LOCALIS discussion notes

16 March 2009

Creating Mixed Communities in Concentrated Areas of Deprivation

SUMMARY

On the 3rd March 2009 a number of leading lights from local and national politics and the housing professions, including a number of registered social landlord chief executives and developers, got together to discuss how to deliver successful, thriving and mixed communities.

Two "real life" case examples were used intended to identify the approach that might be used. Case Study 1 - **Creating Mixed Communities Over Time** was intended to illustrate approaches that might be used on a council estate where there was no wholesale demolition of existing dwellings planned but there were environmental and deprivation issues that needed to be urgently tackled. Case Study 2 - **Creating New Communities Through Physical Regeneration** was intended to initiate discussion on approaches that needed to be taken to gain the support of local residents and stakeholders to more comprehensive physical regeneration which would include demolition and replacement of housing stock.

The discussion led to key messages being given as to why it was necessary to develop plans to deliver mixed communities and the best way to deliver such communities on the ground. It also identified national policy changes needed to remove barriers that currently prevented mixed communities being delivered.

Defining a Mixed and Successful Community

A place where people want to live and they have pride in. At the heart of a mixed and sustainable community was a mix of people with different income levels, at different life stages and occupations this would include having the right balance of tenures to attract a diversity of households and people. It is also about having good public (schools, local GPs) and private (shops, restaurants, businesses, places of entertainment) local services in the neighbourhood.

KEY MESSAGE—DELIVERING MIXED COMMUNITIES

The Case For Change: For Councils the Freedom to Act and Maximise Use of Their Assets;

- Any form of transformation should start with a "neighbourhood audit" of what is already there and not there.

- An estate regeneration needs to be contextualised in a Council's wider regeneration plans and informed by its asset management plans. Plans that are developed needed to be longer term than they often are. Working to a neighbourhood housing strategy geared to meeting needs across a wider area than just a single estate can minimise the impact of decanting and keep residents in the local area, even if not necessarily on the same estate.

- Councils are best placed to deliver mixed communities given their local strategic leadership role and need to keep a focus on delivering plans for improvement even in the face of opposition.

- Political consensus for action to improve failing neighbourhoods was an ideal goal in taking forward regeneration plans given timescales (5-25 years) and interactions (national and regional governments changing over time).

- However, Councils need the freedom to act to improve neighbourhoods and the life chances of their residents including the right to determine priorities for lettings plans and through flexible use of assets. In this respect it was noted that it was the mix of people who made a successful neighbourhood with the tenure and the right mix of housing being a useful tool to encourage households in and to commit to a neighbourhood in the long term.

- The relationships between central and regional government needed to be redrawn including those relating to planning requirements set out in regional or national plans.

- There is a need for a reinvigorated national focus on delivering mixed and thriving communities which could be defined in a Decent Neighbourhood Standard.

The Case For Change: For Social Tenants and Leaseholders Better Neighbourhoods and Housing Offers

- Winning over tenants, and involving them in the redevelopment process is one key to success. However, Councils should not be put off taking forward plans by a vociferous minority.

- Commitments given to current social renters affected by regeneration need to consider the future and particularly what housing offers they might receive or be available to future generations.

- Regeneration needs to find ways to give all residents, including social renters, a stake in their home and where they live. Clear pathways to partial and full ownership empowers, incentivises personal responsibility, pride in place and reduces dependency.

- More "agility" is required between tenures. There is a generally held view that if estate housing were replaced or

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local lettings and sales arrangements were put in place, the housing replacing it must offer more in terms of tenure rich opportunities. Higher levels of home ownership, full or partial, is a way of empowering residents and engendering ownership of place was an underlying principle of the whole discussion as to how to build mixed communities.

- Whilst tenure might be a factor in delivering mixed communities it was important to attract a mix of people to live in a neighbourhood. A diverse populace with a mix of incomes was as important if not more important than the tenure offered for some participants.

