

# Evaluation Overview Report

NewHeartlands 2006/2007

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# **Evaluation Overview Report**

## **NewHeartlands 2006/2007**

July 2007

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# 1.0 Introduction

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## 1.1 Introduction

In December 2005 ECOTEC were commissioned by NewHeartlands to carry out a long term evaluation of the impact of the Merseyside Housing Market Renewal Pathfinder.

The first output of this was an interim evaluation of the first phases of housing market restructuring activity together with a baseline assessment of the housing market.

The interim evaluation was completed, including a detailed assessment of the housing market and this was presented to the NewHeartlands Board in June 2006.

Following the suite of reports comprising the interim evaluation a framework was developed to provide a structure for a formative evaluation for the remainder of the programme.

This evaluation for 2006 to 2007 is the first year of this longer term evaluation.

This report sets out the following:

- ▶ The context and evaluation approach
- ▶ The key messages from the evaluation
- ▶ The methodology used for each of each of the evaluation levels
- ▶ An overview of the evaluation relating to the public policy framework, policy and programmes, housing market and adjacency and displacement trends and Governance.
- ▶ A summary of recommendations synthesised from different elements of the evaluation

This is then supported by a series of appendices which have been produced as separate papers. These are:

- ▶ NewHeartlands Project Level evaluation paper
- ▶ Recent Housing Market Trends in the NewHeartlands intervention area

- ▶ Adjacency and displacement effects of the NewHeartlands HMR Pathfinder
- ▶ Governance – a discussion paper

## **1.2 Approach to the evaluation of NewHeartlands**

This evaluation is the first year of a formative evaluation which looks at early progress and makes recommendations to NewHeartlands based on areas identified for improvement.

This is not a whole programme evaluation, rather this first year of evaluation has sought to complete the baselining and gather information on different elements of the programme.

The evaluation for 2006 / 2007 builds on the interim evaluation carried out January to April 2006<sup>1</sup> and the overall approach was set out in 2006 in an evaluation framework<sup>2</sup>. This framework set out the following evaluation levels which were agreed with the NewHeartlands Board and which provide the structure for the evaluation fieldwork and reporting:

- ▶ National and Regional level
- ▶ City Region and Sub-Region level
- ▶ Pathfinder level
- ▶ Project / intervention level
- ▶ Process / Governance level
- ▶ Strategic Added Value level

As part of this 2006 / 07 evaluation an update is provided on housing market change as well as issues relating to adjacency and displacement.

A survey of residents has been carried out which provides a baseline across the HMR pathfinder and helps underpin our understanding of housing market change and the early impact of the NewHeartlands pathfinder.

<sup>1</sup> ECOTEC Interim Evaluation of NewHeartlands. June 2006.

<sup>2</sup> ECOTEC an evaluation Framework for NewHeartlands. June 2006

A separate report commissioned by NewHeartlands provides intelligence on the operation of the private rented sector and the findings of this research also feed into the Markets update.

The evaluation of NewHeartlands relates to the overall programme of housing market renewal on Merseyside as co-ordinated and delivered by the NewHeartlands core team, the local authority HMR delivery teams and the wider partnership. All references to NewHeartlands within this report relate to this overall programme unless explicitly related to a specific aspect within this partnership.

This evaluation has been informed by interviews with a wide range of stakeholders both public and private sector and including those involved directly in the delivery of the programme as well as interviewees offering a regional or national policy perspective. It should be noted that stakeholders have been immensely valuable to this evaluation in giving their time to provide detailed responses to the researchers.

### **1.3 Context**

The NewHeartlands Housing Market Renewal Area was defined and selected for housing market intervention by the Office of the Deputy Prime Minister (ODPM) in 2002. It is one of the nine Pathfinder Areas in the north and Midlands selected by ODPM on the basis that additional resources were needed to tackle severe concentrations of low value properties, high vacancy rates and a monolithic supply of property. In all of the selected areas lack of choice in the local housing market is an issue which has facilitated population loss and social polarisation.

On 5th February 2003, the Government published its Communities Plan<sup>1</sup>. This set out funding for the Housing Market Renewal pathfinders to tackle problems of housing demand and housing market restructuring. This Housing Market Renewal fund is used to finance capital investment in the housing market and support infrastructure that other regeneration programmes have not been able to make on a strategic and long-term scale. In Sustainable Communities, Homes for All (2005) the Government reasserted the overall objectives for the Housing Market Renewal Pathfinder Initiative; to transform the prospects of

<sup>1</sup> Sustainable Communities: building for the future (ODPM, 2003a)

those areas worst hit by low demand through excellent design, high quality homes and public spaces and to make these areas attractive places to live work and invest.

Funding is provided via partnerships of two or more local authorities, who work together with local partners as pathfinders. In addition to market renewal funding, the pathfinders draw on a wide range of other funding streams from local authorities, the Housing Corporation and other public bodies, as well as maximising investment from private sector sources.

The Merseyside Housing Market Renewal Area contains England's poorest communities as defined by the Index of Multiple Deprivation and has experienced some of the most traumatic decline witnessed in any western European city over the last seven decades. The Market Renewal area is administered by three local authorities: Liverpool, Sefton and Wirral. More detail on the current public policy framework in relation to NewHeartlands is set out in section seven.

#### **1.4 NewHeartlands Aims**

This evaluation was commissioned to examine the impact of the NewHeartlands programme over the long term implementation of the housing market renewal programme on Merseyside. At the centre of this evaluation is whether NewHeartlands is meeting its own aims and objectives.

The main overarching strategic aims of NewHeartlands are:

**Aim 1:** To create the conditions for private sector investment and effectively manage and change the NewHeartlands housing market

**Aim 2:** To support the competitiveness and prosperity of the wider North West Region through the transformation of the local housing market;

**Aim 3:** To develop a community based approach to achieve sustainable neighbourhoods and supporting people 'Living Through Change'

These were set out in the 2005 Scheme Update. This evaluation examines the delivery of the NewHeartlands Programme in relation to these core aims and the extent to which intervention is starting to influence the drivers of change.

Key questions for the evaluation are therefore centred on how the programme is working to date in terms of meeting its own objectives and driving housing market change. In examining the impact and effectiveness of the housing market renewal programme on Merseyside the evaluation has also sought to identify any barriers to progress.

## **2.0 Key messages**

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### **2.1 Introduction.**

The NewHeartlands programme is now in its fifth year, and this evaluation has now completed its first year following an interim evaluation. During the time that the research has been developing the market for housing in the Market Renewal area, and Merseyside more generally, has been dynamic. This section of the Report highlights some of the strengths of the Market Renewal approach and also lists some of the challenges which the Programme will have to overcome over the next decade if the Market Renewal Programme is ultimately judged to be a success.

Finally this section of the Report sets out how the evaluation of the programme will need to change in order to capture the impacts of interventions as the research team moves towards a whole programme analysis.

### **2.2 Identified strengths.**

The two core indicators that were used to identify areas of market weakness and failure were low house prices and vacancies. In respect of low prices this was measured in both absolute terms and in relation to prevailing prices in the surrounding local authority area and the wider region within which the area is located. Over the period 2000 to 2007 there has been a steady increase in prices within the Pathfinder but this was particularly evident in 2003 after the Market Renewal Programme was announced. During this period whilst market renewal has been operational the relative gap in house prices between the HMRI, the local authority districts and Merseyside has been reducing. The area remains however a relatively low priced market with restricted choice.

The reasons for changes in prices are multifaceted. National trends towards Buy to Let have been significant, speculation has been demonstrated to be an issue and there has been some uplift in demand from international migration. However the programme itself has also had an impact. In areas where intervention is occurring prices are rising faster than surrounding areas. This is partly because of a renovation programme for existing property, but also the surplus of property within areas which were blighted by high vacancies prior to

the HMRF is slowly being removed from the system. There is some concern that the rising prices will make the ambitions of the programme more difficult to deliver in future, however we have to offset against that the fact that narrowing the price differentials (and therefore the wealth differentials too) was a key objective of the programme nationally.

There was a concern in Merseyside at the beginning of the Programme that the high vacancy rates being exhibited in the worst Neighbourhoods would eventually spread to adjacent areas. This fear is not being realised. The interventions in the neighbourhoods chosen at the outset of the programme, has resulted (particularly in Liverpool) in vacancies being concentrated in areas which will be redeveloped. This has had the effect of increasing demand for areas which are adjacent, and these areas have experienced significant falls in vacancies. This suggests that the strategy of significant intervention in a comparatively small number of neighbourhoods is having a positive impact upon a much wider area.

Because the HMRF has had a strong emphasis upon renovation and environmental maintenance there is no evidence of the clearance programme blighting adjacent areas in respect of saleability and price. A major fear both locally and nationally was that this programme would see a return to the blight experienced in the 1960s and 1970s. Contrary to expectation areas subject to intervention have grown in terms of price faster than adjacent areas.

Key to successfully completing the market restructuring programme is the support of regional agencies and the relevant spending programmes and strategies. Here the researchers have reviewed all the key documents and interviewed representatives of local and regional agencies which have a regeneration remit. There is now very strong alignment between regional and local strategies and the Market renewal strategy. This is particularly evident in Planning where bespoke local policies have been produced which are reinforced by regional strategy.

Financial management, is another evident strength with total spend being achieved for the last financial year. Outputs were below target for new build, and there were marginal variations elsewhere. These variations can be explained by changing costs, but also an adjusted redevelopment profile caused by the prolonged process in acquiring property and progressing CPOs.

Several CPOs were confirmed in the last financial year, including the largest so far for the national HMR programme in Liverpool. The research programme commissioned by NewHeartlands was often influential in this process.

Finally the Baseline for the long term evaluation of the programme at the meso level has been completed.

## **2.3 Threats**

There are eight areas where major intervention is occurring in the NewHeartlands area. On current levels of Central Government funding it may take up to 15 years to complete the regenerative task in some of these neighbourhoods. The residents surveys which have been completed reveal how difficult it is to live in a clearance area and how the quality of life deteriorates. Additionally, whilst surrounding streets have been shown not to be blighted, those properties which are located in future clearance areas most definitely are blighted. There are social costs associated with a long term clearance programme, and real risks that areas which are not being badly affected by change now may become so in future.

