

Developer and purchaser attitudes to new build mixed tenure housing

Growing concerns about housing affordability and segregation between communities have led policy makers to recommend mixed tenure and mixed income housing developments. Policy has increasingly encouraged new housing developments which mix affordable housing alongside market-priced housing, in order to achieve more balanced communities, income mix and social mix. New research examines some of the issues around these developments, in particular, the argument that mixed tenure developments are difficult to deliver, developers are unenthusiastic about them, and people do not want to buy homes on mixed tenure estates. The study finds:

- There are clear indications that high quality, mixed tenure developments can be delivered successfully. Introducing tenure mix into new developments does not itself reduce the value and affect the saleability of these developments.
- Ensuring the quality of other aspects of the development can eliminate the risk that mixed tenure estates are difficult to sell or affect property values. Factors including location, the design and quality of the houses, the quality of the estate design and the environment are critical in decisions to buy properties.
- Sustainable mixed tenure development requires some longer term management, ensuring that services and facilities are maintained at a high level by investing in continuing asset management and neighbourhood governance.
- Housing associations, planners and developers working to produce high quality mixed tenure developments need to understand each others' concerns and to balance a number of considerations:
 - Developers will increase density to make mixed tenure developments work.
 - High density developments may include few opportunities to house families with children.
 - It may be difficult both to achieve high quotas of affordable housing and include family housing for sale within developments.
 - It may sometimes be appropriate to adopt more flexible approaches to tenure mix in order to achieve other types of social mix.
- The high levels of private rented housing emerging in some new developments because of investment by private landlords means that some estates have much higher levels of rented accommodation than envisaged. In view of this it is important to build high quality housing with a mix of dwelling sizes and types that would work with different tenure mixes and to adopt approaches that require the management of privately rented property to conform to certain specified standards.



Desire for mixed tenure

There has been strong support in government for mixing tenure on newly built housing estates. Underpinning this is a notion that tenure mix will provide a mix of households with different incomes and a social mix. In order to achieve this, the planning system is used to deliver tenure mix, primarily through planning agreements or some form of 'master planning'. The framework on which this is based is rigid whilst at the same time vague in its prescriptions of what constitutes mix and affordability.

It has therefore remained unclear what is being delivered and whether mixing of tenure is an effective means of securing social mix. Tenure-mix policy has been limited in its application. The result is often housing for outright sale alongside but separate from social rented property. Only recently have planners attempted to encourage a greater level of integration. But the main concern has been the saleability of such estates. Developers have been vocal in the past in their opposition to such developments on the basis that people will not want to buy there.

Understanding tenure mix

Current debates about tenure mix have assumed that developments will consist of market housing and housing for social rent. This research highlights a growing diversification and fragmentation of tenure on newly built housing estates. In particular, it highlights the higher than expected level of private renting on these estates. Tenure mix policies and opposition to them from some developers have been based on concerns about the impact of social rented housing on the attractiveness of the development. To date, neither policy makers nor developers have been concerned about the growth of private renting or the impact that this may have on the sustainability and balance of estates. There is some disquiet amongst developers about the problems which are emerging from the unmanaged growth of private renting on new estates, in particular the lack of tenancy management associated with this. This is especially true in 'city-living' type developments.

Tenure mix has been one of the central tools used by the Government in the attempt to deliver social and income mix. Although tenure mix may assist in producing a demographic and social mix it will not, on its own, ensure greater interaction between residents. Because of the market position of most of these housing developments, serving either the 'starter end' of the market or the 'young professional', income mix will be limited. Policy makers, and in particular planners, should consider the importance of the integration of tenures and also introducing a mix of property sizes and types as elements in achieving greater social mix.

Developer attitudes

Developers vary in their approach to mixed tenure development; many would prefer there to be no tenure mix. The developers interviewed as part of this study were open to the idea of mixed tenure development. The researchers identified a continuum of different types of developers ranging from the non-participants to enthusiastic embracers of mixed tenure development.

The type of mix offered also differs between developers. Some developers are further along the route to delivering more 'tenure-blind' development. Some of those interviewed felt that inflexibility on the part of housing associations and the Housing Corporation was a barrier to greater integration of tenures. An example cited was that housing associations often request social housing be built in clusters (rather than scattered throughout the estate) in order that these homes can be effectively managed.

Success for developers is measured not only in the profit margin achieved on developments but also on how well the development serves as a lasting advertisement of their products. For the developers interviewed, the key elements that they see as critical to successful mixed tenure developments are:

- The **design** of the development, which should be of a good quality and consistency throughout. Differentiation between tenures should be limited.
- The **management of the whole estate** is important to ensure that the environment is pleasant to live in.
- The **management of the lettings and behaviour of those living in affordable housing** is vital to allay any fears from potential purchasers and to reassure them that any problems will be minimised.