- Tough but fair landlord management was a prerequisite in delivering successful communities and is a priority issue for many existing tenants and residents. However, often social landlords don't have the tools to deal swiftly and effectively with recalcitrant, irresponsible tenants or reward responsible tenants. Forfeiture procedures are also a blunt instrument for private landlords and are difficult to carry through because of the draconian impact on leaseholders.

The Case For Change: The local neighbourhood and community

- Regeneration needs to create continuous/connected permeable areas not discontinuous/disconnected/segregated places. There was a common consensus that street style arrangements and dwellings created more cohesive and certainly more popular communities. These could be achieved whilst still accommodating significant densities without necessarily resorting to high-rise development;

- Regeneration must plan from the beginning to get the place right. It was not just about the balance of tenures it was about the right local facilities, public spaces, connectivity, business opportunities;

- It was important to improve the local environment and invest in the local infrastructure particularly in any estate regeneration to attract people to live there. A pro active and continuing focus is required on what works for people to attract them to remain or come to the area;

- Therefore, consultation must extend beyond tenants. It should seek and take account of views of all who regularly live and work and are located within the neighbourhood;

- The wider neighbourhood will also expect effective and prompt action by landlords in response to repeatedly unruly behaviour;

The consensus (beyond this discussion e.g. Hills etc) is that the existing social housing model is broken and failing to achieve social mobility whilst entrenching dependency. Councils who are best placed to deliver mixed communities are to an extent

stymied in achieving this through over regulation and a lack of freedom to manage. The proposals for change at a national policy level should be developed into a package of reform. Social and financial imperatives, which will only intensify in the emerging recession, make it even more pressing for such reform to be soundly established, embraced and implemented. "This nettle must be grasped now!". This should start with a new articulation of purpose and ends (as Professor Hills called for at the conclusion of his report) for social rented housing and affordable housing in general. This purpose must include achieving decent thriving neighbourhoods as the conditions for mixed communities to develop and prosper.

KEY MESSAGE—NATIONAL POLICY CONIDERATIONS

The Case for Change: The hard pressed public purse and taxpayer

It is neither desirable nor sustainable to continue with existing levels of social immobility, welfare dependency, health inequality and anti-social behaviour requiring current high levels of state intervention and expenditure. The current position is a social and financial burden felt by the individual, the community and nation which must be reduced. The considerable constraints on future public finances and the future demographic pressures of an ageing society clearly indicate that current resource allocations and mechanisms for welfare and for the maintenance and improvement of social housing stock are unsustainable. In an ageing society, with a reducing proportion of the economically active population and a falling tax revenue base, a solely fiscal solution will be insufficient. Reform is necessary which encompasses conditional benefit arrangements supporting a path to personal responsibility and independence and freeing the value in assets to support regeneration, estate and neighbourhood renewal.

- Break the link between benefits and housing benefits to remove disincentives to take work caused by benefit withdrawal. One suggestion was to combine unemployment and worklessness benefits into one benefit payment, allocated to the individual. There were suggestions that financial support with housing costs, whether temporary or longer term, (as in supporting people services),could be more portable and used across all sectors not just with social landlords (discharge of duties to assist or support into the private as well as the social sectors).

- Create an equal market between the private and the social rental sectors by lifting rent controls and couple this with duties to assist (temporary support) and to help (longer term

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support) where affordability in the market is an issue. Reform restrictions on tenure, and move towards a level playing field on price to create an open market with more options for people looking for accommodation.

- There needs to be a move away from the buy-to-let market "cottage industry" and toward encouraging institutional investment in the private rented sector through for instance tax breaks.

- To assist in the better management and utilisation of stock and remove distorted incentives towards one form of tenure over another, create one form of rented tenure using the assured shorthold tenure model as the template. This form of tenure could be used for all new tenants going into social rented housing.

- However, for existing tenants mechanisms are required to reward good tenants and to deal more effectively with irresponsible, anti social tenants. At present social landlords do not have adequate tools to tackle the minority of tenants who are spoiling it for the majority and will dissuade mixed income households from taking up tenure in regenerating neighbourhoods. Stronger powers are necessary to more easily demote a secure assured tenancy to non secure AST type tenancies in these circumstances (and to deal with private leaseholds under S146 of the LPA 1925). Policy and court proceedings need to give more weight to the exercise of personal responsibility and more readily penalise failures in responsibility in a re-balancing of welfare entitlements and responsibilities.

