INTERVIEW

Creating sustainable communities – a shared strategy for the future

In an exclusive interview for *SiteLines,* Richard McCarthy, Director-General of Housing and Planning at CLG, reviews progress to date regarding the Sustainable Communities agenda and 'our shared strategy for the future'

The financial crisis and the imminent threat of recession have made a significant impact on the Sustainable Communities agenda. With many regeneration schemes dependent upon the security of a reliable housing market, the Government has recently undertaken a number of initiatives.

On September 2, in a major cross-Government programme, measures were announced to meet the current housing market crisis and to stimulate investment in certain cash-strapped regeneration schemes.

Communities Secretary Hazel Blears announced a £1 billion housing package to help first time buyers struggling to get onto the housing ladder, support vulnerable homeowners at risk of repossession, and support the housebuilding industry.

Alistair Darling, Chancellor of the Exchequer, announced Stamp Duty Land Tax will not apply to purchases of residential property of £175,000 or less.

And the Department for Work and Pensions announced it would be reforming Income Support for Mortgage Interest by shortening the waiting period before SMI is paid – from 39 weeks to 13 weeks – for new working age claims from April 2009. The capital limit for new working age claims will also be increased to £175,000 from April 2009.

McCarthy explains the considered impact of these measures on the housing sector: "This builds on the announcements we made earlier this year about trying to get the maximum impact from our expenditure and investment on housing, in a way that both seeks to respond in a measured way to the current difficult market conditions whilst simultaneously continuing to invest in preparing for the additional housing growth, which we remain determined to achieve over the longer term.

"This package was a balance of support for homeowners facing difficulties with a mixture of a mortgage rescue scheme and changes to the benefit support for people who own a home, lose their jobs and go onto income support, alongside more social rented housing investment.

"To maintain that programme of maximising our spend on social rented housing at this time is very important for people who are unable to access other forms of accommodation or who cannot compete in the market, and by its very nature it also creates construction activity as well. We wanted to bring forward some of the additional expenditure we have planned for social rented housing into this year and next.

"There is also an element which is about helping more first time buyers to buy their first home, through the provision of equity loans provided through a mix of Government and housebuilder funds. This enables us to target a programme on completed, or near completed, new build stock, where we will get a real benefit for first time buyers with an equity loan. They will be able to secure a normal mortgage in the market place with the equity loan secured by a second charge. At the same time this has a benefit for housebuilders by helping them clear their unsold stock, which impacts on the economy, creates activity and enables people to buy their first home.

"AT THE SAME TIME THIS HAS A BENEFIT FOR HOUSEBUILDERS BY HELPING THEM CLEAR THEIR UNSOLD STOCK"

"This also builds on the changes that we have already announced during the year, perhaps the most significant of which was the Housing Corporation money, setting aside a £200 million pot, which we have said will increase, to support Housing Associations to buy homes directly from housebuilders in order to facilitate more affordable homes. So these are important and measured market interventions.

"We also had the increase in the Stamp Duty threshold and we hope that that, alongside our direct investment, is going to create some renewed confidence in the house-building sector. We have worked with the Home Builders Federation and a number of house builders directly, as well as the Council for Mortgage Lenders, the Housing Corporation and the Local Government Association, and that adds real strength to what we are doing.

"The current conditions are very challenging and hard to change but we have tried to respond as best we can at this point in time."

These market conditions have, as a consequence, also dramatically affected investment in regeneration schemes.

McCarthy explains some of the Government actions to aid market stability and foster economic growth, including the creation of the Homes and Communities Agency:

"Regeneration is challenging in the current climate, and in terms of specific regeneration schemes we face two very real challenges.

"The first is that a number of regeneration projects are struggling; where previously targeted intervention itself would be enough to enable that project to work, now that looks difficult.

"The second element is resources, which are now even more pressed; land receipts are down, right-to-buy receipts have fallen away, so the ability for Government agencies to respond and manoeuvre in the face of the impact of the credit squeeze, alongside some real impact on the individual regeneration projects themselves, add to these challenges.

"We have asked the Homes and Communities Agency in its embryonic form, and working with predecessor bodies the Housing Corporation and English Partnerships, to discuss with the Regional Development Agencies (RDAs) how to achieve the best possible impact from our expenditure on regeneration projects.

"We are now bringing forward the launch date for the Homes and Community Agency. Having achieved Royal Assent for the Housing and Regeneration Act in July, we are now in a position to go live in December 1. Given the current pressures that we face, we want one agency engaging across that physical regeneration and housing agenda, working with local government and in partnership with the RDAs in an integrated way, with that single conversation with the local authority partner.

"And part of that conversation is to agree how we use our bundle of money locally, how we get our investment and interaction right in a way that supports an authority and facilitates the levels of sustainable development that we want to see taking place. So I am confident that we will offer local authorities an improved service – one agency right across our housing and regeneration agenda with investment and intervention powers, offering the necessary skills and support.

"Central to progress across the Sustainable Communities agenda is the partnership process – our shared strategy for the future – which impacts not only on the housing, planning and regeneration agenda but also fosters and maintains the importance of community cohesion and empowerment."

McCarthy explains: "Economic times are very challenging, but we do recognise that in many places local authorities are agreeing arrangements with private sector players that involve not just the physical investment in infrastructure – for example, access roads, junctions etc – but also contribute to making a scheme a better place and contribute to interaction with the surrounding area.

"Increasingly, private sector players acknowledge that a powerful part of the whole planning process is about themselves being positive about what they want to do in order to bring real benefits to the local community and for the project to be welcomed by that community.

"We need our places to work. For our places to work in a country with very diverse communities, they need to be sensitive to the needs of those communities, and they need to facilitate play and contact spaces for children, where people do operate and live together in comfort and in security.

"Community cohesion is an important departmental issue for us. We want to see that what we do does not just produce numbers but produces sustainable communities."

He added finally: "A community where everyone has the right to the same opportunities, freedom and respect, somewhere we can be proud of. We must try to create the framework, the vision and the support to enable people locally to succeed."

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