






Rebalancing communities by mixing tenures on social housing estates

Over 70 per cent of a sample of social landlords have taken some initiative to 'rebalance the communities' on their single-tenure estates by introducing a mix of tenures and incomes (other than occurs through the 'Right to Buy'). The study, by housing consultants Graham Martin and Judi Watkinson, also found that:

-  A consistent feature of mixing tenures on estates has been an overall improvement in property prices, reduced turnover, increased demand, tenant satisfaction and improved area reputation.
-  A clear north-south divide was evident in activities reported by local authorities, with more reporting an active tenure mixing programme outside London and the South-East. This regional distinction did not apply to housing associations.
-  The experience of the Joseph Rowntree Housing Trust's SAVE (Selling Alternate Vacants on Estates) programme is that the benefits associated with mixed tenure justify selling alternate vacant properties on the open market (with the proceeds reinvested in replacement property).
-  The introduction of mixed tenure has tended to be pragmatic and reactive rather than the result of logical evaluation and strategic decision-making.
-  Whilst some social landlords are committed to the principle of mixed tenure, most initiatives have resulted from financial practicalities; for example, to reduce an excessive number of vacant properties, to reduce repair costs, to provide access to regeneration funding, or to reduce the number of surplus or unpopular social rented houses.

Background

Whilst some social housing estates are 'good places to live', many have become unpopular in recent years:

"High rates of joblessness trigger other neighbourhood problems that undermine social organisation, ranging from crime, gang violence and drug trafficking to family break ups and problems in the organisation of family life." (W J Wilson, *When work disappears*, New York, Knopf, 1996)

It is difficult to argue the case for investment in an area where few people would choose to live. In order to reverse this process and make places more attractive, it might be helpful to devise strategies that introduce a variety of household and economic mix similar to that in more popular neighbouring communities.

The SAVE Programme

The Joseph Rowntree Housing Trust introduced its SAVE (Selling Alternate Vacants on Estates) programme in 1998 to combat and reverse the process of decline in its 'model' village of New Earswick – a forerunner of the Garden Village movement. The scheme allows for 50 per cent of relets in the village to be offered on the open market for full sale or shared ownership. By the end of 2002, 21 per cent of the stock was either leasehold, low cost home ownership (LCHO) or fully owner-occupied.

There has been a significant change in perceptions of the villagers, property values have risen beyond local increases (see Figure 1) and middle-income families are keen to move onto the estate.

The national perspective

Whilst there is much discussion on creating mixed and sustainable communities, there is little information on what is being done to stem the tide of 'residualisation' on existing estates.

A scoping exercise was carried out to assess the extent, if any, to which social landlords were actively seeking to achieve mixed income communities on existing estates. Over 70 per cent of sampled landlords indicated that they had carried out initiatives on at least some of their estates to introduce mixed tenure (see Table 1) through:

- low cost home ownership (LCHO);
- full sale;
- selling vacant properties, or;
- introducing market or 'intermediate' renting.

Market and intermediate renting offer an alternative or complementary approach to selling existing properties: 27 per cent and 18 per cent of housing associations and local authorities, respectively, report activity in this area.

Figure 1: Sale values of terraced houses at New Earswick

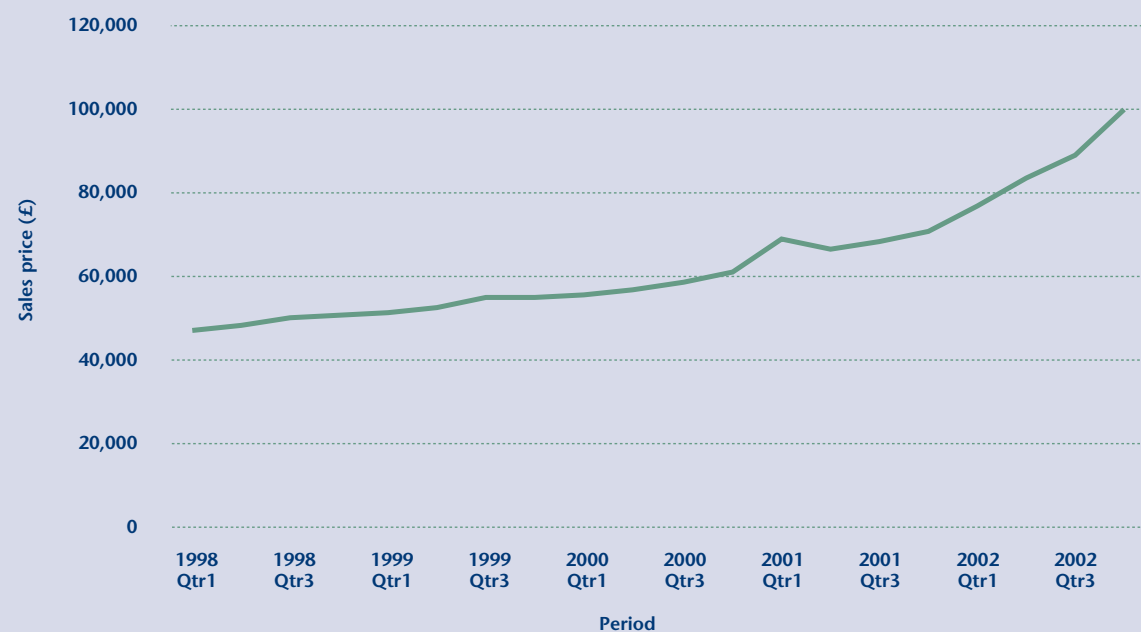


Table 1: Proportion of landlords with initiatives to introduce a mix of tenures in developments (excluding sales of vacants)