The costs associated with a long term clearance programme are not just social, they are also financial. The residents survey illustrates the importance of the Living Through Change Programme. However it also highlights how a lack of capital will have an increasing consequence for revenue programmes as the areas become more difficult to manage.

Changes in the operation of the housing market also provide challenges and threats to the market renewal programme. Research completed for NewHeartlands by ECOTEC has explored the growth of the Private Rented sector. This study has estimated that the PRS has grown from 19% to 25% in the last seven years. This means that owner occupation in the older Victorian and Edwardian suburbs within the Pathfinder is likely to be falling. This market change is working against the goals of NewHeartlands and national government who are seeking to increase owner occupation in these areas.

The growth of the City centre market in Liverpool, and its corresponding increase in properties becoming vacant in this market remains a concern. Research completed for Liverpool City Council has concluded that currently this City Centre market operates as a market segment which is separate from the

inner city suburbs which surround it. Perhaps a qualification to this finding would be to note that the development of student flats within the city centre has had an impact upon a small number of neighbourhoods, but that this impact has now be taken account of by the Market Renewal strategy. However there remains a possibility that if the development industry continues to add to supply, that eventually prices and rents will fall to the extent that it does become competitive with other NewHeartlands neighbourhoods. If this was to occur vacancies would begin to rise in the inner-city. However the city centre market has not yet matured to the extent that its future trajectory could be confidently predicted. Close monitoring of this market will be necessary so that Policy makers receive early warning of changes in the use of the stock over time.

A further threat to the programme is the lack of a national framework to measure VFM for the programme as a whole. The National Audit Office is likely to comment on this issue when its report into Market Renewal is published at the end of the year. In the absence of a national framework NewHeartlands will need to develop a bespoke method of monitoring VFM as part of this evaluation.

## **2.4 Looking Forward.**

The evaluation has developed over the last two years, so that housing market trends can be tracked, baselining completed and individual elements of the programme, which needed early investigation, evaluated as part of an early action programme. To be effective it now the researchers view that the emphasis of the evaluation needs to shift towards a long term approach to evaluating the whole programme and its impacts. This would focus upon;

- Housing market intelligence and trends
- Inputs and outputs/outcomes in the 8 intervention areas
- VFM
- Adjacency and Displacement
- Updating baseline surveys

All of this analysis would need to be placed in the context of a changing public policy framework. This suggestion is currently under discussion, with a view to re-scoping activity by the Autumn.

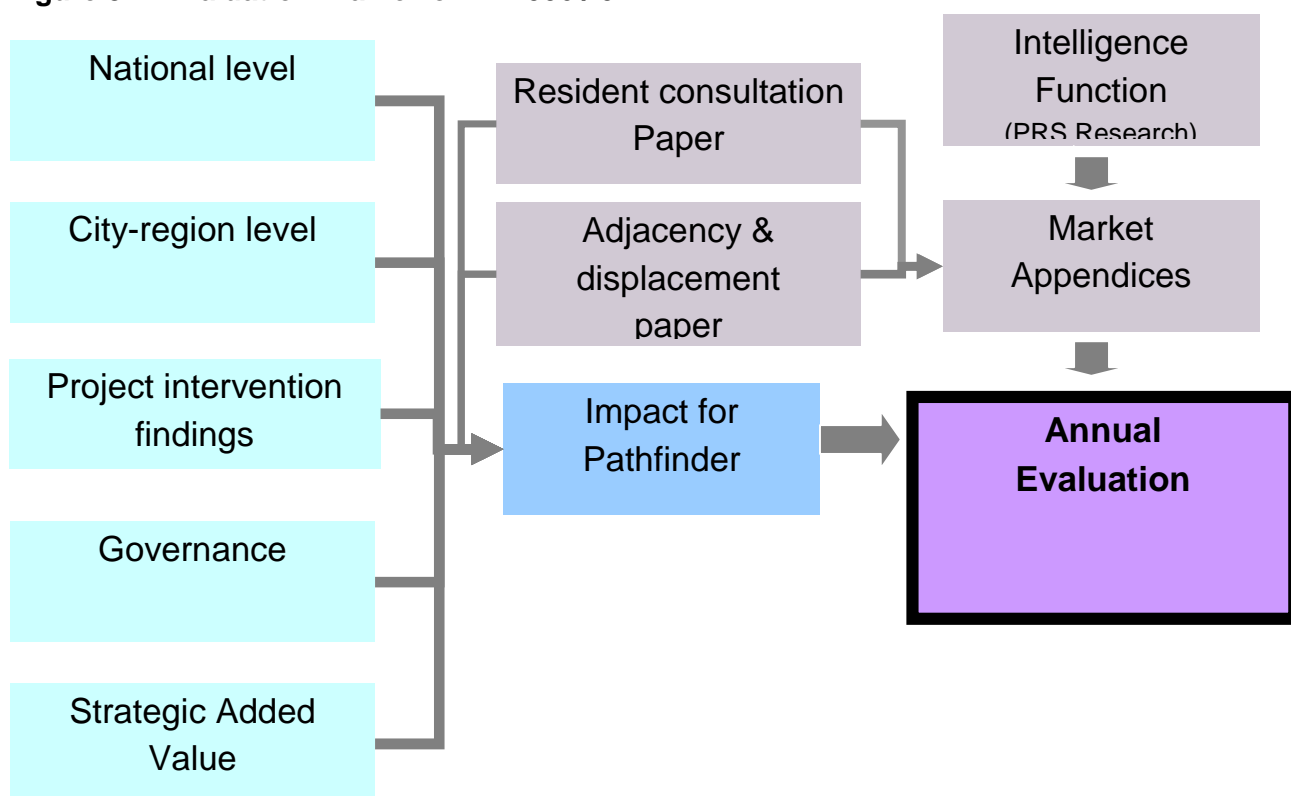
## 3.0 Methodology

### 3.1 Introduction

This section sets out the overall methodology used for this first year of evaluation and the approach taken to the different elements within this.

The Evaluation Framework<sup>1</sup> developed in 2006 has provided a basis for ensuring that the evaluation examines the impact of the NewHeartlands programme at a range of levels. The framework is set out in figure 3.1 below.

**Figure 3.1 Evaluation Framework – 2006 / 07**



There is clearly a significant degree of cross over between impacts at the different evaluation levels. Many of the stakeholders interviewed by the research team are involved in, and provided perceptions which cut across,

<sup>1</sup> ECOTEC an evaluation Framework for NewHeartlands. June 2006

different levels of the evaluation. However the series of evaluation levels agreed in the framework have provided a structure for the underlying research and have ensured that wider as well as local impacts have been considered.

Sources informing this evaluation include the following:

- a review of relevant documents,
- a series of face to face or telephone interviews with a range of stakeholders,
- visits to project intervention areas
- an analysis of available housing market data,
- a residents survey
- a review of available data from NewHeartlands on programme inputs, outputs and outcomes.

A series of topic guides for interviews were developed, and agreed with NewHeartlands, based on each of the evaluation levels set out below.

A summary follows of work that has been undertaken based on each level set out in the Evaluation Framework:

## **3.2 National and Regional Level**

The following documents and data have been reviewed in relation to NewHeartlands role in meeting and aligning national and regional objectives:

- NewHeartlands Board papers
- NewHeartlands and C&LG core indicators

Stakeholder interviews were carried out with:

- Audit Commission

- C&LG
- Government Office North West

### **3.3 City Region and Sub-Region level**

The following documents and data have been reviewed in relation to the role of NewHeartlands in shaping priorities for the City Region and sub-region:

- The Liverpool City Region Housing Strategy<sup>1</sup>
- Housing Association CoRE data

A series of interviews have been carried out with stakeholders in the city region to examine the impact of NewHeartlands on the sub-region and City Region including telephone interviews with Housing Association lettings staff.

### **3.4 Pathfinder level**

A series of stakeholder interviews have been carried out which have probed the extent to which NewHeartlands is starting to deliver its objectives and the impact of these on local communities and on the drivers of change. Interviews were held with:

- Lead developers,
- Local Authority delivery teams,
- Housing associations
- Regional agencies
- City regional partners.

A residents survey has provided an important element of the pathfinder level evaluation for example informing monitoring of NewHeartlands local outcome indicators.

<sup>1</sup> Liverpool City Region Housing Strategy. GVA Grimley. 2007

Essentially evaluation at the pathfinder level is key to the overall evaluation. This is built upon the outputs of all the other evaluation levels as well as the markets update and the residents' survey.

### **3.5 Project / intervention level**

The portfolio of NewHeartlands funded projects are ultimately the main vehicle through which impact will be transferred from the programme level down into the local area.

A seminar was held by ECOTEC for the Liverpool, Sefton and Wirral delivery teams in September 2006. The seminar produced an agreement on the evidence and support that delivery teams would be able to provide in order for ECOTEC to carry out an effective evaluation of NewHeartlands interventions.

The approach agreed was to evaluate a sample of ten projects during 2006 / 07 covering a range of geographical areas and intervention themes. This evaluation of a sample of projects was based on information provided by NewHeartlands and the individual projects followed by interviews with stakeholders involved in local delivery. The following sample of ten projects was agreed with NewHeartlands:

#### **LIVERPOOL**

- Investment in Sustainable Areas - Energy Efficiency
- Clearance - Edge Lane
- Environmental Investments - Stanley Park Environmental Improvements
- Living through Change - Neighbourhood Liaison Officer

#### **SEFTON**

- Clearance- Klondyke
- Group Repair/Homezone Phase 1 - Bedford Queens
- Living through Change - Environmental HIT Squad

#### **WIRRAL**

- Clearance - Tranmere
- Living through Change - Landlord Accreditation
- Home Movers Service

Each of these projects has been evaluated on the basis of

- The extent to which projects are contributing to the strategic objectives of the NewHeartlands HMR Programme
- Perceptions of early impact projects are having on the area and their target groups
- How the projects are adding value to existing housing market renewal activity

### **3.6 Process / Governance level**

The interim evaluation made a series of recommendations in relation to the Governance of NewHeartlands and an action plan was developed between ECOTEC and NewHeartlands to take these forward. The 2006 / 07 has reviewed the action plan in conjunction with Board papers to look at progress in implementing these. In addition to this interviews have been carried out with Board members and NewHeartlands staff.

