long-term investment in the project
- The development of locally owned assets, jobs and economic improvement

Community-led housing organisations can more easily engender support from residents and the wider community than traditional developers. It also suits smaller projects which may not be attractive to larger developers.

In the 2016 budget, government announced a new £60m per year fund to support community-led housing groups located in areas particularly affected by the issue of second homes.

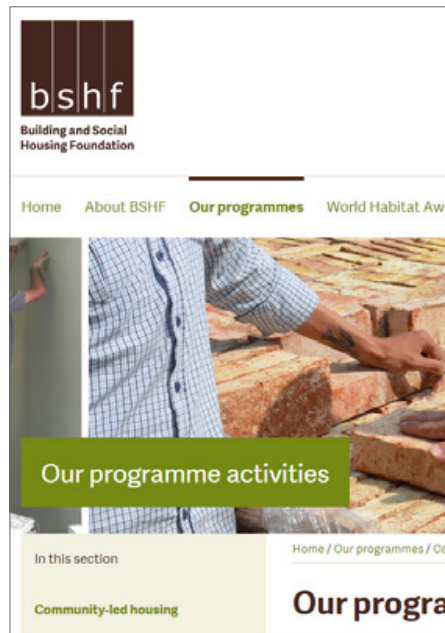


*Understanding the potential of small scale community-led housing*

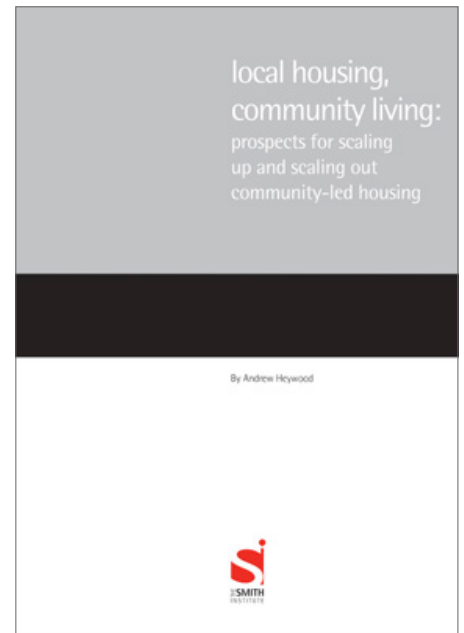
Locality 2015



*Community-led housing case studies*  
Confederation of co-operative housing  
2015



*Community-led housing resources*  
Building & Social Housing Foundation



*Prospects for scaling-up and scaling out community-led housing*  
Smith Institute 2016





Department for  
Communities and  
Local Government

# **Estate Regeneration National Strategy**

## **Better Social Outcomes**

December 2016  
Department for Communities and Local Government



# Introduction

Government wants to help local partners better understand opportunities to re-shape public services, or initiate new interventions, to improve residents' life chances. We are working with estates to map the delivery of public services and spending, with the aim to reform service delivery and improve social outcomes.

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## BETTER SOCIAL OUTCOMES

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# Better Social Outcomes

We know that poor quality housing can have a negative impact on health and educational attainment and that badly designed and maintained public realm can increase crime and reduce social cohesion. We also know that regeneration activity can increase skills, enterprise and innovation at a local level and help attract investment. Government research has shown that significant savings to out of work benefits, health and crime spending have resulted from regeneration interventions.

To succeed in transforming social outcomes for local people, estate regeneration schemes should form part of a broader place-based approach to improve the life chances of residents, particularly those with the most complex needs. This requires a focus on the design and delivery of local services.

## Understanding public spend and outcomes in deprived housing estates

Streamlining the way services are delivered as a result of regeneration can help generate better outcomes for users and savings to the public purse.

Since the 1980s successive governments have launched programmes to tackle the social and economic issues associated with poor housing estates. From Estate Action in the mid 1980s, to City Challenge in the early 1990s and New Deal for Communities in the late 1990s and early 2000s, many regeneration initiatives have aimed to transform specific run down areas and improve quality of life.