<i>Nature of mixed tenure initiative</i>	<i>Housing associations</i>	<i>Local authorities</i>
Low cost home ownership	63%	54%
Market/Intermediate renting	27%	22%
Build for sale – full ownership	27%	18%
None of the above	33%	37%

Note: Totals exceed 100% due to many landlords adopting a range of initiatives

Additionally, 55 per cent of housing associations and 30 per cent of local authorities which replied also had projects involving the sale of vacant properties for owner-occupation, or were seriously considering one (see Table 2).

A clear north-south divide on the sale of vacant properties was evident among local authorities, with active programmes being located outside London and the South East. However, this was not the case for housing associations, which have adopted the policy on a wider and more inclusive basis.

Some social landlords have a long-standing commitment to mixed tenure:

"On many of our estates it is difficult to identify or differentiate one tenure from another." (local authority officer).

More typically, policies for introducing mixed tenure onto existing council-owned estates have been established to try to resolve a problem, for example, as a means to:

- access or generate regeneration funding;
- reduce the supply of surplus or unpopular rented housing; or
- avoid the costs of repairing the more expensive void properties.

Housing associations, in contrast, were more likely to cite the benefits of mixed-income communities as a reason for introducing mixed-tenure initiatives.

All landlords in the survey that have introduced mixed tenures reported a marked improvement in the area. Improvements include:

- higher property values;
- lower turnover rates;
- higher tenant satisfaction;
- improved demand;
- reduced stigmatisation; and
- improved household mix.

Balancing priorities – pressure of demand vs benefits of mixed income

Even in areas of highest demand, there is an increasing recognition of the importance of raising the quality of life on, and the sustainability of, social rented estates, and of the contribution that mixing incomes and tenure can make to achieving balanced and sustainable communities.

The Right to Buy debate

The sale of vacant properties has significant advantages over the Right to Buy in introducing mixed incomes into existing communities. Whilst Right to Buy (RTB) has achieved mixed tenure in

Table 2: Proportion of landlords who have introduced (or are considering introducing) mixed tenure initiatives onto existing developments through sale of vacant properties

<i>Current position</i>	<i>Housing associations</i>	<i>Local authorities</i>
Not considering sale of vacant properties	41%	59%
Considered but did not proceed	4%	12%
Seriously considering	12%	-
Have identified one or more pilot areas	23%	18%
Active programme	20%	12%

many places, this has not necessarily slowed or reversed the decline of unpopular estates. The main differences between the two initiatives are as follows:

Right to Buy

- RTB purchasers are usually older residents who have been able to afford the discounted value but may not have a high enough income or capital to adequately maintain or carry out major repairs.
- A significant number of former RTB properties quickly move to the private rented sector, are often poorly managed and have adverse consequences for the estate.
- RTB involves selling property with discounts of up to 70 per cent, so the proceeds raised for replacement housing or estate improvements are far lower than from the sale of vacant properties.

Sale of vacant properties

- The sale of vacant properties is about attracting new middle-income households who are able to afford a full mortgage, are likely to be young and to have children who will attend local schools.
- It allows the landlord to choose which properties should be offered for sale – thereby maintaining a sustainable balance and mix.
- It can include a clause allowing the landlord the opportunity to buy back the property at a later date if appropriate.

Conclusions

This study has brought to light a greater level of involvement in introducing mixed incomes into existing estates than had been anticipated.

Although the key drivers to the introduction of new initiatives tended to be financial reasons, once in place there has been almost unanimous, positive acknowledgment of both the social and financial benefits of mixed tenure schemes. These benefits include:

- reduced turnover (with related cost savings);
- increased demand;
- improved reputation and confidence in the area;
- reduced stigmatisation of residents;
- increased tenant satisfaction;
- a more broadly balanced household mix; and
- increased property values.

Debate on the merits of mixed-income communities has often focused on issues such as the development

(or otherwise) of inclusive social networks or the development of common interests between neighbours. The findings emerging from this research suggest practical benefits through greater social stability and increased contentment by people with their home and neighbourhood.

About the project

This study was carried out by independent housing consultants and researchers Graham Martin and Judi Watkinson. It was based on an analysis of existing literature, a postal questionnaire to a sample of 88 of the larger housing associations and a stratified sample of 100 local authorities (achieving a 78 per cent response rate from the councils and 82 per cent from the associations). There were follow-up interviews with eleven councils and seven associations, and a case study of the SAVE scheme operated by the Joseph Rowntree Housing Trust.

How to get further information

The full report, **Rebalancing communities: Introducing mixed incomes into existing rented housing estates** by Graham Martin and Judi Watkinson, is published by the Joseph Rowntree Foundation (ISBN 1 85935 086 0, price £11.95).