- Similarly, consider reforming existing secure tenancy such that it is not linked to specific properties particularly where these are 3 bedroom plus family properties to more easily respond to overcrowding through tackling underoccupancy. This will also make it easier for people to move with portable tenancy arrangements and accelerate the possibility of more mixed incomes in existing stock.

- Allocation plans should support Council efforts to deliver more mixed and sustainable communities with Councils having significantly more flexibility in developing and implementing local allocation plans. The current housing register is not an adequate measure of housing demand or of housing need which it does not accurately capture and which therefore distorts national and regional planning targets. It should be replaced with more effective means of describing housing demand. The use of the term "vulnerable" with poorly defined scope has contributed towards concentration of households suffering multiple deprivation and mitigated against mixed income communities.

- A much larger intermediate housing market needs to be created to respond to affordability issues and to replace in large part the current welfare offer.

- To create the conditions for the extensive investment required, diversify the social housing sector and improve and strengthen the registered social landlord sector (RSL) there should be deregulation of RSLs including removing any restrictions in terms of use of stock where social housing grant had been taken.

- There should be a fundamental reform of the Housing Revenue Account subsidy system. A new more permissive regime both in financial and planning terms to enable regeneration. This would include giving Councils the responsibility to produce local asset investment plans and provide them with the ability to borrow against assets outside the prudential system with the ability to secure private finance. This will bring into play the value of the housing assets (which currently yield little by comparison with commercial asset portfolios) and could provide substantial resources to replace current capital subsidies for development and reduced planning gain provisions, which are unlikely to recover to receipt level achieved in the property boom of the last twenty years. Such plans should be Council wide and be informed by economic and social audit profiles to tackle segregation and concentration but account will need to be taken of possible "blight" that such information can give rise to.

MEETING NOTES

1. Participants
The meeting was facilitated by James Morris Chief Executive of Localis and Councillor Stephen Greenhalgh, the Leader of Hammersmith & Fulham Council. A full list of round table participants are provided in Appendix 1.

2. Aim
A round table meeting to identify the practical steps that Councils and Registered Social Landlords can take to deliver mixed communities in areas with high levels of deprivation linked to very high concentrations of social housing.

3. Case Studies
The following case studies demonstrate two different areas in the London Borough of Hammersmith & Fulham where interventions are required to improve the local neighbourhood and to tackle deprivation. They are intended to reflect a much broader picture across the country, and stimulate discussion around the challenges facing two different types of regeneration schemes.

3.1 Case Study 1 - Creating Mixed Communities Over Time

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Fulham Court

Built 1932, 356 dwellings, 232 people per hectare, 86% social rented. In the 13 most deprived neighbourhood in the borough with associated challenges of high levels of worklessness, ASB and Crime issues and low incomes. Allocation practices have compounded the deprivation issues found on the estate.

3.2 Case Study 2 - Creating New Communities Through Physical Regeneration

White City Opportunity Area

A 111 hectare expanded opportunity area, taking in 3 Council estates of 2,570 dwellings, light industrial land and BBC buildings. Huge potential to develop 4-6K dwellings and to develop a new creative industries hub.

4. What do we want to achieve through regeneration? What are the features of a mixed community and what?

- A place where people want to live and they have pride in.
- At the heart of a mixed and sustainable community was a mix of people with different income levels, at different life stages and occupations
- This means you need the right balance of tenures and the ability to move to different tenures, not necessarily by moving home, to attract a diversity of households and people
- It is also about having good public (schools, local GPs) and private (shops, restaurants, businesses, places of entertainment) local services in the neighbourhood.