A review was undertaken of Audit Commission findings and recommendations in relation to all nine of the Housing Market Renewal Pathfinders.

### **3.7 Strategic Added Value level**

The extent to which NewHeartlands is adding value to the wider regeneration agenda has also been considered as part of this evaluation. This has included an assessment of the degree NewHeartlands' alignment and influence on regional, sub-regional and local strategies, including:

- Liverpool City Regional Development Plan
- North West Regional Economic Strategy
- North West Regional Housing Strategy and Regional Spatial Strategy
- The Northern Way
- Local (Merseyside) complementary strategies / programmes

A series of stakeholder interviews have been undertaken with partners in the sub-region as well as the Northern Way.

### **3.8 Adjacency and Displacement**

Adjacency and Displacement is a key cross-cutting theme relating to the evaluation of NewHeartlands. The Audit Commission, in its scrutiny report of the original NewHeartlands Prospectus, identified the need for an assessment of the potential displacement effects of the HMR Programme.

Many projects funded through NewHeartlands are still in their infancy and have yet to show impacts measurable beyond the neighbourhood level. The evaluation for 2006 / 07 therefore concentrated on analysing very local impacts.

This focus at the local level has included interviews with stakeholders which have sought to identify areas at particular risk of adjacency or displacement effects and approaches being adopted by the local authorities to limit potentially negative effects, both short and long-term, of the Market Renewal Programme. The evaluation team also visited a number of the neighbourhoods undergoing intervention.

Interviews have been undertaken with local authorities, developers, neighbourhood managers and housing market renewal delivery staff. As well as these interviews an additional survey has been carried out of residents in two areas of the pathfinder (Anfield in Liverpool and Church Road in Tranmere) which can provide a comparison with the wider residents survey as well as specific adjacency and displacement issues in relation to intervention activity.

### **3.9 Housing Markets Update**

An update on housing market trends across and within the NewHeartlands pathfinder has been prepared based on data provided by NewMis (LAMP, SAMP and WAMP). The draft area profiles prepared by these three teams have been reviewed.

At the seminar held with the local authority delivery teams in September the key requirements in terms of consistent evaluation data were agreed together with a timetable for the provision of this information. It was agreed that changes in house prices and in vacancies would provide the focus for this market update.

### **3.10 Residents Survey**

NewHeartlands inherited a sophisticated evidence base, which it has progressively developed for its original prospectus and scheme update. A number of surveys have been undertaken in recent years in key neighbourhoods and in 2005 a major survey of movers was undertaken across the Pathfinder area and its adjacent areas and wider reference area. This targeted owner-occupiers and private renters planning to move in the next three years.

NewHeartlands did not undertake a baseline survey in 2003, appropriately relying on the recently issued census data and the host of bottom-up surveys available from the area-based regeneration programmes operating in Merseyside at the time. Now, the long interval since the 2001 census and the opportunity to measure change in local conditions and where appropriate, NewHeartlands interventions have determined the need for a Pathfinder area residents' survey. This survey now provides a cornerstone of the evaluation themes as well as a fresh insight into residents' perceptions and priorities.

### **3.11 Private Rented Sector Research**

Following a recommendation from the Interim Evaluation to better understand this sector NewHeartlands has commissioned additional research on the growth of the private rented sector.

This research included a desk based analysis of market segments, an examination of land registry data on the type of sale as well as wider contextual data from the census. Fieldwork included a series of interviews with landlords and investors as well as estate and lettings agents, developers, auctioneers and local authority staff. Following the identification of 'non owner occupiers' from the land registry sales data a telephone and postal survey of these purchasers was also undertaken. These explored the wider portfolio, method of purchase, decision to let and the ease of doing so and tenant characteristics and turnover. The interviews also probed regarding any plans for retention/disposal of property in the context of market expectations. A door to door survey of 300 private rented sector residents was also carried out as part of this research as well as a series of focus groups with residents who are private renters.

## 4.0 Public Policy Framework: Added Value

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### 4.1 Introduction

A number of elements of the evaluation have been combined to provide a consideration of the extent to which NewHeartlands is meeting its own aims and objectives and the extent to which these were contributing to and aligned with wider strategic objectives at the national, regional, city region, sub-regional and local authority level.

A series of stakeholder interviews probed views both in relation to housing market renewal activities and to perceptions of change in relation to the early impact of the NewHeartlands programme.

This section provides a synthesis of where added value has been identified for the public policy framework.

### 4.2 Programme outputs

Outputs for 2006 – 2007 as reported to the NewHeartlands Board<sup>1</sup> show inputs and outputs in terms of spend and programme and scheme outputs. The final spend target was achieved and it was noted that significantly more could have been claimed if funds were available but the local authorities contributed from their own capital resources. HMR Spend for 2006/07 was achieved with greater local authority input than had been forecast. NewHeartlands were ready to use any HMR funds that may have become available from other Pathfinders but no additional funding materialised via this route.

The following tables show outputs for 2006 / 2007 compared both with the Deed of Variation and also with the Revised Forecasts that were reported to the CLG in November 2006.

**Table 4.1 HMR Funded Outputs 2006/07**

<b>Programme Outputs</b>	<b>Target (Deed of Variation)</b>	<b>Revised Forecast (Nov 06)</b>	<b>Actual</b>
B10 New Build	566	345	321
B20 Decent Homes	89	101	85

<sup>1</sup> Pathfinder Programme 2006/07 Report to NewHeartlands Board May 2007

B30 Other Repairs	1331	1447	785
B40 Demolitions	263	303	256
B50 Acquisitions	349	326	410

**Table 4.2 Whole Programme Outputs 2006/07**

<b>Scheme Outputs</b>	<b>Target (Deed of Variation)</b>	<b>Revised Forecast (Nov 06)</b>	<b>Actual</b>
B10 New Build	865	604	531
B20 Decent Homes	157	193	113
B30 Other Repairs	2031	2147	2670
B40 Demolitions	640	694	658
B50 Acquisitions	500	528	679

Much of the activity of the Pathfinder was concentrated on acquisitions and as shown in tables 4.1 and 4.2 these were higher than forecast. These acquisitions can be expected to support increased outputs for demolition in the short term and increased outputs for new build in the longer term.

Stakeholder perceptions indicated a strong awareness of the current position with acquisitions, demolition, and site assembly seen to be progressing well while getting developments out of the ground has proved more difficult than anticipated. Developers commented that although their designation as preferred developers has meant that there are no delays on competing to develop individual sites, this has not stopped delays in planning or in the finalising of legal agreements. While developers indicated an acceptance of the application of statutory planning consultation periods they suggested that more action could have been taken to streamline processes by the three individual local authorities to allow them to get on site more quickly. One suggested that there should be a standard set of legal agreements to be used by the three local authorities and the developers. It was also suggested that it might be possible to develop such a set of standard agreements that could be applied across all nine pathfinders.

### 4.3 Wider policy engagement

A series of questions to stakeholders focussed on the extent to which the NewHeartlands programme was aligned with and contributing to meeting wider objectives. The findings in terms of perception of NewHeartlands engagement with and their influence on these are set out below in relation to the different levels of policy.

It is clear from the stakeholder interviews and documents reviewed that the NewHeartlands pathfinder is engaged in regional and national work to determine that pathfinder work informs national, regional and sub regional work, and that benefits are brought to bear on the work of NewHeartlands from policy and best practice being delivered elsewhere.

The table below sets out for information the regular meetings that the NewHeartlands core team lead or contribute to.

**Table 4.3 NewHeartlands meeting timetable group and frequency.**

<b>National Meetings</b>	
National Pathfinders Communications Group	Quarterly
Pathfinder Directors	Quarterly
PPWG Research Group	Quarterly
Expert (Private Finance) Group	Every 2 months
National Finance Group	Ad-hoc
National Benchmarking Club	Ad-hoc
Private Sector Housing Task Group	Quarterly
Scheme Update	Quarterly
<b>Regional Meetings</b>	
North West Housing Forum	Receive papers (don't attend)
Regional Agencies Group	Quarterly
GONW House Price Meetings	Bi-annual
<b>Sub-Regional Meetings</b>	
Sub-Regional Partnership Executive	Every 2 months
Merseyside Housing Forum	Every 2 months
Liverpool City Region Housing and Planning Officers Group	Quarterly
Liverpool City Region Housing Strategy Steering Group	Monthly
Enabling Choices (Promoting the Gender Agenda)	Every 2 months
Merseyside Sustainable Communities Co-ordination Group	Every 2 months

NewHeartlands Meetings	
Board Meeting	Every 2 months
Lead Officer Group	Every 2 months
Registered Social Landlord Forum	Every 2 months
Developers Forum	Every 2 months
Monitoring and Implementation Group	Every 2 months
NewHeartlands Market Intelligence Service	Monthly
Discretionary panel	Quarterly
Finance, Risk and Project Appraisal Group	Quarterly
Risk sub-Group	Quarterly (more as required)
Get them sold	Every 6 weeks

#### 4.3.1 National Government Objectives.

The overall aim of HMRI, set out in Sustainable Communities, Homes for All (2005), is to make the pathfinder areas attractive places to live work and invest. The government has recognised that the scale of work in these areas means that local authorities have to work across administrative boundaries. It goes on to define three sub objectives:

- ▶ Reconnect pathfinder areas with neighbouring functioning housing markets.
- ▶ Close by a third the gap between the level of vacancies and house values in pathfinder areas compared to the regions. Our long term aim is to eradicate the problems caused by low demand by 2020.
- ▶ Through the pathfinders, ensure that Residents have seen pathfinder areas change for the better. Today's worst housing will be a thing of the past. Concentrations of deprivation will be being broken up.

In addition to these the government went on to expect housing market renewal pathfinders to develop and action plan to implement its Respect agenda.