More recently government has piloted more place-based, person-centred approaches to public services, through schemes such as total place and whole place community budgets, with the goal of improving outcomes and providing better value.

The recent ResPublica report, *Great Estates*, suggests that delivering “people-related outcomes” on estates could bring significant financial benefits.<sup>1</sup> For example, if it were possible to reduce unemployment to local authority averages this could, on the 12 estates considered, generate revenue and savings for the government of £140m to 2030.

## New analysis

We are undertaking research and analysis to help understand patterns of public service delivery in deprived estates. This will help local partners better understand the opportunities to re-shape public services, or initiate new interventions, to improve the life chances of residents. We are working with local partners in four areas to help develop the evidence base.

LA area	Local lead body
Westminster	Westminster City Council
Liverpool	Cobalt Housing Association
Durham	Livin Housing Association
Rochdale	Rochdale Boroughwide Housing

We are focussing on spend in the following key public service areas:

- Crime and policing
- Education and skills
- Welfare benefits
- Housing
- Health
- Social services (adult and children related)
- Fire
- Other services

The purpose is to identify the overall value of public sector spend, from all major areas of public services, at the local authority level. Then, based on the demographics of estates in these four areas, or the patterns of demand for services, we have estimated where the use of particular services, such as health, social services and welfare, are particularly high. Finally, we have sought to understand what the drivers of these costs are.

<sup>1</sup> *Great Estates: Putting communities at the heart of regeneration*. ResPublica, November 2016.

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## Challenges

For some areas of spend, this is reasonably straightforward, because we can use published local authority out-turn data and make assumptions about pro rata apportionment of service use. For areas such as health and social care, this can be more difficult because of the complexity of needs and service provision. In all cases it is important to have input from and dialogue with local service providers. It is also important to have clarity about the exact boundary of the estate, which often does not match formal statistical or administrative geographies.

The information about users of services is not always captured in a way that allows it to be readily aggregated up to an estimate of neighbourhood demand. For example, health and social care providers may have postcode data for service users and hospital admissions, but to turn this into a neighbourhood-level estimate, requires geographic information system analysis to convert postcode-level identifiers to a new bespoke geography that matches the boundary of the estate. Other issues arise where costs are available by provider but not by the location of service users, for example with post-16 education. The success of this exercise is, therefore, dependent on partnership working with the local bodies that hold, or have access to, key data sources in order to make proportionate estimates.

## Next steps

We are currently completing the spend exercise and drawing conclusions from this on the implications on public service provision for residents on estates. We will continue to map what funding and support local areas are receiving to tackle poor life chances so that we can help estate regeneration schemes in those areas become better integrated and access more support. In the four estates we are also identifying in which policy areas there might be opportunities for public spending to be better focused, or where funding could be targeted on prevention.

Our hypothesis is that existing funding could sometimes be better co-ordinated locally – or new funding targeted at specific social outcomes. We will continue to work with each of the four local areas to explore options and will consider how these might be scaled to work alongside estate regeneration more widely. We will work with partners to explore the role that social investment can play in facilitating new approaches.

We will continue to work with Greater Manchester to develop its trailblazing Life Chances Investment Fund, which brings together funding from several budgets including the Troubled Families Programme and Working Well pilot to enable Greater Manchester to increase investment in innovative approaches to delivering public services. The fund will allow Greater Manchester leaders to use public money more effectively to deliver better services and improve the lives of residents. We will also work with the West Midlands to co-design and implement approaches to improving the life chances of troubled individuals.

This all forms part of government's place-based approach to social justice, improving the life chances of those living in deprived communities. The Estate Regeneration National Strategy, through its work with specific estates, will join up with other place-based interventions to help local authorities and their partners tackle issues such as parental ill-health and low qualifications that can contribute to worklessness and the risk of worklessness. DCLG will also continue to support other community led interventions to transform public services and improve local well-being.