5. Overview on creating mixed communities

5.1 Role of Councils

It was agreed that it was a Councils responsibility to "place make" and improve failing neighbourhoods. It was generally agreed that "Porteresque" accusations of gerrymandering or social engineering needed to be faced head on, pointing to the urgency of needing to act to address failing neighbourhoods. Political consensus was an ideal end point in taking forward regeneration plans given timescales (5-25 years) and interactions (national and regional governments changing over time), though practicality of achieving this was questioned.

A starting point in considering any form of transformation was a "neighbourhood audit" of what was already there and not there and how this was positively and negatively affecting that neighbourhood. The type of approach taken is dependent on the individual location and the surrounding economic environment.

An estate regeneration needed to be contextualised in a Councils wider regeneration plans and informed by its asset management plans. Re-housing locally was desirable and possible if multiple locations in a neighbourhood were considered as part of a single neighbourhood strategy.

5.2 Local residents and stakeholders

There was a consensus, although not universal, that winning over tenants, and involving them in the redevelopment process is key to the success of a project. Communities needed to be on your side and clear what they would get out of any regeneration proposed. It was important that any offer developed needed to consider the future and particularly what housing offers might be made to the sons and daughters of those living on the estate. Consultation needed to engage with resident aspirations – gentrification could be their own kids gaining from the improvements that take place.

It was also important to set out the benefits and commitments that would be made to existing residents in terms of re-housing if estate regeneration led to replacement. Regeneration also needed to find ways to give all residents, including social renters, a stake in their home and where they live. The message was that ownership empowers and that a clear route to ownership incentivised better behaviour.

A clear message given was that regeneration should not be stymied by a very few who object on spurious or ideological grounds. Community champions needed to be found and community leaders needed to be cultivated.

More "agility" was needed between tenures. There was a generally held view that if estate housing were replaced or local lettings and sales arrangements were put in place that the housing that replaced it needed to offer more in terms of tenure rich opportunities. Social rented housing was seen as a dead end rather than an opportunity to progress (either to move or to buy). The emphasis should be on intermediate products that gave residents an opportunity to move on and through tenures whilst remaining in the same neighbourhood or even in the same home.

5.3 The Local Neighbourhood and Community

There was a need in any regeneration to create continuous areas not discontinuous places. There was a common consensus that street style arrangements (re-establishing street patterns) and dwellings created more cohesive and certainly more popular communities.

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Regeneration needed to plan from the beginning to get the place right. It was not just about the balance of tenures it was about the right local facilities, public spaces, connectivity. One contributor identified that there needed to be a longer term view to ensure that quality was built into regeneration that took place.

6. Case Study 1 - Building Mixed Communities Over Time

"It is not a place it is a barrack for the poor"

The options discussed broke down in to 2:

6.1 Option 1 - Redevelop
The reason for doing this was:

- Current poor use of land. Although the example provided was highly dense it was agreed that the land was poorly used with unused spaces that could be better utilised.

- There could be financial arguments to redevelop in effect optimising use of land.

- The estate was distinctly separate from the adjoining neighbourhoods and redevelopment would provide an opportunity to tackle this unhelpful distinctness.

6.2 Retain the dwellings
There was more support for tackling the social deprivation issues through housing management interventions and physical improvements recognising that the actual dwellings might be of good quality and space standards. Key features of approach needed to be:

6.3 Physical Interventions
The street pattern needed to be re-established and the roads adopted as highways. There would no longer be a separate estate merely roads and streets in a Fulham neighbourhood. There was also a need to open up the estate looking at options to de-densify the estate housing by breaking up larger blocks, looking to increase the size of existing units. This of course would also work with re-establishing the street pattern.

Better use needed to be made of poorly used land for new housing or other uses. This would not only give the opportunity to mix tenures (market and intermediate) but to generate receipts for reinvestment.

Generally the local environment needed to be improved. The comment was made that the Council might not achieve the value on properties sold that they required without environmental works being undertaken.

In planning an approach to rejuvenating Fulham Court, the Council needed to recognise the existing infrastructure which potentially served the Fulham Court residents well. However, were they accessing the opportunities?