The NewHeartlands core team are active at the national levels, and were perceived to take opportunities to inform policy and strategic discussions.

In relation to the national objectives for the Pathfinder programme set out above the aims of NewHeartlands clearly strongly align to meeting these. The Markets Update sets out more detail regarding progress in relation to the wider housing market and the drivers of change.

### **Respect Agenda**

Government expect the pathfinders to be involved in tackling anti social behaviour. A HMR Respect Protocol was published by DCLG in October 2006. The Audit Commission and the pathfinders collaborated on this. It was the NewHeartlands representative who took the lead role for the pathfinders in developing this national action plan.

Following the Protocol CLG required all Pathfinders to develop Respect Delivery Plans by the end of June 2007. It is recognised that NewHeartlands has made significant progress in assembling its own action plan and this has now been submitted to CLG. This will build on well developed practices in the three local authorities, which will enable NewHeartlands to develop an integrated action plan which can better secure effective delivery across the pathfinder, as well as offering a monitoring and learning structure.

#### **4.3.2 Regional Policy and the Northern Way**

Pathfinder staff members and Board members, in particular the Director of NewHeartlands, were acknowledged by several interviewees to have been energetic in their contribution to the development of the Regional Housing Strategy, the Regional Spatial Strategy and to some extent the Regional Economic Strategy.

NewHeartlands was seen to be engaged in the framing of the package of regional and sub regional strategies, and promoting alignment with the objectives of the pathfinder.

NewHeartlands played an active role in development of the RSS and in its public examination and have had a reasonably significant degree of influence. The Regional Spatial Strategy details the importance of the renaissance of the major conurbations of Liverpool and Manchester.

The ability of the NewHeartlands programme to contribute to the '*renaissance*' of Liverpool is an important factor in the wider strategic vision for the region.

### **Northern Way**

Evidence from the stakeholder interviews suggests that NewHeartlands has influenced and/or added value to development of the Northern Way in a number of ways. The NewHeartlands programme is recognised by the Northern Way as being at the vanguard of initiatives which recognise the link between housing and economic growth. Key points in relation to the Northern Way are:

- NewHeartlands has played an important role in helping to implement the wider strategic objectives of the Northern Way. This has been done largely through the City Region and has involved looking at the future residential offer required to meet the future economic ambitions of the City Region.
- There is a perception that NewHeartlands has been very well engaged with the Northern Way agenda. Crucially, NewHeartlands is recognised as have a full understanding of the shift towards supporting the economic growth agenda.
- This change of focus has occurred without losing sight of the emphasis on deprivation, which has been a key part of NewHeartlands' plans from the outset.

#### **4.3.3 City Regional and sub-regional working**

NewHeartlands is clearly viewed as a key partner in Merseyside sub-region.

The City Region Development Plan (CRDP), aligned with the Northern way recognises the role of sustainable neighbourhoods and communities in improving the economic future of the city region. Key investments highlighted in the CRDP include expanding the quality and choice of the housing offer; and enhancing residential areas to sustain and reflect economic growth.

A housing strategy for the Liverpool City Region has been developed during the latter part of 2006 and early 2007. The documents reviewed and stakeholder interviews indicate that the NewHeartlands core team staff have been purposeful in contributing to and collaborating on the draft Liverpool City Region housing strategy. The strategy advocates locating homes in the right places to match economic plans. There is recognition that this is more than a numbers

game, requiring more of a focus on the quality of new housing developments than has tended to be the case in the past.

The overarching strategic objectives of the Liverpool City Regional Housing Strategy are that:

- The Housing Market Renewal (HMR) areas will remain the City Region's top priority for regeneration and neighbourhood investment
- NewHeartlands will co-ordinate investment to improve the stock of sustainable housing in addition to co-ordinating areas of redevelopment. NewHeartlands will work alongside partner organisations to ensure that Pathfinder residents benefit from investment in workforce development, skills and training initiatives – equipping them to benefit from the economic growth anticipated.
- Within the Northern Market Area, new housing supply will be focused and prioritised to support the regeneration of HMRI areas

The City Region Housing Strategy seeks to prioritise housing development within inner urban areas of the Regional Centre to support the recovery and growth of the NewHeartlands area and the contribution it can make to the economic regeneration of the City region setting out that,

*"The most important regeneration priority for the City region is the recovery of neighbourhoods in the NewHeartlands area and the growth of its population. The Pathfinder will therefore remain the primary focus for public investment and housing provision in the City Region."*

Although the origins of housing market renewal were seen by some stakeholders to present a possible tension between tackling the root cause of low demand and meeting economic ambitions it was perceived that NewHeartlands has forged strong links with the City Region agenda and this is reflected in the NewHeartlands programme being placed as the most important regeneration priority for the Liverpool City Region.

## **Merseyside Complementary Strategies**

NewHeartlands has demonstrated an ability to work strategically with local programmes which demonstrate policy and strategic alignment, an example of this are the Merseyside Strategic Investment Areas (SIAs) which focus on employment creation. The two programmes, though providing different delivery outputs, are strategically linked. There is understanding that encouraging new businesses to locate to the area, thereby creating additional jobs, mean that additional appropriate housing is required, for new and current residents.

Similarly, the Pathfinder has provided examples of an impressive array of potential mechanisms for aligning its approach to those of other partnerships and programmes which include Neighbourhood Renewal Strategies, New Deal for Communities (NDC), Health Programmes, Local Improvement Finance Trust (LIFT), Education Action Zones (EAZ) and Sure Start.

NewHeartlands is written into the Merseyside Transport Plan<sup>1</sup> which was commended by the Department of Transport for making links with HMR as well as other wider objectives. The Plan supports NewHeartlands objectives in supporting the repopulation of inner areas of the conurbation and aiming to ensure HMR areas are well linked by public transport. HMR also provides an opportunity to provide 'flagship' schemes in terms of sustainable transport including for example public transport links, safe crossings, walking and cycle routes. This is an area of the partnership that could be strengthened and there was some concern raised that a focus on speed of delivery and number of homes would make delivery of the policy aspirations in relation to sustainable transport difficult to achieve.

Importantly, NewHeartlands was perceived to have demonstrated a willingness to learn from previous programmes / projects to minimize the risk of repeat mistakes been made within the programme planning, implementation and delivery process.

Although the partnership is early in its delivery stage, the Audit Commission and Government Office have pointed to good examples of partnerships working within NewHeartlands. NewHeartlands has facilitated the working together of a number of agencies, not only across the three local authorities, but also the three other Merseyside authorities. This has been very important in ensuring

<sup>1</sup> The Local Transport Plan for Merseyside 2006 - 2011

that the statutory planning processes within each authority help to reinforce the HMR priorities.

### **Local authority housing and planning strategies**

Documents reviewed for Liverpool, Sefton and Wirral showed a positive alignment to NewHeartlands objectives. For example tackling low demand and revitalising the urban core is the first of ten key objectives set out in Wirral's Housing Strategy Statement 2005 – 2010. While for Sefton the housing strategy sets out an aim to tackle the housing issues associated with deprivation.

Liverpool Council's Housing Strategy is strongly aligned with the overarching principals and vision of the NewHeartlands programme. The City's Housing Strategy takes a comprehensive and integrated approach addressing both the physical infrastructure and the economic, social and environmental fabric of neighbourhoods in conjunction with the city's Liverpool First Community Strategy, the Liverpool Neighbourhood Renewal Strategy and the city's emerging Planning Local Development Framework.

Liverpool's Housing Strategy is restructuring the city's housing markets over a time period of up to 15 years and adopts a whole market approach with different policy responses for different areas or housing zones in the city. The strategy is based on housing intelligence maintained through the Liverpool Asset Management Project (LAMP).

Stakeholders interviewed consistently pointed to good strategic linkages between the pathfinder areas within the three relevant authorities and that of the wider area, especially in terms of the relevant local spatial planning and housing policies.

#### **4.3.4 Involving Communities**

NewHeartlands was established in partnership with three local authorities who had a long track record of community consultation and participation. The HMR programme also had its foundation in the existing regeneration

Opinion among interviewees was that engagement with the community had continued to improve over the last year. The achievements of Living through

Change had also been built upon. There has been a continuing spend thorough the year on Living Through Change Initiatives.

Examples of successful consultation include Bedford/Queens in Sefton which commenced in 2002 and has been sustained at individual and community levels since. Other examples of good practice pointed to by stakeholders are at Anfield/Breckfield and Welsh Streets in Liverpool, and at Church Road, Tranmere in Wirral.

One point raised in terms of community consultation was that although consultation and involvement of local residents was essential, an outcome of current practices and thinking was that residents could have a disproportionate influence on redevelopment proposals. This suggested a risk that residents, understandably would shape a scheme to their current needs and interests rather than looking for those features which would attract new people from outside the area who may have different priorities and perceptions of improvements needed in the neighbourhood.

At the time of the interim evaluation there was no pathfinder wide approach to consultation with local communities, however it was an ambition of the pathfinder to put one in place. A framework has recently been developed by NewHeartlands, based on a Sefton initiative. It has been adopted in Sefton, and its implementation is to be discussed with Liverpool and Wirral.

It is not a mandatory framework, but one of guidance which is to assist delivery teams in their engagement with local communities. Each delivery team is responsible for consultation with communities, although consultation may be undertaken by RSLs or Neighbourhood Management teams.

This framework is a tool to assist the delivery teams in ensuring that there is a consistent overall approach to consultation although specific methodologies may differ depending on the matter being addressed.

NewHeartlands has assembled information on community engagement across the three local authorities. There is a high level of confidence that this is complete for Wirral and Sefton, and work is being done to complete the information on Liverpool. This information is held as a paper file so there is currently no ready access to this repository of knowledge. It was suggested that this is a potentially rich and useful source for communities and delivery bodies when addressing challenges on a particular project.