Mix and integration

The research has highlighted that income and social mix does occur on these new estates. The mix is shaped by the property type, size and location as well as its position in the local housing market. Whilst tenure plays a role, its positive impact should not be overstated. For example, the inclusion of social renting may create a broader income mix which is more polarised and less cohesive. Assessing the dynamics of social interaction is more difficult. This research indicates that broader social and income mix does not necessarily create the conditions for wider social interaction or cohesion. It suggests that it will be important to monitor neighbourhood dynamics in addition to statistical mix if wider social objectives are to be evaluated.

Purchaser attitudes

The evidence from a survey of 'purchasers' on five newly built mixed tenure estates showed that the estates are attractive places in which to buy a house. Although some purchasers had doubts about the presence of social rented housing on the estates, these concerns were balanced by the knowledge that mixed tenure is unavoidable in most housing options, particularly at the lower end of the market. However, purchasers also took other positive considerations into account, such as location and house size in relation to price, when making their choice.

It is clear from the research that residents who are not tenants of a social landlord are ready to blame social rented tenants for some of the problems on the estates. This antagonism may be misdirected. It further highlights the manner in which tenure is stereotyped and associated with particular problems and behaviour, including poor upkeep of property, confirming an entrenched perception of social rented housing and in particular its tenants.

Impact on property values

The analysis of property values was based on sale prices of properties. This revealed that the prices realised for properties on mixed tenure estates are comparable with those in the local market. When analysed against the wider market, the variations are often greater. Whilst some of this variation may be explained by the tenure mix, it is more likely that other factors – including property size, property age and neighbourhood characteristics and location – play a greater determining role. This research found no evidence to support the notion that mixed tenure alone has a negative impact on property values: property values are affected by a package of factors of which tenure mix is only one. Developers themselves do not see tenure mix as having affected saleability or price on well-designed estates.

Implications for policy

The researchers identify the following implications for policy in this area:

- Policies designed to achieve sustainable mixed income neighbourhoods should not focus upon tenure alone.
- Rather than tenure being the centre of the agenda, it should be one element along with the quality of design and management and maintenance of estates and considerations about the long-term management and governance of the neighbourhood.
- Policy makers should rethink the approach to planning quotas and build in considerations related to dwelling size and type mix and a greater concern with sustainability. The new changes incorporated in the Planning and Compensation Act 2004 should be harnessed to ensure that the development control process is more strategic in its planning of new housing estates and that planning agreements are a robust tool to achieve this.
- While it is important that there is both integration of tenures and that the design of dwellings is indistinguishable between tenures, it is also important to ensure that property types and sizes do not indicate their tenure. The negotiation between planners, housing associations and developers should embrace these dimensions as well as housing tenure.

- There needs to be a more direct engagement with the management of the private rented sector and the impact of a large amount of privately rented housing on new estates. Private landlords, along with other owners, could be required to enter into long-term agreements related to standards of management and maintenance of property; these compacts can form part of a wider neighbourhood management arrangement.
- Formal agreements are required to ensure high quality estate management. Estate agreements provide a basis for these and should apply to residents and property owners in all tenures. In particular, there is a need to incorporate private landlords within this to insure against potential problems of absentee landlordism which may undermine the sustainability of estates.
- Overall, consideration needs to be given to a better governance mechanism for neighbourhoods. This should encapsulate methods of planning development in a more holistic way to ensure that they have longer term sustainability and that service delivery can be assured. One method of ensuring this is through the development of community trusts for neighbourhoods. This would be an administrative body to deliver services as well as taking the role of ensuring that estate agreements are adhered to by all households.

About the project

The research was carried out for the Joseph Rowntree Foundation by Rob Rowlands, Alan Murie and colleagues at CURS. Interviews were sought with 12 national developers or housebuilders. Of these, the researchers interviewed four senior executives; these interviews were supplemented with interview data from the developers involved in 7 case studies. The case studies involved interviews with the developer, any housing association involved in the development and the local planning authority. In five of these cases a social survey of up to 75 residents was conducted to understand the attitudes of non-social housing residents towards their housing decision and tenure mix. In three of the estates Land Registry data was used to analyse property values at a range of spatial scales.

For further information

The full report, **More than tenure mix: Developer and purchaser attitudes to new housing estates** by Rob Rowlands, Alan Murie and Andrew Tice, is published for the Foundation by the Chartered Institute of Housing (ISBN 1 978905018 17 8, price £15.95).

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