6.4 The Role of Councils and Social Landlords
With this approach there needed to be an intense level of micro management to respond swiftly to issues and deal with them. This could be characterised as a zero tolerance approach. However, it was acknowledged that housing management services do not have all the tools they need to enforce where there is bad behaviour or reward where there is good. Particularly there needed to be a zero tolerance attitude and approach to dealing with ASB and crime. There should be no excuses from the police that they can't reduce crime in a neighbourhood.

Put in place a local allocation plan for social rent dwellings that are re-let with the intention of changing the current mix to one that is more reflective of the wider local or borough community (particularly more working or economically active households).

6.5 Residents and Stakeholders
The resident population were disconnected; impression was that there were ingrained levels of distrust.

Ways needed to be found to engender ownership and move away from a dependence on public services. For instance social renters should be encouraged or required to take on more repairs. Ways should be found to divest the ownership of public spaces to local residents. There should be a sales programme which would increase the level of owner occupation.

7. Creating New Communities Through Physical Regeneration

"This is an easy one!"

WCOA was identified as a large area awaiting significant development and improvement. It is an area of high potential and as one speaker put it the ideal place to develop and deliver a 'master plan'.

7.1 Building Consensus and Achieving Buy In
Much of the discussion was taken up in how to establish a consensus that there needed to be change. One aspect of this

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which was identified was to seek a wide range of views as to the need for change. This might particularly be important where for instance local residents were (in the first instance) reluctant to support regeneration. It was therefore not just about talking to council tenants and leaseholders but other stakeholders who had an interest in change including: local businesses and shops, GPs, social workers, even those who had left the area,

Need to deal with level of political risk in terms of local and also "concerned citizen" disaffection. Take the political factor out and get all parties to sign up to the need for improvement and change. It was acknowledged that this might be a long road (see example of Elephant and Castle). However, it was also agreed this was too complex an enterprise to do alone given the timescales for delivering regeneration and the various levels of Government that would have to be engaged.

7.2 Approach to Delivering Large Scale Area Regeneration

It was agreed that the WCOA needed to be master planned but it was also identified that you needed to start somewhere ("grab opportunities and drive them forward") with perhaps a small regeneration opportunity not least to show that things can be different. Too often regeneration could be stalled as plans become more complex and unwieldy as a whole.

8. National Policy Considerations

"The Sacred Cows Need to be Shot"

8.1

What needs to change to aid delivery of sustainable and mixed communities? It was identified that there was a growing impetus for change amongst housing professionals who it was important to cultivate and indeed from some council tenants and leaseholders who whilst they were all for affordable housing were less supportive of welfare housing. There was also agreement that change to housing policies and finances needed to be systemic and not light touch, although the timing and timescales over which change was delivered was a matter for further debate. Any new national government would also be struggling with public finance issues that might affect the room available for innovation.

8.2

It was identified that there was a lack of consensus or understanding of who was **vulnerable** or in **priority need** for social housing. Council waiting lists did not represent the demand for social rented housing given that anyone could register. This skewed and deflected the debate as to the future of social housing as Councils tried to cope with what presented itself as overwhelming demand. Councils needed to become much more sophisticated in how they described demand which in turn would lead to an increasingly diverse range of responses to meeting demand. Views were expressed that only a very few people required some physical form of social housing, which in effect would be supported housing for the most vulnerable (A small sector possibly less than 10% of national stock). If reforms (many outlined below) were implemented this could well be a consequence.

The priorities identified were:

8.3 Tenure and Rent Reform

Equalise rents between sectors as current disparities are unhelpful. There were a number of reasons put forward by participants for doing this including the need for Councils to have the resources to better manage and maintain stock and the equalisation that would result between tenures (private rent, owner occupation, social rent) which would encourage mobility and also by default more choice.

Create one form of rented tenure using the assured shorthold tenure format as the template. This form of tenure could be used for all new tenants going into social rented housing (potentially linked to home buy offers). It was agreed that such a form of tenure would assist in the better management and utilisation of stock and increase mobility (e.g. eviction of bad tenants, able to tackle underoccupation).