#### 4.4 Summary of issues

- NewHeartlands continues to achieve spend and acquisitions in particular are progressing well. These provide a solid foundation for clearance and new development in the medium and longer term.
- The pathfinder is heavily engaged in the sub-regional, regional and national policy agenda. In particular NewHeartlands has been engaged in framing the package of regional and sub-regional strategies, for example the Liverpool City Region Housing Strategy, and aligning them with Pathfinder objectives.
- Local authority housing and planning strategies show a positive alignment to NewHeartlands objectives. NewHeartlands is also aligned with and engaged in other key partnerships and programmes including New Deal for Communities and Neighbourhood Renewal as well as health and education programmes and the Local Transport Plan.
- The involvement of MerseyTravel is needed at an early stage in the development process, e.g. when masterplans are being drawn up, if sustainable transport objectives are to be delivered as part of redevelopment.
- A framework for community consultation has been developed by NewHeartlands. Engagement with communities was viewed to be continuing to improve, supported in particular by Living Through Change. Stakeholders provided examples of successful consultation and innovative ways of engaging with local communities.
- There are further opportunities to share good practice and knowledge on community engagement. The information assembled on community engagement by NewHeartlands could provide a helpful starting point for this.
- The public policy framework is, at the time of writing, in the process of being reviewed and reshaped. Housing is clearly high on the agenda but the shape of the future public policy framework is not yet clear. NewHeartlands will need to review relationships and engagement in the light of this.

## 5.0 Policy and Programmes

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### 5.1 Introduction

This section sets out the findings and recommendations relating to the project level evaluation. More detail can be found in the appendix "Project Level Evaluation Paper 2006 / 2007"<sup>1</sup> which summarises each of the ten projects evaluated at this level.

### 5.2 Background

An evaluation was carried out at the project level with the aim of providing a brief but focussed assessment of a range of different issues connected with projects.

Specifically the project level evaluations aimed to identify:

- perceptions of the early impact of projects,
- track the early progress of projects,
- identify barriers affecting progress,
- assess the alignment of projects with the objectives of NewHeartlands.

Some of the projects within the overall programme, including some of those selected for evaluation this year, are massive regeneration projects. Based on the evidence base provided as part of this review of projects it is not intended to make comparisons between projects or to provide an in depth analysis of each project. The scale of some of these regeneration projects could justify an in depth evaluation in their own right.

<sup>1</sup> Project Level Evaluation Paper. ECOTEC 2007

### 5.3 The projects evaluated

The ten projects selected were agreed with NewHeartlands on the basis of providing a sample of projects which encompassed a geographical spread across the three local authorities as well spread across the key programme themes and a range of different project sizes.

These ten projects are:

- 1 Living Through Change (Sefton),
- 2 Stanley Park Environmental Improvements (Liverpool)
- 3 Church Road Clearance and Redevelopment Programme in Tranmere (Wirral)
- 4 Wirral Landlord Accreditation Programme,
- 5 Klondyke Clearance (Sefton)
- 6 Home Movers Service (Wirral),
- 7 Group Repair/Homezone (Sefton)
- 8 Clearance, Edge Hill, (Liverpool)
- 9 Energy Efficiency (Liverpool)
- 10 The Living Through Change Programme (Liverpool).

Desk based research was carried out based on the documentation available for each project, both via NewHeartlands and directly provided by the projects themselves. Interviews with a range of different stakeholders involved in the delivery of each project were carried out to discuss perceptions of change, barriers to progress and the perception of alignment with NewHeartlands objectives.

Although the projects were deliberately chosen to be different in their geography, theme and scale the review of projects did raise a number of findings and issues that were common across a number of projects and relevant to the programme as a whole. A summary of these findings is set out below.

## **Added Value**

Added value could be clearly identified in terms of NewHeartlands input to the projects reviewed. This came in different forms and related to levels of funding as well as the wider co-ordination and focus of the NewHeartlands programme. Examples of where added value could be identified included:

- **Larger community groups served** including supporting a greater number of residents and opening services to groups that were not able to benefit from such initiatives prior to the existence of the pathfinder.
- **More intense and focussed support and acceleration of regeneration.** For example additional resources enabling increases in acquisitions for clearance and accelerating the delivery of regeneration.
- **Extension of existing services.** For example increasing the scope of services meant that the Living Through Change project in Liverpool has provided services for residents that were unable to be funded prior to NewHeartlands because of the lack of resources.

## **Level of NewHeartlands Funding**

Findings on funding levels show that NewHeartlands funding is providing a very high proportion of total project cost to those projects which were evaluated. This suggests the added value of the pathfinder is high.

## **The Progress and Early Impact of Projects**

It should be recognised that many projects are still at an early stage in their implementation. However it is worth noting that all the projects evaluated could provide some evidence of impact. However for some of the larger and longer term projects it is early to clearly demonstrate impact on the ground. For instance, the Wirral Landlords Accreditation Programme will require some time to see the outcomes of the training truly coming to fruition whilst although the capital clearance programmes have generally made good early progress, the true impacts of the project will not be fully established until the cleared sites are redeveloped. Early impacts of projects were identified as follows:

- **Physical impact-** probably the most noticeable impacts of those projects evaluated as part of this study was the changes to the physical environment. The Church Road, Klondyke, and Edge Hill clearance schemes have all had fundamental impacts on changing the physical appearance of local neighbourhoods.
- **Neighbourhood improvements-** there were clear impacts in relation to improving the neighbourhood infrastructure. This impact ranged from neighbourhood cleanliness through to substantial improvements to housing.
- **Community pride/ cohesion-** a less well defined but nevertheless definite impact of NewHeartlands funded projects was the increase in pride amongst residents reported by the project managers. Indirectly, the projects were felt to encourage residents to respect their properties and neighbourhoods more (because the properties had been refurbished), it was felt that residents also felt safer in their neighbourhoods as a consequence of projects and finally that the projects had help build up trust with residents.

### **Barriers affecting progress**

There were some messages from the projects reviewed in terms of commonality in perceived barriers to progress. While these were not reported to have affected all projects (and some barriers are in their nature specific to the type of project) it is worth highlighting those below.

- **Opposition to clearance.** Some of the projects reviewed are involved directly in clearance and barriers to progress included some vocal and well organised opposition to clearance and the increased overall cost of the legal process. The CPO process is time and resource intensive and it was considered that the long term impact of additional costs and delays associated with this was difficult to quantify.
- **Funding uncertainties.** A lack of certainty in terms of long term funding for housing market renewal was a barrier to progress as it impacted on the ability of projects to make long term future commitments.

### **Alignment of projects with NewHeartlands aims**

All projects considered as part of this element of the evaluation showed clear alignment with the overall aims of NewHeartlands.

## **Monitoring and future evaluation**

There were issues identified regarding the current availability of project level information to support the evaluation. While detailed information was available for some projects, there was a lack of consistency in the information that could be provided to help inform the evaluation. An absence of standard monitoring information constrains the extent to which an evaluation can provide an assessment of the impact and added value of projects. Core information requirements for an effective project level evaluation should include:

- Original project appraisal information
- Project monitoring information which includes progress against targeted outputs, spend and leverage figures
- Any other evaluations carried out of the project's impact (e.g. for other funding streams such as NRF)
- Project inputs (including HMR and other public sector and private sector spend)
- Project outcome details

The above information could not be made available for all projects. In particular it would be helpful to hold input and output information in a consistent format that could be provided across each of the NewHeartlands funded projects and could be used to provide the basis for applying a consistent assessment of their progress.

## **5.4 Policy and programmes - summary of issues and recommendations**

A number of issues have been identified relating to the evaluation of these ten projects. These are set out below.

- There is a lack of clarity amongst project deliverers about what type of data should be collected for evaluation, and therefore there is also a lack of consistency in the data that is available to the researchers. Data collection will need to be standardised for the next phase of the evaluation.

- There is a demand for the sharing of best practice between delivery agents and local authorities. NewHeartlands is well placed to hold an annual event to facilitate this.
- There would appear to be a high level of additionality associated with Projects and Programmes. Together with the standardisation of data collection a systematic approach to Value for Money needs to be developed.
- Some of the Projects and Programmes included in this exercise are in fact massive regeneration projects in their own right. This particularly relates to Anfield, Edge Lane, Klondyke and Tranmere within this sample of projects. Many of the other projects highlighted are also area focused. Given the area based nature of the NewHeartlands interventions it would be appropriate to redesign the project and programme evaluation within an approach which examines market change and Value for Money at the NewHeartlands level, but assesses the impact of interventions within the area based initiatives.
- Given the barriers identified associated with clearance projects in terms of organised and vocal opposition to demolition an emphasis on communicating positive messages remains essential. As well as ensuring that residents are supported and informed, a proactive strategy of promoting positive messages about the programme in the media, and lobbying policy makers can have a direct impact on the ability of projects to deliver as well as ensuring support for continuation of the wider regeneration strategy.

## 6.0 Housing Market Change

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### 6.1 Introduction

This section summarises the findings included within the separate Housing Market Update<sup>1</sup> and Adjacency and Displacement<sup>2</sup> papers. It also draws on findings from the Residents Survey<sup>3</sup> and Private Rented Sector research<sup>4</sup>.

### 6.2 Housing Market Trends

The Evaluation of the NewHeartlands Programme contains resources for a Housing Market Report every two years. The first was produced in 2006 and it will be updated in 2008. A paper has been produced for the 2006/07 evaluation providing an update on Market Trends using data supplied by NewMIS (LAMP, WAMP and SAMP). This analysis explores recent trends in vacancies and house prices so that the spatial dynamics of change can be observed. The data also assists with the capture of adjacency and displacement effects and complements a survey of residents within the intervention area which has provided information on the social impact of the HMRI.

The 2006 Market Report highlighted a number of features to the operation of the market within the NewHeartlands area. These included:

- A persistent Housing Surplus in the inner core of Merseyside, and particularly in Liverpool.
- Relatively large increases in house prices since 2003.
- Very substantial increases in the value of sales in the terraced sector.
- A corresponding increase in unusual sales of vacant properties i.e. the resale of property within twelve months. These sales were highly correlated with the HMRI intervention and gave a clear indication of speculative activity.

### 6.3 House Prices

The pattern of house price change across Merseyside confirms previous analysis and shows that the most deprived areas of Wirral, Sefton and Liverpool

<sup>1</sup> Recent Housing Market trends in the NewHeartlands intervention area. ECOTEC 2007.

<sup>2</sup> Adjacency and Displacement Effects of NewHeartlands HMR pathfinder. ECOTEC 2007.

<sup>3</sup> NewHeartlands residents survey. ECOTEC SURVEY 2007

<sup>4</sup> The Private Rented Sector in NewHeartlands. ECOTEC 2007

and Knowsley registered the largest increases in price between 2002 and 2006. This trend is evident throughout the North and Midlands during this period and this reflects a growing national trend for more affluent groups to acquire property for the Buy to Let Market. The Private Rented Sector Report completed by ECOTEC has shown that the Private Rented Sector has grown from 15.8% in 1991, to 19% by 2001, and subsequently is now estimated to be 25% in the NewHeartlands area.

The NewHeartlands area remains a comparatively low value housing market despite the recent large increases in prices. However while the intervention areas in Wirral and Sefton remain exclusively in the lowest quintile for prices, the situation has changed in Liverpool. Within Liverpool higher house price areas have now appeared in the city centre, North along the waterfront and in inner south Liverpool.

In all areas the trend in prices for terraced property has been upwards. In Wirral the average prices in the Borough increased by 161% while in their HMRI area the figure was 217.1% (a 56% differential). In Sefton the figures were 166.8% for the Borough and 206.8% for the HMRI (a 40% differential) and in Liverpool the figures were 180.9% and 200.8% (a 20% differential).

These global figures mask significant and localised changes in price which are highly correlated with HMRI interventions so for example:

- Bedford Queens ADF 199.6%
- Bedford Queens Intervention Area 268.1%
- Klondyke ADF 256.8%
- Klondyke Intervention Area 264.2%
- Welsh Street Clearance Area 260.1%

There is therefore a tendency for intervention areas to experience higher price increases than the larger areas within which they are located. This is partly related to the speculative activity referred to earlier, but also related to significant refurbishment work being invested by the Market Renewal fund to improve the quality of the remaining stock and the wider environment.

In respect of flatted property there is a much more diverse picture in relation to the change in average values, with performance being very place sensitive.

Obviously high performing areas are Liverpool City Centre, Klondyke and Bedford Queens and Birkenhead where new build has occurred, and more suburban areas such as Waterloo and Seacombe. Flats in more depressed neighbourhoods such as Wavertree and those located in the Edwardian core of Liverpool have experienced only a third to a quarter of average house price growth over the same period.

In respect of semi-detached property, the performance is significantly better than flatted property. Whereas the increase in the value of flats was 115% across Merseyside in the Merseyside HMRI it was only 58%. The biggest increases in the value of semi-detached property were outside of Liverpool, in the Wirral and Sefton HMRI areas. This position is reversed again, for detached property. In the Merseyside HMRI prices grew by just 74.7% compared to 138% for the sub region.

These increases in prices have had an inevitable impact upon affordability. Looking at the ratio of lower quartile income to prices highlights how in Liverpool, Sefton and Wirral the ratios have nearly doubled within a decade, with both Wirral and Sefton having a greater affordability problem than the North West region as a whole. These official measurements of affordability do however have to be interpreted with a degree of caution. The figures are based upon earnings, rather than household incomes, with the results that they do underestimate the ability to pay housing costs. Additionally by definition they exclude the economically inactive, a huge issue in the core of Merseyside, where for many existing residents a market based housing solution is not viable.

## **6.4 Vacancies**

Vacancy data is set out in the Housing Market update<sup>1</sup>. The data available on vacancies illustrates that the problem of vacant property in Wirral and Sefton is highly localised and at the local authority level there is not a surplus of accommodation. In Wirral the vacancy rate is stable or falling in the most problematic neighbourhoods. The data for Sefton is substantially incomplete and so trends in vacancies cannot be estimated.

The most complete data set for vacancies relates to Liverpool and this is an important asset for the evaluation team as the city has the most serious and

<sup>1</sup> Recent Housing Market Trends in the NewHeartlands intervention area. ECOTEC 2007.

large scale problems associated with its housing market and it experiences the most dynamic urban environment of the three local authority areas.

Overall the data for Liverpool shows a broadly stable vacancy rate for the city and for the HMRI area. However these aggregate figures mask significant changes at a small area level. For example the vacancy rates within the proposed clearance areas have increased dramatically over the time series, as has the vacancy rate within the city centre market which has climbed from 10.6% in 2001 to 18.0% in 2007.

It is clear from the data that the vacancy rates are accelerating in the clearance areas and the city centre. There is a danger that these increases are masking significant changes elsewhere. So for example if the city centre is excluded from the HMRI then the vacancy falls to 7.8% in 2007.

Furthermore the vacancy rates in the inner core of Liverpool which were not designated as an ADF fell from 8.5% in 2001 to 5.7% in 2007. This fall is highly significant as it suggests that the policy of intervening in the worst neighbourhoods and increasing vacancies in these in advance of clearance, has increased demand in adjacent neighbourhoods. The vacancy rates in these adjacent neighbourhoods are now approaching a level which might be considered to be normal in inner city neighbourhoods in the Midlands and the North.

Conversely, there remains a serious problem of demand in the four zones of opportunity in Liverpool. Currently the vacancy rate for these areas is around 13.8%. The areas zoned for clearance activity contain around 4,200 properties and have a vacancy rate of 32.8%. Even after the current clearance is finished the remaining 36,000 properties in the zones will have a vacancy rate of around ten percent. This data tends to validate the choice that was made to prioritise these neighbourhoods, but also confirms the long term nature of the interventions needed to bring supply and demand back into balance in these areas.

Excluding the City Centre, vacancies have fallen by 10.2% in Liverpool HMRI during the last six years. However this fall has been off set by increases in vacancies in the city centre. Nearly one in seven vacancies in the City of Liverpool (13.3%) are located within the Central Business District. Currently available evidence suggests that this market is disconnected from other residential markets within the City (with the exception of the student market). It is also unusual because much of it is owned by institutional investors and

landlords who may be more interested in capital growth rather than the rental stream. However there is a danger that eventually oversupply in the city centre will force down rents and values, and the property may then become a substitute for existing property in city, thereby exacerbating problems for some neighbourhoods.

The City Centre Market has not yet matured and therefore it is not possible to predict how future changes in the use of its stock will affect the overall housing market in the city. However if the city centre stock is excluded from the tables, then the vacancy rate for Liverpool falls to 6.4%. If five percent is taken as the 'natural' rate for a city which has a large student population, and significant inflows and outflows of households then 3,000 demolitions would achieve that rate. Since 2003 1,600 properties have been acquired for clearance in Liverpool. Therefore outside of the City Centre, it is possible to envisage that with a further ten years of intervention within the zones of opportunity that NewHeartlands and the city council will have achieved a reasonable balance between the supply and demand for property.

## **6.5 Adjacency and Displacement**

Consideration of Adjacency and Displacement (A&D) effects is essential for all stages of the programme cycle. Many of the projects funded through NewHeartlands are still in their infancy and have yet to show impacts measurable beyond the neighbourhood level. Therefore, in line with the initial assessment undertaken for the Interim Evaluation this first stage of the Adjacency and Displacement evaluation therefore concentrates on analysis of:

- Local impacts of completed and/or current HMR activity;
- Assessment of the possible effects of future HMR activity;
- Approaches being adopted to limit adjacency / displacement effects.

In future evaluation this approach will develop to take into account more peripheral areas as new development starts to have a greater impact.

The physical issues relating to adjacency and displacement identified as part of the markets review described above can be summarised as:

There has been some displacement of demand from the intervention areas to other parts of inner Liverpool. This has had the impact of strengthening those adjacent neighbourhoods.

There is no evidence that the price of housing in or adjacent to clearance areas has been blighted. In fact it is the reverse with some of the largest price rises being located in these areas.

There is evidence that higher value areas are appearing along the waterfront and south of the City Centre. It is unclear at this stage whether these areas will displace investment which would otherwise go to different parts of the HMRI.

In addition to the housing and investment issues there are also social and community issues to consider. These issues are set out in detail in a separate paper entitled, "Adjacency and Displacement Effects of the NewHeartlands HMR Pathfinder" and a summary is provided in this section.

### **Evidence from the Stakeholder Consultations**

Key findings from the stakeholder consultations indicated that households are being displaced by clearance projects, but anecdotal evidence suggests that the vast majority of those affected are either (a) moving to established housing close by or (b) taking up the offer of returning to newly built housing. Current HMR projects have tended to focus on the re-provision of housing for local people, many of whom have long-established ties to the conurbation, so this is perhaps not surprising.

It is in the medium-to-long-term, as the focus shifts towards aspirational new build designed to attract new residents rather than re-provision of housing for local people, that the success of the Pathfinder will be judged. However, the current projects are an important component of the overall strategy in terms of pump-priming developer confidence in inner-urban areas of Merseyside and bringing about the right conditions for more transformational change.

Although an important component of restoring confidence it is unclear whether or not City Centre apartments, a major component of overall new housing numbers within Liverpool over recent years, will serve to retain residents in the long-term. The success of City Living in Liverpool is said to have stimulated private sector interest in the prospect of developing a City Centre housing market, albeit of a different kind, in South Sefton.

Housing market pressures in neighbourhoods adjacent to the ABI boundary are causing some movement into the periphery of the NewHeartlands area, led particularly by first time buyers looking for affordable housing. This is felt to

reflect both increasing affordability issues elsewhere in Merseyside and increased confidence in the Pathfinder area;

Within Merseyside the focus (of resources, planning policy and developer interest) on the HMR area poses some risk to peripheral, weaker housing market areas. However, the focus of the RSS and Northern way on housing in urban areas to support economic growth ambitions supports the focus on repopulating the inner core.

Notwithstanding considerable remediation costs in some NewHeartlands neighbourhoods, there should come a point when developer confidence and profitability is such that gap funding requirements reduce significantly, with developer taking a more central role in terms of funding. This aspect of the programme should be carefully monitored to ensure that the balance is not tipped disproportionately against other areas of Merseyside which would also benefit from new housing development.