The private rented sector needs to be cultivated and developed. We need to move away from the buy-to-let market "cottage industry" and further encourage institutional investment.

8.4 Benefit Reform

Linked to the above the benefit system needed to be reformed. Benefits needed to become "person centred". There was a general consensus that bricks and mortar subsidies needed to be substantially reduced or eliminated. The discussion seemed to be favouring a person centred benefit for those not working or on low incomes which included an element for housing expenses.

8.5 Freedom to Manage

There needs to be the mechanisms to reward good tenants and the tools available to deal with bad tenants. Good tenants who by default would use services less could for instance be given discounts (for non use of repair services) or money back. The consensus was that such reward schemes would empower tenants (they would deal with the leaking tap). For Councils reward schemes would be difficult to run under the current HRA

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subsidy system and rights to repair.

There was agreement that more powers needed to be given to social landlords to deal with bad tenants and that some reform to private leasehold management rules might also be required. At the moment social landlords did not have the tools to tackle the one or two tenants who were spoiling it for the majority. It was suggested that part of the response might include intensive training and support being provided to some households to give them one last chance (more than likely provided in training homes as was provided in Dundee). Although not discussed it is worth noting that there is the ability to demote tenancies and take security away where a family is part of a Family Intervention Project however courts are often reluctant to support housing management services looking to evict.

8.6 Give Councils the Freedom to improve their boroughs and Registered Social Landlords Freedom to Act.
Councils should be required to develop long term plans to tackle deprivation in their areas with clear benchmarks that need to be achieved. There was general support for a Decent Neighbourhood Standard to be developed and applied.

Councils should have significantly more flexibility in developing and implementing local allocation plans. Allocation plans should support Council efforts to deliver more mixed communities and therefore decent neighbourhoods.

As subsidies move from capital projects to households, the intermediate housing market would expand and a far wider market would be created which would respond to affordability issues and largely replace the current welfare offer.

Housing delivery and finance needed to be reformed. For RSLs this would mean deregulation (similar to the Netherlands model) and include removing any restrictions in terms of use of stock where social housing grant had been taken. For Councils this would mean fundamental reform of the Housing Revenue Account subsidy system. This would include giving Councils the ability to borrow against assets outside the prudential system and the ability to secure private finance.

APPENDIX 1: PARTICIPANTS

The participants were (O indicates observer only status)

Participant	Position	Organisation
James Morris	Chief Executive	Localis
Cllr Stephen Greenhalgh	Leader	LB Hammersmith & Fulham
Cllr Colin Barrow	Leader	Westminster CC
Cllr Edward Lister	Leader	LB Wandsworth
Cllr Merrick Cockell	Leader	RB Kensington & Chelsea
Cllr Kim Humphries	Conservative Group Leader	Southwark
Grant Shapps MP	Shadow Minister for Housing	Conservatives
Tim Collins	Chief of Staff to Grant Shapps	Conservatives (O)
Sir Simon Milton	Deputy Mayor, Policy & Planning	City Hall
Kit Malthouse AM	Deputy Mayor, Policing	City Hall
Shaun Bailey	PPC Hammersmith	Conservatives
Richard Blakeway	Director of Housing	GLA, City Hall
Richard Parker	Head of Housing Public Private Partnerships	PwC
Sam Freedman	Head of Education	Policy Exchange
James Reilly	Director of Community Services	LB Hammersmith & Fulham (O)
Chris Jones	Head of Strategy, Performance & Development	LB Hammersmith & Fulham (O)
Nick Johnson	Chief Executive	Hammersmith & Fulham Homes (O)
David Cowans	Chief Executive	Places for People
Anu Vedi	Chief Executive	Genesis
Kate Davies	Chief Executive	Notting Hill Housing Group
Ron Roberts	Partnership Director	United House
Owen Inskip	Special Advisor on Housing	Conservative Party
Tony Pidgley	Chairman	Berkeley Homes
David Ireland	Chief Executive	Empty Homes

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