NewHeartlands is recognised as playing a key part in development of the RSS (and its examination in public) and Northern Way agendas, with a clear understanding of the emerging direction of government policy in terms of encouraging development of housing in locations - and of a type - to support economic growth ambitions. At a neighbourhood level, it is understood that individual projects have the potential to impact both positively and negatively on local economies and the viability of services and facilities. This is an aspect that will benefit from careful monitoring.

The potential negative displacement effects in terms of crime appear to be well understood by the HMR team centrally and at a local level. Specific interventions have been established to mitigate against neighbourhood blight, with anecdotal evidence suggesting that these projects have been highly effective. Interventions such as Living Through Change will benefit from focussed attention in future years of the evaluation to understand lessons learned and share best practice.

### **Evidence from areas adjacent to clearance programmes**

Residents were surveyed in two areas comprising streets immediately adjacent to clearance. Key findings from the residents' surveys are as follows:

- Church Road area (Wirral):

- There are strong neighbourhood ties in the Church Road area. Property and area satisfaction levels are very high and, anecdotally, few people are thought to be leaving the area. Local residents regard it as a very good area for families to live in and particularly value the easy access to shops and services that living in the area affords them;
  - A lower proportion of residents in the Church Road area regard housing as being a pressing issue than elsewhere in the Wirral or the HMR area. However, 20% did regard empty/boarded up properties as being a problem and 19% regarded uncertainty about the future of the area as being a problem;
- Anfield (Liverpool):
    - Findings in Anfield reflected the scale of market decline and the concomitant scale of intervention underway to support the transformation of this neighbourhood
    - As in the Church Road area, neighbourhood ties are strong in Anfield with proximity to family and friends being a particularly strong factor. However, property satisfaction levels are significantly lower than Liverpool and NewHeartlands averages with the poor condition of property the primary reason for this. A quarter of those interviewed were dissatisfied because of living near to empty / boarded up properties. Overall, 45% of respondents in Anfield were very dissatisfied with their local area compared to 14% across Liverpool and a Pathfinder average of 12%;
    - A very high proportion (67%) thought their local area had got worse over the last two years and nearly a third of respondents in Anfield knew of family or friends who had recently left the area (compared to a Pathfinder average of 15%). Respondents who felt Anfield had got worse most frequently referred to there being more boarded up and derelict properties (62%), the area being noisier with more young people hanging around (22%), there being more crime (14%), more graffiti and vandalism (13%) and the general appearance of the area having got worse (9%). Teenagers hanging around on the streets, drug dealing and use and disturbance from crowds, and vandalism graffiti and other deliberate damage were all regarded as greater problems in Anfield than elsewhere in the HMR area;

- Overall, 85% of the Anfield sample regarded uncertainty about the future of the area as being a problem. However, a higher proportion (26% compared to 14% across Liverpool) thought that new housing and regeneration activity would occur over coming years;
- More than half of the Anfield case study expected to move home within the next 5 years (compared to about 38% across Liverpool) with the highest proportion (28%) stating that they would have no choice in the matter. The majority of respondents (71% compared to a Liverpool average of 49%) expected to stay in their current neighbourhood when they did come to move home;

### **Perceptions of Neighbourhood Change**

In those areas where intervention is underway there is a palpable sense of neighbourhood transformation. This is evidenced by activity "on the ground" including clearance, early new build properties which have proved to be in high demand and very visible refurbishment of existing homes.

There are also indications of individual investment in homes by existing residents within the HMRI area, prompted by increased equity within individual properties and an increased confidence in the housing market.

## **6.6 Summary of housing market and adjacency and displacement findings and recommendations**

- After many decades of relative and absolute decline in the Housing market in the inner core of Merseyside there are now positive signs of new activity and improvements in underlying market conditions in many (but not all) neighbourhoods.
- House prices have increased across all areas and these increases have been particularly pronounced for terraced property. The housing market report produced for NewHeartlands noted that there were speculative investors operating in these markets, and in addition to this there was a demand from investors seeking to enter the Buy Let market.

- These findings have been confirmed by research conducted for NewHeartlands by ECOTEC into the growth of the Private Rented Sector. This research has shown a dramatic (30%) increase in the PRS in the Market Renewal Area since 2001. Additionally the price increases for terraced housing look to be positively related to the declaration of intervention/clearance areas. This is highly suggestive of speculative purchase as it contradicts the accepted wisdom of the impact upon property of a CPO declaration.
- There remain however some unexplained variations in price between the local authority areas. Wirral and Sefton have higher rates of price increase within their inner areas than Liverpool. Additionally there is evidence that demand for social housing in Sefton and Wirral is rising while supply is falling. In Liverpool there has been a reduction in supply with demand remaining constant.
- The data for the city of Liverpool is more robust and therefore it is easier to see how the market is changing. In the next phase of NewHeartlands research we would suggest that a mini housing market study should be conducted for each of these areas so we may better understand the dynamics which are leading to change.
- In respect of Liverpool, there is now a highly dynamic series of markets developing. The regeneration and renewal activity which has been pursued for the last seven years is starting to make inroads into the surplus of low value housing which existed at the turn of the century. The vacancy rate for the older inner core is starting to decline, but more fundamentally it is being reduced in the neighbourhoods outside of the intervention areas. A case of positive displacement, as households have moved out of areas which will be restructured.
- In public policy terms this is a very positive outcome, as the widespread nature of vacancies which had developed was difficult to address through targeted intervention. The concentration of vacancies has also been to the benefit of previously marginal neighbourhoods which now have increasing demand. Conversely the scale of the task still to be undertaken to restructure parts of the Zones of Opportunity means it may take another ten years to complete.
- One area of change which we have not been able to comment upon definitively is the growth of the City centre market. The increases in

vacancy rates here are a cause for concern, and the market will need to be monitored very closely to provide early warning of changes which may either adversely or positively effect the regeneration of the core of Merseyside. As part of this monitoring it is important that HMRI data for Liverpool is made available with the city centre excluded.

- The Adjacency and Displacement research shows displacement of residents from the target areas into adjacent areas. This was particularly evident in the Anfield area. This outcome is not necessarily a negative and the movement of households out of the intervention areas prior to clearance has made a major contribution to reducing vacancies elsewhere in inner Merseyside. Anecdotal evidence and results from the surveys in Anfield and the Church Road area suggest that the majority of households affected by clearance intend to remain living close by, or take up the offer of moving into replacement housing.
- A similar issue of 'positive' displacement may also occur with new build, where it is an aim of the Market Renewal Programme to redirect development pressure into the target areas and attract new residents to live in the HMR intervention area. There is anecdotal evidence from the stakeholder interviews of movement into the pathfinder area driven by affordability issues elsewhere in Merseyside and increased confidence in the pathfinder area. This in-movement has largely been from immediately adjacent areas into the periphery of the HMR area. Testing the degree to which new households are being attracted into the HMR area will need to be an increasing focus for the Adjacency and Displacement evaluation in the medium-to-long-term, although assessment of the displacement effects of clearance will also need to continue to be assessed.
- In future years the Adjacency and Displacement evaluation will need to assess the extent to which new households are being attracted into the intervention area and understand the drivers of these moves. This should begin to become a focus in 2007/08, but will not become a major focus until later years – perhaps 2010 onwards;
- Crime is a key focus of wider regeneration activities within NewHeartlands. Areas undergoing clearance pose a potential magnet to crime and anti-social behaviour risking blighting adjacent areas. Initiatives such as Living Through Change look to be reducing crime in

these immediate areas. NewHeartlands has contributed to youth involvement and diversionary activities. There is a perception that these activities have helped reduce the fear of crime inside and outside the Pathfinder boundary i.e. a positive effect on adjacent areas.

- The possible displacement of Housing Corporation and other regeneration investment streams to support area based regeneration in the Pathfinder area will need to be monitored over the duration of the evaluation, beginning in 2007/08. This should focus particularly on the levels of investment in the other weak housing market areas identified by the Vulnerable Housing Markets Report which supports the Liverpool City Region Housing Strategy;
- In areas where clearance proposals are of a modest scale, the focus of the adjacency and displacement analysis should be to monitor the scale of turnover and relative prices in the relatively stable areas in adjacent streets. This would be the case in areas such as Church Road in the Wirral;
- In areas such as Anfield where the interventions are of a significant scale, a more elaborate system of monitoring will be needed which explores the impact upon retail, schools as well as community networks;
- The survey of residents in areas adjacent to clearance programmes highlights the need to continue to invest heavily in neighbourhood management and the Living through Change programme. Significant effort and investment has gone into the Living Through Change programme and the success of this initiative should form a continuing focus of the evaluation from 2007/08 onwards.

## 7.0 Governance

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The findings set out in this section represent a summary of the issues relating to the Governance of the NewHeartlands initiative, as communicated to us in a series of confidential interviews. This element of the research highlighted many positive aspects of the operation of NewHeartlands as well as detailing some tensions relating to roles and responsibilities. A separate Governance Discussion Paper<sup>1</sup> sets these out in more detail together with recommendations for the way forward. This section sets out a summary of the Governance paper and the findings and conclusions.

No guidance has ever been issued to the Pathfinders which sets out Government expectations in respect of Governance, and therefore, it is very difficult to evaluate the performance of any particular Pathfinder as there are no nationally agreed benchmarks. As researchers we have attempted to identify the quality and nature of decision making; roles and responsibilities, and the capacity to manage and deliver Board objectives, and accountability.

The remit of a Market Renewal Board and Core Team, has been defined by the *raison d'être* of the Programme. This is an initiative which seeks to target housing markets which operate at a sub-regional level which are dysfunctional. This targeting requires a Governance structure which involves major stakeholders (not just Local Government) and decisions to be taken which cut across local authority boundaries. The functions which are necessary to allow a Board and Core Team to facilitate this approach tend to include:

- Strategic development
- Market intelligence
- Communications
- Financial management
- Monitoring and evaluation
- Partnership development
- Advocacy

<sup>1</sup> Evaluation of the NewHeartlands Programme: Governance. A discussion paper. ECOTEC 2007.

Interviews carried out with a range of stakeholders suggested that there was not always clarity on what constituted NewHeartlands with some stakeholders clearly viewing NewHeartlands as the whole programme of housing market renewal on Merseyside and others viewing NewHeartlands as the core team with delivery separate from this. What was clear is that there was clarity in roles and responsibilities in delivering the programme from those stakeholders most closely involved in the partnership.

In the interim evaluation carried out by ECOTEC last year a number of recommendations were made for consideration or action. These were incorporated into an action plan which was subsequently adopted by NewHeartlands Board. All the recommendations have been actioned.

## **7.1 Changes in the National Public Policy Environment**

At the time of writing, the Public Policy framework for England is in the process of being reviewed and reshaped to reflect a shift in the political environment which will be an inevitable outcome of the arrival of a new Prime Minister. The Market Renewal Programme is likely to need to evolve and respond to policies and challenges which will emerge from:

- The Comprehensive Spending Review 2007;
- The regionalisation of resource distribution;
- The potential introduction of City Regions as a framework for economic regeneration;
- The creation of Communities England from the merger of the Housing Corporation and English Partnerships;
- The potential introduction of Multi-Area Agreements, targeted at sub-regional areas, with the aim of co-ordinating social and economic policies and achieving economies of scale.

The shape of the Public Policy frameworks for the remainder of this Parliament should be apparent by October/November 2007. Additionally the new three year allocation for Housing Market Renewal will be announced, taking us up to 2011. Clearly there will be some substantial issues for the Board to Consider in the

latter half of this year. Many of these issues will relate to changes in the Governance arrangements for urban, regional and economic policy at a national, regional, and sub-regional and local level.

Following the work on Governance undertaken as part of this evaluation Governance is currently being reviewed by the Board.

## 8.0 Summary of Findings and Recommendations

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### 8.1 Findings

Recommendations are set out in section 8.2 of this document. Findings are set out within each of the relevant chapters. However it is worth noting here some of the overarching findings and observations of the evaluation.

This section sets out an overview of findings relating to this years evaluation. These are then followed by a number of recommendations which flow from these findings.

- **Awareness of NewHeartlands.** While there was no expectation that all stakeholders would, or should, know the detail of NewHeartlands aims and objectives there was a high level of awareness among stakeholders of the programme and the overall aims of housing market renewal on Merseyside. Linked to this was:
- **Commitment to housing market renewal.** This was set out in key strategy documents that were reviewed as well as reflected in the views provided by stakeholders. There is a widely held recognition of the role that a good quality and diverse housing stock can play in wider regeneration, as well as an acknowledgement of the mismatch between supply of and demand for stock in the pathfinder area and support for the overall ethos of housing market renewal. There was a willingness amongst stakeholders to provide their time to talk to the research team. As well as providing valuable input to the evaluation this willingness is a positive indication that the NewHeartlands programme and the evaluation of NewHeartlands are seen as important by stakeholders.
- **Added value of NewHeartlands.** NewHeartlands funding has delivered regeneration that is deeper and wider than that would have happened without HMR. It has helped to accelerate the regeneration process. A significant percentage of funding from Housing Market Renewal on the projects we evaluated is also an indication of the added value of NewHeartlands, i.e. without support from NewHeartlands the project would not have gone ahead

- **Sub-regional approach and co-ordination.** The sub-regional co-ordination has been important in providing a coherent strategy – e.g. the spatial focus on specific areas around which partners and funding can focus housing market renewal activity. Within the complexity of housing markets and housing market change this focus of policy and funding is an important element and co-ordinated approach.
- **Achieving outputs.** NewHeartlands continues to achieve spend. Acquisitions in particular are progressing well. These provide a solid foundation for clearance and new development in the medium and longer term.
- **Evidence of physical impacts.** The change on the ground, and the perception of change on the ground by stakeholders is an important difference from the findings of the interim evaluation. Although it is recognised that it is still early in terms of the transformation envisaged by the overall programme in a number of neighbourhoods there is major physical change now well underway. This includes clearance and early new build developments such as Dobson Street as well as successfully refurbished homes. However it is still at an early stage in the overall evaluation to be measuring impact, and this is an element that will need to be developed over the lifetime of the programme and the evaluation.
- **Availability of data and monitoring information.** There was a gap identified in the availability of consistent monitoring information at the project level to support the evaluation. An absence of standard monitoring information constrains the extent to which impact and added value can be assessed. In particular there was a gap in terms of consistent input and output information relating to projects. There were also issues of consistency identified in relation to data available to support an assessment of housing market trends. While it is recognised that this is a developing area it is a concern that the information requested, in particular that relating to vacancies, could not be provide in a consistent format across the three local authorities.
- **Housing Market impacts.** After many decades of relative and absolute decline in the Housing market in the inner core of Merseyside there are now positive signs of new activity and improvements in underlying market

conditions in many (but not all) neighbourhoods. House prices have increased across all areas and these increases have been particularly pronounced for terraced property. The regeneration and renewal activity which has been pursued for the last seven years is starting to make inroads into the surplus of low value housing which existed at the turn of the century. The vacancy rate for the older inner core is starting to decline, but more fundamentally it is being reduced in the neighbourhoods outside of the intervention areas. In public policy terms this is a very positive outcome, as the widespread nature of vacancies which had developed was difficult to address through targeted intervention. The concentration of vacancies has also been to the benefit of previously marginal neighbourhoods which now have increasing demand. Conversely the scale of the task still to be undertaken to restructure parts of the intervention areas means it may take another ten years to complete.

## 8.2 Recommendations

This section sets out a summary of the recommendations set relating to different levels of the evaluation as set out in this overview report.

### Policy and programmes

- **Data collection will need to be standardised for the next phase of the evaluation.** There is a lack of clarity amongst project deliverers about what type of data should be collected for evaluation, and therefore there is also a lack of consistency in the data that is available to the researchers.
- There is a demand for the sharing of best practice between delivery agents and local authorities. **NewHeartlands is well placed to hold an annual event** to facilitate this.
- There are further opportunities to **share good practice and knowledge on community engagement.** The information assembled on community engagement by NewHeartlands could provide a helpful starting point for this.
- There would appear to be a high level of additionality associated with Projects and Programmes. **Together with the standardisation of data collection a systematic approach to Value for Money needs to be developed.**

- Some of the Projects and Programmes included in this exercise are in fact massive regeneration projects in their own right. This particularly relates to Anfield, Edge Lane, Klondyke and Tranmere within this sample of projects. Many of the other projects highlighted are also area focused. Given the area based nature of the NewHeartlands interventions **it would be appropriate to redesign the project and programme evaluation within an approach which examines market change and Value for Money at the NewHeartlands level, but assesses the impact of interventions within the area based initiatives.**
- The Public Policy Framework is about to experience it's most fundamental review since 1997. **The ongoing impact of this will need to be considered as it almost certainly going to impact upon the way all nine Market Renewal Partnerships take decisions and do business.**

### **Housing Market Trends and Adjacency and Displacement**

- The data for the city of Liverpool is more robust than that for Sefton and Wirral and therefore it is easier to see how the market is changing. **In the next phase of NewHeartlands research we would suggest that a mini housing market study should be conducted for both Sefton and Wirral** so we may better understand the dynamics which are leading to change.
- One area of change which we have not been able to comment upon definitively is the growth of the City centre market. The increases in vacancy rates here are a cause for concern, and **the city centre market will need to be monitored very closely to provide early warning of changes** which may either adversely or positively effect the regeneration of the core of Merseyside
- The research clearly shows that there has been displacement of resident from the target areas into adjacent areas. This was particularly evident in the Anfield area. This outcome is not necessarily a negative, as the housing market report has noted the movement of households out of the intervention areas prior to clearance, has made a major contribution to reducing vacancies elsewhere in inner Merseyside.

- A similar issue of 'positive' displacement may also occur with new build, where it is an aim of the Market Renewal Programme to redirect development pressure into the target areas.
- **The possible displacement of Housing Corporation and other regeneration investment streams to support area based regeneration in the Pathfinder area will need to be monitored over the duration of the evaluation;**
- In areas where **clearance proposals are of a modest scale, the focus of the adjacency and displacement analysis should be to monitor the scale of turnover and relative prices in the relatively stable areas in adjacent streets.** This would be the case in areas such as Church Road in the Wirral;
- In areas such as Anfield **where the interventions are of a significant scale, a more elaborate system of monitoring will be needed** which explores the impact upon retail, schools as well as community networks; and
- The survey of residents in areas adjacent to clearance programmes highlights the **need to continue to invest heavily in neighbourhood management and the Living through Change Programme.**

## 9.0 Next Steps

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This stage of the Evaluation has completed the baselining necessary for a long term approach to monitoring change to be implemented. This report has been written however, during a rapid period of change in the national, regional and local Policy environment. This change will mean that evaluating the contribution that NewHeartlands makes to policy at a national and regional level, i.e. the added value, will become increasingly difficult as the goal posts are constantly shifting. Indeed if Government maintain their commitment to the Market Renewal Programme, NewHeartlands may yet experience several different policy cycles before its eventual exit.

In addition to the changing policy environment, the programme of intervention is maturing and its scale of impact is increasing. This stage of the evaluation has demonstrated that the area interventions are having an impact upon the market as a whole in inner Merseyside and that the successful completion of these initiatives is key to balancing supply and demand in the medium term. It is appropriate at this stage of the evaluation to ask whether there should be a shift in resources within the research programme to explore in more detail the area based impacts of interventions.

It is clear that for the remainder of the NewHeartlands Programme the focus of investment will be targeted mostly at the neighbourhoods which have already been identified and prioritised for renewal. In some cases such as Anfield the total investment proposal is £300 - £400 million. Additionally within these areas other non housing factors are also changing such as retail and leisure facilities. Often these changes are dependent upon other streams of Public Sector investment. In an environment such as this, causality is often difficult to assert. There is therefore a strong case to reprioritise resources within the evaluation to focus on more rigorous measurement of:

- Area based impacts;
- Value for Money; and
- Local (micro) housing markets.

Obviously it would not be appropriate to reduce the emphasis on housing market impact at the sub regional level, or adjacency and displacement. However, there may be a case to refocus other elements of the evaluation and this should be subject to discussion.